

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION RECEIVED-FPSC

In Re: Application for)
certificates to operate a water)
and wastewater utility in)
Charlotte and DeSoto Counties)
by Lake Suzy Utilities, Inc.)

DOCKET NO. 970657-WS

99 JAN -7 PH 1:10

RECORDS AND REPORTING

In Re: Application for)
Amendment of Certificate Nos.)
570-W and 496-S in Charlotte)
County by Florida Water Services)
Corporation.)

DOCKET NO. 980261-WS

LAKE SUZY UTILITIES, INC.'S
NOTICE OF FILING

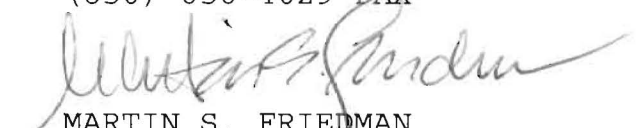
LAKE SUZY UTILITIES, INC. ("Lake Suzy"), by and through its undersigned attorneys and pursuant to Public Service Commission Order No. PSC-98-1756-PHO-WS, hereby notices the filing of the deposition of Robert Koncar as his Prefiled Testimony.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Filing has been furnished by U.S. Mail to Matthew J. Feil, Esquire, Florida Water Services Corporation, P.O. Box 609520, Orlando, Florida 32860-9520, Ms. Charlotte L. Sopko, Haus Development, Inc., Post Office Box 3024, Port Charlotte, Florida 33949, John Marks, Esquire, Knowles, Marks & Randolph, 215 South Monroe Street, Tallahassee, Florida 32301 and by hand delivery to Bobbie Reyes, Esquire, Florida Public Service Commission, Legal Division, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 this 7th day of January, 1999.

Respectfully submitted this 7th day of January, 1999, by:

ROSE, SUNDBSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301
(850) 877-6555
(850) 656-4029 FAX



MARTIN S. FRIEDMAN
FL Bar ID No. 0199060
For the Firm

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for)
certificates to operate a water)
and wastewater utility in) DOCKET NO. 970657-WS
Charlotte and DeSoto Counties)
by Lake Suzy Utilities, Inc.)

In Re: Application for)
Amendment of Certificate Nos.) DOCKET NO. 980261-WS
570-W and 496-S in Charlotte)
County by Florida Water Services)
Corporation.)

DEPOSITION OF: ROBERT KONCAR
DATE: December 18, 1998
TIME: 9:15 A.M. to 10:14 A.M.
LOCATION: County Administrative Building
201 East Oak Street
Arcadia, Florida
TAKEN BY: Special Counsel for
Lake Suzy
BEFORE: Leah Marsh Liedke
Notary Public
State of Florida at Large

DOCUMENT NO.
00277-99
1-7-99

ORIGINAL

1 APPEARANCES:

2 FOR LAKE SUZY:

3 BARBARA B. LEVIN, ESQUIRE
4 ABEL, BAND, RUSSELL, COLLIER,
5 PITCHFORD & GORDON, CHARTERED
6 BARNETT BANK CENTER
7 240 South Pineapple Avenue
8 Sarasota, Florida 34230-6948

9 and

10 *MARTIN S. FRIEDMAN, ESQUIRE
11 ROSE, SUNDBSTROM & BENTLEY, LLP
12 2548 Blairstone Pines Drive
13 Tallahassee, FL 32301

14 and

15 *BOBBI RICE: PUBLIC SERVICE COMMISSION

16 FOR FLORIDA WATER:

17 J. STEPHEN MENTON, ESQUIRE
18 RUTLEDGE, ECENIA, UNDERWOOD,
19 PURNELL & HOFFMAN, P.A.
20 Suite 420
21 215 South Monroe Street
22 Tallahassee, FL 32301

23 FOR CHARLOTTE COUNTY:

24 MARTY YOUNG BURTON, ESQUIRE
25 ASSISTANT COUNTY ATTORNEY
18500 Murdock Circle
Port Charlotte, FL 33948-1094

26 FOR DESOTO COUNTY:

27 FREDERICK A. BECHTOLD, ESQUIRE
28 VORBECK & VORBECK
29 207 E. Magnolia Street
30 Arcadia, FL 34266

31 DALLAS A. SHEPARD: LAKE SUZY UTILITIES, INC.

I N D E X

<u>ATTORNEY</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
Ms. Levin	4			
Mr. Friedman			39	
Ms. Rice		40		
Mr. Menton		42		
Ms. Burton		50		

E X H I B I T S

<u>NUMBERED</u>	<u>DESCRIPTION</u>	<u>IDENTIFIED</u>
1	'91 Agreement	12
2	'95 Agreement	13
3	'96 Agreement	14
4	Lake Suzy Contract	23

1 Thereupon,

2 ROBERT KONCAR,

3 a witness, produced for and in behalf of Lake Suzy, having
4 been first duly sworn, deposes and says as follows:

5 DIRECT EXAMINATION

6 BY MS. LEVIN:

7 Q. Good morning. For the record, my name is
8 Barbara Levin. I'm with the law firm of Abel, Band, Russell,
9 Collier, Pitchford and Gordon in Sarasota. We are special
10 counsel to Lake Suzy in the PSE proceeding which is the
11 subject, I think it's docket number 980261-WS, combined with
12 970657-WS

13 You're here under subpoena?

14 A. Yes.

15 Q. And what is your name, please.

16 A. Bob Koncar.

17 Q. And where are you employed, Mr. Koncar.

18 A. DeSoto County.

19 Q. What is your position with DeSoto County?

20 A. County Administrator.

21 Q. How long have you been so employed?

22 A. Since January of '96.

23 Q. And before January of '96 what was your
24 occupation?

25 A. I was a consultant.

- 1 Q. For?
- 2 A. My own firm.
- 3 Q. What type of consulting --
- 4 MR. FRIEDMAN: Hey, Barbara?
- 5 MS. LEVIN: Yeah.
- 6 MR. FRIEDMAN: That seems to be -- Mr. Koncar's
- 7 voice is breaking up for me.
- 8 Bobbi, can you hear it okay?
- 9 MS. RICE: Yeah, I can hear it pretty good.
- 10 MR. FRIEDMAN: Let me try to play with my phone
- 11 then.
- 12 BY MS. LEVIN:
- 13 Q. What type of consulting did you do, Mr. Koncar?
- 14 A. Local government.
- 15 Q. And how many years did you do that?
- 16 A. About a year.
- 17 Q. And prior to that?
- 18 A. I was county administrator in Escambia County.
- 19 Q. How long were you county administrator in
- 20 Escambia?
- 21 A. About two and a half years.
- 22 Q. And were you a county administrator anywhere
- 23 else?
- 24 A. No.
- 25 Q. Were you a city administrator anywhere?

1 A. City of Valparaiso.

2 Q. In any of these jobs have you had any experience
3 running a utility?

4 A. Yes.

5 We had two different types of utilities. We had
6 water and sewer utility in the city, there was also a cable
7 operation that we had for the city. The county did not have
8 water and sewer.

9 Q. And you're talking about Escambia?

10 A. Yes.

11 Q. What have you had prior experience in in
12 addressing water allocation issues?

13 A. It was more along the lines of sewer than water.

14 Q. And what kind of allocation issue would you have
15 with respect to sewer?

16 A. We developed a regional sewer facility that
17 involved two cities and a county, and we had to go through
18 and allocate the cost, plus we had to allocate the capacity
19 based on, you know, how much each entity needed, and went
20 through quite a bit to establish the system. And then we had
21 an expansion and went through some of the calculations in
22 terms of expansion, how much the cost per gallon was and that
23 type thing.

24 Q. Okay. And you're talking about your experience
25 with Escambia?

1 A. No, that's the City of Valparaiso.

2 Q. All right. In your present position what are
3 your responsibilities?

4 A. I'm responsible for the oversight of all of the
5 departments under the Board of County Commissioners.

6 Q. Okay. And specifically, are you responsible for
7 the utilities department?

8 A. Well, we technically don't have a utilities
9 department, we have a public works department, and any work
10 we do in the utility area is out of that. But the county
11 itself does not have any water or sewer utilities at all.

12 Q. Okay. Do you have any responsibility in your
13 present position to administer any water supply contracts?

14 A. Well, yes.

15 We have contracts with the -- as a partner in
16 the Peace River/Manasota Regional Water Authority, we have
17 contracts there; we also have a contract with Lake Suzy. And
18 those contracts are administered out of our office in
19 conjunction with the county attorney.

20 Q. Okay. Do you have any other water supply
21 contracts?

22 A. Not that I'm aware of.

23 Q. Okay. Have you had any responsibility or
24 participation in negotiating any of these contracts?

25 A. Well, those contracts were negotiated before I

1 came.

2 I've been involved in some discussions on the
3 renegotiation for the contract with Lake Suzy; there was a
4 contract amendment proposed. I've also been involved with
5 the contract that we are putting together with Sarasota.

6 Q. Okay. Tell me a little bit about the
7 renegotiation for Lake Suzy.

8 A. Well, there was just a proposed amendment based
9 on the Peace River option that was proposed to them. It
10 wasn't real extensive, but based on the Peace River option,
11 there was an amendment to the contract offered.

12 Q. What did that amendment do?

13 A. It had to do with the allocation on how much of
14 the water was going to be received by Lake Suzy.

15 Q. And how much water would be received by Lake
16 Suzy under that amendment?

17 A. I don't know, I'd have to go back and look.

18 Q. All right. What about Sarasota, what kind of
19 contract are you negotiating?

20 A. We are negotiating an additional purchase of
21 water from Sarasota County, have been for some time.

22 Q. When did that negotiation begin?

23 A. I don't know, approximately a year ago.

24 Q. Okay. Where are you in that negotiation?

25 A. Sarasota County is drafting the agreement.

2
1 There's been several drafts, but they are drafting a revision
2 to the agreement and they are going to send it to us.

3 Q. What does that agreement provide for?

4 A. It provides for the county to acquire additional
5 water capacity from it.

6 Q. How much water capacity?

7 (Whereupon, Attorney Burton enters depo)

8 A. The revised agreement -- well, I don't know,
9 because the numbers have changed since we started
10 negotiating, so I don't know what the final number will be.

11 Q. What did it start out at?

12 A. Originally we were talking about three hundred
13 and seventy-five thousand gallons.

14 Q. Per day?

15 A. Yes.

16 Q. And now the number is?

17 A. That's what I said, I don't know. It's going to
18 depend on what the final numbers come out.

19 There was a concern over the tax exempt status
20 of the bonds for the Peace River option, so we revised the
21 numbers based on that concern.

22 Q. Is the quantity that's being discussed based on
23 projected need?

24 A. It's based on what the county thinks the need
25 will be over the next 10 years or so.

2
1 Q. By "the county," you mean DeSoto County?

2 A. Yes, DeSoto County.

3 Q. We'll come back to that.

4 What is presently the county's principal water
5 supply source?

6 A. Well, the only source we have is from the Peace
7 River Water Authority.

8 Q. Okay. And is water supply contingent upon
9 membership in that Authority?

10 A. That's my understanding, yes.

11 Q. So DeSoto is a member then?

12 A. Yes.

13 Q. How is the water allocated between the membered
14 governments?

15 MR. BECHTOLD: I'm not sure I understand what
16 you're driving at in that question.

17 MS. LEVIN: Well, let me just ask a very simple
18 question.

19 BY MS. LEVIN:

20 Q. How is water allocated?

21 A. I don't know, because I wasn't here when they
22 originally negotiated it.

23 I know how much capacity we receive from it, but
24 I don't know what the methodology or the philosophy was for
25 dividing up the water at that time.

2
1 Q. Does the contract pertain or discuss any
2 allocation, to your knowledge?

3 A. Yes, there's allocation tables in the contract,
4 yes.

5 Q. Okay. Do you know what the county's current
6 allocation of water is?

7 A. I'd have to go back and look. I think the
8 exhibit is in the amended Peace River agreement.

9 Q. When you say "amended," are you talking '96 or
10 '91?

11 A. I think it's '96.

12 Q. Let's go to the documents themselves as long as
13 you have them here.

14 A. All right.

15 Q. Let's start with '91.

16 MS. LEVIN: I'd like to go ahead and get a copy
17 of this from you.

18 MR. BECHTOLD: Can we do that at the end of the
19 deposition?

20 MS. LEVIN: Yes, we can do that.

21 A. I don't think I've got '91. I've got the '96
22 but I don't have the '91.

23 MS. LEVIN: For the record, I've handed Mr.
24 Koncar a copy of the '91 agreement.

25

2
1 BY MS. LEVIN:

2 Q. Okay. What is that document?

3 Mr. Koncar, is this the 1991 agreement?

4 A. Yes.

5 MS. LEVIN: I'd like to have that marked when we
6 make a copy of it, please.

7 BY MS. LEVIN:

8 Q. Why don't you take a moment and look at that
9 contract and see if you can find for me where it discusses
10 the allocation.

11 A. On page six it has an initial allocation table.

12 Q. Okay. What does that provide for?

13 A. Well, it shows Charlotte with four thousand one
14 hundred and ninety-four million gallons per year and DeSoto
15 at 18.25 million gallons a year.

16 Q. Is that your current -- is that your current
17 allocation?

18 A. I don't know if that was changed under the
19 amendment or not; I don't know.

20 Q. And by "amendment," you're talking about --

21 A. The '96 agreement.

22 Q. Let's go to '91.

23 Under the '91 agreement, was there a mechanism
24 for increasing the allocation of water?

25 A. I don't know if there's specifically one in

2
1 there or not.

2 Q. Would you look down at Section 1.11.2?

3 A. Well, it does address expansion in here.

4 Q. Okay. Under this contract, can one member
5 purchase water from another member?

6 A. Yes. As far as I know you can, yes.

7 We are purchasing water right now from Charlotte
8 County.

9 Q. Okay. I have a copy -- if you have a copy of
10 the 1995 interlocal agreement between -- I think it's 1995,
11 between Charlotte County and DeSoto County.

12 Do you have a copy of that with you?

13 Q. No, I don't.

14 MS. LEVIN: I'd like to mark that as well,
15 please.

16 BY MS. LEVIN:

17 Q. Having looked at that document, do you know what
18 it is?

19 A. Yes. It's the agreement to acquire water from
20 Charlotte County.

21 Q. Okay. How much water does DeSoto acquire under
22 that contract?

23 A. I believe the number is eighty thousand gallons
24 a day, I believe is what it is.

25 Q. All right. Is there any time limit or duration

3
1 on how long the county can purchase water from Charlotte?

2 A. Well, my understanding, the interlocal agreement
3 terminates when we get water from the Peace River option;
4 that's my understanding of this agreement.

5 Q. Okay. All right. Let's go to the 1996
6 document; do you have a copy of that with you?

7 A. Yes.

8 Q. All right. What is this?

9 A. This is the amendment to the Peace River option
10 water supply contract.

11 MS. LEVIN: All right. Let's go ahead and mark
12 this one, too, please.

13 BY MS. LEVIN:

14 Q. Who are the parties to this agreement?

15 A. Well, I think the parties in this agreement are
16 all of those members of the Authority.

17 Q. Are you sure?

18 A. Charlotte, DeSoto, Sarasota.

19 Q. Are those all of the members of the Authority
20 under the first agreement?

21 A. Doesn't address Manatee in here.

22 Q. So how does this -- to your knowledge, how does
23 this amendment, as you've referred to it, interface or work
24 with the 1991 agreement?

25 A. Well, this is the expansion of the facility, so

3
1 there's more water coming that will be available for the
2 members, and then there's a new allocation in this option
3 based on the new water that will be available.

4 Q. Okay. And how much water is currently available
5 to DeSoto County?

6 A. Okay. From where?

7 Q. From all sources.

8 A. I think right now our total available is a
9 hundred and thirty thousand gallons a day, which is fifty
10 thousand from the Water Authority and eighty thousand we are
11 buying from Charlotte.

12 Q. That's the actual amount that's acquired?

13 A. Well, that's my understanding, yes.

14 Q. Okay. And this amendment, how much additional
15 water does it provide to DeSoto County?

16 A. Well, that's -- the water allocation formula is
17 on page seven at the top there, and it shows 45.625 million
18 gallons a year for DeSoto County. I'd have to calculate that
19 out how many gallons per day that is.

20 Q. Has anyone calculated it out?

21 A. I'm sure somebody has.

22 Q. What's the timing for this water?

23 A. "Timing?" What do you mean?

24 Q. When will this water be available?

25 A. Well, my understanding, it will be available

3
1 sometime in the spring of 2001; that's based on what the
2 Water Authority folks have told me. Of course, I'm sure
3 that's subject to change.

4 Q. What factors would make that date change?

5 A. Well, construction delays, grant delays. I
6 mean, it could be any number of things.

7 Q. So that number or that date is not one that is
8 reasonably solid or --

9 MR. BECHTOLD: Speculation.

10 MR. MENTON: Object to form of the question.

11 A. To answer your question, I don't have any
12 control over it.

13 MR. BECHTOLD: Bob --

14 MS. LEVIN: He can answer the question. You
15 can't instruct him not to answer a question.

16 A. (Cont'g) I did though. I explained to you
17 already that, you know, it's like any construction project,
18 there could be delays for unknown reasons, and DeSoto County
19 has no control over that whatsoever, outside of being a
20 member of the Authority.

21 Q. Is that -- so this quantity you've discussed,
22 will it be available all at once in the spring of 2001, or
23 will it be phased in over a period of time?

24 A. That I don't know.

25 Q. Is it possible that it will be phased in over a

3
1 period of time?

2 A. It could be.

3 Q. What period of time would that be?

4 A. I don't know.

5 Q. Okay. Would there -- is there a method for
6 increasing the allocations under this agreement?

7 A. Okay. Now, when you say "increasing
8 allocations," you mean beyond what --

9 Q. Yes.

10 A. -- we have here?

11 Q. Yes, beyond what's classified in the 1996
12 contract, or '96 amendment.

13 Is there a method of getting additional water?

14 A. You mean, can a member get more water than they
15 show in the allocation?

16 Q. Yes.

17 A. They can by making a separate agreement with
18 another party, is my understanding.

19 Q. Okay. Are you familiar with the allocations of
20 potable water to Sarasota County under this agreement?

21 A. Well, they have it stated here on page seven of
22 the agreement, says they get one thousand four hundred and
23 14.357 million gallons a year.

24 Q. And what schedule or what timing would they
25 receive that water?

4 1 A. Again, I don't know, it's going to depend, I
2 guess. I'm assuming it's on the same schedule as the water
3 is available for everyone else.

4 Q. Do you know if Sarasota will have any extra
5 capacity under this contract?

6 A. No, I'm not familiar with their capacity or
7 their needs.

8 Q. Okay. You're referring to an agreement with
9 Sarasota County that you're currently negotiating for three
10 hundred and seventy-five --

11 A. Yes.

12 Q. Three hundred and seventy-five gallons --
13 million gallons per day.

14 That is gallons per day or million gallons per
15 day?

16 A. That's gallons per day.

17 Q. Three hundred and seventy-five gallons per day?

18 A. No. Three hundred and seventy-five thousand
19 gallons a day.

20 Q. Okay. When is that allocation supposed to
21 occur?

22 A. It's supposed to be available --

23 MR. MENTON: I want to object to the form of the
24 question.

25 MS. LEVIN: Let me rephrase it.

4
1 BY MS. LEVIN:

2 Q. When did you anticipate that this contract with
3 Sarasota County may be completed?

4 A. Well, that I don't know. I'm hoping it will be
5 completed pretty quickly, over the next several months.

6 Q. In discussions with Sarasota County concerning
7 this allocation, have you discussed a date for delivery of
8 this additional water?

9 A. I don't know that we've talked about a specific
10 date. There's some dates in the agreement that coincide with
11 the Peace River option.

12 Q. Do any of these dates precede the spring of
13 2001?

14 A. I don't know, I'd have to go back and look.

15 Q. Well, I'd like an answer to that, so if we
16 follow-up with this, please.

17 If we can follow-up with this, please, I would
18 like an answer to that question.

19 A. Well --

20 MR. BECHTOLD: Well, if you want to follow-up,
21 then go with the appropriate discovery,
22 interrogatories or another deposition.

23 BY MS. LEVIN:

24 Q. Does Charlotte County receive any water under
25 the 1996 amendment?

4
1 A. Yes.

2 Q. How much additional water does it get?

3 MR. MENTON: Object to the form.

4 Q. (Cont'g) How much water is shown in the
5 contract?

6 A. Well, on page seven of the contract, it says
7 they'll receive seven hundred and thirty million gallons a
8 year.

9 Q. Okay. To your knowledge, will Charlotte have
10 any extra capacity under this contract?

11 MR. MENTON: Object to the form of the question

12 MR. BECHTOLD: It requires speculation.

13 MS. LEVIN: I said to his knowledge.

14 A. I don't know. I don't know what they use, and I
15 really couldn't answer that one.

16 Q. Okay. Other than the contracts we've -- you
17 currently have a contract with Lake Suzy; is that correct?

18 A. Yes.

19 Q. Okay. Before we get to that, other than the
20 contracts we've identified, does the county have any other
21 source of water?

22 A. No; the only source is the Peace River.

23 Q. Okay. And again, just so that I understand,
24 you've told me - and please, tell me if I'm misstating this -
25 that you have a hundred and thirty thousand gallons per day

4
1 is your water allocation; is that correct?

2 A. Well, that's what I remember, the agreement.
3 I'd have to go back and look at it. But it is spelled out on
4 Exhibit One, I believe, of this Lake Suzy agreement; I think
5 there's a schedule in there, and that spells it out.

6 Q. Okay.

7 A. I mean, to the best of my knowledge, that's what
8 it was, but -- in fact, it is, it's on Exhibit One of the
9 April 11th, '95 Lake Suzy agreement, and it does spell it out
10 here.

11 Q. Okay.

12 A. So whatever that exhibit says is right; I'm
13 just -- from memory, that's what I've remembered.

14 Q. What is the county's current demand for potable
15 water?

16 A. Okay. When you say "demand," how much -- please
17 explain that a little bit further.

18 Q. In any type of utilities system, there's usually
19 a demand or a need for certain quantities --

20 A. Right.

21 Q. -- of water.

22 A. Right.

23 Q. What is that need at the present time?

24 A. I don't know right offhand, because all of the
25 water we get goes to Lake Suzy, so I can't tell you exactly

4 1 how much they are using any given day.

2 I do know that they actually use less than we
3 are getting from the Authority.

4 Q. How much less are they using?

5 A. I don't know on the average.

6 Q. Okay. What was your source of information?

7 A. Well, it's based on discussions that we've had
8 in the past among the staff with their usage, the numbers we
9 get from the Water Authority in terms of usage.

10 Q. So you can't -- can you tell me if there's a
11 present deficiency in the level of service?

12 A. Explain "deficiency."

13 Q. Well, do you know what a level of service is?

14 A. Yes.

15 Q. Do you have an adopted level of service for
16 portable water?

17 A. Yes, we do.

18 Q. Does the current supply of water meet that level
19 of service, or is it deficient?

20 A. For Lake Suzy, in terms of getting a
21 comprehensive plan approval for a development, they can
22 supply that level of service required in the comprehensive
23 plan.

24 Q. For any construction in the county?

25 A. No, we are talking about just Lake Suzy now,

5 1 that's the only place that's served by county water.

2 Q. Okay. Does the county have -- I think you've
3 already answered this.

4 Following up on that question then, how many
5 private utilities are there in the county?

6 A. Lake Suzy -- for what? I mean, what kind of
7 utilities?

8 Q. For potable water.

9 A. Well, Lake Suzy, and I think there's one other
10 small utility, I think it's in Spring Lake.

11 Q. Do you know the name of that utility?

12 A. No, I don't.

13 Q. Okay. Do you know how these private utilities
14 obtain their potable water?

15 A. They'd have to get it from wells is all I know,
16 outside of Lake Suzy.

17 Q. Okay. You indicated the county has entered into
18 an agreement with Lake Suzy; do you have a copy of that with
19 you?

20 A. Yes.

21 MS. LEVIN: I'd like to make a copy of that and
22 mark it, please.

23 BY MS. LEVIN:

24 Q. I think you indicated under this agreement -
25 tell me if I'm incorrect - that Lake Suzy obtains all its

5 1 potable water from the county?

2 A. Yes.

3 Q. And I think you indicated - and tell me if I'm
4 incorrect - that the county allocates a hundred percent of
5 its water or its allocation to Lake Suzy?

6 A. The county allocates, based on the Exhibit One,
7 and any water that we receive from the Authority is sold to
8 Lake Suzy.

9 Q. Okay. Is it that a hundred percent or less than
10 a hundred percent?

11 A. Like I said, I don't know the exact numbers,
12 because when you say a hundred percent, that would have to be
13 based on usage.

14 We don't sell to any other entity but Lake Suzy.

15 Q. Is all of the county's current allocation of
16 potable water from all sources presently committed to Lake
17 Suzy?

18 MR. MENTON: Can you read that question back
19 again?

20 Q. (Cont'g) Is all of the county's current
21 allocation of potable water from all sources presently
22 committed to Lake Suzy?

23 A. Based on the water supply agreement we have with
24 Lake Suzy, they receive -- or we sell to them all of the
25 water that we get, based on the schedule on Exhibit One.

5
1 Q. Do you have the -- do you have the ability to
2 obtain any additional water?

3 A. Yes.

4 Q. Okay. And what is the source of that additional
5 water?

6 A. Well, we can go back to Charlotte County and try
7 to make an agreement with them for additional water, if there
8 was a need. And I'm assuming we could go to Sarasota County
9 and ask for some additional allocation beyond what we are
10 negotiating, if there was a need.

11 Q. And by "need," how do you define "need"?

12 A. If there is a development, for example, that's
13 going to come into the county and you need to have water for
14 them, or if there's new development and there's a need for it
15 based on the new development.

16 Q. Do you know if Charlotte County has sufficient
17 excess capacity to negotiate such an agreement?

18 A. I don't know how much excess capacity they have.

19 Q. But you believe that it's a viable source for
20 additional water?

21 A. I think you could go to them and ask them, yes.
22 Now, whether or not they'd have the capacity, that'd be
23 something you'd find out.

24 Q. So it's possible that you couldn't do that,
25 provide additional water from Charlotte County?

5
1 A. Oh, yeah. Anything is possible.

2 Q. How about Sarasota County, do you know that
3 there's additional water available from Sarasota County?

4 A. Well, no. As I already answered, I don't know
5 what their capacity is.

6 I do know that they have been negotiating with
7 us on some additional water, which will come from the Peace
8 River option. Now, what their current status is, I don't
9 know.

10 Q. So it's true then, that you could not guarantee
11 additional water to a new development at this time?

12 A. Well, you can't guarantee, no, not until you
13 make an agreement.

14 Q. All right. Does the county have a projected
15 need for additional water?

16 A. Yes.

17 We had a study done sometime ago by Camp,
18 Dresser, McGee (phonetic spelling), I believe it was. They
19 did a 20-year study of the county on water need and sewer
20 need, and they projected some potential needs for the county
21 into the future.

