

Interlocal Agreement
 Between
 Nassau County (the "County"), a political subdivision of the State of Florida
 and the
 Florida Governmental Utility Authority (the "FGUA"), a legal entity and public body
 created by interlocal agreement pursuant to Section 163.01(7) Florida Statutes
 for Water and Wastewater Utility Acquisition Analysis Services

This interlocal agreement ("Agreement") is made and entered into this 21st day of Oct. 2019, by and between Nassau County, Florida (the "County") and the Florida Governmental Utility Authority (the "FGUA" or "Authority"), a legal entity and public body created by interlocal agreement pursuant to Section 163.01(7) Florida Statutes.

WITNESSETH:

WHEREAS, the County and the Jacksonville Electric Authority ("JEA") entered into that certain Nassau County/JEA Water and Wastewater Interlocal Agreement, dated as of December 17, 2001, concerning the provision of water and wastewater utility services by JEA within the County; and

WHEREAS, that interlocal agreement contains a right of first refusal for the County to acquire the JEA water and wastewater utility facilities within the County (the "JEA Facilities") in the event JEA intends to sell those facilities; and

WHEREAS, on September 27, 2019, the County was provided notice by JEA of its intent to sell the JEA Facilities within the County; and

WHEREAS, the County has a ninety (90) day period within which it must notify JEA of the County's intention with regard to exercising its right to acquire the JEA Facilities; and

WHEREAS, the County desires to obtain professional management and financial analysis services to evaluate the feasibility and implications of acquiring the JEA Facilities; and

WHEREAS, the County and the FGUA previously entered into that certain Interlocal Agreement Relating to the Provision of Utility Services to the Nassau County Amelia Utility (NAU) Water and Wastewater Utility System pursuant to which the FGUA provides utility services to the County; and

WHEREAS, the FGUA possesses the unique experience and expertise to provide the County with water and wastewater utility acquisition feasibility analysis, ownership and operations services.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Incorporation. The above recitals are true and correct and are hereby incorporated herein by reference.

SECTION 2. Scope of Services.

A. Summary of Services to be Rendered

The FGUA will perform the “Scope of Services” set forth in Attachment A, which is incorporated herein by reference, to the County to assist the County in evaluating its purchase option for the JEA Facilities. The FGUA will utilize the services of various contractors under contract with the FGUA who possess the necessary skills and expertise to provide relevant portions of the Scope of Services in a professional and workmanlike manner. These contractors include, but are not limited to, Raftelis Financial Consultants, Inc. (“Raftelis”, and formerly known as Public Resources Management Group, Inc.), Government Services Group, Inc. (“GSG”), and U.S. Water Services Corporation (“USWSC”). The FGUA and its contractors will exercise the same degree of care, skill, and diligence in the performance of the Scope of Services as is provided by a professional of like experience, knowledge and resources, under similar circumstances.

B. County Responsibilities

For the FGUA to complete the Scope of Services, the County agrees to assist the FGUA in securing from the JEA all data, plans and related information concerning the JEA Facilities (the JEA Data”) reasonably required by the FGUA. The County shall also provide to the FGUA all available estimated customer growth projections consistent with its community plans and financial information which may assist the analysis.

SECTION 3. Compensation.

A. Fees

The County shall pay the FGUA for services rendered based upon hours expended at the rates set forth in Attachment B, which is incorporated herein by reference. The total compensation, including fees and costs (specified in B. below) is reasonably not expected to exceed \$55,600.

B. Costs

In addition to fees specified above, expenses incurred in the provision of the Scope of Services will be reimbursed by the County to the FGUA, including, but not limited to copy costs, long distance telephone costs, and express mail costs. Travel expenses, to the extent required, will be reimbursed in accordance with the provisions governing the travel of public officers and employees contained in Section 112.061, Florida Statutes.

C. Payment

The FGUA will provide an itemized statement outlining the services rendered and costs incurred to the County on a monthly basis for fees and costs incurred the previous month. All invoices shall be paid in accordance with the Florida Prompt Payment Act.

SECTION 4. Schedule.

