

Interlocal Agreement between City and Okaloosa County

1564 Percy L Coleman Road

- Section 3 Effective from date last signed for 30 years with 2 auto extensions of 10 year each
- Section 4(A) County will bill City for water and wastewater connection
- Section 4(B) 3% increase
- Section 4(C) Extreme Wet Weather Ceiling for City wastewater
- Section 5(A) County will lease City Tertiary Treatment System for \$1.00/ year
- Section 5(B) option to convey Tertiary System to County
- Section 5(D) County responsible for permitting / operation / repair / maintenance of system
- Section 5(F) County exclusive responsible for treatment / disposal all wastewater from City's Service Area with allowance for future annexation
- Section 6(A) County provides 1.55million gal/day reclaimed water at no charge
- Section 6(B) limit service interruptions
- Section 6(D) City responsible to monitor ground water
- Section 9(B) County responsible for installation and annual certification of flow meters at point of connection and to provide report to the City after Meter certification

WASTEWATER SERVICE INTERLOCAL AGREEMENT

THIS WASTEWATER SERVICE INTERLOCAL AGREEMENT ("Agreement") is made and entered into this 11th day of August, 2009, by and between OKALOOSA COUNTY, a political subdivision of the State of Florida ("the County"), whose mailing address is 1804 Lewis Turner Boulevard, Suite 100, Ft. Walton Beach, Florida 32547 and the CITY OF FORT WALTON BEACH, a municipal corporation organized under the laws of the State of Florida ("the City"), whose mailing address is 107 SW Miracle Strip Parkway, Florida 32548.

WHEREAS, the City provides water, wastewater and reclaimed water services in its service area in Okaloosa County, Florida, as identified in Appendix "A" ("City Service Area"); and

WHEREAS, the County is constructing a 10 million gallon per day ("MGD") Arbennie Pritchett Water Reclamation Facility and effluent disposal facility (collectively, the "APWRF") to receive and treat wastewater collected from areas currently served by the Okaloosa County Water and Sewer Department ("County Service Area"); and

WHEREAS, the APWRF is located on Eglin Air Force Base property at 250 WS Roberts Blvd., Fort Walton Beach, FL; and

WHEREAS, the City currently owns and operates a 4.50 MGD wastewater treatment plant and effluent disposal system, located on City-owned property at 1564 Percy L. Coleman Road, Fort Walton Beach, FL, a collection system, and reclaimed water system within the City Service Area; and

WHEREAS, the City and the County acknowledge a responsibility to provide wastewater services to their respective service areas as efficiently as possible; and

WHEREAS, the City and the County have negotiated a method for the County to provide wastewater treatment and disposal services and reclaimed water to existing and future customers within the City and County Service Areas; and

WHEREAS, the current population and wastewater flow projections show demand for service within the City Service Area that can be accommodated by the APWRF; and

WHEREAS, the County presently has available capacity and expansion capabilities at the APWRF that can be used to serve the immediate and foreseeable future demand in the City Service Area; and

WHEREAS, the City Council has determined it to be in the best interest of the City for the County to provide wastewater treatment and disposal services and reclaimed water within the City Service Area; and

WHEREAS, subject to the terms and conditions set forth below, the County desires to provide wastewater treatment and disposal services and reclaimed water to the City Service Area and the City desires to accept the wastewater treatment and disposal services and reclaimed water provided by the County.

NOW, THEREFORE, in consideration of the foregoing and the mutual obligations set forth below, the parties, intending to be legally bound, agree as follows:

SECTION 1. RECITALS.

The recitals set forth above are true and accurate and are incorporated in this Agreement herein.

SECTION 2. APPENDICES.

The following Appendices are attached and incorporated by reference.

- Appendix A - City Service Area Map
- Appendix B - City Tertiary Treatment System
- Appendix C - List of Displaced City Employees and Positions
- Appendix D - Okaloosa County Rate Scenarios for Proposed Four Year Rate Plan
- Appendix E - City & County Population Projection from Comprehensive Plans
- Appendix F - Executive Summary of APWRF Specifications
- Appendix G - City & County Monthly and Annual Billing Cycles
- Appendix H - Current Inter-Utility Emergency Water Rate Schedule

SECTION 3. EFFECTIVE DATE AND TERM OF AGREEMENT.

This Agreement shall be effective on the date signed by the last party and shall remain in effect for a period of thirty (30) years. This Agreement shall be automatically extended for up to two additional terms for a period of ten (10) years for each extension term. Such extensions shall automatically take effect unless the parties give notice of termination pursuant to the terms of termination in Section 13 below.

SECTION 4. MONTHLY RATES FOR WASTEWATER TREATMENT AND DISPOSAL SERVICE.

(A) On a monthly basis, the County shall bill the City and the City shall pay for the wastewater treatment and disposal services provided under this Agreement at a rate equal to \$2.46 per each 1,000 gallons of wastewater flow as measured by a magnetic flow meter located at the point of connection at the City's discharge point into the County's influent main into the APWRF (the "Base Charge"). Additionally, the City shall pay to the County the Sewer Readiness To Serve Fee, for one thirty inch (30") raw wastewater connection, which shall be equal to \$3750.00 per month (the "Readiness to Serve Fee").

(B) Beginning March 1, 2011 and each March 1st thereafter that this Agreement is in effect, the Base Charge and the Readiness to Serve Fee shall increase by an amount equal to 3% annually. The County shall not require the City to pay surcharges for the provision of its service outside of the County's service area, which includes the entire City Service Area and any other service area that the City may annex in the future.

(C) During periods of Extreme Wet Weather flow events, the County shall establish a ceiling for the maximum average daily flow that will be used to calculate the Sewer Usage Charges for that period. Extreme Wet Weather (EWW) flow shall be defined as a specified event in which the average daily flow (ADF) for a continuous forty-eight (48) hour period is equal to or greater than 2.0 times the previous continuous thirty (30) day ADF, then the County shall establish a billable ceiling for the EWW period at an amount equal to 2.0 times the continuous thirty (30) ADF for the period immediately prior to the event.

SECTION 5. LEASE OF THE CITY'S TERTIARY TREATMENT SYSTEM.

(A) The City agrees to lease to the County its existing tertiary treatment system, including the property upon which it is located, (the "Tertiary System"), consisting of the mechanical, structural, electrical, and instrumentation and control (I&C) components of the equipment and unit processes described herein, 1) the piping from the connection point of the County's raw sewage piping along Roberts Road and the City's 30-inch influent pipeline; (2) the piping from the connection point of the County's reuse piping along Roberts Road and the City's 30-inch influent pipeline to the connection point of the influent piping to the effluent filtration process; (3) effluent filters and associated equipment; (4) chlorine contact basin and chlorination system; (5) final reuse water pump station; (6) two secondary clarifiers, scum pumping stations, and interconnecting piping; (7) terminating at the connection of the final reuse pump station discharge piping and the City's 10-inch and 16-inch diameter reuse pipelines. The Tertiary System is more particularly described in Appendix B, which is attached hereto. The Tertiary System shall not include the lines and equipment from the effluent filtration process to the City's two million gallon ground storage tank at the City's

Golf Club (the "City's Reclaimed Distribution System"). For such lease, the County shall pay to the City the sum of one dollar (\$1.00) per year for each year of this Agreement including any extensions thereto. Prior to the approval and execution of this Agreement, the County has been allowed to inspect the Tertiary System of the City, and agrees to accept the system under the lease "as is" at the time of the execution of this Agreement. However, the County does not assume any liability or responsibility under the lease for any environmental contamination which may be present on the site of the Tertiary System.

(B) This lease contains a provision for the conveyance of the Tertiary System to the County under the following circumstances. Following the execution of this lease, in the event that the City desires to convey the Tertiary System to the County, the City shall provide written notice to the County of its intent to begin the conveyance process.

(1) The City shall then cause to be performed, by an independent consultant, a Phase I and Phase II Environmental Assessment on the site of the Tertiary System. The cost of the Phase I and Phase II Environmental Assessment shall be the sole responsibility of the City. The City shall provide a copy of the Environmental Assessment to the County for its review. The County shall have sixty (60) days to review the Environmental Assessment.

(a) In the event that the results of the Environmental Assessment demonstrate that there is no contamination of the property upon which the Tertiary System is located, which exceeds acceptable levels meeting all local, state and federal guidelines, or it reflects contamination that exceeded acceptable levels meeting all local, state and federal guidelines, but the City has fully remediated such contamination, then the City shall convey to the County and the County shall accept ownership of the Tertiary System. Such conveyance shall be by warranty deed in a form acceptable to the County. The County shall pay the sum of ten dollars (\$10.00) for the conveyance of the Tertiary System.

(b) In the event that the Environmental Assessment determines the presence of contaminants on the Tertiary System, or the property upon which it is located, which exceeds acceptable levels meeting all local, state and federal guidelines and the City is unwilling to remediate such contamination, then the obligation of the County to acquire this property shall be null and void and this Agreement shall continue as a lease and governed by those terms relating to the lease.

(2) Additionally, upon receiving written notice of the City's intent to begin the conveyance process, the County may seek, at its expense, an examination of the evidence of merchantable title of the City in the Tertiary System, performed by a qualified title insurance company authorized to do business in the State of Florida. Within ten (10) business days of receipt of the results of the examination, the County shall provide written notice to the City of

any defects in or objections to the title along with a copy of the examination results. Within ten (10) days of receiving the County's notice of defects in or objections to title, the City, at its option, may either correct those defects or objections in title or withdraw its notice to convey the Tertiary System to the County.

