

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff to the RUA: Emerald Coast Regional Council

Chair: Colton Wright
Vice-Chair: Dewey Destin

MEETING OF THE WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

When: **Wednesday, September 23, 2026 at 10:30 am.**

Where: Okaloosa County Admin Bldg. Board Chambers, 1250 N Eglin Parkway, Shalimar, FL

A quorum can only be established with board members physically present

1. Call to Order / Pledge
2. House Keeping (ECRC staff)
3. Approval of the agenda
4. Public Comments

Any individual who wishes to address the Board in-person is requested to fill out a Speaker Request Form obtained from TPO staff and comments can be provided in the GoToMeetings chat box; Comments may also be submitted via phone, eComment Card, or email (24hrs in advance).

Learn how to submit comments at: www.ecrc.org/TDPublicForum

5. Approval of the June 17, 2026 Meeting Minutes
6. Action Items
 - a. Election of Chair and Vice-Chair
 - b. Review and Approval of RUA FY27 Budget.
 - c. Interlocal Agreement between Walton/Okaloosa/Santa Rosa Regional Utility Authority and Moore Creek Mount Carmel Utilities, Inc.



STAFF TO THE RUA: Emerald Coast Regional Council
P.O. Box 11399 • Pensacola, FL 32524-1399 • P: 850.332.7976 • 1.800.226.8914 • F: 850.637.1923
www.ecrc.org

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- d. Consideration of Resolution 2026-01: Relating to the State Revolving Fund loan program; making findings; authorizing the loan application; authorizing the loan agreement; establishing pledged revenues; designating authorized representatives; providing assurances; providing for conflicts, severability, and effective date.
- e. Interlocal Agreement between Walton/Okaloosa/Santa Rosa Regional Utility Authority and Destin Water Users, Inc.
- f. Consideration of Resolution 2026-02: Relating to the State Revolving Fund loan program; making findings; authorizing the loan application; authorizing the loan agreement; establishing pledged revenues; designating authorized representatives; providing assurances; providing for conflicts, severability, and effective date.
- g. Consideration of Supporting Destin Water Users, Inc Request for Inclusion (RFI) in Florida's State Revolving Fund loan.

7. Information Items

- a. Update on Northwest Florida Water Management District water supply studies in Santa Rosa, Okaloosa, and Walton counties – Kathleen Coates.
- b. Regional Updates.

8. Other Business

9. Next meeting: TBD

10. Adjourn

If you have any questions concerning the meeting, please contact:

Howard Vanselow at 850-332-7976 x 231, 800-226-8914 or howard.vanselow@ecrc.org.



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For those unable to attend in-person the meeting will also be accessible from your computer, tablet or smartphone;

Microsoft Teams meeting

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In compliance with the Americans with Disabilities Act, reasonable accommodations to access meeting, and for limited English proficiency, are available upon request. Persons

who require special accommodations under the Americans with Disabilities Act or persons who require translation services should contact our [Marketing Team](#) toll-free at 800-226-8914 or TTY 711, at least 48 hours in advance.

Parainformacion en espanol, puede llamar a Ada Clark al 850-332-7976, ext. 278 o TTY 711. Sinecesita acomodaciones especiales, por favor llame 48 horas de antemano.

Participation is solicited without regard to race, color, national origin, age, sex, religion, disability, or family status. Persons who believe they have been discriminated against on these conditions may file a complaint with the [Title VI Coordinator](#), 850-332-7976, ext. 220.

VISIT OUR WEB SITE AT: WWW.ECRC.ORG

FOR FULL AGENDA PACKETS

AND ADDITIONAL EMERALD COAST REGIONAL COUNCIL INFORMATION



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ENCLOSURE 5:

June 17, 2026 Minutes

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff - Emerald Coast Regional Council

MEETING OF THE WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Wednesday, June 17, 2026 11:00 a.m.

Okaloosa County Administration Building
1250 Eglin Parkway
Shalimar, Florida

Members Present

Dewey Destin, Councilmember City of Destin, Vice-Chair
Bobby Burkett, Santa Rosa County BOCC
Larry Carter, Councilmember City of Mary Esther
Sherri Cox, Okaloosa County BOCC
Dan Curry, Walton County BOCC
JB Schluter, Mayor City of Gulf Breeze

Others Present

Monica Wallis, Destin Water Users
Jeff Crigler, Holly Navarre Water System
Joe Ream, South Walton Utility Company
Dale Long, MESI
Mike Hackett, Okaloosa County Water and Sewer
Eligah Bell, Moore Creek Mt. Carmel
Carl Hall, Moore Creek Mt. Carmel
Dustin Ricketts, Okaloosa County
Howard Vanselow, ECRC

Others Virtual/Call-in

Kathleen Coates, Northwest Florida Water Management District
Gary Huston, Linne & Huston
Dawn Schwartz, ECRC
Nancy Pearson, ECRC
Gina Watson, ECRC

Call to Order

Vice Chair Destin called the meeting to order.

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff - Emerald Coast Regional Council

Approval of the Agenda

Commissioner Curry moved to approve the agenda. Commissioner Cox seconded the motion, and it was unanimously approved

Public Comments

There were no public comments.

Approval of the October 2, 2025 Meeting Minutes

Commissioner Burkett moved to approve the October 2, 2025 meeting minutes. Commissioner Cox seconded the motion, and it was unanimously approved.

ACTION ITEMS:

- a. Consideration of Authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority to Submit a Request for Inclusion (RFI) in the Drinking Water Priority List on behalf of Moore Cree Mount Carmel for a new potable water well, water treatment plant, and elevated tower.**

Moore Creek Mount Carmel Utilities requested the Board's support for inclusion in the Florida State Revolving Fund loan program. Dale Long explained that the utility is seeking funding for a proposed new well and water tank, with the current request focused on planning and engineering as the project begins the SRF process. The funding would support both the initial planning needs and future project implementation.

Vice Chair Destin asked if there were any questions from the board and there were none.

Commissioner Cox moved to authorize the RUA to submit an RFI. Commissioner Burkett seconded the motion, and it was unanimously approved.

- b. Authorizing Walton/Okaloosa/Santa Rosa Regional Utility Authority as sponsoring agency to sign the State Revolving Fun Loan Agreement DW170441 for the Holt Water Works, Inc. waterline replacement, new well, water plant, and elevated tank projects.**

Dale Long presented a request for approval of a loan agreement for Holt Water Works. He explained that the project is similar to the Moore Creek Mount Carmel Utilities request and includes construction of a new well and water tank, along with water line improvements. Mr. Long noted that the Board has supported Holt Water Works throughout the process, including a previous water meter replacement project, and expressed appreciation for the Board's continued support.

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff - Emerald Coast Regional Council

Vice Chair Destin asked if there were any questions from the board and there were none.

Commissioner Curry moved to authorize the RUA chair to sign Drinking Water State Revolving Fund Construction Loan Agreement DW170441. Commissioner Cox seconded the motion, and it was unanimously approved.

Information Item

a. Regional Updates

Jeff Crigler, Holly Navarre Water System provided an update on projects in the southern half of Santa Rosa County, highlighting the Eglin Regional Reuse Project as the system's largest current effort. Phase one, which includes a pump station, reclaimed water pipeline to Eglin Air Force Base, and rapid infiltration basins, is nearing completion and is expected to be online this summer. Phase two will include a bore under the bay and a pipeline from Navarre Beach to the plant, with bids expected to open soon through Santa Rosa County. He also noted that Fairpoint Regional Utilities is working to secure property for a new well in the East Milton area, and that a major wastewater plant upgrade is nearing completion.

Joe Ream, General Manager for South Walton Utility Company, reported that the company does not have any pressing issues at this time. He stated that their primary project is the planning of a new operations building for the water treatment plant, which would replace the current 40-year-old, 1,800-square-foot facility with an approximately 5,000-square-foot, storm-hardened building that could also serve emergency needs and house the utility's lab and offices. He also noted that the utility is conducting water and wastewater system modeling with engineering firms to help identify future infrastructure needs and potential funding opportunities.

Monica Wallis, General Manager of Destin Water Users, thanked the Board for its continued support and noted that the utility has several loans that have gone through the Board, with additional requests anticipated in the future. She reported that a prior request for inclusion remains under state review for a reclaimed water disposal project near the Destin Airport, where the utility purchased property for a rapid infiltration basin facility. The project is nearing completion of design, with SRF funding anticipated for consideration at the August list hearing, and a loan agreement expected to come before the Board afterward. She also noted that Destin Water Users recently completed a rate study to guide capital improvements over the next five years and reported that the utility's new drinking water tower near the Mid-Bay Bridge and Kelly Plantation area is nearly complete, with artwork planned for the fall.

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Mike Hackett, Director of the Okaloosa County Water and Sewer Department, reported that the department's largest current project is the Shoal River Water Reclamation Facility, which is expected to be completed and fully operational by the end of the year. He noted that the project should be finished well ahead of the new Williams International project. Mr. Hackett also stated that the department is working to build momentum on several rehabilitation projects involving stations, wells, and tanks, and that overall internal project activity is progressing well.

Commissioner Cox thanked Mr. Hackett and others for their efforts to secure grant funding to supplement available resources and help meet project needs.

Other Business

The next meeting of the RUA board is scheduled for September 23, 2026.

ENCLOSURE 6b:

FY2027 RUA Budget

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

FY27 Budget

10/01/26 through 09/30/27

	FY26 Budget
Estimated Operating Revenues	
Membership fees	5,572
Member reimbursements	20,500
Total Revenue	26,072
Estimated Operating Expenses	
Personnels costs	9,100
Professional services	14,500
Other direct expenses	2,472
Total Operating Expenses	26,072
Estimated Non-Operating Revenues (Expenses)	
Interest income	184,500
Interest expense	(156,000)
Total Non-Operating Revenues & Expenses	28,500
NET INCOME (LOSS)	28,500

ENCLOSURE 6c:

Interlocal Agreement between
Walton/Okaloosa/Santa Rosa Regional Utility Authority
and Moore Creek Mount Carmel Utilities, Inc.

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff to the RUA: Emerald Coast Regional Council

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Enclosure 6c

SUBJECT: Consideration of authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority (RUA) to enter an Interlocal Agreement with Moore Creek Mount Carmel Utilities, Inc.

ORIGIN OF SUBJECT: Moore Creek Mount Carmel Utilities, Inc (MC-MC)

Background: MC-MC is seeking assistance of the RUA to obtain funding from Florida Department of Environmental Protection for a new potable water well, water treatment plant and elevated tower to improve water pressure and availability to the southern portion of the franchise area.

Attached are the following:

- Interlocal Agreement option 1 (Pledged Revenues only)
- Interlocal Agreement option 2 (Title to the "Property")

RECOMMENDED ACTION: Approval of a motion to authorize the RUA to enter the Interlocal Agreement. This action is recommended in order for MC-MC to obtain funding from Florida Department of Environmental Protection. Please contact Mr. Howard Vanselow, Emerald Coast Regional Council, at howard.vanselow@ecrc.org or (850) 332-7976, ext. 231 if you want additional information.



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INTERLOCAL AGREEMENT (option 1)

THIS AGREEMENT, made this ____23rd____ day of ____September____, 2026, by and between the **Walton/Okaloosa/Santa Rosa Regional Utility Authority** (hereinafter referred to as “**RUA**”), and **Moore Creek-Mt. Carmel Utilities, Inc.** (hereinafter referred to as “**MC-MC**”);

WITNESSETH:

WHEREAS RUA is a Regional Utility (Water Supply) Authority created pursuant to the provisions of **Section 373.1962**, *Florida Statutes*, and a Florida Department of Environmental Protection (“**FDEP**”) Secretary's Order dated March 9, 1999, and RUA has the authority to enter into this agreement pursuant to Section 163.01, *Florida Statutes*, authorizing Interlocal Agreements; and

WHEREAS RUA is eligible to receive drinking-water loans through the Florida Department of Environmental Protection’s Clean Water Act State Revolving Fund Program as a regional utility authority; and

WHEREAS RUA is authorized to enter into agreements or contracts with public and/or private entities for provision of assistance planning, financing and construction of any and all water-related facilities deemed appropriate by the RUA; and

WHEREAS RUA realizes that regional and multi-jurisdictional solutions to the provision of drinking-water are cost-effective and should be encouraged; and

WHEREAS MC-MC is a not-for-profit, **member-owned** corporation and owns, operates, and maintains a drinking-water utility system, a drinking-water treatment plant, and other systems and facilities for the benefit of its members, in accordance with Section 501(c) (12) of

the Internal Revenue Code and as authorized by the Laws of Florida; and

WHEREAS MC-MC seeks to expand its drinking water distribution system and drinking-water storage to support projected growth; and

WHEREAS MC-MC is seeking the assistance of RUA to assist MC-MC in obtaining a State Revolving Fund Loan to finance the major additions needed for MC-MC's drinking-water utility services; and

NOW, THEREFORE, in consideration of the foregoing premises, which shall be deemed an integral part of this Agreement, and of the mutual covenants and agreements hereafter set forth, RUA and MC-MC intend to be legally bound and hereby agree as follows:

1. APPLICATION FOR FDEP STATE REVOLVING LOAN

a. In the manner specified in this Agreement, RUA agrees to make application for a loan through the Florida Department of Environmental Protection Clean Water Act State Revolving Fund Program ("**the Loan**"). RUA further agrees to take any and all necessary action to submit a complete loan application, as prepared by MC-MC at MC-MC's expense.

b. MC-MC agrees to provide all necessary administration, legal, engineering, and financial consultants' services in support of RUA's loan application. The provision of all such services shall be at no cost to RUA. MC-MC further agrees to provide any and all documents required to support the loan application and approval process.

c. RUA agrees not to obligate MC-MC in any way without MC-MC's approval, and *vice versa*.

2. IF FDEP APPROVES THE LOAN APPLICATION

a. If FDEP approves the Loan Application and submits a Loan Agreement (“**Loan Agreement**”) to RUA, RUA will provide the entire Loan Agreement to MC-MC for MC-MC’s review.

b. If MC-MC gives RUA written notice that MC-MC approves the Loan Agreement, then in a written agreement between RUA and MC-MC, MC-MC shall fully and unconditionally assume all obligations of RUA and of the “Project Sponsor” under the Loan Agreement. Without limiting the general force and effect of the previous sentence, but as examples, in the agreement between RUA and MC-MC, MC-MC shall covenant and agree to be bound by and obligated to perform each and every provision of the Loan Agreement that is applicable to RUA and to “Project Sponsor,” and (for the avoidance of doubt) to observe and comply with all of the Project Sponsor’s warranties, representations and covenants in the Loan Agreement.

c. If the Loan is approved and funded, RUA will draw the Loan proceeds in accordance with written instructions from MC-MC, and MC-MC will disburse the Loan proceeds only to pay for the construction of the improvements to the MC-MC drinking-water utility system that FDEP approved to be funded with the proceeds of the Loan.

d. MC-MC agrees to provide, at its sole cost and expense, all necessary administration, legal, engineering, and financial consultants’ services in support of all work required by the Loan Agreement, including (but not limited to) construction of the improvements funded by the Loan. The provision of all such

services shall be at no cost to RUA.

e. MC-MC agrees to comply with all laws, rules, regulations, policies and conditions relating to the Loan.

f. MC-MC agrees that repayment of the Loan will be secured by MC-MC's collateral pledge of all of MC-MC's net revenues, which shall be the "Pledged Revenues" required for the Loan.

g. MC-MC's rates and charges for the services MC-MC furnishes to its customers will be maintained in a manner which will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the Semiannual Loan Payments due in such Fiscal Year. In addition, RUA shall satisfy the coverage requirements of all Parity Debt obligations. Capitalized terms shall have the same meaning as those terms have in the Loan Agreement between RUA and FDEP.

h. RUA agrees not to obligate MC-MC in any way without MC-MC's approval, and *vice versa*.

3. OPERATION AND MAINTENANCE

MC-MC will be responsible for all operating and maintenance expenses relating to MC-MC's facilities and all related systems, including but not limited to all administrative, planning, engineering, permitting, and construction support needed to implement the project's development and the operation and maintenance of MC-MC's utility system.

4. GUARANTY OF PAYMENT

MC-MC will guarantee payment of funds to RUA for full and punctual repayment

of the Loan, as each payment becomes due, and will hold RUA harmless from all operational and maintenance and other related issues relating to the management of the facilities.

5. FEES AND CHARGES

a. MC-MC agrees to provide funds to RUA to pay all fees, charges, principal, and interest to the Florida Department of Environmental Protection related to the Loan.

b. MC-MC agrees to pay in a timely manner when due, all of RUA's actual costs and expenses RUA incurs at any time in performing its obligations under this Agreement or relating in any way to this Agreement or the transactions which are the subject of this Agreement including, without limitation, (i) the internal costs incurred by RUA (including those incurred by RUA's agent, Emerald Coast Regional Council), including personnel costs and out-of-pocket expenses, and (ii) RUA's attorneys' fees. If MC-MC contends that any such amounts are excessive, MC-MC will have the right to petition RUA's Board of Directors for a determination of the reasonable amount properly payable by MC-MC in regard to the costs, expenses and fees charged to MC-MC under this paragraph 5.b.

6. TERM

a. This Agreement shall remain in full force and effect until the Loan is paid in full and all of MC-MC's obligations under the Loan Agreement have been fully performed.

b. However, this Agreement shall expire if documents evidencing the Loan are not signed within twenty-four (24) months after the signing of this Agreement.

Nevertheless, termination of this Agreement shall not terminate or impact in any respect any other agreement between RUA and MC-MC.

7. HOLD HARMLESS

MC-MC agrees to hold RUA harmless with respect to any and all obligations regarding the Loan and the Project.

8. SUCCESSORS AND ASSIGNS

Neither party will have any right to assign its rights or obligations under this Agreement without the written consent of the other party. In the event of a valid assignment, the terms and conditions of this Agreement shall be binding on all approved assignees.

9. MODIFICATION OF TERMS OF AGREEMENT

No modification to this Agreement shall occur unless agreed to in writing by the parties to this Agreement.

10. REGULATORY AGENCIES AND PERMITS

This Agreement is subject to such permits, rules, regulations or laws as may be applicable to similar agreements in Florida. MC-MC and RUA shall cooperate with one another in obtaining all necessary permits, certificates or the like as may be required to comply with all applicable rules, regulations and laws.

11. DEFAULTS AND REMEDIES

11.1 Events of Default

Each of the following events is hereby declared an Event of Default:

- (1) The occurrence of any Event of Default under the Loan;
- (2) Failure to comply with the provisions of this Agreement and the

continuance of such failure for thirty (30) days after written notice given to the defaulting party;

(3) An order or decree is entered, with the acquiescence of MC-MC, appointing a receiver of any part of MC-MC's water or sewer system or gross revenues thereof; or if such order or decree has been entered without the consent or acquiescence of MC-MC, if the same is not vacated or discharged or stayed on appeal within 60 days after the entry thereof;

(4) Any proceeding is instituted, with the acquiescence of MC-MC, for the purpose of effecting a composition between MC-MC and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from gross revenues of MC-MC's water or sewer system; and

(5) Any bankruptcy, insolvency of other similar proceeding instituted by or against MC-MC under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against MC-MC, the same is not dismissed within 60 days after filing.

11.2 Remedies

Upon any Event of Default by MC-MC, RUA may enforce its rights by any of the following remedies:

(1) RUA will have complete authority to establish rates and collect fees and charges for use of MC-MC's water and sewer systems, and to require MC-MC to fulfill this Agreement.

(2) To require MC-MC to account for all moneys received from RUA

or from the ownership or operation of the water and sewer systems, and to account for the receipt, use, application, or disposition of MC-MC's revenues.

(3) By action or suit in equity, to enjoin any acts or failures to act which may be unlawful or in violation of the rights of RUA.

(4) By applying to a court of competent jurisdiction, to cause the appointment of a receiver to manage MC-MC's water and sewer systems, establish and collect fees and charges, and apply the revenues to the payment of the Loan, and payment of other obligations under this Agreement.

(5) By charging MC-MC interest on all unpaid obligations at the rate of 18 percent per annum on the amount due, in addition to charging the cost to handle and process the debt related to the Loan. Interest pursuant to this subparagraph shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment first became due.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

11.3 Delay and Waiver

No delay or omission by either RUA or MC-MC to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No

waiver of any default under this Agreement shall extend to or affect any subsequent Event of Default, whether of the same or any different provision of this Agreement, nor impair consequent rights or remedies.

12. APPLICABLE LAW

The parties agree that this Agreement was entered into in the State of Florida and that the laws of the State of Florida apply to the interpretation, construction and enforcement of this Agreement.

13. ENTIRE AGREEMENT

No prior or present agreements or representations of the parties or their predecessors in regard to the Loan (described in Section 1.a of this Agreement) shall be binding on the parties to this Agreement. This Agreement shall replace and supersede all previous agreements (if any) relating in any manner to the Loan. No modification or change in this Agreement shall be valid or binding upon the parties unless in writing, and executed by the parties.

14. DISPUTE RESOLUTION

a. If MC-MC alleges a breach by RUA, then the parties shall abide by the terms of this Agreement until final resolution of the alleged breach through agreement, mediation, litigation or any other applicable proceeding.

b. RUA and MC-MC agree that if a dispute arises out of this Agreement, they will attempt in good faith to settle the matter through discussion, negotiation and/or mediation. Any dispute arising under this Agreement which cannot be resolved informally shall be resolved in this following manner:

(i) Mediation: As a condition precedent to litigation or adversarial

administrative proceeding, the parties shall submit the matter to non-binding mediation in an effort to resolve their differences, and the parties shall equally share the cost of mediation.

(ii) Attorneys' Fees and Costs: If there is a breach of this Agreement and it becomes necessary for any party to employ the services of an attorney either to enforce this Agreement or pursue other remedies, including (without limitation) litigation or adversarial administrative proceedings, the non-prevailing party or parties shall pay the prevailing party's or parties' reasonable attorneys' fees and such reasonable costs and expenses (including without limitation fees and costs incurred in seeking and proving the prevailing party's (or parties') fees and costs) as are incurred in enforcing this Agreement or pursuing other remedies, to the extent allowed by law.

15. EXECUTION OF DOCUMENTS

This Agreement may be executed in duplicate originals, any of which shall be regarded for all purposes as an original and all of which shall constitute one and the same instrument.

16. SEVERABILITY

If any provision of this Agreement is for any reason determined to be invalid, illegal or unenforceable in any respect, the parties shall negotiate in good faith and strive to agree to such amendments, modifications or supplements to this Agreement or such other appropriate actions as shall, to the maximum extent practical in light of such determination, implement and give effect to the intentions of the parties as stated herein;

and all other provisions of this Agreement, including those as amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

17. SECTIONS, CAPTIONS, AND REFERENCES

The section headings and captions contained herein are included for convenience only and shall not be considered part of this Agreement or affect in any manner its construction or interpretation. Except as otherwise indicated, all references herein to sections are to sections of this Agreement.

18. AMBIGUITY

The parties agree that each one has played an equal part in the negotiation and drafting of this Agreement, and if any ambiguity is asserted or realized in the interpretation or construction of this Agreement, the result of such ambiguity shall be equally assumed and realized by each party.

19. WAIVER OF JURY TRIAL

The parties to this Agreement hereby waive their rights to jury trial of each dispute arising out of this Agreement.

20. NOTICES

Any notice required pursuant to this Agreement shall be deemed sufficient if sent by United States Mail, Postage Prepaid, to the following:

If to Walton/Okaloosa/Santa Rosa
Regional Utility Authority:

Chief Executive Officer
Emerald Coast Regional Council
P.O. Box 11399
Pensacola, FL 32524

If to Moore Creek-Mt. Carmel
Utilities, Inc.:

President
Moore Creek-Mt. Carmel Utilities, Inc.
3728 Nowling Rd.
Jay, FL 32565

IN WITNESS WHEREOF, RUA and MC-MC have caused this Agreement to be executed in two (2) counterparts by their authorized representatives as of the day and year first written above.

[Signature pages follow]

MOORE CREEK-MT. CARMEL UTILITIES,
INC.

By: _____

Printed Name: _____
As its President

Witness

Witness

STATE OF FLORIDA)
)
COUNTY OF OKALOOSA)

The foregoing instrument was acknowledged before me by means of ☐ physical presence
or ☐ online notarization, on this _____ day of _____, 2026, by
_____ as President of Moore Creek-Mt. Carmel
Utilities, Inc., a Florida not for profit corporation, on behalf of the corporation. He/she is
personally known to me or has
produced _____ as identification.

Notary Public, State of Florida

Notary Stamp/Seal
Commission No. _____
Commission Expires: _____

WALTON/OKALOOSA/SANTA ROSA
REGIONAL UTILITY AUTHORITY

By: _____

Printed Name: _____
As its Chair

Witness

Witness

STATE OF FLORIDA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me by means of ☐ physical presence
or ☐ online notarization, on this _____ day of _____, 2026, by
_____ as Chair of Walton/Okaloosa/Santa Rosa
Regional Utility Authority, on behalf of the corporation. He/she is personally known to me or
has produced _____ as identification.

Notary Public, State of Florida

Notary Stamp/Seal
Commission No. _____
Commission Expires: _____

INTERLOCAL AGREEMENT (option 2)

THIS AGREEMENT, made this ____23rd____ day of ____September____, 2026, by and between the **Walton/Okaloosa/Santa Rosa Regional Utility Authority** (hereinafter referred to as “**RUA**”), and **Moore Creek-Mt. Carmel Utilities, Inc.** (hereinafter referred to as “**MC-MC**”);

WITNESSETH:

WHEREAS RUA is a Regional Utility (Water Supply) Authority created pursuant to the provisions of **Section 373.1962**, *Florida Statutes*, and a Florida Department of Environmental Protection (“**FDEP**”) Secretary's Order dated March 9, 1999, and RUA has the authority to enter into this agreement pursuant to Section 163.01, *Florida Statutes*, authorizing Interlocal Agreements; and

WHEREAS RUA is eligible to receive drinking-water loans through the Florida Department of Environmental Protection’s Clean Water Act State Revolving Fund Program as a regional utility authority; and

WHEREAS RUA is authorized to enter into agreements or contracts with public and/or private entities for provision of assistance planning, financing and construction of any and all water-related facilities deemed appropriate by the RUA; and

WHEREAS RUA realizes that regional and multi-jurisdictional solutions to the provision of drinking-water are cost-effective and should be encouraged; and

WHEREAS MC-MC is a not-for-profit, **member-owned** corporation and owns, operates, and maintains a drinking-water utility system, a drinking-water treatment plant, and other systems and facilities for the benefit of its members, in accordance with Section 501(c) (12) of

the Internal Revenue Code and as authorized by the Laws of Florida; and

WHEREAS MC-MC seeks to expand its drinking water distribution system and drinking-water storage to support projected growth; and

WHEREAS MC-MC is seeking the assistance of RUA to assist MC-MC in obtaining a State Revolving Fund Loan to finance the major additions needed for MC-MC's drinking-water utility services; and

NOW, THEREFORE, in consideration of the foregoing premises, which shall be deemed an integral part of this Agreement, and of the mutual covenants and agreements hereafter set forth, RUA and MC-MC intend to be legally bound and hereby agree as follows:

1. APPLICATION FOR FDEP STATE REVOLVING LOAN

a. In the manner specified in this Agreement, RUA agrees to make application for a loan through the Florida Department of Environmental Protection Clean Water Act State Revolving Fund Program ("**the Loan**"). RUA further agrees to take any and all necessary action to submit a complete loan application, as prepared by MC-MC at MC-MC's expense.

b. MC-MC agrees to provide all necessary administration, legal, engineering, and financial consultants' services in support of RUA's loan application. The provision of all such services shall be at no cost to RUA. MC-MC further agrees to provide any and all documents required to support the loan application and approval process.

c. RUA agrees not to obligate MC-MC in any way without MC-MC's approval, and *vice versa*.

2. IF FDEP APPROVES THE LOAN APPLICATION

a. If FDEP approves the Loan Application and submits a Loan Agreement (“**Loan Agreement**”) to RUA, RUA will provide the entire Loan Agreement to MC-MC for MC-MC’s review.

b. If MC-MC gives RUA written notice that MC-MC approves the Loan Agreement, then in a written agreement between RUA and MC-MC, MC-MC shall fully and unconditionally assume all obligations of RUA and of the “Project Sponsor” under the Loan Agreement. Without limiting the general force and effect of the previous sentence, but as examples, in the agreement between RUA and MC-MC, MC-MC shall covenant and agree to be bound by and obligated to perform each and every provision of the Loan Agreement that is applicable to RUA and to “Project Sponsor,” and (for the avoidance of doubt) to observe and comply with all of the Project Sponsor’s warranties, representations and covenants in the Loan Agreement.

c. If the Loan is approved and funded, RUA will draw the Loan proceeds in accordance with written instructions from MC-MC, and MC-MC will disburse the Loan proceeds only to pay for the construction of the improvements to the MC-MC drinking-water utility system that FDEP approved to be funded with the proceeds of the Loan.

d. MC-MC agrees to provide, at its sole cost and expense, all necessary administration, legal, engineering, and financial consultants’ services in support of all work required by the Loan Agreement, including (but not limited to) construction of the improvements funded by the Loan. The provision of all such

services shall be at no cost to RUA.

e. MC-MC agrees to comply with all laws, rules, regulations, policies and conditions relating to the Loan.

f. MC-MC agrees that repayment of the Loan will be secured by the following collateral pledges:

1. MC-MC will pledge all of MC-MC's net revenues as the "Pledged Revenues" required for the Loan; and

2. Title to the "Property" (defined in Paragraph 3 below) will be transferred to RUA to secure repayment of the Loan.

g. MC-MC's rates and charges for the services MC-MC furnishes to its customers will be maintained in a manner which will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the Semiannual Loan Payments due in such Fiscal Year. In addition, RUA shall satisfy the coverage requirements of all Parity Debt obligations. Capitalized terms shall have the same meaning as those terms have in the Loan Agreement between RUA and FDEP.

h. RUA agrees not to obligate MC-MC in any way without MC-MC's approval, and *vice versa*.