22 Q. Now, you said over a 20-year period?

23 A. I think that's what the study covered, a 20-year
24 projection.

25 Q. Do you know what that demand was?

5 1 A. No, not right off top of my head, no.

2 Q. Could you guesstimate for me or to the best of
3 your recollection tell me?

4 A. No, I wouldn't guess. You'd have to get the
5 study and look at the study, because the study has some
6 projected numbers in there. I wouldn't want to guess or
7 speculate.

8 Q. How is the county going to provide potable water
9 for this projected additional need?

10 A. Like we are doing with our agreement with
11 Sarasota County.

12 Q. Will that cover a hundred percent of that
13 projected additional need?

14 A. I don't know, it will depend on a lot of things.

15 Q. Okay. And again, when does the county expect to
16 have this additional capacity?

17 A. From whom?

18 Q. From any source.

19 A. Well, as we already mentioned, we are in
20 negotiations right now with Sarasota County.

21 Q. Okay.

22 A. But that is for the Peace River option.

23 Q. From any other source?

24 A. No. We have not negotiated with anyone else but
25 Sarasota.

6
1 Q. Okay. Do you have or have you negotiated any
2 other water supply contracts than those we've discussed so
3 far?

4 A. No.

5 Q. Are you currently in negotiation with any other
6 private utility?

7 A. Well, we are in discussions with Florida Water
8 concerning, you know, possible allocations.

9 Q. Okay. What type of allocation are you
10 discussing?

11 A. We haven't come to any numbers yet.

12 Q. Are you talking about a specific service area?

13 A. They have submitted an application for a
14 franchise with the county that are going to cover some
15 specifics areas, yes.

16 Q. Is there any overlap with Lake Suzy's service
17 territory?

18 A. I don't know, I'd have to go back and look at
19 their application. There might be, I just don't know because
20 I haven't really reviewed the application they submitted
21 about a month ago.

22 Q. When is this franchise, if it was approved, when
23 is it to take effect?

24 A. Well, I don't know, that would depend also.

25 Right now we are developing a franchise

6
1 ordinance, but as far as when it would take effect, that's
2 going to depend on the ordinance and what happens.

3 Q. Where -- what is the source of water for this
4 franchise?

5 MR. BECHTOLD: Objection to the form.

6 Q. (Cont'g) Under this franchise application, is
7 the source of water identified?

8 A. No. Not that I'm aware of, no. I have not
9 reviewed their application.

10 As far as DeSoto County is concerned, we have
11 not identified the source of the water yet.

12 Q. Is a quantity of water identified in the
13 franchise application?

14 A. I don't know, I haven't reviewed it.

15 Q. Who has reviewed it?

16 A. I don't know that anybody has reviewed it on
17 staff. They just gave it to us and we haven't had the time
18 to review it yet.

19 Q. When did they give it to you again?

20 A. I don't know, I'd have to go back and look at
21 the specific date; it was about a month ago, probably.

22 Q. It's a franchise application?

23 A. Yes, that's my understanding of what -- they
24 handed me a big box and they said that's what it was for.

25 Q. Has the county adopted a franchise

6
1 application -- a franchise ordinance yet?

2 A. No, I already addressed that; we have not
3 adopted an ordinance yet.

4 Q. When do you anticipate that that ordinance would
5 be adopted?

6 A. Well, as I mentioned earlier, we are looking at
7 having an adoption sometime in January.

8 Q. Have you been holding any public work sessions?

9 A. Yes, we have.

10 Q. If the ordinance is adopted, at what point will
11 it take effect?

12 A. Well, if the ordinance is adopted, like all
13 county ordinances, normally it takes effect as soon as the
14 ordinances are received in Tallahassee and logged in, so the
15 ordinance would take effect as soon as that happens; usually
16 two or three days.

17 Q. Is there any provision in that draft ordinance
18 which would set a time certain for the county to establish
19 franchise areas?

20 A. I don't know that it specifies a time to do
21 that.

22 Q. Okay. What would be the impact of that
23 ordinance's adoption upon this agreement with Lake Suzy?

24 MR. MENTON: Object to the form of the question.

25 Q. (Cont'g) Would there be an impact?

6
1 A. Not that I'm aware of, no.

2 Q. Okay. So the adoption of this ordinance will
3 not amend Lake Suzy's contract?

4 A. No. Why would the adoption of the ordinance
5 amend the contract?

6 Q. The adoption of the ordinance will not terminate
7 Lake Suzy's contract?

8 A. No. There's no provisions for terminating
9 anybody's contract with the agreement, not with the draft
10 agreement.

11 Q. Okay. Under the franchise agreement, who is
12 going to be -- under the draft franchise ordinance, does the
13 county play a role in providing any of the potable water to
14 any of the franchisees?

15 A. I'm not sure the ordinance addresses that issue
16 in terms of where the water comes from.

17 Q. So the ordinance is silent, then, with respect
18 to the source of any potable water?

19 A. I don't know, I'd have to go back and look. I
20 don't recall right offhand that it addresses the source of
21 the water.

22 Q. All right. Is part of this franchise ordinance
23 part of the county considering forming its own utility for
24 water and sewer?

25 A. Now, are you asking me to speculate on the

6
1 philosophy?

2 Q. No, I'm not.

3 A. What are you asking me?

4 Q. Has the county considered forming its own water
5 utility?

6 A. We have held discussions on that in the past,
7 yes, we have.

8 Q. And has the county decided to form its own water
9 utility?

10 A. No. There's been no Board decision to do that.

11 Q. Okay.

12 A. That doesn't mean there couldn't be one, but
13 there's been no Board decision to date to form its own
14 utility.

15 Q. Under this proposed draft or this draft
16 franchise ordinance, would the county form its own utility?

17 A. That depends, that's up to the Board of County
18 Commissioners.

19 Q. In your discussions concerning a utility --
20 forming a utility, has the county considered contracting the
21 operation of that utility out to a private entity?

22 A. We've discussed it; the possibility of doing
23 that is an option.

24 Q. And have you identified a period of time for
25 making such a contract?

7
1 A. No, because there's been no decision to form a
2 utility.

3 Q. Has there been any discussion of methodology of
4 how a franchise would be awarded?

5 A. There's a provision in the proposed ordinance
6 for determining how the franchises are evaluated when the
7 applications are received, thus following on how they would
8 be awarded.

9 Q. And does -- can you tell me a little bit about
10 that methodology?

11 A. It's going to be based on the ability to supply
12 the water. It's built primarily around the PSC rules and
13 regulations, with some consideration for the ability to serve
14 the area, impact on the customers, those types of issues are
15 going to be looked at in terms of how the Board would award
16 the franchise.

17 Q. When you say "ability to provide the water" --

18 A. Right.

19 Q. -- are you looking to that particular franchisee
20 to contract with you to take your allocation of water?

21 A. The agreement doesn't contemplate that. The
22 agreement just simply provides for those entities that want
23 to provide water and sewer service in the county, to file an
24 application. And then that application will be evaluated
25 based upon those criteria in the ordinance, and then the

7
1 Board will make a decision from that on whether to award a
2 franchise to them, and if so, what area it will cover.

3 Q. In your discussions with Florida Water over the
4 franchise, have they identified a potential source of water?

5 MR. MENTON: Object to the form of the question.

6 Q. (Cont'g) Have you discussed with -- have you
7 had negotiations with Florida Water or discussions with
8 Florida Water concerning the franchise?

9 A. We've had discussions with Florida Water
10 concerning their desire to franchise in DeSoto County, yes.

11 Q. And has Florida Water identified any particular
12 source of water to supply under the franchise?

13 A. No. They've discussed the possibility of
14 acquiring water from DeSoto County.

15 Q. And how much water are they asking -- are they
16 discussing that they would acquire?

17 A. I don't know, I've never talked to them about a
18 specific number of gallons.

19 Q. Again, in your discussions with Florida Water,
20 have they graphically described a service area?

21 A. In meetings with the Board, yes, they have
22 proposed certain service areas for consideration by the
23 Board.

24 Q. Has a projected demand been identified for that
25 service area?

7
1 A. By whom?

2 Q. By Florida Water.

3 A. I don't know that they have.

4 Q. Have you as the county?

5 A. Well, as I told you before, we had a study that
6 was done, that covered the county. And in that, they broke
7 the county up into different segments and they made some
8 projections based on what they thought the growth would be in
9 those areas.

10 Q. Is Florida Water using that study in developing
11 their projections?

12 MR. BECHTOLD: Objection.

13 MR. MENTON: Object to the form of the question.

14 Q. (Cont'g) With respect to Lake Suzy's operation
15 of its utility, has the county received any complaints with
16 respect to its operation of the utility?

17 A. Okay. Specify what that means when you say
18 complaints about its operation.

19 Q. Well, has the county received any complaints
20 from any of the customers of Lake Suzy?

21 A. I am -- I can only speak to what I'm personally
22 aware of. I don't know, you know, generally speaking if
23 somebody has ever complained. I have received a specific
24 complaint about the operation of utility.

25 Q. And what was the nature of that complaint?

7
8
1 A. It was a dispute over what was proposed in terms
2 of service of a new commercial facility. Water was --
3 certain agreements were made, apparently, on providing water
4 and sewer. And there was a complaint that what was proposed
5 was not what was eventually told to the customer that they
6 were going to be able to provide water and sewer -- utility
7 would provide water and sewer to them.

8 Q. When was this agreement made or entered into; do
9 you know?

10 A. I don't know about that, because the county
11 wasn't a party.

12 Q. Okay. Do you know the name of this person who
13 complained?

14 A. Yes.

15 Q. Who is it?

16 A. It was Fred Shoffe (phonetic spelling).

17 Q. Have you discussed this with Lake Suzy?

18 A. I don't know that I've ever talked to Dallas
19 about it, no. I don't know that I have, but I might have; I
20 just don't recall right now.

21 I know there was discussions with Lake Suzy
22 about it, and I think I did talk briefly to Dallas about it
23 at one time. In fact, I talked to him briefly when we went
24 to the public service meeting, whenever that was; I talked to
25 him briefly then about the issue and suggested he call Fred.

8
1 Q. And to your knowledge, has this been
2 satisfactorily resolved?

3 A. I haven't heard any more concern from Fred about
4 it; that's all I can say. I don't know if he's happy or not;
5 I can't speculate on that.

6 Q. Okay. Just a couple more questions on this
7 franchise application.

8 Has -- if I understand you correctly - and tell
9 me if I'm wrong - you said that staff has not begun review of
10 this franchise application?

11 A. No, we have not.

12 Q. Okay. What is staff's intent with -- concerning
13 this application?

14 MR. BECHTOLD: I'm not sure I understand.

15 Q. (Cont'g) What are they going to do with it?

16 A. We are going to wait until the Board adopts the
17 ordinance, then we are going to review it based on whatever
18 the ordinance comes out to be.

19 Q. Okay. Will there be an opportunity for other
20 utilities or other interested parties to submit franchise
21 applications?

22 A. Yes.

23 Q. Is there a timing factor for the award of the
24 franchise?

25 A. The Board has not made any decision on timing of

8
1 award for the franchises, no.

2 Q. Is it possible there could be more than one
3 franchise?

4 A. Yes.

5 MS. LEVIN: I don't have any more questions.

6 Marty, do you have anything you want to ask?

7 MR. FRIEDMAN: I just have one or two questions,
8 Mr. Koncar. I think these are just trying to
9 summarize succinctly what I understood your testimony
10 to be.

11 MR. MENTON: You're going to have two attorneys
12 from the same side asking the questions?

13 MR. FRIEDMAN: Anybody object to that?

14 MR. MENTON: Yes.

15 MR. FRIEDMAN: Who is that?

16 MR. MENTON: Steve Menton.

17 MR. FRIEDMAN: Oh, hey, Steve.

18 MR. MENTON: Hey, Marty.

19 MS. LEVIN: Well, if you want to take a minute,
20 I'll pick up the phone and I'm going to ask him what
21 he wants me to ask.

22 MR. MENTON: I have no objection. Go ahead,
23 Marty. If it was anybody else, but you, Marty.

24 MR. FRIEDMAN: Can I go ahead?

25 MR. MENTON: Go ahead.

8
1 MR. FRIEDMAN: All right. Thank you, Steve.

2 FURTHER DIRECT EXAMINATION

3 BY MR. FRIEDMAN:

4 Q. At present, Mr. Koncar, am I correct that all of
5 DeSoto County's allocation of water is committed to Lake
6 Suzy?

7 A. Okay. When you say "committed," can you define
8 what you mean by "committed"?

9 Q. Yeah, contractual.

10 Does that contract that DeSoto County has with
11 Lake Suzy commit to Lake Suzy all of DeSoto County's current
12 allocations of potable water?

13 A. In Exhibit One of the agreement, it specifies
14 exactly what the allocations are, and DeSoto has no other
15 agreement with anyone else to provide water.

16 Q. So your entire allocation is committed to Lake
17 Suzy?

18 A. Based on Exhibit One in the agreement, yes.

19 Q. Okay. And you're negotiating with Sarasota
20 County to obtain additional capacity for some other purpose,
21 other than giving it to Lake Suzy?

22 A. No.

23 Q. Okay. Is the capacity that you're negotiating
24 from Sarasota County at present, is capacity in the Peace
25 River option and not their current capacity; is that correct?

8
1 A. Yes. I think we are talking about Peace River
2 option.

3 Q. And that Peace River option is additional
4 capacity that's going to be available to the participants of
5 the Authority at some future date when those other
6 improvements are made to the plant; is that correct?

7 A. Yes.

8 MR. FRIEDMAN: Okay. That's all I had. Thank
9 you, Mr. Koncar.

10 MS. RICE: This is Bobbi Rice from the Public
11 Service Commission, and I have just a couple of
12 questions.

13 CROSS EXAMINATION

14 BY MS. RICE:

15 Q. First of all, I had a question, Mr. Koncar,
16 about the interlocal agreement between Charlotte County and
17 DeSoto County. Can you tell me what DeSoto County does with
18 that allocation from Charlotte?

19 A. Well, as we previously stated, the water that we
20 get from Charlotte County is used by Lake Suzy -- or it's
21 allocated to them, let me put it that way.

22 Q. Okay. Would there be any prohibition for DeSoto
23 County to get water from Sarasota County and then to turn
24 around and sell that water to Florida Water to use over in
25 Charlotte County?

1 MR. BECHTOLD: I think that's calling for
2 speculation on his part and the conclusion that --

3 A. Are you saying is there an agreement now?

4 Q. Well, I'm saying pursuant to the Peace River
5 option, if DeSoto County negotiates with Sarasota County for
6 additional capacity, could it then turn and sell that
7 capacity to Florida Water to serve over in Charlotte County?

8 A. Well, the agreement hasn't been finalized yet,
9 so I can't really answer that until the agreement is
10 finalized.

11 The agreement may address it. If it does,
12 then -- until that agreement is finalized, there's no way to
13 answer that question.

14 Q. I guess my question is: It's your understanding
15 then that there would be no prohibition under the Peace River
16 contract for DeSoto County to do that?

17 A. No.

18 As I said, the only additional water we are
19 dealing with is what we are talking about with Sarasota. So
20 if we don't have an agreement, I can't say what will or will
21 not happen.

22 Q. Can you tell me the names of the individuals who
23 have been involved in the negotiations between DeSoto County
24 and Sarasota County?

25 A. Primarily Steve DeMinnis (phonetic spelling), I

9
1 think, is one of the attorneys over there for Sarasota
2 County, and he's working on the agreement.

3 Q. And who on behalf of DeSoto?

4 A. Well, our attorney, Gary Vorbeck, Fred Bechtold,
5 and primarily myself.

6 MS. RICE: Okay. I think that's all the
7 questions we have. Thank you.

8 MR. MENTON: I have a few questions I wanted to
9 follow-up on.

10 Mr. Koncar, my name is Steve Menton, I'm with
11 the law firm of Rutledge and Ecenia in Tallahassee,
12 and we represent Florida Water.

13 I just have a couple of questions that I wanted
14 to follow-up on.

15 CROSS EXAMINATION

16 BY MR. MENTON:

17 Q. You've discussed a little bit the status of
18 negotiations with Sarasota County. If I understood you
19 correctly, those negotiations have been ongoing for at least
20 a year; is that correct?

21 A. I'd have to go back and look; I'm just guessing,
22 but approximately it's been in the neighborhood of a year.

23 Q. Okay. And are those -- is it your anticipation
24 that those negotiations are ongoing, is that your view of it,
25 that they are still in the process of being finalized?

9
1 A. Yes.

2 Q. Do you see any obstacles at this point that are
3 going to prohibit that negotiation from coming to fruition?

4 MS. LEVIN: Objection; calls for speculation.

5 A. I don't know of anything right now that would
6 keep that from happening, no.

7 Q. Is it your impression that both parties are
8 proceeding in good faith to try to conclude those
9 negotiations?

10 MS. LEVIN: Again, speculation.

11 A. Yes, we are, and I think they are, too.

12 I mean, I can't speak for them, but I know for
13 DeSoto County, we are proceeding with the idea of having a
14 contract.

15 Q. Okay. And if I understood your testimony
16 earlier, a draft of that contract is currently being put
17 together by Sarasota County; is that right?

18 A. Yes.

19 Q. So the status is that you're awaiting the draft
20 from Sarasota in order to review it, and then you'll proceed
21 with negotiations from there, correct?

22 A. Yes.

23 Q. And the number of three hundred and seventy-five
24 thousand gallons per day has been talked about a little bit
25 here; could you explain to me where that came from? That's

9
1 the number -- the general ballpark number you've been
2 utilizing in your negotiations with Sarasota?

3 A. It was originally; that number has changed some
4 based on concern over the tax exempt status of the bonds.

5 Q. All right. And what does -- when you say it's
6 changed some, what do you mean by that?

7 A. Well, as I've stated before, originally there
8 was three hundred and seventy-five thousand gallons
9 contemplated that we would acquire from them. We did in our
10 last draft to them, we revised that number so that we would
11 be talking about two hundred and fifty thousand gallons a day
12 up front, plus an option to purchase the rest of the three
13 hundred and seventy-five thousand over a period of time.
14 But, you know, again, that was the last draft we sent to
15 Sarasota.

16 Q. Okay. So the last draft that you sent, had two
17 hundred and fifty thousand gallons per day, with an option to
18 go up another hundred and twenty-five thousand?

19 A. Yes.

10
20 Q. Okay. You've referenced during your testimony
21 today that there have been some discussions with Florida
22 Water. During the course of those discussions, have you
23 talked with them about the possibility of utilizing some of
24 the water that would be obtained from Sarasota County and
25 allowing Florida Water to use that to meet any franchises

10 1 they may be awarded?

2 MR. BECHTOLD: Awarded by whom?

3 Q. (Cont'g) By DeSoto County, for example.

4 A. Well, I don't know that we've specifically
5 talked about the source of the water. I mean, they were
6 aware that we were looking at an agreement with Sarasota for
7 some additional capacity. But I don't remember ever getting
8 into a specific discussion about, you know, if we get this
9 water, it's going to go here. They knew we were negotiating
10 for it with Sarasota County, so -- and we discussed the fact
11 that they would be interested in purchasing some bulk water
12 from DeSoto County.

13 Q. Did you -- do you know if anybody -- if you or
14 anybody for DeSoto County has discussed with Florida Water
15 the prospect of using an allocation from the Sarasota bulk
16 purchase to serve customers in Charlotte County?

17 A. Okay. Say that again.

18 Q. Do you know -- have you or anybody from DeSoto
19 County discussed with Florida Water the prospect of utilizing
20 some of the water that might be purchased from Sarasota
21 County to serve customers in Charlotte County?

22 A. Well, of course, I can't speak for anybody else
23 in the county. In my discussions with them, I don't remember
24 ever talking about acquiring water from us to serve anybody
25 in Charlotte.

10 1 I can only speak for myself. When you said
2 anybody in the county, I don't know.

3 Q. So have you discussed with any of your Board
4 members, County Commission Board members the prospect of some
5 of the water that might be purchased from Sarasota being
6 utilized outside of DeSoto County?

7 A. Well, we have talked about it because of a
8 situation that arose about a month ago or six weeks ago. I
9 was asked the question -- a similar question about serving
10 outside of DeSoto County with water that we might get from
11 Sarasota County, and I gave the same response then.

12 And I was asked to attend a Water Authority
13 meeting to address that specific question, at which my
14 response was that I had not discussed acquiring water from
15 Sarasota for the purpose of serving customers in Charlotte.

16 Q. Do you know if that is an issue that is going to
17 be presented to the DeSoto County Commission for
18 consideration?

19 A. It might be. Not by me, but it may be by
20 someone else. I mean, I don't know, I'm not planning on
21 doing it.

22 Q. Okay. Do you know if there is an item that will
23 be scheduled on the County Commission agenda at this time?

24 A. Well, I understand from discussions with
25 representatives of Florida Water that they may make that

10 1 request at the July -- January 12th meeting; that's my
2 understanding based on what they said.

3 Q. Okay. Have you had any discussions with any of
4 the County Commissioners over that?

5 A. I talked to one commissioner; I don't know if
6 I've talked to more than one. All I can remember right now
7 is I talked to one commissioner about that issue of Florida
8 Water acquiring water and serving somebody in Charlotte
9 County.

10 Q. Okay. And is there an agenda that has been
11 prepared for the January County Commission meeting?

12 A. No.

13 Q. Have there been any discussions with Lake Suzy
14 or any of its representatives regarding the additional
15 allocations that may be obtained from Sarasota County?

16 A. Say that again.

17 Q. Have you or anybody that you know of from County
18 Commission been involved in discussions with Lake Suzy
19 regarding the additional water that may be acquired from
20 Sarasota County?

21 A. Okay. When you say "discussions," I mean, give
22 me a little bit more clarification on that. What do you mean
23 "discussions"? Has anybody ever said anything to them or
24 what?

25 Q. Well, I'm just curious as to whether you had any

10 1 discussions with Lake Suzy representatives as to how that
2 water will be allocated?

3 A. No.

4 They have asked the question, but there has been
5 no decision by the Board on how any of the water is
6 allocated. The only decision the Board has made is to go
7 forward with an agreement at this point. There's been no
8 decision by the Board, which is the only thing that counts,
9 on how the water will be allocated. And there's no need to
10 discuss it until you find if you have water.

11 Q. Is Lake Suzy -- we've referenced the agreements
12 that DeSoto County has with Lake Suzy; do you know what
13 remedies are available to the county in the event that Lake
14 Suzy does not make the payments called for under those
15 agreements?

16 A. I don't remember specifically what the remedies
17 are in the agreement; there's certainly contractual remedies
18 that the county would have in the court system, but I don't
19 know specifically what they are right here in the agreement.

20 Q. Do you know whether or not the county has the
21 opportunity to get a lien on Lake Suzy's revenues?

22 A. I believe that's provided for in the agreement.
23 I'd just have to go back and look.

24 Q. Is Lake Suzy current on its bills with the
25 county?

11 1 A. The last time I checked, I think they were
2 behind. I don't have the numbers with me, but I think they
3 were behind some on their payments.

4 Q. Has the county taken any action with respect to
5 that yet?

6 A. Outside of noticing them that they were behind
7 and asking for collection of the past due amount, no.

8 MR. MENTON: I think I'm just about done. Give
9 me a second to go over my notes.

10 A. (Cont'g) I do want to clarify one question that
11 you had about the January 12th meeting. We have received a
12 request to have the -- and it's already been scheduled, to
13 have the franchise ordinance discussed at that meeting, plus
14 Florida Water has asked to be on the agenda to talk to the
15 Board. So that's -- even though the agenda hasn't been made
16 up yet, that request has already been made, so it will be on
17 the agenda.

18 We just don't make the agenda up until you get a
19 couple of days within the meeting. Those requests have been
20 made and they will be on the agenda for the 12th for the
21 Board to make some decision, whatever it is.

22 MR. MENTON: Okay. I don't have any further
23 questions.

24 MS. BURTON: This is Marty Burton with the
25 Charlotte County Attorney's Office. I came in a few

11 1 minutes after ya'll started. I just have a couple of
2 quick questions.

3 CROSS EXAMINATION

4 BY MS. BURTON:

5 Q. Mr. Koncar, you mentioned earlier that you have
6 had some discussions with Florida Water Services
7 representatives. Who have you met with or talking with from
8 Florida Water Services?

9 A. Well, I've talked to several people. Let me
10 think now. I've talked to their attorney.

11 Q. That would be --

12 A. Mr., I think it's, Lafalls (phonetic spelling),
13 isn't it? I've talked to him. I've talked to Charles Sweat,
14 and the only other person that's come to the meeting -- well,
15 there's two other people that came to a meeting, but those
16 are really the primary people we've talked with. One other
17 individual, I can't remember her name right now, but she's
18 been to several of the meetings. And then they had their
19 public relations person come to one meeting, but we never
20 really talked.

21 But most of the discussions have been with
22 Charles Sweat.

23 Q. Okay. Also earlier, there were a couple of
24 questions asked about the contract that's been negotiated
25 with Sarasota County for the additional water allocation that

11 1 will be available under the Peace River option expansion of
2 the water supply facility. Have you or are you aware of any
3 discussions that anyone else, besides yourself, with DeSoto
4 County had any discussions with Steve DeMarsh, who I believe
5 is the attorney with Sarasota County that you've been working
6 with on that agreement, have you had any discussions with
7 Steve about a provision in that contract that would prohibit
8 water supplied under that contract from Sarasota County to
9 DeSoto County, that would prohibit that water being used to
10 serve customers in Charlotte County or another county outside
11 of DeSoto County?

12 A. We've discussed the possibility of having a
13 provision in the agreement that that water could not be used
14 to serve customers in Charlotte County.

15 Q. To your knowledge, will that provision be
16 contained in the contract?

17 A. I don't know, I got to wait until I see the
18 contract. But he was planning on putting that in there based
19 on our last discussion, but until I see the contract, I don't
20 know.

21 Q. Is it your intent at this time that that water
22 would only be used to serve customers within DeSoto County
23 and not in Charlotte County?

24 MR. MENTON: Obeect to the form.

25 A. Well, my intent doesn't make any difference,

1 it's the Board of Community Commissioners, and the Board will
2 have to adopt an agreement. And if they want that provision
3 in there, then they adopt the agreement and that's what it
4 will be.

5 MS. BURTON: I don't have any further questions.

6 MS. LEVIN: I think we are done.

7 Fred, did you want to explain to him --

8 MR. BECHTOLD: Yeah, he's not going to waive.

9 (Deposition concluded at 10:14 P.M.)

STATE OF FLORIDA
COUNTY OF DESOTO

I, Leah Marsh Liedke, the undersigned authority,
certify that ROBERT KONCAR personally appeared before me and
was duly sworn.

WITNESS my hand and official seal this 4th day
of January, 1998.