(C) In addition the lease of the Tertiary System and the property upon which it is located, or its conveyance under Section 5 (B), the City shall either assign to the County, or convey under the provisions of Section 5 (B), all easements, licenses or rights of access held by it for the lines and facilities of the Tertiary System or provide an alternative, acceptable to the County, to enable it to obtain ingress and egress to the lines and other facilities for the provision of maintenance and improvements to the Tertiary System.

(1) In the event that an easement, license or right of access assigned to the County by the City, or conveyed under Section 5 (B), for the lines and facilities of the Tertiary System, is subsequently released, revoked, expires or otherwise becomes without force and effect, then the County shall be responsible for obtaining acceptable access to provide maintenance to such lines and facilities. The lines which shall be the responsibility of the County to maintain access shall consist of the transmission lines from APWRF to the sand filter at the Tertiary System and reject lines from the Tertiary System back to the APWRF.

(2) The City shall not convey or assign to the County any easement, license or right of access of the City's Reclaimed Distribution System and in the event that such easement, license or right of access is subsequently released, revoked, expires or otherwise becomes without force and effect, then it shall be the exclusive responsibility of the City to obtain acceptable access to provide maintenance to such lines and facilities. The lines which shall continue to be the responsibility of the City shall consist of the reclaim water mains from the Tertiary System to the City's Ground Storage Tank at the City's Golf Course.

(D) As of the effective date of this Agreement, the County shall be responsible for the permitting, operation, repair and maintenance of the Tertiary System. In the event that a capacity expansion of the Tertiary System is required, the cost of such improvements shall be the responsibility of the City in proportion to the extent that the expansion is necessary to provide service to the City Service Area.

(E) The City shall retain the responsibility for the operation, maintenance, and repair of the City's Wastewater Collection System and the City's Reclaimed Distribution System, including any future reclaimed water distribution, transmission, and storage systems downstream of the Tertiary System as contained on Appendix B to this Agreement.

(F) During the term of this Agreement and for any extensions, the County shall exclusively provide for the treatment and disposal of all of the wastewater generated from within the City's Service Area, including any future annexations. Other service areas, acquired by the City after the effective date of this Agreement, may be included under the terms of this Agreement if consented to by the County. Such exclusivity shall not prevent the City from the use of reclaimed water acquired from the County under the terms of this Agreement.

SECTION 6. RECLAIMED WATER SERVICE.

(A) During the term of this Agreement, including any extension thereto, the County shall deliver up to the maximum permitted capacity of the Tertiary System, obtained from the City under either the lease or conveyance as set forth in this Agreement, or 1.55 million gallons per day (annual average daily flow), whichever is greater, of reclaimed water to the City, without charge, for its use or resale within the City Service Area ("Guaranteed Reclaimed Amount"). It is agreed by the parties that the current maximum permitted capacity of the Tertiary System is 1.55 million gallons per day (annual average daily flow).

(B) The County acknowledges the City's reliance on a reliable and continuous supply of reclaimed water necessary for the irrigation of the City Service Area. As such, the County agrees to limit service interruptions to only those necessary for the maintenance and upkeep of the Tertiary System components and shall be no longer in duration than four (4) days, except where the service interruption can not be remedied within that time period as the cause of such interruption is located in areas where either easements, licenses or rights of access held by the City have either expired or are otherwise no longer valid. During this four (4) day period, the County shall have no obligation to provide either an alternative water source or reimburse the City for the cost of any water used for irrigation purposes at the City's Golf Club. In the event that a service interruption exceeds four (4) days, the County agrees to provide water from alternative sources for the irrigation needs of the City's Golf Club. The City shall pay to the County for this alternative water source at the then existing Inter-Utility Emergency Water Rate as currently contained in Appendix H, or as that rate may be subsequently amended.

(C) During the term of this Agreement, the County shall be responsible for all permitting requirements pursuant to Florida law and regulations for the reclaimed water system within the City Service Area including but not limited to the quality of the water coming from the effluent filtration system.

(D) During the term of this Agreement, the City shall be responsible for all ground water monitoring pursuant to Florida law and regulations for the reclaimed water system within the City Service Area. In the event that there is

a violation of the terms and provisions of the County's permits as a result of the failure to comply with any provision of Florida law or regulations in relation to the ground water monitoring within the City's Service Area, and such violation is not the result of violations of Florida law and regulations relating to the quality of water discharged from the effluent filtration system, then the City shall hold the County harmless from any cost relating to that failure to comply.

SECTION 7. COLLECTION SYSTEM FACILITIES.

The City, at its own expense shall design, permit, construct and operate the City's Collection System, including any required pumping stations, force mains, and appurtenant facilities up to the Point of Connections to the County's wastewater facilities. All facilities shall be designed, permitted, and constructed in conformance with all applicable local, state, and federal laws permits, rules, and regulations.

SECTION 8. POINT OF CONNECTION.

The point or points of connection to the County's raw wastewater influent mains and reclaimed water mains shall be determined and approved by the County after consultation with the City ("Points of Connection"). The Points of Connection shall be determined as the actual physical location of the connection to the County's existing main(s). The actual tap connection to the County's raw wastewater influent mains and the reclaimed water mains will be constructed by the County. All costs related to providing the interconnection from the City's existing wastewater mains to the County's raw wastewater influent mains shall be paid by the County. All of the costs of the Point of Connection between the County's reclaimed water mains and the City's Reclaimed Distribution System, excluding the cost of labor provided by County employees, shall be the responsibility of the City. The County shall invoice the City for the costs of the Points of Connection between the County's reclaimed water mains and the City's Reclaimed Distribution System and will make documentation available to the City for its review demonstrating the cost incurred. The County shall own the Points of Connection and be responsible for any maintenance thereof

SECTION 9. METER INSTALLATION AND TESTING.

(A) The County shall construct, install, maintain, and have calibrated, at least annually, a master magnetic flow meter at each Point of Connection to automatically measure and record the total flow conveyed from or to the City, as described elsewhere in this Agreement.

(B) The County shall pay the cost of the installation of a magnetic flow meter on the force main connection between the City's system and the County's influent main to measure and record the total flow discharged from the City

Service Area into the APWRF. The County shall pay for cost of this annual certification of the accuracy of the meter at each Point of Connection by a meter factory certified contractor. The meter readings and calibration reports shall be provided to the City after review by the County within thirty (30) days of receipt of meter certification.

(C) The City shall have the right, upon written request to the County, to have such metering device tested by a meter factory certified contractor in the presence of an authorized and qualified representative of the City. If, as a result of such test, such meter or meters shall be found to be within three percent ($\pm 3\%$) of the accurate or true reading, then the costs of such test shall be paid by the City, but otherwise the cost shall be paid by the County. Should any test show such meter to be substantially inaccurate, then all monthly bills for the prior six (6) months from that testing or the date of the last annual certification of accuracy by the County, which ever is less, (the "Reimbursement Period") shall be adjusted to reflect the accurate rate. A variation in excess of three percent (3%) shall be deemed to represent a result or reading which is substantially inaccurate. Such adjustment shall be made if the testing reflects either an underpayment or overpayment by the City and all monthly bills within the Reimbursement Period shall be adjusted accordingly. Where the difference between the testing and the rate charge is found to be substantially inaccurate, the City shall pay to the County or receive from the County the difference between the wastewater bills invoiced during the Reimbursement Period and the recomputed wastewater bills for that period. Such differences shall be paid within thirty (30) days of the adjustment.

SECTION 10. INITIATION OF SERVICE.

The County shall begin providing wastewater service to the City within thirty (30) days after the City:

(A) And the County enter into this Agreement for the lease of the Tertiary System.

(B) Provides the County with any and all easements, licenses and rights of access necessary for the transmission of treated wastewater to the Tertiary System currently located on City-owned property at 1564 Percy L. Coleman Road in Fort Walton Beach, Florida; and

(C) Provides the County with the permit information, record drawings, operation and maintenance manuals, and other pertinent information and data as may be required for the operation and maintenance of the Tertiary System.

SECTION 11. EMPLOYMENT.

As a result of the assumption of functions by the County, the job functions of City employees, as reflected on Appendix C will be eliminated. As part of this Agreement, the County agrees that those employees reflected on Appendix C will be permitted to apply for vacancies in the County system and will be treated as an internal applicant for employment purposes for a period of one year from the date that service is commenced under this Agreement. Once employed, these individuals will be treated as new employees for all other employment purposes with the County.

SECTION 12. APPROPRIATIONS; FUNDING.

The parties intend to pay for and support the obligations of this Agreement through monthly customer billing revenues earned from the operation of their respective water and wastewater systems. Each party shall have the right to pursue any other means of financing available to it, including but not limited to bonds, reserve funds, and grants or other assistance funds from the US government or the State of Florida.

SECTION 13. TERMINATION, DEFAULT, DISPUTE RESOLUTION.

(A) This Agreement may only be terminated by notice to and the written consent of both parties. Either party may provide written notice of its intent to terminate this agreement; provided, however, this Agreement may not be terminated, either by the City or the County, while Bonds of the City insured by Ambac Assurance, Inc., are outstanding and in the hands of the holders thereof, unless the City has received the prior written consent by Ambac Assurance Corporation. Upon notice and consent of termination by the parties, the parties shall jointly determine the effective date of termination. If the parties consent to terminate this Agreement, the parties agree that until the effective date of the termination:

(1) the County will continue to receive and treat wastewater delivered to its system through the Points of Connection, except as provided for in subsection (B) below;

(2) the City will not add new connections to their collection system beyond those which were physically connected as of the date the written consent to termination was signed by the last party;

(3) the City will continue to compensate the County for its services in accordance with the provisions of this Agreement; and

(4) the City and the County will continue to comply with all provisions of this Agreement until such time as the City ceases to discharge wastewater to the County's system.