3. LEASEHOLD OF REAL PROPERTY

To provide security for repayment of the Loan, MC-MC will transfer title to MC-MC's land and improvements ("**the Property**") and immediately thereafter RUA and MC-MC will enter into a lease agreement ("**the Lease**") for the Property in form and in substance substantially as set forth in Exhibit A to this Agreement.

Under the terms of the Lease, MC-MC is and will be responsible (as the agent of RUA) for constructing a drinking-water treatment plant and a reclaimed water disposal system on the Property and will be responsible for all expenses related to the construction of the plant and the system. RUA will be the owner of all such facilities during the term of the Lease, but upon the termination or expiration of the Lease, if the Loan is then paid in full, RUA will (at no additional cost or expense to MC-MC) convey back to MC-MC the unencumbered fee simple marketable title to the Property.

4. OPERATION AND MAINTENANCE

MC-MC will be responsible for all operating and maintenance expenses relating to MC-MC's facilities and all related systems, including but not limited to all administrative, planning, engineering, permitting, and construction support needed to implement the project's development and the operation and maintenance of MC-MC's utility system.

5. GUARANTY OF PAYMENT

MC-MC will guarantee payment of funds to RUA for full and punctual repayment of the Loan, as each payment becomes due, and will hold RUA harmless from all operational and maintenance and other related issues relating to the management of the facilities.

6. FEES AND CHARGES

- a. MC-MC agrees to provide funds to RUA to pay all fees, charges, principal, and interest to the Florida Department of Environmental Protection related to the Loan.
- b. MC-MC agrees to pay in a timely manner when due, all of RUA's actual

costs and expenses RUA incurs at any time in performing its obligations under this Agreement or relating in any way to this Agreement or the transactions which are the subject of this Agreement including, without limitation, (i) the internal costs incurred by RUA (including those incurred by RUA's agent, Emerald Coast Regional Council), including personnel costs and out-of-pocket expenses, and (ii) RUA's attorneys' fees. If MC-MC contends that any such amounts are excessive, MC-MC will have the right to petition RUA's Board of Directors for a determination of the reasonable amount properly payable by MC-MC in regard to the costs, expenses and fees charged to MC-MC under this paragraph 6.b.

7. TERM

a. This Agreement shall remain in full force and effect until the Loan is paid in full and all of MC-MC's obligations under the Lease have been fully performed.

b. However, this Agreement shall expire if documents evidencing the Loan are not signed within twenty-four (24) months after the signing of this Agreement. Nevertheless, termination of this Agreement shall not terminate or impact in any respect any other agreement between RUA and MC-MC.

8. HOLD HARMLESS

MC-MC agrees to hold RUA harmless with respect to any and all obligations regarding the Loan and the Project.

9. SUCCESSORS AND ASSIGNS

Neither party will have any right to assign its rights or obligations under this Agreement without the written consent of the other party. In the event of a valid

assignment, the terms and conditions of this Agreement shall be binding on all approved assignees.

10. MODIFICATION OF TERMS OF AGREEMENT

No modification to this Agreement shall occur unless agreed to in writing by the parties to this Agreement.

11. REGULATORY AGENCIES AND PERMITS

This Agreement is subject to such permits, rules, regulations or laws as may be applicable to similar agreements in Florida. MC-MC and RUA shall cooperate with one another in obtaining all necessary permits, certificates or the like as may be required to comply with all applicable rules, regulations and laws.

12. DEFAULTS AND REMEDIES

12.1 Events of Default

Each of the following events is hereby declared an Event of Default:

- (1) The occurrence of any Event of Default under the Loan or the Lease;
- (2) Failure to comply with the provisions of this Agreement and the continuance of such failure for thirty (30) days after written notice given to the defaulting party;
- (3) An order or decree is entered, with the acquiescence of MC-MC, appointing a receiver of any part of MC-MC's water or sewer system or gross revenues thereof; or if such order or decree has been entered without the consent or acquiescence of MC-MC, if the same is not vacated or discharged or stayed on appeal within 60 days after the entry thereof;

(4) Any proceeding is instituted, with the acquiescence of MC-MC, for the purpose of effecting a composition between MC-MC and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from gross revenues of MC-MC's water or sewer system; and

(5) Any bankruptcy, insolvency of other similar proceeding instituted by or against MC-MC under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against MC-MC, the same is not dismissed within 60 days after filing.

12.2 Remedies

Upon any Event of Default by MC-MC, RUA may enforce its rights by any of the following remedies:

(1) RUA will have complete authority to establish rates and collect fees and charges for use of MC-MC's water and sewer systems, and to require MC-MC to fulfill this Agreement.

(2) To require MC-MC to account for all moneys received from RUA or from the ownership or operation of the water and sewer systems, and to account for the receipt, use, application, or disposition of MC-MC's revenues.

(3) By action or suit in equity, to enjoin any acts or failures to act which may be unlawful or in violation of the rights of RUA.

(4) By applying to a court of competent jurisdiction, to cause the appointment of a receiver to manage MC-MC's water and sewer systems, establish and collect fees and charges, and apply the revenues to the payment of

Rent under the Lease, the reduction of the principal balance of the Loan, and payment of other obligations under this Agreement.

(5) By charging MC-MC interest on all unpaid obligations at the rate of 18 percent per annum on the amount due, in addition to charging the cost to handle and process the debt related to the Loan. Interest pursuant to this subparagraph shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment first became due.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

12.3 Delay and Waiver

No delay or omission by either RUA or MC-MC to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No waiver of any default under this Agreement shall extend to or affect any subsequent Event of Default, whether of the same or any different provision of this Agreement, nor impair consequent rights or remedies.

13. APPLICABLE LAW

The parties agree that this Agreement was entered into in the State of Florida and that the laws of the State of Florida apply to the interpretation, construction and

enforcement of this Agreement.

14. ENTIRE AGREEMENT

No prior or present agreements or representations of the parties or their predecessors in regard to the Loan (described in Section 1.a of this Agreement) shall be binding on the parties to this Agreement. This Agreement shall replace and supersede all previous agreements (if any) relating in any manner to the Loan. No modification or change in this Agreement shall be valid or binding upon the parties unless in writing, and executed by the parties.

15. DISPUTE RESOLUTION

a. If MC-MC alleges a breach by RUA, then the parties shall abide by the terms of this Agreement until final resolution of the alleged breach through agreement, mediation, litigation or any other applicable proceeding.

b. RUA and MC-MC agree that if a dispute arises out of this Agreement, they will attempt in good faith to settle the matter through discussion, negotiation and/or mediation. Any dispute arising under this Agreement which cannot be resolved informally shall be resolved in this following manner:

(i) Mediation: As a condition precedent to litigation or adversarial administrative proceeding, the parties shall submit the matter to non-binding mediation in an effort to resolve their differences, and the parties shall equally share the cost of mediation.

(ii) Attorneys' Fees and Costs: If there is a breach of this Agreement and it becomes necessary for any party to employ the services of an attorney either to enforce this Agreement or pursue other remedies,

including (without limitation) litigation or adversarial administrative proceedings, the non-prevailing party or parties shall pay the prevailing party's or parties' reasonable attorneys' fees and such reasonable costs and expenses (including without limitation fees and costs incurred in seeking and proving the prevailing party's (or parties') fees and costs) as are incurred in enforcing this Agreement or pursuing other remedies, to the extent allowed by law.

16. EXECUTION OF DOCUMENTS

This Agreement may be executed in duplicate originals, any of which shall be regarded for all purposes as an original and all of which shall constitute one and the same instrument.

17. SEVERABILITY

If any provision of this Agreement is for any reason determined to be invalid, illegal or unenforceable in any respect, the parties shall negotiate in good faith and strive to agree to such amendments, modifications or supplements to this Agreement or such other appropriate actions as shall, to the maximum extent practical in light of such determination, implement and give effect to the intentions of the parties as stated herein; and all other provisions of this Agreement, including those as amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

18. SECTIONS, CAPTIONS, AND REFERENCES

The section headings and captions contained herein are included for convenience only and shall not be considered part of this Agreement or affect in any manner its construction or interpretation. Except as otherwise indicated, all references herein to

sections are to sections of this Agreement.

19. AMBIGUITY

The parties agree that each one has played an equal part in the negotiation and drafting of this Agreement, and if any ambiguity is asserted or realized in the interpretation or construction of this Agreement, the result of such ambiguity shall be equally assumed and realized by each party.

20. WAIVER OF JURY TRIAL

The parties to this Agreement hereby waive their rights to jury trial of each dispute arising out of this Agreement.

21. NOTICES

Any notice required pursuant to this Agreement shall be deemed sufficient if sent by United States Mail, Postage Prepaid, to the following:

If to Walton/Okaloosa/Santa Rosa
Regional Utility Authority:

Chief Executive Officer
Emerald Coast Regional Council
P.O. Box 11399
Pensacola, FL 32524

If to Moore Creek-Mt. Carmel
Utilities, Inc.: President

President
Moore Creek-Mt. Carmel Utilities, Inc.
3728 Nowling Rd.
Jay, FL 32565

IN WITNESS WHEREOF, RUA and MC-MC have caused this Agreement to be executed in two (2) counterparts by their authorized representatives as of the day and year first written above.

[Signature pages follow]

MOORE CREEK-MT. CARMEL UTILITIES,
INC.

By: _____

Printed Name: _____
As its President

Witness

Witness

STATE OF FLORIDA)
)
COUNTY OF OKALOOSA)

The foregoing instrument was acknowledged before me by means of ☐ physical presence
or ☐ online notarization, on this _____ day of _____, 2026, by
_____ as President of Moore Creek-Mt. Carmel
Utilities, Inc., a Florida not for profit corporation, on behalf of the corporation. He/she is
personally known to me or has
produced _____ as identification.

Notary Public, State of Florida

Notary Stamp/Seal
Commission No. _____
Commission Expires: _____

WALTON/OKALOOSA/SANTA ROSA
REGIONAL UTILITY AUTHORITY

By: _____

Printed Name: _____
As its Chair

Witness

Witness

STATE OF FLORIDA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me by means of ☐ physical presence
or ☐ online notarization, on this _____ day of _____, 2026, by
_____ as Chair of Walton/Okaloosa/Santa Rosa
Regional Utility Authority, on behalf of the corporation. He/she is personally known to me or
has produced _____ as identification.

Notary Public, State of Florida

Notary Stamp/Seal
Commission No. _____
Commission Expires: _____

ENCLOSURE 6d:

Consideration of Resolution 2026-01 authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority to submit State Revolving Fund Drinking Water Loan application on behalf of Moore Creek Mount Carmel Utilities, Inc. as sponsoring agency and designating authorized representatives.

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff to the RUA: Emerald Coast Regional Council

Chair: Colton Wright
Vice-Chair: Dewey Destin

Enclosure 6d

SUBJECT: Consideration of Resolution 2026-01 authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority (RUA) to submit State Revolving Fund (SRF) Drinking Water Loan application to construct a new potable water well, water treatment plant and elevated tower to improve water pressure and availability to the southern portion of the franchise area (project # DW17046) as sponsoring agency and designating authorized representatives.

ORIGIN OF SUBJECT: Moore Creek Mount Carmel Utilities, Inc (MC-MC)

Background: June 17, 2026, the RUA supported MC-MC Request for Inclusion (RFI) application for a new potable water well, water treatment plant and elevated tower to improve water pressure and availability to the southern portion of the franchise area. (\$1,714,457)

Attached are the following:

- Resolution 2026-01
- SRF Loan Application

RECOMMENDED ACTION: Approval of a motion to authorize the RUA Chair to sign Resolution 2026-01 and SRF Loan Application. This action is recommended in order to submit the SRF loan application. Please contact Mr. Dale Long, P.E., LEED AP, Senior Project Engineer, Municipal Engineering Service Inc, at dlong@mesi-fl.com or (850) 939-5732 if you want additional information.



STAFF TO THE RUA: Emerald Coast Regional Council
P.O. Box 11399 • Pensacola, FL 32524-1399 • P: 850.332.7976 • 1.800.226.8914 • F: 850.637.1923
www.ecrc.org

RESOLUTION NUMBER 2026-__01__

A RESOLUTION OF THE WALTON / OKALOOSA / SANTA ROSA REGIONAL UTILITY AUTHORITY (RUA), RELATING TO THE FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (FDEP) STATE REVOLVING FUND (SRF); AUTHORIZING THE CHAIR TO SIGN A LOAN APPLICATION WITH FDEP TO FUND CONSTRUCTION OF POTABLE WATER FACILITY IMPROVEMENTS PROPOSED BY MOORE CREEK-MT. CARMEL UTILITIES, INC.; AUTHORIZING THE CHAIR TO ENTER INTO AN INTERLOCAL AGREEMENT ON BEHALF OF RUA WITH MOORE CREEK-MT. CARMEL UTILITIES, INC.; AND AUTHORIZING THE CHAIR TO SIGN THE LOAN AGREEMENT, IF APPROVED; ALL TO BE EFFECTIVE THIS DATE

WHEREAS Florida Statutes authorize loans to local government agencies, as the sponsor of projects proposed by constituent utilities, to finance the construction of wastewater facilities; and

WHEREAS Moore Creek-Mt. Carmel Utilities, Inc. (“MC-MC”) proposes the construction of specific potable water facility improvements to be made by MC-MC in compliance with State of Florida funding requirements; and

WHEREAS MC-MC requests RUA’s application as Project Sponsor for a State Revolving Loan to fund construction of MC-MC’s proposed system improvements;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY, AS FOLLOWS:

SECTION 1. FINDINGS

The foregoing findings are incorporated herein by reference and made a part hereof.

SECTION 2. AUTHORIZATIONS

The Board of Directors of Walton/Okaloosa/Santa Rosa Regional Utility Authority hereby authorizes RUA to take each of the following actions:

- (a) To sign and submit to FDEP a loan application, prepared by MC-MC at MC-MC’s expense, for State Revolving Loan funding for MC-MC’s proposed construction of (i) one (1) new potable water well, and (ii) a water treatment plant and elevated tower to improve water pressure and potable water availability to the southern portion of MC-MC’s franchise area;

(b) If the loan application is approved by FDEP, to enter into an Interlocal Agreement with MC-MC, in form and substance satisfactory to the Chair and RUA's attorney, concerning construction of MC-MC's potable water improvements and obligating MC-MC to provide funds and pledge its system revenues for repayment of the SRF loan; and

(c) If FDEP approves the loan application and MC-MC enters into the Interlocal Agreement described above, RUA is authorized to enter into a Loan Agreement with FDEP concerning the approved SRF loan.

(d) To enter into such other agreements as are necessary or desirable in connection with the construction of the approved improvements and securing repayment of the SRF loan.

SECTION 3. AUTHORIZED REPRESENTATIVES

RUA's Chair (or other representative designated by RUA's Chair) is hereby designated as its authorized representative to sign the agreements described and authorized in Section 2 of this Resolution. RUA's Chair is hereby also authorized to delegate to RUA's staff the responsibility and authority to carry out technical, financial, and administrative activities associated with RUA's obligations (if any) under each such agreement.

SECTION 4. LEGAL AUTHORITY

The legal authority for adoption of this Resolution is based on and pursuant to the Laws of the State of Florida.

SECTION 5. REPEAL OF CONFLICTING RESOLUTIONS

All Resolutions and parts of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

SECTION 6. EFFECT OF ANY INVALIDITY

If any section or portion of a section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not invalidate or impair the validity, force, or effect or any other section or part of this Resolution.

SECTION 7. EFFECTIVE DATE

This Resolution shall take effect upon its approval and adoption by the Board of Directors of the Walton/Okaloosa/Santa Rosa Regional Utility Authority.

APPROVED AND ADOPTED THIS __23RD__ DAY OF SEPTEMBER, 2026.

ATTEST:

Chair

APPROVED AS TO FORM AND LEGALITY:

Attorney

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

**STATE REVOLVING LOAN PROGRAM
FOR
DRINKING WATER FACILITIES

LOAN APPLICATION**



Florida Department of Environmental Protection
State Revolving Fund Program
Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard
Tallahassee, FL 32399-3000

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LOAN APPLICATION

- (1) SUBMITTAL. Submit the application and attachments to the Department of Environmental Protection, MS 3505, State Revolving Fund Program, Marjorie Stoneman Douglas Building, 3900 Commonwealth Boulevard, Tallahassee, Florida 32399-3000. The application (and supporting documentation) may be submitted electronically to the Department's Project Manager.
- (2) COMPLETING THE APPLICATION.
 - (a) This application consists of five parts: (I) ADMINISTRATIVE INFORMATION; (II) PROJECT INFORMATION; (III) FINANCIAL INFORMATION; (IV) AUTHORIZATION AND ASSURANCES; and (V) SUPPLEMENTARY INFORMATION.
 - (b) All information provided on this application must be printed. Monetary amounts may be rounded.
 - (c) Forms and attachments to be submitted are denoted with italic print.
- (3) ASSISTANCE. Completing this application may require information that can be obtained from the Drinking Water State Revolving Fund Program staff. Please email SRF_Reporting@dep.state.fl.us for assistance in completing this application.

PART I - ADMINISTRATIVE INFORMATION

- (1) PROJECT SPONSOR Walton/Okaloosa/Santa Rosa Regional Utility Authority
Federal Employer Identification Number 99-3992824
DUNS Number N/A
- (2) AUTHORIZED REPRESENTATIVE (person authorized to sign or attest loan documents).
Name _____ Title _____
Telephone _____ Email _____
Mailing Address _____
- (3) PRIMARY CONTACT (person to answer questions regarding this application).
Name Howard Vanselow Title Planner
Telephone 850-332-7976 (231) Email howard.vanselow@ecrc.org
Employer Emerald Coast Regional Council staff to the RUA
Mailing Address PO Box 11399, Pensacola FL 32524
- (4) ADDITIONAL CONTACTS. If more than one additional person is to receive copies of Department correspondence, attach the information (*Attachment #* _____).
Name Dale E. Long, P.E. Title Senior Project Engineer
Telephone 850-428-0285 Email dlong@mesi-fl.com
Employer Municipal Engineering Services, Inc.
Mailing Address 8574 Turkey Bluff Road, Navarre, FL 32566
- (5) PROJECT NUMBER (listed on the Department's priority list). DW17046
- (6) INTERIM FINANCING. A local government project sponsor that has interim financing may be subject to certain conditions regarding such financing.

Is the project currently being funded with interim financing? ☐ Yes ☒ No

PART II – PROJECT INFORMATION

If you are applying for a planning or design loan for a project that will involve construction, complete only Subpart A below. If you are applying for a loan to construct a project that is already planned and designed, complete only Subpart B below.

A. PLANNING OR DESIGN PROJECT

Information should be provided for each separate facility to be planned and designed as appropriate. For design/build projects (not eligible for design loans) or those where multiple facilities, segments, or phases are involved, please attach information for activities, schedule, and cost for each. (*Attachment #*____)

- (1) **ACTIVITIES.** Attach a brief description of the scope of planning and design activities to be financed by this loan. Include a list of any engineering services to be performed. (*Attachment #*¹____) Are these activities the same as those scheduled on the *Request for Inclusion Form*? ☒ Yes ☐ No. If “No”, please explain. (*Attachment #*____)
- (2) **SCHEDULE.**
- (a) Provide proposed completion dates for the items. (Please call Department staff to discuss time frames needed to complete required tasks.)
- | | |
|------------------------------------|-----------|
| Planning documentation | 3/31/2027 |
| Engineering design | 6/30/2027 |
| Certification of site availability | 3/31/2027 |
| Permitting | 6/30/2027 |
- (b) Do you anticipate that an interlocal agreement with another party will be necessary to implement the project? If “Yes”, please explain. (*Attachment #*³____) ☒ Yes ☐ No
- (c) Is this a design/build project? ☐ Yes ☒ No
- (3) **COST.** Is the cost information submitted for the planning or design loan priority list current? If “No”, please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (*Attachment #*____) Note that the disburseable amount will be limited to the priority list amount. ☒ Yes ☐ No

PLANNING OR DESIGN APPLICANTS PROCEED TO PART III.

B. CONSTRUCTION PROJECT

- (1) **ACTIVITIES.**
- (a) Attach a brief description of construction activities to be financed by this loan. Include a list of the contracts (by title) corresponding to the plans and specifications accepted by the Department (*Attachment #*____).
- Are these contracts the same as those scheduled on the *Request for Inclusion Form*? ☐ Yes ☐ No
- If “No”, please explain. (*Attachment #*____)
- (b) Have any of the contracts been bid? ☐ Yes ☐ No
- If “Yes”, indicate which contracts have been bid. (*Attachment #*____)
- (c) Was planning or design for this project financed in another SRF loan? ☐ Yes ☐ No
- If “Yes”, give the SRF loan number. _____
- (d) Does this project involve an interlocal agreement with other local governments or other entities? ☐ Yes ☐ No
- If “Yes”, attach a copy of the interlocal agreement. (*Attachment #*____)
- Is the interlocal agreement fully executed and enforceable? ☐ Yes ☐ No

If "No", please explain (*Attachment #*_____).

- (2) SCHEDULE. (month and year)
- (a) Anticipated notice to proceed for first construction contract. _____
- (b) Anticipated completion of all construction contracts. _____

- (3) COST. Is the cost information submitted for the priority list current? ☐ Yes ☐ No

If "No", please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (*Attachment #*_____). Note that the disbursement amount will be limited to the priority list amount.

PART III - FINANCIAL INFORMATION

Estimates of the capitalized interest, interest rate, pledged revenue coverage, limitations on annual loan amounts for large projects, applicability and amount of repayment reserves, amount of the loan service fee and any other information may be obtained by contacting staff in the State Revolving Fund Management Section.

- (1) PRINCIPAL. The requested amount of the loan which does not include capitalized interest is \$ 1,714,457

Note that the disbursement amount will be limited to the priority list amount and must be consistent with the project information provided under **PART II** of this application. Also note that the capitalized interest is an inexact estimate, and it is subject to adjustment by the Department to reflect actual disbursement timing. The principal amount of the loan does not include the loan service fee.

- (2) TERMS AND REPAYMENT.

- (a) Loans for planning and design shall be amortized over 10 years. Construction loans to local government project sponsors are amortized over the lesser of useful life of the project or 20 years unless the project is to serve a small community qualifying as financially disadvantaged. Construction loans to financially disadvantaged small communities may be amortized over the lesser of useful life of the project or 30 years. Construction loans to non-governmental project sponsors are amortized over the lesser of the useful life of the project or 20 years. Interest charges and principal are paid semiannually.

What is the useful life of the project? 50 (years)

Over how many years would you like to amortize the loan? 20 (years)

- (b) List all revenues that are to be pledged for repayment of this loan. Water Revenues
- (c) Pledged revenue receipts or collections by the project sponsor must exceed the amount of the repayments due to the Department unless there are other collateral provisions. The excess revenue, or coverage, generally is 15% of each repayment.
- What coverage is proposed for the loan? 15 % (coverage percentage)
- (d) Is any other financial assistance being applied to this project? ☐ Yes ☒ No
- If "Yes", please list. (*Attachment #*_____)

- (3) ANNUAL FUNDING LIMIT. Large project funding (generally, loans in excess of \$10 million) may be provided in increments pursuant to the initial loan agreement and subsequent amendments.

- (4) INFORMATION ON LIENS.

- (a) Describe, if applicable, all debt obligations having a prior or parity lien on the revenues pledged to repay this loan. (*Attachment #*2_____) For example: City Name, Florida, Water and Sewer System Revenue Bonds, Series 1996, issued in the amount of \$10,000,000, pursuant to Ordinance No. 93-104, as amended and supplemented by Ordinance No. 96-156.
- (b) Using the Part V, *Schedule of Prior and Parity Liens*, provide debt service information, if applicable, on each prior and parity obligation.

- (c) For the listed obligations, provide a copy of the ordinance(s), resolution(s), official statement(s), or pages thereof, setting forth the definitions, use of proceeds, debt service schedule, pledged revenues, rate covenants, provisions for issuing additional debt, provisions for bond insurance, and debt rating. (*Attachment #4*_____).
- (d) Describe any other notes and loans payable from the revenues pledged to repay this loan. (*Attachment #*_____).
- (5) ACTUAL AND PROJECTED REVENUES.
 - (a) Complete the Part V, *Schedule of Actual Revenues and Debt Coverage* for the past two fiscal years.
 - (b) Complete the Part V, *Schedule of Projected Revenues and Debt Coverage*, demonstrating the availability of pledged revenues for loan repayment.
- (6) AVAILABILITY OF PLEDGED REVENUES. All sources must be supported by a written legal opinion. (*Attachment #5*_____). The opinion must address the following:
 - (a) Availability of the revenues to repay the loan.
 - (b) Right to increase rates at which revenues shall be collected to repay the loan.
 - (c) Subordination of the pledge if pledged revenues are subject to a prior or parity lien.
- (7) LOAN SERVICE FEE. A loan service fee is assessed on each loan. The fee is not part of the loan. The fee along with interest thereon will be deducted from the first available repayments after the final amendment to the loan agreement.

PART IV – AUTHORIZATION AND ASSURANCES

- (1) AUTHORIZATION. Provide an authorizing resolution of the Applicant's governing body or other evidence of authorization (*Attachment #*_____) for the following:
 - (a) Pledging revenues to repay the loan.
 - (b) Designation of the Authorized Representative(s) to file this application, provide assurances, execute the loan agreement, and represent the Applicant in carrying out responsibilities (including that of requesting loan disbursements) under the loan agreement.
- (2) ASSURANCES. The Applicant agrees to comply with the laws, rules, regulations, policies and conditions relating to the loan for this project. Applicants should seek further information from the Drinking Water State Revolving Fund Program staff as to the applicability of the requirements if the necessity for the assurances is of concern. Specifically, the Applicant certifies that it has complied, as appropriate, and will comply with the following requirements, as appropriate, in undertaking the Project:
 - (a) Assurances for capitalization grant projects.
 - 1. Complete all facilities for which funding has been provided.
 - 2. The Applicant is advised, pursuant to 40 CFR 35 Section 35.3575, that a number of Federal law, executive orders, and government-wide policies can apply to your project or activity that is receiving Federal financial assistance. The Applicant agrees to read those provisions regarding the application of Federal cross-cutting authorities (cross-cutters) to determine their applicability to your specific project or activity.
 - (b) Assurances for other projects. Please note that Florida Statutes are available at <http://www.leg.state.fl.us>. They are also available at the following physical address: Florida Department of State Division of Library and Information Services R.A. Gray Building 500 South Bronough Street Tallahassee, Florida 32399-0250.
 - 1. Chapter 161, Part I, F.S., "Beach and Shore Preservation Act" and Part III, "Coastal Zone Protection Act of 1985" which regulate coastal zone construction and all activities likely to affect the condition of the beaches or shore.
 - 2. Chapter 163, Part II, F.S., the "Local Government Comprehensive Planning and Land Development Regulation Act" which requires units of local government to establish and implement comprehensive planning programs to control future development.
 - 3. Chapter 186, F.S., State and Regional Planning, which requires conformance of projects with Regional Plans and the State Comprehensive Plan.
 - 4. Chapter 253, F.S., "Emergency Archaeological Property Acquisition Act of 1988" which requires protection of archaeological properties of major statewide significance discovered during construction activities.

5. Chapter 258, Part III, F.S., which requires protection of components or potential components of the national wild and scenic rivers system.
 6. Chapter 267, F.S., the "Florida Historical Resources Act" which requires identification, protection, and preservation of historic properties, archaeological and anthropological sites.
 7. Chapter 287, Part I, F.S., which prohibits parties convicted of public entity crimes or discrimination from participating in State-assisted projects and which requires consideration of the utilization of Minority Business Enterprises in State-assisted projects.
 8. Chapter 372, F.S., the Florida Endangered and Threatened Species Act which prohibits the killing or wounding of an endangered, threatened, or special concern species or intentionally destroying their eggs or nest.
 9. Chapter 373, Part IV, F.S., Florida Water Resources Act of 1972, which requires that activities on surface waters or wetlands avoid adversely affecting: public health, safety, welfare, or property; conservation of fish and wildlife, including endangered or threatened species or their habitats; navigation or the flow of water; the fishing or recreational values or marine productivity; and significant historical and archaeological resources.
 10. Chapter 380, Part I, F.S., Florida Environmental Land and Water Management Act of 1972 as it pertains to regulation of developments and implementation of land and water management policies.
 11. Chapter 381, F.S., Public Health, as it pertains to regulation of onsite wastewater systems.
 12. Chapter 403, Part I, F.S., Florida Air and Water Pollution Control which requires protection of all waters of the state.
 13. Chapter 582, F.S., Soil and Water Conservation Act which requires conformance with Water Management District's regulations governing the use of land and water resources.
 14. Governor's Executive Order 95-359, which requires State Clearinghouse review of project planning documentation and intergovernmental coordination.
- (c) Assurances for all projects. The loan recipient certifies that it is not listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension."

I, the undersigned Authorized Representative of the Applicant, hereby certify that all information contained herein and in the attached is true, correct, and complete to the best of my knowledge and belief. I further certify that I have been duly authorized to file the application and to provide these assurances.

