KEY LARGO WASTEWATER TREATMENT DISTRICT
BOARD OF COMMISSIONERS
TRANSITION MEETING AGENDA

June 13, 2011 4:00 PM
98880 Overseas Hwy
Key Largo, FL 33037

Robert Majeska
Chair
Andrew Tobin
Vice Chair
Susan Hammaker
Secretary-Treasurer
Norman Higgins
Commissioner
Charles Brooks
Commissioner

Margaret Blank
General Manager
Thomas Dillon
District Counsel
Carol Walker
District Clerk

PLEASE TAKE NOTICE AND BE ADVISED, that if any interested person desires to appeal any decision of the KLWTD Board, with respect to any matter considered at this meeting, such interested person will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Persons with disabilities requiring accommodations in order to participate in the meeting should contact the District Clerk at 305 451-4019 at least 48 hours in advance to request accommodations.

A. CALL TO ORDER - PLEASE MUTE CELL PHONES
B. PLEDGE OF ALLEGIANCE
C. ROLL CALL
D. APPROVAL OF AGENDA WITH ANY ADDITIONS, DELETIONS, OR CONTINUANCES
E. ISLAMORADA Time Specific at 5:00 PM TAB 1

KLWTD Agenda
June 13, 2011
F. ACTION ITEMS
1. Minutes of June 7, 2011
2. SRF Amendment No. 3

G. JUNE 21, 2011 MEETING

H. SILVER SHORES

I. COLLECTION SYSTEM ANALYSIS REPORT

J. COMMISSIONERS ROUNDTABLE

K. ADJOURNMENT
KEY LARGO WASTEWATER TREATMENT DISTRICT

Agenda Request Form

Meeting Date: June 7, 2011
Agenda Item No. 

[ ] PUBLIC HEARING
[X] DISCUSSION
[ ] GENERAL APPROVAL OF ITEM
[ ] Other:

SUBJECT: Islamorada Inter-Local

RECOMMENDED MOTION/ACTION:

Approved by General Manager
Date: 6/9/2011

<table>
<thead>
<tr>
<th>Originating Department: General Manager</th>
<th>Costs: $</th>
<th>Funding Source: Acct.</th>
<th>Attachments: Letter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Review:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[] District Counsel</td>
<td>[ ] Engineering</td>
<td></td>
<td>Advertised:</td>
</tr>
<tr>
<td>[] General Manager</td>
<td>[ ] Clerk</td>
<td></td>
<td>Date:</td>
</tr>
<tr>
<td>[] Finance</td>
<td></td>
<td></td>
<td>Paper:</td>
</tr>
</tbody>
</table>

Summary Explanation/Background: Doug Manson will call in at 5:00 PM.

Resulting Board Action:
- [ ] Approved
- [ ] Tabled
- [ ] Disapproved
- [ ] Recommendation Revised
June 7, 2011

VIA EMAIL AND U.S. MAIL

Doug Manson, Esq.
Manson Law Group, P.A.
1101 W. Swann Avenue
Tampa, Florida 33606

Re: Agreement for Wastewater Services between Key Largo Wastewater Treatment District (“KLWTD”) and Islamorada, Village of Islands (“Village”) (the “Agreement”).

Dear Doug:

The Village Council held a Special Call Meeting on June 3, 2011 to address the basic terms of the Agreement with KLWTD, including the Capacity Allocation Charge to be paid by the Village for the purchase of approximately 1.4 million GPD.

As you know, our letter to you dated May 24, 2011 set forth the Village’s counter-proposal terms for the Agreement, but did not propose a Capacity Allocation Charge. By email correspondence from you dated June 2, 2011, KLWTD has requested a term sheet on the major basic issues in the Agreement before expending more money on further negotiations and revisions to the draft Agreement. The three (3) major issues or basic terms requested by KLWTD were the Capacity Allocation...
Charge, the rate methodology and proposed Rate, and an initial term of thirty (30) years for the Agreement.

Based on the Village Council’s direction, the Village proposes the following basic terms:

1. **Capacity Allocation Charge.** $3.5 million for Capacity Allocation Charge payable over a ten (10) year term, with no down payment due from the Village. Additionally, the Village has agreed to pay for the plant modifications needed to accommodate Village flow consisting of expansion of the existing disinfection basin and the installation of a shallow back-up well, in the aggregate estimated amount of $275,000.00.

2. **Base Rate.** The Village agrees to the rate proposed in your June 2, 2011 email correspondence of $4.65 per thousand gallon, together with the draft true-up provision for treatment expenses (Exhibit E to the Agreement), provided that such annual true-ups commence after the first five (5) years of the Agreement and are applied annually going forward.

3. **Term.** The Village has agreed to a thirty (30) year term for the Agreement.

4. **DCA Compliance.** The Village and KLWTD shall conclude negotiations on the Agreement by June 30, 2011 in order to comply with DCA's Administration Rule deadline of July 1, 2011.