(B) If the City fails to pay any monthly invoice from the County, and that

invoice remains unpaid for 90 days from the date of written notice of such nonpayment, the County shall have the right to discontinue service or block the Points of Connection.

(C) The County and the City agree that any disputes arising from this Agreement, other than as stated in Section 13(B), will not be grounds for a material disruption or cessation of service to the City Service Area. In the event of a dispute as to amounts owed between the parties, each party shall have the right to pay to or receive from the other party any disputed amounts without relinquishing its rights to dispute or litigate any amounts so paid or received. The remedies indicated by this paragraph shall be in addition to any other remedy in law or in equity that the County or the City might have. In the event of a material breach of this Agreement which is not cured within ninety (90) days following receipt of written notice of the default, then either party may institute litigation to protect their rights under this Agreement. The prevailing party shall be entitled to a reasonable attorney's fee and costs of such litigation.

(D) As a result of the length of this Agreement, it is recognized that events and conditions may occur which could not be reasonably anticipated or addressed by the parties. As such, it is agreed that it is in the best interest of the public generally to include a procedure which would allow the parties to equitably address these events and conditions within the parameters of this Agreement. Therefore, should events and conditions occur, which materially change the obligations of either party under this Agreement, so that the requirement of performance under the Agreement is no longer fair and equitable to either party, then upon written request of either party to this Agreement, the parties agree to mediate this issue and work in good faith to arrive at a resolution of the issue including the possible amendment of the Agreement. For an event or condition to qualify under this section, it must be such that the occurrence was beyond the control of the parties and which could not reasonably be addressed by either party. Acts of God would qualify as such an event or condition under this section.

SECTION 14. ADDITIONAL COVENANTS.

(A) Except for the services provided by the County pursuant to this Agreement, the County covenants and agrees that the City possesses the exclusive right to provide water and wastewater service to the City Service Area and to all revenues produced from those services. The County shall not provide water or wastewater service to any property within the City Service Area without the prior written consent of the City, except for such property as may already be served by the County on the effective date of this Agreement.

(B) The City covenants and agrees that the County possesses the exclusive right to provide water and wastewater service to the County Service Area and to all revenues produced from those services. The City shall not

provide water or wastewater service to any property within the County Service Area without the prior written consent of the County, except for such property as may already be served by the City on the effective date of this Agreement.

(C) The City shall be responsible for all costs of operation, maintenance, repair, replacement, and any and all other costs related to the City's Wastewater Collection System or the City's Reclaimed Distribution System and the County shall have no responsibility therefore. The City also shall be responsible for all capital costs of construction, expansion, modification, replacement, and repair of the City's Collection System as may be necessary to serve the residents of the City Service Area. The City shall be responsible for all costs of operation, maintenance, repair, replacement and all other cost associated with the reclaimed water system downstream of the existing Tertiary System discharge point.

(D) The County shall be responsible for all costs of operation, maintenance, repair, replacement, and any and all other costs related to the APWRF and up to and including the existing Tertiary System, including all associated upstream effluent piping from the APWRF. The City shall have no responsibility therefore, except for the payment of charges and fees as provided in Sections 3 and 4 herein. Responsibility for the capacity expansion of the Tertiary System shall be governed by Section 5(E). The County also shall be responsible for all capital costs of construction, capacity expansion, modification, upgrade, replacement, and repair of the APWRF, as is necessary to provide service to both the County Service Area and the City Service Area in such time and manner so as to serve the best interests of the affected residents. Notwithstanding the foregoing, if during the term of this Agreement the County shall come under any order of any state or federal agency that requires the County to limit or restrict construction of or connection to the APWRF because of conditions or operations at the APWRF, the City agrees to enforce and abide by such limitation or restriction as long as the same shall be binding upon the County and its other customers. The County agrees to take all steps reasonable, in the County's discretion, to cure on a timely basis any defect resulting in the limitation or restriction imposed by the state or federal agency.

(E) The City shall continue to promulgate and enforce rules, standards, codes, and ordinances to regulate the development, construction, and use of the Collection System. The City shall pay all costs incurred to promulgate and enforce such rules, standards, codes, and ordinances and the County shall not be responsible for such costs.

(F) This Agreement provides for the County to accept delivery of, and to treat, all wastewater flows that the City delivers from the City Service Area to the County through approved Points of Connection. After the effective date of this Agreement, the City shall notify the Okaloosa Water and Sewer Department of any planning and/or negotiation meetings relating to future growth and

development of the Collection System. The City agrees to participate in meetings of the Okaloosa County Technical Review Committee whenever projects being reviewed by the Committee are located within the City Service Area.

(G) This Agreement does not relieve either party of any obligation or responsibility imposed upon it by law except to the extent of actual and timely performance thereof by a party, in which case the performance may be offered in satisfaction of the obligation or responsibility.

(H) While any Bonds of the City insured by Ambac Assurance Corporation ("AMBAC") are outstanding and in the hands of the holders thereof, the County agrees and covenants for the benefit of AMBAC and such holders to engage a firm of qualified and recognized consulting engineers, having a favorable repute for skill and experience in the construction and operation of wastewater treatment and disposal facilities (the "Consulting Engineers") who shall provide the County and City with competent counsel affecting the proper, efficient and economical operation and maintenance of the wastewater treatment and disposal facilities and in connection with the making of capital improvements and renewals and replacements to such facilities. The County shall, at least every five years, cause to be prepared by the Consulting Engineers a report or survey of wastewater treatment and disposal facilities with respect to the management of the properties thereof, the sufficiency of the rates and charges for services, the proper maintenance of the properties of the wastewater treatment and disposal facilities, and the necessity for capital improvements and recommendations therefor. Such a report or survey shall also show any failure of the County to perform or comply with the covenants herein contained.

Copies of each report or survey shall be mailed to the City and AMBAC.

(I) While any Bonds of the County, payable from water and sewer revenues, are outstanding and in the hands of the holders thereof, the City and County agree that this Agreement is not intended to impair any of the County's obligations or covenants under the resolutions authorizing the issuance of such bonds, including, but not limited to, the County's obligations to the holders of such bonds under section 16(e) of Resolution No. 06 – 247 . Nothing herein shall be deemed to prohibit the County from according wholesale rates to the City for its sewage treatment and other services provided hereunder, as may be approved from time to time by the County.

SECTION 15. ENVIRONMENTAL COMPLIANCE.

Both parties shall at all times comply with all local, state, and federal laws, permits, rules, and regulations including, but not limited to, permits, rules, and regulations issued by the Florida Department of Environmental Protection ("FDEP"), or its successor in function, and any other governmental agency with applicable legal authority.

SECTION 16. WASTEWATER QUALITY STANDARDS.

The City agrees to require all entities discharging industrial wastes that contribute to the waste flow to the APWRF to pre-treat said waste to the requirements of applicable City ordinances and standards or the applicable County ordinances and standards, whichever is greater, as well as rules and regulations of FDEP, or its successor in function, prior to any transmission to the APWRF.

SECTION 17. DISCLAIMER OF THIRD PARTY BENEFICIARIES.

This Agreement is solely for the benefit of the parties and no right or cause of action shall accrue to or for the benefit of any third party that is not a formal party hereto. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon or give any person or corporation other than the parties any right, remedy, or claim under or by reason of this Agreement or any provisions or conditions of it; and all of the provisions, covenants, and conditions herein contained shall inure to the sole benefit of and shall be binding upon the parties.

SECTION 18. AUTHORITY.

Each party represents and warrants that it, through its elected board, has the right, power, and authority to execute and deliver this Agreement and to perform all of the obligations stated in it.

SECTION 19. NOTICE.

Any notice or document required to be delivered under this Agreement shall be in writing and shall be deemed received by the other party at the earlier of the date actually received, or five (5) business days after the date deposited in a United States Postal Service depository, postage prepaid, registered or certified mail, addressed to the County or the City as the case may be, at the addresses set forth below:

AS TO CITY OF FORT WALTON BEACH:

City Manager
City of Fort Walton Beach
107 Miracle Strip Parkway
Fort Walton Beach, Florida 32548

AS TO COUNTY:

County Administrator
Okaloosa County
1804 Lewis Turner Boulevard, Suite 400
Fort Walton Beach, Florida 32547

AS TO AMBAC:

Ambac Assurance Corporation
Attention: Surveillance
1 State Street Plaza
New York, New York 10005

SECTION 20. ENTIRE AGREEMENT.

This Agreement constitutes the entire wastewater agreement between the parties and supersedes all prior oral or written agreements pertaining to the collection, distribution, and treatment of wastewater that are now incorporated into this Agreement. All other provisions of agreements between the City and the County not pertaining to wastewater within the City Service Area remain in full effect and are not changed by this agreement. The parties recognize that over the term of this Agreement, extenuating circumstance may occur which requires the modification of this Agreement. The parties agree to work together, in a spirit of cooperation, to jointly resolve issues that may arise in the future. No amendment or modification of this Agreement shall be effective unless set forth in writing and executed by both parties.

SECTION 21. FORCE MAJEURE.

Neither party shall be in default of the terms of this Agreement if such action is due to a natural calamity, act of a government other than either of the parties, or similar force majeure causes beyond the control of either party.

SECTION 22. GOVERNING LAW.