Signed this 23rd Day of September, 2026
 Authorized Representative _____
(signature) **Dewey Destin (Vice-Chair RUA)**
(name typed or printed)

Attachments

PART V – SUPPLEMENTARY INFORMATION

**SCHEDULE OF PRIOR AND PARITY LIENS
(EXCLUDING SRF LOANS)**

List annual debt service beginning two years before the anticipated loan agreement date and continue at least three additional fiscal years. Use additional pages as necessary.

	#1	#2	#3
Identify Each Obligation	<u>FHA LOAN</u>	<u>USDA LOAN</u>	<u></u>
Coverage	<u> </u> %	<u> </u> %	<u> </u> %
Insured?	<u> </u> Yes <u> </u> No	<u> </u> Yes <u> </u> No	<u> </u> Yes <u> </u> No

Fiscal Year	Annual Debt Service (Principal Plus Interest)			Total Debt Service	Total Debt Service Incl. Coverage
	#1	#2	#3		
2024	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$126,204
2025	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2026	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2027	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2028	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2029	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2030	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2031	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2032	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2033	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2034	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2035	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2036	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2037	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2038	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2039	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2040	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2041	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2042	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2043	\$ 79,800	\$ 46,404	\$	\$ 126,204	\$ 126,204
2044	\$ 28,377	\$ 46,404	\$	\$ 74,781	\$ 74,781
2045	\$	\$ 46,404	\$	\$ 46,404	\$ 46,404
2046	\$	\$ 46,404	\$	\$ 46,404	\$ 46,404
2047	\$	\$ 46,404	\$	\$ 46,404	\$ 46,404
2048	\$	\$ 46,404	\$	\$ 46,404	\$ 46,404
2049	\$	\$ 46,404	\$	\$ 46,404	\$ 46,404
2050	\$	\$ 46,404	\$	\$ 46,404	\$ 46,404

PART V – SUPPLEMENTARY INFORMATION

SCHEDULE OF ACTUAL REVENUES AND DEBT COVERAGE

(Provide information for the two fiscal years preceding the anticipated date of the SRF loan agreement.)

	<u>Year 20 25</u>	<u>Year 20 24</u>
(a) Operating Revenues (Source)		
<u>WATER SALES</u>	<u>944,676</u>	<u>937,989</u>
<u>OTHER OPERATING INCOME</u>	<u>16,293</u>	<u>23,500</u>
(b) Interest Income	<u>12,973</u>	<u>26,944</u>
(c) Other Income or Revenue (Identify)		
<u>INSURANCE PROCEEDS</u>	<u>7,393</u>	
(d) Total Revenues	<u>981,332</u>	<u>988,433</u>
(e) Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	<u>689,951</u>	<u>701,034</u>
(f) Net Revenues [(f) = (d) – (e)]	<u>291,381</u>	<u>287,399</u>
(g) Debt Service (including any required coverage)	<u>160,281</u>	<u>160,281</u>
(h) Attach audited annual financial report(s), or pages thereof, or other documentation necessary to support the above information. Include any notes or comments from the audit reports regarding compliance with covenants of debt obligations having a prior or parity lien on the revenues pledged for repayment of the SRF Loan. (Attachment # <u>7</u>)		
(i) Attach worksheets reconciling this page with the appropriate financial statements (for example, backing out depreciation and interest payments from operating expenses). (Attachment # <u> </u>)		
(j) If the net revenues were not sufficient to satisfy the debt service and coverage requirement, please explain what corrective action was taken. (Attachment # <u> </u>)		

PART V – SUPPLEMENTARY INFORMATION

SCHEDULE OF PROJECTED REVENUES AND DEBT COVERAGE

- Begin with the fiscal year preceding first anticipated semiannual loan payment and continue for at least three additional years. Attach a separate page for previous State Revolving Fund loans.

	<u>Year</u> <u>20 25</u>	<u>Year</u> <u>20 26</u>	<u>Year</u> <u>20 27</u>	<u>Year</u> <u>20 28</u>	<u>Year</u> <u>20 29</u>
(a) Operating Revenue	<u>960,969</u>	<u>1,080,819</u>	<u>1,113,244</u>	<u>1,146,641</u>	<u>1,181,040</u>
(b) Interest Income	<u>12,973</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
(c) Other Income or Revenue (identify)					
<u>INSURANCE PROCEEDS</u>	<u>7,393</u>				
(d) Total Revenues	<u>981,332</u>	<u>1,087,819</u>	<u>1,120,244</u>	<u>1,153,641</u>	<u>1,188,040</u>
(e) Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	<u>689,951</u>	<u>757,054</u>	<u>794,907</u>	<u>834,652</u>	<u>876,385</u>
(f) Net Revenues (f = d - e)	<u>291,381</u>	<u>330,765</u>	<u>325,337</u>	<u>318,989</u>	<u>311,655</u>
(g) Revenue (including coverage) pledged to debt service, excluding SRF loans	<u>126,204</u>	<u>126,204</u>	<u>126,204</u>	<u>126,204</u>	<u>126,204</u>
(h) Revenue (including coverage) pledged to outstanding SRF loans	<u>34,077</u>	<u>34,077</u>	<u>34,077</u>	<u>34,077</u>	<u>34,077</u>
(i) Revenue Available for this SRF Loan [(i) – (f) – (g) – (h)]	<u>131,100</u>	<u>170,484</u>	<u>165,056</u>	<u>158,708</u>	<u>151,374</u>
(j) Identify the source of the above information and explain methods used to develop the projections (<i>Attachment #</i> _____). Include an explanation of any revenue and expense growth or other adjustments; for example, any rate increases, service growth, inflation adjustments, expense adjustments reflecting the cost of operating additional facilities, or other considerations.					
(k) For construction loans, are the above projections consistent with the accepted financial feasibility information in the planning documents?				☐ Yes	☐ No

If "No", please explain. (*Attachment #*_____)

PART V – SUPPLEMENTARY INFORMATION

LIST OF ATTACHMENTS

LIST OF ATTACHMENTS. This application requires the submittal of *Attachments* to provide supplemental information. The application is not complete without the completed *List of Attachments*. Please list all attachments that you are including with this application form.

[illegible]

ATTACHMENT 1

PROJECT NARRATIVE

Project Description

Moore Creek Mount Carmel, Inc. (MCMC) serves the unincorporated community of Jay, FL and the surrounding area in Santa Rosa County. MCMC's PWS ID is FL1570479.

MCMC plans to construct a new potable water well and water treatment plant to improve water pressure and availability to the southern portion of the franchise area. The project will be located on a parcel MCMC owns along Hwy 89 (parcel No. 16-4N-29-0000-00401-0000) at Latitude 30°51'14.31"N and Longitude 87°09'00.44"W. Initially, work will include a test hole and test well to confirm availability of water. If the test well is successful, there will be a secondary project that includes the design and permitting of a production well and elevated tank. The estimated tank capacity is 300,000 gallons.

Continued development of MCMC's water system is essential as its franchise grows. The system currently has three wells, and no backup source of water exists, as only a limited amount of water is available through interconnection with the closest neighboring water system Town of Jay. The addition of a new well and water treatment plant as well as additional system storage capacity will improve the system's reliability, quality, and MCMC's ability to meet the needs of a growing community.

ATTACHMENT 2

PRIOR LIENS/OBLIGATIONS

ATTACHMENT 2

Moore Creek Mount Carmel, INC.

Prior Liens/Obligations	Interest Rate	Balance (June 2026)
DW-571001, due in semiannual installments of \$16,871, principal and interest; secured by utility plant, maturing August 2039	0.77%	\$418,119
USDA 91-07 due in monthly installments of \$6,650, principal and interest; secured by utility plant, maturing February 2045	4.5%	\$978,024
USDA 91-09, due in annual installments of \$46,394, principal and interest; secured by utility plant, maturing December 2051	3%	\$810,817

ATTACHMENT 3

INTERLOCAL AGREEMENT

ATTACHMENT 4

Prior Lien Information

USDA FHA LOAN 91-07

USDA
Form RD 440-22
(Rev. 6-98)

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

KIND OF LOAN:

- ☒ ASSOCIATION- ORGANIZATION
☐ HOUSING-ORGANIZATION
☐ PUBLIC BODY
☐ OTHER

State FLORIDA			
County SANTA ROSA			
Case No. 09-057-0591494152			
FINANCE OFFICE USE ONLY			
F 41	LN 07	LC	IA

Date FEBRUARY 15, 2005

FOR VALUE RECEIVED, MOORE CREEK-MOUNT CARMEL UTILITIES, INC.
(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in _____

3728 NOWLING ROAD, JAY, FLORIDA 32565, or at such other place as the Government may hereafter designate in writing, the principal amount of ONE MILLION FOUR HUNDRED FORTY THOUSAND AND 00/100 dollars (\$ 1,440,000.00), plus interest on the unused principal balance at the rate of FOUR AND ONE-HALF percent (4.50 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ <u>64,800.00</u>	on	<u>FEBRUARY 15, 2006</u>	,
\$ <u>64,800.000</u>	on	<u>FEBRUARY 15, 2007</u>	,
\$ <u>79,791.00</u>	on	<u>FEBRUARY 15, 2008</u>	,
\$ _____	on	_____	, and
\$ <u>79,791.00</u>	thereafter on the	<u>15TH</u>	of each <u>FEBRUARY</u>

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby,

if not sooner paid, shall be due and payable 40 (FORTY) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Position 2

RD 440-22 (Rev. 6-98)

Any amount advanced or expended by the Government for the collection hereof or to reserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING-ORGANIZATION" is checked. This note shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

MOORE CREEK-MOUNT CARMEL UTILITIES, INC.

(Name of Borrower)

(CORPORATE SEAL)-

Mullard Carden

(Signature of Executive Official)

ATTEST:

James H. Diamond
(Signature of Attesting Official)

(Title of Executive Official)

MULLARD CARDEN, PRESIDENT

(Post Office Box No. or Street Address)

3728 NOWLING ROAD, JAY, FL 32565

(City, State, and Zip Code)

(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 1,440,000.00	2/15/05	(6) \$	/ /
(2) \$	/ /	(7) \$	/ /
(3) \$	/ /	(8) \$	/ /
(4) \$	/ /	(9) \$	/ /
(5) \$	/ /	(10) \$	/ /
TOTAL			

PAY TO THE ORDER OF

UNITED STATES OF AMERICA

(Name of Agency)

BY



United States
Department of
Agriculture
Rural Development

Florida/Virgin Islands
932 N. Ferdon Blvd..
Suite B
Crestview, FL 32536

Crestview Area Office
Telephone 850-682-2416
Fax 850-682-8731
TDD 352-338-3499
www.rurdev.usda.gov/fl

See AA-2

Contact: Kathy Beechard
ext. 116

July 17, 2002

USDA #7

LETTER OF CONDITIONS
NON-PROFIT - Water Facility

Mr. Millard Carden, President
MOORE CREEK-MT.CARMEL UTILITIES, INC.
P.O. Box 626
Jay, FL 32565

RE: Application for Rural Utilities Assistance (RUS)
New Well, Tank and Distribution Lines.

Dear Mr. Carden:

This letter establishes conditions which must be understood and agreed to by the Moore Creek-Mt. Carmel Utilities, Inc. (hereinafter referred to as the applicant) before further consideration may be given to the application. The Loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of the USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. If significant changes are made without obtaining such approval, Rural Development may discontinue processing the application.

This letter does not constitute loan approval, nor does it ensure that funds are or will be available for the project.

Please complete and return the attached Form Rd 1942-46, "Letter of Intent to Meet Conditions," and Form Rd 1940-1, "Request for Obligation of Funds", within the next 30 days if you desire that further consideration be given your application.

Within ninety (90) days of this letter, you must meet all of the conditions set forth which can be met prior to calling for construction bids. If you have not done so, Rural Development reserves the right to discontinue the processing of your application.

The docket may be completed on the basis of the following:

RUS Funding - The docket may be completed on the basis of a loan not to exceed \$ 1,440,000.00, and a grant not to exceed \$ 1,000,000.

Interim Financing - The applicant will attempt to borrow funds from commercial sources in an amount equal to the USDA loan(s) for the construction period only. If credit from commercial sources cannot be obtained, letters from these sources are to be obtained stating that credit is not available and submitted to the RUS Rural Development Manager. Attached are copies of RUS Bulletins 1780-10 and 1780-10a, for use in informing lenders of Rural Utilities' commitment.

RUS cannot issue a commitment letter to a lender for interim financing until the following are completed:

1. Plans, specifications, contract documents and permits are accepted and approved.
2. Construction bids are received and are within the funds available.
3. RUS Regional Attorney's closing instructions can be complied with.

Provided interim financing is used, construction will not begin until construction bids are obtained and the necessary processing and legal work has been completed to the point where the RUS loan could be closed. The Rural Development Manager will approved Form RD 1924-18, "Partial Pay Estimate", to ensure that funds are used for authorized purposes during the construction period.

If interim financing is used, although a commitment has been made by the Government, only those funds advanced to pay for construction and other authorized and legally eligible expenses incurred by the applicant will be deemed by the Government to be interim commercial indebtedness and retired by RUS with permanent instruments. Rural Utilities Service must be sure that the construction loan is properly administered and that when the RUS loan is closed, there is no doubt that Rural Utilities Service is fully secured. Rural Utilities must insist on the following at loan closing:

1. An affidavit by the general contractor that he has been paid-in-full in accordance with the terms of the contract, and that he has paid all sub-contractors, materialmen, and laborers with respect to the construction of the project.

2. A certificate by the consulting engineer that the system has been constructed in accordance with applicable law and according to the plans and specifications approved by the Government.
3. A statement from the attorney that he has been paid to date in accordance with his agreement.

When interim financing funds have been expended, the RUS loan will be closed and permanent instruments will be issued to evidence the RUS indebtedness.

RUS Repayment Schedule - The loan will be repayable over a period not exceeding forty (40) years from the date of loan closing. The first (1st) and second (2nd) payment will be due one year from the date of loan closing and will consist of interest only. Each succeeding installment, other than the last installment will be equal amortized installments of principle and interest. Monthly payments to RUS must be made on the account.

Prior to construction or loan closing, whichever occurs first, the applicant will execute Form Rd 1910-11, "Application Certification Federal Collection Policies For Consumer or Commercial Debts".

A form entitled "Authorization Agreement for Preauthorized Payments", SF Form 5510, will be required to be executed for each loan. Preauthorized Debit (PAD) will allow for your payment to be electronically debited from your account on the day your payment is due. You will receive a payment notice apprising you of the payment date and withdrawal amount. This agreement will authorize USDA, Rural Development, to directly access funds from the debt service account established by the applicant.

If RUS makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or at the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form Rd 1940-1 "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to RUS as soon as practical. In order to avoid possible delays in loan closing such a request should ordinarily be submitted at least thirty (30) calendar days before loan closing.

Breakdown of Project Budget - Financing for this project will be provided as follows:

Development	\$ 1,985,102.
Land and Rights	\$ 8,000.
Legal Services	\$ 16,388.
Engineering	\$ 197,000.
Interest	\$ 35,000.
Contingencies	\$ 198,510.
TOTAL	\$ 2,440,000.

Required Number of New Users - Prior to beginning construction or prior to closing of the RUS loan, whichever occurs first, the applicant will furnish evidence that 997 actual users (1026 Equivalent Dwelling Users (EDU's)) stated within the service area to be served by the Moore Creek-Mt. Carmel Utilities, Inc. A user agreement may be required for all new users unless mandatory hook-up is required. A member of the State Director's staff will audit and authenticate the number of users.

Applicants must provide a positive program to encourage connection by all users as soon as service is available. The program will be available for review and concurrence by the processing office before loan closing or commencement of construction, whichever occurs first. Such a program will include:

1. An aggressive information program to be carried out during the construction period. The applicant should send written notification to all signed users in advance of the date service will be available, starting the date users will be expected to have their connections completed, and the date user charges will begin.
2. Positive steps to assure that installation services will be available. These may be provided by the contractor installing the system, local plumbing companies, or local contractors.
3. Aggressive action to see that all signed users can finance their connections.

Security Requirements -

1. A first lien on all real estate now owned by the Association, and a first lien on any real estate acquired with loan funds. A first lien on all personal property and equipment.
2. A first lien on the revenues and service charges derived from the operation.

Required Liens are subject only to the outstanding Real Estate and Revenue Liens in favor of USDA, Rural Utility Service (RUS) for the following outstanding loans:

Real Estate Lien dated June 6, 1973, in the amount of \$ 475,600., Real Estate Lien dated May 19, 1981, in the amount of \$ 125,000., and Real Estate Lien dated February 14, 1985, in the amount of \$ 195,000.

Resolution and Franchise Agreements -

The Resolution and Franchise Agreements began in 1971 and continues for a period of ninety-nine (99) years (2070).

Loan Resolution - Prior to the commencement of construction or loan closing, whichever occurs first, the applicant will execute Form RUS Bulletin 1780-28 "Loan Resolution Security Agreement."

Land Rights - Prior to advertising for construction bids or requesting closing instructions, whichever is earlier, you must provide evidence of title satisfactory to the USDA for all assets constituting security for the loan(s). This will include clear title to property owned or being purchased for the facility; and adequate continuous and valid rights-of-way easements subject only to any exceptions approved in writing by USDA, Rural Development.

A third party independent appraisal is to be provided for any real estate or any other types of acquired properties, which are purchased for use as part of the proposed project for which RUS funds are to be utilized. Funds provided by RUS can only be utilized to the extent of the purchase price or appraised value, whichever is the lowest.

Business Operations - The Board of Directors will carry out the business operation of the facility and will establish, practice, and comply with the requirements of the Articles of Incorporation, By-Laws, Rules and Regulations, Loan Regulations, Loan Resolution.

*Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to:
Secretary of Agriculture, Washington, D.C. 20250-0700*

LETTER OF CONDITIONS

NON-PROFIT - Water Facility

MOORE CREEK-MT. CARMEL UTILITIES, INC.

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The Association will, during the first year of operation, establish a reserve account which will be accumulated at the rate of one-tenth of the annual payment for the life of the loan.

The facility must be operated in accordance with applicable State Statutes and regulations. Before the loan is closed, the applicant will furnish an outline of management procedures that will be followed. A certified plant operator will be employed.

A rate schedule will be adopted by the Association providing for the following water user rates:

Residential Users or Commercial Users

Water Rate 01 - 3/4" x 5/8"

Minimum bill \$ 12.00 for up to 2,000 gallons

Over 2,000 gallons \$ 3.50 per 1,000 gallons

Water Rate 02 - 1"

Minimum bill \$ 41.00 for up to 10,000 gallons

Over 10,000 gallons \$ 3.50 per 1,000 gallons

Water Rate 03 - 1 1/2"

Minimum bill \$ 51.50 for up to 13,000 gallons

Over 13,000 gallons \$ 3.50 per 1,000 gallons

Water Rate 04 - 2"

Minimum bill \$ 58.50 for up to 15,000 gallons

Over 15,000 gallons \$ 3.50 per 1,000 gallons

Water Rate 05 - 3"

Minimum bill \$ 65.50 for up to 17,000 gallons

Over 17,000 gallons \$ 3.50 per 1,000 gallons

Water Rate 07 - Churches

Minimum bill Flat Rate \$ 3.50 per 1,000 gallons

Water Rate 08 - Burkhead

Minimum bill Flat Rate \$ 30.00 per month

LETTER OF CONDITIONS

NON-PROFIT - Water Facility

MOORE CREEK-MT. CARMEL UTILITIES, INC.

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Metering Devices - Water facilities financed by RUS will have metering devices for each connection. Sanitary sewer projects should incorporate water system metering devices whenever practicable. Prior to loan closing or start of construction whichever occurs first the applicant will provide USDA, Rural Development, a certification that all water users have metering devices.

Organization - The loan docket will include evidence that the applicant is legally organized under State Statutes. The applicant's attorney is to provide an opinion that the applicant has the authority to carry out the planned method of construction, operation, maintenance and repayment in connection with the proposed facility.

Insurance and Bonding Requirements - Property insurance, fire and extended coverage and flood insurance, if applicable, will be required on all above ground structures including equipment and machinery in an amount equal to the replacement value as recommended by the project engineer and approved by USDA, Rural Development. No evidence will be required on water reservoirs, standpipes, and elevated tanks.

Requirements as outlined in RUS Instruction 1780 Subpart C will be followed by the Association's engineer for all construction.

Worker's Compensation will be maintained as required by State Law.

Public Liability and Property Damage Insurance will be maintained as recommended by the Association's attorney and approved by RUS. If the Association will own trucks, tractors, and other vehicles that frequently will be driven over public highways, liability and property damage insurance will be required.

Fidelity Bond Coverage in an amount equal to the total amount debt service requirements for the RUS loan(s) is required on the position of the treasurer and/or others who have access to funds. The bonds will be obtained prior to loan closing. Form RD 440-24, "Position Fidelity Bond," may be used, copies are attached.

Obtaining and Approval of Professional Services - All contracts for services of consultants, attorneys, engineers, and auditors are subject to prior review and approval by USDA, Rural Development. All such contracts shall contain provisions that they are not effective until approved by USDA, Rural Development.

Engineering & Construction Requirements - Rural Development Instruction 1780 Subpart C and RUS Bulletin 1780-13, 1780-14, and 1780-15 will be followed by the applicant and engineer for all construction. Three copies of each of these documents are attached and one copy is to be delivered to your engineer and attorney.

LETTER OF CONDITIONS

NON-PROFIT - Water Facility

MOORE CREEK-MT. CARMEL UTILITIES, INC.

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A pre-construction conference will be held after bid opening at a convenient time to be scheduled by USDA, Rural Development. In attendance will be the designated representatives of the Association, the consulting engineer, the resident inspector, contractor's representatives, and RUS personnel.

Debarment, Suspension: A Certification must be provided to USDA, Rural Development, on Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions." It must be understood and complied with including compliance with the requirement that "lower tier" transactions must also be supplemented with submittal of Form AD-1048, "Certification Regarding Debarment" Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions by the lower tier party to you." Lower tier transactions are those you engage in with contractors, sureties, engineers, auditors, insurance companies and attorneys.

Equal Opportunity/Civil Rights/Lobbying Requirements - Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RUS financial assistance.

All residents located in the service area regardless of race, color, religion, sex, national origin, marital status, age, physical/mental handicap, or level of income must be afforded an opportunity to become users of the facility.

The applicant must agree to comply with the requirements of Form RD 400-1, "Equal Opportunity Agreement" and Form RD 400-4, "Assurance Agreement." These agreements must be approved by the governing body and executed before loan approval.

Restrictions on Lobbying - FmHA Instruction 1940-Q, Exhibit A-1, must be completed at the time loan application or bid proposal is submitted requesting a loan exceeding \$ 150,000.

Environmental Requirements - As a result of the environmental assessment prepared by Rural Development, the following mitigation measures will be required prior to loan closing:

1. Steps will be taken to minimize the adverse environmental impacts associated with this project.
2. Local governmental permits will be acquired.

LETTER OF CONDITIONS

NON-PROFIT - Water Facility

MOORE CREEK-MT. CARMEL UTILITIES, INC.

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3. Construction practices will be employed to minimize temporary impact on any wetlands. Service connection applications in areas where wetlands exist to verify that all potential users have obtained proper USACE Section 404 permits. The contractor shall also be required to minimize soil disturbance and the installation of stormwater controls such as hay bales and silt fencing and grassing.

Records and Audit Requirements - The association will be required to keep accounts and records on the operation of the facility separate and apart from other records in accordance with the Loan Resolution. We suggest that the Association's auditing firm develop a set of records for this particular purpose unless adequate records are already in use. The person responsible for maintaining such record of accounts will be selected prior to loan closing.

It is imperative that the Association establish and maintain adequate business management practices through a system of records, reports, and audits which will assist the governing body in making effective decisions and thus help to insure a successful operation.

The applicant will furnish an outline of the management procedures for the facility to include the name of the person(s) who will operate the facility, along with a brief agreement between the person(s) and the applicant showing services to be performed and wages to be paid.

Rural Utilities Service will be furnished management reports as outlined in RUS Instruction 1780.47. A copy of this instruction is attached along with copies of our forms to be used for periodic and annual reports.

Prior to loan closing the applicant will enter into a contract with a qualified auditor to conduct the annual audit in accordance with generally accepted government auditing standards (GAGAS). In addition, the audits are also to be performed in accordance with various Office of Management and Budget (OMB) Circulars and RUS requirements. The specialist should provide the attached booklet entitled, "U.S. Department of Agriculture, Farmers Home Administration, Audit Program," to their accountant for guidance in conducting financial statement audits. Rural Utilities Service must approve the accounting and financial reporting system prior to loan closing or commencing construction, whichever occurs first.

All forms needed for required Rural Utilities reports will be furnished by this office.

Use of Remaining Funds - After providing for all authorized costs, any remaining Rural Development Project Funds will be considered to be the RUS loan funds and refunded to Rural Development.

LETTER OF CONDITIONS
NON-PROFIT - Water Facility
MOORE CREEK-MT. CARMEL UTILITIES, INC.

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Graduation Requirements - Refinancing of your Rural Utilities Service debt will be required of you at reasonable rates and terms when it is determined that you are able to do so. Your loan account will be reviewed periodically to evaluate the potential for refinancing.

Closing Instructions - This loan will not be closed until the Regional Attorney has been furnished all the documents required and has issued closing instructions. The applicant's attorney will carry out the Regional Attorney's Closing Instructions and will be required to certify that the loan has been closed in accordance with the Regional Attorney's Closing Instructions.

If the applicant decides to accept the Rural Utilities financing subject to the above conditions, RUS will proceed to take the necessary steps to process the loan.

