

## EXHIBIT B

### CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 4/13/2009

Contract/Lease Control #: C09-1723-WS

Bid #: N/A

Contract/Lease Type: INTERLOCAL

Award To/Lessee: NVOC (NICEVILLE, VALPARAISO, OKALOOSA COUNTY)

Lessor/Owner: OKALOOSA COUNTY

Effective Date: 2/28/1974

Expiration/ Term: INDEFINITE Amount: AS DEFINED IN AGREEMENT

Description of Contract/Lease: REGIONAL WASTEWATER FACILITY

Department Manager: WS

Department Monitor: LITTRELL

Monitor's Telephone #: 651-7171

Monitor's FAX #: 651-7193

Date Closed: \_\_\_\_\_

Cc: Finance Dept Contracts & Grants Division

**FOLLOW-UP**

4/18/12

**EXHIBIT D**

**CONTRACT & LEASE  
INTERNAL COORDINATION SHEET**

Contract/Lease Number: C09-1723-WS Tracking Number: 405-12

Contractor/Lessee Name: NVOA Interlocal Agreement

Purpose: Amendment

Date/Term: Indefinite 1.  GREATER THAN \$50,000

Amount: \_\_\_\_\_ 2.  GREATER THAN \$25,001

Department: W+S 3.  \$25,000 OR LESS

Dept. Monitor Name: J. Littell

**Purchasing Review**

Procurement requirements are met:

[Signature]  
Contracts & Lease Coordinator

Date: 3/14/12

**Risk Management Review**

Approved as written:

[Signature]  
Risk Management Director

Date: 3-14-12

**County Attorney Review**

Approved as written:

to form.  
[Signature]  
County Attorney

Date: 3/26/12

Following Okaloosa County approval:

**Contract & Grant**

Document has been received:

\_\_\_\_\_  
Contracts & Grants Manager

Date: \_\_\_\_\_

## AMENDMENT TO AGREEMENT

**THIS AGREEMENT** made and entered into this 26th day of April, 2012, by and between the **CITY OF NICEVILLE, FLORIDA**, a municipal corporation of the State of Florida (hereinafter referred to as "Niceville"), the **CITY OF VALPARAISO, FLORIDA**, a municipal corporation of the State of Florida (hereinafter referred to as "Valparaiso"), **OKALOOSA COUNTY, FLORIDA**, a political subdivision of the State of Florida (hereinafter referred to as the "County"), and the **NICEVILLE, VALPARAISO, OKALOOSA COUNTY REGIONAL SEWER BOARD, INC.**, a corporation under the laws of the State of Florida (hereinafter referred to as "NVOC REGIONAL BOARD").

### RECITALS

**WHEREAS**, the parties entered into an Agreement, dated February 18, 1974, as supplemented by a Supplemental Agreement, dated March 26, 1980, which created a regional services board for the purpose of providing a central sewage disposal facility; and

**WHEREAS**, the parties on February 13, 1981, created the Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc., a Florida corporation not for profit, for the purposes of the management, operation and maintenance of the regional wastewater water treatment plant, effluent transmission system and spray irrigation effluent disposal system jointly owned by the parties; and

**WHEREAS**, the parties further entered into an Operational Agreement, dated July 9, 1997, relating to the construction, operation and maintenance of a jointly owned Regional Wastewater Treatment Facility (the "WWTF") and the Regional Effluent Land Application Facility (the "Sprayfield") (collectively referred to as the "NVOC Regional Facilities"); and

**WHEREAS**, pursuant to the above-mentioned agreements the parties have constructed a regional wastewater treatment facility with a rated capacity of 3.35 million gallons per day, which serves the parties at the agreed-upon wastewater capacity allocations. The respective allocation for capacity from the plant and for the Sprayfield are: Niceville – 1,461,605 gallons per day (43.63%); Valparaiso – 670,000 gallons per day (20%); County – 1,218,395 gallons per day (36.37%); and

Instr # 2773512 BK: 3033 PG:3555, Page 1 of 6  
Recorded 05/03/2012 at 03:57 PM.  
RECORDING: \$28.50 RECORDING ARTICLE V: \$24.00

**WHEREAS**, on October 29, 2002, the County and Niceville entered into an Interlocal Agreement for Reclaimed Water Services (the "Reclaimed Water Agreement"). Such Agreement created a Reclaimed Water System and set forth the terms and provisions for the joint funding and ownership of the System by the County and Niceville. The Reclaimed Water System utilized reclaimed water from the NVOC Regional Facilities and provides a benefit to those facilities by providing an alternative disposal method; and

**WHEREAS**, in 2008, the NVOC Regional Board entered into a Consent Order with the Florida Department of Environmental Protection that required certain remedial actions by the Board and various capital upgrades at the plant; and

**WHEREAS**, the NVOC Regional Board currently has plans to upgrade the treatment plant, though the WWTF capacity will remain at 3.35 MGD, to add an integrated fixed film in activated sludge system ("IFAS") to meet the enhanced nutrient removal limits and to construct a rapid infiltration basin system ("RIBS") with a capacity of 4 million gallons per day (the "Project") at an estimated cost of \$6.54 million; and

**WHEREAS**, under the various agreements, each party is responsible for the percentage of the cost of these improvements for the Project that is equal to the percentage of each party's apportioned capacity; and

**WHEREAS**, Niceville is in need of additional wastewater capacity to serve its residents; and

**WHEREAS**, pursuant to the above-mentioned agreements, the County has agreed to sell its capacity in the NVOC Regional Facilities to Niceville; and

**WHEREAS**, Niceville has agreed to assume all of the County's obligations for the funding of the Project improvements; and

**WHEREAS**, after the sale of the County's capacity, it seeks to withdraw from the NVOC Regional Board and to establish a process for transition.

**NOW THEREFORE**, in consideration of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## **ARTICLE I: RECITALS**

1.1 The recitals set forth above are true and correct and are incorporated herein as essential terms of this Agreement.

## **ARTICLE II: SALE OF CAPACITY**

2.1 The County shall sell to Niceville, its wastewater treatment capacity in the NVOC Regional Facilities which is equal to 1,218,395 gallons per day. Additionally the County agrees that as part of this Agreement, that it relinquishes any and all interest that it has in the NVOC Regional Facilities.

2.2. In consideration for the County's agreement to sell its wastewater treatment capacity and the relinquishment of its interest in the NVOC Regional Facilities, Niceville agrees to assume any and all responsibility for payment of the County's share of the Project. The current estimate of the County's share of the Project is approximately \$2,379,000 based upon the percentage of the County's apportioned capacity. However, Niceville agrees that its obligation is to pay the cost of the County's share of the Project regardless of the final cost. Further, that Niceville shall assume all further obligations of the County for the funding of improvements to the NVOC Regional Facilities.

2.3 Nothing in this Amendment shall be construed as the County relinquishing its rights in the filter system, pipelines, holding basins and pumping facilities, or any other interest the County has under the Reclaimed Water Agreement. Further the Parties to this Agreement acknowledge that the County may be required in the future to access the NVOC Regional Facilities to provide maintenance, repair or replacement of facilities related to the Reclaimed Water Agreement. The Parties agree to allow the County access to the Facilities for those purposes.

## **ARTICLE III: WITHDRAWAL FROM NVOC REGIONAL BOARD**

3.1. Pursuant to Article III of the By Laws and Article VI of the Articles of Incorporation of the NVOC Regional Sewer Board, Inc., a condition of membership in the corporation is having an ownership interest in the regional waste water treatment plant, full transmission system, and spray irrigation effluent disposal.

3.2. Upon the County's capacity being transferred to Niceville, the NVOC Regional Board hereby allocates and reserves that capacity for the use of Niceville, in addition to the capacity already allocated to Niceville. Upon transfer of that capacity and interest in the NVOC Regional Facilities, the County is no longer qualified for membership in the NVOC Regional Sewer Board, Inc. and will be deemed to fully and completely withdraw upon the approval of this Agreement by all parties.

3.3. In addition to the acceptance by Niceville of the County's financial obligation for funding improvements in consideration of the transfer of capacity and interest in the NVOC Regional Facilities, the parties hereby agree to release the County from any and all other obligations, responsibilities, and/or liabilities arising out of the County's participation in the NVOC Regional Board.

3.4. Upon transfer of its capacity and interest to Niceville, the County will continue to have wastewater treatment needs and disposal needs until such time as the County's wastewater flows can be directed to the Arbennie Pritchett Wastewater Reclamation Facility ("APWRF"). It is anticipated that the estimated cost of construction of the new pump station and 10-mile force main, or alternative route, to direct the County's wastewater flows from the NVOC Regional Facility to the APWRF is approximately \$4.8 million and will take greater than one year to complete.

3.5. Upon the County's capacity and interest in the NVOC Regional Facilities being transferred to Niceville, the parties agree that the County may continue to direct its wastewater flow in an amount not expected to exceed the annual daily average of 1,218,395 GPD until such time as the flow can be directed to the APWRF. The Parties agree that during this period, the County shall be charged \$2.0672123 per thousand gallons for wastewater treatment and disposal services until completion of the County's Project or in an amount equal to the rate charged Valparaiso, whichever is more.

#### **ARTICLE IV:** **MISCELLANEOUS**

4.1 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.

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

4.3 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.

4.4 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.

4.5 This Agreement shall become effective when it is last approved and executed by all Parties.

IN WITNESS WHEREOF, the parties have set their hands and seals this 26th day of April, 2012.

Signed, sealed and delivered  
in the presence of:

Day J. Stanford



OKALOOSA COUNTY, FLORIDA

By Don R. Amunds  
Don R. Amunds, Chairman  
BCC approval on April 3, 2012



Approved as to correctness of form:  
[Signature]  
(Attorney)

Signed, sealed and delivered  
in the presence of:

Dean Doucet  
Dean Doucet, City Clerk

Signed, sealed and delivered  
in the presence of:

John B. Arnold  
John B. Arnold, Mayor

CITY OF NICEVILLE, FLORIDA

By Randall Wise  
Mayor Randall Wise

Approved as to correctness of form:  
Dixie D. Powell  
(Attorney) Dixie D. Powell

CITY OF VALPARAISO, FLORIDA

By John B. Arnold  
Mayor John B. Arnold

Approved as to correctness of form:  
Hayward Dykes, Jr.  
(Attorney) Hayward Dykes, Jr.

NVOC REGIONAL SEWER BOARD,  
INC.

By James J. Littrell  
James J. Littrell, President



ARTICLES OF INCORPORATION OF  
NICEVILLE, VALPARAISO, OKALOOSA COUNTY REGIONAL SEWER BOARD, INC.,  
A FLORIDA CORPORATION NOT FOR PROFIT

ARTICLE I

NAME

The name of this corporation is Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc.

ARTICLE II

ENABLING LAW

This corporation is organized pursuant to the corporation not for profit law of the State of Florida, set forth in Part I of Chapter of the Florida Statutes.

FILED  
FEB 13 11 25 AM '61  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

ARTICLE III

PURPOSES

The purpose for which this corporation is organized is the management operation and maintenance of the regional wastewater treatment plant, effluent transmission system and spray irrigation effluent disposal system, jointly owned by the City of Niceville, Florida, City of Valparaiso, Florida and Okaloosa County, Florida.

ARTICLE IV

TERM

This corporation shall have a perpetual existence.

ARTICLE V

INCORPORATORS

The names and addresses of the subscribers to these articles of incorporation are as follows:

Okaloosa County, Florida, by and through its Board of County Commissioners, Shirley Ransom, Chairman  
Okaloosa County Courthouse, Crestview, FL 32536

Niceville, Florida, by and through its City Council, Randall Wise, Mayor  
Niceville City Hall, Niceville, FL 32578

The City of Valparaiso, by and through its City Commission, John B. Arnold, Jr., Mayor  
Valparaiso City Hall, Valparaiso, FL 32580

ARTICLE VI  
MEMBERSHIP

The members of this corporation shall consist of three governmental entities: the City of Valparaiso, Florida; the City of Niceville, Florida; and Okaloosa County, Florida. The conditions of membership are joint ownership of the regional wastewater treatment plant, effluent transmission system and spray irrigation effluent disposal system.

ARTICLE VII  
MANAGEMENT OF CORPORATE AFFAIRS

(a) Board of Directors. The powers of this corporation shall be exercised, its properties controlled and its affairs conducted by a board of not less than three nor more than six directors.  
The membership of the Board of Directors shall consist of two representatives from each of the three members. Each member shall initially appoint one board member for a one year term and one board member for a two year term. Thereafter, appointment shall be for a two year term.

The directors who are to serve until the first election are:

William C. Jordan, 507 Crestview Ave., Niceville, FL 32578 - Chairman  
Mike Mitchell, 616 Pelican Dr., Fort Walton Beach, FL 32548- Vice Chairman  
Thomas F. Turbeville, Rt. 2, Box 102, Niceville, FL 32578 - Sec./Treasurer

(b) Officers. The officers of this corporation shall be a president, vice president, and a secretary/treasurer, each of who shall be selected by the Board of Directors. In addition, the corporation may have such other officers and assistant officers as may be deemed necessary by the Board of Directors.