The validity, construction, and performance of this Agreement shall be governed by the laws of the State of Florida.

SECTION 24. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

SECTION 25. CONSTRUCTION.

The parties acknowledge and agree that this Agreement has been drafted jointly by the parties and that no uncertainty or ambiguity as to the proper application or interpretation of the Agreement or any term herein is to be construed against either party as the drafter of the Agreement.

SECTION 26. VENUE.

Venue for any action arising out of this Agreement shall be in Okaloosa County, Florida.

SECTION 27. ASSIGNMENT.

This Agreement shall not be assigned except by consent of the parties.

SECTION 28. INDEMNIFICATION.

(A) Subject to the limitations provided in section 768.28, Florida Statutes, and without otherwise waiving sovereign immunity, the City shall indemnify and hold harmless the County from and against any and all third party claims, demands, damages, losses, and expenses, including attorney's fees and costs, arising out of the County's participation in this Agreement, except for those claims, demands, damages, losses, and expenses arising out of the County's negligence, malfeasance, nonfeasance, or misfeasance.

(B) Subject to the limitations provided in section 768.28, Florida Statutes, and without otherwise waiving sovereign immunity, the County shall indemnify and hold harmless the City from and against any and all third party claims, demands, damages, losses and expenses, including attorney's fees and costs, arising out of the City's participation in this Agreement, except for those claims, demands, damages, losses and expenses arising out of the City's negligence, malfeasance, nonfeasance, or misfeasance.

SECTION 29. SEVERABILITY.

If any portion of the Agreement, the deletion of which would not adversely affect the receipt of any material benefit by either party, is for any reason held or declared to be invalid or unenforceable, such determination shall not affect the remaining portions of this Agreement. If this Agreement or any portion of this Agreement is held or declared to be inapplicable to any person, property or circumstance, such determination shall not affect its applicability to any other person, property or circumstance.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

CITY OF FORT WALTON BEACH

Attest:

Helen G. Spencer
Helen Spencer, City Clerk

By: Mike Anderson
Mike Anderson, Mayor

Approved for form and legal sufficiency.

Joni L. Craig
City Attorney

STATE OF FLORIDA
COUNTY OF OKALOOSA

This instrument was acknowledged before me this 29th day of August 2009 by Mike Anderson as Mayor, and Helen Spencer, as City Clerk, for the City of Fort Walton Beach, a political subdivision. They are personally known to me or have produced _____ as identification.

Laraine Van Etten
Signature of Notary



Name of Notary typed, printed or stamped

Approved as to form:

OKALOOSA COUNTY, FLORIDA

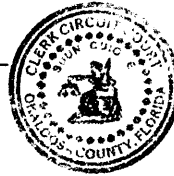
By: [Signature]
Attorney for Okaloosa County

[Signature]
William J. Roberts, III, Chairman



ATTEST:

[Signature]
Clerk of Okaloosa County

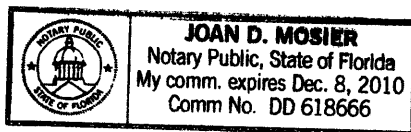


STATE OF FLORIDA
COUNTY OF OKALOOSA

This instrument was 2009 by William J. Roberts, the State of Florida, and Commissioners. He/she acknowledged before me this 4th day of Sept. 2009 on behalf of Okaloosa County, a political subdivision of as Chairman of the Okaloosa County Board of County is personally known to me or has produced _____ as identification.

[Signature]
Signature of person taking notary

Joan D. Mosier
Name of notary typed, printed or stamped



Fort Walton Beach Service Area

Legend

- OCWS
- SHALIMAR
- FWBWS
- MARY ESTHER
- FT WALTON BEACH
- EGLIN

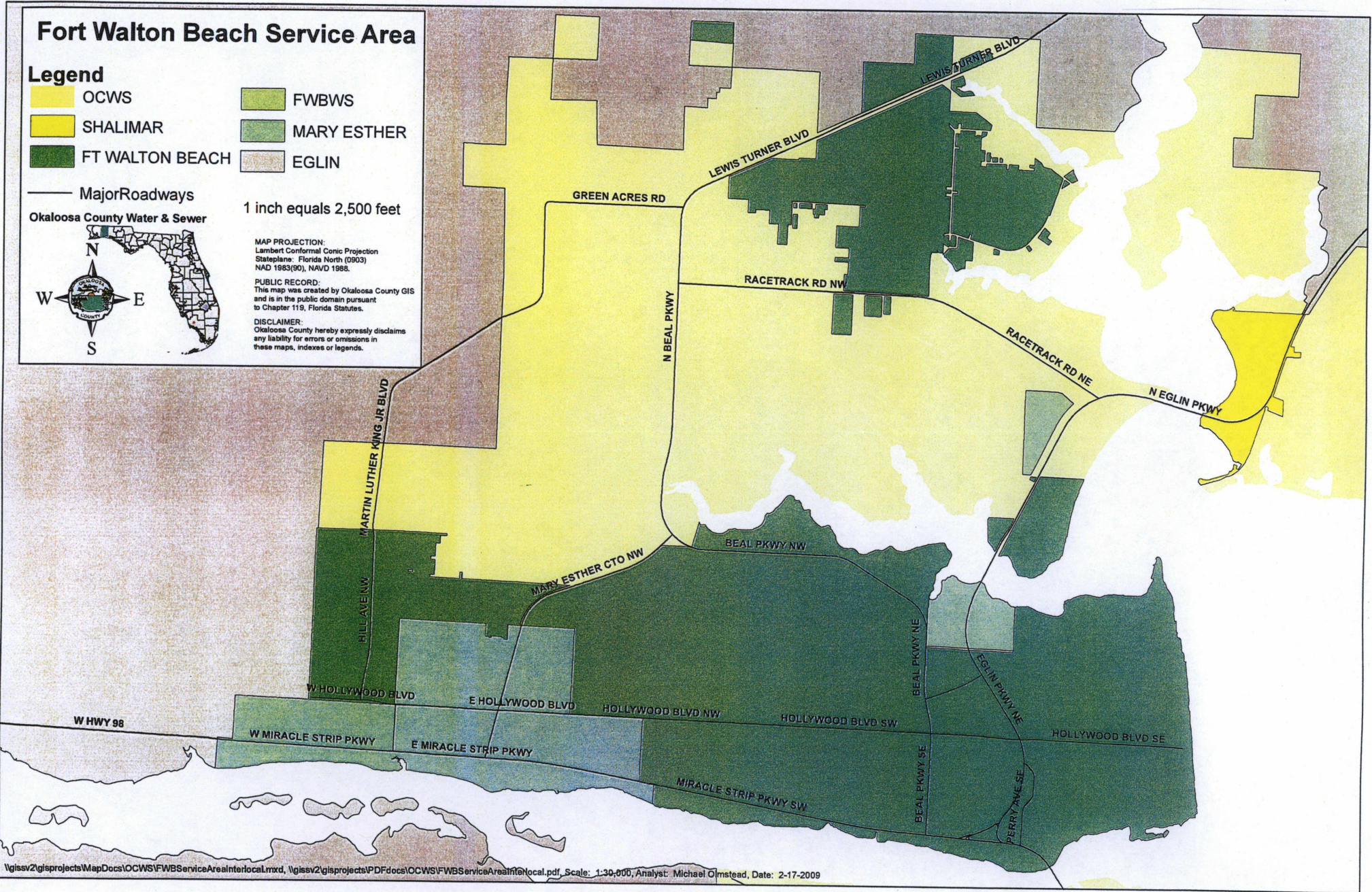
Major Roadways
Okaloosa County Water & Sewer

1 inch equals 2,500 feet

MAP PROJECTION:
Lambert Conformal Conic Projection
Stateplane: Florida North (0903)
NAD 1983(90), NAVD 1988.




PUBLIC RECORD:
This map was created by Okaloosa County GIS
and is in the public domain pursuant
to Chapter 119, Florida Statutes.

DISCLAIMER:
Okaloosa County hereby expressly disclaims
any liability for errors or omissions in
these maps, indexes or legends.



"As part of this Agreement, Okaloosa County is also granted a right of ingress/egress by the City to the "Leased Area" via the existing road network or such alternative access as may be mutually agreeable to the parties."



-  Ingress/Egress
-  OCWS Leased Property
-  FWB Sewer Plant Parcel

MAP PROJECTION:
Lambert Conformal Conic Projection
Stateplane: Florida North (0803)
NAD 1983(90), NAD 1988.

