

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 3, 2017
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Traci Matthews, Engineering Specialist, Division of Engineering ^{POE}
RE: Docket No.160165-SU-Application for staff-assisted rate case in Gulf County by ESAD Enterprises, Inc. d/b/a Beaches Sewer Systems, Inc.

Please file the attached "Beaches Utility response to staff report" in the above mentioned docket file.

Thank you

E S A D Enterprises, Inc.
DBA Beaches Sewer System
P O Box 503
Port St Joe, FL 32457

March 3, 2017

BY EMAIL ONLY

Clerk of the Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL

Traci Matthews
Engineer Specialist
Division of Engineering

This is in reply to the staff report issued February 17, 2017, Document number DN 160165-SU. We are not in agreement with the staff report. We have enclosed what we believe to be correct and request that adjustment be made to the projected rate increase. Please feel free to call if you have questions.

Sincerely,

Frank J Seifert
President

Response to Staff Report

Page 5 and 6

Two items are not additions to Plant

Sand removal Cost \$ 19,010

This should be done at least every two years, it is like having trash removed from the plant. It does not modify or replace anything at the plant. Just the removal of sand that collects in the plant. Also like items in the wastewater that do not decompose.

Ponds cost \$ 5,530

This is a recurring operation – plants etc grown in the ponds, the ponds have to be cleaned out at least every year. The cost will not be as great as this time, because it had not be done for a few years.

Do not understand retirement amount.

Electrical – cost \$ 4,000 – this is new, do not have at present – need for generators

Blower – cost \$ 2,617 – this is new, not replacing one.

The retirement of the improvements to the lift stations do not seem to be correct. The value on the books before depreciation is \$ 32,066 total for both. Staff says retirement should be \$ 21,586 or 67% of the value. The correct value base on our engineers estimates to replace both lift stations is \$ 150,000. This needs to be adjusted

Trucks – we need vehicles to perform our jobs. Cost is reasonable based on what the city and other utility company's have in our area.

Land – the utility purchased the land next to plant.

Total plant and accumulated depreciation must be spell out on what each items should be. Have received the work papers in the past week. Will need to either amend the past 17 years annual report or determine what the adjustment to retained earnings should be.

Page 8 The amount of debt is not correct. Also staff says note on vehicle that was sold. It still has it and now has additional debt. See copies of notes previously given to staff.

Page 10

Salaries and wages, directors fee – The amount that has been approved by the board of directors is both fair and reasonable, this is based on what the city and other utility company's are paying in the area. See copies of employment agreements and minutes approving the salaries.

Sludge removal expense – This is an incorrect statement – need to have sludge removed at least four times a year at a cost of \$ 650.00 each time or a total per year of \$ 2,600. We have spent this in the past eight months, may spend more in next four months.

Page 11

Contractual services other – this is what we pay our operator, has not been increase for at least four years, changing it to \$ 13,200 per year in reasonable and fair. See copy of employment agreement.

Under Contractual Services – Accounting – report states the 2014 tax return may have been filed late. This is not correct, corporate returns are due March 15, then a six month extension is allowed. The tax returns are never filed late.

Transportation Expense.

All utilities must have vehicles to operate. A check on what the city does and what other local utilities provide their employees show that they all are given a vehicle and no mileage logs are required. The city allows the vehicle to be driven home each night with personal use allowed. One owner has both a personal vehicle and also has five to ten vehicles in his other business. The personal use is consider part of our compensation package.

Vehicle Insurance Expense:

There are two insurance policies – 1) Vehicle Insurance 2) general liability-

The general liability account has no connections to the vehicles – we have furnished this policy to the staff – have attached the policy again – the total cost of this policy is \$ 2,335 a year.

Page 13

Depreciation Expenses

I have not had time to compute what actual depreciation will be, depends on the amount for retirement.

The amortization of CIAC is not correct – based on the water and wastewater reference manual page 34, the amount is 3.1 percent of the CIAC balance at the first of the year.

Based on all of the above, the rate increase is wrong.

ESAD Enterprises, Inc.
Table 8-1

Wastewater Revenue Requirement

Adjusted O & M Expenses	167142
Operating Margin (%)	7.53%
Operating Margin (\$ 10,000 Cap)	10000
Adjusted O & M Expenses	167142
Depreciation Expense (Net)	659
Taxes Other than Income	18543
Test Year RAFs	3290
Revenue Requirement	<u>199634</u>
Less Adjusted Test year Revenues	<u>126484</u>
Annual Increase	<u>73150</u>
Percent Increase	<u>57.83%</u>

Current Utility Rate	\$32.20
Increase 57.83%	18.62
New rate should be	\$50.82
4 year rate reduction	\$0.12

ESAD Enterprises Inc.
Schedule no 3-C

	Total Per Utility	Staff Adjust- ment	Total Per Staff	Utility Adjust- ment	Total Per Utility
703 Salaries and Wages - Officers	58274	4926	63200	14800	78000
Directors Fees				2000	2000
711 Sludge Removal Expense	0	650	650	1950	2600
715 Purchased Power	8335	260	8595	0	8595
718 Chemicals	2752	0	2752	0	2752
730 Contractual Services Billing	18545	-18545	0	0	0
731 Contractual Services Professional	0	2500	2500	0	2500
735 Contractual Services Testing	0	1545	1545	0	1545
736 Contractual Services Other	0	12000	12000	1000	13000
740 Rents	7200	0	7200	0	7200
750 Transportation Expense	0	10274	10274		10274
755 Insurance Expense Liability		0	0	2335	2335
755 Insurance Expense Vehicles	5856	-5856	0		0
765 Regulatory Commission Expense	0	466	466	0	466
770 Bad Debt Expense	2971	0	2971	0	2971
775 Miscellaneous Expense	27928	-7294	20634		20634
775 Miscellaneous Expense note 1			0	12270	12270
Total	131861	926	132787	34355	167142
Note 1 over two years forever					
Ponds cleaning 50% of cost				5530	
Sand Removal				19010	
Total				24540	
	50%			12270	

ESAD Enterprises Inc
Schedule of Wastewater Operating Income

	Test Year per Utility	Staff Adjust- ments	Staff Test Year	Adjust For Increase	Revenue Require- ment	Utility Adjust- ment	Revenue Require- ment	Adjust for Increase	Revenue Require- ment
Operating Revenues	\$131,149	-4665	126484	29882	156366	0	156366	43268	199634
Operating Expenses									
Operation & Maintenance	\$131,861	926	132787		132787	34355	167142	0	167142
Depreciation	7306	481	7787		7787	0	7787	0	7787
Amortization	-6407	-6403	-12810		-12810	-5682	-7128	0	-7128
Taxes Other than Income	13284	3974	17258	1345	18603	1285	19888	1945	21833
Income Taxes	0								
Total Operating Expenses	\$146,044	(\$1,022)	\$145,022	\$1,345	\$146,367	\$29,958	\$187,689	\$1,945	\$189,634
Operating Income (Loss)	(\$14,895)		(\$18,538)		\$9,999		(\$31,323)	\$41,323	\$10,000
Wastewater O & M Expense	\$131,861		\$132,787		\$132,787		167142		167142

ESAD Enterprises Inc
Schedule of Taxes

	Test Year per Utility	Staff Adjust- ments	Staff Adjust- ments	Staff Test Year	Utility Adjust- ment	Total per Utility
Property	\$6,976	-1902	1360	6434	0	6434
RAF	6008	-100	1345	7253	1945	9198
State	300	-150		150	0	150
Payroll Taxes	0	3993	773	4766	1285	6051
Total Taxes	\$13,284	\$1,841	\$3,478	\$18,603	\$3,230	\$21,833

Composite Depreciation Rate

To derive the composite depreciation rate, divide the yearly depreciation expense by the gross plant in service (less land).