The officers who are to serve until the first election of officers are:

William C. Jordan, 507 Crestview Ave. Niceville, FL 32578 - President  
Mike Mitchell, 616 Pelican Dr., Fort Walton Beach, FL 32548- Vice President  
Thomas F. Turbeville, Rt. 1, Box 102, Niceville, FL 32578 - Sec./Treasurer

ARTICLE VIII  
LOCATION OF REGISTERED OFFICE

The address of this corporation and the initial registered office in the State of Florida is:

507 Crestview Avenue  
Niceville, Florida 32578

ARTICLE IX  
BY-LAWS

Subject to the limitations contained in the by-laws, and any limitations set forth in the corporation not for profit law of Florida, concerning corporate action that must be authorized or approved by the members of the corporation, by-laws of this corporation may be made, altered, rescinded, added to, or new by-laws may be adopted, by a resolution proposed by the board of directors and approved by all members of this corporation.

ARTICLE X

AMENDMENTS OF ARTICLES

Amendments to these Articles of Incorporation may be proposed by a resolution adopted by the Board of Directors. Amendments may be adopted only after approval of the members of this corporation.

ARTICLE XI

DISSOLUTION

This corporation may be dissolved and its affairs wound up in the manner provided by law. In the event of dissolution all debts and liabilities shall be paid and the property of the corporation distributed to its membership in accordance with their respective ownership in the regional sewer system pursuant to the agreements February 28, 1974 and as supplemented thereafter from time to time pursuant to the mutual agreement of the parties.

We, the undersigned, being the incorporators and subscribers of this corporation, execute, acknowledge, and file the foregoing Articles of Incorporation under the laws of the State of Florida this 20 day of December, 1980.

January, 1981

OKALOOSA COUNTY, FLORIDA

BY Shirley C. Ransom  
SHIRLEY RANSON  
Chairman, Board of County  
Commissioners

ATTEST:

For Newman C. Brackin  
NEWMAN C. BRACKIN  
Clerk of Circuit Court

CITY OF NICEVILLE, FLORIDA

BY Randall Wise  
RANDALL WISE  
Mayor,

ATTEST:

George W. Ireland  
GEORGE W. IRELAND  
City Clerk

CITY OF WALPARAISO, FLORIDA

BY John B. Arnold  
JOHN B. ARNOLD  
Mayor

ATTEST:

Gerald Kendall  
GERALD KENDALL  
City Clerk

STATE OF FLORIDA  
COUNTY OF OKALOOSA

I HEREBY CERTIFY on this date before me, an officer duly authorized in the State and County aforesaid, to take oaths, personally appeared SHIRLEY RANSOM, and NEWMAN C. BRACKIN, Clerk of Circuit Court, to me known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that they executed the same.

WITNESS my hand official seal in the County and State last aforesaid this 20<sup>th</sup> day of ~~December~~, 1980.  
January

Jan Jones  
NOTARY PUBLIC  
My Commission Expires:  
NOTARY PUBLIC STATE OF FLORIDA AT LARGE  
MY COMMISSION EXPIRES JAN. 22, 1985  
BONDED THRU GENERAL INS. UNDERWRITERS

STATE OF FLORIDA  
COUNTY OF OKALOOSA

I HEREBY CERTIFY ON this date before me, an officer duly authorized in the State and County aforesaid to take oaths, personally appeared RANDALL WISE, Mayor, and GEORGE H. IRELAND, City Clerk of the City of Niceville, Florida, to me known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that they executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 18<sup>th</sup> day of December, 1980.

Ann Wright  
NOTARY PUBLIC  
My Commission Expires:  
NOTARY PUBLIC STATE OF FLORIDA AT LARGE  
MY COMMISSION EXPIRES JAN. 18, 1981  
BONDED THRU GENERAL INS. UNDERWRITERS

STATE OF FLORIDA  
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this date before me, an officer duly authorized in the State and County aforesaid to take oaths, personally appeared JOHN B. ARNOLD, JR., Mayor, and GERALD KENDALL, City Clerk of the City of Valparaiso, Florida, to me known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that they executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 6<sup>th</sup> day of ~~December~~, 1980.  
JANUARY

Jaye B. Floyd  
NOTARY PUBLIC  
My Commission Expires:  
Notary Public, State of Florida at Large  
My Commission Expires Jan. 25, 1982  
Bonded by American Fire & Casualty Company

CERTIFICATE DESIGNATING REGISTERED OFFICE  
AND REGISTERED AGENT

In pursuance of Chapter 607.034, Florida Statutes, the following is submitted, in compliance with said act:

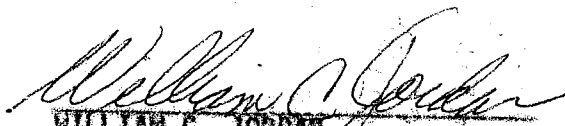
That NICEVILLE, VALPARAISO, OKALOOSA COUNTY REGIONAL SEWER BOARD, INC., a Florida corporation not for profit, desiring to organize under the laws of the State of Florida with its principal office, as indicated in the Articles of Incorporation at the City of Niceville, County of Okaloosa, State of Florida, hereby names:

William C. Jordan  
507 Crestview Avenue  
Niceville, Florida 32578

as its registered agent to accept service of process within this State. The registered office of the corporation is the principal office of the business:

507 Crestview Avenue  
Niceville, Florida 32578

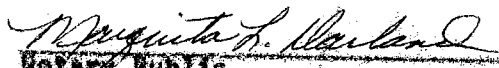
Having been named as resident agent to accept service of process for the above stated corporation, at the place designated in this certificate, I hereby accept to act in this capacity and agree to comply with the provisions of said act relative to keeping open said registered office.

  
WILLIAM C. JORDAN  
Registered Agent Maintaining  
Registered Office

STATE OF FLORIDA  
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared WILLIAM C. JORDAN, to me known to be the person described in and who executed the foregoing instrument and he acknowledged before me that he executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 30 day of January, 1981.

  
Notary Public  
My Commission Expires:  
May 9, 1981

LAW OFFICES OF  
FERRIN C. CAMPBELL, SR.  
P. A.  
ATTORNEYS AT LAW  
341 WEST U.S. 90  
P. O. BOX 848  
CRESTVIEW, FLORIDA 32536  
(904) 682-5181

FEB 13 11 32 AM '81  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA  
FILED

# State of Florida



Department of State

I certify that the attached is a true and correct copy of the Articles of Incorporation of NICEVILLE, VALPARAISO, OKALOOSA COUNTY REGIONAL SEWER BOARD, INC., a corporation not for profit organized under the Laws of the State of Florida, filed on February 13, 1981, as shown by the records of this office.

The charter number for this corporation is 756360.



Given under my hand and the  
Great Seal of the State of Florida,  
at Tallahassee, the Capital, this the  
17th day of February, 1981.

A handwritten signature in cursive script, appearing to read "George F. L.", written over a horizontal line.

Secretary of State

AGREEMENT

BOOK 749 PAGE 823  
OFFICIAL RECORDS

THIS AGREEMENT made and entered this 28<sup>th</sup> day of February, 1974, by and among the City of Niceville, Florida, the City of Valparaiso, Florida, and the Board of County Commissioners of Okaloosa County, Florida, each in consideration of the covenants and agreements expressed herein on the part of the others,

WITNESSETH:

1. That a central sewage disposal facility is found to be economically desirable from a cost effective approach to serve the areas of Niceville, Valparaiso, Rocky Bayou, Meigs-Seminole, and surrounding areas, and do hereby agree to use the best efforts of each to acquire same.

2. That the parties shall file a joint application to the Environmental Protection Agency to the end of securing a grant of funds to construct said facility. That the City of Niceville, Florida, will be the lead applicant in filing the joint application to secure the grant. The City of Niceville's responsibility as lead applicant will terminate upon the establishment of a regional sewer board as provided in paragraph ten of this agreement. All funds received from the grant will be deposited in an account for the use and benefit of the regional sewer board.

3. That each party agrees to pay a pro-rata share of the capital outlay for the facility to include engineering, land and right-of-way acquisition, and construction costs. The percentage each party shall pay of said costs shall be equal to the percentage of each party's apportioned capacity to the total capacity of the facility.

4. For purposes of this agreement, "the facility" shall include only those items marked clearly in red on the attached regional sanitary sewer plan, Scheme V, as prepared by Polyengineering Consulting Engineers and attached hereto as "Exhibit A". That the engineer to be selected by the City of Valparaiso will be responsible for engineering services for the regional sewage treatment plant. That the engineer to be selected by the City of Niceville will be responsible for engineering services on the remaining portions of the regional system; including the Valparaiso pumping stations and force mains, which will collect and deliver raw untreated sewage to the influx

C09-1723-WS  
NVOC  
NICEVILLE, VALPARAISO, OKALOOSA CO.  
REGIONAL WASTEWATER FACILITY  
EXPIRES: INDEFINITE

10.60

box at the sewage treatment plant and which will receive the treated sewage effluent prior to a holding basin, and transfer of the effluent to ultimate disposal via a spray irrigation field.

5. That the operation and maintenance fees charged to each member of the system shall be prorated on a per thousand gallon usage basis, at a single rate, as set by the board (hereinbelow set forth), after consultation with the facility engineers.

6. That all capital improvements and major alterations to the facility shall first be borne by the party for which same was necessary if such be the case, and if such improvements or major alterations are necessitated for the overall benefit of all parties herein then such costs shall be borne in accordance to the percentage that each party's apportioned capacity bears to the full capacity of the facility.

7. That a party may sell any portion of its apportioned capacity to another party, and in such case the consideration paid for same shall be at the true and just value of same as arrived at by a competent professional consulting engineer selected by both parties.

8. That if any party desires to simply dispose of its interest (apportioned capacity) in the facility, the other parties to this agreement shall have a first option to purchase the same at a price arrived at as set forth in the preceeding paragraph.

9. That each of the parties herein is irrevocably bound by this agreement and should any party withdraw from same it shall pay all additional costs and expenses occasioned by any other party due to the withdrawal of said party.

10. That it is recognized and agreed by the parties herein that a regional sewer board shall be necessary and desirable to control and operate the facility once same is constructed and to this end it is further expressly agreed:

(a) The initial membership in the said regional facility shall consist of the parties herein.



(b) That each member shall appoint two representatives to serve as members of the board with an initial term as follows: one representative to serve a one year term and one to serve a two year term. Thereafter all appointments shall be for a two year term. Each representative, regardless of his office on the board shall have voting rights on all matters. After their appointment, the members of the board shall meet and organize. At such meeting the members of the board shall choose from their number a president. They shall also choose a secretary and a treasurer, and such other officers, agents and employees as may appear to be desirable. One person may serve as both secretary and treasurer.

(c) The board shall meet at least monthly and at such additional times as it deems necessary.

(d) No representative of the board shall receive any compensation whatsoever for his services and no representative shall conduct any business of any nature with the board nor shall he own any interest in any business that transacts business with the board.

(e) Any member of the system may replace its representative on the board for failure of said representative to attend three consecutive meetings or to attend at least seventy-five per cent of the meetings in any given twelve month period. A replacement representative shall serve for the unexpired term of the replaced representative.

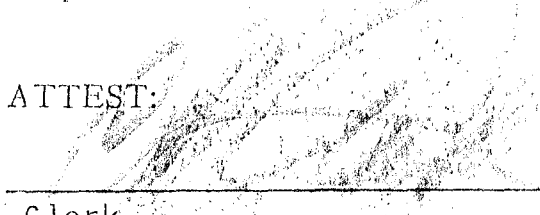
(f) The board shall have no authority to indebted any party to this agreement.

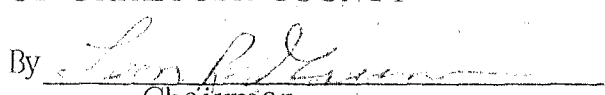
(g) The board shall have the power and authority to do all things necessary and reasonable incident to the businesslike operation and maintenance of the facility herein including but not limited to the hiring of necessary personel, setting salaries, purchasing materials, letting contracts for engineering and construction services for necessary additions and alterations to the facility, and setting reasonable charges to the parties herein for use of the facility in accordance with paragraph five herein. The board shall have such additional powers and or limitations as may be set forth in joint resolutions of the parties herein from time to time.

(h) The board shall procure liability insurance covering the facility in an amount not less than \$250,000.00, workmen's compensation and unemployment insurance as required by law on its employees, and insure that all personnel with access to funds of the board are adequately bonded.

(i) The board shall cause monthly financial statements and an annual audit of its books to be accurately compiled and timely furnished to all parties herein.

EXECUTED this 28<sup>th</sup> day of February, 1974, pursuant to duly adopted resolutions of each of the parties herein.