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Okaloosa County Water and Sewer Engineering
June 2009



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Appendix C

List of Displace City of Ft. Walton Beach Employees, with Position Titles

Joseph Jones	Class "A"	Wastewater Superintendent
Larry Kilburn	Class "B"	Wastewater Supervisor
Dan Enfield	Class "C"	Operator
James Brown	Class "C"	Operator
Bruce Burford	Class "C"	Operator
Dean Crane	Class "C"	Operator
Danon Austin	Class "C"	Operator
Melissa Woodall	Class "C"	Laboratory Manager

Rate Adjustment Requirements

Annual Rate Adjustments

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Scenario #1 No Additional Wholesale Sewer Customers	7.00%	5.75%	5.75%	5.75%
Scenario #2 7th Special Forces	5.15%	5.15%	5.15%	5.15%
Scenario #3 Fort Walton Beach	1.00%	3.15%	3.15%	3.15%
Scenario #4 7th Special Forces & Fort Walton Beach	3.15%	3.15%	3.15%	3.15%

Typical Residential Monthly Water & Sewer Bill (6,000 gallons)

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Scenario #1 No Additional Wholesale Sewer Customers	\$ 64.22	\$ 67.91	\$ 71.82	\$ 75.95
Scenario #2 7th Special Forces	\$ 63.47	\$ 67.12	\$ 70.98	\$ 75.06
Scenario #3 Fort Walton Beach	\$ 64.22	\$ 66.63	\$ 69.13	\$ 71.72
Scenario #4 7th Special Forces & Fort Walton Beach	\$ 62.27	\$ 64.61	\$ 67.03	\$ 69.54

Increase in Typical Residential Monthly Water & Sewer Bill

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Scenario #1 No Additional Wholesale Sewer Customers	\$ 4.20	\$ 3.69	\$ 3.91	\$ 4.13
Scenario #2 7th Special Forces	\$ 3.45	\$ 3.65	\$ 3.86	\$ 4.08
Scenario #3 Fort Walton Beach	\$ 4.20	\$ 2.41	\$ 2.50	\$ 2.59
Scenario #4 7th Special Forces & Fort Walton Beach	\$ 2.25	\$ 2.34	\$ 2.42	\$ 2.51



**OKALOOSA COUNTY
PLANNING PROFILE**

PLANNING AREA 32547

DEMOGRAPHICS

Source: *Transportation Statistical Data Report,
Okaloosa-Walton TPO, February, 2006 City-Data.com*

A. GENERAL DEMOGRAPHICS (CONTINUED)

b. Median House Value (2005): \$172,821

c. Estimate of House Values (2005):

\$30,000 to \$34,999 43
\$35,000 to \$39,999 54
\$40,000 to \$49,999 164
\$50,000 to \$59,999 301
\$60,000 to \$69,999 505
\$70,000 to \$79,999 639
\$80,000 to \$89,999 767
\$90,000 to \$99,999 659
\$100,000 to \$124,999 1088
\$ 125,000 to \$149,999 721
\$150,000 to \$174,999 264
\$200,000 to \$249,999 97
\$250,000 to \$299,999 99
\$300,000 to \$399,999 102
\$400,000 to \$499,999 60
Over \$500,000 65

d. Housing Units in Structures:

One, detached: 7061
One, attached: 1012
Two: 295
3 or 4: 845
5 to 9: 924
10 to 19: 475
20 to 49: 388
50 or more: 570
Mobile homes: 1873

e. Number of Houses and Condos

Owner-occupied: 13,402
Renter-occupied: 5383

3. Household Data

a. Average Household Size: 2.3 persons

b. Number of Households: 27,999

4. Income Data

a. Average Adjusted Gross Income (2004): \$39,784

b. Estimated Median Household Income (2005): \$46,357

c. Residents Below Poverty Level (1999): 10.5%

d. Residents Below 50% of Poverty Level (1999): 4.6%

**OKALOOSA COUNTY
PLANNING PROFILE**

PLANNING AREA 32547

DEMOGRAPHICS

Source: Transportation Statistical Data Report,
Okaloosa-Walton TPO, February, 2006 City-Data.com

A. GENERAL DEMOGRAPHICS

1. Population Data

a. Population Estimates

TAZ	Year	2004 Population	2010 Population	2020 Population
32		0	0	0
33		54	68	73
34		561	564	567
35		793	806	806
36		1904	1959	2063
37		260	260	330
38		0	0	0
39		750	784	784
40		0	0	0
41		2728	3137	3408
42		1140	1144	1154
43		496	520	524
44		846	951	963
45		244	244	244
46		832	828	841
47		420	420	420
48		651	651	651
49		1814	1814	1814
50		0	0	0
51		1814	1814	1814
52		896	896	896
53		1010	1010	1010
54		1035	1035	1035
55		610	610	610
56		90	90	93
57		2464	2668	2704
58		323	323	323
59		3088	3088	3124
60		42	42	42
61		1538	1579	1582
TOTALS		30,081	32,064	32,858

b. Population Distribution
Males: 49.8%
Females: 50.2%

c. Median Age: 35 years

d. Population Density: 357.5 persons per square mile

2. Housing Data

a. Dwelling Unit Estimates

TAZ	Year	2004 Units	2010 Units	2020 Units
32		0	0	0
33		22	27	29
34		214	215	216
35		285	300	300
36		643	812	851
37		99	99	125
38		0	0	0
39		357	373	374
40		1109	1259	1357
41		563	565	569
42		305	318	320
43		379	381	386
44		138	138	138
45		473	522	528
46		174	175	175
47		423	426	433
48		1016	1068	1115
49		887	1024	1051
50		491	504	522
51		566	572	587
52		581	576	583
53		31	31	31
54		24	24	25
55		1203	1282	1296
56		612	644	658
57		1190	1151	1204
58		147	150	154
59		581	585	585
60		12,894	13,875	14,012
TOTALS		12,894	13,875	14,012

Appendix F – The Arbennie Pritchett Water Reclamation Facility

Okaloosa County is implementing a \$65M program to construct the new 10 million gallon per day (mgd) Arbennie Pritchett Water Reclamation Facility (WRF) that will replace the aging Garniers Wastewater Treatment Plant (WWTP). The new WRF will provide new and improved technology, will have the capacity to serve a larger service area, will provide enhanced operational performance, and will remove the existing Garniers WWTP from the ever increasing residential congestion at its current location. The new WRF is under construction at the existing Garniers spray field property that is located on Eglin Air Force Base (AFB) property that is leased from the Air Force for this use. Construction is expected to be completed in September 2009.

This program includes several elements

- Design-Build of the 10 mgd Arbennie Pritchett WRF
- Design and Construction of the 25 mgd Garniers Re-pump Station
- Design and Construction of 200 acres of rapid infiltration basins (RIBs)
- Design and Construction of “tie-ins” and new piping and valves to convert 2-20-inch diameter reclaimed water force mains to raw sewer mains
- Design and Construction of new 36-inch diameter raw sewer force main to the new

Arbennie Pritchett WRF

The new WRF will be designed to treat an influent average daily flow of 10 mgd and a peak hourly flow of 25 mgd, based on USEPA Class 1 Reliability Requirements. Provisions for future expansion to 15 mgd and 37.5 mgd respectively, have been incorporated in the design and construction of the headworks, ultra-violet light (UV) disinfection, and effluent pumping facilities. The new WRF will consist of four major process areas and support facilities as described below:

- Pretreatment Process
- Biological Treatment Process
- Effluent Management
- Biosolids Management
- Support Facilities

Pretreatment Process

The pretreatment processes are intended to provide gross removal of large solids and grit to protect downstream equipment. Pretreatment process components consist influent flow monitoring, influent composite sampling, mechanical and manual screening, screenings washing and dewatering equipment, grit removal and handling equipment, odor control, and septage receiving equipment. The pretreatment facilities have been designed and constructed to provide complete redundancy and have the hydraulic capacity to meet an average daily flow of 15 mgd and the future peak hourly flow of 37.5 mgd.

Biological Treatment Process

The biological treatment process is intended to remove or reduce organic constituents, nutrients, and suspended solids from the wastewater. Treatment includes activated sludge bioreactors, secondary clarification, and return activated sludge (RAS) and waste activated sludge (WAS) pumping. The process is designed and constructed to meet the influent loadings based on an average daily flow of 10 mgd and the future peak hourly flow of 25 mgd.