A. Timing.

The Scope of Services will be substantially completed within sixty (60) days of the receipt by the FGUA of the JEA Data.

B. Uncontrollable Forces

The FGUA shall not be considered to be in default of this agreement if delays in or failure of performance shall be due to Uncontrollable Forces, the effect of which, by the exercise of reasonable diligence, the non-performing party could not avoid. The term "Uncontrollable Forces" shall mean any event which results in the prevention or delay of performance by a party of its obligations under this Agreement and which is beyond the reasonable control of the nonperforming party. It includes, but is not limited to fire, flood, earthquakes, storms, lightning, epidemic, war, riot, civil disturbance, sabotage, and governmental actions.

SECTION 5. Records.

A. Public Records

The FGUA and the County shall comply with public records laws embodied in Chapter 119, Florida Statutes, and specifically shall:

1. Keep and maintain public records required by the County or the FGUA in order to perform the Scope of Services described herein.
2. Upon request from the other party provide any requested public records or allow the requested records to be inspected or copied within a reasonable time by the other party.
3. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the Agreement term, and thereafter.
4. Transfer, at no cost, all public records in possession of the other party upon termination of this Agreement and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided upon request from the other party, in a format that is compatible with the information technology systems of that party. If the FGUA keeps and maintains public records upon the conclusion of this Agreement, the FGUA shall meet all applicable requirements for retaining public records that would apply to the County.
5. If either party does not comply with a public record request related to the Scope of Services, that failure shall be treated as breach of this Agreement and the contract provisions shall be enforced accordingly. Additionally, if either party fails to provide records when requested, they may be subject to penalties under Section 119.10, Florida Statutes and reasonable costs of enforcement, including attorney fees.

IF EITHER PARTY HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, AS TO ITS DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE

CUSTODIAN OF PUBLIC RECORDS FOR THE COUNTY AT (904)-548-4600, www.nassauclerk.com, 76347 Veterans Way, Yulee, FL 32097 OR FOR THE FGUA AT (407)-629-6900, lduckworth@govmserv.com, 280 Wekiva Springs Road, Suite 2070, Longwood, FL 32779

SECTION 6. Miscellaneous Provisions.

A. Notice/Project Manager

The project manager for the FGUA will be Stephen M. Spratt, System Manager. The project manager for the County shall be Michael Mullin. All notices and correspondence shall be addressed as follows:

Nassau County
Michael S. Mullin, County Manager
Nassau County Administration Building
96135 Nassau Place, Suite 6
Yulee, FL 32097

FGUA
Stephen M. Spratt, System Manager
Government Services Group, Inc.
280 Wekiva Springs Road, Suite 2070
Longwood, FL 32779

B. Severability

The invalidity, illegality, or unenforceability of any provision of this Agreement, or the occurrence of any event rendering any portion or provision of this Agreement void, shall in no way affect the validity or enforceability of any other portion or provision of the Agreement. Any void provision shall be deemed severed from the Agreement and the balance of the Agreement shall be construed and enforced as if the Agreement did not contain the particular portion or provision held to be void.

C. Termination

This Agreement may be terminated by either party for convenience upon thirty (30) days' prior written notice to the other party. This Agreement may be terminated by either party immediately upon written notice to the other party in the event of the substantial failure of that party to perform in accordance with the terms of this Agreement. Unless the FGUA is in breach of this Agreement, the FGUA shall be paid for services rendered through the date of termination.

D. Entirety of Agreement

The County and the FGUA agree that this Agreement sets forth the entire Agreement between the parties related to the matters contained with the Scope of Services, and that there are no promises or understandings other than those stated herein. This Agreement supersedes all prior agreements, contracts, proposals, representations, negotiations, letters or other communications between the County and FGUA pertaining to the Scope of Services, whether written or oral. None of the provisions, terms and conditions contained in this Agreement may be added to, modified, superseded or otherwise altered except by written instrument executed by the parties hereto.

E. Filing

This Interlocal Agreement shall be filed with the Clerk of the Circuit Court of Nassau County and with the Clerk of the Circuit Court of Leon County.