Sincerely,

JOSEPH D. GARLAND
Rural Development Manager

JDG:kib

Enclosures

cc: State Office, RUS

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Compound Period: Monthly

Nominal Annual Rate: 4.500 %
 Effective Annual Rate ...: 4.594 %
 Periodic Rate: 0.3750 %
 Daily Rate: 0.01233 %

CASH FLOW DATA

Event	Start Date	Amount	Number	Period	End Date
1 Loan	02/15/2005	1,440,000.00	1		
2 Payment	03/15/2005	Interest Only	24	Monthly	02/15/2007
3 Payment	03/15/2007	6,650.00	455	Monthly	01/15/2045
4 Payment	02/15/2045	57,118.85-	1		

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 02/15/2005				1,440,000.00
1 03/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
2 04/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
3 05/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
4 06/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
5 07/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
6 08/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
7 09/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
8 10/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
9 11/15/2005	5,400.00	5,400.00	0.00	1,440,000.00
10 12/15/2005	5,400.00	5,400.00	0.00	~~1,440,000.00~~
2005 Totals	54,000.00	54,000.00	~~0.00~~ 2,011.17	1,437,988.83
11 01/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
12 02/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
13 03/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
14 04/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
15 05/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
16 06/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
17 07/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
18 08/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
19 09/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
20 10/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
21 11/15/2006	5,400.00	5,400.00	0.00	1,440,000.00
22 12/15/2006	5,400.00	5,400.00	0.00	~~1,440,000.00~~ 7
2006 Totals	64,800.00	64,800.00	0.00	1,440,000.00 14
23 01/15/2007	5,400.00	5,400.00	0.00	1,440,000.00
24 02/15/2007	5,400.00	5,400.00	0.00	1,440,000.00
25 03/15/2007	6,650.00	5,400.00	1,250.00	1,438,750.00

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

	Date	Payment	Interest	Principal	Balance
	26 04/15/2007	6,650.00	5,395.31	1,254.69	1,437,495.31
	27 05/15/2007	6,650.00	5,390.61	1,259.39	1,436,235.92
	28 06/15/2007	6,650.00	5,385.88	1,264.12	1,434,971.80
	29 07/15/2007	6,650.00	5,381.14	1,268.86	1,433,702.94
	30 08/15/2007	6,650.00	5,376.39	1,273.61	1,432,429.33
	31 09/15/2007	6,650.00	5,371.61	1,278.39	1,431,150.94
	32 10/15/2007	6,650.00	5,366.82	1,283.18	1,429,867.76
	33 11/15/2007	6,650.00	5,362.00	1,288.00	1,428,579.76
	34 12/15/2007	6,650.00	5,357.17	1,292.83	1,427,286.93
2007	Totals	77,300.00	64,586.93	12,713.07	
	35 01/15/2008	6,650.00	5,352.33	1,297.67	1,425,989.26
	36 02/15/2008	6,650.00	5,347.46	1,302.54	1,424,686.72
	37 03/15/2008	6,650.00	5,342.58	1,307.42	1,423,379.30
	38 04/15/2008	6,650.00	5,337.67	1,312.33	1,422,066.97
	39 05/15/2008	6,650.00	5,332.75	1,317.25	1,420,749.72
	40 06/15/2008	6,650.00	5,327.81	1,322.19	1,419,427.53
	41 07/15/2008	6,650.00	5,322.85	1,327.15	1,418,100.38
	42 08/15/2008	6,650.00	5,317.88	1,332.12	1,416,768.26
	43 09/15/2008	6,650.00	5,312.88	1,337.12	1,415,431.14
	44 10/15/2008	6,650.00	5,307.87	1,342.13	1,414,089.01
	45 11/15/2008	6,650.00	5,302.83	1,347.17	1,412,741.84
	46 12/15/2008	6,650.00	5,297.78	1,352.22	1,411,389.62
2008	Totals	79,800.00	63,902.69	15,897.31	
	47 01/15/2009	6,650.00	5,292.71	1,357.29	1,410,032.33
	48 02/15/2009	6,650.00	5,287.62	1,362.38	1,408,669.95
	49 03/15/2009	6,650.00	5,282.51	1,367.49	1,407,302.46
	50 04/15/2009	6,650.00	5,277.38	1,372.62	1,405,929.84
	51 05/15/2009	6,650.00	5,272.24	1,377.76	1,404,552.08
	52 06/15/2009	6,650.00	5,267.07	1,382.93	1,403,169.15
	53 07/15/2009	6,650.00	5,261.88	1,388.12	1,401,781.03
	54 08/15/2009	6,650.00	5,256.68	1,393.32	1,400,387.71
	55 09/15/2009	6,650.00	5,251.45	1,398.55	1,398,989.16
	56 10/15/2009	6,650.00	5,246.21	1,403.79	1,397,585.37
	57 11/15/2009	6,650.00	5,240.95	1,409.05	1,396,176.32
	58 12/15/2009	6,650.00	5,235.66	1,414.34	1,394,761.98
2009	Totals	79,800.00	63,172.36	16,627.64	
	59 01/15/2010	6,650.00	5,230.36	1,419.64	1,393,342.34
	60 02/15/2010	6,650.00	5,225.03	1,424.97	1,391,917.37
	61 03/15/2010	6,650.00	5,219.69	1,430.31	1,390,487.06
	62 04/15/2010	6,650.00	5,214.33	1,435.67	1,389,051.39
	63 05/15/2010	6,650.00	5,208.94	1,441.06	1,387,610.33
	64 06/15/2010	6,650.00	5,203.54	1,446.46	1,386,163.87
	65 07/15/2010	6,650.00	5,198.11	1,451.89	1,384,711.98
	66 08/15/2010	6,650.00	5,192.67	1,457.33	1,383,254.65
	67 09/15/2010	6,650.00	5,187.20	1,462.80	1,381,791.85

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
58 10/15/2010	6,650.00	5,181.72	1,468.28	1,380,323.57
69 11/15/2010	6,650.00	5,176.21	1,473.79	1,378,849.78
70 12/15/2010	6,650.00	5,170.69	1,479.31	1,377,370.47
2010 Totals	79,800.00	62,408.49	17,391.51	
71 01/15/2011	6,650.00	5,165.14	1,484.86	1,375,885.61
72 02/15/2011	6,650.00	5,159.57	1,490.43	1,374,395.18
73 03/15/2011	6,650.00	5,153.98	1,496.02	1,372,899.16
74 04/15/2011	6,650.00	5,148.37	1,501.63	1,371,397.53
75 05/15/2011	6,650.00	5,142.74	1,507.26	1,369,890.27
76 06/15/2011	6,650.00	5,137.09	1,512.91	1,368,377.36
77 07/15/2011	6,650.00	5,131.42	1,518.58	1,366,858.78
78 08/15/2011	6,650.00	5,125.72	1,524.28	1,365,334.50
79 09/15/2011	6,650.00	5,120.00	1,530.00	1,363,804.50
80 10/15/2011	6,650.00	5,114.27	1,535.73	1,362,268.77
81 11/15/2011	6,650.00	5,108.51	1,541.49	1,360,727.28
82 12/15/2011	6,650.00	5,102.73	1,547.27	1,359,180.01
2011 Totals	79,800.00	61,609.54	18,190.46✓	
83 01/15/2012	6,650.00	5,096.93	1,553.07	1,357,626.94
84 02/15/2012	6,650.00	5,091.10	1,558.90	1,356,068.04
85 03/15/2012	6,650.00	5,085.26	1,564.74	1,354,503.30
86 04/15/2012	6,650.00	5,079.39	1,570.61	1,352,932.69
87 05/15/2012	6,650.00	5,073.50	1,576.50	1,351,356.19
88 06/15/2012	6,650.00	5,067.59	1,582.41	1,349,773.78
89 07/15/2012	6,650.00	5,061.65	1,588.35	1,348,185.43
90 08/15/2012	6,650.00	5,055.70	1,594.30	1,346,591.13
91 09/15/2012	6,650.00	5,049.72	1,600.28	1,344,990.85
92 10/15/2012	6,650.00	5,043.72	1,606.28	1,343,384.57
93 11/15/2012	6,650.00	5,037.69	1,612.31	1,341,772.26
94 12/15/2012	6,650.00	5,031.65	1,618.35	1,340,153.91
2012 Totals	79,800.00	60,773.90	19,026.10	
95 01/15/2013	6,650.00	5,025.58	1,624.42	1,338,529.49
96 02/15/2013	6,650.00	5,019.49	1,630.51	1,336,898.98
97 03/15/2013	6,650.00	5,013.37	1,636.63	1,335,262.35
98 04/15/2013	6,650.00	5,007.23	1,642.77	1,333,619.58
99 05/15/2013	6,650.00	5,001.07	1,648.93	1,331,970.65
100 06/15/2013	6,650.00	4,994.89	1,655.11	1,330,315.54
101 07/15/2013	6,650.00	4,988.68	1,661.32	1,328,654.22
102 08/15/2013	6,650.00	4,982.45	1,667.55	1,326,986.67
103 09/15/2013	6,650.00	4,976.20	1,673.80	1,325,312.87
104 10/15/2013	6,650.00	4,969.92	1,680.08	1,323,632.79
105 11/15/2013	6,650.00	4,963.62	1,686.38	1,321,946.41
106 12/15/2013	6,650.00	4,957.30	1,692.70	1,320,253.71
2013 Totals	79,800.00	59,899.80	19,900.20	
107 01/15/2014	6,650.00	4,950.95	1,699.05	1,318,554.66

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
08 02/15/2014	6,650.00	4,944.58	1,705.42	1,316,849.24
109 03/15/2014	6,650.00	4,938.18	1,711.82	1,315,137.42
110 04/15/2014	6,650.00	4,931.77	1,718.23	1,313,419.19
111 05/15/2014	6,650.00	4,925.32	1,724.68	1,311,694.51
112 06/15/2014	6,650.00	4,918.85	1,731.15	1,309,963.36
113 07/15/2014	6,650.00	4,912.36	1,737.64	1,308,225.72
114 08/15/2014	6,650.00	4,905.85	1,744.15	1,306,481.57
115 09/15/2014	6,650.00	4,899.31	1,750.69	1,304,730.88
116 10/15/2014	6,650.00	4,892.74	1,757.26	1,302,973.62
117 11/15/2014	6,650.00	4,886.15	1,763.85	1,301,209.77
118 12/15/2014	6,650.00	4,879.54	1,770.46	1,299,439.31
2014 Totals	79,800.00	58,985.60	20,814.40	
119 01/15/2015	6,650.00	4,872.90	1,777.10	1,297,662.21
120 02/15/2015	6,650.00	4,866.23	1,783.77	1,295,878.44
121 03/15/2015	6,650.00	4,859.54	1,790.46	1,294,087.98
122 04/15/2015	6,650.00	4,852.83	1,797.17	1,292,290.81
123 05/15/2015	6,650.00	4,846.09	1,803.91	1,290,486.90
124 06/15/2015	6,650.00	4,839.33	1,810.67	1,288,676.23
125 07/15/2015	6,650.00	4,832.54	1,817.46	1,286,858.77
126 08/15/2015	6,650.00	4,825.72	1,824.28	1,285,034.49
127 09/15/2015	6,650.00	4,818.88	1,831.12	1,283,203.37
128 10/15/2015	6,650.00	4,812.01	1,837.99	1,281,365.38
129 11/15/2015	6,650.00	4,805.12	1,844.88	1,279,520.50
130 12/15/2015	6,650.00	4,798.20	1,851.80	1,277,668.70
2015 Totals	79,800.00	58,029.39	21,770.61	
131 01/15/2016	6,650.00	4,791.26	1,858.74	1,275,809.96
132 02/15/2016	6,650.00	4,784.29	1,865.71	1,273,944.25
133 03/15/2016	6,650.00	4,777.29	1,872.71	1,272,071.54
134 04/15/2016	6,650.00	4,770.27	1,879.73	1,270,191.81
135 05/15/2016	6,650.00	4,763.22	1,886.78	1,268,305.03
136 06/15/2016	6,650.00	4,756.14	1,893.86	1,266,411.17
137 07/15/2016	6,650.00	4,749.04	1,900.96	1,264,510.21
138 08/15/2016	6,650.00	4,741.91	1,908.09	1,262,602.12
139 09/15/2016	6,650.00	4,734.76	1,915.24	1,260,686.88
140 10/15/2016	6,650.00	4,727.58	1,922.42	1,258,764.46
141 11/15/2016	6,650.00	4,720.37	1,929.63	1,256,834.83
142 12/15/2016	6,650.00	4,713.13	1,936.87	1,254,897.96
2016 Totals	79,800.00	57,029.26	22,770.74	
143 01/15/2017	6,650.00	4,705.87	1,944.13	1,252,953.83
144 02/15/2017	6,650.00	4,698.58	1,951.42	1,251,002.41
145 03/15/2017	6,650.00	4,691.26	1,958.74	1,249,043.67
146 04/15/2017	6,650.00	4,683.91	1,966.09	1,247,077.58
147 05/15/2017	6,650.00	4,676.54	1,973.46	1,245,104.12
148 06/15/2017	6,650.00	4,669.14	1,980.86	1,243,123.26
149 07/15/2017	6,650.00	4,661.71	1,988.29	1,241,134.97

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
50 08/15/2017	6,650.00	4,654.26	1,995.74	1,239,139.23
151 09/15/2017	6,650.00	4,646.77	2,003.23	1,237,136.00
152 10/15/2017	6,650.00	4,639.26	2,010.74	1,235,125.26
153 11/15/2017	6,650.00	4,631.72	2,018.28	1,233,106.98
154 12/15/2017	6,650.00	4,624.15	2,025.85	1,231,081.13
2017 Totals	79,800.00	55,983.17	23,816.83	
155 01/15/2018	6,650.00	4,616.55	2,033.45	1,229,047.68
156 02/15/2018	6,650.00	4,608.93	2,041.07	1,227,006.61
157 03/15/2018	6,650.00	4,601.27	2,048.73	1,224,957.88
158 04/15/2018	6,650.00	4,593.59	2,056.41	1,222,901.47
159 05/15/2018	6,650.00	4,585.88	2,064.12	1,220,837.35
160 06/15/2018	6,650.00	4,578.14	2,071.86	1,218,765.49
161 07/15/2018	6,650.00	4,570.37	2,079.63	1,216,685.86
162 08/15/2018	6,650.00	4,562.57	2,087.43	1,214,598.43
163 09/15/2018	6,650.00	4,554.74	2,095.26	1,212,503.17
164 10/15/2018	6,650.00	4,546.89	2,103.11	1,210,400.06
165 11/15/2018	6,650.00	4,539.00	2,111.00	1,208,289.06
166 12/15/2018	6,650.00	4,531.08	2,118.92	1,206,170.14
2018 Totals	79,800.00	54,889.01	24,910.99	
167 01/15/2019	6,650.00	4,523.14	2,126.86	1,204,043.28
68 02/15/2019	6,650.00	4,515.16	2,134.84	1,201,908.44
169 03/15/2019	6,650.00	4,507.16	2,142.84	1,199,765.60
170 04/15/2019	6,650.00	4,499.12	2,150.88	1,197,614.72
171 05/15/2019	6,650.00	4,491.06	2,158.94	1,195,455.78
172 06/15/2019	6,650.00	4,482.96	2,167.04	1,193,288.74
173 07/15/2019	6,650.00	4,474.83	2,175.17	1,191,113.57
174 08/15/2019	6,650.00	4,466.68	2,183.32	1,188,930.25
175 09/15/2019	6,650.00	4,458.49	2,191.51	1,186,738.74
176 10/15/2019	6,650.00	4,450.27	2,199.73	1,184,539.01
177 11/15/2019	6,650.00	4,442.02	2,207.98	1,182,331.03
178 12/15/2019	6,650.00	4,433.74	2,216.26	1,180,114.77
2019 Totals	79,800.00	53,744.63	26,055.37	
179 01/15/2020	6,650.00	4,425.43	2,224.57	1,177,890.20
180 02/15/2020	6,650.00	4,417.09	2,232.91	1,175,657.29
181 03/15/2020	6,650.00	4,408.71	2,241.29	1,173,416.00
182 04/15/2020	6,650.00	4,400.31	2,249.69	1,171,166.31
183 05/15/2020	6,650.00	4,391.87	2,258.13	1,168,908.18
184 06/15/2020	6,650.00	4,383.41	2,266.59	1,166,641.59
185 07/15/2020	6,650.00	4,374.91	2,275.09	1,164,366.50
186 08/15/2020	6,650.00	4,366.37	2,283.63	1,162,082.87
187 09/15/2020	6,650.00	4,357.81	2,292.19	1,159,790.68
188 10/15/2020	6,650.00	4,349.22	2,300.78	1,157,489.90
189 11/15/2020	6,650.00	4,340.59	2,309.41	1,155,180.49
190 12/15/2020	6,650.00	4,331.93	2,318.07	1,152,862.42
2020 Totals	79,800.00	52,547.65	27,252.35	

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
91 01/15/2021	6,650.00	4,323.23	2,326.77	1,150,535.65
192 02/15/2021	6,650.00	4,314.51	2,335.49	1,148,200.16
193 03/15/2021	6,650.00	4,305.75	2,344.25	1,145,855.91
194 04/15/2021	6,650.00	4,296.96	2,353.04	1,143,502.87
195 05/15/2021	6,650.00	4,288.14	2,361.86	1,141,141.01
196 06/15/2021	6,650.00	4,279.28	2,370.72	1,138,770.29
197 07/15/2021	6,650.00	4,270.39	2,379.61	1,136,390.68
198 08/15/2021	6,650.00	4,261.47	2,388.53	1,134,002.15
199 09/15/2021	6,650.00	4,252.51	2,397.49	1,131,604.66
200 10/15/2021	6,650.00	4,243.52	2,406.48	1,129,198.18
201 11/15/2021	6,650.00	4,234.49	2,415.51	1,126,782.67
202 12/15/2021	6,650.00	4,225.44	2,424.56	1,124,358.11
2021 Totals	79,800.00	51,295.69	28,504.31	
203 01/15/2022	6,650.00	4,216.34	2,433.66	1,121,924.45
204 02/15/2022	6,650.00	4,207.22	2,442.78	1,119,481.67
205 03/15/2022	6,650.00	4,198.06	2,451.94	1,117,029.73
206 04/15/2022	6,650.00	4,188.86	2,461.14	1,114,568.59
207 05/15/2022	6,650.00	4,179.63	2,470.37	1,112,098.22
208 06/15/2022	6,650.00	4,170.37	2,479.63	1,109,618.59
209 07/15/2022	6,650.00	4,161.07	2,488.93	1,107,129.66
210 08/15/2022	6,650.00	4,151.74	2,498.26	1,104,631.40
211 09/15/2022	6,650.00	4,142.37	2,507.63	1,102,123.77
212 10/15/2022	6,650.00	4,132.96	2,517.04	1,099,606.73
213 11/15/2022	6,650.00	4,123.53	2,526.47	1,097,080.26
214 12/15/2022	6,650.00	4,114.05	2,535.95	1,094,544.31
2022 Totals	79,800.00	49,986.20	29,813.80	
215 01/15/2023	6,650.00	4,104.54	2,545.46	1,091,998.85
216 02/15/2023	6,650.00	4,095.00	2,555.00	1,089,443.85
217 03/15/2023	6,650.00	4,085.41	2,564.59	1,086,879.26
218 04/15/2023	6,650.00	4,075.80	2,574.20	1,084,305.06
219 05/15/2023	6,650.00	4,066.14	2,583.86	1,081,721.20
220 06/15/2023	6,650.00	4,056.45	2,593.55	1,079,127.65
221 07/15/2023	6,650.00	4,046.73	2,603.27	1,076,524.38
222 08/15/2023	6,650.00	4,036.97	2,613.03	1,073,911.35
223 09/15/2023	6,650.00	4,027.17	2,622.83	1,071,288.52
224 10/15/2023	6,650.00	4,017.33	2,632.67	1,068,655.85
225 11/15/2023	6,650.00	4,007.46	2,642.54	1,066,013.31
226 12/15/2023	6,650.00	3,997.55	2,652.45	1,063,360.86
2023 Totals	79,800.00	48,616.55	31,183.45	
227 01/15/2024	6,650.00	3,987.60	2,662.40	1,060,698.46
228 02/15/2024	6,650.00	3,977.62	2,672.38	1,058,026.08
229 03/15/2024	6,650.00	3,967.60	2,682.40	1,055,343.68
230 04/15/2024	6,650.00	3,957.54	2,692.46	1,052,651.22
231 05/15/2024	6,650.00	3,947.44	2,702.56	1,049,948.66
232 06/15/2024	6,650.00	3,937.31	2,712.69	1,047,235.97

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
33 07/15/2024	6,650.00	3,927.13	2,722.87	1,044,513.10
234 08/15/2024	6,650.00	3,916.92	2,733.08	1,041,780.02
235 09/15/2024	6,650.00	3,906.68	2,743.32	1,039,036.70
236 10/15/2024	6,650.00	3,896.39	2,753.61	1,036,283.09
237 11/15/2024	6,650.00	3,886.06	2,763.94	1,033,519.15
238 12/15/2024	6,650.00	3,875.70	2,774.30	1,030,744.85
2024 Totals	79,800.00	47,183.99	32,616.01	
239 01/15/2025	6,650.00	3,865.29	2,784.71	1,027,960.14
240 02/15/2025	6,650.00	3,854.85	2,795.15	1,025,164.99
241 03/15/2025	6,650.00	3,844.37	2,805.63	1,022,359.36
242 04/15/2025	6,650.00	3,833.85	2,816.15	1,019,543.21
243 05/15/2025	6,650.00	3,823.29	2,826.71	1,016,716.50
244 06/15/2025	6,650.00	3,812.69	2,837.31	1,013,879.19
245 07/15/2025	6,650.00	3,802.05	2,847.95	1,011,031.24
246 08/15/2025	6,650.00	3,791.37	2,858.63	1,008,172.61
247 09/15/2025	6,650.00	3,780.65	2,869.35	1,005,303.26
248 10/15/2025	6,650.00	3,769.89	2,880.11	1,002,423.15
249 11/15/2025	6,650.00	3,759.09	2,890.91	999,532.24
250 12/15/2025	6,650.00	3,748.25	2,901.75	996,630.49
2025 Totals	79,800.00	45,685.64	34,114.36	
251 01/15/2026	6,650.00	3,737.36	2,912.64	993,717.85
252 02/15/2026	6,650.00	3,726.44	2,923.56	990,794.29
253 03/15/2026	6,650.00	3,715.48	2,934.52	987,859.77
254 04/15/2026	6,650.00	3,704.47	2,945.53	984,914.24
255 05/15/2026	6,650.00	3,693.43	2,956.57	981,957.67
256 06/15/2026	6,650.00	3,682.34	2,967.66	978,990.01
257 07/15/2026	6,650.00	3,671.21	2,978.79	976,011.22
258 08/15/2026	6,650.00	3,660.04	2,989.96	973,021.26
259 09/15/2026	6,650.00	3,648.83	3,001.17	970,020.09
260 10/15/2026	6,650.00	3,637.58	3,012.42	967,007.67
261 11/15/2026	6,650.00	3,626.28	3,023.72	963,983.95
262 12/15/2026	6,650.00	3,614.94	3,035.06	960,948.89
2026 Totals	79,800.00	44,118.40	35,681.60	
263 01/15/2027	6,650.00	3,603.56	3,046.44	957,902.45
264 02/15/2027	6,650.00	3,592.13	3,057.87	954,844.58
265 03/15/2027	6,650.00	3,580.67	3,069.33	951,775.25
266 04/15/2027	6,650.00	3,569.16	3,080.84	948,694.41
267 05/15/2027	6,650.00	3,557.60	3,092.40	945,602.01
268 06/15/2027	6,650.00	3,546.01	3,103.99	942,498.02
269 07/15/2027	6,650.00	3,534.37	3,115.63	939,382.39
270 08/15/2027	6,650.00	3,522.68	3,127.32	936,255.07
271 09/15/2027	6,650.00	3,510.96	3,139.04	933,116.03
272 10/15/2027	6,650.00	3,499.19	3,150.81	929,965.22
273 11/15/2027	6,650.00	3,487.37	3,162.63	926,802.59
274 12/15/2027	6,650.00	3,475.51	3,174.49	923,628.10

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
27 Totals	79,800.00	42,479.21	37,320.79	
275 01/15/2028	6,650.00	3,463.61	3,186.39	920,441.71
276 02/15/2028	6,650.00	3,451.66	3,198.34	917,243.37
277 03/15/2028	6,650.00	3,439.66	3,210.34	914,033.03
278 04/15/2028	6,650.00	3,427.62	3,222.38	910,810.65
279 05/15/2028	6,650.00	3,415.54	3,234.46	907,576.19
280 06/15/2028	6,650.00	3,403.41	3,246.59	904,329.60
281 07/15/2028	6,650.00	3,391.24	3,258.76	901,070.84
282 08/15/2028	6,650.00	3,379.02	3,270.98	897,799.86
283 09/15/2028	6,650.00	3,366.75	3,283.25	894,516.61
284 10/15/2028	6,650.00	3,354.44	3,295.56	891,221.05
285 11/15/2028	6,650.00	3,342.08	3,307.92	887,913.13
286 12/15/2028	6,650.00	3,329.67	3,320.33	884,592.80
2028 Totals	79,800.00	40,764.70	39,035.30	
287 01/15/2029	6,650.00	3,317.22	3,332.78	881,260.02
288 02/15/2029	6,650.00	3,304.73	3,345.27	877,914.75
289 03/15/2029	6,650.00	3,292.18	3,357.82	874,556.93
290 04/15/2029	6,650.00	3,279.59	3,370.41	871,186.52
291 05/15/2029	6,650.00	3,266.95	3,383.05	867,803.47
292 06/15/2029	6,650.00	3,254.26	3,395.74	864,407.73
293 07/15/2029	6,650.00	3,241.53	3,408.47	860,999.26
294 08/15/2029	6,650.00	3,228.75	3,421.25	857,578.01
295 09/15/2029	6,650.00	3,215.92	3,434.08	854,143.93
296 10/15/2029	6,650.00	3,203.04	3,446.96	850,696.97
297 11/15/2029	6,650.00	3,190.11	3,459.89	847,237.08
298 12/15/2029	6,650.00	3,177.14	3,472.86	843,764.22
2029 Totals	79,800.00	38,971.42	40,828.58	
299 01/15/2030	6,650.00	3,164.12	3,485.88	840,278.34
300 02/15/2030	6,650.00	3,151.04	3,498.96	836,779.38
301 03/15/2030	6,650.00	3,137.92	3,512.08	833,267.30
302 04/15/2030	6,650.00	3,124.75	3,525.25	829,742.05
303 05/15/2030	6,650.00	3,111.53	3,538.47	826,203.58
304 06/15/2030	6,650.00	3,098.26	3,551.74	822,651.84
305 07/15/2030	6,650.00	3,084.94	3,565.06	819,086.78
306 08/15/2030	6,650.00	3,071.58	3,578.42	815,508.36
307 09/15/2030	6,650.00	3,058.16	3,591.84	811,916.52
308 10/15/2030	6,650.00	3,044.69	3,605.31	808,311.21
309 11/15/2030	6,650.00	3,031.17	3,618.83	804,692.38
310 12/15/2030	6,650.00	3,017.60	3,632.40	801,059.98
2030 Totals	79,800.00	37,095.76	42,704.24	
311 01/15/2031	6,650.00	3,003.97	3,646.03	797,413.95
312 02/15/2031	6,650.00	2,990.30	3,659.70	793,754.25
313 03/15/2031	6,650.00	2,976.58	3,673.42	790,080.83
314 04/15/2031	6,650.00	2,962.80	3,687.20	786,393.63

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
15 05/15/2031	6,650.00	2,948.98	3,701.02	782,692.61
316 06/15/2031	6,650.00	2,935.10	3,714.90	778,977.71
317 07/15/2031	6,650.00	2,921.17	3,728.83	775,248.88
318 08/15/2031	6,650.00	2,907.18	3,742.82	771,506.06
319 09/15/2031	6,650.00	2,893.15	3,756.85	767,749.21
320 10/15/2031	6,650.00	2,879.06	3,770.94	763,978.27
321 11/15/2031	6,650.00	2,864.92	3,785.08	760,193.19
322 12/15/2031	6,650.00	2,850.72	3,799.28	756,393.91
2031 Totals	79,800.00	35,133.93	44,666.07	
323 01/15/2032	6,650.00	2,836.48	3,813.52	752,580.39
324 02/15/2032	6,650.00	2,822.18	3,827.82	748,752.57
325 03/15/2032	6,650.00	2,807.82	3,842.18	744,910.39
326 04/15/2032	6,650.00	2,793.41	3,856.59	741,053.80
327 05/15/2032	6,650.00	2,778.95	3,871.05	737,182.75
328 06/15/2032	6,650.00	2,764.44	3,885.56	733,297.19
329 07/15/2032	6,650.00	2,749.86	3,900.14	729,397.05
330 08/15/2032	6,650.00	2,735.24	3,914.76	725,482.29
331 09/15/2032	6,650.00	2,720.56	3,929.44	721,552.85
332 10/15/2032	6,650.00	2,705.82	3,944.18	717,608.67
333 11/15/2032	6,650.00	2,691.03	3,958.97	713,649.70
334 12/15/2032	6,650.00	2,676.19	3,973.81	709,675.89
2032 Totals	79,800.00	33,081.98	46,718.02	
335 01/15/2033	6,650.00	2,661.28	3,988.72	705,687.17
336 02/15/2033	6,650.00	2,646.33	4,003.67	701,683.50
337 03/15/2033	6,650.00	2,631.31	4,018.69	697,664.81
338 04/15/2033	6,650.00	2,616.24	4,033.76	693,631.05
339 05/15/2033	6,650.00	2,601.12	4,048.88	689,582.17
340 06/15/2033	6,650.00	2,585.93	4,064.07	685,518.10
341 07/15/2033	6,650.00	2,570.69	4,079.31	681,438.79
342 08/15/2033	6,650.00	2,555.40	4,094.60	677,344.19
343 09/15/2033	6,650.00	2,540.04	4,109.96	673,234.23
344 10/15/2033	6,650.00	2,524.63	4,125.37	669,108.86
345 11/15/2033	6,650.00	2,509.16	4,140.84	664,968.02
346 12/15/2033	6,650.00	2,493.63	4,156.37	660,811.65
2033 Totals	79,800.00	30,935.76	48,864.24	
347 01/15/2034	6,650.00	2,478.04	4,171.96	656,639.69
348 02/15/2034	6,650.00	2,462.40	4,187.60	652,452.09
349 03/15/2034	6,650.00	2,446.70	4,203.30	648,248.79
350 04/15/2034	6,650.00	2,430.93	4,219.07	644,029.72
351 05/15/2034	6,650.00	2,415.11	4,234.89	639,794.83
352 06/15/2034	6,650.00	2,399.23	4,250.77	635,544.06
353 07/15/2034	6,650.00	2,383.29	4,266.71	631,277.35
354 08/15/2034	6,650.00	2,367.29	4,282.71	626,994.64
355 09/15/2034	6,650.00	2,351.23	4,298.77	622,695.87
356 10/15/2034	6,650.00	2,335.11	4,314.89	618,380.98

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

	Date	Payment	Interest	Principal	Balance
57	11/15/2034	6,650.00	2,318.93	4,331.07	614,049.91
358	12/15/2034	6,650.00	2,302.69	4,347.31	609,702.60
2034	Totals	79,800.00	28,690.95	51,109.05	
359	01/15/2035	6,650.00	2,286.38	4,363.62	605,338.98
360	02/15/2035	6,650.00	2,270.02	4,379.98	600,959.00
361	03/15/2035	6,650.00	2,253.60	4,396.40	596,562.60
362	04/15/2035	6,650.00	2,237.11	4,412.89	592,149.71
363	05/15/2035	6,650.00	2,220.56	4,429.44	587,720.27
364	06/15/2035	6,650.00	2,203.95	4,446.05	583,274.22
365	07/15/2035	6,650.00	2,187.28	4,462.72	578,811.50
366	08/15/2035	6,650.00	2,170.54	4,479.46	574,332.04
367	09/15/2035	6,650.00	2,153.75	4,496.25	569,835.79
368	10/15/2035	6,650.00	2,136.88	4,513.12	565,322.67
369	11/15/2035	6,650.00	2,119.96	4,530.04	560,792.63
370	12/15/2035	6,650.00	2,102.97	4,547.03	556,245.60
2035	Totals	79,800.00	26,343.00	53,457.00	
371	01/15/2036	6,650.00	2,085.92	4,564.08	551,681.52
372	02/15/2036	6,650.00	2,068.81	4,581.19	547,100.33
373	03/15/2036	6,650.00	2,051.63	4,598.37	542,501.96
374	04/15/2036	6,650.00	2,034.38	4,615.62	537,886.34
375	05/15/2036	6,650.00	2,017.07	4,632.93	533,253.41
376	06/15/2036	6,650.00	1,999.70	4,650.30	528,603.11
377	07/15/2036	6,650.00	1,982.26	4,667.74	523,935.37
378	08/15/2036	6,650.00	1,964.76	4,685.24	519,250.13
379	09/15/2036	6,650.00	1,947.19	4,702.81	514,547.32
380	10/15/2036	6,650.00	1,929.55	4,720.45	509,826.87
381	11/15/2036	6,650.00	1,911.85	4,738.15	505,088.72
382	12/15/2036	6,650.00	1,894.08	4,755.92	500,332.80
2036	Totals	79,800.00	23,887.20	55,912.80	
383	01/15/2037	6,650.00	1,876.25	4,773.75	495,559.05
384	02/15/2037	6,650.00	1,858.35	4,791.65	490,767.40
385	03/15/2037	6,650.00	1,840.38	4,809.62	485,957.78
386	04/15/2037	6,650.00	1,822.34	4,827.66	481,130.12
387	05/15/2037	6,650.00	1,804.24	4,845.76	476,284.36
388	06/15/2037	6,650.00	1,786.07	4,863.93	471,420.43
389	07/15/2037	6,650.00	1,767.83	4,882.17	466,538.26
390	08/15/2037	6,650.00	1,749.52	4,900.48	461,637.78
391	09/15/2037	6,650.00	1,731.14	4,918.86	456,718.92
392	10/15/2037	6,650.00	1,712.70	4,937.30	451,781.62
393	11/15/2037	6,650.00	1,694.18	4,955.82	446,825.80
394	12/15/2037	6,650.00	1,675.60	4,974.40	441,851.40
2037	Totals	79,800.00	21,318.60	58,481.40	
395	01/15/2038	6,650.00	1,656.94	4,993.06	436,858.34
396	02/15/2038	6,650.00	1,638.22	5,011.78	431,846.56