- Example:
 - $\$35,148/\$1,252,156 = .028 = 2.8$ percent
 - Composite depreciation rate = 2.8 percent
 - Apply 2.8 percent to the CIAC balance at the first of the year, and add a half year of amortization for the year's additions.

OR

- Use 3.1 percent in lieu of calculating a composite rate. Apply it in the same manner.



PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$10,411.75	10-25-2016	04-25-2019		BB	***	***	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: E S A D Enterprises, Inc.
PO Box 503
Port St Joe, FL 32457

Lender: CENTENNIAL BANK
Port St. Joe Branch
202 Marina Drive
Port St Joe, FL 32456

Copy

Principal Amount: \$10,411.75

Date of Note: October 25, 2016

PROMISE TO PAY. E S A D Enterprises, Inc. ("Borrower") promises to pay to CENTENNIAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Ten Thousand Four Hundred Eleven & 75/100 Dollars (\$10,411.75), together with interest on the unpaid principal balance from October 25, 2016, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 7.500% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in full immediately upon Lender's demand. If no demand is made, Borrower will pay this loan in 30 payments of \$382.19 each payment. Borrower's first payment is due November 25, 2016, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on April 25, 2019, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any escrow or reserve account payments as required under any mortgage, deed of trust, or other security instrument or security agreement securing this Note; then to any late charges; then to any accrued unpaid interest; and then to principal. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note.

PREPAYMENT. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: CENTENNIAL BANK, Port St. Joe Branch, 202 Marina Drive, Port St Joe, FL 32456.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$25.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 17.000% per annum based on a year of 360 days. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure

NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$10,411.75	10-25-2016	04-25-2019	[REDACTED]	88	[REDACTED]	[REDACTED]	[REDACTED]

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: E S A D Enterprises, Inc.
 PO Box 503
 Port St Joe, FL 32457

Lender: CENTENNIAL BANK
 Port St. Joe Branch
 202 Marina Drive
 Port St Joe, FL 32456

BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THE WRITTEN LOAN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

As used in this Notice, the following terms have the following meanings:

Loan. The term "Loan" means the following described loan: a Fixed Rate (7.500%) Nondisclosable Loan to a Corporation for \$10,411.75 due on April 25, 2019.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

- | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> - Corporate Resolution: E S A D Enterprises, Inc. - Promissory Note - FL Agreement to Waive Garnishment Protection: Frank J Selfert - Power of Attorney: 2010 Cadillac SRX Premium (VIN 3GYFNCEY3AS640882); E S A D Enterprises, Inc. - FL Application for Title: 2010 Cadillac SRX Premium (VIN 3GYFNCEY3AS640882) - BAR CODE FOR NOTE - Bar Code Cover Sheet for NOTE - BAR CODE FOR CREDIT DOCS - Bar Code Cover Sheet for CREDIT DOCS - Agreement to Provide Insurance - Notice of Final Agreement - Loan Cover Sheet - W-9 Request for Taxpayer ID Number and Certification: : Joseph P Farrell, Jr | <ul style="list-style-type: none"> - Business Loan Agreement - FL Commercial Guaranty: Frank J Selfert - FL Commercial Security Agreement: Collateral owned by E S A D Enterprises, Inc. - FL Lien Statement: 2010 Cadillac SRX Premium (VIN 3GYFNCEY3AS640882) - BAR CODE FOR LOM - Bar Code Cover Sheet for LOM - BAR CODE FOR REAL ESTATE - Bar Code Cover Sheet for REAL ESTATE - BAR CODE CS FOR MISC - Bar Code Cover Sheet for MISCELLANEOUS - Disbursement Request and Authorization - Errors and Omissions Agreement: E S A D Enterprises, Inc. - W-9 Request for Taxpayer ID Number and Certification: : Frank J Selfert - W-9 Request for Taxpayer ID Number and Certification: : E S A D Enterprises, Inc. |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Parties. The term "Parties" means CENTENNIAL BANK and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

Borrower: E S A D Enterprises, Inc.
Grantor(s): E S A D Enterprises, Inc.
Guarantor 1: Frank J Selfert

Each Party who signs below, other than CENTENNIAL BANK, acknowledges, represents, and warrants to CENTENNIAL BANK that it has received, read and understood this Notice of Final Agreement. This Notice is dated October 25, 2016.

BORROWER:

E S A D ENTERPRISES, INC.

By: COPY

Frank J Selfert, President of E S A D Enterprises, Inc.

By: COPY

Joseph P Farrell, Jr, Vice President of E S A D Enterprises, Inc.

GUARANTOR:

X COPY

Frank J Selfert, Individually

12-0179-00
VAN LIEROP INSURANCE SERVICES INC
PO BOX 545
BLOUNTSTOWN FL 32424-0545



01-31-2017

P.O. BOX 30660, LANSING, MICHIGAN 48909-8160 • 517-323-1200

AUTO-OWNERS INSURANCE COMPANY
AUTO-OWNERS LIFE INSURANCE COMPANY
HOME-OWNERS INSURANCE COMPANY
OWNERS INSURANCE COMPANY
PROPERTY-OWNERS INSURANCE COMPANY
SOUTHERN-OWNERS INSURANCE COMPANY

ESAD ENTERPRISES INC
PO BOX 602
PORT SAINT JOE FL 32457-0602

**You may view your policy online at
www.auto-owners.com.**
To enroll, use the policy number **78297734**
and Personal ID code (PID) **54A 6R5 P8G**.
Once enrolled, you may choose to stop
receiving the paper policy in the mail.

Your agency's phone number is 850-227-1900

RE: Policy 152322-78297734-17

Thank you for selecting Auto-Owners Insurance Group to serve your insurance needs! Feel free to contact your independent Auto-Owners agent with questions you may have.

Auto-Owners and its affiliate companies offer a variety of programs, each of which has its own eligibility requirements, coverages and rates. In addition, Auto-Owners also offers many billing options. Please take this opportunity to review your insurance needs with your Auto-Owners agent, and discuss which company, program, and billing option may be most appropriate for you.

Auto-Owners Insurance Company was formed in 1916. The Auto-Owners Insurance Group is comprised of five property and casualty companies and a life insurance company. Our A++ (Superior) rating by A.M. Best Company signifies that we have the financial strength to provide the insurance protection you need.

~ *Serving Our Policyholders and Agents Since 1916* ~



INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999
AGENCY VAN LIEROP INSURANCE SERVICES INC
12-0179-00 MKT TERR 054 850-227-1900
INSURED ESAD ENTERPRISES INC

TAILORED PROTECTION POLICY DECLARATIONS

Renewal Effective 03-17-2017

POLICY NUMBER 152322-78297734-17

Company Use 78-23-FL-1503

ADDRESS PO BOX 602
PORT SAINT JOE FL 32457-0602

Company
Bill

Policy Term	
12:01 a.m.	12:01 a.m.
03-17-2017	to 03-17-2018

In consideration of payment of the premium shown below, this policy is renewed. Please attach this Declarations and attachments to your policy. If you have any questions, please consult with your agent.

55039 (11-87)

COMMON POLICY INFORMATION**Business Description:** Sewer Company**Entity:** Corporation

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PART(S):	PREMIUM
COMMERCIAL GENERAL LIABILITY COVERAGE	\$2,335.00
TOTAL	\$2,335.00
PAID IN FULL DISCOUNT	\$232.00
TOTAL POLICY PREMIUM IF PAID IN FULL	\$2,103.00

THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

The Paid in Full Discount does not apply to fixed fees, statutory charges or minimum premiums.

Forms that apply to all coverage part(s) shown above (except garage liability, dealer's blanket, commercial automobile, if applicable):
55156 (07-12)

A 10% Cumulative Multi-Policy Discount applies. Supporting policies are marked with an (X):
Comm Umb() Comm Auto(X) WC() Life() Personal() Farm().