5. **Re-Use.** The Village shall share in any revenues generated by KLWTD in connection with the sale of reuse water.

Except for the terms proposed herein, all of the counter-proposal terms set forth in our letter dated May 24, 2011 and accompanying Chart remain the same.

It is our understanding that the KLWTD Board meets today and on June 11, 2011. In order to expedite negotiations between the Village and KLWTD and in an effort to conclude negotiations by June 30, 2011 as required by DCA, we respectfully request that the terms set forth in this letter be considered by the KLWTD Board today or alternatively at the June 11, 2011 meeting. The Village is committed to moving forward with negotiations and the Village Council has agreed to hold a special call meeting, if needed, to address additional terms or proposals and conclude negotiations.

WEISS SEROTA HELMFAN
PASTORIZA COLE & BONISKE, P.L.
Thank you for your attention to this matter. Please feel free to contact me with any questions or comments.

Very truly yours,

[Signature]

Lillian M. Arango

cc: Edward Koconis, Village Manager
    Cindy Lawson, Village Finance Director
    Greg Tindle, Wastewater Program Manager
    Thomas Brzezinski, Wade Trim, Inc.
    Nina L. Boniske, Esq.
KEY LARGO WASTEWATER TREATMENT DISTRICT

Agenda Request Form

Meeting Date: June 13, 2011

Agenda Item No. F-1

[ ] PUBLIC HEARING [ ] RESOLUTION
[ ] DISCUSSION [ ] BID/RFP AWARD
[X] GENERAL APPROVAL OF ITEM [ ] CONSENT AGENDA

[] Other:

SUBJECT: June 7, 2011 Minutes

RECOMMENDED MOTION/ACTION: Approval

Approved by General Manager

Date: 11/9/2011

<table>
<thead>
<tr>
<th>Originating Department: District Clerk</th>
<th>Costs:</th>
<th>Funding Source:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Review:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[ ] District Counsel</td>
<td>[ ] Engineering</td>
<td></td>
</tr>
<tr>
<td>[ ] General Manager</td>
<td>[ ] Clerk</td>
<td></td>
</tr>
<tr>
<td>[ ] Finance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Attachments: Minutes

Advertised:
Date: 
Paper: 
[X] Not Required

Summary Explanation/Background:

Resulting Board Action:
- □ Approved
- □ Tabled
- □ Disapproved
- □ Recommendation Revised
The Key Largo Wastewater Treatment District Board of Commissioners met for a regular Meeting at 4:03 PM. Present were Chairman Robert Majeska, Commissioners Norman Higgins, Andrew Tobin, Charles Brooks, and Susie Hammaker. Also present were the General Manager Margaret Blank, District Counsel Thomas Dillon, District Clerk Carol Walker, and other appropriate District Staff.

Burke Cannon led the Pledge of Allegiance.

APPROVAL OF AGENDA
Commissioner Hammaker requested that Silver Shores be added to the beginning of the agenda. Commissioner Tobin placed an item about the meeting date of June 21, 2011. General Manager Blank requested that the item “New Plant Award” be moved to the front of the agenda. District Counsel Thomas Dillon placed item about Islamorada on the agenda. CFO Sal Zappulla presented a revised pending payments list.

Motion: Commissioner Tobin made a motion to approve the agenda as amended. Commissioner Hammaker seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0

PUBLIC COMMENT
The following persons addressed the Board:
Speaker: Blake Punnel, Key Largo
Speaker: Burke Cannon, Tavernier
Speaker: Marilyn Kolek, President of Silver Shores
Speaker: Whit Van Cott, Silver Shores

Subject: Backup
Subject: Hammer Point
Subject: Mr. Dillon’s Representation
Subject: Silver Shores
BULK ITEMS
Minutes of May 17, 2011

Motion: Commissioner Brooks made a motion to approve Bulk Items. Commissioner Higgins seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0

NEW PLANT AWARD
The District was presented with the New Plant of the Year Award by Aqua Aerobic System Inc.

SILVER SHORES
Mr. Dillon requested that the Board advise him that it is not a conflict of interest for him to represent Silver Shores in a conflict with Aqua Waste Repairs.

FINANCIAL REPORT
Pending Payments
Mr. Zappulla presented the amended pending payments

Motion: Commissioner Brooks made a motion to approve the amended Pending Payments of June 7, 2011 and approve the new format of Cash, Revenues & Expenditure form. Commissioner Tobin seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0
**Fiscal Year 2012 Budget Process**

Motion: Commissioner Brooks made a motion to approve the amended Budget Calendar. Commissioner Higgins seconded the motion.

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0

**GSG Scope of Services**

Mr. Zappulla presented the scope of services for GSG.

Motion: Commissioner Brooks made a motion to approve the GSG Scope of Service Contract. GSG will only be used once giving the District the Data Base to continue the process in the future. Commissioner Hammaker seconded the motion.