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

	Date	Payment	Interest	Principal	Balance
.97	03/15/2038	6,650.00	1,619.42	5,030.58	426,815.98
398	04/15/2038	6,650.00	1,600.56	5,049.44	421,766.54
399	05/15/2038	6,650.00	1,581.62	5,068.38	416,698.16
400	06/15/2038	6,650.00	1,562.62	5,087.38	411,610.78
401	07/15/2038	6,650.00	1,543.54	5,106.46	406,504.32
402	08/15/2038	6,650.00	1,524.39	5,125.61	401,378.71
403	09/15/2038	6,650.00	1,505.17	5,144.83	396,233.88
404	10/15/2038	6,650.00	1,485.88	5,164.12	391,069.76
405	11/15/2038	6,650.00	1,466.51	5,183.49	385,886.27
406	12/15/2038	6,650.00	1,447.07	5,202.93	380,683.34
2038	Totals	79,800.00	18,631.94	61,168.06	
407	01/15/2039	6,650.00	1,427.56	5,222.44	375,460.90
408	02/15/2039	6,650.00	1,407.98	5,242.02	370,218.88
409	03/15/2039	6,650.00	1,388.32	5,261.68	364,957.20
410	04/15/2039	6,650.00	1,368.59	5,281.41	359,675.79
411	05/15/2039	6,650.00	1,348.78	5,301.22	354,374.57
412	06/15/2039	6,650.00	1,328.90	5,321.10	349,053.47
413	07/15/2039	6,650.00	1,308.95	5,341.05	343,712.42
414	08/15/2039	6,650.00	1,288.92	5,361.08	338,351.34
415	09/15/2039	6,650.00	1,268.82	5,381.18	332,970.16
416	10/15/2039	6,650.00	1,248.64	5,401.36	327,568.80
117	11/15/2039	6,650.00	1,228.38	5,421.62	322,147.18
418	12/15/2039	6,650.00	1,208.05	5,441.95	316,705.23
2039	Totals	79,800.00	15,821.89	63,978.11	
419	01/15/2040	6,650.00	1,187.64	5,462.36	311,242.87
420	02/15/2040	6,650.00	1,167.16	5,482.84	305,760.03
421	03/15/2040	6,650.00	1,146.60	5,503.40	300,256.63
422	04/15/2040	6,650.00	1,125.96	5,524.04	294,732.59
423	05/15/2040	6,650.00	1,105.25	5,544.75	289,187.84
424	06/15/2040	6,650.00	1,084.45	5,565.55	283,622.29
425	07/15/2040	6,650.00	1,063.58	5,586.42	278,035.87
426	08/15/2040	6,650.00	1,042.63	5,607.37	272,428.50
427	09/15/2040	6,650.00	1,021.61	5,628.39	266,800.11
428	10/15/2040	6,650.00	1,000.50	5,649.50	261,150.61
429	11/15/2040	6,650.00	979.31	5,670.69	255,479.92
430	12/15/2040	6,650.00	958.05	5,691.95	249,787.97
2040	Totals	79,800.00	12,882.74	66,917.26	
431	01/15/2041	6,650.00	936.70	5,713.30	244,074.67
432	02/15/2041	6,650.00	915.28	5,734.72	238,339.95
433	03/15/2041	6,650.00	893.77	5,756.23	232,583.72
434	04/15/2041	6,650.00	872.19	5,777.81	226,805.91
435	05/15/2041	6,650.00	850.52	5,799.48	221,006.43
436	06/15/2041	6,650.00	828.77	5,821.23	215,185.20
437	07/15/2041	6,650.00	806.94	5,843.06	209,342.14
438	08/15/2041	6,650.00	785.03	5,864.97	203,477.17

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
39 09/15/2041	6,650.00	763.04	5,886.96	197,590.21
440 10/15/2041	6,650.00	740.96	5,909.04	191,681.17
441 11/15/2041	6,650.00	718.80	5,931.20	185,749.97
442 12/15/2041	6,650.00	696.56	5,953.44	179,796.53
2041 Totals	79,800.00	9,808.56	69,991.44	
443 01/15/2042	6,650.00	674.24	5,975.76	173,820.77
444 02/15/2042	6,650.00	651.83	5,998.17	167,822.60
445 03/15/2042	6,650.00	629.33	6,020.67	161,801.93
446 04/15/2042	6,650.00	606.76	6,043.24	155,758.69
447 05/15/2042	6,650.00	584.10	6,065.90	149,692.79
448 06/15/2042	6,650.00	561.35	6,088.65	143,604.14
449 07/15/2042	6,650.00	538.52	6,111.48	137,492.66
450 08/15/2042	6,650.00	515.60	6,134.40	131,358.26
451 09/15/2042	6,650.00	492.59	6,157.41	125,200.85
452 10/15/2042	6,650.00	469.50	6,180.50	119,020.35
453 11/15/2042	6,650.00	446.33	6,203.67	112,816.68
454 12/15/2042	6,650.00	423.06	6,226.94	106,589.74
2042 Totals	79,800.00	6,593.21	73,206.79	
455 01/15/2043	6,650.00	399.71	6,250.29	100,339.45
456 02/15/2043	6,650.00	376.27	6,273.73	94,065.72
457 03/15/2043	6,650.00	352.75	6,297.25	87,768.47
458 04/15/2043	6,650.00	329.13	6,320.87	81,447.60
459 05/15/2043	6,650.00	305.43	6,344.57	75,103.03
460 06/15/2043	6,650.00	281.64	6,368.36	68,734.67
461 07/15/2043	6,650.00	257.76	6,392.24	62,342.43
462 08/15/2043	6,650.00	233.78	6,416.22	55,926.21
463 09/15/2043	6,650.00	209.72	6,440.28	49,485.93
464 10/15/2043	6,650.00	185.57	6,464.43	43,021.50
465 11/15/2043	6,650.00	161.33	6,488.67	36,532.83
466 12/15/2043	6,650.00	137.00	6,513.00	30,019.83
2043 Totals	79,800.00	3,230.09	76,569.91	
467 01/15/2044	6,650.00	112.57	6,537.43	23,482.40
468 02/15/2044	6,650.00	88.06	6,561.94	16,920.46
469 03/15/2044	6,650.00	63.45	6,586.55	10,333.91
470 04/15/2044	6,650.00	38.75	6,611.25	3,722.66
471 05/15/2044	6,650.00	13.96	6,636.04	2,913.38-
472 06/15/2044	6,650.00	10.93-	6,660.93	9,574.31-
473 07/15/2044	6,650.00	35.90-	6,685.90	16,260.21-
474 08/15/2044	6,650.00	60.98-	6,710.98	22,971.19-
475 09/15/2044	6,650.00	86.14-	6,736.14	29,707.33-
476 10/15/2044	6,650.00	111.40-	6,761.40	36,468.73-
477 11/15/2044	6,650.00	136.76-	6,786.76	43,255.49-
478 12/15/2044	6,650.00	162.21-	6,812.21	50,067.70-
2044 Totals	79,800.00	287.53-	80,087.53	

MOORE CREEK-MT. CARMEL UTILITIES, INC.-FHA LOAN #7

Date	Payment	Interest	Principal	Balance
79 01/15/2045	6,650.00	187.75-	~~4,820.58~~ ~~6,837.75~~	56,905.45-
480 02/15/2045	57,118.85-	213.40-	56,905.45-	0.00
2045 Totals	50,468.85-	401.15-	50,067.70-	
Grand Totals	3,098,231.15	1,658,231.15	1,440,000.00	

USDA FHA LOAN 91-09

USDA 2011 Loan

Compound Period : Annual

Nominal Annual Rate : 3.000 %

CASH FLOW DATA

Event	Date	Amount	Number	Period	End Date
1 Loan	12/15/2011	1,058,000.00	1		
2 Payment	12/15/2012	Interest Only	1		
3 Payment	12/15/2013	46,394.00	39	Annual	12/15/2051
4 Payment	12/15/2052	536.04-	1		

AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 12/15/2011				1,058,000.00
2011 Totals	0.00	0.00	0.00	
1 12/15/2012	31,740.00	31,740.00	0.00	1,058,000.00
2012 Totals	31,740.00	31,740.00	0.00	
2 12/15/2013	46,394.00	31,740.00	14,654.00	1,043,346.00
2013 Totals	46,394.00	31,740.00	14,654.00	
3 12/15/2014	46,394.00	31,300.38	15,093.62	1,028,252.38
2014 Totals	46,394.00	31,300.38	15,093.62	
4 12/15/2015	46,394.00	30,847.57	15,546.43	1,012,705.95
2015 Totals	46,394.00	30,847.57	15,546.43	
5 12/15/2016	46,394.00	30,381.18	16,012.82	996,693.13
2016 Totals	46,394.00	30,381.18	16,012.82	
6 12/15/2017	46,394.00	29,900.79	16,493.21	980,199.92
2017 Totals	46,394.00	29,900.79	16,493.21	
7 12/15/2018	46,394.00	29,406.00	16,988.00	963,211.92
2018 Totals	46,394.00	29,406.00	16,988.00	
8 12/15/2019	46,394.00	28,896.36	17,497.64	945,714.28
2019 Totals	46,394.00	28,896.36	17,497.64	
9 12/15/2020	46,394.00	28,371.43	18,022.57	927,691.71
2020 Totals	46,394.00	28,371.43	18,022.57	
10 12/15/2021	46,394.00	27,830.75	18,563.25	909,128.46
2021 Totals	46,394.00	27,830.75	18,563.25	
11 12/15/2022	46,394.00	27,273.85	19,120.15	890,008.31

USDA 2011 Loan

Date	Payment	Interest	Principal	Balance
2022 Totals	46,394.00	27,273.85	19,120.15	
12 12/15/2023	46,394.00	26,700.25	19,693.75	870,314.56
2023 Totals	46,394.00	26,700.25	19,693.75	
13 12/15/2024	46,394.00	26,109.44	20,284.56	850,030.00
2024 Totals	46,394.00	26,109.44	20,284.56	
14 12/15/2025	46,394.00	25,500.90	20,893.10	829,136.90
2025 Totals	46,394.00	25,500.90	20,893.10	
15 12/15/2026	46,394.00	24,874.11	21,519.89	807,617.01
2026 Totals	46,394.00	24,874.11	21,519.89	
16 12/15/2027	46,394.00	24,228.51	22,165.49	785,451.52
2027 Totals	46,394.00	24,228.51	22,165.49	
17 12/15/2028	46,394.00	23,563.55	22,830.45	762,621.07
2028 Totals	46,394.00	23,563.55	22,830.45	
18 12/15/2029	46,394.00	22,878.63	23,515.37	739,105.70
2029 Totals	46,394.00	22,878.63	23,515.37	
19 12/15/2030	46,394.00	22,173.17	24,220.83	714,884.87
2030 Totals	46,394.00	22,173.17	24,220.83	
20 12/15/2031	46,394.00	21,446.55	24,947.45	689,937.42
2031 Totals	46,394.00	21,446.55	24,947.45	
21 12/15/2032	46,394.00	20,698.12	25,695.88	664,241.54
2032 Totals	46,394.00	20,698.12	25,695.88	
22 12/15/2033	46,394.00	19,927.25	26,466.75	637,774.79
2033 Totals	46,394.00	19,927.25	26,466.75	
23 12/15/2034	46,394.00	19,133.24	27,260.76	610,514.03
2034 Totals	46,394.00	19,133.24	27,260.76	
24 12/15/2035	46,394.00	18,315.42	28,078.58	582,435.45
2035 Totals	46,394.00	18,315.42	28,078.58	
25 12/15/2036	46,394.00	17,473.06	28,920.94	553,514.51
2036 Totals	46,394.00	17,473.06	28,920.94	
26 12/15/2037	46,394.00	16,605.44	29,788.56	523,725.95
2037 Totals	46,394.00	16,605.44	29,788.56	
27 12/15/2038	46,394.00	15,711.78	30,682.22	493,043.73
2038 Totals	46,394.00	15,711.78	30,682.22	

USDA 2011 Loan

Date	Payment	Interest	Principal	Balance
28 12/15/2039	46,394.00	14,791.31	31,602.69	461,441.04
2039 Totals	46,394.00	14,791.31	31,602.69	
29 12/15/2040	46,394.00	13,843.23	32,550.77	428,890.27
2040 Totals	46,394.00	13,843.23	32,550.77	
30 12/15/2041	46,394.00	12,866.71	33,527.29	395,362.98
2041 Totals	46,394.00	12,866.71	33,527.29	
31 12/15/2042	46,394.00	11,860.89	34,533.11	360,829.87
2042 Totals	46,394.00	11,860.89	34,533.11	
32 12/15/2043	46,394.00	10,824.90	35,569.10	325,260.77
2043 Totals	46,394.00	10,824.90	35,569.10	
33 12/15/2044	46,394.00	9,757.82	36,636.18	288,624.59
2044 Totals	46,394.00	9,757.82	36,636.18	
34 12/15/2045	46,394.00	8,658.74	37,735.26	250,889.33
2045 Totals	46,394.00	8,658.74	37,735.26	
35 12/15/2046	46,394.00	7,526.68	38,867.32	212,022.01
2046 Totals	46,394.00	7,526.68	38,867.32	
36 12/15/2047	46,394.00	6,360.66	40,033.34	171,988.67
2047 Totals	46,394.00	6,360.66	40,033.34	
37 12/15/2048	46,394.00	5,159.66	41,234.34	130,754.33
2048 Totals	46,394.00	5,159.66	41,234.34	
38 12/15/2049	46,394.00	3,922.63	42,471.37	88,282.96
2049 Totals	46,394.00	3,922.63	42,471.37	
39 12/15/2050	46,394.00	2,648.49	43,745.51	44,537.45
2050 Totals	46,394.00	2,648.49	43,745.51	
40 12/15/2051	46,394.00	1,336.12	45,057.88	520.43-
2051 Totals	46,394.00	1,336.12	45,057.88	
41 12/15/2052	536.04-	15.61-	520.43-	0.00
2052 Totals	536.04-	15.61-	520.43-	
Grand Totals	1,840,569.96	782,569.96	1,058,000.00	

LOAN RESOLUTION SECURITY AGREEMENT

A RESOLUTION OF THE Board of Directors
OF THE Moore Creek-Mt. Carmel Utilities, Inc.
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE
PRINCIPAL AMOUNT OF \$ 1,058,000 FOR THE PURPOSE
OF PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A
Water FACILITY, PROVIDING FOR THE COLLECTION, HANDLING,
AND DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY
NOTE(S), SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND
SECURE THE PAYMENT OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Moore Creek-Mt. Carmel Utilities, Inc.

(hereinafter referred to as the "Organization"), was organized under

Florida State Statutes for the purpose of providing a

Water System Improvements Project (hereinafter referred to
as the "Facility") to serve the Members of the said Organization; and

WHEREAS, a meeting of the members of the said organization was held on the XXXXXX day of XXXXXX at XXXXXX in XXXXXX Florida, and the members of the said organization, by their duly authorized officers and directors, did adopt and approve the following resolution, to-wit:

RESOLVED, that the members of the said organization, by their duly authorized officers and directors, do hereby authorize and empower the Board of Directors of the said organization, to and in the name of the said organization, to make application to the United States of America, acting through the United States Department of Agriculture, (hereinafter referred to as the "Government"), for financial assistance; to cause the execution and delivery of a promissory note or notes or other evidence of indebtedness (hereinafter referred to as the "note"), and appropriate security instruments to secure any loan or loans made or insured by the Government; to comply with any requirements, terms or conditions prescribed by the Government or by Government regulations; and to execute contracts or enter into agreements and, without limitation, to take any and all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, and/or equip the Facility for and on behalf of the Organization.

WHEREAS, the proposed Facility is to be constructed and equipped in accordance with plans and specifications prepared by Goodwyn, Mills & Cawood, Inc.

and in order to finance the Facility, the Board of Directors (hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the organization, to make application to the United States of America, acting through the United States Department of Agriculture, (hereinafter referred to as the "Government"), for financial assistance; to cause the execution and delivery of a promissory note or notes or other evidence of indebtedness (hereinafter referred to as the "note"), and appropriate security instruments to secure any loan or loans made or insured by the Government; to comply with any requirements, terms or conditions prescribed by the Government or by Government regulations; and to execute contracts or enter into agreements and, without limitation, to take any and all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, and/or equip the Facility for and on behalf of the Organization.

NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining a loan made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development Act, it being determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into consideration prevailing private and cooperative rates and terms currently available;

Section 2. (Terms of Loan). That the Organization borrow \$ 1,058,000 and issue as evidence thereof an installment promissory note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary, and have the corporate seal of the Organization affixed thereto, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed 3.2500 % percent per annum; the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The President of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The President is hereby directed to establish the following accounts into which the current funds shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the borrowing hereby authorized not disbursed contemporaneously with loan closing for incurred Facility

costs, and at least the amount of 0.00 to be contributed by the Organization from the collection of initial connection fees, membership fees, or contributions shall be deposited in the Construction Account, which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the

President of the Organization as authorized by the Board from time to time, and with prior concurrence of the Government. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from a supervised bank account

shall be made only on checks signed by the Secretary/Treasurer of the Organization and countersigned by an authorized official of the Department of Agriculture. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed.

(b) General Account

As soon as the facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account, and disbursements and transfers from this account shall be in the following priority: Debt Service, Operations and Maintenance, transfers to Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Borrowers making monthly USDA Debt Service Payments shall use the General Account for making such payments plus operating and maintenance expenses. Also, funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly USDA Debt Service Payments shall use the General Account to pay operating and maintenance expenses. Other transfers from this account will be made in the following order: (i) Transfers to the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

For borrowers on other than monthly debt service payments, transfers, in proportion to income availability, shall be made from the General Account and set aside in an account designated as the Debt Service Account, in sufficient amounts which will accumulate for the next installment on the note.

(d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there

shall be set aside into an account(s) designated as the Reserve Account(s) the sum of \$ 402.05

each month until the sum of \$ 48,246.00 is reached. With the prior written approval of the Government, funds may be withdrawn and used for such things as loan installments, emergency maintenance, extensions to facilities and replacement of short-lived assets, subject to conditions established by the Government.

(e) Whenever there shall accumulate in the General Account amounts in excess of those required in subsections (b)(1) and (2), (c), and (d), such excess will be used by the organization to make prepayments on the loan or retained in the General Account.

(f) The accounts required in subsections (b)(1) and (2), (c), and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the Organization, unless otherwise directed by the Government.

indebtedness hereby authorized remains unpaid;

(a) It will indemnify the Government for any payments made or losses suffered by the Government.

(b) It will comply with applicable State laws and regulations and continually operate and maintain the Facility in good condition.

(c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for payment of the operation and maintenance thereof; the installment payments on the note; and the maintenance of the various funds herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization; no free service by or use of the Facility will be permitted.

(d) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the note when the same become due if, for any reason, gross revenues are insufficient.

(e) It will establish and maintain such books and records relating to the operation of the system and its financial affairs, and will provide for the annual audit thereof, in such manner as may be required by the Government; will provide the Government without its request a copy of each such audit; and will make and forward to the Government such additional information and reports as it may from time to time require.

(f) It will provide the Government, at all reasonable times, access to all books and records relating to the Facility and access to the property of the Facility so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.

(g) It will maintain at least such insurance and fidelity bond coverage as may be required by the Government.

(h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.

(i) It will not cause or permit any voluntary dissolution of its organization, or merge or consolidate with any other organization, without obtaining the prior written consent of the Government. It will not dispose of or transfer title to the facility or any part thereof, including lands and interest in lands, by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue in excess of the amount required to maintain the accounts described by Section 4 herein will not be distributed or transferred to any other organization or legal entity.

(j) It will not modify or amend the Articles of Incorporation or the Bylaws of the Organization without the written consent of the Government.

(k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the organization or public body.

(l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the facility are pledged as security for the loan.

(m) It will comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing adverse environmental impacts of the facility's construction or operation.

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting said Facility, as completed or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources at reasonable rates and terms for loans for similar purposes and periods of time, the Organization will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form RD 400-1, "Equal Opportunity Agreement", and Form RD 400-4, "Assurance Agreement".

\$ 581,300.

Section 9. In the case of a grant in the sum not to exceed \$ 542,000, the Organization hereby accepts the grant under the terms as offered by the Government and that the President and Secretary/Treasurer of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the facility under the terms as offered in said grant agreement(s).

Section 10. Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. This resolution shall take effect and be in force from and after the 13th day of July 2010, being the date of its enactment.

The vote was:

Yeas 6

Nays 0

Absent 2

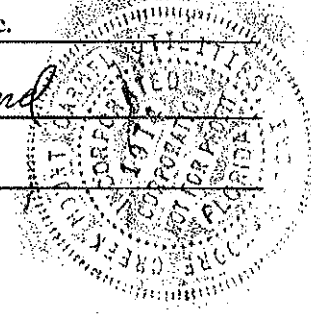
Moore Creek-Mt. Carmel Utilities, Inc.

(SEAL) (if applicable)

Attest
Becky Prescott
Becky Prescott

Title Secretary/Treasurer

By Edgar W. Diamond
Edgar W. Diamond
Title President



CERTIFICATION

I, the undersigned, as secretary of the Moore Creek-Mt. Carmel Utilities, Inc. hereby certify that the Board of Directors of such Organization or Corporation is composed of 8 members of whom 5, constituting a quorum, were present at a meeting thereof duly called and held on the 13th day of July, 2010; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this 15th day of December, 2011

Becky Prescott
Becky Prescott

Secretary of Moore Creek-Mt. Carmel Utilities, Inc.

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State FLORIDA			
County SANTA ROSA			
Case No. 09-057-591494152			
FINANCE OFFICE USE ONLY			
F	LN	LC	IA

KIND OF LOAN:

- ☒ ASSOCIATION- ORGANIZATION
☐ HOUSING-ORGANIZATION
☐ PUBLIC BODY
☐ OTHER

Date 12-15-2011

FOR VALUE RECEIVED, MOORE CREEK-MT. CARMEL UTILITIES, INC.

(herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their

successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in _____

CRESTVIEW, FLORIDA 32536, or at such other place as the Government may hereafter designate in

writing, the principal amount of ONE MILLION FIFTY-EIGHT THOUSAND AND 00/100 dollars

(\$ 1,058,000.00), plus interest on the unpaid principal balance at the rate of THREE percent

(3.000 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ INTEREST ONLY on 12-15-2012,
\$ _____ on _____,
\$ _____ on _____,
\$ 46,394.00 on 12-15-2013, and
\$ 46,394.00 thereafter on the 15th of each December

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby,

if not sooner paid, shall be due and payable FORTY (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING-ORGANIZATION" is checked. This note shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

(CORPORATE SEAL)

ATTEST:

Rebecca Prescott
(Signature of Attesting Official)

REBECCA PRESCOTT, Secretary
(Title of Attesting Official)

MOORE CREEK-MT. CARMEL UTILITIES, INC.

(Name of Borrower)

Edgar W. Diamond
(Signature of Executive Official)

EDGAR W. DIAMOND, Its President
(Title of Executive Official)

3728 NOWLING ROAD
(Post Office Box No. or Street Address)

JAY, FL 32565
(City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 516,055.79	12-15-2011	(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
TOTAL		\$0.00	

PAY TO THE ORDER OF

UNITED STATES OF AMERICA

(Name of Agency)

BY

TERM NBR 106 OPR ID 106 UNCLOS

CNUM	09-057-0591494152	NAME	MOORE CREEK-MOUNT	STDT	012012
NAF1	P.O. BOX 626	NAF2	JAY, FL	AGCD	R ORGC 2
XAOO	1,058,000.00	ZDOO	072710	FSYR	10 INR2 3.0000
FAGL	.00	APDT	071910	XAPC	98 PCOD 22
XAOV	.00	AMED	000000	MCCD	32 RPPR 40
CVAC	748,678.56	LRDA	123011	LRCD	1 PAYC 2
UAMT	309,321.44	SPCD	0 AAFI	0	CSAC 0 GPER 000
AA01	516,055.79	DC01	121511	CS01	3 E ICIN
AA02	195,562.75	DC02	121611	CS02	3 E TX1Y
AA03	37,060.02	DC03	122911	CS03	3 E TX2Y
AA04		DC04		CS04	DF1Y
AA05		DC05		CS05	DF2Y
AA06		DC06		CS06	HDWC 00
AA07		DC07		CS07	RHDM
AA08		DC08		CS08	BFRR
AA09		DC09		CS09	ERLC 0
BDAM		DTOB	TERM	BDRT	
BDCA		BDAD	BDSC	BRBD	
BMSD		BDSF	BDFY	IART	.0000
				AMTR	.00

CASE NUMBER: 09 057 0591494152 STATUS TYPE: UN LOAN: 09 ACDT:
END OF STATUS

\$516,055.79 loan closed on 12-15-2011
\$748,678.56 total funds advanced for
period ending 12-31-2011

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

OMB Control No. 0560-0158

STATE	FLORIDA
COUNTY	SANTA ROSA
CASE NO.	09-057-0591494152
DATE	December 15, 2011

TYPE OF LOAN

☐ FO ☐ SW ☐ OL

☐ FO-NFE ☐ RL ☐ EM

☐ RH ☒ OTHER WATER
(SPECIFY)

SUPPLEMENTARY PAYMENT
AGREEMENT

Position 2

The undersigned (hereinafter called the "Borrower") being indebted for a loan made or insured by the United States of America, through the United States Department of Agriculture (hereafter called the "Government") as evidenced by a note or other debt instrument, (hereafter called the "notes"), dated

February 15, 2005, December 15, 2011, and desiring to provide for payment of such indebtedness by a supplementary plan of payments, hereby agrees with the Government, for good and valuable consideration, receipt of which is hereby acknowledged, as follows:

1. THE BORROWER WILL PAY ALL OR PART OF THE INSTALLMENTS OF PRINCIPAL AND INTEREST ON THE NOTES BY MAKING PARTIAL PAYMENTS EACH MONTH AS FOLLOWS:

(a) FOR THE REMAINDER OF THIS CALENDAR YEAR, BEGINNING JANUARY 2012
\$ 9,295.00 FOR 12 MONTHS.
(amount per month) (number) (month) (year)

(b) DURING EACH YEAR FOR THE REMAINDER OF THE TERM OF THE NOTE, BEGINNING JANUARY 2013
(year):

JANUARY	\$ <u>10,517</u>	MAY	\$ <u>10,517</u>	SEPTEMBER ...	\$ <u>10,517</u>
FEBRUARY	\$ <u>10,517</u>	JUNE	<u>10,517</u>	OCTOBER	<u>10,517</u>
MARCH	\$ <u>10,517</u>	JULY	<u>10,517</u>	NOVEMBER	<u>10,517</u>
APRIL	\$ <u>10,517</u>	AUGUST	<u>10,517</u>	DECEMBER	<u>10,517</u>

EACH PAYMENT SHOWN ABOVE SHALL BE MADE ON OR BEFORE THE 15th DAY OF THE RESPECTIVE MONTH INDICATED, AND ANY REMAINING UNPAID PORTION OF THE YEARLY PAYMENT SHALL BE MADE ON OR BEFORE THE ANNUAL INSTALLMENT DUE DATE SHOWN IN THE NOTES.

- Nothing herein shall be construed as affecting any of the terms or conditions of the notes or the instrument securing them, other than the payment schedule set forth in the notes,
- Upon DEFAULT by the Borrower in any of the terms or conditions of this agreement, the Government at its option may declare the entire indebtedness of the notes immediately due and payable.
- This agreement may be canceled or amended at any time by mutual agreement in writing between the Borrower and the Government.

However, if the total indebtedness of the Borrower to the Government is increased because of money advanced pursuant to the terms of the notes, mortgages, deeds of trust, or security agreements or because of a reduction in the amount of interest credit or payment assistance allowed the Borrower under the provisions of the Housing Act of 1949, as amended, this agreement will be modified by the Government to increase the monthly payments of the Borrower in an amount sufficient to pay the entire indebtedness on or before the due date shown in the notes.