A merit rating plan factor of 0.95 applies.

Countersigned By: VAN LIEROP INSURANCE SERVICES INC



Southern-Owners Ins. Co.

Issued 01-31-2017

AGENCY VAN LIEROP INSURANCE SERVICES INC
12-0179-00 MKT TERR 054

Company POLICY NUMBER 152322-78297734-17
Bill 78-23-FL-1503

INSURED ESAD ENTERPRISES INC

Term 03-17-2017 to 03-17-2018

LOCATION 0001 - BUILDING 0001

Location: 331 Sea Shores Dr Port Saint Joe, FL 32456-6164

Territory: 006

County: Gulf

CLASSIFICATION	CODE	SUBLINE	PREMIUM BASIS	RATE	PREMIUM
Commercial General Liability Plus Endorsement Included At 7.5% Of The Premises Operation Premium	00501	Prem/Op	Prem/Op Prem Included	Included	Included
Lakes Or Reservoirs - Existence Hazard Only (For Profit)	45523	Prem/Op Prod/Comp Op	Lakes/Reservoir 4 4	Each 1 493.592 6.438	\$1,974.00 \$26.00
Sewers	48039	Prem/Op Prod/Comp Op	Miles 4 4	Each 1 51.124 .425	\$204.00 \$2.00

COMMERCIAL GENERAL LIABILITY COVERAGE - LOCATION 0001 SUMMARY	PREMIUM
TERRORISM - CERTIFIED ACTS SEE FORM: 59350	\$22.00
LOCATION 0001	\$2,228.00

LOCATION 0002 - BUILDING 0001

Location: 509 E 4Th St Port Saint Joe, FL 32456-1767

Territory: 006

County: Gulf

CLASSIFICATION	CODE	SUBLINE	PREMIUM BASIS	RATE	PREMIUM
Buildings Or Premises - Office - Noc Other Than Not-For-Profit	61226	Prem/Op Prod/Comp Op	Area 400 400	Each 1000 263.640 2.205	\$105.00 \$1.00

COMMERCIAL GENERAL LIABILITY COVERAGE - LOCATION 0002 SUMMARY	PREMIUM
TERRORISM - CERTIFIED ACTS SEE FORM: 59350	\$1.00
LOCATION 0002	\$107.00



Southern-Owners Ins. Co.

Issued 01-31-2017

AGENCY VAN LIEROP INSURANCE SERVICES INC
12-0179-00 MKT TERR 054

Company POLICY NUMBER 152322-78297734-17
Bill 78-23-FL-1503

INSURED ESAD ENTERPRISES INC

Term 03-17-2017 to 03-17-2018

55040 (11-87)

COMMERCIAL GENERAL LIABILITY COVERAGE

COVERAGE	LIMITS OF INSURANCE
General Aggregate (Other Than Products-Completed Operations)	\$1,000,000
Products-Completed Operations Aggregate	\$1,000,000
Personal Injury And Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
COMMERCIAL GENERAL LIABILITY PLUS ENDORSEMENT	
Damage to Premises Rented to You (Fire, Lightning, Explosion, Smoke or Water Damage)	\$300,000 Any One Premises
Medical Payments	\$10,000 Any One Person
Hired Auto & Non-Owned Auto	\$1,000,000 Each Occurrence
Expanded Coverage Details See Form:	
Extended Watercraft	
Personal Injury Extension	
Broadened Supplementary Payments	
Broadened Knowledge Of Occurrence	
Additional Products-Completed Operations Aggregate	
Blanket Additional Insured - Lessor of Leased Equipment	
Blanket Additional Insured - Managers or Lessors of Premises	
Newly Formed or Acquired Organizations Extension	
Blanket Waiver of Subrogation	

Twice the "General Aggregate Limit", shown above, is provided at no additional charge for each 12 month period in accordance with form 55300.

AUDIT TYPE: Non-Audited

Forms that apply to this coverage:

59350 (01-15)	55146 (06-04)	55091 (10-08)	IL0021 (07-02)	55296 (09-09)
55300 (07-05)	CG0220 (03-12)	IL0017 (11-85)	55513 (11-11)	55592 (02-14)
55637 (09-14)	55719 (11-15)			

Minutes of special meeting and shareholders of ESAD Enterprises Inc.

Pursuant to waiver of notice, a special meeting of the Shareholders of the above corporation was held on January 11, 2017 at 6:00 PM at Pepper's in Port St Joe, FL.

The purpose of the meeting: To conduct many things on agenda.

I Quorum. A quorum was declared present based on the following Shareholders who present as follows:

J. Patrick Farrell, in person

Number of Shares 625

Frank J Seifert, in person

Number of Shares 1,875

II Other director were present:

Donna Seifert

III The following corporate actions were taken by appropriate motions duly made, seconded, and adopted by the majority vote of the Shareholders entitled to vote:

1) Discussion of the notes the company entered into on December 31, 2016, copy of which are attached.

2) Salaries for the officers were set as follows:

Frank Seifert Monthly \$ 4,000.00 a month, in addition a 2015 Chev Silverado will be furnished to employee to use for company business. The vehicle will be part of his pay and follow the company's procedures for use of vehicle. Vehicle must be driven home each night because of after hours sewer calls.

Patrick Farrell Monthly \$ 2,500.00 a month, in addition a 2014 Chev Silverado will be furnished to the employee to use for company business. The vehicle will be part of his pay and follow the company's procedures for use of vehicle. Vehicle must be driven home each night because of after hours sewer calls.

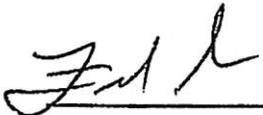
available

- 3) Directors fees will be \$ 500.00 a meeting, with a least two meetings a year. If cash not available this will be accrued and paid at later time.
- 4) A new budget is attached and a list of things that need to be done
- 5) Cell phones for the two employees will be paid by the company, GCPS will be reimbursed each ~~money~~ for Patrick's phone.

month

There being no further business, the meeting was duly adjourned.

These minutes were certified by ESAD Enterprises, Inc. by CFO Frank Seifert



President

This is a building at plant - Had to
Lease / purchase it is my name - Company did not
Have credit

9:29 AM

02/09/17

Beach's Sewer System Vendor QuickReport All Transactions

Type	Date	Num	Memo	Account	Clr	Split	Debit
City Leasing							
Check	03/07/2015	3929		Centennial Bank	X	101 Utility Pl...	
Check	06/08/2015	3969		Centennial Bank	X	101 Utility Pl...	
Check	09/08/2015	3997		Centennial Bank	X	101 Utility Pl...	
Check	12/14/2015	4037		Centennial Bank	X	101 Utility Pl...	
Check	02/10/2016	4060		Centennial Bank	X	101 Utility Pl...	
Check	06/10/2016	4114		Centennial Bank	X	101 Utility Pl...	