LEAH MARSH LIEDKE
Notary Public
State of Florida
My Commission No.: CC155157
Expires: 10-18-2000



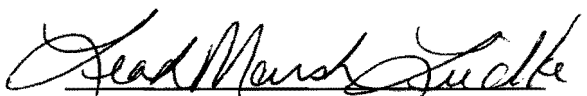
Leah Marsh Liedke
Notary Public, State of Florida
Commission No. CC155157
My Commission Exp. 10/18/2000

STATE OF FLORIDA
COUNTY OF DESOTO

I, LEAH MARSH LIEDKE, Court Reporter, certify that I was authorized to and did stenographically report the foregoing deposition; and that the transcript is a true record of the testimony given by the witness.

I further certify that I am not a relative, employee, attorney, or counsel of any of the parties, parties' attorney or counsel connected with the action, nor am I financially interested in the action.

Dated this 4th day of January, 1998.


LEAH MARSH LIEDKE

EXHIBIT

1 12/18/98

May 15, 1991 Draft
Prepared by E. de la Parte

PEACE RIVER WATER SUPPLY CONTRACT

THIS CONTRACT, entered into this 2nd day of May, 1991, by and between the PEACE RIVER/MANASOTA REGIONAL WATER SUPPLY AUTHORITY, an interlocal governmental agency created and existing pursuant to Sections 373.1962 and 163.01, Florida Statutes, acting by and through its Board of Directors, the governing board thereof ("Authority"); CHARLOTTE COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing board thereof ("Charlotte"); DESOTO COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing board thereof ("DeSoto"); MANATEE COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing board thereof ("Manatee"); and SARASOTA COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing Board thereof ("Sarasota").

WITNESSETH:

WHEREAS, the Authority was first established by Charlotte, DeSoto, Manatee, Sarasota, and Hardee Counties on February 26, 1982; and

WHEREAS, on March 16, 1983 Hardee County withdrew from the Authority under the terms of the February 26, 1982 Interlocal Agreement; and

WHEREAS, Charlotte, DeSoto, Manatee and Sarasota entered a new Interlocal Agreement reestablishing the Authority on February 1, 1984 and

WHEREAS, the Authority was created for the purpose of developing, storing and supplying water for county and municipal purposes in such a manner as will give priority to reducing adverse environmental effects of excessive or improper withdrawals from concentrated areas. See 373.1962(1), Fla. Stat.; and

WHEREAS, the Authority is required to acquire, design, construct, operate, and maintain facilities in the locations and at the times necessary to insure that an adequate water supply will be available to all citizens within the Authority's boundaries. See 373.1962(7), Fla. Stat.; and

WHEREAS, the Authority has determined the need of citizens residing within Charlotte, DeSoto, Manatee and Sarasota Counties for an adequate source of drinking water can best be met by acquiring, operating and expanding the water supply facilities owned by General Development Utilities, Inc. and General Development Corporation located within Sarasota, Charlotte and DeSoto Counties, excluding the water system serving City of North Port, in a cooperative and coordinated manner; and

WHEREAS, the Authority, Charlotte, Manatee, DeSoto and Sarasota agree the acquisition, operation and expansion of the water supply facilities owned by General Development Utilities, Inc. and General Development Corporation, which are currently located in and serving the City of North Port is best left to the City of North Port; and

WHEREAS, the Authority, Charlotte, Manatee, DeSoto and Sarasota have approved a Memorandum of Intent, a copy of which is attached hereto as *Exhibit A*, which describes procedures for acquiring, operating and expanding the Peace River Regional Water Treatment Facility, along with appurtenant or associated installations, real property and fixtures and water transmission facilities located within Charlotte, DeSoto and Sarasota Counties; and

WHEREAS, the Authority, Charlotte, DeSoto, Manatee and Sarasota agree Charlotte should acquire the Peace River Regional Water Treatment Facility, along with appurtenant or associated

installations, real property and fixtures and water transmission facilities owned by General Development Utilities, Inc. and General Development Corporation located in Charlotte, Sarasota and/or DeSoto Counties, with the intended exception of the water system located in and serving North Port; and

WHEREAS, Charlotte agrees it shall transfer to the Authority the Peace River Regional Water Treatment Facility, along with appurtenant or associated installations, real property and fixtures simultaneously, or as soon as legally possible, upon taking title to said facilities; and

WHEREAS, Charlotte desires to purchase water produced by the Authority from the Peace River Regional Water Treatment Facility, according to the terms and conditions of this Contract, for use in Charlotte County, and the Authority desires to sell Charlotte water produced from this facility, according to the terms and conditions of this Contract; and

WHEREAS, DeSoto desires to purchase water produced by the Authority from the Peace River Regional Water Treatment Facility, according to the terms and conditions of this Contract, for use in DeSoto County, and the Authority desires to sell DeSoto water produced from this facility, according to the terms and conditions of this Contract; and

WHEREAS, Charlotte, Sarasota, Manatee and DeSoto, for use in their respective county areas may desire to purchase water produced by the Authority from future expansions of the Peace River Regional Water Treatment Facility, according to the terms and conditions of this Contract, and the Authority desires to sell Charlotte, Sarasota, Manatee and DeSoto water produced from future expansions of this facility, according to the terms and conditions of this Contract.

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

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

1.1. Acquisition Agreement. That certain contract by and among the Authority, Charlotte, DeSoto, Manatee, Sarasota and the Southwest Florida Water Management District, a copy of which is attached hereto as *Exhibit 1.1*.

1.2. Amended Interlocal Agreement. That certain contract by and among Charlotte, DeSoto, Manatee and Sarasota, a copy of which is attached hereto as *Exhibit 1.2*.

1.3. Base Rate Charge. For any Contract Year, the rate established by the Authority for the Water Allocations in the Peace River Regional Water Treatment Facility. It is the sum of the Debt Service Cost, Facility Use Cost and those fixed cost components of the Operating and Maintenance Cost budgeted by the Authority for operating, maintaining and securing the Peace River Regional Water Treatment Facility and repaying Charlotte for the cost of acquiring the Peace River Regional Water Treatment Facility, as determined according to Section 9.1 of the Acquisition Agreement, regardless of the quantity of water, if any, being produced or delivered by the Authority.

1.4. Contract Year. The period between execution of the Contract and September 30, 1991 and thereafter the fiscal year of the Authority (beginning on each October 1, and ending on the immediately following September 30) and thereafter during the term of this Contract.

1.5. Debt Service Cost. For any Contract Year, all costs including reserve or coverage requirement, if any, incurred by the Authority during such Contract Year in connection with the Peace River Regional Water Treatment Facility for principal payments, interest payments, redemption premiums, if any, and service charges with respect to amortization of indebtedness.

1.6. Delivery Point(s). The point(s) of connection between the Peace River Regional Water Treatment Facility and the distribution systems of those parties to this Contract having a

Water Allocation. The initial Delivery Point(s) for Charlotte and DeSoto and are specifically described in *Exhibit 1.6*.

1.7. Environmental Permits. All licenses, permits or other approvals from any government or governmental agency, whether federal, state, regional or local, necessary or convenient for the acquisition, construction and operation of the Peace River Regional Water Treatment Facility, including but not limited to any general water use permit, temporary water use permit or individual water use permit issued by the Southwest Florida Water Management District or any successor agency.

1.8. Facility Use Cost. For any Contract Year, an amount equal to the ad valorem taxes that would have been collected by all taxing authorities located solely in DeSoto County for that portion of the Peace River Regional Water Treatment Facility located within DeSoto County, as if such facilities were still privately owned.

To determine the Facility Use Cost, DeSoto and Charlotte shall jointly select a real estate appraiser with an MAI or SRA designation. DeSoto and Charlotte shall instruct the appraiser to appraise the Peace River Regional Water Treatment Facility each Contract Year in a manner comparable to that utilized by the DeSoto County Property Appraiser to appraise the value of similar property. If DeSoto and Charlotte cannot agree on an appraiser, then the choice of such appraiser shall be made by a coin flip to choose one of the two appraisers recommended by DeSoto and Charlotte. After the appraiser arrives at the tax appraisal value of the property, the Authority shall determine the Facility Use Cost by applying the appropriate millage rates to such value. The Authority shall be entitled to any discount available to the taxpayers of DeSoto County for early payment of taxes if paid accordingly.

1.9. Operating and Maintenance Cost. For any Contract Year, all costs incurred by the Authority in operating, maintaining and securing the Peace River Regional Water Treatment Facility

during such Contract Year, including, but not limited to, the general and administrative costs of the Authority related to the operation, maintenance and security of the Peace River Regional Water Treatment Facility (as confirmed by audit), capital expenditures of the Authority for items such as tools, equipment and vehicles necessary for the operation, maintenance and security of the Peace River Regional Water Treatment Facility and all costs incurred in obtaining and maintaining the Environmental Permits for the Peace River Regional Water Treatment Facility. Said cost shall not include depreciation.

1.10. Peace River Regional Water Treatment Facility. All real property, interest in real property, fixtures, personal property, wells, buildings, treatment systems, pumps, pipes, storage facilities, reservoirs, aquifer storage and recovery facilities and appurtenant or associated facilities located in DeSoto and Sarasota Counties, which are to be transferred by Charlotte to the Authority pursuant to the Acquisition Agreement, as more specifically described in *Exhibit 1.10*.

1.11. Water Allocation. For any Contract Year, the quantity of water committed by the Authority to be produced from the Peace River Regional Water Treatment Facility and transported to the Delivery Point(s), which committed amounts shall not differ from those amounts specified in Section 1.11.1, except as modified in accordance with Section 1.11.2.

1.11.1. Initial Allocation.

User	Annual Rate (MGY)
Charlotte	4,149
DeSoto	18.25

The total initial allocation of the Peace River Regional Water Treatment Facility is 4,378.25 MGY. In addition to the above described allocations, an allocation of 211 MGY is made to General Development Utilities, Inc. under that certain Peace River—GDU Water Supply Contract by and between the Authority and General Development Utilities, Inc. Additionally, if the City of North

Port should acquire the water supply facilities currently owned by General Development Utilities, Inc. and General Development Corporation and located within its municipal boundaries, it shall succeed to General Development Utilities, Inc.'s initial water allocation and be entitled to obtain 224 MGY of Charlotte's initial allocation for a total initial allocation of 435 MGY, according to the terms and conditions of that certain Peace River/Manasota Regional Water Supply Authority—North Port Water Supply Contract by and between the Authority and the City of North Port and that certain City of North Port—Charlotte County Interlocal Utility Agreement by and between the City of North Port and Charlotte County.

If at any time, there is insufficient potable water available to fully meet the Water Allocations described above, then the parties shall have their Water Allocations reduced on a pro rata basis. Additionally, the Water Allocations described above shall be based on water flowing from the treatment plant. The parties shall absorb losses in the distribution system, if any, due to line losses, etc.

1.11.2. Expansion of Entitlement. Charlotte, DeSoto, Manatee, Sarasota or any combination thereof upon reasonable prior written notice and for a reasonable increment of expansion, may cause the Authority to expand the Peace River Regional Water Treatment Facility to increase its allocations identified in Section 1.11.1, obtain an allocation or increase its then current allocation; provided, (a) the additional water is needed to meet reasonably anticipated future demands of the party or to satisfy present demands currently served by other sources of water supply, which are no longer capable of supplying those needs, and are not reasonably and economically replaceable, and (b) the Authority is able to obtain all the necessary Environmental Permits. All capacity shall be completely allocated to those parties holding Water Allocations at all times and the Authority shall not own, operate or maintain capacity for persons not holding Water Allocations. The acquisition, construction, alteration or expansion of facilities and appurtenant or

associated installations or real and personal property needed to meet the new or expanded Water Allocation shall be paid completely and fully by the party(s) requesting same, which payment shall be securely available before expansions begins. Expansions may be financed for the requesting party(s) through the issuance of Authority revenue bonds, capital contributions from the party(s) requesting expansion, capital contributions from the Southwest Florida Water Management District, the Manasota Basin or the Peace River Basin, or other governmental grants, or any combination thereof; provided, no party hereto, except a party(s) requesting such expansion shall be liable for such expansion costs. Any expansion, financing, engineering costs, etc. must be paid in full in advance or monies must be otherwise made currently available to meet financing, engineering and construction payments, etc. pursuant to a letter of credit or by cash or a cash equivalent before the Authority shall begin the expansion of the Peace River Regional Water Treatment Facility. Only the party(s) requesting the new or increased Water Allocation shall be responsible for all capital and non-capital cost incurred by the Authority in supplying the new or increased Water Allocation and the water rates, fees and charges shall be appropriately adjusted by the Authority to reflect the new allocation of capacity.

Additionally, since Charlotte advanced the entire cost for the Authority to acquire the Peace River Regional Water Treatment Facility, including facilities available for expansion, the party(s) requesting the new or increased Water Allocation, other than Charlotte, shall be obligated to pay Charlotte through the Authority the appropriate part of the value of the oversized portions of the Peace River Regional Water Treatment Facility utilized by said party in said expansion, as such value is determined pursuant to the Acquisition Agreement; said payment to be proportionate to the percentage of the oversized facilities utilized by the Authority to supply the new or increased Water Allocation.

1.12. Water Use Rate Charge. For any Contract Year, the rate established by the Authority for the sale of water from the Peace River Regional Water Treatment Facility. It consists of the variable cost component of the Operating and Maintenance Cost.

2. TERM. The term of this Contract shall begin on the date of its complete execution by all parties and end on the last day of the Contract Year in which the thirty-fifth (35th) anniversary of the execution date falls. This term may be extended at any time prior to expiration of the initial term at the option of any one party for another thirty-five (35) years, said extension to expire on the last day of the Contract Year in which the seventieth (70th) anniversary of the execution date falls. Such option must be exercised at least two (2) years prior to expiration. The term of the Contract may be extended by any party in five (5) year increments for a total of seven such increments.

3. CONDITIONS PRECEDENT. All rights, obligations and liabilities of the Authority, Charlotte, Sarasota, Manatee and DeSoto shall be subject to the satisfaction of the conditions precedent identified in Section 3.1

3.1. Conditions Precedent. The following are conditions precedent to the parties' right, obligations and liabilities under this Contract:

3.1.1. The complete execution of this Contract by the Authority, Charlotte, Sarasota, Manatee and DeSoto.

3.1.2. The execution and delivery of the deed documents by Charlotte to the Escrow Agent in accordance with Section 6.1 of the Acquisition Agreement.

3.1.3. The delivery of the deed documents by the Escrow Agent to the Authority once Charlotte acquires title to the water supply facilities currently owned by General Development Utilities, Inc. and General Development Corporation in Sarasota, DeSoto and Charlotte Counties in accordance with Sections 6.1 and 11 of the Acquisition Agreement.

3.1.4. Transfer of the Peace River Regional Water Treatment Facility to the Authority without lien or other form of indebtedness in accordance with Sections 4.1, 5.1 and 6.1 of the Acquisition Agreement, except for easements, restrictions, limitations and covenants of record affecting such facility in existence on the date this Contract is fully executed by all parties.

3.1.5. Payment by the Authority to Charlotte in accordance with Section 10.1 of the Acquisition Agreement.

3.1.6. Acquisition by Charlotte of water supply facilities currently owned by General Development Utilities, Inc. and General Development Corporation in Sarasota, Charlotte and DeSoto Counties in accordance with Section 7.1 of the Acquisition Agreement.

3.1.7. The representations set forth in Section 4 are true and correct as of the date this Contract is fully executed by all parties.

3.1.8. All applicable permits, licenses, easements, interests in real and personal property and authorizations necessary for the operation and maintenance of the Peace River Regional Water Treatment Facility shall have been obtained by or on behalf of the Authority.

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

3.2. Satisfaction of the Conditions Precedent. The parties shall exercise good faith and due diligence in satisfying the conditions precedent set forth in Section 3.1 and the Authority shall

give prompt notice to the other parties when the foregoing conditions precedent have been satisfied or waived in writing by all the parties.

4. REPRESENTATIONS OF THE PARTIES. The Authority, Manatee, DeSoto, Sarasota and Charlotte make the following representations:

4.1. Each party is duly organized and existing in good standing under the laws of the State of Florida and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Contract.

4.2. Each party has the power, authority and legal right to enter into and perform its obligations set forth in this Contract, and the execution, delivery and performance hereof by it (a) has been duly authorized by its governing board; (b) does not require any other approvals by any other governmental officer or body; (c) does not require any consent or referendum of the voters; (d) will not violate any judgment, order, law or regulation applicable to the party; and, (e) does not constitute a default under, or result in the creation of, any lien, charge, encumbrance or security interest upon the assets of the party under any agreement or instrument to which it is a party or by which the party and its assets may be bound or affected.

4.3. This Contract has been duly entered into and delivered by its governing board and, as of the date of its full execution by all parties and constitutes a legal, valid and binding obligation of the party, fully enforceable in accordance with its terms.

4.4. Other than the pending condemnation litigation involving Charlotte vs. General Development, Utilities, Inc., General Development Corporation and others involving acquisition of the Peace River Regional Water Treatment Facility and the interpleader action initiated by General Development Utilities, Inc. and General Development Corporation, there is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or, to the best of the party's knowledge, threatened against the party, wherein any unfavorable decision, ruling

or finding would materially adversely affect the performance by the party of its obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Contract, or any other agreement or instrument entered into by the party in connection with the transaction contemplated hereby.

4.5. To the extent permitted by State law, each party hereby irrevocably waives any and all defenses it may have on the grounds of sovereign immunity in any action which may be brought by the other parties against it in connection with this Contract.

5. **DELIVERY OF WATER ALLOCATION.** During each Contract Year, the Authority shall use its best efforts to deliver those parties holding a Water Allocation their allocation from the Peace River Regional Water Treatment Facility, as follows:

5.1. Delivery Schedule. The Authority shall not be required to deliver water to a party in excess of that party's Water Allocation, nor shall the Authority be required to provide water to a party, if prohibited by any applicable federal, state, regional or local statute, rule, ordinance, law, administrative order or judicial decree or in violation of applicable Environmental Permits.

5.2. Source of Water. The Authority's obligation to supply Charlotte, DeSoto, Manatee and Sarasota with their Water Allocation is limited to water produced from the Peace River Regional Water Treatment Facility. The Authority is not required to provide water to satisfy their Water Allocations from any other source or any particular component of the Peace River Regional Water Treatment Facility. The Authority, however, shall use its best efforts to utilize the most cost-effective components of the Peace River Regional Water Treatment Facility in supplying each party its Water Allocation.

5.3. Delivery Point. The Authority shall only deliver water from the Peace River Regional Water Treatment Facility to each party at their Delivery Point(s).

6. EXCESS WATER. Each party shall have the right to transfer a part of its Water Allocations to another party upon notice to the Authority in writing and Water Allocations shall thereupon be amended as appropriate.

7. WATER CHARGE. For each Contract Year, all parties purchasing water from the Peace River Regional Water Treatment Facility shall pay the Authority the applicable adopted Base Rate Charge and Water Use Rate Charge:

7.1. Rate-Setting. The Authority Board shall fix the initial Base Rate Charge and Water Use Rate Charge for the use of and the services and facilities to be furnished by the Peace River Regional Water Treatment Facility to be paid by the parties to this Contract. After the system or systems shall have been in operation, the Authority Board may revise the Base Rate Charge and Water Use Rate Charge from time to time; provided, however, that such rates, fees and charges shall be so fixed and revised so as to provide sums, which, with other funds available for such purposes, shall be sufficient at all times to pay the expenses of operating and maintaining the Peace River Regional Water Treatment Facility, including reserves for such purposes. The Authority shall charge and collect such rates, fees and charges as fixed or 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 or agency of the county or state. Such rates, fees and charges shall be just and equitable and uniform for users of the same class. Rates shall consist of two portions. One is the Base Rate Charge, which shall be computed as to provide the Authority with monies for fixed and variable costs of operating the facility, including a capital cost component to repay Charlotte for its acquisition of the Peace River Regional Water Treatment Facility, which shall be paid by contracting parties hereto for the Water Allocation which they have reserved under this contract without regard to whether or not party takes any water from the Peace River Regional Water Treatment Facility during any given month. In other words, each party shall have a rate component which must be paid

MANATEE COUNTY

WITNESS:

Robin Liberty
Diana Hallman

Approved as to form:

Edward de la Cruz
Attorney for Manatee County

By: Pamela M. Glass

Date: 5/16/91 5/13/91
R. B. SHORE

ATTEST:
R. B. SHORE, CLERK OF CIRCUIT COURT

BY: Richard H. Ashley
RICHARD H. ASHLEY, CHIEF DEPUTY CLERK

SARASOTA COUNTY

WITNESS:

Janice Verbara
David M. Ollit

Approved as to form:

Tom Causey
Attorney for Sarasota County

By: Tom Causey

Date: 5/15/91

STATE OF FLORIDA
COUNTY OF MANATEE

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

WITNESS my hand and official seal in the County and State last aforesaid this 15 day of May, 1991.

Richard H. Ashley
Notary Public, My
Commission
Expires: NOTARY PUBLIC, STATE OF FLORIDA.
MY COMMISSION EXPIRES: APRIL 17, 1992.
BONDED THRU NOTARY PUBLIC UNDERWRITERS.

STATE OF FLORIDA
COUNTY OF CHARLOTTE

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

WITNESS my hand and official seal in the County and State last aforesaid this 16th day of May, 1991.

[Signature]
Notary Public, My
Commission
Expires: NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP. APR. 19, 1994
BONDED THRU GENERAL INS. UND.

STATE OF FLORIDA
COUNTY OF DESOTO

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

WITNESS my hand and official seal in the County and State last aforesaid this 21st day of May, 1991.

[Signature]
Notary Public, My
Commission
Expires: Notary Public, State of Florida at Large
My Commission Expires Nov. 1, 1993

STATE OF FLORIDA
COUNTY OF MANATEE

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

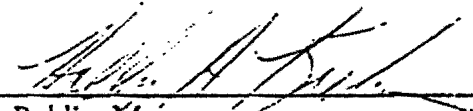
WITNESS my hand and official seal in the County and State last aforesaid this ___ day of _____, 1991.

Notary Public, My
Commission
Expires:

STATE OF FLORIDA
COUNTY OF SARASOTA

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

WITNESS my hand and official seal in the County and State last aforesaid this 15 day of _____, 1991.



Notary Public, My
Commission
Expires: NOTARY PUBLIC, STATE OF FLORIDA.
MY COMMISSION EXPIRES: APRIL 17, 1992.
BONDED THRU NOTARY PUBLIC UNDERWRITERS.

MEMORANDUM OF INTENT

It is the intent of Charlotte, Manatee, Sarasota and DeSoto Counties to acquire, operate and expand the the Peace River Water Treatment Plant, as well as the appropriate water transmission facilities located within Charlotte, DeSoto and Sarasota Counties in accordance with the concepts contained herein. These concepts will be implemented through water supply contracts, amendments to the Peace River/Manasota Regional Water Supply Authority Interlocal Agreement and other agreements acceptable to the four counties in form and substance. Nothing contained herein shall be binding upon any party unless and until such documents are approved, fully executed and exchanged by all parties.

ACQUISITION

1. Charlotte County shall acquire the General Development Utilities, Inc. water supply facilities located in DeSoto, Sarasota and Charlotte Counties, with the intended exception of the water treatment and distribution system located within the City of North Port. Simultaneously, or as soon as legally possible, upon acquisition of these facilities, Charlotte County shall transfer the Peace River Water Treatment Plant and the appropriate water transmission facilities, located in Charlotte, DeSoto and Sarasota Counties to the Peace River/Manasota Regional Water Supply Authority.
2. DeSoto County shall move to abate its condemnation proceeding, pending acquisition of the General Development Utilities, Inc. water supply facilities by Charlotte County. Once the facilities are acquired and transfered to the Peace River/Manasota Regional Water Supply Authority, DeSoto County shall dismiss the proceeding.
3. DeSoto, Manatee and Sarasota Counties shall cooperate with Charlotte County in its acquisition of the General Development Utilities, Inc. water supply facilities so long as Charlotte County makes reasonable progress to acquire these facilities and upon acquiring the facilities simultaneously, or as soon as legally possible, transfers the Peace River Water Treatment Plant and appropriate water transmission facilities located within Charlotte, DeSoto and Sarasota Counties, to the Peace River/Manasota Regional Water Supply Authority. If Charlotte County is unable or unwilling to acquire the General Development Utilities, Inc. water supply facilities Charlotte County shall cooperate with the Peace River/Manasota Regional Water Supply Authority in its acquisition of the Peace River Water Treatment Plant and the appropriate water transmission facilities located within Charlotte, DeSoto and Sarasota

Counties. In either case, the cost of acquiring the water supply facilities shall not require an increase of the water rate to existing consumers.

4. Southwest Florida Water Management District and/or Basin Board funds shall be used by the Peace River/Manasota Regional Water Supply Authority for payment to Charlotte County to assist in defraying the cost of acquiring the facilities no later than at the time the Peace River Water Treatment Plant and appropriate water transmission facilities located within Charlotte, DeSoto and Sarasota Counties are transferred to the Authority.

5. Charlotte County will finance the acquisition of all the General Development Utilities, Inc. water supply facilities. Charlotte shall transfer the Peace River Water Treatment Plant and appropriate water transmission facilities located within Charlotte, DeSoto and Sarasota Counties to the Peace River/Manasota Regional Water Supply Authority without liens or other forms of indebtedness. The bond documents and other evidence of indebtedness issued by Charlotte County to finance the acquisition of the General Development Utilities, Inc. water supply facilities shall not conflict with the parties' obligations to transfer the facilities as specified herein, to enter into water supply contracts and to abide by the weighted vote/majority vote procedure.

VALUATION

6. The value of the General Development Utilities, Inc. water supply facilities to be transferred by Charlotte County to the Peace River/Manasota Regional Water Supply Authority, will be expressed as a percentage of the entire water, sewer, and/or gas facilities being acquired by Charlotte County, and will be negotiated by Charlotte County and the Peace River/Manasota Regional Water Supply Authority, which shall be adjusted after a final acquisition value is determined for the facilities. If agreement cannot be reached through negotiation, the parties will submit the issue to binding arbitration under Chapter 682, Florida Statutes. In the arbitration Charlotte County would choose one arbitrator, the Authority would choose the second arbitrator and the two arbitrators would select a third arbitrator.

7. The identification and valuation of those facilities at the Peace River Water Treatment Plant, which are sized greater than necessary to meet the current capacity of the plant, will be negotiated by Charlotte County and the Peace River/Manasota Regional Water Supply Authority, after a final acquisition value is determined, for the purpose of determining the amount to be held for future use. The value of the amount to be held for future use will ultimately be refunded to Charlotte County based upon the portion of the value established in conjunction with paragraph #6 above. If agreement cannot be reached through negotiation, the parties will submit the issue to binding arbitration under Chapter 682, Florida Statutes. In the arbitration Charlotte County would choose one arbitrator, the Authority would select the second arbitrator and the two arbitrators would select a third arbitrator.