IN WITNESS WHEREOF, the County and the FGUA have caused this Interlocal Agreement to be duly executed and entered into on the date first above written.



FLORIDA GOVERNMENTAL UTILITY AUTHORITY

By: [Signature]
Its: vice chair
Date: 11/21/19

Attest:

[Signature]
Clerk

Date: 11/21/19

NASSAU COUNTY, FLORIDA

By: [Signature]
Its: Chairman

Date: October 21, 2019

Attest:

[Signature]
~~Clerk~~

John A. Crawford, Ex-Officio Clerk

Date: 10/22/19

ATTACHMENT A

FLORIDA GOVERNMENTAL UTILITY AUTHORITY

CONSULTING SERVICES FOR ASSISTING NASSAU COUNTY IN THE EVALUATION OF THE POTENTIAL PURCHASE OF THE JEA UTILITY SYSTEM (NASSAU COUNTY)

SCOPE OF SERVICES

The services to be performed by FGUA as presented below are related to providing assistance to Nassau County (the "County") to provide acquisition consulting services, including to determine a "Purchase Price," pursuant to the provisions delineated in the Nassau County/JEA Water and Wastewater Interlocal Agreement as amended (the "Agreement"), for water, wastewater and reclaimed water facilities currently owned by JEA that exist within the boundaries of Nassau County (the "JEA Assets") and to assist the County and the FGUA and its advisors with its evaluation and any other transition services as may be requested (the "Project"). The Agreement makes reference to a "Purchase Price" as stated in Section 5.5 of the Agreement which will be a primary focus for the FGUA as it assists the County with its evaluations and strategic planning activities. With respect to the performance of the Project, FGUA will rely upon, to the extent available and considered reliable, information and financial analyses provided by JEA or as may have been recently developed or prepared by other consultants of the FGUA, including the System Manager, with respect to the management of the existing County utility systems and the potential acquisition of the JEA Nassau System.

The scope of services does not include any utility acquisition services assuming an affirmative decision to purchase the JEA Assets, including but not limited to, the following:

- Assisting in utility acquisition negotiations with JEA;
- Preparation of Acquisition documents such as a purchase and sales agreement or FGUA transition agreements;
- Preparation of a bond feasibility report and other supporting documents necessary to finance the acquisition of the JEA Assets;
- Development of utility rate and service ordinances, policies, or procedures and contract service agreements that may be necessary for utility operation;
- Preparation for and attendance of any public hearings as required by Florida Statutes associated with the purchase of a utility system;
- Providing transition services that may be necessary to transfer ownership of the JEA Assets to the County; and
- Other related acquisition services.

The scope of services to be performed by FGUA with respect to this engagement will include the following tasks:

Task 1. Accumulation of Required Data.

Provisions in the Agreement will be reviewed to identify the data required to comply with the determining of "Purchase Price," including but not limited to: financial statements, fixed asset accounting and other financial data, income and property and cash contribution statements, loan/debt documents, original acquisition agreements and documents, regulatory filings, developer agreements, customer and sales statistics, utility maps and GIS records, water and wastewater treatment plant operating permits, consumptive use permits, and other regulatory permits, and other data relevant to the task. This task involves:

- a) Review and analysis of existing data provided to the County by JEA for sufficiency and accuracy.
- b) Searches and discussions to determine the existence of data sources other than JEA.
- c) Discussions with County legal counsel and the FGUA to assist with understanding Agreement provisions.
- d) Discussions with FGUA System Management, USWSC and engineering staff regarding confirmation of data and locations.
- e) As required prepare request for additional information and clarification of data that may be considered to be deficient/incomplete and/or clarification of data.
- f) Development of a computer model for retention, development and calculation of data.

Task 2. Data Analysis.