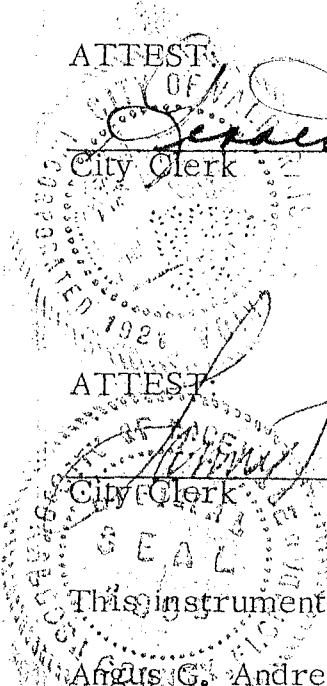
ATTEST:  
  
Clerk

BOARD OF COUNTY COMMISSIONERS  
OF OKALOOSA COUNTY  
By   
Chairman

CITY OF VALPARAISO, FLORIDA

By: [Signature]  
Mayor

ATTEST  
OF  
[Signature]  
City Clerk



CITY OF NICEVILLE, FLORIDA

By: \_\_\_\_\_

ATTEST  
[Signature]  
City Clerk

This instrument prepared by:

Angus G. Andrews  
Niceville City Attorney

Daniel C. Campbell  
Valparaiso City Attorney

Res. 74-2



ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

DATE 11-11-88 BY SP-10/BJ

AMENDMENT NO. 1  
TO  
INTERLOCAL AGREEMENT, FEBRUARY 28, 1974  
AND SUPPLEMENTAL AGREEMENT, MARCH 26, 1980  
BETWEEN  
THE CITY OF NICEVILLE, FLORIDA; THE CITY OF VALPARAISO, FLORIDA;  
AND  
OKALOOSA COUNTY, FLORIDA

This Agreement amends the Interlocal Agreement dated February 28, 1974 and the Supplemental Agreement dated March 26, 1980, Exhibit 1, between the City of Niceville, Florida; the City of Valparaiso, Florida; and Okaloosa County, Florida, hereinafter called the "owners" in accordance with the provisions of Chapter 163, Part 1, Florida Statutes;

W I T N E S S E T H :

WHEREAS, the agreements cited state that the operation and maintenance (O&M) fees shall be prorated on a per thousand gallon usage basis by each of the owners, at a single rate, as set by the Board after consultations with facility engineers; and

WHEREAS, the Consulting Engineers have affirmed by letter, Exhibit 2, that certain O&M cost items may be considered fixed in that they are relatively constant regardless of the sewage flow through the plant and, accordingly, may be separated from variable costs, which are flow dependent, in a lawful manner; and

WHEREAS, the Florida Department of Environmental Regulation (FDER) has stated that the separation of fixed costs from variable costs does not violate law that requires that the user charge system must result in the proportionate distribution of O&M costs to each user based on wastewater characteristics such as strength, volume and delivery flow rates; and

WHEREAS, the owners share a common need to establish a framework for decision making and optimum management so that the financing and operation of the Regional Sewer System can be conducted in an expeditious and equitable manner producing the greatest benefit to the users;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, it is agreed by the owners as follows:

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ARTICLE I

DEFINITIONS

BOARD - Regional Sewer Board consisting of six members, two from each governing body.

REGIONAL SEWER SYSTEM - Consists of Wastewater Treatment Plant and Spray Irrigation Field and All Connections Between.

OWNERS - Cities of Valparaiso and Niceville and Okaloosa County, as represented by the respective elected officials.

BOARD PRESIDENT, CHAIRMAN OF THE BOARD - Office held on a rotational basis for a period of one year by a director representing the separate governmental members.

FIXED COSTS - O&M expenses that are not flow dependent.

VARIABLE COSTS - O&M expenses that are flow dependent.

MAJORITY VOTE - A simple majority vote of the Board and owner governing bodies. Decisions reached by the owners by majority vote are final and binding upon the Board and upon all parties to this Agreement.

FACILITY ENGINEERS - Engineering firms associated with the Regional Sewer System since its inception in 1974.

EPA - Environmental Protection Agency responsible for implementing Federal clean water standards and for funding construction projects.

FDER - Florida Department of Environmental Regulation responsible for overseeing wastewater treatment and assuring compliance with State standards.

O&M CHARGES - Yearly costs to each owner.

DOMESTIC WASTEWATER - Derived principally from dwellings, commercial buildings, institutions, and industry, resulting from household or toilet wastes resulting from human occupancy. It may or may not contain ground water, surface water, or storm water.

COLLECTION SYSTEM - The system of public sewers to be operated by owners, which will connect with the Regional Treatment Facility with the pump stations, force mains and connecting pipe systems.

REPLACEMENT - Expenditures for obtaining and installing equipment, accessories or appurtenances which are necessary for the service

and maintenance of treatment process facilities, in order to insure performance for which such facilities were designed and constructed.

PERSON - Any individual, establishment, firm, company, association, society, corporation, or group.

"SHALL" - is Mandatory.

"MAY" - is Permissive.

## ARTICLE II

### ORGANIZATION, POWERS, DUTIES NICEVILLE, VALPARAISO, OKALOOSA COUNTY REGIONAL SEWER BOARD

Section 2.01. The organization, assigned powers and duties of the Board shall be in accordance with the By-Laws of the incorporated Regional Sewer Board effected March 2, 1981, Exhibit 3, which states that "the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

(a) By majority vote of the Board, any owner if it so concurs may assign and transfer to another owner all rights and obligations or a portion thereof pertaining to its participation and ownership in the Regional Sewer System provided that prior written consent of the governing bodies so authorizes an assignment or transfer. This written consent shall set forth the terms and conditions of such assignment as arrived at following appropriate public hearings, legal review and deliberation of the elected officials concerned.

(b) By majority vote of the Board, management schemes may be proposed to each of the owners to consolidate all management functions of the Regional Sewer System under a single entity or owner to reduce duplication of effort; to provide wastewater treatment to the service area at the lowest possible unit cost; to provide a more efficient, environmentally sound means of operating the Regional Sewer System for the benefit of users in the service area; and to provide an improved framework of financing, and apportioning associated costs for O&M, plant modification and expansion.

(c) To assure that span-of-control is properly maintained, the authorized representative of the Board shall be solely responsible for written or verbal communications formally conveyed to the owners, manager and employees of the Regional Sewer System. He may delegate this authority if he so chooses.

ARTICLE III

USER CHARGES

Section 3.01. Federal law requires that recipients of EPA Construction Grants must institute a system of sewer user charges that generate sufficient revenue to offset sewer system operation, maintenance and replacement costs. The law also requires that the user charge system must result in the proportionate distribution of O&M costs to each user based on wastewater characteristics such as strength, volume and delivery flow rate.

Section 3.02. This Agreement, in order to more fairly and reasonably apportion O&M costs among the owners, provides for the separation of fixed costs and variable costs. Fixed costs are relatively constant regardless of the sewage flow and include such items as administrative expenses and certain components of the Regional Sewer System which are continuously operated regardless of the volume of wastewater discharged to the system. These O&M costs are funded on the basis of reserve capacity assigned to each owner. Variable costs, which are flow dependent, include such items as pumping power costs and chemical costs. These must be recovered with a constant per thousand gallon charge for sewage discharged by each of the owners.

Section 3.03. For illustration purposes, the FY 82 budget of the Regional Sewer System which totals \$400,596 is used to demonstrate a separation of fixed costs and variable costs, as agreed upon by the owners. The percentages indicated next to each line item in columns 2 and 3 will be the percentages applied in separating fixed and variable costs in subsequent budget preparations, or until changed by amendment to this Agreement.

(a) <u>COLUMN 1</u>	<u>COLUMN 2</u>	<u>COLUMN 3</u>	<u>COLUMN 4</u>
<u>Item</u>	<u>Fixed(%)</u>	<u>Variable(%)</u>	<u>Total</u>
Salaries/FICA/Etc.			\$129,137
Acct. & Audit			6,500
Liability Ins./Comp./Etc.			11,959
Communications			5,000
Electric Service			126,500
Water/Garbage			8,000
Office Supplies			1,500
Legal Counsel			2,000
Lab Work			13,000

<u>COLUMN 1</u>	<u>COLUMN 2</u>	<u>COLUMN 3</u>	<u>COLUMN 4</u>
<u>Item</u>	<u>Fixed(%)</u>	<u>Variable(%)</u>	<u>Total</u>
Plant Operation			24,000
Contract Labor			10,000
Spare Parts			20,000
Training/Conf./Dues			2,000
Travel/Postage/Etc.			1,000
Equipment Replace.			25,000
Mgmt. Reserve			<u>15,000</u>
			\$400,596

ARTICLE IV

UTILITY PURCHASE CONTRACT

Section 4.01. This Agreement, as provided until Article III, changes the method of charging each of the owners for O&M expenses specified in paragraph 5 of the 1974 Interlocal Agreement. Additionally, in consideration of paragraph 8 of the 1980 Supplementary Agreement, this Agreement provides terms and conditions of the Utility Purchase Contract as follows:

(a) Acceptance of Sewage. Board agrees that it will:

1. Accept, treat and dispose of sewage emanating from the service area which is discharged into the Regional Facility in accordance with the terms and conditions set forth in this Article.

2. Continuously operate the Regional Facility or cause it to be operated in an economical and efficient manner in accordance with the terms and conditions of this Agreement and prior agreements subject to temporary interruptions or curtailments of operations for reasons beyond the control of the Board and subject to orders from DER, EPA, or other governmental agencies requiring the Board to discontinue operation of the Treatment Plant or the Spray Irrigation Field.

3. From time to time, make all necessary and ordinary repairs and replacements of the Regional Facility and undertake those improvements necessary to maintain adequate service, thereby, the costs of all of which shall be considered as operational expenses hereunder, but this subparagraph shall not grant authority to the



Board to authorize expansion of the total capacity of the Treatment Plant or other Components of the Regional Facility.

4. Comply with all present and future Federal/State regulations or directives effecting the safe and efficient operation of our facility. The Board also agrees to abide by directives or control regulations issued and approved by the owners.

(b) Loading Limits.

The owners agree that sewage which is discharged from their individual systems into the Regional Facility shall not exceed any of the loading limits as presently established by Federal/State regulations, directives or manuals pertaining to this type of facility.

(c) Reserved Capacity.

City of Niceville - 1,100,000 Gal./Day

City of Valparaiso - 500,000 Gal./Day

County of Okaloosa - 400,000 Gal./Day

At the end of each fiscal year the Board will provide a report on the status as to where each owner stands as to usage of reserve capacity.

(d) Excess Flow.

According to the design criteria the total capacity of this facility is to accomodate two million gal/day and if at any time the total volume of flow from all service areas exceeds the total capacity, upon notice by the Board of such an event, all owners agree to take such action as is necessary to restrict and control the excess flow.

(e) Permit Compliance.

The Regional Facility shall be operated to insure the treatment of sewage adequate to comply with the NPDES Permits for the Regional Facility and the DER permits and all other laws, rules, regulations, permits and orders of governmental bodies applicable thereto, including, without limitation, the Regulations.

(f) Accountants, Consulting Engineers.

The Board shall retain a firm of independent certified public accountants to provide auditing services for the Regional Facility as provided by the 1980 Supplementary Agreement.

In connection with the performance of its duties under this Agreement, the Board shall also retain the services of a Consulting Engineer as required for the Regional Facility.

(g) Operating Budget.

The Board shall establish a budget which shall include all expenses pertinent to the operation and maintenance of the Regional Facility. In order to effectuate such budget, the Board shall submit a detailed budget by July First of each year projecting the expenses for the ensuing fiscal year to each of the owners. At the end of the fiscal year (October 1 - September 30), the books will be audited, the costs prorated on a basis of yearly usage. The following fiscal year budget will take into account any credits or deficits entitled as a result of the audit. A copy of the audit will be provided to each owner. Upon the recommendation by the Board, interim changes by the Board to the budget can be made with the approval of the owners to address unforeseen contingencies.

(h) Metering.

1. The flow meters in all regional pumping stations will be maintained, calibrated and managed by the Board at Board expense. The recording of the flow meters will be accomplished by the Board with copies of the information to be provided to the owners. The owners, at their discretion, may monitor the metering activities and record what information deemed advisable for the exercising of their individual responsibilities as owners. Such monitoring must not include recalibration or adjustment to the meters under any circumstances.

2. The Board will assume responsibility for costs associated with the calibration, maintenance and repairs of the flow meters. Such work done shall be authorized solely by the Board Chairman. In the event of a meter failure which prevents the recording of flow data, the daily average of flow data for the three proceeding months will be used in determining flow during the period the meter was out of service. Cooperation and coordination with the owners will be accomplished in conjunction with any repair or reading of meters in any owner operated pumping station.

3. At the end of each quarter of the calendar year, the Board will provide a report to the owners with information concerning actual usage vs individual reserve capacity.

(i) Insurance Requirements.

The Board shall at all times maintain with an insurer or insurers sufficient insurance against public liability and property damage to the Regional Facility in proportion thereof as is customarily maintained with respect to property of like character. The Board shall maintain such workman's compensation insurance on plant operator employees as is required by law.

(j) Availability of Records.

The Board will keep accurate records of all costs related to the operation and maintenance of the Regional Facility, and shall allow all such persons authorized by law to have access to such books, records, documents, and other evidence for the purpose of inspection and audit.

(k) Contract Effective.

The Utility Purchase Contract shall become effective upon execution of this Agreement by the owners hereto.

(l) Maintenance and Repair (Authorization and Limitations).

The Board will perform the maintenance, repairs, and purchases as necessary for operation and maintenance of the Regional Facility. If non-budgeted items exceed the dedicated funds available therefor, special action on the part of the owners will be required to provide these funds over and above the normal budget.

(m) Renewal and Replacement Requirements.

A Renewal and Replacement Fund will be established in the normal budget for the purpose of emergency expenditures.

(n) Collection Systems (Operation and Liability).

Each owner will own, operate, maintain, and expand its own collection system. Each owner shall set all rate fees and charges on users of its collection system, and shall do all of its own billing and collecting, pay all costs of operating, maintaining, and repairing its collection system and such individual owner will continuously operate its collection system and keep same in proper repair and operating order.