EXISTING CAPACITY

8. The present capacity of the Peace River Water Treatment Plant would be allocated to Charlotte County, General Development Utilities, Inc. (North Port Service Area), DeSoto County and Sarasota County (Myakka Utilities) in the same proportion as existing water use.

9. Charlotte County, General Development Utilities, Inc. (North Port Service Area), DeSoto County and Sarasota County (Myakka Utilities) shall enter "Take-or-Pay" Water Supply Contracts with the Peace River/Manasota Regional Water Supply Authority. Charlotte County shall pay no capital component in the rate base of existing plant capacity by virtue of its capital contribution of the Plant Facility.

OPERATION OF PEACE RIVER PLANT

10. The Peace River/Manasota Regional Water Supply Authority shall establish the operation and maintenance budget used to set the rate charged all customers of the Peace River Water Treatment Plant using the weighted vote method. However, no member of the Authority shall use its authority under the weighted vote method to impede the Authority's ability to operate the Plant in a sound and reasonable manner. For purposes of this document, "weighted vote method" means a procedure for voting on issues as defined herein, by which the number of votes assigned to each member of the Board of Director is determined based on the amount water from the Plant consumed within that member's territorial jurisdiction. Under the weighted vote method, each member of the Authority's Board of Directors has one vote for each full 100,000 gallons produced from the Plant and delivered to consumers residing within the geographic boundaries of said member's government on an annual average daily basis as measured during the immediately preceding fiscal year of the Authority. However, the foregoing notwithstanding, each member of the Authority Board, Directors shall have at least one vote.

11. All the parties recognize that emergency situations may occur that would require suspension of the weighted vote method. It is the intent of the parties to define those emergency situations in the agreements entered into by the parties for the purpose of implementing this Memorandum of Intent.

12. The operation and maintenance budget used to set the rate charged all customers of the Peace River Water Treatment Plant shall be established by weighted vote of the Authority Board of Directors at a duly noticed public hearing no later than August 15 for the immediately succeeding fiscal year (October 1 - September 30). These rates may be modified by the Authority Board of Directors during the course of a fiscal year at a duly noticed public hearing, except that any such change must be in conformance with the operation and maintenance budget as it may be amended and approved by the weighted vote method. The Authority shall maintain accounts and

records for all funds received and disbursed by it with respect to operation and maintenance of the Plant. At the close of the fiscal year, the Authority shall have an audit of these accounts, to be performed by an independent certified public accounting firm.

13. Establishment of the operation and maintenance budget used to set the rate charged all customers of the Peace River Water Treatment Plant is defined as the Board of Director's approval of such budget by the weighted vote method. Any modification, amendment or budget transfer related to the operation and maintenance budget must also be approved in the same manner. This process shall not include approval or modification of the principal, interest, financing expenses and coverage costs, as specifically set forth in bond documents, which costs shall be established by majority vote of the Authority Board of Directors with each Director having one vote. Those costs falling under the operation and maintenance budget shall include, but not be limited to the following items:

A. Personnel Costs

- | | | | |
|----|----------------|---|--------------------|
| 1) | Operations | - | Supervision |
| | | - | Maintenance |
| | | - | Water Testing |
| | | - | Monitoring |
| | | - | Water Use Permits |
| | | - | Technical Support |
| | | - | Training |
| | | - | Fringe Benefits |
| | | - | Payroll Adjustment |
| | | - | Taxes |
| | | - | Insurance |
| | | | |
| 2) | Administration | - | Supervision |
| | | - | Finance |
| | | - | Accounting |
| | | - | Purchasing |
| | | - | Support Services |
| | | - | Fringe Benefits |
| | | - | Taxes |
| | | - | Insurance |

B. Supplies/Materials Costs

- | | | | |
|----|------------|---|------------------------|
| 1) | Operations | - | Supplies/Materials |
| | | - | Repair Parts |
| | | - | Fuel/Oil |
| | | - | Chemicals |
| | | - | Laboratory |
| | | - | Plant/Grounds Material |
| | | - | Instrumentation |

- 2) Administration - Office Supplies
- C. Other Services/Charges
- 1) Operations - Power
 - Utilities
 - Communication
 - Repair Services
 - Insurance Premium
 - Legal
 - Professional Services
 - Project Allocation
 - Interest Expense
- 2) Administration - Utilities
 - Advertising
 - Communication
 - Rent
 - Repair Services
 - Computer Service
 - Insurance Premium
 - Legal Services
 - Professional Services

14. All decisions, other than the establishing or amendment of the operation and maintenance budget, of the Peace River/Manasota Regional Water Supply Authority relating to the Peace River Water Treatment Plant shall be by majority vote of its Board of Directors, with each Director having one vote. Examples of decisions by the Authority Board of Directors, which would not be subject to the weighted vote method are: (1) Plant operation; (2) Financing and construction; (3) Expansion of Plant facilities; (4) Employment and termination of personnel; (5) Supervision and management of personnel; (6) Granting of fringe benefits and payroll adjustments; (7) Purchasing equipment and supplies; (8) Retention of legal counsel and other professionals; (9) Execution and interpretation of contracts; (10) Compliance with land use regulations, environmental rules, permit conditions, consent orders and other administrative orders; (11) Application for permits; (12) Initiation and settlement of litigation; and, (13) Acquisition of insurance. All majority vote decisions will be made within the fiscal constraints of the operation and maintenance budget.

EXPANSION OF THE PEACE RIVER PLANT

15. The Peace River/Manasota Regional Water Supply Authority will establish a plant capacity expansion policy by contract with Charlotte, Manatee, Sarasota and DeSoto Counties, whereby each member county would be able to obtain future capacity in the Peace River Water Treatment Plant upon conformance with a clearly defined set of criteria. Expansion of Plant capacity and the allocation of said capacity to member counties will

occur at intervals to be set by mutual agreement of the parties, with the exception of the first expansion, which shall occur soon after acquisition of the General Development Utilities, Inc. facility and the transfer of the Peace River Water Treatment Plant and the appropriate water transmission facilities located in DeSoto and Sarasota Counties to the Peace River/Manasota Regional Water Supply Authority. The decision to expand Plant capacity and to allocate the expanded capacity to the member counties shall be made by majority vote of the Authority Board of Directors, with each Director having one vote.

16. The initiation of an expansion of the capacity of the Peace River Water Treatment Plant shall occur at the request of one or more member counties of the Peace River/Manasota Regional Water Supply Authority in order to meet reasonably anticipated future demands or to satisfy present demands currently served by other sources of water supply, which are no longer capable of supplying those needs, and are not reasonably and economically replaceable.

17. The expansion of the Peace River Water Treatment Plant will be handled solely by the Peace River/Manasota Regional Water Supply Authority. The Authority shall design, develop and construct Plant expansions. The member counties may choose to undertake their own financing and contribute the cost of constructing a Plant expansion to the Authority, or allow the water authority to undertake the financing in their stead. Any member county receiving an increased allocation from the Plant shall pay to the Peace River/Manasota Regional Water Supply Authority, which shall then refund the money to Charlotte County, a percentage of the original acquisition cost attributable to installations capable of producing water in excess of the Plant's current capacity.

18. If financed by the Peace River/Manasota Regional Water Supply Authority, any expansion effort shall be secured solely using revenues to be generated by the new customers for which facility expansion is undertaken.

MISCELLANEOUS

19. The rate charged by the Peace River/Manasota Regional Water Supply Authority for water produced from the Peace River Water Treatment Plant shall contain a charge, which is intended to replace the ad valorem tax revenue to be lost to DeSoto County by virtue of public ownership of the General Development Utilities, Inc. water supply facilities located within DeSoto County. This charge shall be adjusted annually to account for the appreciation and/or depreciation of the water supply facilities.

20. The Peace River/Manasota Regional Water Supply Authority Interlocal Agreement shall be amended to permit decisions of the Authority Board of Directors by majority vote of members counties. The Amended Interlocal Agreement shall establish a procedure for breaking tie votes.

Additionally, the agreement shall provide that any decision of the Authority or any of its member counties to acquire, develop, construct or operate a water supply facility within the jurisdiction of another county, shall require the express written consent of the county from which water will be withdrawn, pumped or diverted, with the exception of the Peace River Water Treatment Plant and any expansions thereto.

CHARLOTTE COUNTY

J. Kevin Grace
Kevin Grace

MANATEE, SARASOTA &
DESOTO COUNTIES

Edward de la Parte, Jr.
Edward de la Parte, Jr.

EXHIBIT

#2 12/18/98

Contract No. 94-_____

**INTERLOCAL AGREEMENT FOR WATER SUPPLY
BETWEEN CHARLOTTE COUNTY
AND
DESOTO COUNTY**

THIS AMENDED CONTRACT is entered into this 12th day of April, 1995, by and between DESOTO COUNTY, a political subdivision of the State of Florida, by and through its Board of County Commissioners, the governing board thereof (hereinafter referred to as "DeSoto"), and CHARLOTTE COUNTY, a political subdivision of the State of Florida, by and through its Board of County Commissioners, the governing board thereof (hereinafter referred to as "Charlotte").

W I T N E S S E T H

WHEREAS, Charlotte and DeSoto are desirous of entering into an agreement to provide for the sale of water by Charlotte to DeSoto for distribution in DeSoto County; and

WHEREAS, Charlotte is willing to provide potable water to DeSoto at a specified delivery point; and

WHEREAS, it is in the public interest that Charlotte provide potable water to DeSoto under this Water Supply Contract. (hereinafter referred to as "Contract").

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

1. DEFINITIONS. In the absence of a clear implication otherwise, capitalized terms in this Contract and in the attached exhibit shall have the following meanings:

1.1 Contract year. The period between the execution of the Contract and September 30, 1994, and thereafter the fiscal year beginning on each October 1, and ending on the following September 30.

1.2 Delivery Point. The point of delivery of water by Charlotte to DeSoto under this Contract as more specifically described in Exhibit 1, attached hereto and made a part of this Contract.

1.3 Peace River Water Supply Contract. The "Water Supply Contract" entered into on May 21, 1991, by and between the Peace River/Manasota Regional Water Supply Authority, Charlotte County, DeSoto County, Manatee County, and Sarasota County.

1.4 Water Charge. A rate established by the Board of County Commissioners of Charlotte County in accordance with the terms of Section 6 of this Contract.

2. TERM. The term of this Contract shall begin on the date of its complete execution and extend until completion of the

expansion of the Peace River Regional Water Treatment Facility or ten (10) years whichever first occurs.

3. CONDITIONS PRECEDENT. All rights, obligations, and liabilities of Charlotte and DeSoto shall be subject to the satisfaction of the following conditions precedent:

3.1 The complete execution of this Contract by Charlotte and DeSoto.

3.2 The representations set forth in Section 4 are true and correct as of the date of full execution of this Contract by the parties.

3.3 Charlotte shall provide notice to the Peace River/Manasota Regional Water Supply Authority designating the Delivery Point described in Exhibit 1 as a Delivery Point for 29.2 million gallons per year (MGY) of its water allocation with the Authority.

3.4 Acknowledgement of the Delivery Point by the Peace River/Manasota Regional Water Supply Authority.

4. REPRESENTATIONS OF THE PARTIES. Charlotte and DeSoto each make the following representations:

4.1 The parties are political subdivisions of the State of Florida.

4.2 Each party has the power, authority, and legal right to enter into and perform the obligations set forth in this Contract, and the execution, delivery and performance hereof by it (a) has been duly authorized by its governing Board; (b) do not require any other approvals by any other governmental officer or

body; (c) will not violate any judgment, order, law, or regulations applicable to the party; and (d) do not constitute a default under, nor result in the creation of, any lien, charge, encumbrance, or security interest upon the assets of the party under any agreement or instrument to which it is a party or by which the party and its assets may be bound or effected.

4.3 This Contract has been duly entered into and delivered by its governing board and, as of the date of its full execution by all parties, constitutes a legal, valid, and binding obligation of the parties, fully enforceable in accordance with its terms.

4.4 There is no action, suit, or proceeding, at law or in equity, before or by any court or governmental authority pending, or, to the best of the parties' knowledge, threatened against the parties, wherein any unfavorable decision, ruling, or finding would materially or adversely affect the performance by the party of its obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Contract, or any other agreement or instrument entered into by the party in connection with the transaction contemplated hereby.

5. DELIVERY OF WATER ALLOCATION. During each Contract Year, Charlotte shall use its best efforts to deliver water to DeSoto in an amount of 29.2MGY, as follows:

5.1 Charlotte shall not be required to deliver water to DeSoto in excess of 29.2 MGY. Charlotte's obligation to provide

water to DeSoto may be further limited, if prohibited or limited by any applicable federal or state law, administrative order, or judicial decree or applicable regulatory permits. Further, in the event that at any time there is insufficient potable water available from the Peace River/Manasota Regional Water Supply Authority to fully meet Charlotte's Water Allocation, then the 29.2 MGY of water committed by this Contract shall be reduced on a pro rata basis in accordance with Section 1.11.1 of the Peace River Water Supply Contract.

5.2 Charlotte's obligation to supply DeSoto with water is limited to water delivered to Charlotte under the Peace River Water Supply Contract. Charlotte is not required to procure water from any source other than those set out in the Peace River Water Supply Contract to satisfy this Contract.

5.3 Charlotte shall only deliver water to DeSoto at the Delivery Point specified in Exhibit 1 attached hereto and made a part of this contract.

6. WATER CHARGE. For each Contract year, DeSoto shall pay Charlotte the applicable water charge as follows:

6.1 On or before September 30 of each calendar year, Charlotte shall fix the Water Charge for the subsequent contract year to be paid by DeSoto. The Water Charge shall be calculated by taking the total annual water charge paid by Charlotte to the Peace River/Manasota Regional Water Supply Authority, divide by the number of million gallons of water per year available to Charlotte County pursuant to the Peace River Water Supply Contract, to derive

a water charge per million gallons, then multiply by 29.2 to determine the annual Water Charge.

6.2 On or before the 15th day of each month, Charlotte shall bill DeSoto for one-twelfth of the Water Charge and payment shall be made by DeSoto to Charlotte within thirty (30) days following receipt of said bill by DeSoto.

6.3 DeSoto's obligation to pay any monies due under this section shall not create for Charlotte, nor the holders of any bonds issued by Charlotte, the right to require or compel DeSoto to exercise its ad valorem taxing power to pay obligations or liabilities under this Contract.

7. WATER QUALITY. Charlotte shall use its best efforts to deliver water of the same quality and under the same terms as set forth in the Peace River Water Supply Contract to the Delivery Point.

8. WATER MEASUREMENT. The measurement of water delivered to DeSoto at the Delivery Point shall be as measured and reported by the Peace River/Manasota Regional Water Supply Authority.

9. ASSIGNMENT. No assignment, delegation, transfer, or novation of this Contract or any part hereof shall be made, unless approved by both Charlotte and DeSoto.

10. FORCE MAJEURE. Charlotte's non-performance of its obligations under this Contract may be excused by the occurrence of strikes, or other labor disputes, damage to or destruction of the facilities delivering water to DeSoto, if not caused by the fault

of Charlotte, or prevention of performance by governmental authority or by act of God.

11. NOTICES. All notices, demands, requests and other communications hereunder shall be deemed sufficient and properly given, if in writing and delivered in person to the following addresses or sent by certified or registered mail, postage prepaid with return receipt requested, at such addresses; provided, if such notices, demands, requests or other communications are sent by mail, they shall be deemed as given on the third day following such mailing which is not a Saturday, Sunday or a day on which the United States mail is not delivered:

Charlotte County Administrator's Office, Charlotte County Administration Building, 18500 Murdock Circle, Port Charlotte, FL 33948-1094; and

DeSoto County Administrator's Office, DeSoto County Courthouse, 115 East Oak Street, Arcadia, FL 33821.

Any party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notices hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

12. DISCLAIMER OF THIRD PARTY BENEFICIARIES. This Contract is solely for the benefit of Charlotte and DeSoto and no right or cause of action shall accrue upon or by reason hereof, or for the benefit of any other person.

13. AMENDMENT. This Contract may only be amended by a writing duly executed by Charlotte and DeSoto.

14. SEVERABILITY. If any part, section, subsection, or other portion of this Contract or any application thereof to any person or circumstance is declared void, unconstitutional, or invalid for any reason, such part, section, subsection, or other portion, or the prescribed application thereof shall be severable, and the remaining provisions of the Contract, and all applications thereof not having been declared void, unconstitutional, or invalid, shall remain in full force and effect.

15. ENTIRE AGREEMENT. This Contract constitutes the entire agreement between Charlotte and DeSoto and has been entered into voluntarily and with independent advice and legal counsel and has been executed by authorized representatives of each party on the date written above.

16. EXHIBITS. This Contract incorporates Exhibit 1, which is attached hereto and made a part hereof.

17. APPLICABLE LAW. The laws of the State of Florida shall govern the validity, interpretation, construction and performance of this Contract.

18. RELATIONSHIP OF THE PARTIES. No party shall have any responsibility to perform services for or to assume contractual obligations which are the obligations of another party. Nothing herein shall be deemed to constitute any party a partner or joint venturer, or to create any fiduciary relationship among the parties.

19. WAIVER. Unless otherwise specifically provided by the terms of this Contract, no delay or failure to exercise a right resulting from any breach of this Contract shall impair such right or shall be construed to be a waiver thereof, but such right may be exercised from time to time and as often as may be deemed expedient. Any waiver shall be in writing and signed by the party granting such waiver. If any representation, warranty or covenant contained in this Contract is breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive, either expressly or impliedly, any other breach under this Contract.

20. AUTHORIZED REPRESENTATIVES. For purposes of this Contract, the parties' authorized representatives are as follows: Charlotte County Administrator and DeSoto County Administrator. Any party may change its authorized representative at any time by written notice to the other party.

21. FURTHER ASSURANCES. Charlotte and DeSoto each shall use all reasonable efforts to provide such information, execute such further instruments and documents and take actions as may be reasonably requested by the other party and not inconsistent with the provisions of this Contract and not involving the assumption of obligations or liabilities different from, in excess of, or in addition to those expressly provided for in this Contract to carry out the intent of this Contract.

22. INTERLOCAL AGREEMENT. This Contract shall constitute an interlocal agreement pursuant to Section 163.01, Florida Statutes. A true and correct copy of this Contract and any subsequent amendments shall be recorded with the Clerk of the Circuit Court in Charlotte and DeSoto Counties.

IN WITNESS WHEREFORE, Charlotte and Desoto have executed this Contract on the day, month, and year first above written.

(SEAL)

ATTEST:

By: Frederick C. Nutt
Frederick C. Nutt
County Administrator

BOARD OF COUNTY COMMISSIONERS
OF DESOTO COUNTY, FLORIDA

By: William R. Avant
WILLIAM R. AVANT
Chairman
Date April 12, 1995

BOARD OF COUNTY COMMISSIONERS
OF CHARLOTTE COUNTY, FLORIDA

By: Richard J. Leonard
Richard J. Leonard
Chairman

ATTEST:

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

By: Samuel D. Houshney
Deputy Clerk

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Renee Francis Lee
Renee Francis Lee
County Attorney mB

d:\public\mj\agree\desoto
September 12, 1994 mj

EXHIBIT 1
Delivery Point

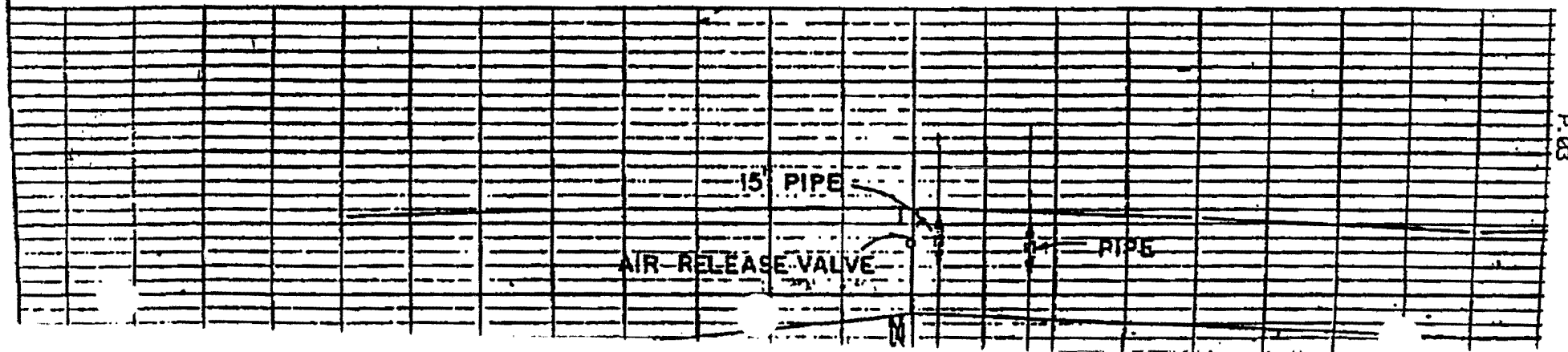
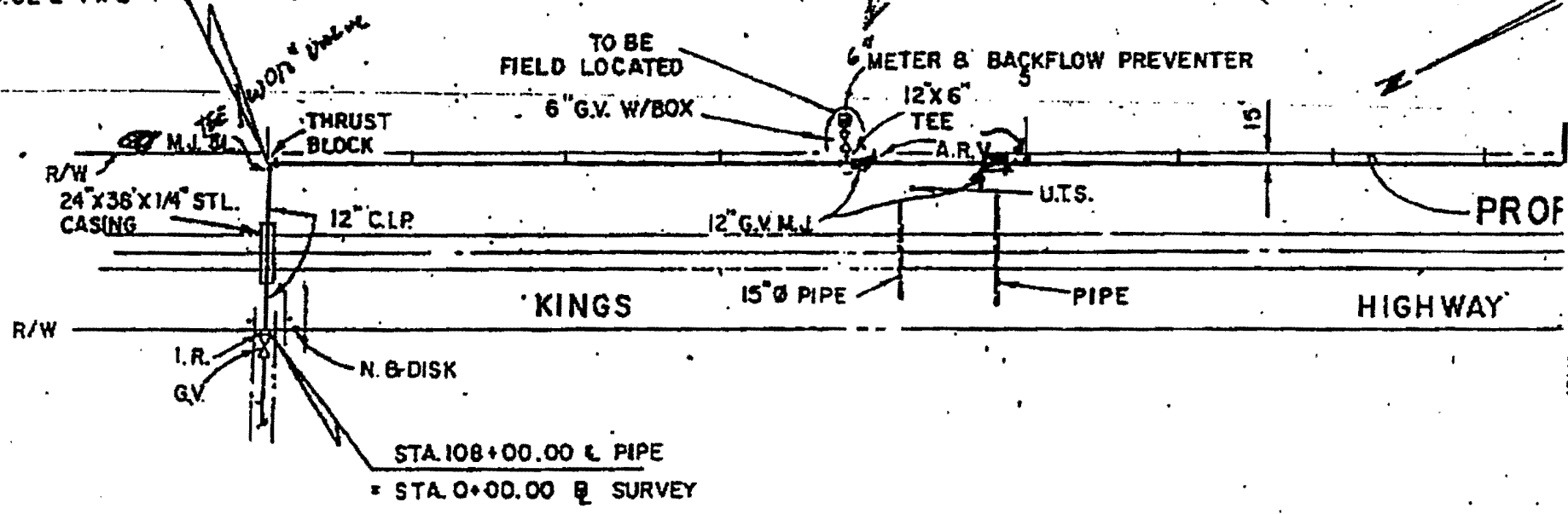
Existing Service Connection Points Locations
Off 12" Water Pipeline

1. **Within DeSoto County:** Southwest corner of Section 30,
Township 39 south, Range 23 East,
along DeSoto/Sarasota County Line
2. **Approximately 2300 feet north of the DeSoto/Charlotte County**
line along King's Highway.

Connection # 2

0+00.88 & PIPE (43.00' EAST OF B SURVEY)

109+05.02 & PIPE



EXHIBIT

CONTRACT NO. 96-197 *Ag 960102A*

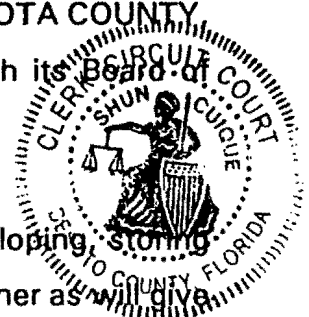
BCC APPROVED 3/8/96

#3 *12/18/98*

AMENDED PEACE RIVER OPTION WATER SUPPLY CONTRACT

FL 961922 B 360 P 1009
CO:DESOTO ST:FL

THIS CONTRACT, entered into this 8th day of March, 1996, by and between the PEACE RIVER/MANASOTA REGIONAL WATER SUPPLY AUTHORITY, an Independent Special District created and existing pursuant to Sections 373.1962 and 163.01, Florida Statutes, acting by and through its Board of Directors, the governing board thereof ("Authority"); CHARLOTTE COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing board thereof ("Charlotte"); DESOTO COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing board thereof ("DeSoto"); and SARASOTA COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing board thereof ("Sarasota").