11/1/16 4186

1/17/17 D.F.T

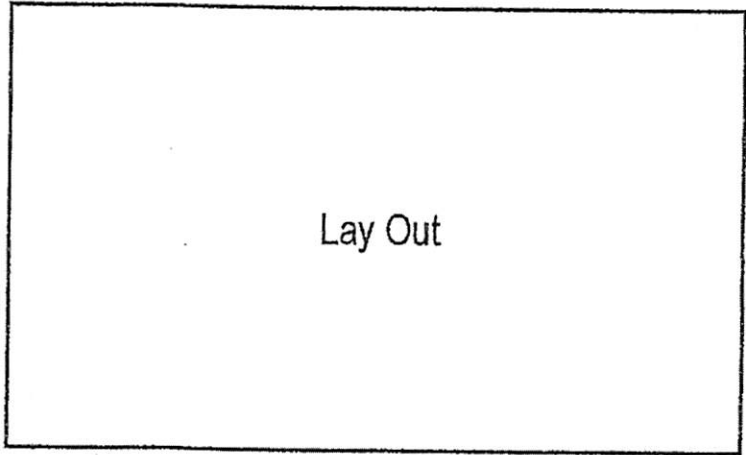
TOOL TIME

3822A E. 15th ST, PANAMA CITY FL 32404 PH 850-763-0065 FAX 850-763-0097
For Build Time Call James at: (850)257-5729
www.tooltimebuildings.com

Customer Name ESAD Enterprises Inc Date 2-5-15
Address 351 Sea Shore Dr City Port St Joe State FL Zip 32456
Home# 228-9292 Cell# 227-5283 Email: seifer13@msn.com
Product Size: 10x12 Siding Color _____ Trim Color _____ Roof _____
Description: _____
As Is

Additional Description:

- Larry Delivery
- replace sheet
- call when on way



I agree to purchase the structure outlined above Power and Water? Yes or No Walker? Yes or No Customer On Site? Yes or No

Method of Deposit CK# 3908 CC _____ Cash _____ Deposit amount \$ 228.44

Purchaser Signature [Signature] Date 2/5/15

Sales Price \$ 2145

Witness [Signature] Date 2-5-15

Sales Tax \$ _____

CBC 1256685

Total \$ 2145 - citi leasing



CALL 1-800-432-4770 BEFORE WE DIG ON YOUR PROPERTY.

Tool Time is not responsible for unforeseen utilities or any other objects encountered while digging post holes, footings or anchors including water and concrete over 4 inches thick. We are not responsible for trucks or machinery cracking existing concrete unless special provisions are made in writing on this document.

First Draw \$ _____

Second Draw \$ _____

Balance Due Day Of Completion \$ _____

Add-ons \$ _____

CUSTOMER INITIALS [Signature]

City PSJ Beach

City Setback From Side 7.5 FT From Rear 7.5 FT

012717

739.87

CITY LEASING, LLC

PO BOX 1001
Arlington, TN 38002
901-969-3459

36/48/60 months wood or metal

RENTAL PURCHASE AGREEMENT AND DISCLOSURE STATEMENT

This agreement made and entered on this 05 day of February, (year) 2015, (a copy of which has been furnished to consumer as evidenced by Consumer's signature as it appears below). By and between City Leasing, LLC, hereinafter referred to as "Lessor" and

Frank Joseph
is 351 Sea Shore Dr Whose Address Port St Joe FL 32456
in Gulf County, hereinafter referred to as "Consumer."

WITNESSETH

1. For and in consideration of mutual covenants and agreements hereinafter set forth. Lessor hereby leases to Consumer and Consumer hereby leases from Lessor that certain portable warehouse and equipment described in paragraph 2 (1) set out below.

2. The following information is hereby disclosed to the Consumer pursuant to TCA 47-18-604 and constitutes terms and conditions of this agreement.

(a) The property to be leased, the subject of this agreement, is described as follows:

Type: Shed Size: 10x12 Serial No: 10122515

(b) The net leased price of the leased property is \$ 1,930.50

(c) The property is: New

(d) Consumer realizes this is a one month term lease and renews every payment made by one month, of which there is no penalty for early payoff.

(e) Consumer may renew this agreement for consecutive terms of one month by making rental payments in advance for each additional month consumer wishes to rent the property.

(f) The rental payment is \$ 95.19 per month and is due 30 to 45 days after the delivery date and then each corresponding day of each succeeding month. If consumer makes 36 monthly payments for a total cost of \$ 3,426.84 and otherwise complies with this agreement, Consumer will acquire ownership of the rented property. At any time after consumer otherwise complies with this agreement, Consumer may purchase the rented property for the cash price of \$ 1,930.50 less 60% of all the rental payments Consumer has made (exclusive of taxes, reinstatement, and other charges.)

(g) A \$25.00 late fee will be applied to all payments 10 days past due and the late charges will continue to accrue until the account is brought current. Should the past due payments go past the scheduled last payment date of the contract. The late charge will change to 40% of the regular monthly payment, and will continue to accrue monthly. A \$25 fee will also be charged for returned checks.

(h) Consumer will not own the property until the Consumer has made the total number of payments and the total of payments necessary to acquire ownership.

(i) The total of payments does not include other charges such as late payment, default, pick up or reinstatement fees, and Consumer should read this contract for an explanation of these charges.

(j) Consumer is responsible for the fair market value of the property if it's lost, stolen, damaged, or destroyed.

(k) Consumer is responsible for maintaining the property while it is leased.

(l) Consumer shall not permit the leased property to be altered for the construction of shelves, addition of equipment and accessories or the placing of signs thereon, and shall not permit the leased property to be tied to or otherwise affixed to any real estate in such a manner that the same cannot be removed without damage to the leased property.

3. At the time of the execution of this agreement, the Consumer shall pay to Lessor a non-refundable advance in the amount of \$ 228.44, which is earned by the retailer and is not credited to payments on the back end of the lease.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures as of the day and date first above written.

This contract is being assigned to Magna Bank. The undersigned Lessee agrees not to assert against Magna Bank any claims it may have against Lessor arising out of this Retail Purchase Agreement as a defense to the enforcement of this contract by Magna Bank.

WITNESS:

LESSOR:
City Leasing, LLC

By: _____
Authorized Representative

CONSUMER:

City Leasing, LLC
PO Box 1001
Arlington, TN 38002
Phone: 901-969-3459

**** PAID OUT EARLY Receipt ****

SEIFERT, FRANK JOSEPH 1/17/17
P.O 503 11:27 AM
PORT ST JOE FL 32457
HM PHONE: 850-229-9292

ACCT#: 2670 RECEIPT#:C010102295

Contract: 4860
Term: M
Due: 3/9/17
Paid: 694.71
Other PD: 0.00
Tax: 45.16
Total: 739.87

PAID OUT EARLY
Charges Still Due:0.00

Mod:10122515
Ser:10122515
10X12 SHED

Total Due: 739.87
MASTERCARD Tendered: 739.87

Appr:012717
Change:

*Thank You,
Katrina*

Transfer of Ownership Letter

LESSOR:

City Leasing, LLC
PO Box 1001
Arlington, TN 38002
Phone: 901-969-3459

LESSEE:

FRANK JOSEPH SEIFERT
P.O 503
PORT ST JOE FL 32457
850-229-9292

This letter is notice that the Rental / Lease Purchase Agreement below has been paid in full and ownership has been transferred to the lessee.

Agreement #	4860
Date of this letter	January 17, 2017
Date Agreement Paid out:	January 17, 2017

Description of Property on this agreement

Model#	Description	Serial#
10122515	10X12 SHED	10122515

We appreciate your business!

Congratulations!

Simple Promissory Note

Port St Joe, Florida

Date December 31, 2016

ESAD Enterprises, Inc. agrees and promises to pay to Frank J Seifert, CPA
the sum of \$ 13,000.00 Dollars for value received, with interest at the annual rate of 5
% payable after interest only, paid monthly, balance in full on December 31, 2017.

If this note is in default and is placed for collection, ESAD Enterprises, Inc. shall pay all
reasonable costs of collection and attorneys' fees.

ESAD Enterprises, Inc. By Patricia Jamell
(Borrower) (Date)

FRANK J Seifert CPA By FRANK Seifert
(Lender) (Date)

Delta Office
(Witness) (Date)

Simple Promissory Note

Port St Joe, Florida

Date December 31, 2016

ESAD Enterprises, Inc. agrees and promises to pay to Donna M Seifert the sum of \$ 28,400.00 Dollars for value received, with interest at the annual rate of 5 % payable after interest only, paid monthly, balance in full on December 31, 2017.