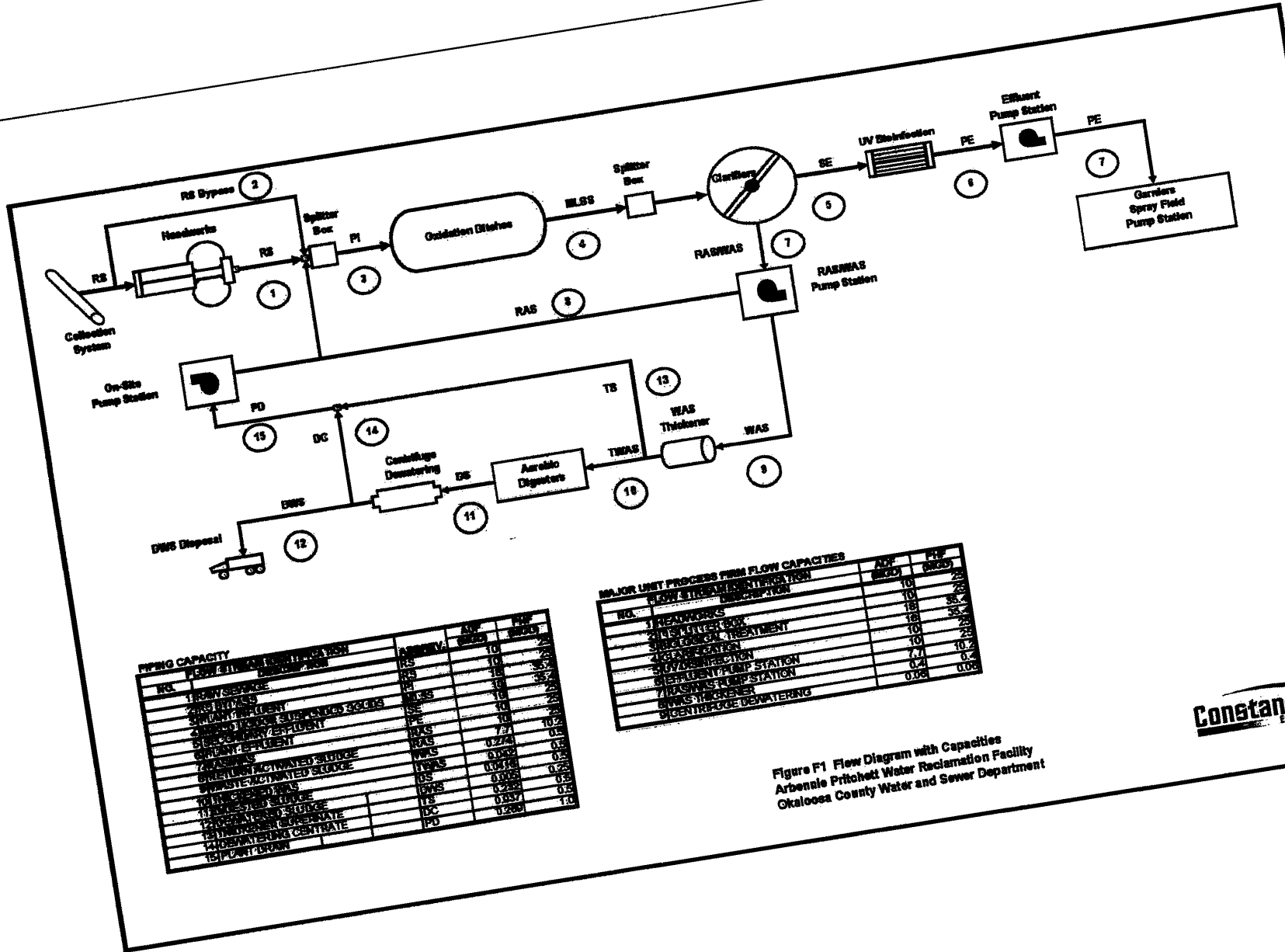
The activated sludge bioreactor system is furnished to provide necessary biological treatment of the wastewater to meet permit conditions, and is designed to reduce carbonaceous biochemical oxygen demand (CBOD), ammonia, nitrite, and nitrate to the prescribed effluent treatment levels, when this process is followed by secondary clarification. The two biological treatment basins are configured with influent entering an anoxic zone to provide both anoxic selector and denitrification when combined with the nitrate rich internal recycle (NRCY) from the aeration zone. The effluent from the anoxic zone flows into the aeration zone for biological treatment and oxidation of the influent CBOD and ammonia. Mixed liquor suspended solids (MLSS) flow from the aerobic zone to a second anoxic/aerobic process where further reduction in the levels of CBOD, nitrate, and nitrite occur before the MLSS flows to the two secondary clarifiers.

The secondary clarifiers provide liquid-solids separation and are designed based on USEPA Class 1 Reliability Requirements. The RAS pumping system is provided to return MLSS that have settled in the secondary clarifiers to the activated sludge biological treatment basins before the first anoxic zone. The WAS pumping system is provided to remove a portion of the MLSS from the secondary clarifiers to the solids digestion process. Figure F1 is a process diagram of the facility.

Effluent Management

Effluent management includes UV disinfection and effluent pumping and an in-plant reclaimed water system for process operations and landscape irrigation. The effluent management structure includes the new UV light disinfection system, as well as the pumping wet well for the effluent and in-plant water pumps. The structure has equipped to handle the current average daily and peak flow of 10 mgd and 25 mgd respectively; but has been designed and constructed to accommodate additional equipment to meet the future average daily and peak hourly flows of 15 mgd and 37.5 mgd. The new UV disinfection system equipment shall disinfect the clarifier effluent to the limits prescribed in the permit. The UV system shall implement low pressure high intensity lamps arranged in open channels where the water shall flow by gravity continuously. The new effluent pumps consist of three vertical turbine pumps designed to pump the peak hourly flow of 25 mgd to the new RIBs.

FIGURE F1 PROCESS FLOW DIAGRAM ARBENNIE PRITCHETT WRF



PIPING CAPACITY			
NO.	FLOW SITUATION	ADP (MGD)	FP (MGD)
1	HEADWORKS	10	25
2	HEADWORKS	10	25
3	HEADWORKS	10	25
4	OXIDATION DITCHES	10	25
5	OXIDATION DITCHES	10	25
6	CLARIFIER	10	25
7	CLARIFIER	10	25
8	CLARIFIER	10	25
9	WAS THICKENER	7.7	10.2
10	WAS THICKENER	0.224	0.5
11	WAS THICKENER	0.052	0.5
12	WAS THICKENER	0.052	0.5
13	WAS THICKENER	0.052	0.5
14	WAS THICKENER	0.052	0.5
15	WAS THICKENER	0.052	0.5
16	WAS THICKENER	0.052	0.5
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98	WAS THICKENER	0.052	0.5
99	WAS THICKENER	0.052	0.5
100	WAS THICKENER	0.052	0.5

MAJOR UNIT PROCESS FLOW CAPACITIES			
NO.	FLOW SITUATION	ADP (MGD)	FP (MGD)
1	HEADWORKS	10	25
2	HEADWORKS	10	25
3	HEADWORKS	10	25
4	OXIDATION DITCHES	10	25
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100	WAS THICKENER	0.052	0.5

Figure F1 Flow Diagram with Capacities
Arbennie Pritchett Water Reclamation Facility
Okaloosa County Water and Sewer Department



APPENDIX F ARBENNIE PRITCHETT WRF

Biosolids Management

Biosolids management facilities are intended to prepare the sludge for land disposal. The processes include sludge thickening, aerated sludge digestion, sludge dewatering, and dewatered sludge loading for offsite disposal. A rotary drum thickener and polymer addition system is provided to thicken the WAS to a concentration of about 5 percent before it is discharged into the digester. Two pre-stressed concrete aerobic digester tanks are provided to treat the biosolids to meet the Class B standards for land application. The digested sludge is conveyed to a centrifuge for dewatering to a concentration of greater than 18 percent. Polymer is applied to enhance the dewatering process. The dewatered sludge shall be discharged from the centrifuge directly to tractor trailers or storage bins for transport to the land application site. The biosolids management unit processes are designed based on the average daily flow of 10 mgd and the assumption that the sludge dewatering units will operate seven hours per day, five days per week.

Support Facilities

Support facilities include a new administration/laboratory building, maintenance building, and other ancillary electrical buildings and facilities, including two 1 mega-watt standby diesel generators design to power the plant operations during extended power outages. Figure F2 provides a site layout of the facility.

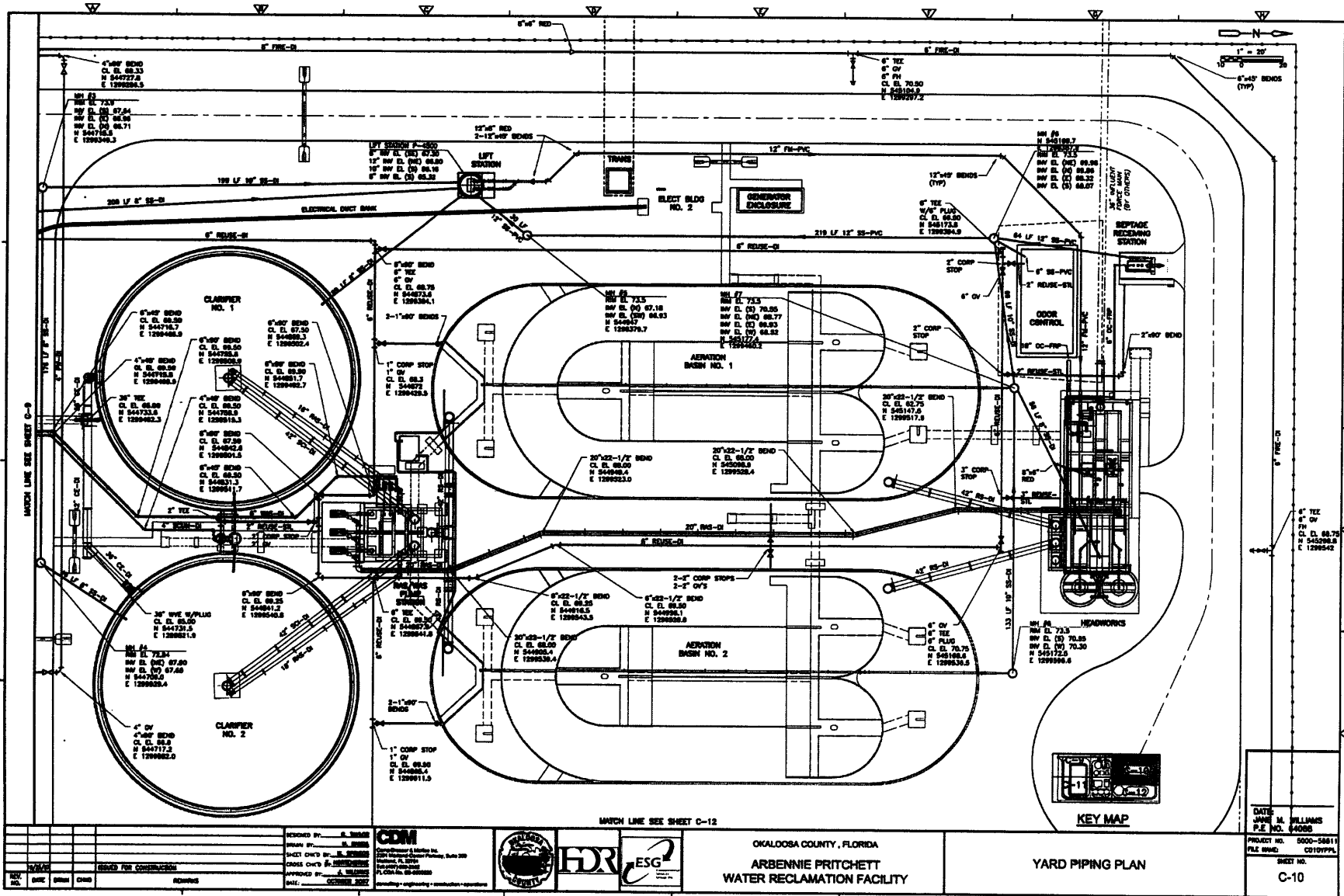
Rapid Infiltration Basins

The effluent disposal phase of the project involves the conversion of a portion of the existing 650-acre sprayfield into a 200-acre rapid infiltration basin system. The new RIB system consists of 18 individual RIBs and is designed to meet the peak flow of 25 mgd. Effluent from the WRF is pumped to the RIBs through 2-30-inch diameter mains; and the system is designed to operate up to two RIBs at peak flow. Figure F3 provides a layout of the RIBs.