WITNESSETH:

WHEREAS, the Authority was created for the purpose of developing, storing and supplying water for county and municipal purposes in such a manner as will give priority to reducing adverse environmental effects of excessive or improper withdrawals from concentrated areas; and

WHEREAS, the Authority is required to acquire, design, secure permits, construct, operate, and maintain facilities in the locations and at the times necessary to insure that an adequate water supply will be available to all citizens within the Authority's boundaries; and

WHEREAS, the Authority has determined that the potable water supply needs for citizens residing within Charlotte, DeSoto and Sarasota Counties, (said Counties hereinafter referred to as "Customers") can best be met in whole or in part by operating and expanding the Peace River Regional Water Supply Facility owned and operated by the Authority, in a cooperative and coordinated manner; and

WHEREAS, the Authority and the Customers, agree that it is necessary to expand the Peace River Regional Water Supply Facility, along with appurtenant or associated installations, real property and fixtures and Regional Transmission System in order to provide water to meet the water supply needs of Charlotte, DeSoto and

FILED AND RECORDED
DATE 03/13/96 TIME 16:03
CLERK
ST:FL
DELMA ALLEN
CO:DESOTO

APPROVED BY
AUTHORITY BOARD
MAR - 8, 1996

Sarasota Counties; and

WHEREAS, it is the intent of the parties that this Contract govern the operation, maintenance, alteration, replacement and expansion of the Peace River Regional Water Supply Facility and Regional Transmission System as it relates to the additional 2,190 MGY (6 MGD) in System Capacity that will be created as a result of the expansion of the Peace River Regional Water Supply Facility; and

WHEREAS, the Southwest Florida Water Management District (SWFWMD) has determined that severely dropping potentiometric water elevations in the Floridan aquifer within the area designated as the Southern Water Use Caution Area are causing and will continue to cause salt water intrusion into potable water zones unless groundwater withdrawals from the area are capped or reduced; and

WHEREAS, SWFWMD has established a New Water Source Initiative program for which it has made funds available to cause development of new water sources within the Southern Water Use Caution Area that will help reduce the region's dependency upon groundwater; and

WHEREAS, the Authority has applied for and intends to use New Water Source Initiative funds from SWFWMD to assist in expansion of the Peace River Regional Water Supply Facility and Regional Transmission System; and

WHEREAS, the parties hereto have determined that the water to be made available by the expansion is needed to meet reasonably anticipated future demands of the Customers; and

WHEREAS, all of the expanded System Capacity shall be completely allocated to the Customers at all times and the Authority shall not own, operate or maintain capacity for persons not holding Water Allocations; and

WHEREAS, the costs of acquisition, construction, alteration or expansion of facilities and appurtenant or associated installations or real and personal property needed to meet these new or expanded Water Allocations shall be paid completely and fully by the Customer(s), which payment shall be assured before expansion begins; and

WHEREAS, expansion may be financed for the Customer(s) through the issuance of Authority revenue bonds, capital contributions from the Customer(s),

capital contributions from SWFWMD, or other governmental grants, or any combination thereof; and

WHEREAS, only the Customer(s) purchasing the new or increased Water Allocation shall be responsible for costs incurred by the Authority in supplying the new or increased Water Allocation, and the water rates, fees and charges shall be appropriately determined by the Authority to reflect the new allocation of capacities; and

WHEREAS, the Customers desire to purchase Water Allocations from the Authority resulting from the expansion of the Peace River Regional Water Supply Facility and Regional Transmission System, according to the terms and conditions of this Contract, and the Authority desires to sell the Customers Water Allocations resulting from expansions of these facilities, according to the terms and conditions of this Contract; and

WHEREAS, this Contract is intended to constitute the entire agreement of the Authority, Charlotte, DeSoto and Sarasota with respect to the Water Allocations and Capacity Allocations contained herein, and specifically supersedes and replaces the Peace River Option Water Supply Contract, dated September 20, 1995, entered into between the Authority, DeSoto and Sarasota.

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

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

- 1.1 Base Rate Charge. For any Contract Year, the rate established by the Authority for Water Allocations from the System Capacity of the Peace River Regional Water Supply Facility and Capacity Allocations of the Regional Transmission System. It is the sum of all costs, such as the Debt Service Cost, Facility Use Cost and Operating and Maintenance Cost, budgeted by the Authority for expanding, operating, maintaining and securing the Peace River Regional Water Supply Facility and Regional

Transmission System regardless of the quantity of water, if any, being produced or delivered by the Authority.

- 1.2 **Capacity Allocation.** A portion of the hydraulic capacity of any segment of the Regional Transmission System, stated in percentage of water flow capacity purchased by a Customer. The Capacity Allocation for each Customer is attached hereto as Exhibit A.
- 1.3 **Contract Year.** The period between execution of the Contract and September 30, 1996, and each fiscal year of the Authority (beginning on each October 1, and ending on the immediately following September 30) thereafter during the term of this Contract.
- 1.4 **Customers.** Those member counties of the Authority who are parties to this Contract.
- 1.5 **Debt Service Cost.** For any Contract Year, all costs including reserve or coverage requirement, if any, incurred by the Authority during such Contract Year in connection with the Peace River Regional Water Supply Facility and Regional Transmission System for principal payments, interest payments, redemption premiums, if any, and service charges with respect to amortization of indebtedness.
- 1.6 **Delivery Point(s).** The point(s) of connection between the Regional Transmission System and the distribution system of the Customers to this Contract having a Water Allocation. The preliminary Delivery Point(s) for each customer is attached hereto as Exhibit B, with the final Delivery Point(s) to be established by the Authority and Customers during the design process.
- 1.7 **Delivery Schedule.** The Delivery Schedule sets forth the quantity of water to be delivered to a Customer at a delivery point through a specified period of time. The Delivery Schedule for each customer is attached hereto as Exhibit C.
- 1.8 **Facility Use Cost.** For any Contract Year, an amount equal to the ad valorem taxes that would have been collected by all taxing authorities located solely in DeSoto County for that portion of the Peace River

Regional Water Supply Facility and Regional Transmission System located within DeSoto County, as if such facilities were still privately owned.

To determine the Facility Use Cost, DeSoto and Charlotte shall follow the procedure prescribed by Section 1.8 of the Peace River Water Supply Contract dated May 21, 1991 between the Authority, DeSoto, Sarasota, Charlotte County and Manatee County. After the tax appraisal value of the property is arrived upon, the Authority shall determine the Facility Use Cost by applying the appropriate millage rates to such value. The Authority shall be entitled to any discount available to the taxpayers of DeSoto County for early payment of taxes if paid accordingly.

- 1.9 Operating and Maintenance Cost. For any Contract Year, all costs budgeted and reserves established by the Authority for operating, maintaining and securing the Peace River Regional Water Supply Facility and Regional Transmission System during such Contract Year, including, but not limited to: (a), the general and administrative costs of the Authority related to the operation, maintenance and security of the Peace River Regional Water Supply Facility and Regional Transmission System; (b), capital expenditures of the Authority for items such as tools, parts, equipment and vehicles necessary for the operation, maintenance and security of the Peace River Regional Water Supply Facility and Regional Transmission System, and; (c), all costs incurred in obtaining and maintaining the Permits for the Peace River Regional Water Supply Facility and Regional Transmission System.
- 1.10 Peace River Regional Water Supply Facility. All real property, interest in real property, fixtures, personal property, wells, buildings, treatment system, pumps, pipes, storage facilities, reservoirs, aquifer storage and recovery facilities and appurtenant or associated facilities owned by Authority, excluding the Regional Transmission System.
- 1.11 Peak Month Quantity. The Peak Month Quantity means the amounts set forth in Exhibit C times the number of days in the month and represents the amount beyond which a customer will become subject to the

additional charges provided for in Section 7.4.

- 1.12 Permits. All licenses, permits or other approvals from any government or governmental agency, whether federal, state, regional or local, necessary or convenient for the expansion, construction and operation of the Peace River Regional Water Supply Facility and Regional Transmission System.
- 1.13 Regional Transmission System. Those facilities, beginning at the Peace River Regional Water Supply Facility's primary discharge meter including appurtenant and associated facilities, owned by the Authority pertaining to the delivery and measurement of treated water to the Customers of the Authority including but not limited to primary transmission pipes, real property, interest in real property, fixtures and personal property. Regional Transmission System does not include the Aquifer, Storage and Recovery (ASR) system or its connecting piping.
- 1.14 System Capacity. The total combined capacities of the various components of the Peace River Regional Water Supply Facility resulting from this expansion of the Facility, which when considered in conjunction with each other, result in a capacity to produce a treated quantity of water on an average day basis expressed in million gallons per day (MGD) or million gallons per year (MGY). The total amount of System Capacity pursuant to this expansion of the Peace River Regional Water Supply Facility is 2,190 MGY.
- 1.15 Total Annual Quantity. The Total Annual Quantity means the amount set forth in Exhibit C times the number of days in the year and represents the amount beyond which a customer will become subject to the additional charges provided for in Section 7.5.
- 1.16 Water Allocation. The percentage of total System Capacity purchased by a customer for a specified period of time which shall not differ from that set forth below:

Customer	Amount of System Capacity Allocated (MGY)	Percent of System Capacity Allocated
Charlotte	730.000 2	33.334%
DeSoto	45.625 125	2.083%
Sarasota	1,414.375 3875	64.583%
Total	2,190.000	100.000%

2. **TERM.** The term of this Contract shall begin on the date of its complete execution by all parties and end on the last day of the Contract Year in which the thirty-fifth (35th) anniversary of the execution date falls. The rights and obligations of any Customer may be extended prior to expiration of the initial term at the option of that customer for another thirty-five (35) years, said extension to expire on the last day of the Contract Year in which the seventieth (70th) anniversary of the execution date falls. Such option must be exercised at least two (2) years prior to expiration.

3. **CONDITIONS PRECEDENT.** All rights, obligations and liabilities of the Authority and the Customers shall be subject to the satisfaction of the conditions precedent identified in Section 3.1.

3.1 **Conditions Precedent.** The following are conditions precedent to the parties' rights, obligations and liabilities under this Contract:

3.1.1 The complete execution of this Contract by the Authority and the Customers.

3.1.2 The representations set forth in Section 6 are true and correct as of the date this Contract is fully executed by all parties.

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

ordinance.

3.2 Satisfaction of the Conditions Precedent. The parties shall exercise good faith and due diligence in satisfying the conditions precedent set forth in Section 3.1 and the Authority shall give prompt notice to the other parties when the foregoing conditions precedent have been satisfied or waived in writing by all the parties.

4. FUNDING FROM SWFWMD. If funds are not received by Authority or are not otherwise irrevocably committed to the Authority from SWFWMD in accordance with the New Water Sources Funding Agreement between the Authority and SWFWMD attached hereto as Exhibit D, then any individual party, including the Authority, may terminate its participation in this Contract by providing ninety (90) days notice to all other parties of this Contract.

5. ADVANCE FUNDING. The Authority shall not authorize work under any contract related to the expansion of the Peace River Regional Water Supply Facility or Regional Transmission System unless all costs associated with the performance and administration of such work have been provided for in full and in advance. Said funds for costs may be made available pursuant to Exhibit D, a funding agreement between the Authority and the Federal Government, a letter of credit or by cash or cash equivalent prior to the authorization of such work.

6. REPRESENTATIONS OF THE PARTIES. The Authority, Charlotte, DeSoto, and Sarasota make the following representations:

6.1 Each party is duly organized and existing in good standing under the laws of the State of Florida and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Contract.

6.2 Each party has the power, authority and legal right to enter into and perform its obligations set forth in this Contract, and the execution, delivery and performance hereof by it (a) has been duly authorized by its governing board; (b) does not require any other approvals by any other governmental officer or body; (c) does not require any consent or referendum of the voters; (d) will not violate any judgment, order, law or regulation applicable to the party; and, (e) does not constitute a default under, or result in the creation of, any lien,

charge, encumbrance or security interest upon the assets of the party under any agreement or instrument to which it is a party or by which the party and its assets may be bound or affected except as provided herein under Section 11.7.

6.3 This Contract has been duly entered into and delivered by its governing board and, as of the date of its full execution by all parties constitutes a legal, valid and binding obligation of said party, fully enforceable in accordance with its terms.

6.4 Other than the pending administrative proceedings regarding SWFWMD's proposed renewal of the water use permit application number 2010420.02 to the Authority, there is no action, suit or proceeding, at law or in equity, before or by any court or governmental authority, pending or, to the best of the party's knowledge, threatened against the party, wherein any unfavorable decision, ruling or finding would materially adversely affect the performance by the party of its obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Contract, or any other agreement or instrument entered into by the party in connection with the transaction contemplated hereby.

7. DELIVERY OF WATER . During each Contract Year, the Authority shall use its best efforts to deliver water to each Customer in accordance with the Customer's Delivery Schedule, as follows:

7.1 Delivery Schedule. The Authority shall not be required to deliver quantities of water to a Customer in excess of the Delivery Schedule attached hereto as Exhibit C. Water will be delivered only in accordance with a Customer's Delivery Schedule subject to completion of project construction and receipt of certification from the Florida Department of Environmental Protection to operate the system. The Authority shall not be required to deliver water to a Customer if prohibited by any applicable federal, state, regional or local statute, rule, ordinance, law, administrative order or judicial decree or in violation of applicable Permits. If at any time, there is insufficient potable water available to fully meet the Delivery Schedules described above for any reason,

billings by 2.0 times the percent of water delivered in excess of the amount provided in its Delivery Schedule unless the exceedance is the result of an emergency transfer pursuant to Section 7.9, in which case no additional charge shall be placed upon the excess water usage occasioned by the emergency. The additional revenue received from such exceedance will be applied to initiate an expansion study as may be authorized by the Authority Board and any remaining balance may, at the discretion of the Authority Board, be applied as a credit toward the obligations of the other Customers of this Contract apportioned according to each of their purchased allocations.

7.6 Exceedance of Delivery Schedule - Cumulative Charges. In the event a Customer should in a given year exceed both its Total Annual Quantity provided for in the Delivery Schedule and its Peak Month Quantity provided for in the Delivery Schedule for one or more months, such additional charges shall be cumulatively billed.

7.7 Exceedance of Delivery Schedule - Prohibited Claims. In the event a Customer exceeds its Delivery Schedule, such Customer shall not claim or defend that the exceedance occurred under the May 21, 1991 Water Supply Contract. For the purposes of this contract, the delivery quantities for Charlotte and DeSoto County under the May 21, 1991 Water Supply Contract shall be as follows for each delivery year:

	Total Annual Quantity (MGD)	Peak Month Quantity (MGD)
Charlotte County	10.753	12.904
DeSoto County	0.050	0.060

The additional charges provided for under Sections 7.4, 7.5 and 7.6 herein shall not be applied to Charlotte County or DeSoto County until the amounts delivered to Charlotte or DeSoto exceeds the sum of the Total Annual Quantity or Peak Monthly Quantity set forth in this section combined with the Total Annual Quantity or Peak Monthly Quantity set forth in Exhibit C. The Authority

then the Customers shall have their Delivery Schedules reduced on a pro-rata basis in accordance with the allocation percentages set forth in Section 1.16.

7.2 Source of Water. The Authority shall not be required to provide water to satisfy a Customer's Delivery Schedule from any other source than, or any particular component of, the Peace River Regional Water Supply Facility. The Authority, however, shall use its best efforts to utilize the most cost-effective combination of components of the Peace River Regional Water Supply Facility in supplying water to each Customer pursuant to its Delivery Schedule.

7.3 Delivery Point. The Authority shall deliver water from the Peace River Regional Water Supply Facility through the Regional Transmission System to each Customer only at their respective Delivery Point(s).

7.4 Exceedance of Delivery Schedule - Peak Month Quantity. In the event a Customer should receive delivery of water in excess of the Peak Month Quantity for any month, the Customer shall pay an additional charge derived by multiplying the monthly billing by 2.0 times the percent of water delivered in excess of the amount provided in the Delivery Schedule unless the exceedance is the result of an emergency transfer pursuant to Section 7.9, in which case no additional charge shall be placed upon the excess water usage occasioned by the emergency. In the event a Customer should exceed its Peak Month Quantity of water as established by the Delivery Schedule for a third month in the same fiscal year, the Authority shall consider initiating an evaluation of the need for expanding the existing System Capacity. The additional revenue received from such exceedance will be applied to initiate the expansion study as may be authorized by the Authority Board and any remaining balance may, at the discretion of the Authority Board, be applied as a credit toward the obligations of the other Customers of this Contract apportioned according to each of their purchased allocations.

7.5 Exceedance of Delivery Schedule - Total Annual Quantity. In the event a Customer should receive delivery of water in excess of the Total Annual Quantity provided in the Delivery Schedule for a fiscal year, the exceeding Customer shall pay an additional charge derived by multiplying the total yearly

shall use its best efforts, including adoption of a policy and bringing any necessary legal action, to prohibit any other recipient of an allocation from exceeding their respective allocation. Said policy shall be adopted prior to delivery of water under this contract.

7.8 Surplus Water. Customer(s) may determine that the quantity of water scheduled for delivery in a given delivery year will be a surplus of their water demand. The Customer(s) may sell their surplus water by entering into an annual sales contract with others. The Authority will not be a party to the sales contract, but will be provided a copy of the executed document. The Customer(s) providing surplus water will continue their irrevocable commitment to pay for their Water Allocation under this Contract, and the Authority will invoice all Customers for their Water Allocations as if the surplus water sales contract did not exist. However, for purposes of determining the Exceedance of Delivery Schedule only, the Delivery Schedule of the Customer(s) receiving and the Customer(s) providing surplus water will be adjusted by the surplus water amount prior to any exceedance determination. The adjusted amount will reflect an increase in the receiving party's and a decrease in the providing party's Delivery Schedule by the amount purchased from the providing party as set forth in the sales contract. Under no circumstances, however, will the total amount for all parties set forth in the Delivery Schedule attached hereto be modified by any such water sales contract.

7.9 Emergency Transfers. In the event a Customer should experience a sudden, unexpected, and unavoidable interruption in an existing source of water, said Customer may arrange with another Customer a temporary transfer of water in order to relieve or mitigate the emergency. Such transfers may be initiated by the authorized representatives of the Customers agreeing to the transfer, by providing notice to the authorized representative of the Authority. Upon receipt of such notice the Authority shall begin making the requested transfer of water. Thereafter, a meeting of the Authority Board shall be scheduled as soon as practical for purposes of ratification and continuation of the emergency transfer. Upon ratification of the emergency transfer, the

Delivery Schedules of the Customer receiving and the Customer providing the emergency transfer will be adjusted by the emergency transfer amount, for purposes of determining any exceedance of the Delivery Schedules. In no event, shall the Authority be required to transfer water to the receiving Customer unless the amount to be transferred falls within the transferring customer's allocation under the Delivery Schedule.

7.10 Transfer of Allocation. Each party shall have the right to transfer a portion of its water allocation to another party upon notice to the Authority in writing whereupon the parties' water allocations capacity allocations and delivery schedules shall be revised as appropriate. Further, for a period of 365 days after the effective date of this Contract, DeSoto shall have the right to have transferred up to 438.0 MGY (1.2 MGD) of Sarasota's water allocation to DeSoto's water allocation. Such a transfer shall be made effective by DeSoto passing a resolution and delivering same to Sarasota and the Authority within 365 days of the effective date of the Agreement. Such resolution shall specify the total allocation DeSoto has elected to have transferred. The Authority upon receiving such resolution shall revise DeSoto and Sarasota's water allocations, capacity allocations and delivery schedules, and provide Charlotte, DeSoto and Sarasota with copies of such revised allocations and schedules. Copies of DeSoto's resolution and the revised allocations and schedules shall be recorded with the Clerks of the Circuit Court in Charlotte, DeSoto and Sarasota Counties.

8. WATER DEMAND PROJECTIONS. Beginning on October 1, 1999, the Customers shall review and submit by December 31, 1999, an update of their respective projected water demands for the next ten-year period. Said reviews will be accomplished every two years thereafter. Upon completion of the review and by December 31 of each year in which the review is accomplished, each Customer will send a copy of its updated projected water demands to the Authority. This will provide the Authority an opportunity to plan for future expansions, if needed, and allow the Customers to realize the maximum cost savings from use of the ASR system.

9. WATER CHARGE. For each Contract Year, all Customers purchasing water

from the Peace River Regional Water Supply Facility shall pay the Authority the applicable adopted Base Rate Charge:

9.1 Rate Setting. In conjunction with the budget development and adoption process, the Authority Board shall fix the Base Rate Charge to be paid by the Customers to this Contract for the services and facilities to be furnished by Authority. The Authority Board may revise the Base Rate Charge as necessary.

The Authority shall charge and collect such rates, fees and charges as fixed or 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 or agency of the county or state. Such rates, fees and charges shall be just, equitable and uniform for all Customers. Rates shall be based upon a Base Rate Charge which shall be computed so as to provide the Authority with monies for operating and maintaining the Peace River Regional Water Supply Facility and Regional Transmission System, including a capital cost component to repay Charlotte pursuant to Section 9.7 for those acquisition costs of the Peace River Regional Water Supply Facility pertaining to excess capacities. Said rates, fees and charges shall be paid by the Customers for the Water Allocation and Capacity Allocation purchased under this Contract without regard to whether or not any Customer takes water from the Peace River Regional Water Supply Facility during any given month.

Each Customer's Base Rate charge shall be derived annually without regard to the actual quantity of water delivered as follows:

THOSE BASE RATE CHARGES PERTAINING TO SYSTEM CAPACITY	TIMES	THE PERCENTAGE REPRESENTING EACH CUSTOMER'S WATER ALLOCATION
PLUS		
THOSE BASE RATE CHARGES PERTAINING TO EACH SEGMENT OF THE REGIONAL TRANSMISSION SYSTEM	TIMES	THE PERCENTAGE REPRESENTING EACH CUSTOMER'S CAPACITY ALLOCATION FOR EACH SEGMENT

However, the water rate shall be designed so as to permit the Authority to pay all its

appropriate expenditures, as may be determined by the Authority Board on any other equitable basis.

A copy of the schedules of all rates, fees and charges as adopted shall be kept on file in the office of the Authority and shall be provided to each of the member parties upon adoption thereof. Revisions of Chapter 153, Florida Statutes, Part I shall govern the procedures and provisions of setting rates, fees and charges by the Authority to the extent they are not incompatible with the provisions of this Contract or the provisions of the Amended Interlocal Agreement among Charlotte, DeSoto, Manatee and Sarasota Counties dated May 21, 1991.

9.2 Accounting, Audits and Adjustments. The Authority shall maintain accounts and records for all funds received and disbursed by it with respect to the Peace River Regional Water Supply Facility and Regional Transmission System in accordance with generally accepted accounting practices applicable to governmental owned and operated water utilities. On or before each January 31, beginning on the January 31 immediately following the Contract Year during which all conditions precedent in Section 3.1 are satisfied, the Authority shall complete an audit. Said audit shall be conducted by a nationally recognized certified public accounting firm experienced in water utility audits. All unappropriated surplus derived by the Authority from payments by the parties of the Base Rate Charge shall be used by the Authority to reduce the amount of income required to be raised in the next ensuing Contract Year.

9.3 Water Charge to Customers. All Customers shall pay the Authority on a monthly basis their share of the Base Rate Charge in twelve equal payments subject to any revisions as set forth in Section 9.1. An invoice for these charges as well as any exceedance charges, if any, shall be sent on the 1st day of the calendar month following the calendar month in which the charges were incurred. The Customers shall submit payment to the Authority for the monthly charges within thirty (30) days of receipt of the invoice. Failure to pay monies hereunder shall create a debt with respect to the non-paying party's utility system. The Authority may discontinue delivery of water to any party hereunder that fails to pay its water rates within ninety (90) days after the Authority has mailed its monthly invoice. The Customer shall be assessed an amount equal to 1% x the monthly invoice for each month the charge

remains unpaid.

9.4 Source of Payments. When Charlotte, DeSoto or Sarasota acquire a Water Allocation, their obligation to pay any monies due under this Contract do not constitute general indebtedness of Charlotte, DeSoto and Sarasota. Neither the Authority nor the holders of any revenue bonds issued by the Authority in order to finance the expansion, alteration, improvement, replacement or operation of the Peace River Regional Water Supply Facility or Regional Transmission System shall have a right to require or compel Charlotte, DeSoto or Sarasota to exercise their ad valorem taxing power to pay their obligations and liabilities under this contract or to compel payment from any source other than as indicated in this Section. Each of the foregoing governments, however, shall and do hereby covenant to set water rates for their respective customers at a level sufficient to pay all monies due the Authority under this Contract.

9.5 Payment of Facility Use Cost to DeSoto. The Authority shall collect the budgeted Facility Use Cost in its monthly Base Rate Charge to all its customers. Such collections received by the Authority as of the 20th day of each month shall be paid to DeSoto County by the last day of the month.

9.6 Repayment of SWFWMD Funds. Funds received from SWFWMD which are applied to the cost of expanding the Peace River Regional Water Supply Facility and Regional Transmission System shall be repaid by the Customers in accordance with the terms and requirements, if any, of Exhibit D. If repayment is required, the responsibility for repayment of said funds shall be on a pro-rata basis which reflects the Water Allocation or Capacity Allocation purchased by the party multiplied by the amount of said funds applied to the cost of those components used to produce the allocation.

9.7 Payment to Charlotte County for Oversized Facilities. Since Charlotte County advanced the initial cost for the Authority to acquire the Peace River Regional Water Supply Facility, including certain oversized facilities available for expansion, the Customer(s) other than Charlotte shall be obligated to pay Charlotte through the Authority the appropriate part of the value of the oversized portions of the Peace River Regional Water Supply Facility utilized by said Customer in said expansion as set forth

in Exhibit E.

10. ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE AUTHORITY. The Authority hereby represents, warrants and covenants to the Customers as follows:

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

10.2 Water Measurement. The Authority shall use its best efforts to measure all water delivered to the Delivery Point(s) of Customers with Delivery Schedules. The Authority shall own and maintain the meters at all Delivery Point(s). The Authority shall maintain complete and accurate records of its water measurements. Water flow measurements recorded by the Authority shall be the exclusive means of determining the quantity of water delivered to the Delivery Point(s) under this Contract. The metering equipment shall be of standard make and type, installed at a readily accessible location, and shall record flow with an accuracy sufficient to meet all applicable reporting requirements. The Authority will check the accuracy of the meters quarterly and provide appropriate recalibration. The Customers may be present when the meters are checked for accuracy, and the test records shall be made available for inspection by the Customers upon reasonable request.

10.3 Permits. The Authority shall use its best efforts to obtain all Permits necessary to provide the Customers with water in accordance with the Delivery Schedule.

10.4 Financing the Peace River Regional Water Supply Facility and Regional Transmission System. The Authority shall use its best efforts to borrow funds and to set adequate reserves and budgeted expenditures necessary to cover costs to be incurred in constructing, acquiring, operating, maintaining, repairing

or replacing the Peace River Regional Water Supply Facility and Regional Transmission System. Expansion of the Peace River Regional Water Supply Facility and Regional Transmission System shall be at the sole cost of the Customer(s) requesting the expansion.

10.5 Acquisition of Real Property. The Authority shall use its best efforts to acquire all interest in real property (if any) necessary for the expansion, construction, management and operation of the Peace River Regional Water Supply Facility and Regional Transmission System. The Authority shall retain in its own name any interest in real property acquired in connection with the Peace River Regional Supply Facility and Regional Transmission System.

10.6 Water Pressures. The Authority will use its best efforts to deliver water to the points of delivery at pressures in accordance with the schedule attached hereto as Exhibit F.

11. ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CUSTOMERS. The Customers hereby represent, warrant and covenant to the Authority as follows:

11.1 Irrevocable Commitment to Pay. The Customers recognize that circumstances, such as equipment maintenance or failure, construction delays, failure to obtain Permits, limitations on Permits, transmission line ruptures or defects, acts of God, etc., may prevent the performance by the Authority of its obligations pursuant to this Contract. Under such circumstances, the Customers shall continue to pay their respective Base Rate Charge throughout the term of this Contract. Said payments by the Customers shall be made without notice or demand and without set-off, counterclaim, abatement, suspension or deduction. The Authority is undertaking the expansion, construction, operation and maintenance of the Peace River Regional Water Supply Facility and Regional Transmission System in part on the representations, warranties and covenants of the Customers set forth in this Contract.

11.2 Acquisition of Real Property. The Customers shall promptly cooperate with the Authority in acquiring all interests in real property necessary to

construct, manage and operate the Peace River Regional Water Supply Facility and Regional Transmission System.