If this note is in default and is placed for collection, ESAD Enterprises, Inc. shall pay all reasonable costs of collection and attorneys' fees.

ESAD Enterprises, Inc By Patrick Jamell
(Borrower) (Date)

Donna M Seifert By Donna M Seifert
(Lender) (Date)

Donna Seifert
(Witness) (Date)

Simple Promissory Note

Port St Joe, Florida

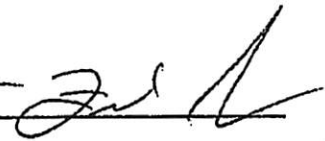
Date December 31, 2016

ESAD Enterprises, Inc. agrees and promises to pay to Gulf Coast Property Services, LLC the sum of \$ 20,000.00 Dollars for value received, with interest at the annual rate of 5 % payable after interest only, paid monthly, balance in full on December 31, 2017.

If this note is in default and is placed for collection, ESAD Enterprises, Inc. shall pay all reasonable costs of collection and attorneys' fees.

ESAD Enterprises, Inc

By FRANK Seibert

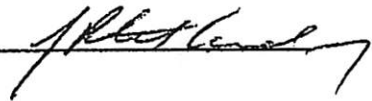


(Borrower)

(Date)

Gulf Coast Property Services LLC

By PATRICK FORD



(Lender)

(Date)

Delta Affidavit

(Witness)

(Date)

Contract of Employment

This agreement is between ESAD Enterprises, Inc. (the Employer), whose register office is at 509 E Fourth Street, Port St Joe, FL 32456 and Frank J Seifert (the Employee) of 3849 CR 386, Port St Joe, FL 32456.

It is agreed that the Employer will employ the Employee and the Employee will work for the Employer on the following terms and conditions:

1) Job Title

The Employee's position is that of President. The Employee may from time to time be required to carry out such other reasonable duties as the Employer may decide, without additional remuneration, should this be necessary to meet the needs of the business. The duties are outlined in the attach schedule.

2) Commencement and continuity of employment

The Employee's employment with the Employer began on Oct. 1, 2000, and has been continuous employed since that date.

3) Hours of Work

The employee's normal working hours begin at 7:30 in the morning and last until 6:00 in the evening. This is not to say that all the hours during this time is spent on the Employer's time.

The Employee may be required to work such further hours as may be necessary to fulfil the needs of the business.

4) Place of Work

The Employee's normal place of work starts first thing in the morning at the service area of the business, then at the office of the Employer

5) Payment

Starting January 1, 2017 the Employee will be paid at a rate of four thousand a month (\$ 4,000.00) in arrears. There will be no overtime paid by the Employer.

6) Benefits

The Employee will be provided a vehicle, which must be driven home each night. (This is because of having to go to the plant or service area during all hours of the day or night). The Employer will provide

for insurance and tags for the vehicle. All repairs and maintenance including fuel will be paid by the Employee to compensate the Employer for personal use.

7) Expenses

The Employer will reimburse any expense with presentation of a receipt for that expense.

8) Termination of employment

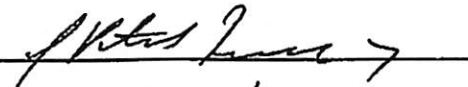
Employee can only be terminated by either a majority of the stockholders, or by seventy-five (75) percent of the board of directors.

9) General

The Employer reserves the right to vary the terms of employment contained in this Agreement. The Employer will notify the Employee one month in advance of any change.

This Agreement shall be construed in all respects under the laws of the state of Florida.

Signed For The Employer


It's Vice President

Date 1/12/17

Signed by the Employee



Date 1/12/17

E S A D Enterprises, Inc.
DBA Beaches Sewer System
P O Box 503
Port St Joe, FL 32457

Duties of Frank J Seifert

As president and chief financial officer, it is my privilege to do the following each work day Monday thru Friday:

Drive thru area looking for problems or customers activity	15 minutes
Enter payments from previous day	1 hour
Go to post office to get mail	15 minutes
Go to bank	15 minutes
Check bank account on computer	15 minutes
Pay bills if needed	15 minutes
Office time – phone calls, people coming in to pay bills or answer Questions	2 hours
Open mail – record payment on day sheet fix bank deposit	1 hour
Drive thru area making sure no alarms going off	15 minutes
Total time in normal day	5.5 hours

On or around the 1st of each month, I do the billing. This takes anywhere from 4 to 6 hours each time.

On or around the 20th of each month, I do late charges. This takes approximately 3 to 4 hours.

In addition to above when there is a breakdown I go to help if needed. Have gone to lift stations every hour at times.

On Saturdays the office is closed so I only do the following –

Go to Post office	1 hour
Open mail, record payment on day sheet	1 hour
Enter payments in computer	1 hour
Total time on weekends	3 hours

Duties of Frank J Seifert, CFO

Daily:

- 1) Collect mail from post office.
- 2) Receive payments at office
- 3) Answer phone and visitors questions, concerning billing, transfer of service etc.
- 4) List payments and enter into computer
- 5) Fix bank deposit and take to bank
- 6) Add and delete people from billing system.

Weekly

- 1) Pay bills

1st of Month

- 1) Prepare invoices
- 2) Prepare statements with past due or prior balances.
- 3) Stuff envelopes and add stamps.
- 4) Buy stamps and mail invoices

20th of Month

- 1) Prepare late charges
- 2) Prepare statements
- 3) Mail invoices and statements

Work with PSC

- 1) Keeping up with new regulations
- 2) Preparing and filing annual report
- 3) Preparing and filing regulatory assessment fee
- 4) Getting new service areas

Work on Corporate

- 1) Maintain accounting system
- 2) Preparing annual federal tax returns

Contract of Employment

This agreement is between ESAD Enterprises, Inc. (the Employer), whose register office is at 509 E Fourth Street, Port St Joe, FL 32456 and J. Patrick Farrell (the Employee) of 236 Balboa St, Port St Joe, FL 32456.

It is agreed that the Employer will employ the Employee and the Employee will work for the Employer on the following terms and conditions:

1) Job Title

The Employee's position is that of President. The Employee may from time to time be required to carry out such other reasonable duties as the Employer may decide, without additional remuneration, should this be necessary to meet the needs of the business. The duties are outlined in the attach schedule.

2) Commencement and continuity of employment

The Employee's employment with the Employer began on January 1, 2015, and has been continuous employed since that date.

3) Hours of Work

The employee's normal working hours begin at 7:30 in the morning and last until 6:00 in the evening. This is not to say that all the hours during this time is spent on the Employer's time.

The Employee may be required to work such further hours as may be necessary to fulfil the needs of the business.

4) Place of Work

The Employee's normal place of work starts first thing in the morning at the service area of the business, then at the office of the Employer

5) Payment

Starting January 1, 2017 the Employee will be paid at a rate of two thousand five hundred a month (\$ 2,500.00) in arrears. There will be no overtime paid by the Employer.

6) Benefits

The Employee will be provided a vehicle, which must be driven home each night. (This is because of having to go to the plant or service area during all hours of the day or night). The Employer will provide for insurance and tags for the vehicle. All repairs and maintenance including fuel will be paid by the Employee to compensate the Employer for personal use.

7) Expenses

The Employer will reimburse any expense with presentation of a receipt for that expense.

8) Termination of employment

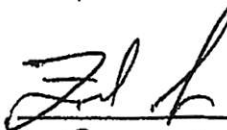
Employee can only be terminated by either a majority of the stockholders, or by seventy-five (75) percent of the board of directors.

9) General

The Employer reserves the right to vary the terms of employment contained in this Agreement. The Employer will notify the Employee one month in advance of any change.

This Agreement shall be construed in all respects under the laws of the state of Florida.