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0

The Board directed staff to try to get the assessment information to the County in time for the Trim Notice.

**Customer Service Report**

Carie Bilyeu presented the report.

**COMMISSIONER’S ITEMS**

**Vote to Rescind General Manager’s Severance Pay**

Motion: Commissioner Tobin made a motion to Rescind the General Manager’s Severance Pay Policy motion. Commissioner Higgins seconded the motion.
Vote on Motion

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 4 to 1

OPERATION'S REPORT

*Monthly Status Report*
Jim Brush, Operation Manager presented the monthly report.

*Package Plant Status Report*
Greg Matthews presented his report.

*Tie In Status Report*
Carol Walker presented her report.

TECH REPORT

*IT Report*
Paul Christian presented the IT Report.

ENGINEER’S REPORT

*Monthly Status Report*
Ed Castle presented his written report.

LEGAL COUNSEL REPORT

*Employee Handbook*
The Board discussed employee benefits.

Motion: Commissioner Brooks made a motion to table the employee benefits issue until the July 11, 2011 meeting. Commissioner Higgins seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0

Waiver
Mr. Dillon asked for a policy decision on charging for a connection on a property that was been waived
Mr. Dillon will bring this issue back.

Islamorada
Mr. Dillon stated a group of people want to develop a special district in Islamorada and need help to draw up an initiative for the ballot. He request permission to work for them.

The Board directed that it would be a conflict of interest.

GENERAL MANAGER’S REPORT
Enhanced Aerial Photos

Motion: Commissioner Brooks made a motion to authorize the General Manager to spend between $7,400 and $12,500 on enhanced aerial photos from the County if she deems it necessary. Commissioner Higgins seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0

Ocean Cay Change Order

Motion: Commissioner Tobin made a motion to approve the Ocean Cay Change Order to LaRocco. Commissioner Higgins seconded the motion.

Vote on Motion

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0

General Manager’s Update
Margaret Blank presented a report.

Summer Interns

Motion: Commissioner Brooks made a motion to approve the Summer Intern Program. Commissioner Higgins seconded the motion.
Vote on Motion

<table>
<thead>
<tr>
<th>Member</th>
<th>Yes</th>
<th>No</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner Higgins</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman Majeska</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Tobin</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Brooks</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissioner Hammaker</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Motion passed 5 to 0

COMMISSIONER’S ROUND TABLE
Clarification of the Employee Requirements
Commissioner Brooks withdrew the item.

Bylaws or House Rules of the Board established by the Board
Commissioner Brooks pointed out that the Board has not picked out a book for Robert’s Rules. The Board adopted Robert’s Rules at the first meeting. He suggested that the Board work on By-Laws over the next several weeks. The Board agreed with Commissioner Brooks.

Employee Contracts
Commissioner Higgins wants a contract for all employees.

Letter to Keynoter
Commissioner Higgins would like the District to respond to a letter to the editor.

ADJOURNMENT
The KLWTD Board adjourned the Board Meeting at 8:24 PM.

The KLWTD meeting minutes of June 7, 2011 were approved on June 13, 2011.

__________________________
Chairman Majeska

__________________________
Carol Walker, CMC
District Clerk
Meeting Date: June 13, 2011
Agenda Item No. F-2

[ ] PUBLIC HEARING
[ ] DISCUSSION
[X] GENERAL APPROVAL OF ITEM
[ ] RESOLUTION
[ ] BID/RFP AWARD
[ ] CONSENT AGENDA

Subject: Approval and signing of amendment (3) of the SRF State revolving fund loan agreement #464010 for additional funding of $2,819,976

Recommended Motion/Action: Approve and sign (3) originals

Approved by General Manager
Date: 6/9/2011

Originating Department: Costs: Attachments:

<table>
<thead>
<tr>
<th>Department Review:</th>
<th>Costs:</th>
<th>Funding Source:</th>
<th>Cover letter + Agre.</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Counsel</td>
<td>[] Engineering</td>
<td>[X] Not Required</td>
<td></td>
</tr>
<tr>
<td>General Manager</td>
<td>[X] Clerk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>[X] Operations Manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Summary Explanation/Background:

Resulting Board Action:
- Approved
- Tabled
- Disapproved
- Recommendation Revised
June 2, 2011

Mr. Salvatore Zappulla, Chief Financial Officer
Key Largo Wastewater Treatment District
P.O. Box 491
Key Largo, Florida 33037

Re: WW464010 - Key Largo Wastewater Treatment District
Collection, Transmission and Treatment
(Advanced Wastewater Treatment and Deepwell Injection)

Dear Mr. Zappulla:

Enclosed are three original copies of proposed Amendment 3 to your State Revolving Fund loan agreement. The amendment provides an additional $2,819,976 for this project.