11.3 Utility System Charges. The Customers shall fix, revise, maintain and collect such fees, rates, tariffs, rentals or other charges for the use of products, services and facilities of their utility systems as shall be necessary to fund the timely payment of their respective obligations and liabilities under this Contract as well as all other obligations payable from the revenues of their water system.

11.4 Cooperation on Permits. The Customers shall promptly cooperate with the Authority in obtaining any and all Permits necessary or convenient to the expansion, alteration, replacement, expansion or operation of the Peace River Regional Water Supply Facility and Regional Transmission System.

11.5 Cooperation on the expansion of the Peace River Regional Water Supply Facility. The Customers shall promptly cooperate with the Authority in operating or expanding the Peace River Regional Water Supply Facility.

11.6 Utility System Operation and Maintenance Account. Each Customer shall maintain its utility system operation and maintenance account throughout the term of this Contract for the purpose of paying its obligations and liabilities under this Contract. At all times during the term of this contract, the Customers' obligations and liabilities hereunder shall be paid from their utility system revenues.

11.7 Security for Customers' Obligations. The payment of the Customers' Base Rate Charge as well as other amounts due and owing under this Contract shall be secured by a pledge of and lien on the gross revenues received by each Customer from charges made and money collected from their respective customers for the supplying of water, which revenues are then designated by the Customers for the payment of expenses related to operation and maintenance of their water systems.

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

FIRST: To the payment of the Customer's Base Rate Charges,

exclusive of those amounts provided in Section 9.7 and 9.5 hereof;

SECOND: To the payment of any charges due and owing by a Customer due to an Exceedance of the Delivery Schedule as provided in Sections 7.4, 7.5, or 7.6 of this Contract;

THIRD: On a pro rata basis, to the payment of the Facility Use Cost provided in Section 9.5 hereof and the Payment to Charlotte County for oversized facilities provided in Section 9.7 hereof;

FOURTH: To the repayment of SWFWMD Funds, in accordance with the terms and requirements, if any, of the funding agreement between the Authority and SWFWMD.

11.9 Assistance in Issuance of Bonds. Each of the Customers understands and recognizes that this Contract is being entered into in anticipation of the Authority seeking future funds through the sale of bonds and pledging as security for repayment of those bonds, revenues received pursuant to the terms of this Contract. The bond issue shall be structured to allow contributions for repairs and replacements related to component parts of the capital project to be separately accounted for within the Authority's accounting system. The amounts to be contributed shall reflect the relative need for the contribution. If practicable, no debt service coverage shall be required of the Customers, however if debt service coverage is required the amounts so paid shall benefit the Customer having paid same. Each Customer covenants to assist the Authority in any reasonable manner with respect to the issuance of such bonds, including but not limited to participation and assistance with any court proceeding seeking to validate the bonds pursuant to Chapter 75, Florida Statutes.

11.10 Limitation of Liability. The obligation of the respective Customers arising hereunder shall be several and not joint. In no event shall the obligation of one Customer constitute an indebtedness or obligation of any other Customer and the failure of one Customer to satisfy its obligations hereunder shall not in any manner give rise to any pecuniary liability of any of the other Customers hereto.

12. **PLEDGE OF CONTRACT REVENUES.** The Authority may pledge any payments, interest or other income or revenues derived under this Contract for the purpose of securing any revenue bonds issued by the Authority to finance the expansion of the Peace River Regional Water Supply Facility and Regional Transmission System.

13. **DESIGNATION AS REPRESENTATIVE AND CO-APPLICANT STATUS.** The Authority and the Customers shall be co-applicants for any Water Use Permits needed for the Peace River Regional Water Supply Facility. The Customers shall waive all objections to the Permit applications relating to the acquisition, operation, replacement or expansion of the Peace River Regional Water Supply Facility. The Customers hereby designate the Authority as their representative with respect to any such Permit or in any such administrative or judicial proceeding.

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

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

16. **ASSIGNMENT AND SERVICE.** No assignment, delegation, transfer or novation of this Contract or any part thereof shall be made unless approved in writing by all parties.

17. **NOTICES.** All notices, demands requests and other communications hereunder shall be deemed sufficient and properly given, if in writing and delivered in person to the following addresses or sent by certified or registered mail, postage prepaid with return receipt requested, at such addresses; provided, if such notices demands, requests or other communications are sent by mail, they shall be deemed as given on the third day following such mailing which is not a Saturday, Sunday or a day on which United States mail is not delivered: The Authority's Executive Director's Office, 1451 Dam Road, Bradenton, Florida 34202; the Charlotte County Administrator's Office, Charlotte County Administration Center, 18500 Murdock Circle, Port Charlotte,

Florida 33948-1094; the DeSoto County Administrator's Office, P O Drawer 2076, Arcadia, Florida 33821; and the Sarasota County Administrator's Office, P O Box 8, Sarasota, Florida 34230. Any party may, by like notice, designate any further or different addresses to which subsequent notices shall be sent. Any notices hereunder signed on behalf of the notifying party by a duly authorized attorney at law shall be valid and effective to the same extent as if signed on behalf of such party by a duly authorized officer or employee.

18. **RELATIONSHIP OF THE PARTIES.** No party shall have any responsibility to perform services for or to assume contractual obligations which are the obligations of another party. Nothing herein shall be deemed to constitute any party a partner or joint venturer, or to create any fiduciary relationship among the parties.

19. **THIRD PARTY BENEFICIARIES.** No right or cause of action shall accrue upon or by reason hereof, or for the benefit of any person not expressly named as a party in this Contract, except for any bond holders and/or credit enhancers relating to revenue bonds in whole or in part with respect to the Peace River Regional Water Supply Facility and Regional Transmission System.

20. **WAIVER.** Unless otherwise specifically provided by the terms of this Contract, no delay or failure to exercise a right resulting from any breach of this Contract shall impair such right or shall be construed to be a waiver thereof, but such right may be exercised from time to time and as often as may be deemed expedient. Any waiver shall be in writing and signed by the party granting such waiver. If any representation, warranty or covenant contained in this Contract is breached by any party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive, either expressly or impliedly, any other breach under this Contract.

21. **AUTHORIZED REPRESENTATIVES.** For purposes of this Contract, the parties' authorized representatives are as follows: the Authority Executive Director, the Charlotte County Administrator; the Sarasota County Administrator and the DeSoto County Administrator. Any party may change its authorized representative at any time by written notice to the other parties.

22. **SECTION CAPTIONS AND REFERENCES.** The section headings and captions

contained herein are included for convenience only and shall not be considered part of this Contract or affect in any manner its construction or interpretation. Except as otherwise indicated, all references herein to sections are to sections of this Contract.

23. SEVERABILITY. In the event that any provision of this Contract shall, for any reason, be determined invalid, illegal or unenforceable in any respect the parties hereto shall negotiate in good faith and agree to such amendments, modifications or supplements to this Contract or such other appropriate actions as shall, to the maximum extent practicable in the light of such determination implement and give effect to the intentions of the parties as reflected herein, and the other provisions of this Contract, as amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

24. ATTORNEYS FEES AND COST. In the event there is a breach of this Contract and it becomes necessary for any party to employ the services of an attorney either to enforce the Contract or pursue other remedies, with litigation or adversarial administrative proceedings, the losing party or parties shall pay to the successful party or parties reasonable attorney's fees and such reasonable costs and expenses as are incurred in enforcing the Contract or pursuing other remedies, to the extent allowed by law.

25. AMENDMENT. This Contract may only be amended by a writing duly executed by the Authority, Charlotte, DeSoto and Sarasota.

26. ENTIRE AGREEMENT. All negotiations, proposals and agreements prior to the date of this Contract, that relate to the additional 2,190 MGY (6 MGD) in System Capacity that will be created as a result of the expansion of the Peace River Regional Water Supply Facility, are superseded. This Contract shall constitute the entire agreement of the Authority, Charlotte, DeSoto, and Sarasota with respect to the Water Allocations and Capacity Allocations herein, and specifically supersedes and replaces the Peace River Option Water Supply Contract dated September 20, 1995, entered into between the Authority, DeSoto and Sarasota. This Contract shall govern only the operation, maintenance, alteration, replacement and expansion of the Peace River Regional Water Supply Facility as it relates to the additional 2,190 MGY (6 MGD) in System Capacity that will be created as a result of the expansion of the Peace River

Regional Water Supply Facility. The foregoing notwithstanding, this Contract shall not supersede the Acquisition Agreement nor the Amended Interlocal Agreement among Charlotte, DeSoto, Manatee and Sarasota Counties, entered into on May 21, 1991, both of which shall be read in pari materia with this Contract. Nor shall this Contract supersede the Water Supply Contract of May 21, 1991 entered into among the Authority, Charlotte, DeSoto, Manatee, and Sarasota, as that Contract relates to the initial 4,378.25 MGY (12 MGD) allocated therein.

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

28. CONSENTS. To the extent that the consent of any party to this Contract is required as a condition to the action of other parties, such consent shall not be unreasonably withheld.

29. SUCCESSORS AND ASSIGNS. This Contract shall be binding upon and inure to the benefit of the respective successors, permitted assigns, administrators and trustees of the Authority, Charlotte, DeSoto and Sarasota.

30. EXECUTION OF DOCUMENTS. This Contract shall be executed in eight (8) duplicate originals, any of which shall be regarded for all purposes as an original and all of which shall constitute one and the same instrument.

31. INTERLOCAL AGREEMENT. This Contract shall constitute an interlocal agreement pursuant to Section 163.01, Florida Statutes. A true and correct copy of this Contract and any subsequent amendments shall be recorded with the clerk of the circuit court in Charlotte, DeSoto and Sarasota Counties.

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

IN WITNESS WHEREOF, the Authority, Charlotte, DeSoto, and Sarasota have executed this Contract on the day, month and year first above written.

WITNESSES:

[Signature]

Approved as to Form:

[Signature]
Attorney for Authority

WITNESSES:

Brenda Casario
Juine Joubert

Approved as to Form:

Renee Francis Lee
Attorney for Charlotte County
Renee Francis Lee MB

WITNESSES:

Carl Treadwell
Amdeo Cloman

Approved as to Form:

[Signature]
Attorney for DeSoto County

WITNESSES:

[Signature]
[Signature]

Approved as to Form:

[Signature] SED
Attorney for Sarasota County

PEACE RIVER/MANASOTA REGIONAL
WATER SUPPLY AUTHORITY

By: [Signature]

Date: 3/8/96

CHARLOTTE COUNTY
BOARD OF COUNTY COMMISSIONERS

By: [Signature]
Matthew D. DeBoer, Chairman

Date: March 7, 1996

ATTEST:

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

By: [Signature]
Deputy Clerk

DESOTO COUNTY

By: [Signature]

Date: 3/13/96

SARASOTA COUNTY

By: [Signature]

Date: March 8, 1996

ATTEST:

BY: [Signature]
Deputy Clerk

STATE OF FLORIDA
COUNTY OF DESOTO

FL 961922 B 360 P 1034
CO:DESOTO ST:FL

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

WITNESS my hand and official seal in the County and State last aforesaid, this 13th day of March, 1996.

Carol Heitman
Notary Public
Print Name: _____
My Commission Number: _____

CAROL HEITMAN
Notary Public, State of Florida
My comm. expires Nov. 1, 1997
Comm. No. CC322818

STATE OF FLORIDA
COUNTY OF CHARLOTTE

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements, personally appeared MATTHEW N. DEBER, to me known to be the person described in and who executed the foregoing instrument on behalf of the Charlotte County, Florida, and acknowledged before me that he/she executed same as a free act and deed for the uses and purposes therein stated.

WITNESS my hand and official seal in the County and State last aforesaid, this 7 day of MARCH, 1996.

Jenine Ann Thornley
Notary Public
Print Name: JENINE ANN THORNLEY
My Commission Number: _____

OFFICIAL NOTARY SEAL
JENINE ANN THORNLEY
NOTARY PUBLIC STATE OF FLORIDA
COMMISSION NO. CC436313
MY COMMISSION EXP. JAN. 31, 1999

STATE OF FLORIDA
COUNTY OF Sarasota

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements, personally appeared Patricia Glass, to me known to be the person described in and who executed the foregoing instrument on behalf of the DeSoto County, Florida, and acknowledged before me that he/she executed same as a free act and

deed for the uses and purposes therein stated.

FL 961922 B 360 P 1035
CO:DESOTO ST:FL

sl WITNESS my hand and official seal in the County and State last aforesaid, this day of March, 1996.



Jean Marie Campbell
MY COMMISSION # CC502044 EXPIRES
April 7, 1997
BONDED THRU TROY FAHN INSURANCE, INC.

Jean Marie Campbell
Notary Public
Print Name: _____
My Commission Number: _____

STATE OF FLORIDA
COUNTY OF SARASOTA

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements, personally appeared EUGENE A. MATTHEWS, to me known to be the person described in and who executed the foregoing instrument on behalf of Sarasota County, Florida and acknowledged before me that he/she executed same as a free act and deed for the uses and purposes therein stated.

sl WITNESS my hand and official seal in the County and State last aforesaid, this day of March, 1996.

Susan Kay Garland
Notary Public
Print Name: _____
My Commission Number: _____

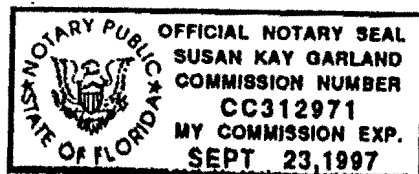


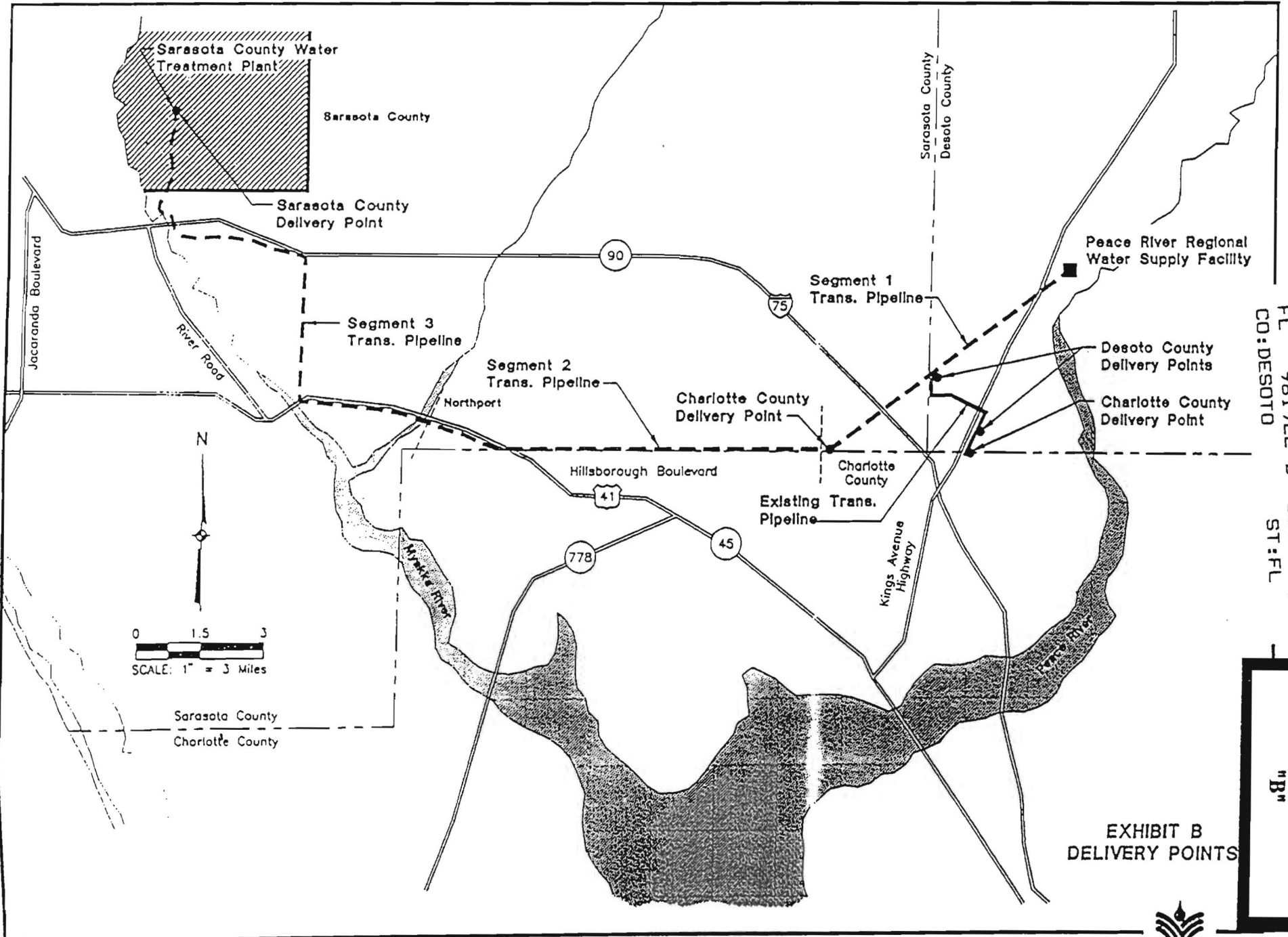
EXHIBIT A
CAPACITY ALLOCATION OF REGIONAL TRANSMISSION SYSTEM

TRANSMISSION PIPELINE SEGMENT	REGIONAL TRANSMISSION SYSTEM CAPACITY ALLOCATED						TOTAL CAPACITY ALLOCATED	
	CHARLOTTE COUNTY		SARASOTA COUNTY		DESOTO COUNTY		(MGD)	%
	(MGD)	%	(MGD)	%	(MGD)	%		
SEGMENT NO. 1 (36-Inch Diameter)	0.00	0.00%	13.75	98.21%	0.25	1.79%	14.00	100.00%
SEGMENT NO. 2 (48-Inch Diameter)	0.00	0.00%	28.00	100.00%	0.00	0.00%	28.00	100.00%
SEGMENT NO. 3 (30-Inch Diameter)	0.00	0.00%	8.00	100.00%	0.00	0.00%	8.00	100.00%

- (1) Pipeline capacity is based on instantaneous flow.
- (2) Pipeline capacity based on Hazen Williams Formula, C=120.
- (3) PRRWSF high service pumps design head is 80 psi.
- (4) Allowable headloss Segment No. 1 is 15 psi.
- (5) Allowable headloss of Segments No. 2 and 3 is 45 psi combined total.
- (6) MGD is million gallons per day flowrate.
- (7) Regional Transmission System Capacity Allocation subject to revision based on final design of pipeline diameter, length and pressure.

FL 961922 B 360 P 1036
 CO:DESOTO ST:FL

EXHIBIT A



FL 961922 B 360 P 1037
 CO:DESOTO ST:FL

EXHIBIT
 "B"

EXHIBIT B
DELIVERY POINTS



Pre-Engineering
Estimated Project Costs

Peace River Facility 6 mgd Expansion
Estimated Cost Schedule

Estimated Project Costs		FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	Total
Water Treatment Plant 6 mgd								
Water Supply Agreement Negotiation	30,000	30,000						30,000
Water Use Permit Application	20,000	20,000						20,000
Engineering	770,679		154,136	308,272	192,670	115,602		770,679
Permitting	128,447		0	128,447	0			128,447
Construction	5,137,860		0	1,027,572	2,568,930	1,541,358		5,137,860
Reimb for prelm. project costs	264,000				264,000			264,000
Reimb to Char Co for Excess Capa.	0							0
Total WTP	6,350,986	50,000	154,136	1,464,290	3,025,600	1,656,960	0	6,350,986
ASR								
Water Use Permit Application	20,000	20,000						20,000
Engineering *	1,072,418		214,484	428,967	268,104	160,863		1,072,418
Permitting *	178,736			178,736				178,736
Construction *	7,149,450			1,429,890	3,574,725	2,144,835		7,149,450
Total ASR	8,420,604	20,000	214,484	2,037,593	3,842,829	2,305,698	0	8,420,604
Pipeline Segment #1 36-inch								
R-O-W Acquisition	53,939			53,939				53,939
Engineering *	809,078		161,816	242,723	242,723	161,816		809,078
Permitting *	134,846			134,846				134,846
Construction *	5,393,850				2,696,925	2,696,925		5,393,850
Reimb to Char Co for Excess Capacity	0							0
Total Seg 1	6,391,712	0	161,816	431,508	2,939,648	2,858,741	0	6,391,712
Pipeline Segment #2 48-inch								
R-O-W Acquisition	1,300,793			1,300,793				1,300,793
Engineering *	1,300,793		260,159	325,198	325,198	390,238	0	1,300,793
Permitting *	216,799			216,799				216,799
Construction *	8,671,950			0	3,468,780	5,203,170	0	8,671,950
Total Seg 2	11,490,334	0	260,159	1,842,789	3,793,978	5,593,408	0	11,490,334
Pipeline Segment #3 30-inch								
R-O-W Acquisition	1,282,365		0	1,282,365				1,282,365
Engineering *	1,282,365		256,473	320,591	320,591	384,710	0	1,282,365
Permitting *	213,728			213,728				213,728
Construction *	8,549,100			0	3,419,640	5,129,460	0	8,549,100
Total Seg 3	11,327,558	0	256,473	1,816,684	3,740,231	5,514,170	0	11,327,558
Total Pipeline	29,209,604	0	678,447	4,090,981	10,473,858	13,966,318	0	29,209,604
Estimated Total Project Cost	43,981,193	70,000	1,047,066	7,592,864	17,342,287	17,928,976	0	43,981,193

* Allowable uses of SWFWMD funds (except that no SWFWMD funds shall be used for expenses relating to the Water Use Permit).

Revised 9/25/95

APPROVED BY
AUTHORITY BOARD
OCT 1 - 4, 1995

FL 961922 B 360 P 1054
CO:DESOTO ST:FL

EXHIBIT E
PAYMENT TO CHARLOTTE FOR OVERSIZED FACILITIES

WATER SUPPLY FACILITIES COMPONENT	WATER SUPPLY FACILITIES ACQUISITION COST		EXCESS CAPACITY COST ALLOCATION					
	PERCENT OF ACQUISITION COST %	FACILITY COST (\$)	ORIGINAL ACQUISITION (12 MGD CAPACITY)		PHASE I EXPANSION (18 MGD CAPACITY)		FUTURE EXCESS CAPACITY COST ALLOCATION REMAINING	
			PERCENT OF ACQUISITION COST %	FACILITY COST (\$)	PERCENT OF ACQUISITION COST %	FACILITY COST (\$)	PERCENT OF ACQUISITION COST %	FACILITY COST (\$)
TREATMENT FACILITY								
North Port			5.56%	\$1,824,979	0.00%	\$0		
Charlotte County			50.24%	\$16,476,275	4.87%	\$1,595,942		
Sarasota County			0.00%	\$0	9.43%	\$3,092,137		
DeSoto County			0.24%	\$77,189	0.30%	\$99,746		
TOTAL TREATMENT FACILITY COST	84.41%	\$27,682,133	56.04%	\$18,378,444	14.60%	\$4,787,825	13.77%	\$4,515,864
TRANSMISSION PIPELINE								
North Port			0.89%	\$293,076	0.00%	\$0		
Charlotte County			8.07%	\$2,645,951	6.59%	\$2,161,294		
Sarasota County			0.00%	\$0	0.00%	\$0		
DeSoto County			0.04%	\$12,396	0.00%	\$0		
TOTAL TRANSMISSION PIPELINE COST	15.59%	\$5,112,717	9.00%	\$2,951,423	6.59%	\$2,161,294	0.00%	\$0
TOTAL ALL FACILITIES	100.00%	\$32,794,850	65.04%	\$21,329,867	21.19%	\$6,949,119	13.77%	\$4,515,864

FL 961922 B 360 P 105B
CO:DESOTO ST:FL

EXHIBIT
"E"

PHASE I FACILITY EXPANSION
(18 MGD TREATMENT CAPACITY)