Signed For The Employer



It's President

Date 1-12-17

Signed by the Employee



Date 1-12-17

Daily:

DUTIES of J. PATRICK FARRELL

- 1.) Visual and audio check daily of lift stations AM/PM opposite of operator..
- 2.) Inspect plant daily AM /PM opposite of operator.
- 3.) Check log daily for trends and accuracy.
- 4.) Monitor all plant supply levels and order as needed .
- 5.) Daily check sewer routes to note collection system problems or issues.
- 6.) Respond to emergency or service calls as needed.

Weekly:

- 1.) Check the Twice monthly effluent testing program with operator to insure all permit requirements are met.
- 2.) Monitor all waste activities drying bed or digester system coordinate events with operator to aid planing of laborer hours.
- 3.) Back up operator as needed

Monthly:

- 1.) Monitor all reports to DEP
- 2.) Maintain contact with DEP for policy and/or procedure changes and inspection visits.
- 3.) Coordinate and plan with operator and any changes or major maintenance issues
- 4.) Finish the Pond plan and implement DEP recommendation.
- 5.) Deal with county, customers, and builders as needed on collection issues.

Annual :

- 1.) Complete the annual effluent treatment report.
- 2.) FL Rural Water.
- 3.) Corporate issues as needed with Frank

Contract of For Services Rendered

This agreement is between ESAD Enterprises, Inc. (the Company), whose register office is at 509 E Fourth Street, Port St Joe, FL 32456 and Matthew Gannon (the Contractor) of 145 Palm Breeze Way, Port St Joe, FL 32456.

It is agreed that the Company will employ the services of the Contractor and the Contractor will perform the service that is required by the State of Florida Department of Environmental Protection as the operator of the wastewater treatment plant under the following terms and conditions:

1) Plant Operator

The Contractor position is that of Plant Operator. The Operator may from time to time be required to carry out such other reasonable duties as the Company may decide, without additional remuneration, should this be necessary to meet the needs of the business. The duties are outlined in the attach schedule.

2) Commencement and continuity of service

The Contractor started with the Company began on July 15, 2016.

3) Payment

Starting July 15, 2016 the Contractor will be paid at a rate of one thousand a month (\$ 1,000.00) in arrears, for the first twelve months. The second year the contractor will be paid at a rate of one thousand one hundred (\$1,100.00) a month.

6) Termination of services

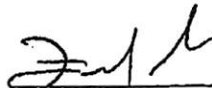
The Contractor may be terminated at will by the company but only for unsatisfactory by either a majority of the stockholders, or by seventy-five (75) percent of the board of directors.

9) General

The Company reserves the right to vary the terms of this agreement if required to by the DEP.

This Agreement shall be construed in all respects under the laws of the state of Florida.

Signed For the Company



It's President

Date 1-12-17

Page Two

Signed by the Contractor



Date 3-2-17

Exhibit A

Contract Operations Checklist

Important Issues to Be Included and Considered

DISCLAIMER: This list is NOT A LEGAL DOCUMENT OR CONTRACT. It is provided for informational purposes only for delineating Owner's and Contract Operator's duties, assignments, and responsibilities with respect to the operation of the water and wastewater systems in Florida under FDEP Rules. This checklist may be attached to or included an Exhibit or Attachment to Contract Operator agreements. FRWA strongly recommends the utilization of contracts that are legal and enforceable in Florida and meets the needs for the operation of the water and wastewater systems. Feel free to modify this checklist as necessary or strikethrough items that are not relevant to your situation. It is important to describe and agree on ALL responsibilities, activities, deliverables, and/or reports that each party will provide.

Owner Initials	Operator Initials	Description of Responsibilities, Activities, Deliverables, and/or Reports															
JP		The Owner (or authorized representative) of the water/wastewater system understands that it is ultimately responsible for the operation of the system in compliance with FDEP rules and regulations. <u>This responsibility cannot be delegated to the Contract Operator per Florida Statute.</u>															
JP		The Owner has hired the Contract Operator to perform the specific duties for the operation of the water/wastewater system in compliance with FDEP requirements.															
JP		The Owner (or authorized representative) will obtain relevant utility management training including, but not limited to water/wastewater system management, operations, financial, GASB 34, and regulations.															
JP		The Owner will never ask, require, or put the Contract Operator in a position where it must falsify, submit inaccurate reports, records, and so forth, that would impact operations, permit compliance, or the Contract Operator's license.															
JP		The Contract should clearly define and describe the following, but is not limited to: <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">▪ Communications,</td> <td style="width: 33%;">▪ Compensation and Payment,</td> <td style="width: 33%;">▪ Dispute Resolution (Arbitration),</td> </tr> <tr> <td>▪ Period of Service,</td> <td>▪ Non-Payment Consequences,</td> <td>▪ Unforeseen Circumstances,</td> </tr> <tr> <td>▪ Effective Date,</td> <td>▪ Insurance,</td> <td>▪ Emergencies, and</td> </tr> <tr> <td>▪ Renewal Options,</td> <td>▪ Indemnification,</td> <td>▪ Termination.</td> </tr> <tr> <td>▪ Scope of Services,</td> <td>▪ Liability,</td> <td></td> </tr> </table>	▪ Communications,	▪ Compensation and Payment,	▪ Dispute Resolution (Arbitration),	▪ Period of Service,	▪ Non-Payment Consequences,	▪ Unforeseen Circumstances,	▪ Effective Date,	▪ Insurance,	▪ Emergencies, and	▪ Renewal Options,	▪ Indemnification,	▪ Termination.	▪ Scope of Services,	▪ Liability,	
▪ Communications,	▪ Compensation and Payment,	▪ Dispute Resolution (Arbitration),															
▪ Period of Service,	▪ Non-Payment Consequences,	▪ Unforeseen Circumstances,															
▪ Effective Date,	▪ Insurance,	▪ Emergencies, and															
▪ Renewal Options,	▪ Indemnification,	▪ Termination.															
▪ Scope of Services,	▪ Liability,																
JP		Water System Operation. The Contract Operator will make _____ visits each week for a total of _____ on-site hours in order to operate, maintain and/or monitor the water system. Wastewater System Operation. The Contract Operator will make <u>6</u> visits each week for a total of <u>3</u> on-site hours in order to operate, maintain and/or monitor the wastewater system. The hours listed under Water and Wastewater System Operation cannot be simultaneous or concurrent.															
JP		Alarms and Emergency Calls. The Contract Operator shall be responsive to alarms and emergency calls 24 hours per day, 7 days per week, within _____ hours of its occurrence. The Owner understands that it must be responsive to alarms and emergency calls until the Contract Operator can respond.															
		The Contract Operator shall staff the Owner's water/wastewater system using valid State of Florida Certified Operators per FDEP Rule 62-699 at the level required to operate the facility. The Contract Operator of the water/wastewater system understands that it is responsible to FDEP and the Owner to operate the system in compliance with FDEP rules and regulations.															
		The Contract Operator will provide job related training for its personnel in the areas including but not limited to water/wastewater system operations, quality, maintenance, safety, sampling, laboratory, and emergency response.															
		The Contract Operator will provide the Owner with written notices of any issues, expenditures, or necessary actions that must be taken to keep the system in good condition and reliable operation all in accordance with FDEP Rules.															
		Based on its best professional experience and after inspection of the system, the Contract Operator will provide and estimate of likely Capital Expenditures that might be needed during the period of service (this could include the Short Lived Assets Worksheet, see Exhibit B).															
		The Contract Operator understands that the smooth operation of the water/wastewater system is a cooperative effort with the Owner (or authorized representative) and it will provide a checklist for routine monitoring, observing, inspecting, and maintaining the system – this could include the O&M Manual (see www.frwa.net), how to recognize the normal sounds, sights, and conditions of a properly functioning equipment, security issues, treatment chemicals, alarms, and so forth.															
JP		FDEP Fines. The Owner is responsible to pay for <u>most</u> FDEP Fines, however should the Contract Operator fail to perform its duties as described herein or under FDEP Rule it will be responsible for FDEP Fines as a results of performance, duties, or actions within its responsible charge and as it relates to <u>reporting violations or system operation.</u>															
JP		Correspondence from the FDEP District Office or Approved County Health Department shall be sent directly to the Owner. The Owner shall forward all correspondence to the Contract Operator.															