Project Status

Construction of the new WRF is approximately 90% complete and the construction of the RIBs is 100% complete. Construction of the WRF is expected to be complete by the end of September of 2009.

FIGURE F2 ARBENNIE PRITCHETT WRF LAYOUT



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 MATCH LINE SEE SHEET C-100

DATE	JAN 11, 2008
DESIGNED BY	M. WILLIAMS
PROJECT NO.	0000-58811
FILE NAME	CD10PPL
SHEET NO.	C-10

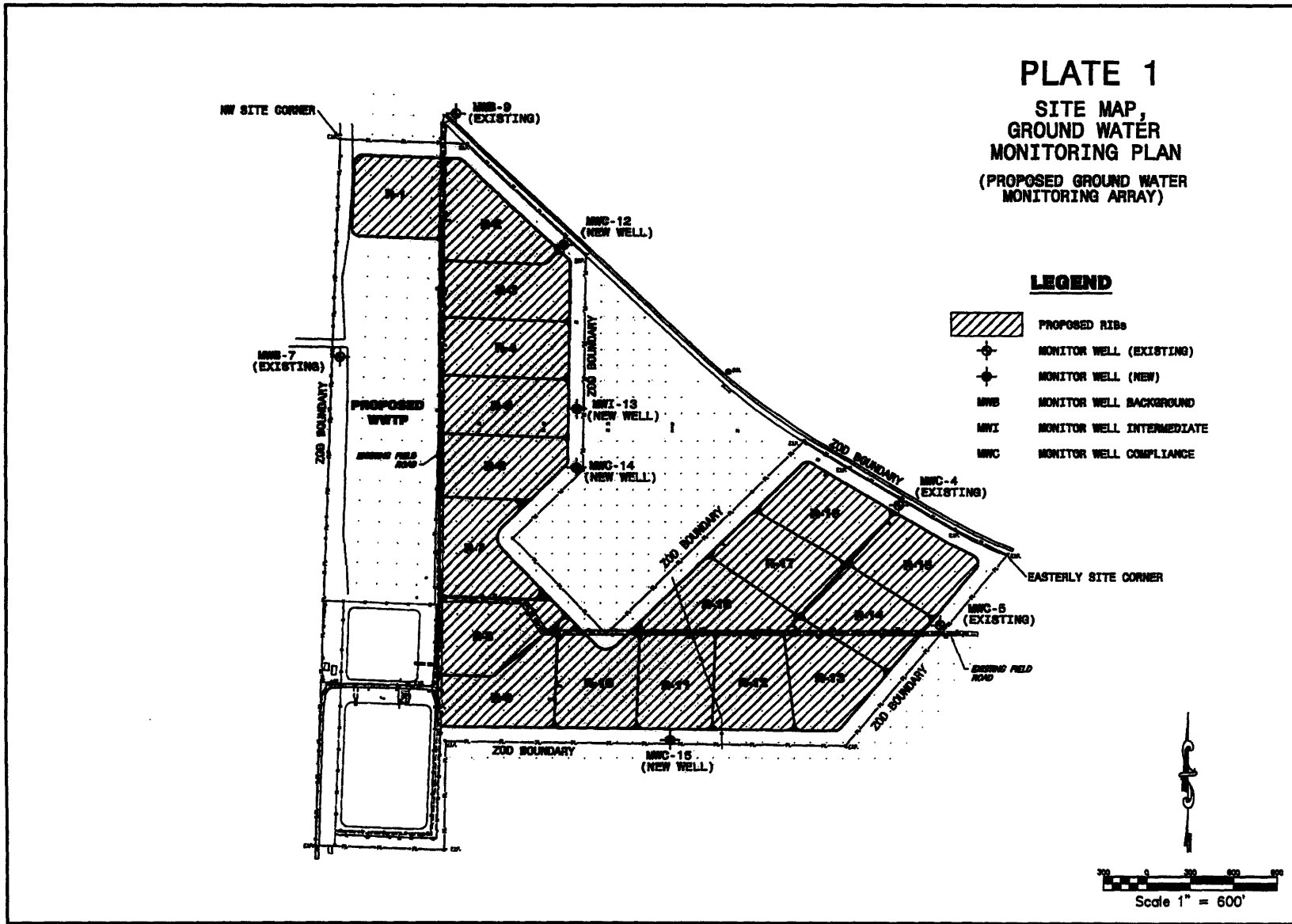
DESIGNED BY: M. WILLIAMS
 DRAWN BY: M. WILLIAMS
 CHECKED BY: M. WILLIAMS
 CROSS CHECKED BY: M. WILLIAMS
 APPROVED BY: M. WILLIAMS
 DATE: OCTOBER 2007

CDM
 CONSULTANTS & ENGINEERS
 10000 North Central Expressway, Suite 200
 Dallas, Texas 75243
 TEL: 972.968.8000
 WWW.CDM.COM

OKALOOSA COUNTY, FLORIDA
 ARBENNIE PRITCHETT
 WATER RECLAMATION FACILITY

YARD PIPING PLAN

FIGURE F3 RIBS LAYOUT



Environmental Engineering, Inc. - (407) 253-1111 10001 S.W. 15th Street, Suite 100, Davie, FL 33317 - 407-253-1111

ENVIRONMENTAL ENGINEERING, INC. PROFESSIONAL ENGINEERS 10001 S.W. 15th Street, Suite 100 Davie, Florida 33317 Phone: (407) 253-1111 Fax: (407) 253-1112
ENVIRONMENTAL ENGINEERING, INC. PROFESSIONAL ENGINEERS 10001 S.W. 15th Street, Suite 100 Davie, Florida 33317 Phone: (407) 253-1111 Fax: (407) 253-1112
DATE: MARCH 2007 PROJECT NO: 07-014
SHEET NO. OF

Appendix G

Okaloosa County Water & Sewer Monthly Billing Cycle to the City of Ft. Walton Beach

To Whom It May Concern:

Roberts Road is billed in Cycle 3, Route 2.

The read date is between the 14th and the 18th of the month.

The bill date is between the 26th and the 30th of the month.

The due date is between the 16th and the 20th of the month.

The above is our current monthly billing cycle as of February 2009,
and is subject to change.

Debra Overmoe, Water & Sewer Customer Service Supervisor
dovermoe@co.okaloosa.fl.us
850-651-7141

Appendix H

User Charge Tables for Okaloosa County Water & Sewer User Charge Ordinance

Inter-Utility Emergency Water Rates
--

Rates for Utilities that have Inter-Local agreements with Okaloosa County Water and Sewer for Emergency Water Service:

1. Water Consumption will be billed at the rate of \$1.00 per 1,000 gallons.

OFFICERS' CERTIFICATE

September 9, 2009

We, the undersigned officers of the City of Fort Walton Beach, Florida (the "Issuer") do hereby certify, insofar as our official duties and responsibilities are concerned in connection with that certain consent dated the date hereof (the "Consent") to modify certain provisions of Ordinance 1633 duly enacted by the Issuer on April 12, 2005 ("Ordinance 1633"), as supplemented by Resolution No. 2005-05 duly adopted by the Issuer on April 12, 2005 (the "Resolution" and together with Ordinance 1633, the "Original Ordinance"), which Original Ordinance authorized the issuance of the Issuer's \$10,910,000 Utility System Revenue Bonds, Series 2005 (the "2005 Bonds") and in connection with the execution and delivery of Ordinance 1803 enacted August 11, 2009, amending Ordinance 1633 (the "Amending Ordinance" and together with the Original Ordinance, the "Ordinance") and an Interlocal Agreement dated as of August 11, 2009, between the Issuer and Okaloosa County, Florida (the "Interlocal Agreement"):

(Capitalized terms used herein and not otherwise defined shall have the meanings ascribed in the Ordinance.)

(1) The names of the members of the City Council, their respective offices and the dates of expiration of their respective terms of office are as follows:

<u>Name</u>	<u>Term Begins</u>	<u>Term Ends</u>
Michael G. Anderson, Mayor	April 1, 2009	March 31, 2013
Mike Holmes	April 1, 2007	March 31, 2011
Virgil Miller	April 1, 2007	March 31, 2011
Bill Patterson	April 1, 2009	March 31, 2013
Dick Rynearson	April 1, 2009	March 31, 2013
Dennis Reeves	April 1, 2007	March 31, 2011
Bill Garvie	April 1, 2007	March 31, 2011
Bobby Nabors	April 1, 2009	March 31, 2013

(2) Robert Mearns is the duly appointed and qualified City Manager of the Issuer. He was appointed May 12, 2009, as the City Manager and serves at the pleasure of the City Council.