Based on the information provided by JEA and others, FGUA will evaluate and analyze the data to validate the net plant investment located within the County boundaries in support of the determination of a preliminary "Purchase Price" calculation in accordance with the Agreement and other evaluation methods; and identify any issues or concerns relative to terms of the existing Agreement. This task involves:

- a) Accumulation of asset/facility, contracts, agreements and other data by service area location with the objective to identify:
 - i. Function of service or asset facility categories;
 - ii. Gross and net plant in service expressed on an original cost basis by individual fixed asset record included in the fixed asset register for the JEA utility system assets for the most recently completed Fiscal Year ended September 30, 2018 (the "Fiscal Year") with emphasis for assets located within the County (the "JEA Assets");
 - iii. Depreciable service life for each individual fixed asset record included in the fixed asset register for the JEA Assets for the Fiscal Year;
 - iv. The estimated cost of disposition and salvage value, if any, for each individual asset included as a JEA Asset, if known;
 - v. If not included in the fixed asset register for the JEA Assets, to identify the amount of construction-work-in-progress (CWIP) for each specific asset included in the CWIP for the Fiscal Year, regarding the CWIP information request above, to recognize the estimated cost to complete each project and the amount of funds appropriated for and encumbered to the project in support of project completion;
 - vi. JEA fixed asset capitalization policies and procedures,

- vii. Semi-annual debt service payments for each senior and subordinate lien debt that is associated with the financing of any JEA Assets and the allocation percentage of such debt, with corresponding work papers and analyses, to the County;
 - viii. JEA cash balances by fund with emphasis on capital-related funds allocable to or funding the JEA Assets;
 - ix. The detailed customer statistics and billed water sales and wastewater flow information by service area for each fiscal year since the execution of the Agreement;
 - x. To determine the Finished Water Produced (annual flow and coincident maximum day demand when aggregating all plants) for each fiscal year since the execution of the Agreement and the total Wastewater Treated (annual flow and coincident maximum month demand when aggregating all plants);
 - xi. How JEA rates and impact fees were developed based on Rate Study and Impact Fee study reports, including the amount of the impact fee that is attributable to the water supply and treatment, wastewater treatment and disposal, and the water and wastewater primary conveyance functions; and
 - xii. other information as may be necessary.
- b) Evaluate the compiled data as provided by JEA for consistency among documents and reports and information provided to the County by JEA and identify data “gaps” and issues in such data. To the extent it is determined that the data to be relied upon is considered as being incomplete, inaccurate, missing or contains other non-conforming attributes for use in calculating "Purchase Price," develop assumptions and analyses in order to provide the necessary basis in support of the calculation of the "Purchase Price".
- c) Meet with County staff, FGUA team members and other County consultants and advisors to review findings.

Task 3. Calculate Preliminary "Purchase Price."

Pursuant to Section 5.5 of the Agreement and in accordance with accounting and valuation principles, accumulate the analyzed facility, real estate and other utility asset values by functional component which would include: i) capital amount paid to purchase or improve or expand the JEA Assets; ii) contributions made by developers; and iii) depreciation on non-contributed and contributed assets all as delineated in the Agreement. Based on the information provided, FGUA will determine or calculate the estimated functional components of the purchase price and will document data sources, calculations, assumptions, and highlight issues relative to such calculations. It may be required that this process initially utilize certain assumptions, data, amounts and conditions that have not been fully resolved and therefore are provided to reflect the magnitude and direction of the "Purchase Price" for informational purposes. The analysis will include up to three (3) sensitivity evaluations to assist in the preparation of a potential range in values if data gaps and assumptions are required in the development of the preliminary "Purchase Price".

Task 4. Preliminary System and Customer Rate Impact Analysis.

Based on the evaluations and analyses conducted in the previous tasks, FGUA will prepare a preliminary system impact evaluation associated with the transition of the JEA Assets and

customers served (based on a financial evaluation only, no consideration of asset condition will be assumed since it beyond the scope of this work authorization); the analysis will not be a detailed cost of service evaluation but a desktop evaluation of the possible financial impact to the County customer rates based on the current JEA cost of operations and capital for the County and FGUA cost (a one-year evaluation – the analysis will consider the JEA assets as a stand-alone utility and consolidated with the Nassau Amelia Utility). The analysis will assume that water and wastewater capacity will be provided by JEA on a wholesale basis with no payment of impact fees to secure such capacity.