The Board as operator and maintainer of the Regional Facility, shall not be liable for any damages or demands whatsoever in any

manner arising or growing out of the construction, operation and maintenance or repair of the collection system, and each owner agrees to hold harmless the Board as operator and maintainer of the Regional Facility from all claims and damages arising or growing out of the construction, operation, maintenance or repair of said collection system. Each owner operating a collection system shall make all necessary renewals, replacements and improvements thereto in order to maintain adequate service and shall comply with all present and future laws, rules, and regulations, permits, orders, and requirements applicable thereto and lawfully made by DER and EPA or other governing bodies having jurisdiction thereof.

(o) Wastewater By-Products.

Any owner shall have the right to acquire at their own expense the Wastewater By-Products, at a fee determined by the Board. In the event the request exceeds its available supply, each owner shall be entitled to acquire Wastewater By-Products on a pro-rated basis in relation to their prorata usage of the plant.

(p) Expansion.

Should it be determined by any of the owners that a physical expansion of the Regional Facility is needed, the owners each individually reserve the right to conduct an independent study, develop specifications, advertise for bids, contract for construction and to supervise construction. All of the above functions must be approved by the Regional Sewer Board.

(q) Financial Support.

Projected budgets will be provided to each owner by the first day of July of each year and funding profiles of payment schedules by September 1. Funding will begin on October 1 and continue through September 1 of each fiscal year.

(r) Connections.

Each owner agrees that it will not permit any collection sewer or other sewer to be connected with the Regional Facility unless it provides sewer service to a building or structure which is located in the service area. The owners further agree that no person, firm, corporation, or municipality shall install or make connections to its

Collection System which shall in any manner be connected with the Regional Facility without first obtaining a permit to do so from the agency having jurisdiction thereof.

(s) Municipal Ordinances; Resolutions.

Each owner shall adopt and enforce ordinances or resolutions, and keep the same in effect, requiring the issuance of sewer permits and establishing rules and regulations governing the construction and building of sewers, service laterals, connections, and other matters relating to the Collection Systems, which shall conform to requirements of DER and EPA.

(t) No Direct Connections.

House laterals and other private sewers may not be connected directly to the Regional Facility. All such connections must be made directly through the owner's Collection Systems.

(u) Resolution of Agreement Violations.

1. The Board as a result of tests, inquiries or disclosures of any nature that provisions of this agreement are not being complied with, will take all appropriate actions as required to rectify the situation.

2. The Board will submit to the owners quarterly reports on total influent from each owner's system. Should any owner exceed its approved reserve capacity according to recorded flow meter reports, the Board will notify the respective owner and request the excessive inflow be controlled so as not to exceed approved reserved capacity.

3. If any Board Report violation of Article IV (u) is not corrected to the satisfaction of the Board, then the Board will make appropriate recommendations to the owners and/or to DER.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.01. Insurance. Each of the owners shall maintain general liability insurance covering the operation of the Regional Treatment Collection System. Each of the owners shall also maintain fire and extended coverage insurance against loss or damage to the physical structures and other sewer facilities normally included in such policies, in such amounts as shall be recommended by their respective Consulting Engineers or such independent insurance consultant

Section 5.02. Litigation. Any owner or groups of owners, who may desire to seek redress of an issue through litigation, shall pay all court costs in the event the court rules in favor of the defendant(s) named in the suit.

Section 5.03. Fines. Fines or other monetary penalties imposed in the operation of the Regional Treatment System, not as a result of any violation of the Agreement by any owner, shall be deemed an Operating Expense of the Regional Treatment System payable as an additional Service Charge in accordance with each owner's proportionate share of such Service Charges.

Section 5.04. Waiver. The failure of any owner to insist upon strict performance of this Agreement or of any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

Section 5.05. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be regarded for all purposes as an original, but such counterparts shall together constitute but one and the same instrument.

Section 5.06. Attachments, Appendices, Exhibits and Schedules. All exhibits, attachments, appendices and schedules which may, from time to time, be referred to in any duly executed amendment hereto are (and with respect to future amendments, shall be) by such reference incorporated herein and shall be deemed a part of this Agreement as fully as if set forth herein.

Section 5.07. Effective Date of Agreement. This Agreement shall become effective after the enactment of appropriate enabling resolutions by owners authorizing its execution by appropriate officials of said owners and after filing of an original of said Agreement with the Clerk of the Circuit Court for Okaloosa County.

Section 5.08. Term. The term of this Agreement shall be from the effective date referred to above and continuing for the useful life of the Regional Sewer System and any additions, alterations or modifications thereto, whichever is longer.

Section 5.09. Amendments. The owners agree to negotiate in good faith such amendments to this Agreement or additional agreements as

may be necessary to provide for capital improvements to the Regional Treatment System required to maintain adequate service. Any such amendments shall be made in accordance with the provisions of Chapter 163, Part I, Florida Statutes, and of this Agreement.

Section 5.10. Governing Law. This Agreement shall be governed in all respects by the laws of the State of Florida.

IN WITNESS WHEREOF, the Owners hereto have caused this Agreement to be executed under their respective seals by their officers thereunto duly authorized as of the date first above written.

NICEVILLE, FLORIDA

Attest: \_\_\_\_\_ By: \_\_\_\_\_

OKALOOSA COUNTY, FLORIDA

Attest: \_\_\_\_\_ By: \_\_\_\_\_

VALPARAISO, FLORIDA

Attest: \_\_\_\_\_ By: \_\_\_\_\_

SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made and executed this 21 day of March, 1980, by and among the CITY OF NICEVILLE, FLORIDA, the CITY OF VALPARAISO, FLORIDA, and the BOARD OF COUNTY COMMISSIONERS OF OKALOOSA COUNTY, FLORIDA, each in consideration of the covenants and agreements expressed herein on the part of the others:

WHEREAS, on February 28, 1974 the parties hereto entered into an agreement relating to the construction and operation of a regional sewer system;

WHEREAS, the regional sewer system is now in the Step 3 Construction Phase, and

WHEREAS, the City of Valparaiso, Florida, has applied for a loan from Farmers Home Administration and one of the requirements of the Farmers Home Administration is that the relationship of the parties be further defined; and

WHEREAS, the parties expressly recognize and agree that the application of the City of Valparaiso to the Farmers Home Administration for a loan is an individual transaction of said City and sole liability of said City. The other parties will cooperate and assist said Valparaiso in every possible way, but any documentation, bonds, compliance statements and similar criteria that may be required by Farmers Home Administration shall be the sole responsibility of the City of Valparaiso. The other parties to this agreement will, however, make all available information available to Valparaiso for such purposes.

IN CONSIDERATION of the covenanted obligations hereinafter set forth, and the mutual benefits to be derived hereunder, the parties agree as follows:

1. (a) The purpose of this Agreement is to reaffirm the provisions of the Agreement between the parties dated February 28, 1974.

(b) That the City of Niceville's responsibility as lead applicant will not terminate until the construction program has been completed and accepted and approval given by DER, EPA, and the three governing bodies.



2. That the regional sewer board as defined and authorized in Paragraph 10 of the February 28, 1974 Agreement has been appointed by each party.

3. That the said Board shall have a preliminary organizational meeting on or before April 14, 1980. At that time the Board will appoint a president, secretary and treasurer. At the meeting the Board will commence a study and evaluation toward the establishment of basic operating procedures, bylaws and the form of legal entity to be pursued. All such actions being designated towards having an organizational setup established to be activated when the construction stage is finished and the project accepted as previously agreed upon.

4. The parties expressly agree that the Board shall not be officially involved in construction of the regional sewer system. The Board shall officially take over the operation and maintenance of the regional sewer system upon acceptance of the project by the City of Niceville as lead applicant and approval by DER and EPA.

5. At the appropriate time the Board shall be responsible for establishing a yearly budget providing this budget to each governing body by the First of July of each year and assuring that those amounts of funds will be available. This fund will be established and deposited in one of the local banks as agreed upon by the Board. This fund will be known as the "Operation and Maintenance Fund." Each party shall be responsible for depositing their prorata share for operating expenses into the fund no later than the 10th day of each month. The parties to this Agreement will place sufficient moneys into the fund prior to the beginning of the operation of the system to cover initial start-up services and costs. The amount necessary will be determined by the Board and will be paid prorata by the governmental bodies.

6. The Board will be responsible for hiring an independent certified public accountant for the purpose of keeping financial records (revenues and expenses) for the operation of the system. He will be responsible for making monthly reports to the Board of the financial condition of the system with copies to the governmental bodies. The CPA will be responsible for performing a yearly

audit of the operation of the system and presenting it to the Board with a copy to each governmental body from the date of beginning of operation of the system and each year thereafter.

7. Each of the parties to this Agreement shall establish a rate structure for their customers which will be fixed by the individual party. However, the portion of monthly costs that each government will have to pay into the operation and maintenance fund will be based upon its prorata share of usage that will be measured by flow meters.

8. The Board will enter into a utility purchase contract with each party which will include a definite commitment by the Board to treat all sewage at the main treatment plant located off Highway 85, Niceville, Florida, and further to dispose of said treated sewage at the spray irrigation field adjacent to the main treatment plant. The City of Valparaiso will have a minimum treatment capacity of 500,000 gallons per day. The City of Niceville will have a minimum treatment capacity of 1,100,000 gallons per day and Okaloosa County will have a minimum treatment capacity of 400,000 gallons per day. In the event there is a shortage in the overall treatment capacity of the plant which is 2,000,000 gallons, all of the users will share the shortages proportionately. Said contract shall set out the ownership and maintenance responsibilities of the parties and in this regard the Board shall be responsible for maintenance of the main treatment plan, the holding pond, spray irrigation field, and the master flow meter. All other force mains, pump stations and sewage connection pipes in the respective jurisdictions of the governmental bodies will be maintained by the employees of each governmental body.

9. The said utility contract will set forth fees charged to each governmental body for the operation and maintenance expenses of the system based upon the method outlined in the "Original Agreement" of February 28, 1974, Paragraph 5.

10. At the appropriate time the Board will establish a separate fund known as the "equipment replacement fund" with each party's prorata share to be determined on the basis of usage and

make provisions for emergency expenditures and take such other funding action that is found to be appropriate and agreeable to the parties.

EXECUTED THIS 26<sup>th</sup> day of March, 1980, pursuant to duly adopted resolutions of each of the parties herein.

BOARD OF COUNTY COMMISSIONERS  
OKALOOSA COUNTY, FLORIDA

BY: [Signature]

ATTEST: [Signature]

ATTEST: [Signature]

CITY OF VALPARAISO, FLORIDA

BY: [Signature]

MAYOR

ATTEST: \_\_\_\_\_

CITY CLERK

CITY OF NICEVILLE, FLORIDA

BY: [Signature]

MAYOR

ATTEST: [Signature]

CITY CLERK

This instrument prepared by:

GILLIS E. POWELL, SR.  
Niceville City Attorney

DANIEL C. CAMPBELL  
Valparaiso City Attorney

JOHN DOWD  
Okaloosa County Attorney

RESOLUTION NO. 876

WHEREAS the Okaloosa County Commission proposes to construct projects for the abatement of water pollution, including sewage collection lines, treatment facilities, and spray irrigation disposal facilities; and

WHEREAS such projects are eligible for federal grant assistance, and

WHEREAS Okaloosa County, in cooperation with the Cities of Valparaiso and Niceville, through the consulting firms, Polyengineering of Florida, Inc., and Roy F. Weston, Inc., have prepared the Niceville-Valparaiso-Okaloosa Facilities Plan, and

NOW, THEREFORE, BE IT RESOLVED by the Okaloosa County Commission:

1. That applications be submitted by the City of Niceville as Lead Applicant to the U.S. Environmental Protection Agency for projects listed below for a Step 3 (construction of a new wastewater treatment facility and new effluent pumping stations and force mains) grant under provisions of PL 92-500, and that Randall Wise, Mayor of Niceville, will be the representative for all required official actions concerning applications to the United States Environmental Protection Agency for grants provided by the Federal Water Pollution Control Act and to take necessary required official action concerning projects provided financial assistance by the Federal Grants Agency, all in accordance with applicable policy and procedure.

Projects for which applications are authorized include:

- a. Construction of Niceville-Valparaiso-Okaloosa Regional Sewage Collection Treatment and Disposal Sewage Treatment Plant plus the Niceville-County

Pumping Station and Force Main, and the Niceville  
Pumping Station and Force Main (Project Numbers:  
C120506030 and C120506100).

b. The Rocky Bayou Pumping Station and Force Main  
(Project Number: C120506080).

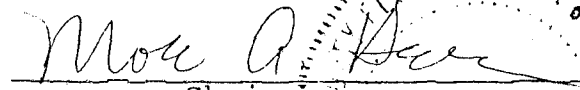
c. The Meigs-Seminole Pumping Station and Force Main  
(Project Number: C170506090).