(3) Helen A. Spencer is the duly appointed and qualified City Clerk of the Issuer. She was appointed September 28, 1983, and serves at the pleasure of the City Council.

(4) Michael G. Anderson is the duly elected Mayor of the Issuer. His term of office as Mayor commenced in April, 2009 for a period of four years.

(5) Brandy Wunker is the duly appointed and qualified Finance Director of the Issuer. She was appointed May 27, 2008 as the Finance Director and serves at the pleasure of the City Manager.

(6) All of the above persons have duly filed their oaths of office and such of them as

are required by law to file bonds or undertakings have duly filed such bonds or undertakings in the amount and manner required by law.

(7) Toni L. Craig, Esquire, is the duly appointed, qualified and acting City Attorney and serves at the pleasure of the City Council.

(8) The undersigned Mayor, City Manager and City Clerk certify that their manual signatures have been filed with the Secretary of State of the State of Florida pursuant to the provisions of Section 116.34, Florida Statutes.

(9) The seal impressed upon this certificate is the legally adopted, proper and only official seal of the Issuer.

(10) The Issuer is a municipal corporation duly organized and validly existing under the laws of the State of Florida and has full legal, right, power and authority to enter into the Interlocal Agreement, to enact the Amending Ordinance and to carry out and consummate all other transactions contemplated by the Amending Ordinance and the Interlocal Agreement.

(11) The Issuer has duly enacted the Amending Ordinance, has duly authorized and approved the execution and delivery of, and the performance by it of the obligations contained in the Interlocal Agreement and has duly authorized and approved the performance by the Issuer of its obligations contained in the Amending Ordinance and the consummation by it of all other acts contemplated to be performed by it in the Interlocal Agreement.

(12) The Issuer is not now in breach or violation of, or default under, any constitutional provision, applicable law, permit or administrative rule or regulation of the State of Florida or the United States of America, or of any department, division, agency or instrumentality of either thereof or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, indenture, contract, resolution, agreement or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument to which the Issuer is a party or otherwise subject or bound which in any material way, directly or indirectly, affects the 2005 Bonds, the Original Ordinance, the Amending Ordinance and the Interlocal Agreement or the other instruments contemplated by any of such documents to which the Issuer is a party; or the operation of the System, and the execution and delivery of the Interlocal Agreement by the Issuer, the enactment of the Amending Ordinance by the Issuer and compliance with the provisions thereof do not and will not conflict with or constitute a breach of or default under any permit, indenture, deed of trust, order, license, lease, assignment, agreement, law, administrative regulation, judgment, decree or any agreement or other instrument to which the Issuer is a party or is otherwise subject.

(13) Immediately following the implementation of the connections of the Issuer's sewage collection lines to the County's sewer system, the Issuer will be in full compliance with all permits for the operation of its System, as described in the Original Ordinance and the Amending Ordinance.

(14) All approvals, consents, authorizations, elections and orders of or filings or

registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Ordinance, the 2005 Bonds and the Interlocal Agreement have been obtained and are in full force and effect.

(15) There are no other obligations of the Issuer payable from the Pledged Revenues which consist of the Net Revenues of the System and (ii) until applied in accordance with the provisions of the Ordinance, all moneys, including investments thereof, in certain of the funds and accounts established pursuant to the Ordinance other than the Rebate Fund.

(16) The representations, warranties and covenants of the Issuer contained in the Interlocal Agreement are true and correct in all material respects on and as of the date hereof as if made on the date hereof and the Issuer has performed all obligations, complied with all agreements and covenants and satisfied all conditions on its part to be complied with or satisfied at or prior to the date hereof.

(17) There is no action, suit, proceeding or investigation involving the Issuer before or by any court or public board or body pending or, to the knowledge of the Issuer, threatened wherein an unfavorable decision, ruling or finding would: (A) affect the creation, organization, existence or powers of the Issuer or the titles of its officials to their respective offices, (B) enjoin or restrain the Pledged Revenues, (C) in any way question or affect the validity or enforceability of the 2005 Bonds, or the adoption and/or enactment, as the case may be, of the Ordinance, or (D) in any way question or affect this Certificate, the Interlocal Agreement, the 2005 Bonds or the transactions contemplated thereby or any other agreement or instrument to which the Issuer is a party and relating to the 2005 Bonds.

(18) There are no facts known to us that the Issuer has failed to disclose to the Municipal Insurer which, in our opinion, individually or in the aggregate, materially adversely affect or will materially adversely affect the operations, affairs, properties, conditions (financial or otherwise) or prospects of the Issuer.

(19) To the best of our knowledge, no event of default under the Ordinance has occurred and is continuing and no event has occurred and is continuing, which with the lapse of time or the giving of notice or both would constitute such an event of default.

(20) The Ordinance, in the form appearing elsewhere in the transcript of proceedings delivered by the Issuer in connection with the Consent has not been otherwise amended, repealed or modified since its enactment or adoption, as the case may be. All official action of the Issuer relating to the Ordinance is in full force and effect.

(21) The Issuer has complied and is in compliance on this date in all respects with the Act.

(22) The Issuer has not been in default at any time on or after January 1, 1976, as to principal or interest with respect to any obligation issued or guaranteed by the Issuer.

(23) Since September 30, 2004, no material adverse change has occurred in the financial position and results of operations of the Issuer, and the Issuer has not incurred any material liabilities other than in the ordinary course of business.

(24) There is not an unfunded materially significant rebate liability owing to the Internal Revenue Service.

(25) All decisions made with respect to the Consent, the Interlocal Agreement and the Amending Ordinance were made at public meetings of the Issuer, held after due notice to the public was given in the ordinary manner required by law and custom of the Issuer.

(26) The water and sewer rates in effect for the System were established in compliance with the Act and other applicable law, and the resolutions establishing the rates were duly adopted.

(27) The transaction costs set forth in Schedule "I" to this certificate in the amounts not exceeding the sums set forth in said schedule are hereby approved for payment.

(28) For the Fiscal Years Ending September 30, 2006 through and including September 30, 2008, Revenues of the System have been sufficient to pay (i) 100% of all Cost of Operation and Maintenance for each Fiscal Year, (ii) 125% of the Bond Service Requirement becoming due in such Fiscal Year on the Outstanding Bonds, and (iii) 100% of all other deposits to be made pursuant to the Ordinance and all other amounts payable from the Pledged Revenues.

(29) The financial information and projections furnished to AMBAC Assurance Corp. in connection with the Amending Ordinance and the Interlocal Agreement are based upon good faith estimates and the best information available to the Issuer, and the Issuer has no reason to believe that any such information is in any way materially false, incorrect or misleading, nor does such information omit any data which might affect the decision of AMBAC to approve the Interlocal Agreement and the Amending Ordinance.

(30) The undersigned Finance Director hereby certifies that the monthly charges imposed by the County under the Interlocal Agreement for treatment of the Issuer's waste water and sewage is properly treated as an operating expense and a "Cost of Operation and Maintenance" under the Original Ordinance as modified by the Amending Ordinance

(31) Since September 30, 2004, no material adverse change has occurred that would (a) affect the security or credit of, or the validity or enforceability of, the 2005 Bonds; or (b) cause any of the documentation or information previously submitted to the Municipal Insurer by or on behalf of the Issuer to be untrue or misleading.

IN WITNESS WHEREOF, our hands and official seal of the undersigned as of the day and year first written above.

Signature

Official Title

Michael B. Gueli

Mayor

Helen A. Spencer

City Clerk

Robert Means

City Manager

[Signature]

Finance Director

(SEAL)

SCHEDULE I

TRANSACTION COSTS

<u>Description</u>	<u>Amount</u>
Bond Counsel (Amending Ordinance)	\$ 7,500.00
Bond Counsel (Interlocal Agreement)	7,500.00
Counsel to Municipal Insurer	10,000.00
Municipal Insurer	5,000.00
Total	<u>\$26,000.00</u>

AMENDED

RESOLUTION 2009-20

A RESOLUTION OF THE CITY OF FORT WALTON BEACH, FLORIDA, ACCEPTING THE WASTEWATER SERVICE INTERLOCAL AGREEMENT BETWEEN THE CITY OF FORT WALTON BEACH AND OKALOOSA COUNTY; AND SETTING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FORT WALTON BEACH, FLORIDA AS FOLLOWS:

1. Intent

The City has a responsibility to provide wastewater services to its citizens as efficiently as possible. The City Council has determined that it is in the best interests of the City's citizens for Okaloosa County to provide wastewater treatment and disposal services and reclaimed water within the City Service Area. The City has negotiated a Wastewater Service Interlocal Agreement with Okaloosa County, a copy of which is attached to this resolution, by which Okaloosa County will provide wastewater treatment and disposal services and reclaimed water to existing and future customers within the City service areas. The Wastewater Service Interlocal Agreement shall remain in effect for a period of thirty (30) years and shall be automatically extended for up to two additional terms for a period of ten (10) years for each extension term.

2. Acceptance & Authorization

Therefore, the City Council hereby accepts the Wastewater Service Interlocal Agreement and authorizes the Mayor to execute the Wastewater Service Interlocal Agreement on behalf of the City.

3. Effective Date

This resolution shall take effect immediately upon approval by the City Council.

Adopted: August 25, 2009

Mike Anderson
Mike Anderson, Mayor

Attest:

Helen G. Spencer
Helen Spencer, City Clerk

Approved for form and legal sufficiency:

Toni L. Craig
Toni L. Craig, City Attorney

DISPOSITION
Utilities
Finance