Please have the appropriate District officials sign and seal the enclosed three copies and return them to us within three weeks at 2600 Blair Stone Road, Mail Station 3505, Tallahassee, Florida, 32399-2400. We will arrange for the Deputy Director to sign the documents and mail a fully executed original to you. If the signed amendment is not received by us before July 1, 2011, this additional loan may be subject to a higher interest rate. If you have any questions regarding this amendment, please call Susan Taylor at (850) 245-8358.

Sincerely,

Robert E. Holmden, P.E., Chief
Bureau of Water Facilities Funding
RH/st

Enclosures

cc: Margaret Blank - Key Largo Wastewater Treatment District
Honorable Robert Majeska - Key Largo Wastewater Treatment District
AMENDMENT 3 TO LOAN AGREEMENT WW464010
KEY LARGO WASTEWATER TREATMENT DISTRICT

This amendment is executed by the FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION (the "Corporation") and the KEY LARGO WASTEWATER TREATMENT DISTRICT, (the "Local Borrower") existing as a local governmental agency under the laws of the State of Florida.

WITNESSETH:

WHEREAS, the Corporation and the Local Borrower entered into a Clean Water State Revolving Fund Loan Agreement, Number WW464010, as amended, authorizing a Loan amount of $30,000,000, excluding Capitalized Interest; and

WHEREAS, certain definitions and revisions are required; and

WHEREAS, the Local Borrower is entitled to additional financing of $2,819,976, excluding Capitalized Interest; and

WHEREAS, revised provisions for audit and monitoring are needed; and

WHEREAS, a Financing Rate must be established for the additional financing amount awarded in this amendment; and

WHEREAS, a Loan Service Fee must be estimated for the additional financing; and

WHEREAS, the Semiannual Loan Payment amount needs revision to reflect an adjustment in the Loan amount.

NOW, THEREFORE, the parties hereto agree as follows:

1. Section 1.01 is amended to add the following definition:

"Senior Revenue Obligations" shall mean the following debt obligations:

(a) Key Largo Wastewater Treatment District, Utility Revenue Bond, Series 2010A, issued in the amount of $30,000,000, pursuant to Resolution No. 04-01-10; and

(b) Additional bonds issued on a parity with the obligations identified above pursuant to Section 10 of Resolution No. 04-01-10; and

(c) Any refunding bonds issued to refund the obligations identified above provided such bonds shall not increase annual debt service during the repayment period of this Loan.

2. Section 2.04(1) of the Agreement is deleted and replaced as follows:

The Local Borrower agrees to the following audit and monitoring requirements.
(1) The financial assistance authorized pursuant to this Loan Agreement consists of the following:

<table>
<thead>
<tr>
<th>Federal Program Number</th>
<th>Federal Agency</th>
<th>CFDA Number</th>
<th>CFDA Title</th>
<th>Funding Amount</th>
<th>State Appropriation Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS120001-100</td>
<td>EPA</td>
<td>66.458</td>
<td>Capitalization Grants for State Revolving Funds</td>
<td>$32,819,976</td>
<td>140131</td>
</tr>
</tbody>
</table>

3. Article VII of the Agreement is deleted in its entirety and replaced as follows:

7.01. SUPERIORITY OF THE PLEDGE TO THE CORPORATION.

From and after the effective date of this Agreement, the Corporation shall have a lien on the Pledged Revenues, which along with any other Corporation State Revolving Fund liens on the Pledged Revenues, on equal priority, will be prior and superior to any other lien, pledge or assignment with the following exception. All obligations of the Local Borrower under this Agreement shall be junior, inferior, and subordinate in all respects in right of payment and security to the Senior Revenue Obligations defined in Section 1.01 of this Agreement and to any additional senior obligations issued with the Department's consent pursuant to Section 7.02. Any of the Pledged Revenues may be released from the lien on such Pledged Revenues in favor of the Corporation if the Department makes a determination, based upon facts deemed sufficient by the Department, that the remaining Pledged Revenues will, in each Fiscal Year, equal or exceed 1.15 times the debt service coming due in each Fiscal Year under the terms of this Agreement.

7.02. ADDITIONAL DEBT OBLIGATIONS.

The Local Borrower may issue additional debt obligations on a parity with, or senior to, the lien of the Corporation on the Pledged Revenues provided the Department’s written consent is obtained. Such consent shall be granted if the Local Borrower demonstrates at the time of such issuance that the Pledged Revenues, which may take into account reasonable projections of growth of the Sewer System and revenue increases, plus revenues to be pledged to the additional proposed debt obligations will, during the period of time Semiannual Loan Payments are to be made under this Agreement, equal or exceed 1.15 times the annual combined debt service requirements of this Agreement and the obligations proposed to be issued by the Local Borrower and will satisfy the coverage requirements of all other debt obligations secured by the Pledged Revenues. However, no such consent is required with respect to issuance of Senior Revenue Obligations as defined in Section 1.01.