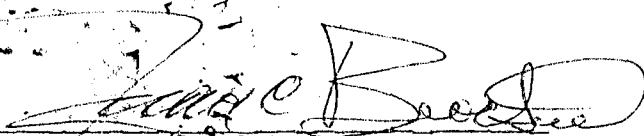
2. That Okaloosa County will have sufficient funds  
available, and will pay:

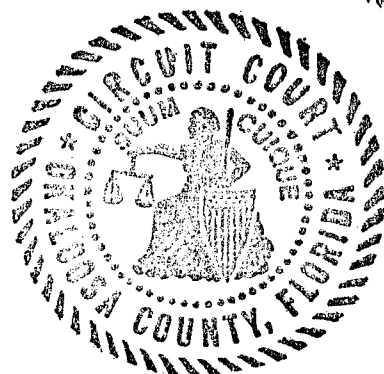
a. All non-federal cost of construction and operation  
of the Okaloosa County Meigs-Seminole Pumping Station  
and Force Main.

b. Fifty Percent (50%) of the construction of the Rocky  
Bayou Pumping Station and Force Main, and its pro-rata  
share of the Regional Central System and the Niceville-  
County Pumping Station and Force Main.

ADOPTED this 13th day of March, 1979.

  
Chairman  
Board of County Commissioners  
Okaloosa County, Florida

ATTEST:  
  
Clerk



CERTIFIED A TRUE  
AND CORRECT COPY  
CLERK CIRCUIT COURT  
NEWMAN C. BRACKIN

BY Mary Moys  
DEPUTY CLERK

PROJECT SUPPORT AGREEMENT

THIS PROJECT SUPPORT AGREEMENT, dated and entered into this date, by and between the CITY OF NICEVILLE, a municipal corporation (the "Lead Agency"), and the CITY OF VALPARAISO, a municipal corporation, and OKALOOSA COUNTY, a political subdivision of the State of Florida (the "Participants").

W I T N E S S E T H :

WHEREAS, the Participants have determined that the Lead Agency shall undertake, or cause to be undertaken, the acquisition and construction of the Regional Sewer System Project, and

WHEREAS, the Lead Agency proposes to issue notes in order to partially interim finance the construction of the Project, and

WHEREAS, it is contemplated that the proceeds of federal grants and the income from investments thereof and of the proceeds of the Notes will be sufficient to pay the principal of and interest on the Notes as they mature and come due, and

WHEREAS, it is recognized that the Lead Agency may be required to issue the Bonds in order to refund the Notes and to pay any Project Costs not theretofore paid from proceeds of the Notes or from other moneys; and

WHEREAS, it is deemed desirable that the Bonds be secured by payments to be made by the Participants under this

Project Support Agreement and by funds of the Lead Agency derived from sources other than ad valorem taxation;

NOW, THEREFORE, in consideration of the mutual promises and obligations hereinafter set forth, the parties hereto, intending to be legally bound hereby, do agree as follows:

SECTION 1. The following terms shall, for all purposes of this Project Support Development Agreement, have the following meanings:

"Act" shall mean Chapter 166, Part II, Florida Statutes and other applicable provisions of law.

"Agreement" shall mean the interlocal agreement entered into between the Lead Agency and the Participants dated February 28, 1974, attached to and made a part of the Bond Ordinance as such agreement has been heretofore amended and supplemented.

"Bond Ordinance" shall mean the Ordinance of Lead Agency enacted on the 27th day of May, 1980, which authorized the issuance of the Bonds.

"Bonds" shall mean the \$2,000,000 Regional Sewer System Certificates of Indebtedness of the Lead Agency authorized to be issued pursuant to the terms of the Bond Ordinance.

"Lead Agency" shall mean the City of Niceville, Florida, a municipal corporation.

"Notes" shall mean the \$2,000,000 Regional Sewer System Anticipation Notes, Series 1980, of the Lead Agency authorized to



be issued by resolution of the Lead Agency adopted on the 27th day of May, 1980.

"Payment Date" shall mean the 10th day of each month commencing with the first month after the date of issuance and delivery of the Bonds until payment in full of the Bonds.

"Participants" shall mean the City of Valparaiso, Florida, a municipal corporation, and Okaloosa County, Florida, a political subdivision of the State of Florida.

"Project" shall mean the Regional Sewer System Project.

"Project Costs" shall have the meaning given to such term in the Bond Ordinance.

"Project Support Agreements" shall mean this Project Support Agreement dated as of the date hereof having terms and provisions substantially identical to those of this Project Support Agreement entered into by the Lead Agency and the other Participants.

"Proportionate Share" shall mean the following

percentages:	City of Niceville	55%
	City of Valparaiso	25%
	Okaloosa County	20%

SECTION 2. The Lead Agency has agreed in the February 28, 1974 Agreement as supplemented on March 26, 1980, to undertake the acquisition and construction of the Project for and on behalf of itself and of the Participants, and in connection therewith, to secure financing of the Project Costs, in part through the authorization and issuance of the Bonds and of the Notes.

SECTION 3. In accordance with the issuance of grant anticipation notes by the Lead Agency (City of Niceville), under this Project Support Agreement; the participants (City of Valparaiso and Okaloosa County) agree to pay the following costs in the following portions:

The participants agree to pay to the Lead Agency on or before the Payment Date (the 10th day of each month) the costs incurred to that date from principal and interest payments on the grant anticipation notes that have not been satisfied from the note proceeds and earnings for investment of such proceeds or other notes or bonds of the Lead Agency.

The City of Niceville will be responsible for paying 55% of the Project Costs not satisfied as prescribed above. The City of Valparaiso will be responsible for 25% of the Project Costs not satisfied as prescribed above and Okaloosa County will be responsible for 20% of the Project Costs not satisfied as prescribed above.

The City of Niceville will be responsible for notifying each participant by registered mail, at least 20 days prior to the payment date. This notification will specify any costs that have not been covered by the note proceeds, interest from investment and proceeds from other bonds or notes of the Lead Agency. Further, this notification will detail the proportionate share due from each participant, in order to cover said costs. In the event the Lead Agency fails to notify the Participants by registered mail as specified, each participant will still be obligated to pay their respective proportionate share; however, the Lead Agency will be

responsible for paying any interest penalties incurred by the Participants for late payments resulting from the failure of the City of Niceville to notify the Participants as prescribed in the proceeding paragraph.

In the event that the amount of the payment specified in the Notice to be due from the Participants pursuant to this Section 3 is in dispute, the Participants shall nevertheless pay the full amount specified in the Notice and, upon determination of the correct amount, the difference between such correct amount and such full amount, if any, will be paid to the Participants by the Lead Agency after such determination. The Participants agree to pay interest on any overdue payment at the rate or rates of interest borne by the Bonds during the period such payment is overdue. The Participants agree to make all payments in a manner such that immediately available funds will be available on the date on which they are to be applied, pursuant to the Bond Ordinance, to the payment of principal of or interest on the Bonds.

Anything to the contrary in this Project Support Agreement notwithstanding, the payments required to be made by the Participants under this Section 3 shall not, under any circumstances, be any greater, as a result of a default by any other Participant under Section 3 of this Project Support Agreement, than the payments that would have been required had such other Participant not defaulted.

The obligation of the Participant to make payments under this Project Support Agreement is a several obligation and is not a joint obligation with those of the other participants. Such obligation is absolute and unconditional irrespective of any rights of setoff or counterclaim the Participant might otherwise have against the Lead Agency or any other person, and the Participant will not fail or refuse to make such payment and will not terminate this Project Support Agreement for any cause whatsoever, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute a failure of consideration, or commercial frustration of purpose, or any event which constitutes force majeure, or any bankruptcy, insolvency, receivership or similar proceeding, whether voluntary or involuntary, with respect to or affecting the Lead Agency, including any disaffirmance, rejection or postponement in any such proceeding of any of the Lead Agency's obligations under the Bond Ordinance or any change in the laws of the United States, or any State or any political subdivision thereof, or any failure of the Lead Agency to perform and observe its agreement hereunder

or to discharge any duty or obligation arising out of or connected with this Project Support Agreement or any other circumstances or condition, whether similar or dissimilar to any of the foregoing, that might constitute a legal or equitable discharge or defense of the Participant (whether or not the Participant shall have any knowledge or notice thereof). This provision shall not be construed to release the Lead Agency from the performance of any of its obligations or undertakings contained in this Project Support Agreement, or, except to the extent provided in this Section 3, prevent or restrict the Participant from asserting any rights which it may have against the Lead Agency or any other person under this Project Support Agreement or under any provision of law or prevent or restrict the Participant, at its own cost and expense, from prosecuting or defending any action or proceeding against or by third parties or taking any other action to secure or protect its rights under this Project Support Agreement.

SECTION 4. The Lead Agency shall at all times take all reasonable measures (including appropriate judicial proceedings) permitted by law to enforce all of the covenants and obligations of the other Participants under their respective Project Support Agreements including, without limitation, the obligations of such Participants to make payments under such Project Support Agreements. The Participant shall provide the Lead Agency with

such assistance as shall be reasonably required to permit the Lead Agency to comply with the immediately preceding sentence. The Participant hereby authorizes the Lead Agency so long as this Project Support Agreement shall be in effect, (i) to proceed by appropriate judicial proceedings as described in the first sentence of this Section 4, (ii) to bring any such judicial proceedings in the name of the Lead Agency as agent for the Participant and such other members who shall grant similar authority to the Lead Agency, and (iii) to apply to the payment of the Bonds in accordance with their terms any and all amounts recovered from any Participant pursuant to any such judicial proceedings.

SECTION 5. Notes issued by the Lead Agency as contemplated by this Project Support Agreement shall be payable from the proceeds of the Bonds, or from earnings from investment of any such proceeds, all as contemplated by the Bond Ordinance, and, to the extent that such proceeds or earnings are not available or are insufficient to make payments required to be made on any Payment Date, the principal of and interest on the Bonds shall be payable from the payments made by the Participants pursuant to the Project Support Agreements, including payments made by the Participant under Section 3 of this Project Support Agreement and from funds of the Lead Agency derived from sources other than ad valorem taxation.

SECTION 6. Notwithstanding any other provision of this Project Support Agreement, it is understood and agreed that all amounts payable by the Participant hereunder shall be payable by the Participant from funds of the Participant derived from sources other than ad valorem taxation in accordance with the instruments authorizing, and subject and subordinate to the payment of debt service on, any bonds of the Participant outstanding from time to time payable from said non-ad valorem funds and that the Participant shall not be required to make such payments from taxes levied against any property of or in the Participant.

SECTION 7. The Lead Agency intends to pledge and assign its rights and interests under this Project Support Agreement and to all payments by the Participant under this Project Support Agreement to the Bondholders as security for the due and punctual payment of the principal of and interest on the Bonds and all such payments hereunder shall be made to the Lead Agency, for the benefit of such Bondholders, by the Participant when due, provided that upon full payment of the Bonds and the interest thereon, the amount of any excess of such payments then remaining on deposit with the Lead Agency, who shall thereupon refund such excess to the Participants on a pro rata basis in accordance with the amounts of their respective payments.

SECTION 8. This Project Support Agreement shall be in full force and effect and be legally binding upon the Lead Agency

and the Participant upon the execution and delivery hereof by the Lead Agency and the Participant and the execution of Project Support Agreements by the Lead Agency and the other Participant and shall remain in full force and effect until the payment of all amounts required to be paid by the Participants hereunder.

SECTION 9. All the covenants, stipulations, promises and agreements contained herein, by or in behalf of each of the parties hereto, shall bind and inure to the benefit of the successors and assigns of such party, whether so expressed or not.

SECTION 10. If any payment hereunder falls due on a Saturday, Sunday or public holiday at the place of payment thereof, then such due date shall be extended to the next succeeding full business day at such place.

SECTION 11. This Project Support Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

IN WITNESS WHEREOF, the parties hereto have executed this Project Support Agreement and affixed their seals hereto as of the dates of execution.



CITY OF NICEVILLE, FLORIDA

(SEAL)

By Randall Wine  
Mayor

This 1st day of May, 1980.

Attest:

George H. Island  
Clerk

CITY OF VALPARAISO, FLORIDA

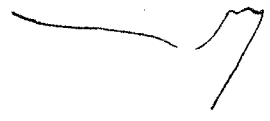
(SEAL)

By \_\_\_\_\_  
Mayor

This \_\_\_\_\_ day of June, 1980.

Attest:

\_\_\_\_\_  
Clerk



CITY OF NICEVILLE, FLORIDA

(SEAL)

By \_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Clerk

CITY OF VALPARAISO, FLORIDA

(SEAL)

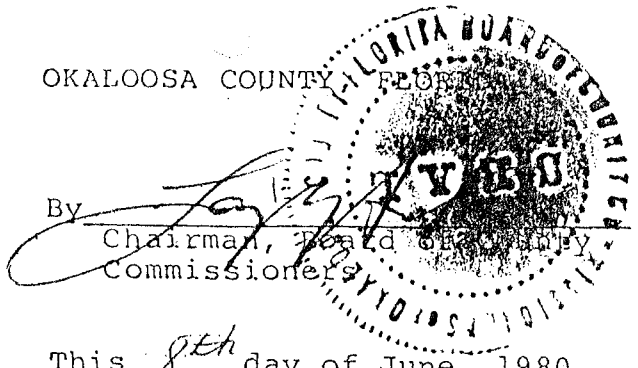
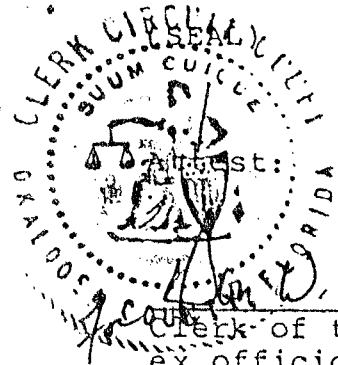
By \_\_\_\_\_  
Mayor

Attest:

*[Handwritten Signature]*  
\_\_\_\_\_  
Clerk

This 11th day of July, 1980.