Make Check or Money Order payable to		
and Mail or Deliver your payment to		
USDA, RURAL DEVELOPMENT, 932 N. FERDON BLVD.,		
Street Address or P.O. Box		
CRESTVIEW	FL	32536
Town	State	Zip Code

Edgar W. Diamond
EDGAR W. DIAMOND, PRESIDENT-MOORE CREEK-MT. CARMEL UTILITIES, INC. (Borrower)
Rebecca Prescott
REBECCA PRESCOTT, SECRETARY/TREASURER (Co-borrower)

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0158. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE
SECURITY AGREEMENT

(Loans for Community Programs)

I. THIS SECURITY AGREEMENT IS MADE THIS 15th day of December, 2011, between the United States of America acting through the United States Department of Agriculture (herein called Secured Party) and Moore Creek-Mt. Carmel Utilities, Inc., a non-profit corporation organized and existing under the laws of the State of Florida, whose mailing address is 3728 Nowling Road, Jay, FL 32565, County of Santa Rosa, State of Florida (herein called Debtor).

II. WHEREAS, Debtor is justly indebted to Secured Party as evidenced by a certain promissory note, herein called the note, dated December 15, 2011, for the principal sum of One Million Fifty-Eight Thousand and no cents Dollars (\$ 1,058,000.00), with interest at the rate of three per cent (3.0 %), per annum, executed by Debtor and payable to the Order of Secured Party; and

WHEREAS, the note evidences a loan to Debtor in the principal amount specified therein, made with the purpose and intention that Secured Party, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act or Title V of the Housing Act of 1949, as amended, or any other statute administered by the United States Department of Agriculture; and

WHEREAS, when payment of the note is insured by Secured Party, it may be assigned from time to time and each holder of the insured note, in turn, will be the insured lender; and

WHEREAS, when payment of the note is insured by Secured Party, Secured Party will execute and deliver to the insured lender along with the note an insurance endorsement insuring the payment of the note fully as to the principal and interest; and

WHEREAS, at all times when payment of the note is insured by Secured Party, Secured Party by agreement with the insured lender set forth in the insurance endorsement will be entitled to a specified portion of the interest payments on the note, to be designated the "annual charge"; and

WHEREAS, a condition of the insurance of payment of the note will be that the holder will forego its rights and remedies against Debtor and any others in connection with said loan, as well as any benefits of this instrument, it will accept the benefits of such insurance in lieu thereof, and upon Secured Party's request will assign the note to Secured Party; and

WHEREAS, it is the purpose and intent of this instrument that, among other things, at all times when the note is held by Secured Party, or in the event Secured Party should assign this instrument without insurance of the note, this instrument shall secure payment of the note, but when the note is held by an insured lender, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt, shall constitute an insurance endorsement by reason of any default by Debtor;

NOW, THEREFORE, in consideration of said loan and (a) at all times when the note is held by Secured Party, or in the event Secured Party should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, (b) at all times when the note is held by an insured lender, to secure performance of Debtor's agreement herein to indemnify and save harmless Secured Party against loss under its insurance endorsement by reason of any default by Debtor and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by Secured Party, with interest, as hereinafter described, and the performance of every covenant and agreement of Debtor contained herein or in any supplementary agreement;

DEBTOR HEREBY GRANTS to Secured Party a security interest in its interest in the following collateral, including the proceeds thereof, located or to be located in the County of Santa Rosa, State of Florida.

All of the personal property, equipment, fixtures, revenues, fees, charges, assessments, all income from whatever source derived, accounts receivable and other choses in action of whatever nature in connection with the operation of the facilities of the Debtor, now owned or hereafter acquired.

Disposition of such collateral is not hereby authorized.

III. DEBTOR WARRANTS, COVENANTS, AND AGREES THAT:

A. Debtor is the absolute and exclusive owner of the above-described collateral, and such collateral is free from all liens, encumbrances, security and other interests except (1) any

existing liens, encumbrances, security or other interests in favor of Secured Party which shall remain in full force and effect, and (2) other liens, encumbrances, security or other interests as follows:

"NONE"

and Debtor will defend the collateral against the claims and demands of all other persons. Reference to the above liens, encumbrances, security and other interests is for warranty purposes only and does not indicate their priority.

B. Statements contained in Debtor's loan application(s) are true and correct; and Debtor will (1) use the loan funds for the purpose for which they are advanced, (2) care for and maintain the collateral in a good and husband like manner, (3) insure the collateral in such amounts and manner as may be required by Secured Party, and if Debtor fails to do so, Secured Party, at its option, may procure such insurance, (4) permit Secured Party to inspect the collateral at any reasonable time, (5) not abandon the collateral or encumber, conceal, remove, sell or otherwise dispose of it or of any interest therein, or permit others to do so, without the prior written consent of Secured Party, and (6) not permit the collateral to be levied upon, injured or destroyed, or its value to be impaired.

C. Debtor will pay promptly when due all (1) indebtedness to Secured Party secured hereby, (2) rents, taxes, insurance premiums, levies, assessments, liens, and other encumbrances, and costs of lien searches and maintenance and other charges now or hereafter attaching to, levied on, or otherwise pertaining to the collateral of this security interest, (3) filing or recording fees for instruments necessary to perfect, continue, service, or terminate this security interest, and (4) fees for inspection and appraisal and delinquency charges now or hereafter required by regulations of the United States Department of Agriculture. At all times when the note is held by an insured lender, Debtor shall continue to make payments on the note to Secured Party, as collection agent for the holder of the note.

D. Debtor will indemnify and save harmless Secured Party against any loss under its insurance of payment of the note by reason of any default by Debtor.

E. Secured Party is authorized to file financing statements describing the collateral, to file amendments to the financing statements and to file continuation statements.

F. At all times when the note is held by an insured lender, any amount due and unpaid under the terms of the note, less the amount of the annual charge, may be paid by Secured Party to the holder of the note as provided in the note and insurance endorsement for the account of Debtor. Any amount due and unpaid under the terms of the note, whether it is held by Secured Party or by an insured lender, may be credited by Secured Party for the account of the Debtor. Any advance by Secured Party as described in this paragraph shall bear interest set at the note rate from the date on which the amount of the advance was due to the date of payment to Secured Party.

G. Whether or not the note is insured by Secured Party, Secured Party may at any time pay any other amounts required herein to be paid by Debtor and not paid by it when due, including any costs and expenses for the preservation or protection of the collateral or this security interest, as advances for the account of the Debtor. All such advances shall bear interest at the note rate until paid to Secured Party.

H. All advances by Secured Party as described in this instrument, with interest, shall be immediately due and payable by Debtor to Secured Party without demand at the place designated in the note and shall be secured hereby. No such advance by Secured Party shall relieve Debtor from breach of its covenant to pay. Such advances, with interest, shall be repaid from the first available collections received from Debtor. Otherwise, any payment made by Debtor may be applied on the note or any indebtedness to Secured Party secured hereby, in any order Secured Party determines.

I. In order to secure or better secure the aforesaid obligations or indebtedness, Debtor will execute and deliver to Secured Party at any time, upon demand, such additional security instruments on such real and personal property as Secured Party may require.

IV. IT IS FURTHER AGREED THAT:

A. Until default Debtor may retain possession of the collateral.

B. Default shall exist hereunder if Debtor fails to perform or discharge any obligation or to pay promptly any indebtedness hereby

secured or to observe or perform any covenants or agreements herein contained, or if any of Debtor's representations or warranties herein prove false or misleading, or upon the dissolution, bankruptcy, insolvency or incompetency of Debtor. Upon any such default:

1. Secured Party, at its option, may (a) declare the unpaid balance on the note and any indebtedness secured hereby immediately due and payable, (b) enter upon the premises and take possession of, repair, improve, use, and operate the collateral or make equipment unusable, for the purpose of protecting or preserving the collateral of this lien, or preparing or processing the collateral for sale, and (c) exercise any sale or other rights accorded by law.

2. Debtor hereby (a) agrees to assemble the collateral and make it available to Secured Party at such time(s) and places(s) as designated by Secured Party, and (b) waives all notices, exemptions, compulsory disposition and redemption rights.

3. A default shall exist under any other security instrument held or insured by Secured Party and executed or Assumed by Debtor on real or personal property. Likewise, default under any such other security instrument shall constitute default hereunder.

C. Proceeds from disposition of collateral shall be applied first on expenses of retaking, holding, preparing for sale, selling and the like and for payment of reasonable attorneys' fees and legal expenses incurred by Secured Party, second to the satisfaction of indebtedness secured hereby, third to the satisfaction of subordinate security interests to the extent required by law, fourth to any other obligations of Debtor owing to or insured by Secured Party, and fifth to Debtor. Any proceeds collected under insurance policies shall be applied first on advances and expenditures made by Secured Party, with interest, as hereinabove provided, second on the debt evidenced by the note, unless Secured Party consents in writing to their use by Debtor under Secured Party's direction for repair or replacement of collateral, third on any other obligation of Debtor owing to or insured by Secured Party, and any balance shall be paid to Debtor unless otherwise provided in the insurance contract. Debtor will be liable for any deficiency owed to Secured Party after such disposition of proceeds of collateral and insurance.

D. It is the intent of Debtor and Secured Party that to the extent permitted by law and for the purpose of this Agreement, no

collateral covered hereby is or shall become realty or accessioned to other goods.

E. This Agreement is subject to the present regulations of the United States Department of Agriculture, and to its future regulations not inconsistent with the express provisions hereof.

F. If any provision of this Agreement is held invalid or unenforceable, it shall not affect any other provisions hereof, but this Agreement shall be construed as if it had never contained such invalid or unenforceable provision.

G. The rights and privileges of Secured Party under this Agreement shall inure to the benefit of its successors and assigns. All covenants, warranties, representations, and agreements of Debtor contained in this Agreement are joint and several and shall bind its representatives, successors, and assigns.

H. If at any time it shall appear to Secured Party that Debtor may be able to obtain a loan from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, Debtor will, upon Secured Party's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured thereby.

I. Secured Party shall have the sole and exclusive rights as the secured party hereunder, including but not limited to the power to grant or issue any consent, release, subordination, continuation statement or termination statement, and no insured lender shall have any right, title, or interest in or to the security interest created by this Agreement or any benefits thereof.

MOORE CREEK-MT. CARMEL UTILITIES INC.
Name of Corporation

By: Edgar W. Diamond
President EDGAR W. DIAMOND

Attest: Rebecca A. Prescott
Secretary

(SEAL)

ATTACHMENT 5

ATTORNEY'S LEGAL OPINION

ATTACHMENT 6

AUTHORIZING RESOLUTION

ATTACHMENT 7

Audit

MOORE CREEK MOUNT CARMEL UTILITIES, INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

DURST JORDAN, CPA, PA

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4459-B Hwy. 90
Pace, Florida 32571
Phone: (850) 995-5000

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Moore Creek Mount Carmel Utilities, Inc.

Opinion

We have audited the accompanying financial statements of Moore Creek Mount Carmel Utilities, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moore Creek Mount Carmel Utilities, Inc. as of December 31, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Moore Creek Mount Carmel Utilities, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Moore Creek Mount Carmel Utilities, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Moore Creek Mount Carmel Utilities, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Moore Creek Mount Carmel Utilities, Inc.'s ability to continue as a going concern for a reasonable period of time.

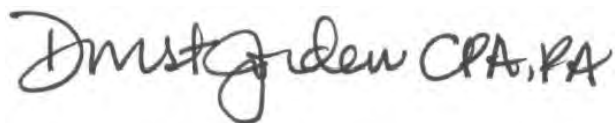
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Comparative Information

We have previously audited Moore Creek Mount Carmel Utilities, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2024. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025, on our consideration of Moore Creek Mount Carmel Utilities, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Moore Creek Mount Carmel Utilities, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Moore Creek Mount Carmel Utilities, Inc.'s internal control over financial reporting and compliance.



Pace, FL
October 28, 2025

Moore Creek - Mount Carmel Utilities, Inc.

Statements of Financial Position

As of December 31, 2024 and 2023

ASSETS

	2024	2023
Current Assets		
Cash and cash equivalents	\$ 577,744	\$ 224,812
Cash and cash equivalents - restricted	165,818	168,168
Total cash and cash equivalents	743,562	392,980
Certificates of deposit	372,740	616,061
Accounts receivable, net of allowance for doubtful accounts of \$7,500 & \$5,759, respectively	56,650	73,070
Total current assets	1,172,952	1,082,111
Non-Current Assets		
Utility plant and equipment, net of accumulated depreciation of \$3,342,611 & \$3,081,388, respectively	4,881,710	5,077,645
Total non-current assets	4,881,710	5,077,645
Total Assets	\$ 6,054,662	\$ 6,159,756

LIABILITIES AND MEMBERS' EQUITY

Current Liabilities		
Accounts payable	\$ 12,551	\$ 7,498
Accrued expenses	-	1,955
Customer deposits	22,595	24,945
Current portion of long-term debt	85,432	70,760
Total current liabilities	120,578	105,158
Long-Term Liabilities		
Long-term debt, less current portion	2,268,448	2,353,864
Total long-term liabilities	2,268,448	2,353,864
Members' Equity		
Membership certificates	7,040	6,910
Contributions in aid of construction, net	718,732	741,679
Retained earnings	2,939,864	2,952,145
Total members' equity	3,665,636	3,700,734
Total Liabilities and Members' Equity	\$ 6,054,662	\$ 6,159,756

The accompanying notes are an integral part of these financial statements.

Moore Creek - Mount Carmel Utilities, Inc.
 Statements of Income and Changes in Equity
 For the years ended December 31, 2024 and 2023

	2024	2023
Income		
Water sales	\$ 937,989	\$ 901,864
Other operating income	23,500	12,819
Interest income	26,944	11,097
Total income	<u>988,433</u>	<u>925,780</u>
Expenses		
Water service	788,805	639,492
Supporting services	211,909	235,757
Total expenses	<u>1,000,714</u>	<u>875,249</u>
Net Income (Loss)	(12,281)	50,531
 New member certificates	 130	 135
Tap fees and line extensions	28,133	58,085
Amortization of contributions in aid of construction	<u>(51,080)</u>	<u>(48,267)</u>
Increase in Members' Equity	(35,098)	60,484
Members' Equity - Beginning of Year	<u>3,700,734</u>	<u>3,640,250</u>
Members' Equity - End of Year	<u><u>\$ 3,665,636</u></u>	<u><u>\$ 3,700,734</u></u>

The accompanying notes are an integral part of these financial statements.

Moore Creek - Mount Carmel Utilities, Inc.

Statement of Functional Expenses
For the year ended December 31, 2024

	Water Service	Supporting Services	Total
Advertising	\$ -	\$ 2,244	\$ 2,244
Bad debt expense	1,741	-	1,741
Bank and credit card fees	19,897	5,924	25,821
Computer and software support	-	14,653	14,653
Contract labor	172,184	5,950	178,134
Depreciation and amortization, net	205,442	4,701	210,143
Dues and subscriptions	-	1,728	1,728
Insurance	15,886	17,714	33,600
Interest	89,537	-	89,537
Licenses and taxes	2,000	137	2,137
Office supplies	-	4,879	4,879
Other operating expenses	964	5,257	6,221
Postage and delivery	17,654	1,370	19,024
Professional fees	2,950	38,879	41,829
Repairs and maintenance	132,707	2,343	135,050
Salaries & benefits	61,697	85,143	146,840
Utilities	46,134	20,987	67,121
Water samples	20,012	-	20,012
Total	<u>\$ 788,805</u>	<u>\$ 211,909</u>	<u>\$ 1,000,714</u>

The accompanying notes are an integral part of these financial statements.

Moore Creek - Mount Carmel Utilities, Inc.Statement of Functional Expenses
For the year ended December 31, 2023

	Water Service	Supporting Services	Total
Advertising	\$ -	\$ 573	\$ 573
Bad debt expense	1,058	-	1,058
Computer and software support	-	20,095	20,095
Contract labor	185,889	5,200	191,089
Depreciation and amortization, net	142,942	4,701	147,643
Dues and subscriptions	-	3,179	3,179
Engineering	17,700	-	17,700
Insurance	13,260	16,072	29,332
Interest	81,204	-	81,204
Licenses and taxes	2,000	280	2,280
Loss on disposal of assets	-	632	632
Office supplies	-	10,070	10,070
Other operating expenses	9,119	5,169	14,288
Postage and delivery	13,894	3,262	17,156
Professional fees	-	40,447	40,447
Repairs and maintenance	83,552	11,563	95,115
Salaries & benefits	47,934	92,841	140,775
Travel, meals, and entertainment	-	2,696	2,696
Utilities	40,940	18,977	59,917
Total	<u>\$ 639,492</u>	<u>\$ 235,757</u>	<u>\$ 875,249</u>

The accompanying notes are an integral part of these financial statements.

Moore Creek - Mount Carmel Utilities, Inc.
Statements of Cash Flows
For the years ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Net income (loss)	\$ (12,281)	\$ 50,531
Adjustments to reconcile change in members' equity to net cash from operating activities:		
Depreciation and amortization, net	210,143	147,643
Amortization of debt issuance costs	540	540
(Gain) loss on disposal of assets	-	632
Changes in:		
Accounts receivable	16,420	(5,681)
Inventory	-	2,499
Accounts payable	5,053	(45,888)
Accrued expenses	(1,955)	470
Customer deposits	(2,350)	1,020
Net cash from operating activities	<u>215,570</u>	<u>151,766</u>
Cash Flows from Investing Activities		
Reinvested earnings of certificate of deposit	(21,459)	(8,830)
Redemption of certificate of deposit	264,780	-
Additions to utility plant and equipment	(65,288)	(94,371)
Additions to construction in progress	-	(101,858)
Net cash from investing activities	<u>178,033</u>	<u>(205,059)</u>
Cash Flows from Financing Activities		
Principal payments on debt	(71,284)	(81,807)
Tap fees and line extensions	28,133	58,085
Increase in membership certificates	130	135
Net cash from financing activities	<u>(43,021)</u>	<u>(23,587)</u>
Net Change in Cash	350,582	(76,880)
Cash - Beginning of Year	392,980	469,860
Cash - End of Year	<u><u>\$ 743,562</u></u>	<u><u>\$ 392,980</u></u>
Cash Paid for:		
Interest	\$ 88,997	\$ 80,664

The accompanying notes are an integral part of these financial statements.

Moore Creek Mount Carmel Utilities, Inc.
Notes to the Financial Statements
For the years ended December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

Moore Creek Mount Carmel Utilities, Inc. (the System) is a nonprofit organization that provides water services to its members located primarily in rural areas of Northwest Florida.

B. Basis of Accounting and Presentation

The financial statements of the System have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Therefore, income is recognized when earned rather than when received and expenses are recorded as incurred rather than when paid. These statements conform to predominant practices within the utilities industry.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

D. Accounts Receivable and Bad Debt

Accounts receivable consist primarily of water sale proceeds due from members. The System had an allowance for doubtful accounts of \$7,500 and \$5,759 at December 31, 2024 and 2023, respectively. The System uses the allowance method for calculating bad debts. Bad debt expense was \$1,741 and \$1,058 for the years ended December 31, 2024 and 2023, respectively.

E. Utility Plant and Equipment

Utility plant and equipment are carried at cost less accumulated depreciation and include expenditures which substantially increase the useful lives of existing property and equipment. Maintenance and repairs are charged to expenses as incurred. Property contributed by members and developers is recorded at the estimated fair value at the date received. Depreciation is computed using straight-line methods with assets lives in the following ranges:

Distribution system	10 – 50 years
Building, furniture, and fixtures	5 – 30 years
Machinery and equipment	5 – 10 years
Other equipment	5 – 10 years

F. Customers' Meter Deposits

Customers are required to make deposits at the time of connection to the water system. These deposits are designed to ensure payment of final service billings and to protect the utility against financial loss from damage to equipment located on the customer's property. When a customer leaves the system, the deposit is refunded less the amount of any charges outstanding against the account. As a matter of good policy, customers' meter deposits are retained in a special bank account since these deposits are in the nature of trust funds.

Moore Creek Mount Carmel Utilities, Inc.
Notes to the Financial Statements
For the years ended December 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Revenue Recognition

Revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the System expects to be entitled in exchange for those goods or services.

The System identifies performance obligations that must be met within each member's contract. Satisfaction of the performance obligations are met when control of the goods or services are transferred to the member. The transfer of control to the member occurs over a period of time as the System continuously provides water services.

The timing of revenue recognition, billings, and cash collections results in accounts receivable, deposit liabilities, and contributions in aid of construction on the Statements of Financial Position. Amounts are billed each month in accordance with agreed-upon contractual terms and based on the System supplying water services to its members.

H. Contributions in Aid of Construction

Tap fees and other system expansion fees received by the System are recorded as contributions in aid of construction to the extent the fees received substantially exceed the cost to connect. The System has determined that the cost of connection for tap fees to be negligible. Therefore, the System records the entire tap fee to contributions in aid of construction. Property contributed by members and developers is also recorded as contributions in aid of construction at estimated fair value at the date received. The contributions are amortized over the estimated useful lives of the related contributed assets, with such amortization being offset against depreciation charged to operations.

I. Advertising

Advertising costs are expensed as incurred and were \$2,244 and \$573 in 2024 and 2023, respectively.

J. Income Taxes

The System is exempt from payment of income taxes under Section 501(c)(12) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The System is required to file a Form 990 to the Internal Revenue Service.

K. Subsequent Events

The System has evaluated subsequent events for potential recognition and/or disclosure in the December 31, 2024 financial statements through October 28, 2025, the date the financial statements were available to be issued.

L. Expense Allocation

The costs of providing the various services have been detailed in the Statements of Functional Expenses and summarized on a functional basis in the Statements of Activities and Changes in Equity. Expenses directly related to water service or supporting services are charged to water service or supporting services. Indirect expenses are allocated based on the time spent or percentage paid for water service or support services.

Moore Creek Mount Carmel Utilities, Inc.
Notes to the Financial Statements
For the years ended December 31, 2024 and 2023

NOTE 2 – CASH AND CDS

The System considers all cash and short-term investments with an original maturity of three months or less to be cash equivalents. Certificates of deposits (CDs) are recorded at cost plus accrued interest.

Cash is restricted for the following purposes:

	2024	2023
Customer deposits	\$ 22,595	\$ 24,945
Debt reserve	143,223	143,223
Total restricted cash	<u>\$ 165,818</u>	<u>\$ 168,168</u>

The System has two certificates of deposit that mature within a year of December 31, 2024. All CDs that mature within a year and are recorded as current assets.

NOTE 3 – UTILITY PLANT AND EQUIPMENT

The following is a summary of utility plant and equipment at cost less accumulated depreciation:

	Beginning Balance 12/31/23	Additions	Disposals	Ending Balance 12/31/24
Land	\$ 88,486	\$ -	\$ -	\$ 88,486
Distribution system	7,812,856	65,288	-	7,878,144
Building and improvements	144,271	-	-	144,271
Machinery and equipment	97,522	-	-	97,522
Vehicles	15,898	-	-	15,898
	8,159,033	65,288	-	8,224,321
Less: accum. depreciation	(3,081,388)	(261,223)	-	(3,342,611)
Utility plant in service, net	<u>\$ 5,077,645</u>	<u>\$ (195,935)</u>	<u>\$ -</u>	<u>\$ 4,881,710</u>

Depreciation and amortization expense consist of the following:

	2024	2023
Depreciation:		
Utility plant and equipment	\$ 261,223	\$ 195,910
Amortization:		
Contributions in aid of construction (CIAC)	(51,080)	(48,267)
Total depreciation and amortization, net	<u>\$ 210,143</u>	<u>\$ 147,643</u>

Moore Creek Mount Carmel Utilities, Inc.
Notes to the Financial Statements
For the years ended December 31, 2024 and 2023

NOTE 4 – LONG-TERM DEBT

The following is a summary of the long-term debt as of December 31, 2024 and 2023:

	Interest Rate	2024	2023
FDEP note payable, due in semiannual installments of \$16,871, principal and interest; secured by utility plant; maturing August 2039	0.77%	\$ 481,863	\$ 499,722
FHA note payable, due in monthly installments of \$6,650, principal and interest; secured by utility plant; maturing February 2045	4.50%	1,029,902	1,062,557
USDA note payable, due in annual installments of \$46,394, principal and interest; secured by utility plant; maturing December 2051	3.00%	843,196	863,965
Total long-term debt		2,354,961	2,426,244
Less: Debt issuance costs		(1,081)	(1,621)
Less: Current portion		(85,432)	(70,760)
Net long-term debt		<u>\$ 2,268,448</u>	<u>\$ 2,353,863</u>

The following are the maturities of debt for the next five years:

2025	\$ 85,432
2026	87,861
2027	90,382
2028	93,119
2029	95,719
Thereafter	1,902,448
Total	<u>\$ 2,354,961</u>

Loan Covenants

The System, under the terms of its loan covenants, is required to maintain certain reserve accounts relating to the repayment of loans. The reserve fund requirement as of December 31, 2024 was \$143,223.

NOTE 5 – CONTRIBUTIONS IN AID OF CONSTRUCTION

Contributions in aid of construction (CIAC) consist of tap fees, line extensions, developer contributions, and amortization. CIAC is recorded at estimated fair value at the date received. The contributions are amortized over the estimated useful lives of the related contributed assets, with such amortization being offset against depreciation charged to operations.

Moore Creek Mount Carmel Utilities, Inc.
Notes to the Financial Statements
For the years ended December 31, 2024 and 2023

NOTE 5 – CONTRIBUTIONS IN AID OF CONSTRUCTION (CONTINUED)

Details of contributions in aid of construction (CIAC) are as follows:

	Balance 12/31/23	Changes in CIAC	Balance 12/31/24
Developer contributions	\$ 513,000	\$ -	\$ 513,000
Tap fees and line extensions	311,670	28,133	339,803
Accumulated amortization	(82,991)	(51,080)	(134,071)
Total contributions in aid of construction, net	<u>\$ 741,679</u>	<u>\$ (22,947)</u>	<u>\$ 718,732</u>

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

The System maintains several bank accounts, savings accounts, and certificates of deposit at financial institutions which may, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Amounts were insured by the FDIC up to \$250,000 per institution. At December 31, 2024, the balances exceeded insured coverage by \$369,329. The System believes it is not exposed to any significant risk of financial institution failure.

NOTE 7 – AVAILABILITY OF FINANCIAL ASSETS

The following reflects the System's financial assets as of December 31, 2024, reduced by amounts not available for general use within one year of the balance sheet date:

Financial assets at 12/31/24:	
Cash and cash equivalents	\$ 743,562
Certificates of deposit	372,740
Accounts receivable, net	56,650
Total financial assets at 12/31/24	1,172,952
Less those unavailable for general expenditure within one year, due to:	
Cash restricted for customer deposits	(22,595)
Cash restricted for debt covenants	(143,223)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,007,134</u>

As part of the System's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.



4459-B Hwy. 90
Pace, Florida 32571
Phone: (850) 995-5000

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Moore Creek Mount Carmel Utilities, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Moore Creek Mount Carmel Utilities, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items **2024-1** and **2024-2** to be significant deficiencies.

Report on Compliance and Other Matters

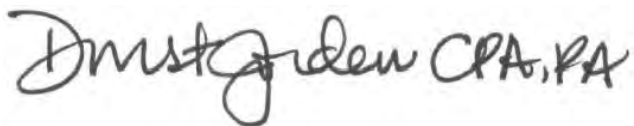
As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item **2024-3**.

Moore Creek Mount Carmel Utilities, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Moore Creek Mount Carmel Utilities, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The System's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, reading "Durst Jordan CPA, PA". The signature is written in a cursive, flowing style.

Durst Jordan, CPA, PA
October 28, 2025

Moore Creek Mount Carmel Utilities, Inc.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

Material weakness identified? **No**

Reportable conditions identified not considered to be material weaknesses? **Yes**

Noncompliance material to financial statements noted? **Yes**

Section II: Financial Statement Findings

Finding #2024-1: Employee Insurance Stipends & Retirement (Significant Deficiency)

Criteria or Specific Requirement

Payments made directly to employees are taxable as gross wages.

Cause

Insurance stipends and retirement payments made directly to employees were not included on W-2s or 1099s to employees for 2024 or 2023.

Effect

The System should contact their payroll provider to remedy the potential tax liability.

Recommendation

We recommend payroll tax is calculated on all payments made directly to employees for insurance and retirement for several years back.

Management Response

Management had preliminary discussions with payroll provider about this situation. We will discuss further with them and determine the best course of action to take to correct the issue as deemed necessary.

Finding #2024-2: Credit Card Payment Batches (Significant Deficiency)

Criteria or Specific Requirement

Credit card payments clear the bank statement in batches. Reports from the credit card processor should be used to reconcile the credit card batches to the bank statements.

Cause

In October 2024, the System changed its credit card processor.

Moore Creek Mount Carmel Utilities, Inc.
Schedule of Findings and Questioned Costs
For the year ended December 31, 2024

Section II: Financial Statement Findings (Continued)

Finding #2024-2: Credit Card Payment Batches (Significant Deficiency)(Continued)

Effect

The System was not able to reconcile credit card batches for October-December 2024 to the bank statements.

Recommendation

While this deficiency doesn't appear to materially affect 2024, we recommend that the System consults with the credit card processor to ensure that 2025 credit card payments can be reconciled to the bank statements.

Management Response

Management has been in contact with the credit card processor and software vendor to implement a new process for reconciling the credit card payments to the bank statement transactions.

Finding #2024-3: Debt Reserve (Compliance)

Criteria or Specific Requirement

USDA loan covenants require a separate debt reserved bank account.

Cause

The USDA loan covenants require a debt reserve equal to \$126,185, the amount of the annual loan payments.

Effect

The USDA debt reserve bank account was under the required amount by \$11,371.

Recommendation

We recommend the System transfer additional funds to meet the USDA debt reserve requirement.

Management Response

The Office Manager will work with the USDA agency and the outsourced accountants to ensure that the debt reserve bank accounts properly hold the required amount for the USDA loans as of December 31, 2025.