4. Section 8.09 is added to the Agreement as follows:

8.09. EMPLOYMENT ELIGIBILITY VERIFICATION.

The Local Borrower agrees that it will enroll and participate in the federal E-Verify Program for Employment Verification under the terms provided in the "Memorandum of
Understanding” governing the program. The Local Borrower further agrees to provide to the Department, within thirty (30) days of the effective date of this Agreement/amendment, documentation of such enrollment in the form of a copy of the E-Verify “Edit Company Profile” screen, which contains proof of enrollment in the E-Verify Program (this page can be accessed from the “Edit Company Profile” link on the left navigation menu of the E-Verify employer’s homepage).

The Local Borrower further agrees that it will require each subcontractor that performs work under this Agreement to enroll and participate in the E-Verify Program within ninety days of the effective date of this Agreement/amendment or within ninety (90) days of the effective date of the contract between the Local Borrower and the subcontractor, whichever is later. The Local Borrower shall obtain from the subcontractor(s) a copy of the “Edit Company Profile” screen indicating enrollment in the E-Verify Program and make such record(s) available to the Department upon request.

The Local Borrower further agrees to maintain records of its participation and compliance with the provisions of the E-Verify program, including participation by its subcontractors as provided above, and to make such records available to the Department or other authorized state entity consistent with the terms of the Memorandum of Understanding.

Compliance with the terms of this Employment Eligibility Verification provision is made an express condition of this Agreement and the Department may treat a failure to comply as a material breach of the Agreement.

5. Additional financing in the amount of $2,819,976, excluding Capitalized Interest, is hereby awarded to the Local Borrower.

6. A Financing Rate of 2.92 percent per annum is established for the additional financing amount awarded in this amendment. Individually, the interest rate is 1.46 percent per annum and the Grant Allocation Assessment rate is 1.46 percent per annum. However, if this amendment is not executed by the Local Borrower and returned to the Department before July 1, 2011, the Financing Rate may be adjusted.

7. The estimated principal amount of the Loan is hereby revised to $32,900,380, which consists of $32,819,976 authorized for disbursement to the Local Borrower and $80,404 of Capitalized Interest. This total consists of the following:

(a) Original Agreement of $10,080,404, including $10,000,000 authorized for disbursement to the Local Borrower and $80,404 of Capitalized Interest, at a Financing Rate of 2.72 percent per annum (the interest rate is 1.36 percent per annum and the Grant Allocation Assessment rate is 1.36 percent per annum); and

(b) Amendment 1 of $10,000,000, authorized for disbursement to the Local Borrower, at a Financing Rate of 2.69 percent per annum (the interest rate is 1.345 percent per annum and the Grant Allocation Assessment rate is 1.345 percent per annum); and
(c) Amendment 2 of $10,000,000, authorized for disbursement to the Local Borrower, at a Financing Rate of 2.49 percent per annum (the interest rate is 1.245 percent per annum and the Grant Allocation Assessment rate is 1.245 percent per annum).

(d) Amendment 3 of $2,819,976, authorized for disbursement to the Local Borrower, at a Financing Rate of 2.92 percent per annum (the interest rate is 1.46 percent per annum and the Grant Allocation Assessment rate is 1.46 percent per annum).

The estimated principal does not reflect payments received to date.

8. An additional Loan Service Fee in the amount of $56,400, for a total of $656,400, is hereby estimated. The fee represents two percent of the Loan amount excluding Capitalized Interest; that is, two percent of $32,819,976.

9. The Semiannual Loan Payment amount, adjusted to account for repayments received to date, is hereby revised and shall be in the amount of $1,087,056. Such payments shall be paid to, and must be received by, the Trustee beginning on July 15, 2011 and semiannually thereafter on January 15 and July 15 of each year until all amounts due hereunder have been fully paid. Until this Agreement is further amended, each Semiannual Loan Payment will be proportionally applied toward repayment of the amounts owed on each incremental Loan amount at the date such payment is due.

10. The Local Borrower, the Corporation and the Department acknowledge that the actual Project costs have not been determined as of the effective date of this agreement. Project cost adjustments may be made as a result of Project changes agreed upon by the Department. Capitalized Interest will be recalculated based on actual dates and amounts of Loan disbursements. If the Local Borrower receives other governmental financial assistance for this Project, the costs funded by such other governmental assistance will not be financed by this Loan. The Department shall establish the final Project costs after its final inspection of the Project records. Changes in Project costs may also occur as a result of the Local Borrower's Project audit or a Department audit.