Task 5. Meetings.

During the preparation of the analyses as documented in this scope of services, FGUA will need to attend several meetings and conference calls with the County and other advisors for the County. The scope of services includes the attendance of two (2) on-site working group meetings to obtain information necessary for obtaining information (may include meeting with JEA representatives) conducting the analysis, review of findings and any related documents, and discuss any issues that may be identified during the course of the evaluation. The attendance of any additional meetings will be considered as an additional service to this scope of services.

Task 6. Preparation of Technical Memorandum.

As required, the FGUA team will prepare a technical memorandum which would present the analyses, assumptions and results of the work for consideration by the County.

ADDITIONAL SERVICES

During the study, the County may request additional services to be performed by FGUA. Such services will not be conducted until authorized by the County and the FGUA as mutually agreed between all the parties. The FGUA will be billed for such additional services being rendered to the County based on the direct labor (billing) and other direct standard cost rates as set forth in this agreement. Examples of such additional services include, but are not limited to, the following:

1. Attendance at any additional meetings in addition to what is anticipated in this scope of services;
2. Requests for updated analyses and/or additional financial scenarios after substantial completion of the initial work;
3. Performance of a part or all of the additional follow up pre-acquisition and acquisition services;
4. Costs incurred due to delays in the duration of the project by the County, the FGUA or major changes in policy as directed by the County to the FGUA that is different from what is implied in the scope of services (which would include changes in scope due to the lack of requested data);
5. Review and design of monthly water and wastewater service charges or fees for the existing County or the potentially acquired system served by the JEA Assets or the consolidation of rates into a uniform rate structure;

6. Review and design of water and wastewater impact fees, miscellaneous services charges or similar cost recovery fees for the existing County or the potentially acquired system served by the JEA Assets; and
7. Delays in the Project schedule which are not the fault of FGUA, which may have impacts on analyses performed, and which would affect the budget for the scope of services reflected herein.

ATTACHMENT B

**CONSULTING SERVICES FOR ASSISTING NASSAU COUNTY
IN THE EVALUATION OF THE POTENTIAL PURCHASE OF THE
JEA UTILITY SYSTEM (NASSAU COUNTY)**

DIRECT LABOR HOURLY RATES

Project Team Firm and Title	Direct Labor Hourly Rates [*]
Raftelis Financial Consultants, Inc.	
Principal	\$214.00
Associate	\$174.00
Managing Consultant	\$158.00
Supervising Consultant	\$143.00
Senior Consultant	\$128.00
Rate Consultant	\$118.00
Consultant	\$107.00
Senior Rate Analyst	\$ 97.00
Rate Analyst	\$ 87.00
Analyst	\$ 77.00
Assistant Analyst	\$ 67.00
U.S. Water Services Corporation	
Principal	\$199.00
Senior Project Manager	\$155.00
Project Manager	\$131.00
Government Services Group, Inc.	
Senior Management	\$246.00
Legal Services	
Partners	\$250
Associates	\$225

[*] Direct labor hourly rates effective twelve months after the date of execution of the Agreement; rates will be adjusted by not more than the net percentage change (but not less than 0%) in the Consumer Price Index – Urban Consumers per annum (rounded to the nearest dollar) or as mutually agreed between parties for invoices rendered after each anniversary date of each year thereafter until project completion or termination of the Agreement between the parties.

STANDARD COST RATES

Expense Description	Standard Cost Rates [1]
Mileage Allowance – Personal Car Use Only	IRS Standard Mileage Rate
Reproduction (Black and White) (In-House)	\$0.05 per Page
Reproduction (Color) (In-House)	\$0.25 per Page
Reproduction (Contracted)	Actual Cost
Computer Time	\$0.00 per Hour
Telephone Charges	Actual Cost
Delivery Charges	Actual Cost
Lodging/Other Travel Costs	Actual Cost
Meals	Not-to-Exceed per Employee:
	\$6.00 \$10.00 – Breakfast
	\$11.00 \$15.00 – Lunch
	\$19.00 \$25.00 – Dinner

Aut