ENCLOSURE 6e:

Interlocal Agreement between
Walton/Okaloosa/Santa Rosa Regional Utility Authority
and Destin Water Users, Inc.

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff to the RUA: Emerald Coast Regional Council

Chair: Colton Wright
Vice-Chair: Dewey Destin

Enclosure 6e

SUBJECT: Consideration of authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority (RUA) to enter an Interlocal Agreement with Destin Water Users, Inc.

ORIGIN OF SUBJECT: Destin Water Users, Inc (DWU)

Background: DWU is seeking assistance of the RUA to obtain funding from Florida Department of Environmental Protection for their Indian Bayou Trail project to construct four (4) Rapid Infiltration Basins (RIBs) to independently dispose of their excessive reclaimed water during wet weather periods. The project would also construct a 1.2 MG ground storage tank and a repumping station

Attached are the following:

- Interlocal Agreement

RECOMMENDED ACTION: Approval of a motion to authorize the RUA to enter the Interlocal Agreement. This action is recommended in order for DWU to obtain funding from Florida Department of Environmental Protection. Please contact Mr. Howard Vanselow, Emerald Coast Regional Council, at howard.vanselow@ecrc.org or (850) 332-7976, ext. 231 if you want additional information.



STAFF TO THE RUA: Emerald Coast Regional Council
P.O. Box 11399 • Pensacola, FL 32524-1399 • P: 850.332.7976 • 1.800.226.8914 • F: 850.637.1923
www.ecrc.org

INTERLOCAL AGREEMENT

THIS AGREEMENT, made this ____23rd____ day of ____September____, 2026, by and between the **Walton/Okaloosa/Santa Rosa Regional Utility Authority** (hereinafter referred to as “**RUA**”), and **Destin Water Users, Inc.** (hereinafter referred to as “**DWU**”);

WITNESSETH:

WHEREAS RUA is a Regional Utility (Water Supply) Authority created pursuant to *Florida Statutes* and a Florida Department of Environmental Protection (“**FDEP**”) Secretary's Order dated March 9, 1999, and RUA has the authority to enter into this agreement pursuant to Section 163.01, *Florida Statutes*, authorizing Interlocal Agreements; and

WHEREAS RUA is eligible to receive wastewater loans through the Florida Department of Environmental Protection’s Clean Water Act State Revolving Fund Program as a regional utility authority; and

WHEREAS RUA is authorized to enter into agreements or contracts with public and/or private entities for provision of assistance planning, financing and construction of any and all water-related facilities deemed appropriate by the RUA; and

WHEREAS regional and multi-jurisdictional solutions to the collection and treatment of wastewater and the disposal of reclaimed water are cost-effective and should be encouraged, and

WHEREAS DWU is a not-for-profit, member-owned corporation and owns, operates, and maintains a wastewater collection system, a wastewater treatment plant, a reclaimed water disposal system and other systems and facilities for the benefit of its members, in accordance with Section 501(c) (12) of the Internal Revenue Code and as authorized by the Laws of Florida; and

WHEREAS DWU seeks to expand its reclaimed water disposal system, wastewater collection system and wastewater storage to support projected growth; and

WHEREAS DWU is seeking the assistance of RUA to assist DWU in obtaining a State Revolving Fund Loan to finance the major additions needed for DWU's wastewater utility services; and

WHEREAS RUA and DWU have enjoyed a long working relationship to provide regional solutions for the collection and treatment of wastewater and disposal of reclaimed water;

NOW, THEREFORE, in consideration of the foregoing premises, which shall be deemed an integral part of this Agreement, and of the mutual covenants and agreements hereafter set forth, RUA and DWU intend to be legally bound and hereby agree as follows:

1. APPLICATION FOR FDEP STATE REVOLVING LOAN

a. In the manner specified in this Agreement, RUA agrees to make application for a loan through the Florida Department of Environmental Protection Clean Water Act State Revolving Fund Program ("**the Loan**"). RUA further agrees to take any and all necessary action to submit a complete loan application, as prepared by DWU at DWU's expense.

b. DWU agrees to provide all necessary administration, legal, engineering, and financial consultants' services in support of RUA's loan application. The provision of all such services shall be at no cost to RUA. DWU further agrees to provide any and all documents required to support the loan application and approval process.

c. RUA agrees not to obligate DWU in any way without DWU's approval,

and *vice versa*.

2. IF FDEP APPROVES THE LOAN APPLICATION

a. If FDEP approves the Loan Application and submits a Loan Agreement (“**Loan Agreement**”) to RUA, RUA will provide the entire Loan Agreement to DWU for DWU’s review.

b. If DWU gives RUA written notice that DWU approves the Loan Agreement, then in a written agreement between RUA and DWU, DWU shall fully and unconditionally assume all obligations of RUA and of the “Project Sponsor” under the Loan Agreement. Without limiting the general force and effect of the previous sentence, but as examples, in the agreement between RUA and DWU, DWU shall covenant and agree to be bound by and obligated to perform each and every provision of the Loan Agreement that is applicable to RUA and to “Project Sponsor,” and (for the avoidance of doubt) to observe and comply with all warranties, representations and covenants in Article **II** of the Loan Agreement.

c. If the Loan is approved and funded, RUA will draw the Loan proceeds in accordance with written instructions from DWU, and DWU will disburse the Loan proceeds only to pay for the construction of the improvements to the DWU wastewater treatment, disposal and reuse facilities that FDEP approved to be funded with the proceeds of the Loan.

d. DWU agrees to provide, at its sole cost and expense, all necessary administration, legal, engineering, and financial consultants’ services in support of all work required by the Loan Agreement, including (but not limited to)

construction of the improvements funded by the Loan. The provision of all such services shall be at no cost to RUA.

e. DWU agrees to comply with all laws, rules, regulations, policies and conditions relating to the Loan.

f. DWU agrees that repayment of the Loan will be secured by the following collateral pledges:

1. DWU will pledge all net revenues of the DWU wastewater system as the “Pledged Revenues” required for the Loan; and

2. The “Property” (defined in Paragraph 3 below) will be mortgaged to secure repayment of the Loan.

g. DWU’s rates and charges for the services DWU furnishes to its customers will be maintained in a manner which will be sufficient to provide, in each Fiscal Year, Pledged Revenues equal to or exceeding 1.15 times the sum of the Semiannual Loan Payments due in such Fiscal Year. In addition, RUA shall satisfy the coverage requirements of all Parity Debt obligations. Capitalized terms shall have the same meaning as those terms have in the Loan Agreement between RUA and FDEP.

h. RUA agrees not to obligate DWU in any way without DWU’s approval, and *vice versa*.

3. LEASEHOLD OF REAL PROPERTY

RUA currently owns the land on which the improvements will be constructed (“**the Property**”) and DWU previously entered into a lease agreement (“**the Lease**”) with RUA for the Property in form and in substance substantially as set forth in Exhibit A to

this Agreement.

Under the terms of the Lease, DWU is and will be responsible (as the agent of RUA) for constructing a wastewater treatment plant and a reclaimed water disposal system on the Property and will be responsible for all expenses related to the construction of the plant and the system. RUA will be the owner of all such facilities, but upon the termination or expiration of the Lease, if the Loan is then paid in full, RUA will (at no additional cost or expense to DWU) convey to DWU the unencumbered fee simple marketable title to the Property.

4. OPERATION AND MAINTENANCE

DWU will be responsible for all operating and maintenance expenses relating to DWU's facilities and all related systems, including but not limited to all administrative, planning, engineering, permitting, and construction support needed to implement the project's development and the operation and maintenance of DWU's utility systems.

5. GUARANTY OF PAYMENT

DWU will guarantee payment of funds to RUA for full and punctual repayment of the Loan, as each payment becomes due, and will hold RUA harmless from all operational and maintenance and other related issues relating to the management of the facilities.

6. FEES AND CHARGES

- a. DWU agrees to provide funds to RUA to pay all fees, charges, principal, and interest to the Florida Department of Environmental Protection related to the Loan.
- b. DWU agrees to pay in a timely manner when due, all of RUA's actual

costs and expenses RUA incurs at any time in performing its obligations under this Agreement or relating in any way to this Agreement or the transactions which are the subject of this Agreement including, without limitation, (i) the internal costs incurred by RUA (including those incurred by RUA's agent, Emerald Coast Regional Council), including personnel costs and out-of-pocket expenses, and (ii) RUA's attorneys' fees. If DWU contends that any such amounts are excessive, DWU will have the right to petition RUA's Board of Directors for a determination of the reasonable amount properly payable by DWU in regard to the costs, expenses and fees charged to DWU under this paragraph 6.b.

7. TERM

a. This Agreement shall remain in full force and effect until the Loan is paid in full and all of DWU's obligations under the Lease have been fully performed.

b. However, this Agreement shall expire if documents evidencing the Loan are not signed within twenty-four (24) months after the signing of this Agreement. Nevertheless, termination of this Agreement shall not terminate or impact in any respect any other agreement between RUA and DWU.

8. HOLD HARMLESS

DWU agrees to hold RUA harmless with respect to any and all obligations regarding the Loan and the Project.

9. SUCCESSORS AND ASSIGNS

Neither party will have any right to assign its rights or obligations under this Agreement without the written consent of the other party. In the event of a valid assignment, the terms and conditions of this Agreement shall be binding on all approved

assignees.

10. MODIFICATION OF TERMS OF AGREEMENT

No modification to this Agreement shall occur unless agreed to in writing by the parties to this Agreement.

11. REGULATORY AGENCIES AND PERMITS

This Agreement is subject to such permits, rules, regulations or laws as may be applicable to similar agreements in Florida. DWU and RUA shall cooperate with one another in obtaining all necessary permits, certificates or the like as may be required to comply with all applicable rules, regulations and laws.

12. DEFAULTS AND REMEDIES

12.1 Events of Default

Each of the following events is hereby declared an Event of Default:

- (1) The occurrence of any Event of Default under the Loan or the Lease;
- (2) Failure to comply with the provisions of this Agreement and the continuance of such failure for thirty (30) days after written notice given to the defaulting party;
- (3) An order or decree is entered, with the acquiescence of DWU, appointing a receiver of any part of DWU's water or sewer system or gross revenues thereof; or if such order or decree has been entered without the consent or acquiescence of DWU, if the same is not vacated or discharged or stayed on appeal within 60 days after the entry thereof;
- (4) Any proceeding is instituted, with the acquiescence of DWU, for

the purpose of effecting a composition between DWU and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are payable from gross revenues of DWU's water or sewer system; and

(5) Any bankruptcy, insolvency of other similar proceeding instituted by or against DWU under federal or state bankruptcy or insolvency law now or hereafter in effect and, if instituted against DWU, the same is not dismissed within 60 days after filing.

12.2 Remedies

Upon any Event of Default by DWU, RUA may enforce its rights by any of the following remedies:

(1) RUA will have complete authority to establish rates and collect fees and charges for use of DWU's water and sewer systems, and to require DWU to fulfill this Agreement.

(2) To require DWU to account for all moneys received from RUA or from the ownership or operation of the water and sewer systems, and to account for the receipt, use, application, or disposition of DWU's revenues.

(3) By action or suit in equity, to enjoin any acts or failures to act which may be unlawful or in violation of the rights of RUA.

(4) By applying to a court of competent jurisdiction, to cause the appointment of a receiver to manage DWU's water and sewer systems, establish and collect fees and charges, and apply the revenues to the payment of Rent under the Lease, the reduction of the principal balance of the Loan, and payment of

other obligations under this Agreement.

(5) By charging DWU interest on all unpaid obligations at the rate of 18 percent per annum on the amount due, in addition to charging the cost to handle and process the debt related to the Loan. Interest pursuant to this subparagraph shall accrue on any amount due and payable beginning on the 30th day following the date upon which payment first became due.

(6) By notifying financial market credit rating agencies and potential creditors.

(7) By suing for payment of amounts due, or becoming due, with interest on overdue payments together with all costs of collection, including attorneys' fees.

12.3 Delay and Waiver

No delay or omission by either RUA or DWU to exercise any right or power accruing upon an Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised as often as may be deemed expedient. No waiver of any default under this Agreement shall extend to or affect any subsequent Event of Default, whether of the same or any different provision of this Agreement, nor impair consequent rights or remedies.

13. APPLICABLE LAW

The parties agree that this Agreement was entered into in the State of Florida and that the laws of the State of Florida apply to the interpretation, construction and enforcement of this Agreement.

14. ENTIRE AGREEMENT

No prior or present agreements or representations of the parties or their predecessors in regard to the Loan (described in Section 1.a of this Agreement) shall be binding on the parties to this Agreement. This Agreement shall replace and supersede all previous agreements (if any) relating in any manner to the Loan. No modification or change in this Agreement shall be valid or binding upon the parties unless in writing, and executed by the parties.

15. DISPUTE RESOLUTION

a. If DWU alleges a breach by RUA, then the parties shall abide by the terms of this Agreement until final resolution of the alleged breach through agreement, mediation, litigation or any other applicable proceeding.

b. RUA and DWU agree that if a dispute arises out of this Agreement, they will attempt in good faith to settle the matter through discussion, negotiation and/or mediation. Any dispute arising under this Agreement which cannot be resolved informally shall be resolved in this following manner:

(i) Mediation: As a condition precedent to litigation or adversarial administrative proceeding, the parties shall submit the matter to non-binding mediation in an effort to resolve their differences, and the parties shall equally share the cost of mediation.

(ii) Attorneys' Fees and Costs: If there is a breach of this Agreement and it becomes necessary for any party to employ the services of an attorney either to enforce this Agreement or pursue other remedies, including (without limitation) litigation or adversarial administrative

proceedings, the non-prevailing party or parties shall pay the prevailing party's or parties' reasonable attorneys' fees and such reasonable costs and expenses (including without limitation fees and costs incurred in seeking and proving the prevailing party's (or parties') fees and costs) as are incurred in enforcing this Agreement or pursuing other remedies, to the extent allowed by law.

16. EXECUTION OF DOCUMENTS

This Agreement may be executed in duplicate originals, any of which shall be regarded for all purposes as an original and all of which shall constitute one and the same instrument.

17. SEVERABILITY

If any provision of this Agreement is for any reason determined to be invalid, illegal or unenforceable in any respect, the parties shall negotiate in good faith and strive to agree to such amendments, modifications or supplements to this Agreement or such other appropriate actions as shall, to the maximum extent practical in light of such determination, implement and give effect to the intentions of the parties as stated herein; and all other provisions of this Agreement, including those as amended, modified, supplemented or otherwise affected by such action, shall remain in full force and effect.

18. SECTIONS, CAPTIONS, AND REFERENCES

The section headings and captions contained herein are included for convenience only and shall not be considered part of this Agreement or affect in any manner its construction or interpretation. Except as otherwise indicated, all references herein to sections are to sections of this Agreement.

19. AMBIGUITY

The parties agree that each one has played an equal part in the negotiation and drafting of this Agreement, and if any ambiguity is asserted or realized in the interpretation or construction of this Agreement, the result of such ambiguity shall be equally assumed and realized by each party.

20. WAIVER OF JURY TRIAL

The parties to this Agreement hereby waive their rights to jury trial of each dispute arising out of this Agreement.

21. NOTICES

Any notice required pursuant to this Agreement shall be deemed sufficient if sent by United States Mail, Postage Prepaid, to the following:

If to Walton/Okaloosa/Santa Rosa

Regional Utility Authority:

Chief Executive Officer
Emerald Coast Regional Council
P.O. Box 11399
Pensacola, FL 32524

If to Destin Water Users, Inc.:

General Manager
Destin Water Users, Inc.
135 Benning Dr.
Destin, FL 32541

IN WITNESS WHEREOF, RUA and DWU have caused this Agreement to be executed in two (2) counterparts by their authorized representatives as of the day and year first written above.

[SIGNATURE PAGES FOLLOW]

DESTIN WATER USERS, INC.

By: _____

Printed Name: _____

As its President

Witness

Witness

STATE OF FLORIDA)
)
COUNTY OF OKALOOSA)

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, on this _____ day of _____, 2026, by _____ as President of Destin Water Users, Inc., a Florida not for profit corporation, on behalf of the corporation. He/she is personally known to me or has produced _____ as identification.

Notary Public, State of Florida

Notary Stamp/Seal

Commission No. _____

Commission Expires: _____

WALTON/OKALOOSA/SANTA ROSA
REGIONAL UTILITY AUTHORITY

By: _____

Printed Name: _____

As its Chair

Witness

Witness

STATE OF FLORIDA)
)
COUNTY OF _____)

The foregoing instrument was acknowledged before me by means of ☐ physical presence
or ☐ online notarization, on this _____ day of _____, 2026, by
_____ as Chair of Walton/Okaloosa/Santa Rosa
Regional Utility Authority, on behalf of the corporation. He/she is personally known to me or
has produced _____ as identification.

Notary Public, State of Florida

Notary Stamp/Seal
Commission No. _____
Commission Expires: _____

ENCLOSURE 6f:

Consideration of Resolution 2026-02 authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority to submit State Revolving Fund Drinking Water Loan application on behalf of Destin Water Users, Inc. as sponsoring agency and designating authorized representatives.

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff to the RUA: Emerald Coast Regional Council

Chair: Colton Wright
Vice-Chair: Dewey Destin

Enclosure 6f

SUBJECT: Consideration of Resolution 2026-02 authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority (RUA) to submit State Revolving Fund (SRF) Clean Water Loan application for their Indian Bayou Trail project to construct four (4) Rapid Infiltration Basins (RIBs) to independently dispose of their excessive reclaimed water during wet weather periods. The project would also construct a 1.2 MG ground storage tank and a repumping station (project # CW17045) as sponsoring agency and designating authorized representatives.

ORIGIN OF SUBJECT: Destin Water Users, Inc (DWU)

Background: October 2, 2025, the RUA supported DWU Request for Inclusion (RFI) application for their Indian Bayou Trail project to construct four (4) Rapid Infiltration Basins (RIBs) to independently dispose of their excessive reclaimed water during wet weather periods. The project would also construct a 1.2 MG ground storage tank and a repumping station. (\$11,862,422)

Attached are the following:

- Resolution 2026-02
- SRF Loan Application

RECOMMENDED ACTION: Approval of a motion to authorize the RUA Chair to sign Resolution 2026-02 and SRF Loan Application. This action is recommended in order to submit the SRF loan application. Please contact Ms. Monica M. Wallis, P.E., General Manager at mwallis@dwuinc.com or (850) 337-3946 if you want additional information.



STAFF TO THE RUA: Emerald Coast Regional Council
P.O. Box 11399 • Pensacola, FL 32524-1399 • P: 850.332.7976 • 1.800.226.8914 • F: 850.637.1923
www.ecrc.org

RESOLUTION NUMBER 2026-02_

A RESOLUTION OF THE WALTON / OKALOOSA / SANTA ROSA REGIONAL UTILITY AUTHORITY (RUA), RELATING TO THE FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION (FDEP) STATE REVOLVING FUND (SRF), AUTHORIZING THE CHAIR TO SIGN A LOAN APPLICATION WITH FDEP TO FUND CONSTRUCTION OF WASTEWATER FACILITY IMPROVEMENTS PROPOSED BY DESTIN WATER USERS, INC.; AUTHORIZING THE CHAIR ON BEHALF OF RUA TO ENTER INTO AN INTERLOCAL AGREEMENT WITH DESTIN WATER USERS, INC.; AND AUTHORIZING THE CHAIR TO SIGN THE LOAN AGREEMENT, IF APPROVED; ALL TO BE EFFECTIVE THIS DATE

WHEREAS Florida Statutes authorize loans to local government agencies, as the sponsor of projects proposed by constituent utilities, to finance the construction of wastewater facilities; and

WHEREAS Destin Water Users, Inc. (“DWU”) proposes the construction of specific necessary wastewater and reclaimed water facility improvements to be made by DWU in compliance with State of Florida funding requirements; and

WHEREAS DWU requests RUA’s application as Project Sponsor for a State Revolving Loan to fund construction of DWU’s proposed system improvements;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY, AS FOLLOWS:

SECTION 1. FINDINGS

The foregoing findings are incorporated herein by reference and made a part hereof.

SECTION 2. AUTHORIZATIONS

The Board of Directors of Walton/Okaloosa/Santa Rosa Regional Utility Authority hereby authorizes each of the following actions:

- (a) RUA’s Chair to sign and submit to FDEP a loan application, prepared by DWU at DWU’s expense, for State Revolving Loan funding for DWU’s proposed construction of (i) four (4) rapid infiltration basins (RIBs) to dispose of DWU’s excess reclaimed water, (ii) a 1.2MG ground storage tank and (iii) a repumping station;
- (b) If the loan application is approved by FDEP, RUA’s Chair is authorized to sign on behalf of RUA an Interlocal Agreement with DWU, in form and substance

satisfactory to the Chair and RUA's attorney, concerning construction of DWU's wastewater improvements and obligating DWU to provide funds and pledge its system revenues for repayment of the SRF loan; and

(c) If FDEP approves the loan application and DWU enters into the Interlocal Agreement described above, RUA's Chair is authorized to sign on behalf of RUA a Loan Agreement with FDEP concerning the approved SRF loan.

SECTION 3. AUTHORIZED REPRESENTATIVES

RUA's Chair is hereby designated as its authorized representative to sign the agreements described and authorized in Section 2 of this Resolution. RUA's Chair is hereby also authorized to delegate to RUA's staff the responsibility and authority to carry out technical, financial, and administrative activities associated with RUA's obligations (if any) under each such agreement.

SECTION 4. LEGAL AUTHORITY

The legal authority for adoption of this Resolution is based on and pursuant to the Laws of the State of Florida.

SECTION 5. REPEAL OF CONFLICTING RESOLUTIONS

All Resolutions and parts of Resolutions in conflict with any of the provisions of this Resolution are hereby repealed.

SECTION 6. EFFECT OF ANY INVALIDITY

If any section or portion of a section of this Resolution proves to be invalid, unlawful, or unconstitutional, it shall not invalidate or impair the validity, force, or effect or any other section or part of this Resolution.

SECTION 7. EFFECTIVE DATE

This Resolution shall take effect upon its approval and adoption by the Board of Directors of the Walton/Okaloosa/Santa Rosa Regional Utility Authority.

APPROVED AND ADOPTED THIS _ 23RD _ DAY OF ____SEPTEMBER____, 2026.

ATTEST:

Chair

APPROVED AS TO FORM AND LEGALITY:

Attorney

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

**STATE REVOLVING FUND LOAN
PROGRAM for
Point Source Water Pollution Control**

LOAN APPLICATION



Florida Department of Environmental Protection
State Revolving Fund Program
Marjory Stoneman Douglas Building
3900 Commonwealth Blvd., MS 3505
Tallahassee, FL 32399-3000

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LOAN APPLICATION

- (1) SUBMITTAL. Submit the application and attachments to the Department of Environmental Protection, MS 3505, State Revolving Fund Program, 3900 Commonwealth Blvd., Tallahassee, Florida 32399-3000. The application (and backup) may be submitted electronically to the Department's Project Manager.
- (2) COMPLETING THE APPLICATION.
 - (a) This application consists of five parts: (I) ADMINISTRATIVE INFORMATION; (II) PROJECT INFORMATION; (III) FINANCIAL INFORMATION; (IV) AUTHORIZATION AND ASSURANCES; and (V) SUPPLEMENTARY INFORMATION.
 - (b) All information provided on this application must be printed. Monetary amounts may be rounded.
 - (c) Forms and attachments to be submitted are denoted with italic print.
- (3) ASSISTANCE. Completing this application may require information that can be obtained from Clean Water State Revolving Fund Program staff. Please email SRF_Reporting@dep.state.fl.us for assistance in completing this application.

PART I - ADMINISTRATIVE INFORMATION

- (1) PROJECT SPONSOR Walton/Okaloosa/Santa Rosa Regional Utility Authority
Federal Employer Identification Number 99-3992824
DUNS Number N/A
- (2) AUTHORIZED REPRESENTATIVE (person authorized to sign or attest loan documents).
Name _____ Title _____
Telephone _____ FAX _____ Email _____
Mailing Address _____
- (3) PRIMARY CONTACT (person to answer questions regarding this application).
Name Monica M. Wallis Title General Manager
Telephone _____ FAX _____ Email mwallis@dwuinc.com
Employer Destin Water Users, Inc.
Mailing Address 218 Main Street, Destin, FL 32541
- (4) ADDITIONAL CONTACTS. If more than one additional person is to receive copies of Department correspondence, attach the information (*Attachment #* 1).
Name Howard Vanselow Title Planner
Telephone 850-332-7976 (231) FAX _____ Email howard.vanselow@ecrc.org
Employer Emerald Coast Regional Council staff to the RUA
Mailing Address PO Box 11399, Pensacola FL 32524
- (5) PROJECT NUMBER (listed on the Department's priority list). CW 17045
- (6) INTERIM FINANCING. A local government project sponsor that has interim financing may be subject to certain conditions regarding such financing.

Is the project currently being funded with interim financing?

☐

Yes

☒

No

PART II – PROJECT INFORMATION

If you are applying for a planning, design, or SSES loan for a project that will involve construction, complete only Subpart A below. If you are applying for a loan to construct a project that is already planned and designed, complete only Subpart B below.

A. PLANNING, DESIGN OR SSES PROJECT

Information should be provided for each separate facility to be planned and designed as appropriate. For design/build projects (not eligible for design loans) or those where multiple facilities, segments, or phases are involved, please attach information for activities, schedule, and cost for each. (*Attachment #* _____)

- (1) **ACTIVITIES.** Attach a brief description of the scope of planning and design activities to be financed by this loan. Include a list of any specialized studies to be performed. (*Attachment #* _____) Are these activities the same as those scheduled on the *Request for Inclusion Form*? ☐ Yes ☐ No. If “No”, please explain. (*Attachment #* _____)
- (2) **SCHEDULE.**
- (a) Provide proposed completion dates for the items. (Please call Department staff to discuss time frames needed to complete required tasks.)
- | | |
|------------------------------------|-------|
| Planning documentation | _____ |
| Engineering work | _____ |
| Certification of site availability | _____ |
| Permit | _____ |
- (b) Do you anticipate that an interlocal agreement with another party will be necessary to implement the project? If “Yes”, please explain. (*Attachment #* _____) ☐ Yes ☐ No
- (c) Is this a design/build project? ☐ Yes ☐ No
- (3) **COST.** Is the cost information submitted for the planning, design or SSES loan priority list current? ☐ Yes ☐ No
If “No”, please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (*Attachment #* _____) Note that the disbursable amount will be limited to the priority list amount.

PRECONSTRUCTION LOAN APPLICANTS PROCEED TO PART III.

B. CONSTRUCTION OR I/I REHABILITATION PROJECT

- (1) **ACTIVITIES.**
- (a) Attach a brief description of construction or I/I rehabilitation activities to be financed by this loan. Include a list of the contracts (by title) corresponding to the plans and specifications accepted by the Department (*Attachment #* ²_____).
- Are these contracts the same as those scheduled on the *Request for Inclusion Form*? ☒ Yes ☐ No
If “No”, please explain. (*Attachment #* _____)
- (b) Have any of the contracts been bid? ☐ Yes ☒ No
If “Yes”, indicate which contracts have been bid. (*Attachment #* _____)
- (c) Was planning, design, or SSES for this project financed in another SRF loan? ☐ Yes ☒ No
If “Yes”, give the SRF loan number. _____
- (d) Does this project involve an interlocal agreement with other local governments or other entities? ☒ Yes ☐ No
If “Yes”, attach a copy of the interlocal agreement. (*Attachment #* ³_____)
- Is the interlocal agreement fully executed and enforceable? ☐ Yes ☐ No
If “No”, please explain (*Attachment #* _____).

- (2) SCHEDULE. (month and year)
- (a) Anticipated notice to proceed for first construction contract. _____
- (b) Anticipated completion of all construction contracts. _____
- (3) COST. Is the cost information submitted for the priority list current? ☒ Yes ☐ No
- If "No", please explain and submit revised cost information using the appropriate page of the *Request for Inclusion Form*. (Attachment # N/A) Note that the disburseable amount will be limited to the priority list amount.

PART III - FINANCIAL INFORMATION

Estimates of the capitalized interest, project useful life for financial hardship loans, financing rate, pledged revenue coverage, limitations on annual loan amounts for large projects, applicability and amount of repayment reserves, amount of the loan service fee and any other information may be obtained by contacting staff in the State Revolving Fund Management Section.

- (1) PRINCIPAL. The requested amount of the loan which does not include capitalized interest is \$ \$11,862,422
- Note that the disburseable amount will be limited to the priority list amount and must be consistent with the project information provided under **PART II** of this application. Also note that the capitalized interest is an inexact estimate, and it is subject to adjustment by the Department to reflect actual disbursement timing. The principal amount of the loan does not include the loan service fee.
- (2) TERMS AND REPAYMENT.
- (a) Loans to local government project sponsors are amortized over the lesser of useful life of the project or 20 years unless the project is to serve a small community qualifying as having a financial hardship. Loans to financial hardship communities may be amortized over the lesser of useful life of the project or 30 years. Loans to non-governmental project sponsors are amortized over the lesser of the useful of the project or 20 years. Finance charges and principal are paid semiannually.
- What is the useful life of the project? 20 (years)
- Over how many years would you like to amortize the loan? 20 (years)
- (b) List all revenues that are to be pledged for repayment of this loan. Sale of water and sewer services
- (c) Pledged revenue receipts or collections by the project sponsor must exceed the amount of the repayments due to the Department unless there are other collateral provisions. The excess revenue, or coverage, generally is 15% of each repayment.
- What coverage is proposed for the loan? _____% (coverage percentage)
- (d) Is any other financial assistance being applied to this project? ☐ Yes ☒ No
- If "Yes", please list. (Attachment # _____)
- (3) ANNUAL FUNDING LIMIT. Large project funding (generally, loans in excess of \$10 million) may be provided in increments pursuant to the initial loan agreement and subsequent amendments. Each increment shall have a separate financing rate as established in the agreement or amendment providing that increment.
- (4) INFORMATION ON LIENS.
- (a) Describe, if applicable, all debt obligations having a prior or parity lien on the revenues pledged to repay this loan. (Attachment # 4) For example: City Name, Florida, Water and Sewer System Revenue Bonds, Series 1996, issued in the amount of \$10,000,000, pursuant to Ordinance No. 93-104, as amended and supplemented by Ordinance No. 96-156.
- (b) Using the Part V, *Schedule of Prior and Parity Liens*, provide debt service information, if applicable, on each prior and parity obligation.