Funds disbursed in accordance with Section 4.08 of this Agreement shall be disbursed in the order in which they have been obligated without respect to budgetary line item estimates. All disbursements shall be made from the original Loan amount until that amount has been disbursed; the Financing Rate established for the original Loan amount shall apply to such disbursements for the purpose of determining the associated Capitalized Interest and repayment amount. The Financing Rate established for any additional increment of Loan financing shall be used to determine the Capitalized Interest and repayment amount associated with the funds disbursed from that increment.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
The estimated Project costs are revised as follows:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>WW46401P TOTAL PROJECT COST($)</th>
<th>WW464010 AUTHORIZED LOAN AMOUNT($) TO DATE</th>
<th>WW464010 AUTHORIZED LOAN AMOUNT($) TO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance costs</td>
<td>4,336,717</td>
<td>Line items</td>
<td>Line items</td>
</tr>
<tr>
<td>Construction and Demolition</td>
<td>61,359,285</td>
<td>may vary</td>
<td>may vary</td>
</tr>
<tr>
<td>Contingencies</td>
<td>3,067,964</td>
<td>based on</td>
<td>based on</td>
</tr>
<tr>
<td>Technical Services After Bid Opening</td>
<td>1,187,000</td>
<td>actual</td>
<td>actual</td>
</tr>
<tr>
<td>Special Studies</td>
<td>424,000</td>
<td>disbursements</td>
<td>disbursements</td>
</tr>
<tr>
<td>Grant Funding</td>
<td>(22,638,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal (Disbursable Amount)</td>
<td>47,736,966</td>
<td>12,670,199</td>
<td>32,819,976</td>
</tr>
<tr>
<td>Capitalized Interest</td>
<td>426,704</td>
<td>346,300</td>
<td>80,404</td>
</tr>
<tr>
<td>TOTAL (Loan Principal Amount)</td>
<td>48,163,670</td>
<td>13,016,499</td>
<td>32,900,380</td>
</tr>
</tbody>
</table>

11. All other terms and provisions of the Loan Agreement shall remain in effect.
This Amendment 3 to Loan Agreement WW464010 shall be executed in three or more counterparts, any of which shall be regarded as an original and all of which constitute but one and the same instrument.

IN WITNESS WHEREOF, the Corporation has caused this amendment to the Loan Agreement to be executed on its behalf by its Chief Executive Officer and the Local Borrower has caused this amendment to be executed on its behalf by its Authorized Representative and by its affixed seal. The effective date of this amendment shall be as set forth below by the Chief Executive Officer of the Corporation.

for
FLORIDA WATER POLLUTION CONTROL FINANCING CORPORATION

_________________________  _______________________
Chief Executive Officer       Date

Reviewed and approved by the Corporate Secretary

for
KEY LARGO WASTEWATER TREATMENT DISTRICT

_________________________
General Manager

I attest to the opinion expressed in Section 2.03 of the Agreement, entitled Legal Authorization.

Attest

_________________________  _______________________
Secretary                   District Counsel

SEAL

APPROVED AND ACCEPTED BY THE STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION.

_________________________
Deputy Director
Division of Water Resource Management
KEY LARGO WASTEWATER TREATMENT DISTRICT

Agenda Request Form

Meeting Date: June 7, 2011  Agenda Item No.: 9

[ ] PUBLIC HEARING  [ ] RESOLUTION
[X] DISCUSSION  [ ] BID/RFP AWARD
[ ] GENERAL APPROVAL OF ITEM  [ ] CONSENT AGENDA
[ ] Other:

SUBJECT: Cancellation June 21, 2011 meeting

RECOMMENDED MOTION/ACTION:

Approved by General Manager

Date: 6/7/2011

Originating Department: Commissioner Tobin

Costs: 
Funding Source: 

Department Review:
[ ] District Counsel
[X] General Manager
[ ] Finance

[X] Engineering
[ ] Clerk

Attachments:

Advertised:
Date: 
Paper: 
[X] Not Required

Summary Explanation/Background: Commissioner Tobin would like to discuss cancelling or postponing the June 21, 2011 meeting

Resulting Board Action:
[ ] Approved  [ ] Tabled  [ ] Disapproved  [ ] Recommendation Revised
KEY LARGO WASTEWATER TREATMENT DISTRICT
Agenda Request Form

Meeting Date: June 13, 2011
Agenda Item No. 

[ ] PUBLIC HEARING               [ ] RESOLUTION
[X] DISCUSSION                   [ ] BID/RFP AWARD
[ ] GENERAL APPROVAL OF ITEM     [ ] CONSENT AGENDA
[ ] Other:

SUBJECT: Silver Shores

RECOMMENDED MOTION/ACTION:

Approved by General Manager
Date: 4/7/2011

Originating Department: Legal
Costs: 
Attachments
Letter

Department Review: 
[ ] District Counsel
[ ] General Manager
[ ] Finance

[ ] Engineering
[ ] Clerk

Advertised:
Date: 
Paper: 
[X] Not Required

Summary Explanation/Background: At the request of the Board, I have reviewed my contract
with Silver Shores and the applicable Rules of Professional Conduct.
I am attaching a copy of my contract with Silver Shores from November 2009 with client
confidential information redacted. Note that the contract provides:

As you know, I currently represent the Key Largo Wastewater Treatment District, and I
cannot represent Silver Shores in connection with any dispute it may have with the District.
This provision is consistent with Rule 4-1.7 of the Florida Rules of Professional Conduct, which
provides:

RULE 4-1.7 CONFLICT OF INTEREST; CURRENT CLIENTS
(a) Representing Adverse Interests. Except as provided in subdivision (b), a lawyer shall
not represent a client if:
(1) the representation of 1 client will be directly adverse to another client; or
(2) there is a substantial risk that the representation of 1 or more clients will be materially
limited by the lawyer's responsibilities to another client, a former client or a third person or
by a personal interest of the lawyer.