FL 961922 B 360 P 1059
CO:DESOTO ST:FL

Process Description	Portion of Total Acquisition Cost (%)	Process Unit Cost (\$)	Process Capacity (mgd)	Previously Committed Process Capacity (mgd)	Process Capacity Available (mgd)	PHASE I EXPANSION (18 MGD)				
						Process Capacity Used (mgd)	Portion of Capacity Used (%)	Portion of Acquisition Cost Used (%)	Cost of Process Capacity Used (\$)	Process Capacity Remaining (mgd)
TREATMENT FACILITY:										
Activated Carbon Storage Tank	0.32%	\$104,944	30.0	12.0	18.0	6.0	20.0%	0.06%	\$20,989	12.0
Decarbonation/Ammoniation Basin	0.20%	\$65,590	15.0	12.0	3.0	3.0	20.0%	0.04%	\$13,118	0.0
Alum/Caustic Area	0.10%	\$32,795	30.0	12.0	18.0	6.0	20.0%	0.02%	\$6,559	12.0
Filters	3.69%	\$1,210,130	15.0	12.0	3.0	3.0	20.0%	0.74%	\$242,026	0.0
Filter Equipment	0.05%	\$16,397	15.0	12.0	3.0	3.0	20.0%	0.01%	\$3,279	0.0
Valve Boxes	0.15%	\$49,192	15.0	12.0	3.0	3.0	20.0%	0.03%	\$9,838	0.0
Maintenance Building	1.40%	\$459,128	30.0	12.0	18.0	6.0	20.0%	0.28%	\$91,826	12.0
Chlorination System	0.23%	\$75,428	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Fuel Storage Tank	0.16%	\$52,472	30.0	12.0	18.0	6.0	20.0%	0.03%	\$10,494	12.0
Intake Structure	1.75%	\$573,910	30.0	12.0	18.0	6.0	20.0%	0.35%	\$114,782	12.0
Turbidimeter (Intake)	0.03%	\$9,838	30.0	12.0	18.0	6.0	20.0%	0.01%	\$1,968	12.0
Coagulant Aid Facility	0.10%	\$32,795	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Activated Carbon Day Tank Structures	0.11%	\$36,074	30.0	12.0	18.0	6.0	20.0%	0.02%	\$7,215	12.0
Solid Contact Unit No. 1	0.81%	\$265,638	6.0	6.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Mechanical Equipment Solid Contact Unit No. 1	0.30%	\$98,385	6.0	6.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Solid Contact Unit No. 2	0.81%	\$265,638	6.0	6.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Mechanical Equipment Solid Contact Unit No. 2	0.11%	\$36,074	6.0	6.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Buildings	2.09%	\$685,412	30.0	12.0	18.0	6.0	20.0%	0.42%	\$137,082	12.0
Treated Water Storage Tank	2.13%	\$698,530	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
pH Transmitter Storage Tank	0.02%	\$6,559	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Reservoir Pump Station	0.60%	\$196,769	30.0	12.0	18.0	6.0	20.0%	0.12%	\$39,354	12.0
Pentagon Splitter Box	0.36%	\$118,061	30.0	12.0	18.0	6.0	20.0%	0.07%	\$23,612	12.0
Septic Tank & Drainfield	0.03%	\$9,838	30.0	12.0	18.0	6.0	20.0%	0.01%	\$1,968	12.0
Intake Pumps	4.68%	\$1,534,799	24.0	12.0	12.0	6.0	25.0%	1.17%	\$383,700	6.0
High Service Pumps	3.26%	\$1,069,112	18.7	12.0	6.7	6.0	32.1%	1.05%	\$343,031	0.7
Air Compressors	0.26%	\$85,267	30.0	12.0	18.0	6.0	20.0%	0.05%	\$17,053	12.0
Chlorine Analyzer	0.07%	\$22,956	30.0	12.0	18.0	6.0	20.0%	0.01%	\$4,591	12.0
Retention Pond Pumps	4.13%	\$1,354,427	24.0	12.0	12.0	6.0	25.0%	1.03%	\$338,607	6.0
Diesel Fuel Tank	0.11%	\$36,074	24.0	12.0	12.0	6.0	25.0%	0.03%	\$9,019	6.0
Aerators	0.48%	\$157,415	24.0	12.0	12.0	6.0	25.0%	0.12%	\$39,354	6.0
Caustic Feed System	0.07%	\$22,956	30.0	12.0	18.0	6.0	20.0%	0.01%	\$4,591	12.0
Alum Feed System	0.07%	\$22,956	30.0	12.0	18.0	6.0	20.0%	0.01%	\$4,591	12.0
Generator	2.35%	\$770,679	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Underground Storage Tanks	0.70%	\$229,564	24.0	12.0	12.0	6.0	25.0%	0.18%	\$57,391	6.0
Transfer Pump Station	0.40%	\$131,179	30.0	12.0	18.0	6.0	20.0%	0.08%	\$26,236	12.0
Transfer Pumps	3.11%	\$1,019,920	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Meters	0.40%	\$131,179	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Activated Carbon Day Tank (River)	0.75%	\$245,961	30.0	12.0	18.0	6.0	20.0%	0.15%	\$49,192	12.0
Activated Carbon Day Tank (Reservoir)	0.62%	\$203,328	24.0	12.0	12.0	6.0	25.0%	0.16%	\$50,832	6.0
Backwash Save-All Pump Station	0.06%	\$19,677	15.0	12.0	3.0	3.0	20.0%	0.01%	\$3,935	0.0
Backwash Save-All Pumps	0.33%	\$108,223	15.0	12.0	3.0	3.0	20.0%	0.07%	\$21,645	0.0
Lawn Sprinkling Pump Station	0.03%	\$9,838	30.0	12.0	18.0	6.0	20.0%	0.01%	\$1,968	12.0
Lawn Sprinkling Pump	0.25%	\$81,987	30.0	12.0	18.0	6.0	20.0%	0.05%	\$16,397	12.0
Coagulant System	0.11%	\$36,074	30.0	12.0	18.0	6.0	20.0%	0.02%	\$7,215	12.0
Activated Carbon Storage Tank Mixers/Pump	0.28%	\$91,826	30.0	12.0	18.0	6.0	20.0%	0.06%	\$18,365	12.0
Subtotal	38.07%	\$12,484,999						6.47%	\$2,121,823	
MCC @ 15% of Subtotal	5.71%	\$1,872,586	18.0	12.0	6.0	6.0	33.3%	1.90%	\$624,195	0.0
Valves (7% of Subtotal)	2.66%	\$872,343	18.0	12.0	6.0	6.0	33.3%	0.89%	\$290,781	0.0
Yard Piping (5% of Subtotal)	1.91%	\$626,382	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Subtotal	48.35%	\$15,856,310						9.26%	\$3,036,800	
ASR Wells	12.77%	\$4,187,902	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Site Work @ 5%	2.42%	\$793,635	30.0	12.0	18.0	6.0	20.0%	0.48%	\$158,727	12.0
Subtotal	63.54%	\$20,837,848						9.74%	\$3,195,527	
Land/Reservoir	11.34%	\$3,718,936	30.0	12.0	18.0	6.0	20.0%	2.27%	\$743,787	12.0
Engineering/Const. Management @ 15%	9.53%	\$3,125,349	22.1	12.0	10.1	6.0	27.1%	2.59%	\$848,511	4.1
Total Treatment Facility Cost	84.41%	\$27,682,133						44.60%	\$4,787,825	
TRANSMISSION PIPELINE:										
36-Inch Pipeline	11.84%	\$3,882,910	23.0	12.0	11.0	11.0	47.8%	5.66%	\$1,857,044	0.0
12-Inch Pipeline	1.72%	\$564,071	12.0	12.0	0.0	0.0	0.0%	0.00%	\$0	0.0
Subtotal	13.56%	\$4,446,982						5.66%	\$1,857,044	
Engineering/Const. Management @ 15%	2.03%	\$665,735	22.1	12.0	10.1	10.1	45.7%	0.93%	\$304,250	0.0
Total Transmission Pipeline Cost	15.59%	\$5,112,717						6.59%	\$2,161,294	
TOTAL ALL FACILITIES	100.00%	\$32,794,850						21.19%	\$6,949,119	

EXHIBIT F
WATER PRESSURE AT DELIVERY POINTS

DELIVERY POINT	CHARLOTTE COUNTY (PSI)	SARASOTA COUNTY (PSI)	DESOTO COUNTY (PSI)
END POINT OF SEGMENT NO. 1	65	N/A	65
END POINT OF SEGMENT NO. 2	N/A	N/A	N/A
END POINT OF SEGMENT NO. 3	N/A	20	N/A

- (1) Minimum pressure at Delivery Point measured in pounds per square inch (PSI).
- (2) Regional Transmission System Capacity Allocation subject to revision based on final design of pipeline diameter, length and pressure.

FL 961922 B 360 P 1060
CO:DESOTO ST:FL



EXHIBIT

4 12/18/98

LAKE SUZY AMENDED WATER SUPPLY CONTRACT

THIS AMENDED CONTRACT is entered into this 12th day of April, 1995, by and between DeSoto County, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing board thereof, hereinafter referred to as ("County") and Lake Suzy Utilities, Inc., a Florida corporation, hereinafter referred to as ("Lake Suzy").

W I T N E S S E T H

WHEREAS, County and Lake Suzy are desirous of entering into an agreement to provide for the sale of water by County to Lake Suzy for distribution to the developments which Lake Suzy serves; and

WHEREAS, County is willing to provide potable water to Lake Suzy at specified delivery point(s); and

WHEREAS, prior to entering into this contract, Lake Suzy was previously supplied potable water by General Development Utilities, Inc., ("GDU") under that certain Utility Agreement dated March 19, 1987, and amended on April 13, 1990 ("Utility Agreement"); and

WHEREAS, as a result of the condemnation by Charlotte County of the facilities owned by GDU, which were used to supply potable water to Lake Suzy, and the subsequent conveyances of those facilities to the Peace River/Manasota Regional Water Supply Authority ("Authority"), Lake Suzy is no longer able to secure water from GDU; and

WHEREAS, the County has been supplying water to Lake Suzy since June

1991; and

WHEREAS, on February 24, 1992, County and Lake Suzy entered into an agreement whereby County would commit its allocation of water pursuant to the Peace River Water Supply Contract, dated May 21, 1991, for sale to Lake Suzy for a maximum quantity of water not to exceed 18.25 million gallons per year (mgy); and

WHEREAS, Lake Suzy has notified County that it will require additional amounts of water and County has agreed to make all reasonable efforts to secure additional quantities of water; and

WHEREAS, County in order to acquire additional amounts of water proposes to enter a contract with the Peace River/Manasota Regional Water Supply Authority, Sarasota County, and Charlotte County, to cause the Authority to expand the Peace River Regional Water Supply Facility (the "Peace River Option Water Supply Contract"); and

WHEREAS, Lake Suzy will also require additional water during the interim period of the effective date of this Contract and completion of the expansion of the Peace River Regional Water Treatment Facility; and

WHEREAS, the County of Charlotte has expressed interest in supplying DeSoto County with 29.2 million gallons of water during this interim period; and

WHEREAS, the County therefore proposes to supply Lake Suzy with water as provided in Exhibit 1 attached hereto; and

WHEREAS, County and Lake Suzy recognize that it will be necessary to make certain amendments to the Lake Suzy Water Supply Contract in order to facilitate

County's efforts to secure additional water for Lake Suzy; and

WHEREAS, Lake Suzy is regulated by the Public Service Commission; and

WHEREAS, it is necessary and in the public interest that the County provide potable water to Lake Suzy under this Amended Water Supply Contract, hereinafter referred to as "Contract".

NOW, THEREFORE, in consideration of the foregoing premises, which shall be deemed an integral part of this Contract, and of the mutual covenants and agreements hereinafter set forth, the County and Lake Suzy, intending to be legally bound hereby agree that this Contract shall supersede the February 24, 1992, Lake Suzy Water Supply Contract, as follows:

1. DEFINITIONS: In the absence of a clear implication otherwise, capitalized terms under this Contract and in the attached exhibits shall have the following meanings:

1.1 Interlocal Agreement for Water Supply Between Charlotte County and DeSoto County. That certain proposed contract, by and between Charlotte County and DeSoto County providing for the sale of 29.2 mgd of water for ten years or until completion of the expansion of the Peace River Regional Water Treatment Facility.

1.2 Contract Year. The fiscal year of the County (beginning on each October 1, and ending on the immediately following September 30) and thereafter during the term of this Contract.

1.3 Delivery Point(s). The point(s) of delivery of water by County under this Contract, as more specifically described in Exhibit 2, attached hereto.

1.4 Peace River Water Supply Contract. That certain contract entered into

on May 21, 1991, by and between the Peace River/Manasota Regional Water Supply Authority, Charlotte County, DeSoto County, Manatee County, and Sarasota County.

1.5 Peace River Option Water Supply Contract. That certain proposed contract, by and between the Peace River/Manasota Regional Water Supply Authority, Charlotte County, DeSoto County, and Sarasota County, which shall provide for the first expansion by the Authority of the Peace River Regional Water Treatment Facility and increase the System Capacity of the Facility from 4,380 mgd to 6,570 mgd.

1.6 Water Allocation. For any Contract Year, the maximum quantity of water committed by the County to be delivered to Lake Suzy at the Delivery Point(s) which amounts are shown in the attached Exhibit 1. Lake Suzy's water allocation shall be comprised of those amounts of water committed by the Peace River/Manasota Regional Water Supply Authority for delivery to DeSoto County pursuant to the Peace River Water Supply Contract and the Peace River Option Water Supply Contract, and those quantities of water committed by Charlotte County for delivery to DeSoto County pursuant to the Interlocal Agreement for Water Supply Between Charlotte County and DeSoto County.

1.7 Water Charge. For any Contract Year, the rate established by the Board of County Commissioners of DeSoto County. Pursuant to paragraph 6.1 of this Contract, the rate shall be set in a per 1,000 gallon rate, however, in no event shall a monthly payment be less than one twelfth of the total water charges paid by the County to the Water Authority and Charlotte County pursuant to the Peace River Water Supply Contract, Peace River Option Water Supply Contract, and the Interlocal

Agreement for Water Supply Between Charlotte and DeSoto County, plus additional costs of DeSoto County, unless, the average monthly billing to date, during the billing period beginning on December 1, is in excess of one twelfth the total water charges paid by the County to the Water Authority and Charlotte County pursuant to the Peace River Water Supply Contract, Peace River Option Water Supply Contract, and the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County, plus additional costs of DeSoto County, in which case, Lake Suzy may submit a payment in an amount which results in Lake Suzy's average monthly billing being lowered to a level which is equal to one twelfth the total water charges paid by the County to the Water Authority and Charlotte County pursuant to the Peace River Water Supply Contract, Peace River Option Water Supply Contract, and the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County, plus additional costs of DeSoto County.

1.8 Water Use and Needs Report. The report prepared by Lake Suzy which shall indicate the number of water connections served by Lake Suzy, the number of lots and/or projects for which service is available but not connected, and a total of existing connections plus non-connected lots and/or projects.

2. TERM. The term of this Contract shall extend for whatever period of time the County may be obligated to purchase water from the Peace River/Manasota Regional Water Supply Authority, under the Peace River Water Supply Contract or the Peace River Option Water Supply Contract, or from Charlotte County under the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County.

Specifically, the term of this contract with regard to water to be obtained pursuant to the above-mentioned contracts, respectively, shall be as follows:

2.1 Peace River Water Supply Contract, dated May 21, 1991. The term of this Contract with respect to the County's obligation to provide Lake Suzy with its water allocation to be obtained from the Peace River/Manasota Regional Water Supply Authority pursuant to the Peace River Water Supply Contract shall begin upon the date of the complete execution of this Contract and shall extend for an initial term expiring on September 30, 2026. Thereafter, the County may at its option extend the term of this Contract with respect to the County's obligation to provide Lake Suzy with its water allocation to be obtained from the Peace River/Manasota Regional Water Supply Authority pursuant to the Peace River Water Supply Contract for up to an additional thirty-five (35) years. Such extensions may, at the County's option, be done in five (5) year increments for a total of seven such five (5) year extensions. Such extension may be done at any time prior to expiration. Any such extension shall expire on the last day of the final Contract Year established by such extension, unless extended as permitted by this Section.

2.2 Peace River Option Water Supply Contract. The term of this Contract with respect to the County's obligation to provide Lake Suzy with its water allocation to be obtained from the Peace River/Manasota Regional Water Supply Authority pursuant to the Peace River Option Water Supply Contract shall begin upon the date of the complete execution of the Peace River Option Water Supply Contract and shall extend for an initial term of thirty-five (35) years. Thereafter, the County may at its

option extend the term of this Contract with respect to the County's obligation to provide Lake Suzy with its water allocation to be obtained from the Peace River/Manasota Regional Water Supply Authority pursuant to the Peace River Option Water Supply Contract for an additional thirty-five (35) years. Any such extension shall expire on the last day of the final Contract Year established by such extension, unless extended as permitted by this Section.

2.3 Interlocal Agreement for Water Supply Between Charlotte and DeSoto County. The term of this Contract with regard to the County's obligation to provide 29.2 mgy of water pursuant to the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County shall begin upon the date the County and Charlotte County fully execute an agreement for the supply of the 29.2 mgy of water, and shall extend until completion of the expansion of Peace River Regional Water Treatment Facility or ten (10) years whichever occurs first.

3. CONDITIONS PRECEDENT. All rights, obligations, and liabilities of the County and Lake Suzy shall be subject to the satisfaction of the following conditions precedent identified in Section 3.1.

3.1 Conditions Precedent. The following are conditions precedent to the parties' rights, obligations and liabilities under this Contract:

3.1.1 The complete execution of this Contract by the County and Lake Suzy.

3.1.2 The representations set forth in Section 4 are true and correct as of the date this Contract was fully executed by the parties.

3.1.3 The rights, obligations, and liabilities of Lake Suzy and GDU under the

Utility Agreement are released and waived by all parties to the agreement.

3.2 The County's obligation to provide 29.2 mgd in addition to the water to be obtained from the Peace River/Manasota Regional Water Supply Authority is conditioned upon the County being able to enter into a water supply contract with Charlotte County. If the County should fail to enter into an agreement with Charlotte County for the purchase of 29.2 mgd of water, or if said agreement with Charlotte County should terminate prior to the expiration of this Contract, the County's obligation to provide 29.2 mgd shall lapse and all other provisions of this Contract shall remain in full force and effect.

3.3 The County's obligation to provide Lake Suzy with its water allocation to be obtained from the Peace River/Manasota Regional Water Supply Authority pursuant to the Peace River Option Water Supply Contract is conditioned upon the County being able to enter into a water supply contract with the Authority. If the County should fail to enter into such an agreement with the Authority, or if said agreement with Authority should terminate prior to the expiration of this Contract, the County's obligation to provide Lake Suzy with its water allocation to be obtained from the Peace River/Manasota Regional Water Supply Authority pursuant to the Peace River Option Water Supply Contract shall lapse and all other provision of this Contract shall remain in full force and effect.

3.4 Satisfaction of the Conditions Precedent. The parties shall exercise good faith and due diligence in satisfying the conditions precedent set forth in Section 3.1.

4. REPRESENTATION OF THE PARTIES. The County and Lake Suzy make the following representations:

4.1 Both parties are organized and existing in good standing under the laws of the State of Florida.

4.2 Both parties have the power, authority, and legal right to enter into and perform the obligations set forth in this Contract, and the execution, delivery and performance hereof by it (a) has been duly authorized; (b) does not require any other approvals by any other governmental officer or body; (c) will not violate any judgment, order, law, or regulation applicable to the party; and (d) does not constitute a default under, nor result in the creation of, any lien, charge, encumbrance, or security interest upon the assets of the party under any agreement or instrument to which it is a party or by which the party and its assets may be bound or affected.

4.3 This Contract has been duly entered into and delivered and as of the date of its full execution by all parties and constitutes a legal, valid, and binding obligation of the party, fully enforceable in accordance with its terms.

4.4 There is no action, suit, or proceeding, at law or in equity, before or by any court or governmental authority pending, or, to the best of the party's knowledge, threatened against the party, wherein any unfavorable decision, ruling, or finding would materially or adversely affect the performance by the party of its obligations hereunder or the other transactions contemplated hereby, or which, in any way, would adversely affect the validity or enforceability of this Contract, or any other agreement or instrument entered into by the party in connection with the transaction

contemplated hereby.

5. DELIVERY OF WATER ALLOCATION. During each Contract Year, the County shall use its best efforts to deliver water to Lake Suzy in an amount not to exceed Lake Suzy's Water Allocation.

5.1 Delivery. The County shall not be required to deliver water to Lake Suzy in excess of the Water Allocation nor shall the County be required to provide water to Lake Suzy, if prohibited by any applicable federal, state, regional, or local statute, rule, ordinance, law, administrative order, or judicial decree or in violation of applicable environmental permits. Further, in the event that at any time there is insufficient potable water available from the Peace River/Manasota Regional Water Supply Authority or Charlotte County to fully meet the Water Allocation, then the Water Allocation shall be reduced in accordance with Section 1.11.1 of the Peace River Water Supply Contract and the applicable provisions of the Peace River Option Water Supply Contract and Interlocal Agreement for Water Supply Between Charlotte and DeSoto County.

5.2 Source of Water. The County's obligation to supply Lake Suzy with its Water Allocation is limited to the water to be delivered to the County under the Peace River Water Supply Contract and to the water to be delivered to the County under the Peace River Option Water Supply Contract and the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County if such agreements are reached between DeSoto County, the Peace River/Manasota Regional Water Supply Authority, and Charlotte County. The County is not required to provide water to satisfy Lake

Suzy's Water Allocation from any source other than those set out herein.

5.3 Future Water Allocation. Future water allocations will be requested by Lake Suzy from time to time. When Lake Suzy's yearly usage reaches eighty percent (80%) of the total water allocation or when Lake Suzy deems necessary, Lake Suzy shall request and the County shall make its best efforts to enter into agreements with the Peace River/Manasota Regional Water Supply Authority or its member counties for Lake Suzy's requested increase in water. Lake Suzy shall submit to the County on a yearly basis no later than July 15 of each year a Water Use and Needs Report.

5.4 Delivery Point. The County shall only deliver water to Lake Suzy at its Delivery Point specified in Exhibit 2, attached hereto and made a part of this Contract.

6. WATER CHARGE. For each Contract Year, Lake Suzy shall pay the County the applicable water charge as follows:

6.1 Rate Setting. On or before September 30 of each calendar year, the Board of County Commissioners of DeSoto County shall fix the Water Charge for the subsequent contract year to be paid by Lake Suzy, taking into account:

- 1.** the water charge paid by the County to the Peace River/Manasota Regional Water Supply Authority pursuant to the Peace River Water Supply Contract; and
- 2.** any water charge paid by the County to Charlotte County pursuant to the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County; and
- 3.** any water charge paid by the County to the Peace River/Manasota

- Regional Water Supply Authority pursuant to the Peace River Option Water Supply Contract, which includes charges for any exceedance of the County's Delivery Schedule and any charges for the repayment of funds received from SWFWMD; and
4. any additional costs, which are not arbitrary and capricious, associated with the delivery of water by DeSoto County to Lake Suzy.

The Board of County Commissioners shall fix the water charge after an internal audit of the costs associated with delivery of water to Lake Suzy in the previous calendar year and projected costs for the delivery of water in the subsequent calendar year. The County shall add together the cost as described in Section 6.1 (1 through 4) and divide this total amount by the previous twelve month total gallon water usage as metered by the Peace River/Manasota Regional Water Supply Authority. Lake Suzy's rate shall be set in a per 1,000 gallon rate, however, in no event shall a monthly payment be less than one twelfth of the total water charges paid by the County to the Water Authority and Charlotte County pursuant to the Peace River Water Supply Contract, Peace River Option Water Supply Contract, and the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County, and additional cost of DeSoto County, unless, the average monthly billing to date, during the billing period beginning on December 1, is in excess of one twelfth the total water charges paid by the County to the Water Authority and Charlotte County pursuant to the Peace River Water Supply Contract, Peace River Option Water Supply Contract, and the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County, plus additional

costs of DeSoto County, in which case, Lake Suzy may submit a payment in an amount which results in Lake Suzy's average monthly billing being lowered to a level which is equal to one twelfth the total water charges paid by the County to the Water Authority and Charlotte County pursuant to the Peace River Water Supply Contract, Peace River Option Water Supply Contract, and the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County, plus additional costs of DeSoto County.

6.2 Effective Date of Water Charge. The water charge set pursuant to Section 6.1 of this Contract shall be effective beginning on the immediately following December 1 and shall remain in effect until the immediately following November 30, unless adjusted pursuant to Section 6.4 of this Contract. During the interim period between, (a) the date the Board of County Commissioners of DeSoto County fixes the water charge to be paid by Lake Suzy, and (b) the effective date of the revised water charge, any deficiency between monthly water charge currently being paid by Lake Suzy to the County and the monthly water charges owed by the County to the Peace River/Manasota Regional Water Supply Authority and Charlotte County shall be paid by withdrawing a sum which is equivalent to the deficiency from the Reserve Utility Account. Lake Suzy shall repay the sum withdrawn from the Reserve Utility Account by making ten equal monthly payments beginning December 1 and continuing through to September 30. Such repayments into the Reserve Utility Account shall be made in accordance with provisions of Section 6.5 of this Contract.

6.3 Irrevocable Commitment to Pay. It is the intent of the parties that Lake

Suzy shall bear all the costs incurred by DeSoto County in providing Lake Suzy with water pursuant to this contract. In no event shall Lake Suzy pay a water charge which is less than the County's costs for obtaining water from Charlotte County and the Peace River/Manasota Regional Water Supply Authority, including any administrative or incidental costs incurred by the County. Lake Suzy shall be obligated to pay its water charge regardless of whether or not it utilizes the whole of its water allocation. Moreover, Lake Suzy recognizes that circumstances such as equipment failure, construction delays, failure to obtain Permits, limitations on Permits, transmission line ruptures or defects, acts of God, etc., may prevent the performance by the County of its obligations pursuant to this Contract. Nevertheless, Lake Suzy shall pay its water charges throughout the term of this Contract. Said payments by Lake Suzy shall be made without notice or demand and without set-off, counterclaim, abatement, suspension or deduction.

6.4 Rate Adjustments. If Charlotte County or the Peace River/Manasota Regional Water Supply Authority should raise their rates subsequent to the County's fixing Lake Suzy's water charge, the County shall adjust, and Lake Suzy shall pay, an adjustment in Lake Suzy's water charge in an amount equal to the County's costs incurred by reason of such rate increase, including any administrative or incidental costs. The revised water charge set pursuant to this Section shall be effective sixty (60) days after the date the County adjusts Lake Suzy's water charge and shall remain in effect until the immediately following November 30. During the interim period between, (a) the date the Board of County Commissioners of DeSoto County revises

the water charge to be paid by Lake Suzy, and (b) the effective date of the revised water charge, any deficiency between monthly water charge currently being paid by Lake Suzy to the County and the monthly water charges owed by the County to the Peace River/Manasota Regional Water Supply Authority and Charlotte County shall be paid by withdrawing a sum which is equivalent to the deficiency from the Reserve Utility Account. Lake Suzy shall repay the sum withdrawn from the Reserve Utility Account by making equal monthly payments during the period from the effective date of the revised water charge to September 30. Such repayments into the Reserve Utility Account shall be made in accordance with provision of Section 6.5 of this Contract.

6.5 Payment. On or before the twentieth day of each month, the County shall bill Lake Suzy one twelfth of the Water Charge and payment shall be made by Lake Suzy to the County within thirty (30) days following receipt of said bill by Lake Suzy. The County, in addition to all other legal remedies, shall have the right to discontinue the delivery of water under this Contract for non-payment by Lake Suzy.

6.6 Assignment of Fees, Water Charges, and Receivables. Lake Suzy hereby assigns to the County any fees, water charges, or other receivables due to Lake Suzy by Lake Suzy's customers for the provision of water. Such assignment shall be absolute in the event of any default in payment by Lake Suzy to the County, upon written demand made by the County. Upon application by the County, a court of competent jurisdiction may appoint a receiver to collect such fees, water charges, or other receivables and pay the County the water charge owed by Lake Suzy to the

County in the manner provided in Section 6.4 of this Contract. In the event Lake Suzy should file a petition for bankruptcy Lake Suzy hereby agrees and consents to the entry of an order providing the County with relief from the automatic stay or adequate protection.

6.7 Reserve Utility Account. The County shall maintain a separate Reserve Utility Account into which any surplus funds paid by Lake Suzy shall be deposited. Said funds may be used for paying engineering, design, legal, professional and technical consulting services costs incurred by the County in meeting Lake Suzy's current and future water allocation; for the acquisition of the Lake Suzy utility by the County, or any special district created by the County; and for the payment of any deficiencies in Lake Suzy's payment as provided in Sections 6.2 and 6.4 of this Contract.

7. WATER QUALITY. The County shall use its best efforts to deliver water of the same quality and same terms as set forth in the Peace River Water Supply Contract to the Delivery Point.

8. WATER MEASUREMENT. The County shall measure all water delivered at the Delivery Point and shall maintain complete and accurate records of its water measurements.

9. PLEDGE OF REVENUES. The County reserves the right to pledge or assign all or any part of the revenues derived from the rates and fees charged under this Contract to the repayment of any loan, bond, or other indebtedness of the County utility system.

10. **ASSIGNMENT.** No assignment, delegation, transfer, or novation of this Contract or any part hereof shall be made, unless approved by both the County and Lake Suzy, which approval shall not be unreasonably withheld.

11. **SUCCESSORS BOUND.** Lake Suzy hereby binds itself, its partners, successors, assigns and legal representatives to the County with respect to all covenants of this Contract.