OKALOOSA COUNTY, FLORIDA



By [Signature]  
Chairman, Board of County  
Commissioners

This 8th day of June, 1980.

[Signature]  
Clerk of the Circuit Court &  
ex officio Clerk of the Board  
of County Commissioners

FILED

ARTICLES OF AMENDMENT TO THE ARTICLES OF INCORPORATION  
 NICEVILLE, VALPARAISO, OKALOOSA COUNTY REGIONAL SEWER BOARD, INC.

FILED  
 MAR 2 3 1983  
 SECRETARY OF STATE  
 TALLAHASSEE FLORIDA

The following Amendment to the Articles of Incorporation, adopted the 20th day of January, 1981, was unanimously passed by the members of the Corporation and by the Board of Directors on the 29th day of March, 1983.

ARTICLE III is to be amended to read:

This corporation is organized exclusively for charitable purposes under Section 501 (c) (3) of the Internal Revenue Code. Said charitable purposes are to include lessening the burdens of the City of Niceville, Florida, the City of Valparaiso, Florida, and Okaloosa County, Florida, by managing, operating and maintaining their jointly owned regional waste water treatment plant, effluent transmission system and spray irrigation effluent disposal system.

*Bob Koncar*

Bob Koncar  
 President  
 Niceville, Valparaiso, Okaloosa  
 County Regional Sewer Board, Inc.

*Mike Mitchell*

Mike Mitchell  
 Secretary  
 Niceville, Valparaiso, Okaloosa  
 County Regional Sewer Board, Inc.

# State of Florida



## Department of State

I certify that the attached is a true and correct copy of Certificate of Amendment to Articles of Incorporation of NICEVILLE, VALPARAISO, OKALOOSA COUNTY REGIONAL SEWER BOARD, INC., a Florida corporation, filed on May 9, 1983, as shown by the records of this office.

The charter number of this corporation is 756360.

Given under my hand and the Great Seal of the State of Florida, at Tallahassee, the Capital, this the 12th day of May, 1983.



George Heston  
Secretary of State

articles that must be authorized or approved by the members of the corporation, by-laws of this corporation may be made, altered, rescinded, added to, or new by-laws may be adopted, by a resolution proposed by the board of directors and approved by all members of this corporation.

ARTICLE X

AMENDMENTS OF ARTICLES

Amendments to these Articles of Incorporation may be proposed by a resolution adopted by the Board of Directors. Amendments may be adopted only after approval of the members of this corporation.

ARTICLE XI

DISSOLUTION

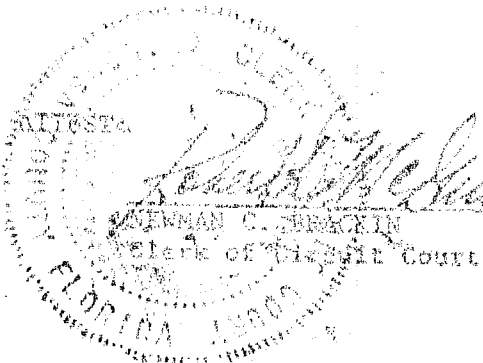
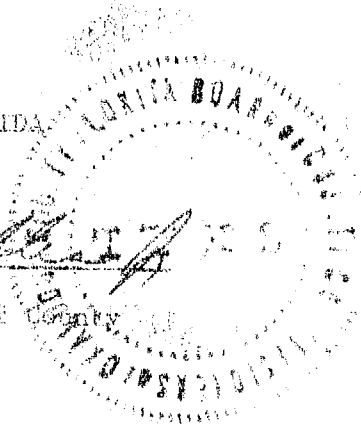
This corporation may be dissolved and its affairs wound up in the manner provided by law. In the event of dissolution all debts and liabilities shall be paid and the property of the corporation distributed to its membership in accordance with their respective ownership in the regional sewer system pursuant to the agreements February 28, 1974 and as supplemented thereafter from time to time pursuant to the mutual agreement of the parties.

We, the undersigned, being the incorporators and subscribers of this corporation, execute, acknowledge, and file the foregoing Articles of Incorporation under the laws of the State of Florida the 29th day of March, 1983

OKALOOSA COUNTY, FLORIDA

BY:

Bill Feebles  
BILL FEEBLES  
Chairman, Board of County Commissioners

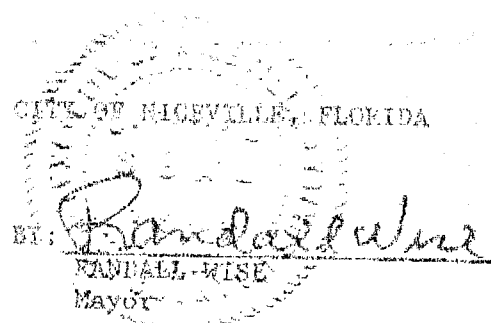


William C. Becklin  
WILLIAM C. BECKLIN  
Clerk of Circuit Court

CITY OF NICEVILLE, FLORIDA

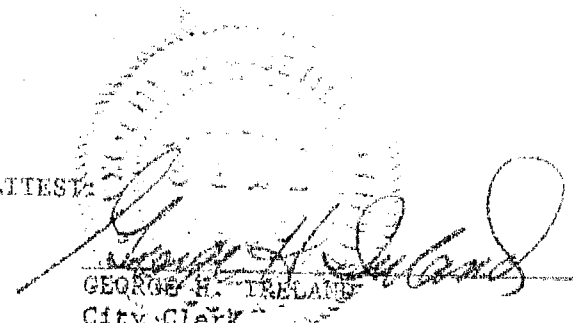
BY:

Randall Wise  
RANDALL WISE  
Mayor



ATTEST:

George H. Trellan  
GEORGE H. TRELLEN  
City Clerk



UTILITY PURCHASE  
CONTRACT  
BETWEEN  
CITY OF NICEVILLE - CITY OF VALPARAISO - OKALOOSA COUNTY  
AND THE  
REGIONAL SEWER BOARD, INC.

THIS AGREEMENT, made and entered into this 22 day of March, 1982, by and between the City of Niceville, Florida, a municipal corporation, Okaloosa County, a political subdivision of the State of Florida, and the Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc., a legal entity in Okaloosa County, Florida.

WITNESSETH:

WHEREAS, the City of Niceville, Florida, a municipal corporation (hereinafter designated Niceville), the City of Valparaiso, Florida, a municipal corporation (hereinafter designated Valparaiso), and Okaloosa County, Florida, a political subdivision of the State of Florida (hereinafter designated County) entered into an Interlocal Agreement as authorized by Section 163.01 of Florida Statutes on the 28th day of February 1974 and a Supplemental Agreement dated 26 March 1980 for the purpose of constructing and operating of a Regional Wastewater Treatment and Disposal Facility (hereinafter designated Regional Facility), and;

WHEREAS, these parties subscribed to and formed THE NICEVILLE, VALPARAISO, OKALOOSA COUNTY REGIONAL SEWER BOARD, INC., (hereinafter designated Board), a duly created legal entity having the authority to contract the service of operation, maintenance and expansion of the Regional Facility, and;

WHEREAS, the aforementioned Interlocal Agreement sets forth the requirement for the Board to enter into a contract with Niceville, Valparaiso, and Okaloosa County (hereinafter designated Owner or Joint Owners), to operate and maintain the Regional Facility on a non-profit basis, and each Joint Owner agrees that each entity will pay their proportional part of the Boards operation cost as set forth in the above mentioned Interlocal Agreement;

NOW THEREFORE, in consideration of the mutual benefits to flow to the Joint Owners and to the Board and in consideration of the mutual covenants, promises and agreements as set forth herein, the Board and Joint Owners hereby agree with each other to effecuate the purposes of the Interlocal Agreement

and this Utility Operation Agreement in the manner hereinafter set forth;

**PURPOSE OF CONTRACT:** In order to properly maintain and operate the Regional Facility, it is necessary to contract with the three owners as to certain agreements, since it is the owners responsibility to provide the funds and to maintain and operate the collection system.

**SECTION I: DEFINITIONS - AS USED HEREIN THE FOLLOWING TERMS SHALL HAVE THE MEANINGS STATED:**

1. **BOARD** - Regional Sewer Board consisting of 6 members, two from each governing body.
2. **REGIONAL FACILITY** - Consists of Wastewater Treatment Plant and Spray Irrigation Field and All Connections Between.
3. **OWNERS** - Cities of Valparaiso and Niceville and Okaloosa County.
4. **O & M CHARGES** - Yearly costs to each owner.
5. **DOMESTIC WASTEWATER** - Derived principally from dwellings, Commercial buildings, Institutions, and Industry; resulting from household or toilet wastes resulting from Human occupancy. It may or may not contain ground water, surface water, or storm water.
6. **INDUSTRIAL WASTE DISCHARGE PERMIT** - A permit issued to control the industrial, commercial or institutional discharge from users that may be introduced into the Sanitary Sewer System. This permit is issued in addition to other types of permits. When issued the permit will define the character and volume of flow and acceptance or rejection of individual waste components.
7. **INDUSTRIAL OR COMMERCIAL WASTE** - The liquid waste from industrial, commercial or institutional processes
8. **COLLECTION SYSTEM** - The system of public sewers to be operated by owners, which will connect with the Regional Treatment Facility with the pump stations, force mains and connecting pipe systems.
9. **THE INDUSTRIALLY CLASSIFIED USER** - An industrial or commercial user whose liquid waste are in part made up of flows related to industrial process, as distinct from industrial or commercial users whose waste flows are primarily domestic or resulting from human occupancy.
10. **REPLACEMENT** - Expenditures for obtaining and installing equipment, accessories or appurtenances which are necessary during the service and management of treatment process facilities, to maintain the capacity and performance for which such facilities were designed and constructed.
11. **PERSON** - Any individual, establishment, firm, company, association, society, corporation, or group.
12. **SURCHARGE** - A charge levied on the users of the treatment works, whose wastewater discharge exceeds the parameters establishment for wastewater strength and flow.
13. **"SHALL"** - is Mandatory.  
**"MAY"** - is Permissive.

**SECTION II-A: ACCEPTANCE OF SEWAGE.** Board agrees that it will:

(1) Accept, treat and dispose of Sewage emanating from the Service Area which is discharged into the Regional Facility in accordance with the limitations and other terms and conditions set forth in this document;



(2) Continuously operate the Regional Facility or cause it to be operated in an economical and efficient manner in accordance with the terms and conditions of this Agreement, subject to temporary interruptions or curtailments of operations for reasons beyond the control of the Board and subject to orders from DER, EPA, or other governmental agencies requiring the Board to discontinue operation of the Treatment Plant or the Spray Irrigation Field;

(3) From time to time, make all necessary and ordinary repairs, and replacements of the Regional Facility and undertake all improvements necessary to maintain adequate service thereby, the costs of all of which shall be Operating Expenses hereunder, but this subparagraph shall not authorize expansion of the capacity of the Treatment Plant or other components of the Regional Facility; and

(4) Comply with all present and future Regulations.

#### SECTION II-B

#### LOADING LIMITS

The owners agree that the sewage discharge to the Regional Facility shall not exceed any of the following loading limits:

(a) Maximum average volume of flow to the Treatment Plant per 24 hours of 2.0 million gallons.

(b) Maximum concentration of 200 milligrams per liter of biochemical oxygen demand as a five consecutive day average value.

(c) Maximum concentration of 350 milligrams per liter of suspended solids as a five consecutive day average value.

(d) Maximum concentration of 300 milligrams per liter of total Organic carbon.

(e) Maximum concentration of 85 milligrams per liter of total Nitrogen.

(f) Maximum concentration of 20 milligrams per liter of total Phosphorus.

(g) Maximum concentration of 150 milligrams per liter of a total oil and grease.

Exceeding above limits will result in a surcharge. A surcharge formula will be developed and provided to DER, EPA and the owners for their approval.

#### SECTION II-C

#### EXCESS FLOWS

(1) The owners acknowledge and agree that the floor limit set forth in loading limits hereof is based on the anticipated volume of flow in a year of 2.0 million gallons:

(2) If at any time during the term of the Agreement, the total volume of flow from the Service Area exceeds the total capacity of the Regional Facility, regardless of the source of the excess flows, all owners agree to take such action as is necessary to restrict and control the excess flow.

(3) The owners agree that at such time following completion of the Regional Facility as the capacity reserved by each of the owners in

accordance with this document has been reached, and thereafter, each of the owners will take all steps necessary to prohibit discharges to the Regional Facility in excess of the stated limits, including, without limitation, prohibition of further extensions or connections of collection Sewers and the issuance of any further building permits within the portion of the owner's Service Area; provided that the foregoing covenant shall not be deemed to prevent the owners from constructing or acquiring additions, extensions, and improvements to the Regional Facility in order to increase its total capacity.

(4) Any owner having reserve capacity may at its discretion negotiate with any other owner its capacity it has reserved without restriction as to amount of capacity or the price for such capacity.

#### SECTION II-D PERMIT COMPLIANCE

The Regional Facility shall be operated and maintained to insure the treatment of Sewage adequate to comply with the NPDES Permits for the Regional Facility and the DER permit to operate a pollution source, and all other laws, rules, regulations, permits and orders of governmental bodies applicable thereto, including, without limitations, the Regulations.