The dispute between Silver Shores and its former construction contractor does not implicate the
District in any way. It is a contract dispute in which the contractor claims money due and Silver Shores contends that no money is due because of incomplete and defective performance. The District rules and policies are not in dispute. Margaret Blank has confirmed that the District has no issue with Silver Shores.

Further, my firm was hired by the Silver Shores Leaseholders Association, Inc., with the approval of its Board of Directors, and my contract remains in effect to this date as stated by Ms. Kolek at the June 7 meeting. As Ms. Kolek and all of the other members of the public stated, it would be a hardship for Silver Shores to have to retain the services of another attorney.

Based on the foregoing, I believe that there is no conflict of interest between the District and Silver Shores. My representation of Silver Shores is not adverse to the District, and my duties to Silver Shores and the District will not affect my responsibilities to either party. Silver Shores understands that I cannot represent it in any dispute with the District, and has retained my services with that understanding. Therefore, since there is no conflict of interest, there is no need for a waiver of any conflict.

Thomas M Dillon PA

**Resulting Board Action:**

☐ Approved
☐ Tabled
☐ Disapproved
☐ Recommendation Revised
November 3, 2009

Ernie Gallo, Secretary  
Silver Shores Leaseholders Assn., Inc.  
Key Largo, FL  
Hand Delivered  
Re: Wastewater Collection System issues

Dear Mr. Gallo:

As we discussed today, I am willing to assist Silver Shores with its wastewater issues, including addressing the outstanding mechanics' liens, reviewing contracts with potential consultants and contractors, and evaluating any claims against its former consultant and contractor. As you know, I currently represent the Key Largo Wastewater Treatment District, and I cannot represent Silver Shores in connection with any dispute it may have with the District.

My fee is $100/hour, billed in 1/10 hour increments, invoiced by email at the end of each month and payable within 20 days. Filing fees and other costs of litigation will be charged at cost; copies at $0.20/page. Any amount unpaid will bear interest at the rate of 1%/month from the due date.

Notwithstanding that any unpaid invoice bears interest, I reserve the right, to the extent permitted under the Florida Rules of Professional Conduct, to withdraw my representation at any time if an invoice remains unpaid for more than 30 days. In addition, I reserve the right to place an attorney's lien on any funds due you to secure my fees.

My street address for delivery purposes is 56 Mutiny Place, Key Largo, FL 33037.

If you agree to the above, please sign in the place provided below and return it to me. After I review your documentation, I will sign a copy and return it to you.

Sincerely,

Thomas M. Dillon

Florida Bar No. 673064
We have read and understand the term of the foregoing letter, and we accept its terms.

Silver Shores Leaseholders Association, Inc.

By: [Signature] Date: 10/5/09
Its: President or Vice President

Attest:

[Signature] Date: 11/4/09
Its: Secretary
**KEY LARGO WASTEWATER TREATMENT DISTRICT**  
*Agenda Request Form*

**Meeting Date:** June 7, 2011  
**Agenda Item No.:**

- [ ] PUBLIC HEARING  
- [x] DISCUSSION  
- [ ] GENERAL APPROVAL OF ITEM  
- [ ] Other:

**SUBJECT:** Collection System Report

**RECOMMENDED MOTION/ACTION:** For discussion/informational purposes.

**Approved by General Manager:**  
**Date:**  

<table>
<thead>
<tr>
<th>Originating Department:</th>
<th>Costs: $0.00</th>
<th>Funding Source:</th>
<th>Attachments: memorandum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department Review:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>[ ] District Counsel</td>
<td>[ ] Engineering</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[x] General Manager</td>
<td>[ ] Clerk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[ ] Finance</td>
<td>[ ] Operations Manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Advertised:**  
**Date:**  
**Paper:**  
[ ] Not Required

**Summary Explanation/Background:**

See attached.

**Resulting Board Action:**

- [ ] Approved  
- [ ] Tabled  
- [ ] Disapproved  
- [ ] Recommendation Revised
Memo

To: KLWTD Board
From: Margaret Blank, PE
CC: James Brush, PE
     Ed Castle, PE
Date: June 6, 2011
Re: Collection System

Introduction

The purpose of this memorandum is to discuss the handling and prevention of back-ups in the collection system.