Owner's Duty	Operator's Duty	<p style="text-align: center;">Division of Responsibilities and Duties</p> <p style="text-align: center;">Indicate which party is primarily responsible by checking the appropriate box for maintaining the water/wastewater system:</p>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Monthly Operating Reports (MORs) submitted in a timely manner per FDEP Rule 62-555.350 & 62-555.900(2) thru (6), FAC. Any emergency or abnormal operating conditions shall be noted in the MORs, including: line breaks, fires, flushing, PBWN, etc.
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Discharge Monitoring Reports (DMRs) submitted to FDEP in a timely manner per FDEP Rule 62-600 & 62-620.910(10). FAC. Any emergency or abnormal operating conditions shall be noted in the DMRs, including sewage or chemical spills.
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Bound Log Book – maintain & up-date. Entries shall include the time and date of service visits, any adjustments or maintenance performed on equipment and the meter reading of the well(s) pumps per FDEP Rule 62-620.350 &
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Recordkeeping – Recordkeeping is required for up to 12-years (depending on the record) at the Owner's Water System per FDEP Rule 62-550.720, 62-550.730 & 62-620. Indicate who will be responsible to organize, maintain, and file ALL REQUIRED RECORDS IN ONE PLACE at the Owner's Water System – will it be the Contract Operator or the Owners? Note: sharing this responsibility is only inviting problems!
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Operation & Maintenance (O&M) Manual, Logs, Reports, and Records – Maintain & up-date per FDEP Rule 62-555.350(2), (12), & (13) and 62-602.650(4), FAC and shall contain (see www.frwa.net for O&M template): <ul style="list-style-type: none"> ▪ Operation & Maintenance Procedures (equipment, pumps, valves, instrumentation, controls, electrical, structures, tanks, etc.) ▪ Preventive Maintenance and Repair Procedures, for all plant equipment and facilities ▪ Bound and Indexed Equipment Manufacturer Manuals ▪ Date and Type of all Maintenance Performed ▪ Date and Results of all Sampling and Analyses Performed unless documented on a laboratory sheet
<input type="checkbox"/>	<input type="checkbox"/>	Consumer Confidence Reports – up-date and distribute annually per FDEP Rule 62-550.824 & 62-555.900(19) & (21) (see www.frwa.net for template)
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Notify FDEP District Office or Approved County Health Department as required – per FDEP Rule 62-555.350(10), FAC. Notify the FDEP District Office or Approved County Health Department as soon as possible if there is abnormal occurrence of water color, odor, or taste; failure to appropriately disinfect; service interruptions; actions that necessitate the issuance "Precautionary Boil Water Notices"; switching between chloramines and free chlorine; or sewage spills.
<input type="checkbox"/>	<input type="checkbox"/>	Issue Precautionary Boil Water Notices as required – Rule 62-555.350(11), 62-555.900(22) & 62-555.335, FAC.
<input type="checkbox"/>	<input type="checkbox"/>	State Warning Point Notification (800) 320-0519 as required – per FDEP Rule 62-555.350(10), FAC. Suppliers of water shall telephone the SWP within 2 hours after discovery of any actual or suspected sabotage, security breach, tampering, vandalism of the public water system, sewage spills, or chemical spills.
<input type="checkbox"/>	<input type="checkbox"/>	Emergency Response Plan and Vulnerability Assessment – maintain & up-date per FDEP Rule 62-555.350(15), FAC. (see www.frwa.net for ERP / VA template):
<input type="checkbox"/>	<input type="checkbox"/>	Comprehensive System Map(s) & Record Drawings – maintain & up-date per FDEP Rule 62-555.350(14) & 62-620.910(13) FAC. Water System Map shall show the location and size of water mains, valves, fire hydrants; pumping facilities, storage tanks, and interconnections with other public water systems. Wastewater System Record Drawings shall show the location and size of gravity sewer lines, force mains, low-pressure lines, valves, lift stations, plants, and so forth.
<input type="checkbox"/>	<input type="checkbox"/>	Auxiliary Standby Generator(s) – maintain & operate monthly 30-min. at full load per FDEP Rule 62-555.350(2), FAC
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Preventive Maintenance and/or Basic Equipment Maintenance is normally provided by <u>Contract Operator</u> . Preventive Maintenance means those routine and/or repetitive activities scheduled, required, or recommended by the equipment or facility manufacturer or Contract Operator to maximize the service life of the equipment, sewer, vehicles, and facility (see www.frwa.net for O&M template). <ul style="list-style-type: none"> ▪ For Preventive Maintenance activities, expenditures, and/or parts costing MORE than \$ _____ Dollars; the Contract Operator must notify the Owner <u>Verbally / In Writing</u> (circle one) _____ days before beginning maintenance; the Owner must approve the expense <u>Verbally / In Writing</u> (circle one) prior to the activity; and the Contract Operator will be reimbursed in the <u>next monthly invoice / by separate invoice</u> (circle one). ▪ For Preventive Maintenance activities, expenditures, and/or parts that requires a THIRD PARTY VENDOR the Owner must approve the expense <u>In Writing</u> prior to the activity and agree to the disposition of the expense. ▪ For Preventive Maintenance activities, expenditures, and/or parts costing LESS than \$ _____ Dollars; the Contract Operator must notify the Owner <u>Verbally / In Writing</u> (circle one) _____ days before beginning maintenance; the Owner must approve the expense <u>Verbally / In Writing</u> (circle one) prior to the activity; and the Contract Operator will be reimbursed in the <u>next monthly invoice / by separate invoice</u> (circle one).
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Equipment Repair, Parts, and/or Rehabilitation – Repairs mean to fix equipment that is broken. Maintenance is proactive whereas repairs are unscheduled maintenance to restore to sound condition after damage, breakage, or critical malfunction. Repairs are inconvenient. Repairs normally require the <u>Contract Operator's</u> expertise, tools, and staff, however the <u>Owner</u> often pays for the parts, time and expense (representative of the extra efforts and costs that are not normally included in the Contract). These Repair / Rehabilitation Expenditures (and replacements) are those items that significantly extend equipment or facility service life (equipment, tanks, facilities, or major repairs). <ul style="list-style-type: none"> ▪ Repair / Rehabilitation Expenditures that cost MORE than \$ _____ Dollars must be estimated in writing by the Contract Operator and approved <u>In Writing</u> by the Owner prior to ANY work being performed and agree to the disposition of the expense. The Contract Operator shall provide the Owner with a reasonable lead-time to process the request of _____ days.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Basic Interior Housekeeping means to maintain the aesthetics of the facilities -- in general, maintain all facilities in a clean, neat, and orderly fashion. Floors shall be free of mud, debris, trash, sewage, screenings, sludge, etc.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Basic Exterior Maintenance means that equipment, tools, and material will be properly stored; trees and shrubs shall be kept trimmed, grass shall be maintained & mowed, and other grounds shall be free of noxious weeds, debris, trash, etc.; and the site is secured, locked, and fences are in good repair.