#### SECTION II-E ACCOUNTANTS, CONSULTING ENGINEERS

(1) The Board shall retain a firm of independent certified public accountants to provide auditing services for the Regional Facility.

(2) In connection with the performance of its duties under this Agreement, the Board shall also retain the services of a Consulting Engineer as required for the Regional Facility.

#### SECTION II-F: OPERATIONING BUDGET

The Board shall establish a budget which shall include all expenses pertinent to the operation and maintenance of the Regional Facility. In order to effecuate such budget, the Board shall submit a detailed budget by July first of each year projecting the expenses for the ensuing fiscal year to each of the owners. At the end of the fiscal year (1 October - 30 September), the books will be audited, the costs prorated on a basis of yearly usage. The following fiscal year budget will take into account any credits or deficits entitled as a result of the audit. A copy of the audit will be provided to each owner.

### SECTION III: OWNERSHIP

#### 1. OWNERSHIP OF THE REGIONAL FACILITY

City of Niceville	-----	55%	(1,100,000 Gal./Day)
City of Valparaiso	-----	25%	( 500,000 Gal./Day)
County of Okaloosa	-----	20%	( 400,000 Gal./Day)

2. At the end of each fiscal year the Board will provide a report on the status as to where each owner stands as to usage of reserve capacity. A projection will be made as to when, in the opinion of the Board, reserve capacity of each owner will be reached.

3. By agreement of owners, no owner can exceed reserve capacity. It is the responsibility of each owner to make arrangements with the other owners to buy, lease, or expand to cover increase needs. This is not the responsibility of the Board. Based upon reserve capacity, each owner agrees to cease all connections to the collection system when 95% of his capacity has been reached and/or until he has made arrangements for the increased capacity.

### SECTION IV: METERING

(A) The Flow meters in all pumping stations will be maintained, calibrated and managed by the Board, the recording of the flow meters will be accomplished by the Board with copies of the information to be provided to the owners for in-flow control. The owners may, at their discretion, monitor the metering activities and record what information deemed advisable for the exercising of their individual responsibilities as owners.

(B) The Board will assume responsibility for costs associated with the calibration, maintenance and repairs of the flow meters. In the event of a meter failure which prevents the recording of flow data, the daily average of flow data for the 3 Preceeding months will be used in determining flow during the period the meter was out of service. Cooperation and coordination with the owners will be accomplished in conjunction with any repair or reading of meters in any owner operated pumping station.

(C) At the end of each quarter of the calender year, the Board will provide a report to the owners with information concerning actual usage vs individual reserve capacity.

### SECTION V: INSURANCE REQUIREMENTS

The Board shall at all times maintain with an insurer or insurers sufficient insurance against public liability and property damage to the Regional Facility in proportion thereof as is customarily maintained with respect to property of like character. The Board shall maintain such workman's compensation insurance on plant operated employees as is required by law.

#### SECTION VI: AVAILABILITY OF RECORDS

The Board will keep accurate records of all costs related to the operation and maintenance of the Regional Facility, and shall allow all such persons authorized by law to have access to such books, records, documents, and other evidence for the purpose of inspection and audit.

#### SECTION VII: CONTACT EFFECTIVE

The Contract shall become effective upon proper execution by the parties hereto and remain in effect for the fiscal year 1982 and 83.

#### SECTION VIII: MAINTENANCE AND REPAIR - AUTHORIZATION AND LIMITATIONS

The Board will perform the maintenance, repairs, and purchases as necessary for operation and maintenance of the Regional Facility. If nonbudgeted items exceed the dedicated funds available therefore, special action on the part of the owners will be required to provide these funds over and above the normal budget.

#### SECTION IX: RENEWAL AND REPLACEMENT REQUIREMENTS

A renewal and Replacement Fund will be established in the normal budget to take care of emergency expenditures.

#### SECTION X: COLLECTION SYSTEMS - OPERATION AND LIABILITY

Each owner will own, operate, maintain, and expand its own collection system. Each owner shall set all rate fees and charges on users of its collection system, shall do all of its own billing and collecting, pay all costs of operating, maintaining, and repairing its collection system and such individual agency will continuously operate its collection system and keep same in proper repair and operating order.

The Board as operator and maintainer of the Regional Facility, shall not be liable for any damages or demands whatsoever in any manner arising or growing out of the construction, operation and maintenance or repair

of the collection system, and each owner agrees to hold harmless the Board as operator and maintainer of the Regional Facility from all claims and damages arising or growing out of the construction, operation, maintenance or repair of said collection system. Each owner operating a collection system shall make all necessary repairs, replacements and improvements thereto in order to maintain adequate service and shall comply with all present and future laws, rules, and regulations, permits, orders, and requirements applicable thereto and lawfully made by DER and EPA or other governing bodies having jurisdiction thereof.

#### SECTION XI: WASTE WATER BY-PRODUCTS

Any owner shall have the right to acquire at their own expense the Waste Water By-Products, at a fee determined by the Board. In the event the request exceeds its available supply, each owner shall be entitled to acquire Waste Water By-Products on a pro-rated basis in relation to usage of plant.

#### SECTION XII: EXPANSION

Physical expansion of the Regional Facility will be accomplished by the Board once financing by the owner(s) has been arranged. The Board will accomplish the expansion design, contract documents, the bidding, contract award and administration of the construction contract. The total project will be submitted to the owners for approval at completion of contract documents and prior to contract award.

#### SECTION XIII: FINANCIAL SUPPORT

Projected Budgets will be provided to each owner by the first day of July of each year and funding profiles of payment schedules by 1 September. Funding will begin on 1 October and continue through 30 September of each fiscal year. Each owner agrees to deposit his funds before the 10th of each month.

#### SECTION XIV: CONNECTIONS

Each owner agrees that it will not permit any collection sewer or other sewer to be connected with the Regional Facility unless it provides sewer service to a building or structure which is located in the Service Area and further agrees that no person, firm, corporation, or municipality shall install or make connections to its Collection System which shall in any manner be connected with the Regional Facility without first obtaining

a permit to do so from the Agency having jurisdiction thereof.

#### SECTION XV: MUNICIPAL ORDINANCES; RESOLUTIONS

Each owner shall adopt and enforce ordinances or resolutions, and keep the same in effect, requiring the issuance of Sewer permits and establishing rules and regulations governing the construction and building of sewers, service laterals, connections, and other matters relating to the Collection Systems, which shall conform to all requirements of DER and EPA.

#### SECTION XVI: INFLOW/INFILTRATION

Each owner will ensure that its Collection System, including any addition thereto, discharging directly or indirectly into the Regional Facility, will not be subject to excessive infiltration/inflow as defined by the Regulations and will ensure that a proper determination of infiltration/inflow will be made periodically. The owner acknowledges and agrees that inflow and infiltration studies of the existing Collection System and corrective action with respect thereto may be required from time to time during the term hereof in order to protect the Regional Facility from excessive flows of surface or ground water. All owners will cooperate in carrying out such tests, studies, inspections and other work as may be required in connection with such inflows or infiltration. Any owners required to correct infiltration problems in its Collection System shall pay the cost thereof, and shall complete the work in a timely manner.

#### SECTION XVII: NO DIRECT CONNECTIONS

House laterals and other private sewers may not be connected directly to the Regional Facility. All such connections must be made indirectly through the owners Collection Systems.

#### SECTION XVIII: RESOLUTION OF AGREEMENT VIOLATIONS

(A) The Board as a result of tests, inquiries or disclosures of any nature that provisions of this agreement are not being complied with, will take all appropriate actions as required to rectify the situation.

(B) Should one of the owners violate the provisions of Section II - "Loading Limits"

respective owner. The Board will allow thirty (30) days after notification for completion of corrective actions, or a surcharge will be initiated.

(C) Should one of the owners violate the provisions of Section XVI (B) "In Flow" to such an extent that the treatment facility could be effected, then the Board will immediately notify the respective owner. The Board will allow ninety days (90) after notification for completion of corrective actions, or legal action will be initiated.

(D) Should the Board become aware of a violation of Section XIV or XVII relating to proper connections, an appropriate notice will be given to the violator with a thirty day (30) time limit for corrective action, or legal action will be taken.

(E) The Board will submit to the owners quarterly reports on total inflow from each owner's system. Should any owner exceed their approved reserve capacity according to recorded flow meter reports, the Board will notify the respective owner for immediate corrective action as spelled out under excessive flows and Section III ownership. Ninety days (90) will be allowed for corrective action, or legal action will be initiated.

*Bob Ruppenthal & [Signature]*

IN WITNESS THEREOF, The City of Niceville, The City of Valparaiso, Okaloosa County Board of Commissioners and the Niceville, Valparaiso, Okaloosa County Regional Sewer Board, have entered into this Utility Operating Agreement and have caused it to be executed by their duly authorized officers.

CITY OF NICEVILLE  
A Municipal Corporation

BY: \_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
City Clerk

APPROVED AS TO CORRECTNESS  
AND FORM:

\_\_\_\_\_  
City Attorney

BOARD OF COUNTY COMMISSIONERS  
OKALOOSA COUNTY, FLORIDA

BY: \_\_\_\_\_  
Chairman of the Board

ATTEST:  
  
\_\_\_\_\_  
Clerk of Circuit Court

APPROVED AS TO CORRECTNESS  
AND FORM:

\_\_\_\_\_  
Board Attorney

CITY OF VALPARAISO  
A Municipal Corporation

BY: \_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
City Clerk

APPROVED AS TO CORRECTNESS  
AND FORM:

\_\_\_\_\_  
City Attorney

NICEVILLE, VALPARAISO, OKALOOSA  
COUNTY REGIONAL SEWER BOARD, INC.  
A CORPORATION NOT FOR PROFIT

BY: \_\_\_\_\_  
President

ATTEST:  
  
\_\_\_\_\_  
Secretary - Treasurer

APPROVED AS TO CORRECTNESS  
AND FORM:

\_\_\_\_\_  
Board Attorney



REGIONAL SEWER SYSTEM

OPERATIONAL AGREEMENT

THIS AGREEMENT made and entered into this 9<sup>th</sup> day of July, 1997, by and between the City of Niceville Florida, a municipal corporation of the State of Florida (hereinafter called "Niceville"), the City of Valparaiso, Florida, a municipal corporation of the State of Florida (hereinafter called "Valparaiso"), and Okaloosa County, a political subdivision of the State of Florida (hereinafter called "Okaloosa").

WITNESSETH:

WHEREAS, the parties hereto entered into an Agreement, dated February 28, 1974, and a Supplemental Agreement, dated March 26, 1980, relating to the construction, operation and maintenance of a jointly owned regional sewage treatment facility and sprayfield irrigation system.

WHEREAS, pursuant to the above-mentioned agreements the parties have constructed a three million gallon per day regional sewage treatment facility which serves all parties:

WHEREAS, a Regional Sewer Board (hereinafter called "Board"), comprised of two representatives of each of the parties was created for the primary purpose of operating and maintaining the regional sewage treatment facility, the sprayfield irrigation system, and the reclaimed water system, (hereinafter called the Facilities);

WHEREAS, the Supplemental Agreement expressly provided for a "utility purchase contract" which is to include, but not be limited to, provisions relating to: (1) a definite commitment by the Board to treat a predetermined amount of sewage calculated under this agreement, from each of the parties; (2) the ownership and maintenance responsibilities of the parties; and (3) the operation and maintenance responsibilities of the Board.

WHEREAS, this Operational Agreement is a supplementary agreement to the interlocal agreement of February 20, 1974 and the Supplemental Agreement of March 26, 1980, shall be reviewed and amended as necessary, and shall have a term of 15 (fifteen) years.

In consideration of the covenanted obligations herein set forth and the mutual benefits to be derived hereunder, the parties agree as follows:

DEFINITIONS:

1. "Party" is defined as one of the three government entities (Niceville, Valparaiso, Okaloosa County), which owns capacity in the

Regional Wastewater Treatment Facilities, Spray Field, or Reclaimed Water System.

2. "Representative" is defined as one of the persons duly selected by the Parties to represent them on the Regional Sewer Board.

#### SECTION I: REGIONAL SEWER BOARD - GENERAL PROVISIONS

1. In accordance with the original interlocal agreement of February 28, 1974 and the Supplemental Agreement of March 26, 1980, the Board has assumed and will continue to be responsible for the continuous operation and maintenance of the Facilities.

2. The Regional Sewer Board shall have two representatives appointed by each of the parties hereto. All representatives shall serve a two-year term and shall be eligible for reappointment. Each representative shall have one vote on all matters. The representatives on the Board shall choose from their number a Secretary/Treasurer, President and Vice-President. With respect to the offices of Secretary/Treasurer, President and Vice-President, no party shall have more than one representative serving in these offices. Elected offices will be rotated annually, i.e., a board representative for each owner will serve as President, Vice-President, and Secretary-Treasurer once every three years.

3. The Board shall meet at least monthly and at such additional time(s) as it deems necessary. All special meetings may be called by or at the request of the President or any two Board representatives, the two Board representatives being from separate parties.

4. The Board representatives shall receive no compensation and any Board representative wishing to do business with the Board must be in full compliance with all applicable Florida State Statutes, as well as, any applicable ordinances of any of the respective parties to this Agreement.