12. **FORCE MAJEURE.** The County's non-performance of its obligations under this Contract may be excused by the occurrence of strikes, or other labor disputes, damage to or destruction of the facilities delivering water to Lake Suzy, or prevention of performance by governmental authority or by act of God.

13. **NOTICES.** All notices, or other writings permitted or required to be delivered to the County at its County Administrator's office:

DeSoto County Courthouse, 115 E. Oak Street, Arcadia, Florida 33821

and to Lake Suzy at:

12408 SW Sheri Street, Lake Suzy, FL 33821

14. **DISCLAIMER OF THIRD PARTY BENEFICIARIES.** This Contract is solely for the benefit of the County and Lake Suzy and no right or cause of action shall accrue upon or by reason hereof, or for the benefit of any other person.

15. **AMENDMENT.** This Contract may only be amended by a writing duly executed by the County and Lake Suzy.

16. **CONSTRUCTION.** This Contract shall be governed by and constructed in accordance with the laws of the State of Florida, and shall be subject to the terms,

conditions and provisions of the Peace River Water Supply Contract, the Peace River Option Water Supply Contract and the Interlocal Agreement for Water Supply Between Charlotte and DeSoto County.

17. SEVERABILITY. If any part, section, subsection, or other portion of this Contract or any application thereof to any person or circumstance is declared void, unconstitutional, or invalid for any reason, such part, section, subsection, or other portion, or the prescribed application thereof shall be severable, and the remaining provisions of the Contract, and all applications thereof not having been declared void, unconstitutional, or invalid, shall remain in full force and effect.

18. ENTIRE AGREEMENT. This Contract constitutes the entire agreement between the County and Lake Suzy and has been entered into voluntarily and with independent advice and legal counsel and has been executed by authorized representatives of each party on the date written above. Furthermore, it is the intent of the parties for this agreement to operate as a novation and to supersede and replace the February 24, 1992, Lake Suzy Water Supply Contract which is hereby null and void.

19. WAIVER. Unless otherwise specifically provided by the terms of this Contract, no delay or failure to exercise a right resulting from any breach of this Contract shall impair such right or shall be construed to be a waiver thereof, but such right may be exercised from time to time and as often as may be deemed expedient. Any waiver shall be in writing and signed by the party granting such waiver. If any representation, warranty or covenant contained in this Contract is breached by any

party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive, either expressly or impliedly, any other breach under this Contract.

20. **FURTHER ASSURANCES.** County and Lake Suzy each shall use all reasonable efforts to provide such information, execute such further instruments and documents and take actions as may be reasonably requested by the other party and not inconsistent with the provisions of this Contract and not involving the assumption of obligations or liabilities different from, in excess of or in addition to those expressly provided for in this Contract to carry out the intent of this Contract.

21. **FIRE PROTECTION.** In the event the County utilizes water from Lake Suzy's distribution system for fire protection and said fire protection is not for the protection of Lake Suzy's customers, the County shall give Lake Suzy a credit against its water charge for the quantities of water so utilized by the County.

22. **EXHIBITS AND ADDENDA.** This Contract incorporates the following exhibits and addenda which are attached hereto and made a part hereof:

- a. Exhibit 1, Water Allocation
- b. Exhibit 2, Delivery Point(s)
- c. Exhibit 3, Peace River Water Supply Contract
- d. Exhibit 4, Interlocal Agreement for Water Supply Between Charlotte and DeSoto County (to be attached when executed)
- e. Exhibit 5, Peace River Option Water Supply Contract (to be attached when executed)

IN WITNESS WHEREFORE, the County and Lake Suzy have executed this Contract on the day, month, and year first above written.

(SEAL)

BOARD OF COUNTY COMMISSIONERS
OF DESOTO COUNTY, FLORIDA

ATTEST:

By: *Frederick C. Nutt*
Frederick C. Nutt
County Administrator

By: *William R. Avant*
William R. Avant
Chairman

STATE OF FLORIDA
COUNTY OF DESOTO

BEFORE ME, the undersigned authority, personally appeared *William R. Avant*, Chairman of the Board of County Commissioners of DeSoto County, Florida, who is personally known to me and who being by me first duly sworn, states that he executed the above as the act and deed of DeSoto County, Florida.

My Commission Expires:

Carol Heitman

PRINT NAME
NOTARY PUBLIC
COMMISSION NO.:

CAROL HEITMAN
Notary Public, State of Florida
My comm. expires Nov. 1, 1997
Comm. No. CC322818

(SEAL)

LAKE SUZY UTILITIES, INC.

ATTEST:

By: *Dunmarie Hart*

By: *Dallas A. Shepard*
DALLAS A. SHEPARD
President

STATE OF FLORIDA
COUNTY OF DESOTO

BEFORE ME, the undersigned authority, personally appeared Dallas
A. Shepard, of the Lake Suzy Utilities, Inc., who is
personally known to me and who being by me first duly sworn, states that he
executed the above as the act and deed of Lake Suzy Utilities, Inc.

My Commission Expires:

Carol Heitman

PRINT NAME
NOTARY PUBLIC
COMMISSION NO.:

CAROL HEITMAN
Notary Public, State of Florida
My comm. expires Nov. 1, 1997
Comm. No. CC322818

APPROVED AS TO FORM

By: [Signature]
GARY A. VORBECK
County Attorney

**EXHIBIT 1
LAKE SUZY WATER ALLOCATION**

The maximum quantity of water committed by the County to be delivered to Lake Suzy at its Delivery Point(s) shall be as follows

- A. an amount not to exceed 18.25 mgy pursuant to the Peace River Water Supply Contract, dated May 21, 1991;
- B. an amount not exceed 29.2 mgy during the interim period of the effective date of this Contract and the completion of the expansion of the Peace River Regional Water Treatment Facility pursuant to the Interlocal Agreement for Water Supply Between Charlotte County and DeSoto County;
- C. amounts pursuant to the Peace River Option Water Supply Contract as follows:
 - 1. an amount not to exceed 29.2 mgy (annual quantity) and 0.096 mgd (peak month quantity) during the initial delivery year (the period between the final completion of the facilities construction and ending on the immediately following September 30);
 - 2. an amount not to exceed 29.2 mgy (annual quantity) and 0.096 mgd (peak month quantity) during the second delivery year (beginning October 1 and ending on the immediately succeeding September 30);
 - 3. an amount not to exceed 32.85 mgy (annual quantity) and 0.108 mgd (peak month quantity) during the third delivery year (beginning October 1 and ending on the immediately succeeding September 30);
 - 4. an amount not to exceed 40.15 mgy (annual quantity) and 0.133 mgd (peak month quantity) during the fourth delivery year (beginning October 1 and ending on the immediately succeeding September 30);
 - 5. an amount not to exceed 45.625 mgy (annual quantity) and 0.150 mgd (peak month quantity) during the fifth delivery year and thereafter (beginning October 1 and ending on the immediately succeeding September 30).

EXHIBIT 2

Existing Service Connection Points Locations Off 12" Water Pipeline

1. **Within DeSoto County: Southwest corner of Section 30, Township 39 South, Range 23 East, along DeSoto/Sarasota County Line**
2. **Approximately 2300 feet north of the DeSoto/Charlotte County line along King's Highway**

EXHIBIT "A"
(includes A-1 through A-8)

"PROJECT PLAN"

(PEACE RIVER OPTION)
(SWFWMD PROJECT #F006)

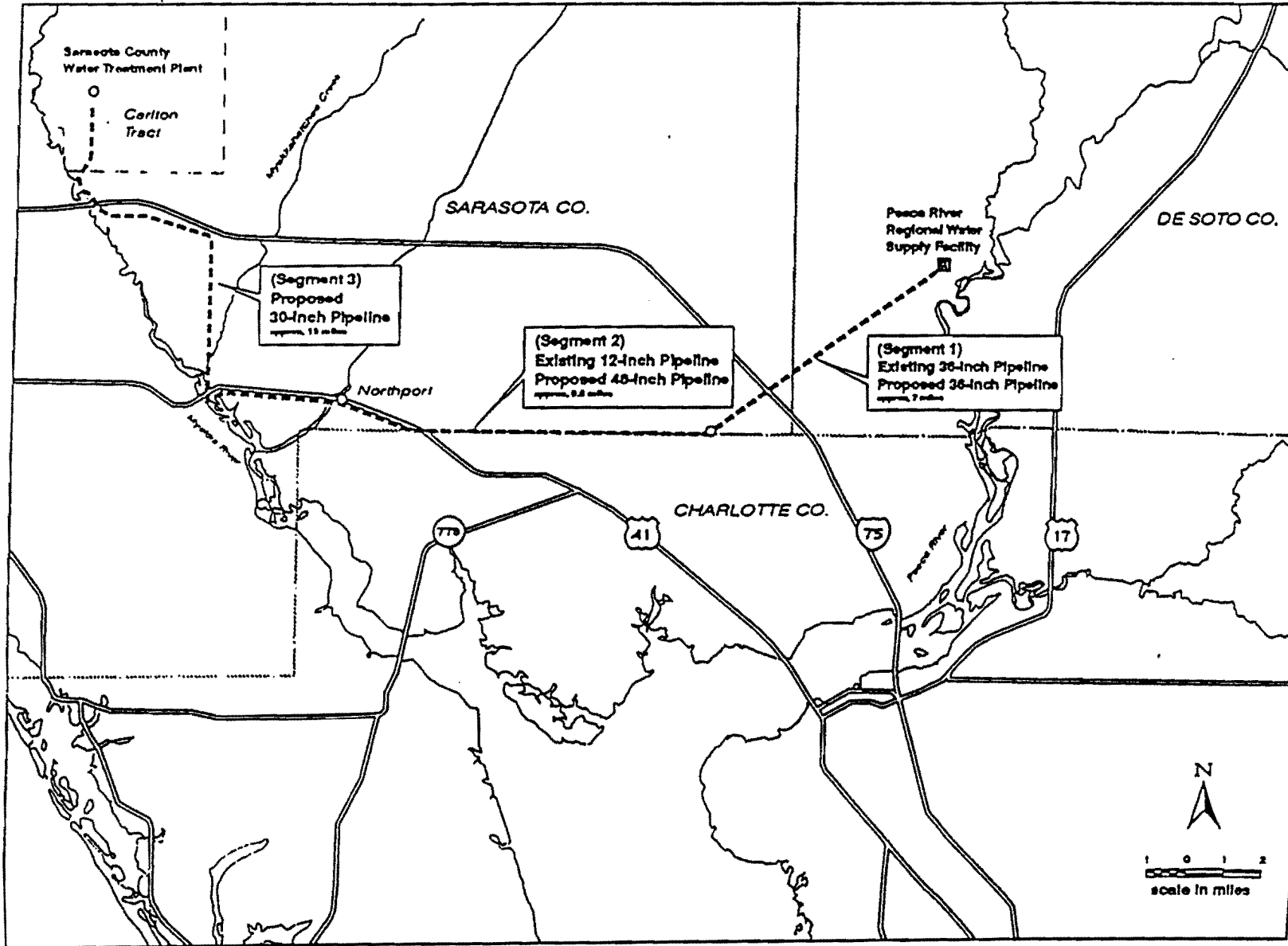
The Peace River/Manasota Regional Water Supply Authority (AUTHORITY) shall carry out the "Peace River Option" PROJECT PLAN to expand its water supply and distribution system to meet the regional demands of its regional customers. Pursuant to this PLAN, the AUTHORITY shall: (i) increase the existing supply capacity from 12 to 18 million gallons per day (mgd); (ii) construct the number of Aquifer Storage and Recovery (ASR) wells necessary to support the expanded capacity as an inexpensive method of additional off-stream storage; and, (iii) construct a regional, interconnecting pipeline for use by the AUTHORITY'S regional customers consisting of approximately 30 miles of new pipelines. This PROJECT will help reduce the regional member government's reliance on ground water for public supply purposes. The proposed pipeline will also be available for use as an emergency back-up transmission main in the event the Peace River supply were to be rendered temporarily unavailable.

The AUTHORITY shall perform its services under this Agreement in accordance with the representations set forth in each page of this Exhibit. Significant deviation from any of the representations set forth in this Exhibit without the written consent of the DISTRICT shall be deemed a breach of this Agreement. "Significant deviation" shall mean a deviation in an important and meaningful manner. The DISTRICT shall not act in an arbitrary or capricious manner.

EXHIBIT A-1

APPROVED BY
AUTHORITY BOARD
OCT - 4, 1995
____/____/____

The Peace River Option



APPROVED BY
 AUTHORITY BOARD
 OCT - 4 / 1995

**Peace River/Manasota Regional
 Water Supply Authority**
 Potential Transmission and Delivery Layout

- Potential Water Service Supply Locations
- Potential Transmission Lines

FL 961922 B 360 P 1050
 CO:DESOTO ST:FL

Recommended Future Regional Sources

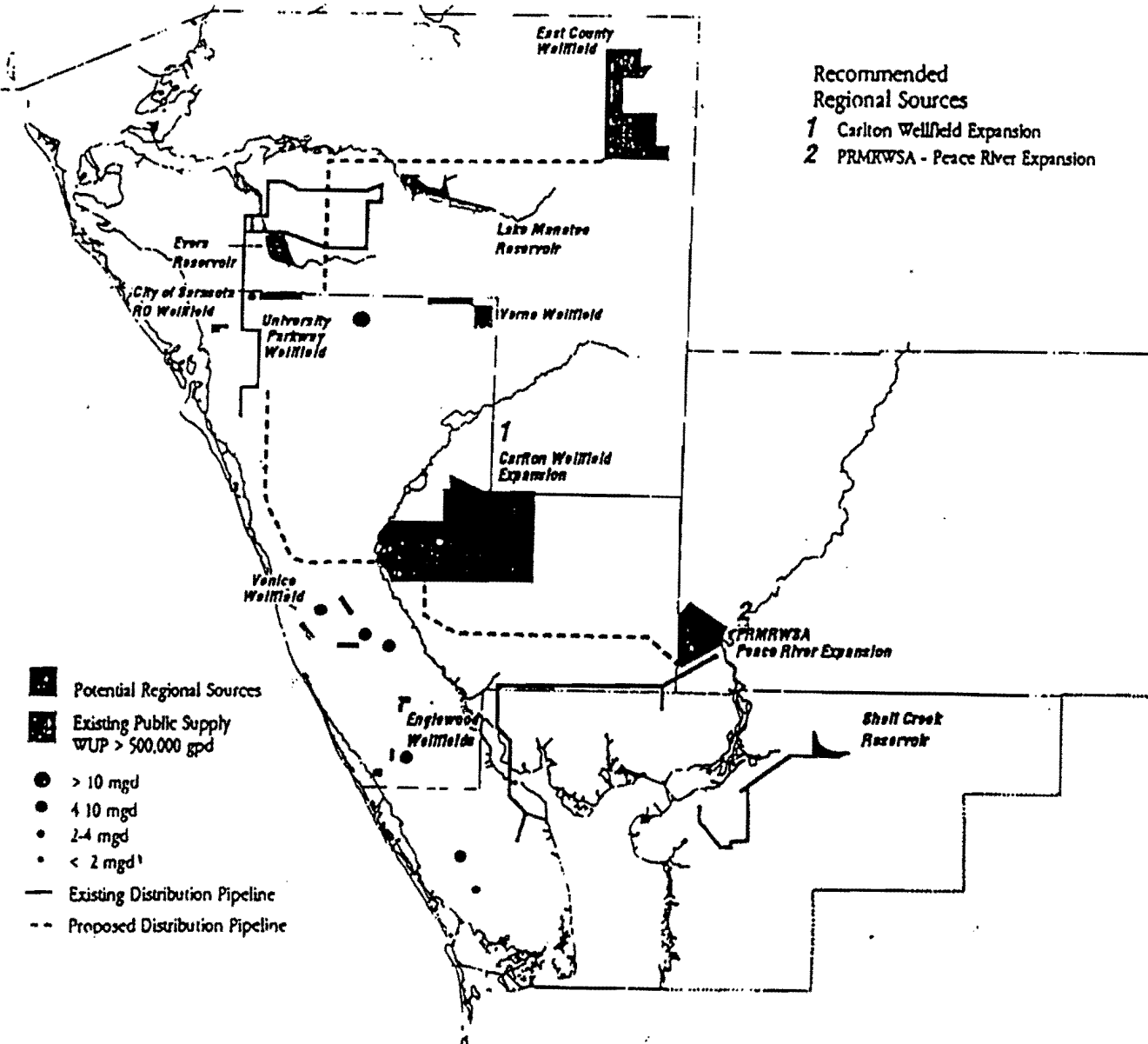


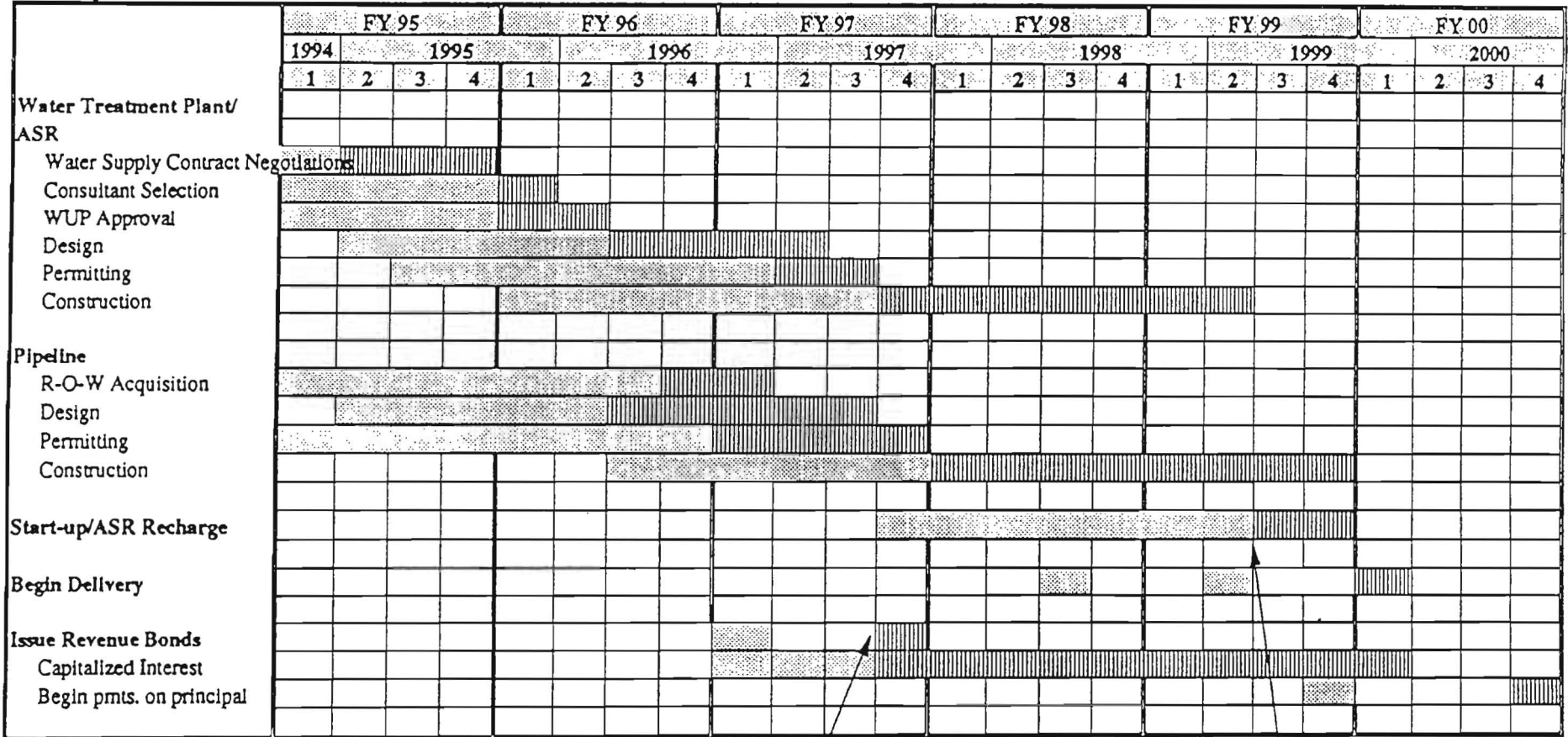
Figure 6 3-1 Recommended future regional sources for the Southern District Water Demand Planning Area.



APPROVED BY
 AUTHORITY BOARD
 OCT - 4, 1995

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PEACE RIVER OPTION

Project Schedule



 Original Projections
 Current Projections

Issuance of revenue bonds will be subject to commitment of all NWSI funding, advice of Financial Advisor and project cash flow needs.

Billing to begin upon onset of ASR operations - projected 4/1/99

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DELIVERY SCHEDULE
 (SUBJECT TO FINAL WATER SUPPLY CONTRACT ALLOCATIONS)

DELIVERY YEAR	SARASOTA CO.		DESOTO CO.		TOTAL	
	TOTAL ANNUAL QUANTITY (MGD)	PEAK MONTH QUANTITY (MGD)	TOTAL ANNUAL QUANTITY (MGD)	PEAK MONTH QUANTITY (MGD)	TOTAL ANNUAL QUANTITY (MGD)	PEAK MONTH QUANTITY (MGD)
Initial Year	2.546	3.055	0.080	0.096	2.600	3.120
2nd	3.329	3.995	0.080	0.096	3.400	4.080
3rd	4.211	5.053	0.090	0.108	4.300	5.160
4th	5.190	6.228	0.110	0.133	5.300	6.360
5th and Remaining Years	5.875	7.050	0.125	0.150	6.000	7.200

Delivery Year: The Initial Year is the period between the final completion of facilities construction and ending on the immediately following September 30. Succeeding Delivery Years begin on each October 1, and end on the immediately following September 30.

MGD: Total Annual Quantity and Peak Month Quantity are converted to average daily units expressed as Million Gallons per Day (MGD).

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Pre-Engineering
Estimated Project Costs

Peace River Facility 6 mgd Expansion
Estimated Cost Schedule

Estimated Project Costs		FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	Total
Water Treatment Plant 6 mgd								
Water Supply Agreement Negotiation	30,000	30,000						30,000
Water Use Permit Application	20,000	20,000						20,000
Engineering	770,679		154,136	308,272	192,670	115,602		770,679
Permitting	128,447		0	128,447	0			128,447
Construction	5,137,860		0	1,027,572	2,568,930	1,541,358		5,137,860
Reimb for prelm. project costs	264,000				264,000			264,000
Reimb to Char Co for Excess Capa.	0							0
Total WTP	6,350,986	50,000	154,136	1,464,290	3,025,600	1,656,960	0	6,350,986
ASR								
Water Use Permit Application	20,000	20,000						20,000
Engineering *	1,072,418		214,484	428,967	268,104	160,863		1,072,418
Permitting *	178,736			178,736				178,736
Construction *	7,149,450			1,429,890	3,574,725	2,144,835		7,149,450
Total ASR	8,420,604	20,000	214,484	2,037,593	3,842,829	2,305,698	0	8,420,604
Pipeline Segment #1 36-inch								
R-O-W Acquisition	53,939			53,939				53,939
Engineering *	809,078		161,816	242,723	242,723	161,816		809,078
Permitting *	134,846			134,846				134,846
Construction *	5,393,850				2,696,925	2,696,925		5,393,850
Reimb to Char Co for Excess Capacity	0							0
Total Seg 1	6,391,712	0	161,816	431,508	2,939,648	2,858,741	0	6,391,712
Pipeline Segment #2 48-inch								
R-O-W Acquisition	1,300,793			1,300,793				1,300,793
Engineering *	1,300,793		260,159	325,198	325,198	390,238	0	1,300,793
Permitting *	216,799			216,799				216,799
Construction *	8,671,950			0	3,468,780	5,203,170	0	8,671,950
Total Seg 2	11,490,334	0	260,159	1,842,789	3,793,978	5,593,408	0	11,490,334
Pipeline Segment #3 30-inch								
R-O-W Acquisition	1,282,365		0	1,282,365				1,282,365
Engineering *	1,282,365		256,473	320,591	320,591	384,710	0	1,282,365
Permitting *	213,728			213,728				213,728
Construction *	8,549,100			0	3,419,640	5,129,460	0	8,549,100
Total Seg 3	11,327,558	0	256,473	1,816,684	3,740,231	5,514,170	0	11,327,558
Total Pipeline	29,209,604	0	678,447	4,090,981	10,473,858	13,966,318	0	29,209,604
Estimated Total Project Cost	43,981,193	70,000	1,047,066	7,592,864	17,342,287	17,928,976	0	43,981,193

* Allowable uses of SWFWMD funds (except that no SWFWMD funds shall be used for expenses relating to the Water Use Permit).

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Pre-Engineering
Estimated Project Costs

Peace River Facility 6 mgd Expansion
Estimated Cost Schedule

Estimated Revenue Requirement By Year

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	Total
Estimated Project Costs	(70,000)	(1,047,066)	(7,592,864)	(17,342,287)	(17,928,975)	0	(43,981,193)
USEPA Grant *	186,000						186,000
SWFWMD Grant	0	892,932	2,239,401	9,994,824	7,872,843		21,000,000
Balance of Funds Required by Year	116,000	(154,134)	(5,353,463)	(7,347,463)	(10,056,132)	0	(22,981,193)
Estimated Cash Balance By Year	116,000	(38,134)	(5,391,598)	(12,739,060)	(22,795,193)	(22,795,193)	

* Disbursement of Federal funds are anticipated but are not yet received.

Application of Grant Funds By Project Component

Project Component	Estimated Project Cost	USEPA * Grant	SWFWMD Grant	Participant Project Cost
WTP	6,350,986		0	6,350,986
ASR	8,420,604		1,000,000	7,420,604
Pipeline Seg. 1	6,391,712		3,000,000	3,391,712
Pipeline Seg. 2	11,490,334		8,000,000	3,490,334
Pipeline Seg. 3	11,327,558		9,000,000	2,327,558
	43,981,193	0	21,000,000**	22,981,193

* Disbursement of Federal funds are anticipated but are not yet received.

** Subject to allowable reductions resulting from receipt of Federal funds.

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Pre-Engineering
Estimated Project Costs

Peace River Facility 6 mgd Expansion
Estimated Cost Schedule

Allocation of Estimated Project Costs

Allocation	6 mgd	WTP	ASR	Pipe Seg 1	Pipe Seg 2	Pipe Seg 3	
Sarasota County	5.875 mgd	97.92%	97.92%	98.21%	100.00%	100.00%	
DeSoto County	0.125 mgd	2.08%	2.08%	1.79%	0.00%	0.00%	
	6.000 mgd	100.00%	100.00%	100.00%	100.00%	100.00%	
Cost of Allocation							Total
Sarasota County		6,218,673	7,266,008	3,331,001	3,490,334	2,327,558	22,633,573
DeSoto County		132,312	154,596	60,712	0	0	347,620
		6,350,986	7,420,604	3,391,712	3,490,334	2,327,558	22,981,193

(Subject to final water supply contract allocations)

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Exhibit A-8