Owner's Duty	Operator's Duty	<p align="center">Division of Responsibilities and Duties</p> <p align="center">Indicate which party is primarily responsible by checking the appropriate box for maintaining the water/wastewater system:</p>
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Periodic Exterior Maintenance means that concrete surfaces are pressure washed, facilities are repainted, and so forth.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Clean Accumulated Sludge & Biogrowths from all treatment facilities that are in contact with raw, partially treated, or finished drinking water ANNUALLY – per FDEP Rule 62-555.350(2), FAC
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Annually Rehabilitate or Repair Blistered, Chipped, or Cracked Coatings and Linings on treatment / storage facilities in contact with raw, partially treated, or finished drinking water – per FDEP Rule 62-555.350(2), FAC
<input type="checkbox"/>	<input type="checkbox"/>	5-year Cleaning of Finished-Drinking-Water Storage Tanks to remove biogrowths, calcium or iron/manganese deposits, and sludge from inside the tanks – per FDEP Rule 62-555.350(2), FAC and shall keep records documenting cleaning and inspected during the past five years per FDEP Rule 62-555.350(12)(c), FAC. The next cleaning is required _____
<input type="checkbox"/>	<input type="checkbox"/>	5-year Structural & Coating Integrity Inspection of Finished-Drinking-Water Storage Tanks under the responsible charge of a licensed engineer – per FDEP Rule 62-555.350(2), FAC The next inspection is required _____
<input type="checkbox"/>	<input type="checkbox"/>	Flush Dead-End Water Mains <u>Quarterly / Monthly</u> (circle one) – per FDEP Rule 62-555.350(2), FAC and keep records documenting flushing per FDEP Rule 62-555.350(12)(c), FAC
<input type="checkbox"/>	<input type="checkbox"/>	Check the Calibration of Finished-Drinking-Water Meters at treatment plant(s) once every 3 to 4-years – per FDEP Rule 62-555.350(2), FAC. The next calibration is required _____
<input type="checkbox"/>	<input type="checkbox"/>	Exercise All Valves & Fire Hydrants once every year / 2-years (circle one) – per FDEP Rule 62-555.350(2), FAC and keep records documenting valve and fire hydrant exercised per FDEP Rule 62-555.350(12)(c), FAC
<input type="checkbox"/>	<input type="checkbox"/>	Test Hydropneumatic Tank Pressure Relief Valves once every year per FDEP Rule 62-555.350(2), FAC
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Chlorine Feed System O&M. The Contract Operator will be responsible maintain a Minimum Free Chlorine Residual of 0.2 mg/L, or a Minimum Combined Chlorine Residual of 0.6 mg/L for Chloramines, throughout the Owner's drinking water distribution system at all times. The Contract Operator will be responsible for cleaning scale deposits at the injector, inspecting metering pumps, maintaining adequate levels of disinfectants, and replacing tubing when needed, to ensure adequate flow of disinfectant. This will also entail flushing the distribution system until the residual disinfectant concentration is restored to the required minimum level.
<input type="checkbox"/>	<input type="checkbox"/>	Routine Customer Meter Reading. Monthly customer meter reading is essential to system fiscal viability.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Routine Customer Billing. Monthly billing and collections are essential to system fiscal viability.
<input type="checkbox"/>	<input type="checkbox"/>	Meter Shut-Offs & Turn-Ons. This is performed for non-payment, cross connection threats, and customer vacancies.
<input type="checkbox"/>	<input type="checkbox"/>	Customer Meter Calibrations & Replacements. Water meters are the cash register of the water/wastewater system and their accuracy directly impacts the bottom line. It is recommended that customer meter calibrations should be performed once every 5 to 7-years (15% per year) and meters need to be replaced after 10-years (about 10% per year). <input type="checkbox"/> The <u>Owner / Contract Operator</u> (circle one) will calibrate _____ (%) percent of the water meters each year. <input type="checkbox"/> The <u>Owner / Contract Operator</u> (circle one) will replace _____ (%) percent of the water meters each year > 10% calibration and the <u>Owner / Contract Operator</u> (circle one) is responsible to pay for meter replacements.
<input type="checkbox"/>	<input type="checkbox"/>	Routine Sampling Water & Chain Of Custody will be provided per FDEP Rule 62-500.500(2), Table 7: Monitoring Frequencies and Locations, 62-550.511 through 62-550.520, and 62-550.821, FAC, including, but not limited to: <input type="checkbox"/> Chlorine & Chloramines Residual ~ Frequency <u>Monthly / Quarterly</u> per FDEP Rule 62-550.514(1) & 62-550.821 <input type="checkbox"/> Microbiological Contaminants ~ Frequency <u>x Monthly / x Quarterly</u> per FDEP Rule 62-550.518 <input type="checkbox"/> Well Microbiological Sampling ~ Frequency <u>Monthly / Quarterly</u> per FDEP Rule 62-550.500(5) & 62-550.518(2) <input type="checkbox"/> Volatile Organics ~ Frequency <u>Quarterly Every 3-Years / Annually</u> per FDEP Rule 62-550.500(5) & 62-550.515 <input type="checkbox"/> Nitrate & Nitrite ~ Frequency <u>Quarterly / Annually</u> per FDEP Rule 62-550.500(5) & 62-550.512 <input type="checkbox"/> DBPs (THMs & HAA5s) ~ Frequency <u>Monthly / Quarterly / Annually</u> per FDEP Rule 62-550.514(2) & 62-550.821 <input type="checkbox"/> Secondary Contaminants ~ Frequency <u>Once Every 3-Years / Annually</u> per FDEP Rule 62-550.500(5) & 62-550.520 <input type="checkbox"/> Lead & Copper ~ Frequency <u>Once Every 3-Years / Annually</u> per FDEP Rule 62-550.800, 62-555.900(16), (17) & (18) <input type="checkbox"/> Inorganics ~ Frequency <u>Once Every 3-Years / Annually</u> per FDEP Rule 62-550.500(5) & 62-550.513 <input type="checkbox"/> Synthetic Organics ~ Frequency <u>Quarterly Every 3-Years / Annually</u> per FDEP Rule 62-550.500(5) & 62-550.516 <input type="checkbox"/> Gross Alpha, Radium-226, Radium-228, & Uranium ~ Frequency <u>Once Every 3-Years / Annually</u> per FDEP Rule 62-550.519(1) <input type="checkbox"/> Beta Particle & Photon Radioactivity ~ Frequency <u>Once Every 3-Years / Annually</u> per FDEP Rule 62-550.519(2) <input type="checkbox"/> Asbestos ~ Frequency <u>Once Every 9-Years</u> per FDEP Rule 62-550.511
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Routine Sampling Wastewater & Chain Of Custody will be provided per FDEP Rule Chapter 62-600, FAC, including, but not limited to: <input type="checkbox"/> Annual Reuse Report ~ Frequency <u>Annually / Quarterly / Monthly</u> per FDEP Rule 62-610.300(4)(a)2 <input type="checkbox"/> Pathogen Monitoring ~ Frequency <u>Annually / Quarterly / Monthly</u> per FDEP Rule 62-610.300(4)(a)4 <input type="checkbox"/> Reclaimed Water or Effluent Analysis Report ~ Frequency <u>Annually / Quarterly / Monthly</u> per FDEP Rule 62-620.910(15) <input type="checkbox"/> Agricultural Use Plan ~ Frequency <u>Annually / Quarterly / Monthly</u> per FDEP Rule 62-640.210(2)(a) <input type="checkbox"/> Residuals Annual Summary ~ Frequency <u>Annually</u> per FDEP Rule 62-640.210(2)(b) <input type="checkbox"/> Monthly Residuals Distribution and Marketing Report ~ Frequency <u>Monthly</u> per FDEP Rule 62-640.210(2)(c) <input type="checkbox"/> Residuals Monitoring Report ~ Frequency <u>Annually / Quarterly / Monthly</u> per FDEP Rule 62-640.210(2)(d)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Laboratory Costs for Routine Sampling (as listed above) will be paid for by <u>Contract Operator / Owner</u> (circle one)