No-Hub Failures

The most common cause of back-ups are no-hub failures. The District has hired a crew of temporary workers to replace all the no-hubs in the system with Ferncos. Other utilities in Florida have gone through this same process and found it to be successful.

AirVac has recommended that we drill holes in the suction tubes to reduce the movement of the assembly when the valve closes. This movement is what causes the no-hub to come loose. The temporary crew is performing this task at the same time they replace the no-hubs. AirVac now ships the suction tubes with the holes already drilled.

Other Causes

Back-ups can be caused by a variety of issues including, a blockage in the lateral (including the property owner's section), faulty construction and/or connection, faulty installation, tampering and water logging. See Table 1 for a description of preventative actions.
<table>
<thead>
<tr>
<th>Cause</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blockage</td>
<td>Blockage can usually be cleared by the District with the vac-tron. If it is the customers blockage and unreachable by staff, homeowner is advised of this and told to call a plumber.</td>
</tr>
<tr>
<td>Note: blockages from the clean-out to the vacuum pit are the District's responsibility. The remaining portion to the home is the homeowner's responsibility.</td>
<td></td>
</tr>
<tr>
<td>Faulty construction</td>
<td>There was one incident that was caused by a cracked wye. The contractor was called in to repair it under warranty.</td>
</tr>
<tr>
<td></td>
<td>Occasionally, the collections crew will find a loose whip, which can contribute to a no-hub failure. Those are repaired ASAP under warranty if possible.</td>
</tr>
<tr>
<td>Faulty repair or installation</td>
<td>A hose clamp may not have been tightened down properly. Screwdrivers with pre-set torque settings have been purchased to ensure all clamps are evenly tightened.</td>
</tr>
<tr>
<td>Tampering</td>
<td>Occasionally, someone will add material such as concrete or paint to a valve chamber or buffer tank. When this happens the valve won't fire.</td>
</tr>
<tr>
<td></td>
<td>District personnel routinely clean &amp; test the equipment but cannot prevent tampering.</td>
</tr>
<tr>
<td>Waterlogging</td>
<td>Waterlogging happens a result of low vacuum. This can happen when the system is overwhelmed such as in a major storm event. District personnel fire valves in the affected main to get the sewage cleared and the system back in operation.</td>
</tr>
</tbody>
</table>

**Existing Back-up Response Protocol**

If there is a back-up, this is the typical sequence of events.

1. MOD is notified.

2. MOD contacts customer to make sure it's not a routine plumbing problem. If not, they will get details, and calls for help if needed. (Example: if they need someone to get the vac-tron and meet them at the location).

3. MOD responds to location or dispatches another staff member to respond.
4. Responders examine District equipment inside the pit, make repairs if necessary, and then test the equipment (i.e. introduce water into the pit to make sure valve fires multiple times).

5. If equipment is found to be working properly, responders check the clean-out. If water is backed-up into the clean-out that is an indication that there is a blockage between the clean-out and the pit. Responders will attempt to clear the blockage. If there's no water in the clean-out, that's an indication that the back-up is due to a blockage in the homeowners main line. Responder will attempt to clear if accessible. If they cannot, they will advise the homeowner to call a plumber.

6. If the customer claims there is damage, the responders will take pictures of the damage. After hours the responders will do a preliminary disinfection and clean-up, and arrange for professional cleaning and disinfection the next day.

7. Damage claims will be reported to the Collections Systems Supervisor, General Manager and District Counsel for verification. If found to have merit, homeowner will be reimbursed for lost or damaged belongings.

8. Responders fill out an incident report, which is then entered into the incident database. All incidents are tracked and reviewed with collections staff at weekly meetings to determine if we can improve our performance or if there is anything we can do to prevent future incidents.

**Improvements to Back-up Response Protocol**

Staff has been working on improvements to the operation of the collection system in general. Improvements are listed below:

1. Revisions to phone system: The caller will be asked to leave a voice mail. This voice mail will be delivered to the MOD, General Manager, Operations Manager, and Collection System Supervisor. This revision ensures that we have a record of the call, and it provides back-up in case the MOD does not answer.

2. Institute "checker" system: The collections staff is often called out at night and on weekends. There are times when they are fatigued. It is late at night or very early in the morning. Under such circumstances, mistakes can occur. To catch errors, we have instituted a "checker" system. The next business day, the "checker" will take the incident reports and make sure that all repairs have been done correctly.

**Additional Steps Taken**

The temporary crew is continuing to replace no-hubs with Femcos and retro-fit suction tubes. The collections crew routinely checks the timing of the pits and makes sure that installation was done correctly (i.e. that the proper size suction tubes and sensor tubes were used). The temporary crew will also verify that the clamps are all torqued properly especially on the surge suppressor tubing.

Staff is also working with Weiler Engineering and AirVac to evaluate failures and determine if further preventative maintenance action needs to be taken.