5. The Board shall have no authority to indebted any party to this Agreement over and beyond the approved budget.

6. The Board shall have the power and authority to do all things necessary, reasonable and incidental to the businesslike operation and maintenance of the Facilities. Said power and authority shall include, but not be limited to, hiring of necessary personnel, setting salaries, purchasing materials and setting reasonable charges to the parties for use of the Facilities.

7. The Board shall procure liability and property insurance covering the regional sewage treatment facility in an amount not less than \$1,000,000; worker's compensation and unemployment insurance for its

employees as required by law; and insure that all personnel with access to funds of the Board are adequately bonded.

8. The Board shall retain an independent certified public accountant (hereinafter called "CPA"), to assist the Board in keeping, maintaining and preparing financial records for the operation and maintenance of the Facilities. The CPA shall make monthly reports to the Board on the financial condition of the Facilities with copies to the parties hereto. The CPA shall also perform an annual audit and present a report on the annual audit to the Board with a copy to the parties hereto.

9. The Board may retain the services of a consulting engineer to assist the Board in operating and maintaining the Facilities. Said consulting engineer will be selected in accordance with the Florida Statutes pertaining to selection of consultants.

10. As the operator of the Facilities, the Board shall accept, treat and dispose of all sewage emanating from the parties hereto which is discharged into the regional sewage treatment facility, and which will not cause that party's capacity to be exceeded. The Board shall not accept, treat or dispose of any sewage emanating from anyone other than the parties hereto, unless approved by the Board. This paragraph shall not prevent the Board from accepting septic tank waste, wastewater residuals, landfill leachate, and other liquid waste which does not cause the Facilities to violate the operating permit.

11. The Board shall be responsible for operating and maintaining the main treatment plant, the reclaimed water treatment facility, including the holding ponds, the spray irrigation field and both holding ponds, and the influent flowmeters located at the regional treatment facility. All other force mains, pump stations, sewage collection and transmission lines, and reclaimed water transmission lines shall be operated and maintained by the party utilizing these facilities.

12. The Board shall continuously operate and maintain the regional Facilities in an economical and efficient manner and in accordance with all state and federal rules, regulations, laws and permits.

## SECTION II: BUDGET AND FEE STRUCTURE

1. Prior to June 1 of each fiscal year, which shall run from July 1 through June 30, the Board shall adopt an annual budget. Prior to final budget adoption, a draft budget will be provided to owners for review/comments prior to June 1 of each year. A copy of the approved budget shall be provided to each of the parties immediately following the

adoption of the budget hereto. The budget shall reflect all expected revenues and expenditures for the upcoming fiscal year.

2. Monthly operation and maintenance fees shall be charged each party. These fees shall be adequate to cover all the monthly operating and maintenance costs. These monthly costs shall be prorated among the parties based upon the party's actual metered usage and set on a per-thousand-gallon-usage basis. These fees are to be deposited into the "Operation and Maintenance Fund." This fund shall be established at a local bank as agreed upon by the Board. Each party will be responsible for submitting their monthly operating fees to the Regional Sewer Board for deposit into the bank no later than the tenth day of each month.

3. The Board shall also include in their budget, and fund, an "Equipment and Replacement Fund," and a "Management Reserve Fund". These funds are to be utilized for paying for all necessary and ordinary repairs, the replacement of equipment for the Facilities and all improvements necessary to operate and maintain the Facilities. The Equipment and Replacement Fund will contain a minimum of \$100,000, and the Management Reserve Fund will contain a minimum of \$50,000.

4. To the extent provided in the annual budget, the Board may perform the maintenance, repairs and purchases necessary for the operation and maintenance of the Facilities. If expenditures are proposed exceeding the funds budgeted which could not properly be funded through the Board's reserve accounts, the Board will seek the approval of each of the parties hereto.

5. Interest rates for reserve funds shall be evaluated annually, for maximum return. Reserve funds shall be invested only in S.E.C. registered money market funds, savings accounts in state-certified qualified public depositories, direct obligations of the U.S. Treasury, or federal agencies and instruments, all of which must be secured by the federal government.

### SECTION III: FLOWS/LOADING LIMITS

1. The parties agree that their respective discharges shall not exceed the quantities set out in Section IV, unless the conditions for excess flow are met as per Section IV.

2. The parties agree that sewage which is discharged from their individual systems into the regional facility; shall not exceed any of the loading limits as presently established by the Federal/State regulations, directives or manuals pertaining to this type of facility; and/or limits that are approved by the Regional Sewer Board, which are normal for each

party. If a party fails to comply with this provision they will be notified that corrective action is necessary on their part and be given 45 days in which to effect corrective action. If no corrective action is taken within the specified time, the Board will determine what course of action it wishes to pursue in order to remedy the situation.

3. The Board shall be responsible for operating and maintaining the flow meters at the locations described below in the collection system and at the main plant. Flowmeters shall be required at all points where a party discharges into the regional sewage treatment system with the following exception: The Board agrees that if two parties to this agreement have flow meters, and the third party to this agreement doesn't have flowmeters, and the third party agrees to accept that their flow will be calculated as the difference in the flow from the first party plus the flow from the second party subtracted from the total influent flow at the main plant, they shall not be required to install flowmeters.

The flowmeters shall be installed so as to determine each party's discharge into the system (i.e. the flow must be metered before the flow combines with any discharge from another party). The independent contractor mentioned below shall ascertain that the meter installation and installation site will assure a minimum flow measurement accuracy of 1% (one percent) of actual flow. If any flow meter is inspected by the independent contractor and does not meet the minimum accuracy specified, it shall be replaced with an approved flowmeter by the responsible party. Each of the respective parties shall be responsible for the cost of the meters and their installation in their system. The Board shall be responsible for budgeting an amount sufficient to contract with an independent contractor, which shall certify and calibrate each flow meter semi-annually, or more often when requested by the Manager. Any additional recalibrations required for any reason, shall be at the expense and the responsibility of the owning party of the flow meter. The flow meters will be read and maintained by the Board. The cost for the services of the independent contractor shall be prorated among the parties based upon the number of flow meters that each party has in its portion of the collection system.

If one or more flowmeters are out of service for 30 days or less, the flow for the same month of the previous year will be used for billing purposes, unless an alternate method is approved by the Board. If one or more flowmeters are out of service for more than 30 days, a house count of the area(s) served by the pump station(s) shall be performed by the Board's

regular engineer. This house count shall be multiplied by the average number of persons per household for the affected party as determined in the most recent census and this result will in turn be multiplied by 271 gpd to obtain the flow through the affected pump station. This number shall be used in lieu of the data from the flowmeter.

SECTION IV: RESERVE CAPACITY/OWNERSHIP

1. The initial plant and sprayfield capacity available to each party is as follows:

- a. Niceville: 1,100,000 gallons a day (55%)
- b. County: 400,000 gallons a day (20%)
- c. Valparaiso: 500,000 gallons a day (25%)

Total: 2,000,000 gallons a day

2. Each party has an additional capacity in the various expansions as follows:

1.0 MGD Plant Expansion (1986)

(3.0 MGD Total Capacity - plant) (2.35 MGD Total Capacity - Sprayfield)

	Additional Capacity	
	Plant	Sprayfield
a. Niceville:	20.9%	55%
b. County:	69.1%	20%
c. Valparaiso:	10%	25%

\*\*\*\*\*

Reclaimed Water System Added	*	Sprayfield Capacity Update
	*	
(1.0 MGD Capacity)	*	(0.65 MGD Capacity Added)
	*	(3.0 MGD Capacity Total)
a. Niceville: -0-	*	55%
	*	
b. County: 100%	*	20%
	*	
c. Valparaiso: -0-	*	25%

\*\*\*\*\*

3. Each party agrees not to exceed their respective capacity. However, all parties hereby agree that one party can borrow capacity from another as long as the following conditions are met:

- a. The loaning party(ies) has(have) adequate unused capacity to accommodate its(their) projected wastewater flow until the borrowing party(ies) can construct additional capacity. The projected flows shall be those shown in the latest state approved 201 Facilities Plan.

- b. The borrowing party(ies) agree(s) to, at their expense, replace this borrowed capacity before the date projected that the borrowed capacity will be needed by the loaning party(ies).

All used and available capacities shall be those capacities which are continuously updated by the Manager. All capacities borrowed shall be reported to the Board within five (5) working days. Further, a party(ies) can sell its(their) capacity to another(other) party(ies) as long as the following condition is met:

- a. The selling party has sufficient excess capacity so that, after the sale, the selling party has remaining capacity to handle their existing flow plus the flow anticipated from any permitted but unbuilt units.

All parties shall be bound by all conditions of this contract as long as they have capacity in any component of the Regional Sewer System. Any sale of capacity shall be reported in writing to the Board within five (5) working days.

4. When a party sells any portion of its apportioned capacity to another party to this agreement, the consideration paid shall be as determined by the parties to the sale.

5. If any party desires to dispose of any of its apportioned capacity in the facility, the other parties shall have a first option to purchase the capacity at the price agreed to be the non-party to this agreement or some other price agreeable to the selling and buying parties.

#### SECTION V: PLANT EXPANSION

Plant expansion and party participation in the plant expansion will take place based on a bonafide need as documented in the current 201 Plan for the Facilities, or any amendment to said Plan.

#### SECTION VI: CAPACITY FORMULA

1. In the event the Facilities are expanded, the capacity shall be redetermined as follows:

Capacity = Capacity before expansion + Capacity after expansion.

#### SECTION VII: CONNECTIONS TO THE FACILITY

1. The Board shall permit only the parties hereto to connect to the Facilities.

2. No party shall permit any firm, person or corporation to install or make connections that will ultimately discharge into the Facilities

until each of the following has been done:

- a. A permit or permits authorizing the connection shall be obtained from the appropriate regulatory agencies.
- b. The firm, person or corporation must be located within the service area of the party.
- c. The party providing the service shall have written authorization from the Board. The Board shall authorize only those connections for which it has been shown that the party has adequate reserve capacity to handle the proposed connection.

In the event a party makes connections without complying with this provision, the Board or any party hereto may take such action as they deem appropriate.

3. All collection systems connected to or discharging into the Facilities shall be owned, operated and maintained by the parties hereto. Each party agrees to hold harmless the Board and other parties from all claims and damages arising or growing out of the construction, operation, maintenance or repair of its collection and transmission system. Each party shall operate its collection and transmission system in compliance with all state and federal laws and regulation.

4. Each party will ensure that its collection system, including additions thereto, discharging directly or indirectly into the regional sewage treatment facility, will not be subject to excessive infiltration and inflow, as defined by the Florida Department of Environmental Protection, and will ensure that a proper determination of infiltration and inflow will be made periodically. The parties acknowledge and agree that infiltration and inflow studies of the existing collection systems and corrective actions may be required from time to time in order to protect the regional sewage treatment facility from excessive flows. All parties agree to:

- a. Cooperate in carrying out such tests, studies, inspections and other work as may be required to correct infiltration and inflow problems in their respective systems.
- b. Pay the cost of said tests, studies, inspections and other work.
- c. Complete the work in a timely manner.

Should the plant manager determine or believe that excessive infiltration or inflow is occurring, the plant manager will notify the Board and the



Board will notify the appropriate parties in writing. The Board will advise the parties to take corrective action within 45 days. Should the parties fail to take corrective actions, the Board may take such action as it deems appropriate.

#### SECTION VIII: EXCEPTIONAL VOTES

1. The following actions by the Board will require that a committee be formed comprised of one member from each entity. This committee will research and make the appropriate recommendations to the entire Board for:

- a. Selection of any consultant or other professional.
- b. Hiring and firing of the plant manager.
- c. Other issues as determined by the Board.

#### SECTION IX: WASTEWATER RESIDUALS

1. Any party shall have the right to acquire the wastewater residuals from the regional sewage treatment facility. The Board shall determine a fee for said residuals. In the event the request exceeds the available supply, each party shall be entitled to acquire the residuals on a pro-rata basis in relation to capacity in the facility. Distribution and use of the residuals must comply with all state and federal regulations.

SECTION X: SIGNATURES

Approved by the Niceville, Valparaiso, Okaloosa County Regional Sewer Board, Inc., by unanimous vote, on July 9, 1997.

*Frank Beovich*  
Frank Beovich  
President

ATTEST:

*Albert H. Swihart*  
Albert H. Swihart  
Secretary/Treasurer

*WMA*

Pursuant to <sup>the agreement</sup> ~~to the adopted resolutions~~ of each of the parties hereto:  
This agreement approved and accepted this 22nd day of July, 1997.

OKALOOSA COUNTY, FLORIDA

BY *WMA Harrison*  
WM. A. HARRISON  
Chairman, Board of  
County Commissioners



ATTEST:

*Sam J. Stanford*  
NEWMAN C. BRACKIN  
Clerk of Circuit Court



This agreement approved and accepted this 22nd day of July, 1997.

CITY OF NICEVILLE, FLORIDA

BY *Randall Wise*  
RANDALL WISE  
Mayor

ATTEST:

*Dan Doucet*  
DAN DOUCET  
City Clerk

This agreement approved and accepted this 28th day of July, 1997.

CITY OF VALPARAISO, FLORIDA

BY *John B. Arnold, Jr.*  
JOHN B. ARNOLD, Jr.  
Mayor

ATTEST:

*Helen Bourgeois*  
HELEN BOURGEOIS  
City Clerk