- (c) For the listed obligations, provide a copy of the ordinance(s), resolution(s), official statement(s), or pages thereof, setting forth the definitions, use of proceeds, debt service schedule, pledged revenues, rate covenants, provisions for issuing additional debt, provisions for bond insurance, and debt rating. (*Attachment #⁵*).
- (d) Describe any other notes and loans payable from the revenues pledged to repay this loan. (*Attachment #^{N/A}*).
- (5) ACTUAL AND PROJECTED REVENUES.
 - (a) Complete the Part V, *Schedule of Actual Revenues and Debt Coverage* for the past two fiscal years.
 - (b) Complete the Part V, *Schedule of Projected Revenues and Debt Coverage*, demonstrating the availability of pledged revenues for loan repayment.
- (6) AVAILABILITY OF PLEDGED REVENUES. All sources must be supported by a written legal opinion. (*Attachment #⁶*) The opinion must address the following:
 - (a) Availability of the revenues to repay the loan.
 - (b) Right to increase rates at which revenues shall be collected to repay the loan.
 - (c) Subordination of the pledge if pledged revenues are subject to a prior or parity lien.
- (7) LOAN SERVICE FEE. A loan service fee is assessed on each loan. The fee is not part of the loan. The fee along with interest thereon will be deducted from the first available repayments after the final amendment to the loan agreement.

PART IV – AUTHORIZATION AND ASSURANCES

- (1) AUTHORIZATION. Provide an authorizing resolution of the Applicant's governing body or other evidence of authorization (*Attachment #⁷*) for the following:
 - (a) Pledging revenues to repay the loan.
 - (b) Designation of the Authorized Representative(s) to file this application, provide assurances, execute the loan agreement, and represent the Applicant in carrying out responsibilities (including that of requesting loan disbursements) under the loan agreement.
- (2) ASSURANCES. The Applicant agrees to comply with the laws, rules, regulations, policies and conditions relating to the loan for this project. Applicants should seek further information from the Clean Water State Revolving Fund Program staff as to the applicability of the requirements if the necessity for the assurances is of concern. Specifically, the Applicant certifies that it has complied, as appropriate, and will comply with the following requirements, as appropriate, in undertaking the Project:
 - (a) Assurances for capitalization grant projects.
 - 1. Complete all facilities for which funding has been provided.
 - 2. The Archaeological and Historic Preservation Act of 1974, PL 93-291, and the National Historic Preservation Act of 1966, PL 89-665, as amended, regarding identification and protection of historic properties.
 - 3. The Clean Air Act, 42 U.S.C. 7506(c), which requires conformance with State Air Quality Implementation Plans.
 - 4. The Coastal Zone Management Act of 1972, PL 92-583, as amended, which requires assurance of project consistency with the approved State management program developed under this Act.
 - 5. The Endangered Species Act, 16 U.S.C. 1531, et seq., which requires that projects avoid disrupting threatened or endangered species and their habitats.
 - 6. Executive Order 11593, Protection and Enhancement of the Cultural Environment, regarding preservation, restoration and maintenance of the historic and cultural environment.
 - 7. Executive Order 11988, Floodplain Management, related to avoiding, to the extent possible, adverse impacts associated with floodplain occupancy, modification and development whenever there is a practicable alternative.
 - 8. Executive Order 11990, Protection of Wetlands, related to avoiding, to the extent possible, adverse impacts associated with the destruction or modification of wetlands and avoiding support of construction in wetlands.
 - 9. The Fish and Wildlife Coordination Act, PL 85-624, as amended, which requires that actions to control natural streams or other water bodies be undertaken to protect fish and wildlife resources and their habitats.

10. The Safe Drinking Water Act, Section 1424(e), PL 93-523, as amended, regarding protection of underground sources of drinking water.
 11. The Wild and Scenic Rivers Act, PL 90-542, as amended, related to protecting components or potential components of the national wild and scenic rivers system.
 12. The federal statutes relating to nondiscrimination, including: The Civil rights Act of 1964, PL 88-352, which prohibits discrimination on the basis of race, color or national origin; the Age Discrimination Act, PL 94-135, which prohibits discrimination on the basis of age; Section 13 of the Federal Water Pollution Control Act, PL 92-500, which prohibits sex discrimination; the Rehabilitation Act of 1973, PL 93-112, as amended, which prohibits discrimination on the basis of handicaps.
 13. Executive Order 11246, Equal Employment Opportunity, which provides for equal opportunity for all qualified persons.
 14. Executive Orders 11625 and 12138, Women's and Minority Business Enterprise, which require that small, minority, and women's business and labor surplus areas are used when possible as sources of supplies, equipment, construction and services.
 15. The Coastal Barrier Resources Act, 16 U.S.C. 3501 et seq., regarding protection and conservation of the coastal barrier resources.
 16. The Farmland Protection Policy Act, 7 U.S.C. 4201 et seq., regarding protection of agricultural lands from irreversible loss.
 17. The Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 91-646, which provides for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally assisted programs.
 18. The Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended, which requires that projects be carried out in accordance with area wide planning activities.
 19. Section 306 of the Clean Air Act, Section 508 of the Clean Water Act and Executive Order 11738, which prohibit manufacturers, firms, or other enterprises on the EPA's list of Violating Facilities from participating in the Project.
 20. Executive Order 12549, Debarment and Suspension, which prohibits any award to a party which is debarred or suspended or is otherwise excluded from, or ineligible for, participation in federal assistance programs.
 21. Minority and Women's Business Enterprise participation in project work using numerical goals, established by the U.S. Environmental Protection Agency, and to be set forth in the specifications for construction and materials contracts.
- (b) Assurances for other projects.
1. Chapter 161, Part I, F.S., "Beach and Shore Preservation Act" and Part III, "Coastal Zone Protection Act of 1985" which regulate coastal zone construction and all activities likely to affect the condition of the beaches or shore.
 2. Chapter 163, Part II, F.S., the "Local Government Comprehensive Planning and Land Development Regulation Act" which requires units of local government to establish and implement comprehensive planning programs to control future development.
 3. Chapter 186, F.S., State and Regional Planning, which requires conformance of projects with Regional Plans and the State Comprehensive Plan.
 4. Chapter 253, F.S., "Emergency Archaeological Property Acquisition Act of 1988" which requires protection of archaeological properties of major statewide significance discovered during construction activities.
 5. Chapter 258, Part III, F.S., which requires protection of components or potential components of the national wild and scenic rivers system.
 6. Chapter 267, F.S., the "Florida Historical Resources Act" which requires identification, protection, and preservation of historic properties, archaeological and anthropological sites.
 7. Chapter 287, Part I, F.S., which prohibits parties convicted of public entity crimes or discrimination from participating in State-assisted projects and which requires consideration of the utilization of Minority Business Enterprises in State-assisted projects.
 8. Chapter 372, F.S., the Florida Endangered and Threatened Species Act which prohibits the killing or wounding of an endangered, threatened, or special concern species or intentionally destroying their eggs or nest.

9. Chapter 373, Part IV, F.S., Florida Water Resources Act of 1972, which requires that activities on surface waters or wetlands avoid adversely affecting: public health, safety, welfare, or property; conservation of fish and wildlife, including endangered or threatened species or their habitats; navigation or the flow of water; the fishing or recreational values or marine productivity; and significant historical and archaeological resources.
 10. Chapter 380, Part I, F.S., Florida Environmental Land and Water Management Act of 1972 as it pertains to regulation of developments and implementation of land and water management policies.
 11. Chapter 381, F.S., Public Health, as it pertains to regulation of onsite wastewater systems.
 12. Chapter 403, Part I, F.S., Florida Air and Water Pollution Control which requires protection of all waters of the state.
 13. Chapter 582, F.S., Soil and Water Conservation Act which requires conformance with Water Management District's regulations governing the use of land and water resources.
 14. Governor's Executive Order 95-359, which requires State Clearinghouse review of project planning documentation and intergovernmental coordination.
- (c) Assurances for all projects. The loan recipient certifies that it is not listed on the governmentwide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), "Debarment and Suspension."

I, the undersigned Authorized Representative of the Applicant, hereby certify that all information contained herein and in the attached is true, correct, and complete to the best of my knowledge and belief. I further certify that I have been duly authorized to file the application and to provide these assurances.

Signed this 23rd Day of September, 2026
Authorized Representative _____ Dewey Destin (Vice-Chair RUA)
(signature) (name typed or printed)

Attachments

PART V – SUPPLEMENTARY INFORMATION

**SCHEDULE OF PRIOR AND PARITY LIENS
(EXCLUDING SRF LOANS)**

List annual debt service beginning two years before the anticipated loan agreement date and continuing at least three additional fiscal years. Use additional pages as necessary.

	#1	#2	#3
Identify Each Obligation	<u>Regions Bank #1585249</u>	<u>SRF #170400</u>	<u>SRF #170410</u>
Coverage	<u>120</u> %	<u>115</u> %	<u>115</u> %
Insured?	<u> </u> Yes ☒ No	<u> </u> Yes ☒ No	<u> </u> Yes ☐ ☒ No

Fiscal Year	Annual Debt Service (Principal Plus Interest)			Total Debt Service	Total Debt Service Incl. Coverage
	#1	#2	#3		
2026	\$475,183	\$102,636	\$80,762	\$	\$
2027	\$475,183	\$102,636	\$80,762	\$	\$
2028	\$475,183	\$102,636	\$80,762	\$	\$
2029	\$475,183	\$102,636	\$80,762	\$	\$
2030	\$197,994	\$102,636	\$80,762	\$	\$
2031	\$	\$102,636	\$80,762	\$	\$
2032	\$	\$51,318	\$40,381	\$	\$
2033	\$	\$	\$	\$	\$
2034	\$	\$	\$	\$	\$
2035	\$	\$	\$	\$	\$
2036	\$	\$	\$	\$	\$
2037	\$	\$	\$	\$	\$
2038	\$	\$	\$	\$	\$
2039	\$	\$	\$	\$	\$
2040	\$	\$	\$	\$	\$
2041	\$	\$	\$	\$	\$
2042	\$	\$	\$	\$	\$
2043	\$	\$	\$	\$	\$
2044	\$	\$	\$	\$	\$
2045	\$	\$	\$	\$	\$
2046	\$	\$	\$	\$	\$
2047	\$	\$	\$	\$	\$
2048	\$	\$	\$	\$	\$
2049	\$	\$	\$	\$	\$
2050	\$	\$	\$	\$	\$
2051	\$	\$	\$	\$	\$
2052	\$	\$	\$	\$	\$

PART V – SUPPLEMENTARY INFORMATION

**SCHEDULE OF PRIOR AND PARITY LIENS
(EXCLUDING SRF LOANS)**

List annual debt service beginning two years before the anticipated loan agreement date and continuing at least three additional fiscal years. Use additional pages as necessary.

	#4	#5	#6
Identify Each Obligation	<u>½ WRP SRF Loan</u>	<u>Regions Sys Imprv Loan</u>	<u>SRF #170420</u>
Coverage	<u>115</u> %	<u>120</u> %	<u>115</u> %
Insured?	<u> </u> Yes ☒ No	<u> </u> Yes ☒ No	<u> </u> Yes ☒ No

Fiscal Year	<u>Annual Debt Service (Principal Plus Interest)</u>			<u>Total Debt Service</u>	<u>Total Debt Service Incl. Coverage</u>
	#4	#5	#6		
2026	<u>\$564,534</u>	<u>\$1,360,344</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2027	<u>\$564,534</u>	<u>\$1,360,344</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2028	<u>\$564,534</u>	<u>\$1,360,344</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2029	<u>\$564,534</u>	<u>\$1,360,344</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2030	<u>\$564,534</u>	<u>\$1,360,344</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2031	<u>\$564,534</u>	<u>\$1,360,344</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2032	<u>\$564,534</u>	<u>\$1,360,344</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2033	<u>\$564,534</u>	<u>\$1,360,344</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2034	<u>\$</u>	<u>\$113,362</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2035	<u>\$</u>	<u>\$</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2036	<u>\$</u>	<u>\$</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2037	<u>\$</u>	<u>\$</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2038	<u>\$</u>	<u>\$</u>	<u>\$56,773</u>	<u>\$</u>	<u>\$</u>
2039	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2040	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2041	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2042	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2043	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2044	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2045	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2046	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2047	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2048	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2049	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2050	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2051	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2052	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

PART V – SUPPLEMENTARY INFORMATION

**SCHEDULE OF PRIOR AND PARITY LIENS
(EXCLUDING SRF LOANS)**

List annual debt service beginning two years before the anticipated loan agreement date and continuing at least three additional fiscal years. Use additional pages as necessary.

	#7	#8	#9		
Identify Each Obligation	<u>SRF #170430</u>	<u>SRF #460120</u>	<u>United Comm Bank</u>		
Coverage	<u>115</u> %	<u>115</u> %	<u>125</u> %		
Insured?	<u> </u> Yes ☒ No	<u> </u> Yes ☒ No	<u> </u> Yes ☒ No		
Fiscal Year	<u>Annual Debt Service (Principal Plus Interest)</u>			<u>Total Debt Service</u>	<u>Total Debt Service Incl. Coverage</u>
	<u>#7</u>	<u>#8</u>	<u>#9</u>		
2026	\$66,791	\$122,428	\$1,300,300	\$	\$
2027	\$66,791	\$122,428	\$1,300,300	\$	\$
2028	\$66,791	\$122,428	\$1,300,300	\$	\$
2029	\$66,791	\$122,428	\$1,300,300	\$	\$
2030	\$66,791	\$122,428	\$1,300,300	\$	\$
2031	\$66,791	\$122,428	\$1,300,300	\$	\$
2032	\$66,791	\$122,428	\$1,300,300	\$	\$
2033	\$66,791	\$122,428	\$1,300,300	\$	\$
2034	\$66,791	\$122,428	\$1,300,300	\$	\$
2035	\$66,791	\$122,428	\$1,300,300	\$	\$
2036	\$66,791	\$122,428	\$1,300,300	\$	\$
2037	\$66,791	\$122,428	\$544,375	\$	\$
2038	\$66,791	\$122,428	\$	\$	\$
2039	\$	\$61,214	\$	\$	\$
2040	\$	\$	\$	\$	\$
2041	\$	\$	\$	\$	\$
2042	\$	\$	\$	\$	\$
2043	\$	\$	\$	\$	\$
2044	\$	\$	\$	\$	\$
2045	\$	\$	\$	\$	\$
2046	\$	\$	\$	\$	\$
2047	\$	\$	\$	\$	\$
2048	\$	\$	\$	\$	\$
2049	\$	\$	\$	\$	\$
2050	\$	\$	\$	\$	\$
2051	\$	\$	\$	\$	\$
2052	\$	\$	\$	\$	\$

PART V – SUPPLEMENTARY INFORMATION

SCHEDULE OF ACTUAL REVENUES AND DEBT COVERAGE

(Provide information for the two fiscal years preceding the anticipated date of the SRF loan agreement.)

	<u>FY 2025</u>	<u>FY 2024</u>
(a) Operating Revenues (Source)		
<u>Water & Sewer Rates</u>	<u>20,682,568</u>	<u>19,193,5333</u>
<u>ReUse/Fees/Srvcs</u>	<u>306,367</u>	<u>298,994</u>
(b) Interest Income	<u>119,421</u>	<u>119,115</u>
(c) Other Income or Revenue (Identify)		
<u>Lease Income</u>	<u>223,172</u>	<u>237,188</u>
<u>Other - Miscellaneous</u>	<u>186,847</u>	<u>-110,030</u>
(d) Total Revenues	<u>21,513,875</u>	<u>19,738,800</u>
(e) Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	<u>13,250,430</u>	<u>12,092,819</u>
(f) Net Revenues [(f) = (d) – (e)]	<u>8,263,445</u>	<u>7,645,981</u>
(g) Debt Service (including any required coverage)	<u>5,597,279</u>	<u>5,597,279</u>
(h) Attach audited annual financial report(s), or pages thereof, or other documentation necessary to support the above information. Include any notes or comments from the audit reports regarding compliance with covenants of debt obligations having a prior or parity lien on the revenues pledged for repayment of the SRF Loan. (Attachment # <u>8</u>)		
(i) Attach worksheets reconciling this page with the appropriate financial statements (for example, backing out depreciation and interest payments from operating expenses). (Attachment # <u>9</u>)		
(j) If the net revenues were not sufficient to satisfy the debt service and coverage requirement, please explain what corrective action was taken. (Attachment # <u>N/A</u>)		

PART V – SUPPLEMENTARY INFORMATION

SCHEDULE OF PROJECTED REVENUES AND DEBT COVERAGE

Begin with the fiscal year preceding first anticipated semiannual loan payment and continuing for at least three additional years. Attach a separate page for previous State Revolving Fund loans. (*Attachment #*_____)

	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 20</u>
(a) Operating Revenue	<u>20,972,160</u>	<u>21,281,503</u>	<u>21,799,033</u>	<u>22,224,914</u>	<u> </u>
(b) Interest Income	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u> </u>
(c) Other Income or Revenue (identify)					
<u>Lease Income</u>	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>	<u> </u>
<u>Other - Miscellaneous</u>	<u>57,500</u>	<u>57,500</u>	<u>57,500</u>	<u>57,500</u>	<u> </u>
(d) Total Revenues	<u>21,246,160</u>	<u>21,655,503</u>	<u>22,073,033</u>	<u>22,498,914</u>	<u> </u>
(e) Operating Expenses (excluding interest on debt, depreciation, and other non-cash items)	<u>12,538,083</u>	<u>12,726,154</u>	<u>12,917,047</u>	<u>13,110,802</u>	<u> </u>
(f) Net Revenues (f = d - e)	<u>8,708,077</u>	<u>8,929,349</u>	<u>9,155,987</u>	<u>9,388,112</u>	<u> </u>
(g) Revenue (including coverage) pledged to debt service, excluding SRF loans	<u>3,697,977</u>	<u>3,697,977</u>	<u>3,365,351</u>	<u>3,127,758</u>	<u> </u>
(h) Revenue (including coverage) pledged to outstanding SRF loans	<u>1,628,386</u>	<u>1,628,386</u>	<u>1,628,386</u>	<u>1,628,386</u>	<u> </u>
(i) Revenue Available for this SRF Loan [(i) = (f) – (g) – (h)]	<u>3,381,714</u>	<u>3,602,986</u>	<u>4,161,950</u>	<u>4,631,968</u>	<u> </u>
(j) Identify the source of the above information and explain methods used to develop the projections (<i>Attachment #</i> ____ <u>10</u> ____). Include an explanation of any revenue and expense growth or other adjustments; for example, any rate increases, service growth, inflation adjustments, expense adjustments reflecting the cost of operating additional facilities, or other considerations.					
(k) For construction loans, are the above projections consistent with the accepted financial feasibility information?				☒ Yes	☐ No

If “No”, please explain. (*Attachment #*____NA____)

PART V – SUPPLEMENTARY INFORMATION

LIST OF ATTACHMENTS

LIST OF ATTACHMENTS. This application requires the submittal of *Attachments* to provide supplemental information. The application is not complete without the completed *List of Attachments*. Please list all attachments that you are including with this application form.

[illegible]

Attachment #1
Additional Contacts

Name Jeff Jones Title Professional Engineer
Telephone 850-438-9661 FAX Email jjones@dhgroup.inc
Employer Donovan Hill Group
Mailing Address 449 West Main Street, Pensacola, FL 32502

Attachment #2

Description of Construction Activities

Destin Water User's (DWU) has two projects that are to be constructed at the George W. French Water Reclamation Facility (WRF) to improve operational efficiency and increase capacity.

Additional Reclaimed Water Capacity

DWU's current water reclamation system distributes treated effluent from the George F. French Water Reclamation Facility to nearby areas through their reclaimed water system. The reclaimed water system encompasses ground storage, high-service pumping, a distribution network, and effluent application sites, such as residential areas, the nearby Indian Bayou Golf Course (IBGC), and the facility itself, which rely upon reclaimed water for a variety of uses.

DWU's reclaimed water usage during wet weather conditions is limited. This project includes the construction of four (4) Rapid Infiltration Basins (RIBs) to independently dispose of their excessive reclaimed water during wet weather periods. The project would also construct a 1.2 MG ground storage tank and a repumping station. The tank and pump station are designed to hold and discharge reuse water on demand to the IBGC where it currently is limited to time of day and day of week usage. The project will be located east of Destin Executive Airport along Indian Bayou Trail.

Attachment #3

Department Interlocal Agreement Acceptance Letter

Department's letter of acceptance of interlocal agreement will be attached after loan application and supporting documentation is submitted.

Attachment #4

DWU Debt Secured by Pledged Revenues

Loan Obligation	Balance as of Dec 2025	Payment Cycle	Payment Amount	Pay Off Year
Regions Bank Ln #1585249	\$1,937,677	Monthly	\$39,599	2030
SRF 170400	\$607,302	Semi-annually	\$51,318	2032
SRF 170410	\$477,877	Semi-annually	\$40,381	2032
1/2 WRP SRF Loan	\$3,916,113	Monthly	\$47,044	2033
SRF 170420	\$672,636	Semi-annually	\$28,386	2039
SRF 170430	\$816,600	Semi-annually	\$33,396	2039
SRF 460120	\$1,492,149	Semi-annually	\$61,214	2039
SRF 460121	\$3,422,417	Semi-annually	\$168,365	2045
Regions Sys Imprv Laon	\$9,259,846	Monthly	\$113,362	2034
United Comm Bank	\$12,126,080	Monthly	\$108,538	2037

Attachment #5

Loan Agreements

Attachment #6

Legal Opinion

A legal opinion will be available at the RUA meeting.

Attachment #7

Authorization

Adopting resolution to be acted upon at the RUA meeting.

Attachment #8
Audited Annual Financial Reports

DESTIN WATER USERS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

**DESTIN WATER USERS, INC.
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DECEMBER 31, 2025 AND 2024**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Destin Water Users, Inc.

Opinion

We have audited the accompanying financial statements of Destin Water Users, Inc. (a Florida corporation), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Destin Water Users, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Destin Water Users, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Destin Water Users, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Destin Water Users, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Destin Water Users, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Chapter 69I-5, *Schedule of Expenditures of State Financial Assistance, Rules of the Department of Financial Services* and Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026, on our consideration of Destin Water Users, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Destin Water Users, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Warren Averett, LLC". The signature is written in a cursive, flowing style.

Destin, Florida
February 12, 2026

**DESTIN WATER USERS, INC.
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024**

ASSETS		
	2025	2024
UTILITY PLANT IN SERVICE, NET	\$ 112,216,965	\$ 110,371,316
RESTRICTED ASSETS		
Cash and cash equivalents – restricted	1,263,126	1,426,432
RUA loan deposits	123,755	123,755
Total restricted assets	1,386,881	1,550,187
CURRENT ASSETS		
Cash and cash equivalents – unrestricted	2,115,392	1,975,870
Investments	8,268,698	9,113,823
Customer receivables, net	2,480,929	2,234,859
Grant receivable	684,000	-
Prepaid expenses	682,069	247,369
Inventory	920,231	845,341
Total current assets	15,151,319	14,417,262
INTANGIBLE ASSETS, NET	684,843	741,074
OTHER ASSETS		
Investment in WRP, Inc.	7,705,152	7,932,751
Total other assets	7,705,152	7,932,751
TOTAL ASSETS	\$ 137,145,160	\$ 135,012,590

See notes to the financial statements.

**DESTIN WATER USERS, INC.
BALANCE SHEETS
DECEMBER 31, 2025 AND 2024**

LIABILITIES AND MEMBERS' EQUITY		
	2025	2024
MEMBERS' EQUITY		
Contributions in aid of construction, net	\$ 22,506,123	\$ 23,799,570
Retained earnings	75,771,134	70,650,514
Total members' equity	98,277,257	94,450,084
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	28,074,649	28,286,456
Due to WRP, Inc.	3,446,565	3,919,912
Compensated absences	853,242	860,026
Contract liabilities – member deposits	893,915	879,820
Longevity award payable	1,227,366	1,076,617
Prepaid tap fees	232,114	232,114
Total long-term liabilities	34,727,851	35,254,945
CURRENT LIABILITIES		
Accounts payable	139,776	546,315
Accrued expenses	58,479	70,496
Contracts payable	669,300	732,716
Retainage payable	127,453	226,931
Current maturities of long-term debt	2,675,497	3,276,877
Due to WRP, Inc.	469,547	454,226
Total current liabilities	4,140,052	5,307,561
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 137,145,160	\$ 135,012,590

See notes to the financial statements.

DESTIN WATER USERS, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUE FROM OPERATIONS		
Water and sewer services	\$ 20,682,568	\$ 19,193,533
Other services	<u>306,367</u>	<u>298,994</u>
Total operating revenue	20,988,935	19,492,527
OPERATING EXPENSES		
Operating and maintenance	13,250,430	12,092,819
Depreciation and amortization	<u>2,953,968</u>	<u>2,589,552</u>
Total operating expenses	<u>16,204,398</u>	<u>14,682,371</u>
OPERATING INCOME	4,784,537	4,810,156
OTHER REVENUES (EXPENSES)		
Grant revenue	684,000	-
Gain (loss) on disposal of assets	8,000	(171,769)
Interest income	114,921	119,115
Interest expense	(1,140,297)	(1,259,641)
Other income	402,019	299,027
Investment income	539,854	1,002,684
Loss from investment in WRP, Inc.	<u>(272,414)</u>	<u>(272,414)</u>
Total other revenues (expenses), net	<u>336,083</u>	<u>(282,998)</u>
NET INCOME	<u><u>\$ 5,120,620</u></u>	<u><u>\$ 4,527,158</u></u>

See notes to the financial statements.

DESTIN WATER USERS, INC.
STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CONTRIBUTED CAPITAL		
Beginning balance	\$ 23,799,570	\$ 25,050,458
Contributions from members	300,427	337,822
Contributions from developers	28,918	103,533
Amortization	<u>(1,622,792)</u>	<u>(1,692,243)</u>
Ending balance	22,506,123	23,799,570
RETAINED EARNINGS		
Beginning of year	70,650,514	66,123,356
Net income	<u>5,120,620</u>	<u>4,527,158</u>
End of year	<u>75,771,134</u>	<u>70,650,514</u>
TOTAL MEMBERS' EQUITY	<u><u>\$ 98,277,257</u></u>	<u><u>\$ 94,450,084</u></u>

See notes to the financial statements.

DESTIN WATER USERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 5,120,620	\$ 4,527,158
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,953,968	2,589,552
(Gain) loss on disposal of assets	(8,000)	171,769
Loss from investment in WRP, Inc.	272,414	272,414
Unrealized gain on investments	(321,778)	(805,324)
(Increase) decrease in operating assets:		
Customer receivables, net	(246,070)	(79,494)
Grant receivable	(684,000)	-
Prepaid expenses	(434,700)	(243,803)
Inventory	(74,890)	(123,223)
Increase (decrease) in operating liabilities:		
Accounts payable	(406,539)	291,320
Accrued expenses	(12,017)	(13,523)
Contracts payable	(63,416)	512,102
Compensated absences	(6,784)	(108,841)
Contract liabilities – member deposits	14,095	6,325
Longevity award payable	150,749	(167,271)
Prepaid tap fees	-	(18,220)
Net cash provided by operating activities	6,253,652	6,810,941
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition and construction of utility plant in service	(6,461,346)	(7,355,228)
Proceeds from sale of vehicles	8,000	103,344
Investment in WRP, Inc.	(502,841)	(471,062)
Sales of investments, net	1,166,902	459,116
Net cash used in investing activities	(5,789,285)	(7,263,830)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	2,246,412	1,176,005
Payments of long-term debt	(3,063,908)	(2,956,072)
Contributions from members	300,427	337,822
Contributions from developers	28,918	103,533
Net cash used in financing activities	(488,151)	(1,338,712)

See notes to the financial statements.

DESTIN WATER USERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CHANGE IN CASH AND CASH EQUIVALENTS	\$ (23,784)	\$ (1,791,601)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>3,402,302</u>	<u>5,193,903</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 3,378,518</u></u>	<u><u>\$ 3,402,302</u></u>
 COMPOSITION OF CASH AND CASH EQUIVALENTS		
Unrestricted	\$ 2,115,392	\$ 1,975,870
Restricted	<u>1,263,126</u>	<u>1,426,432</u>
TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 3,378,518</u></u>	<u><u>\$ 3,402,302</u></u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u><u>\$ 1,152,515</u></u>	<u><u>\$ 1,271,464</u></u>

See notes to the financial statements.

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF BUSINESS

Description of Business

Destin Water Users, Inc., (hereinafter referred to as, the Company), was incorporated in the state of Florida in 1963, as a not-for-profit corporation to provide water and sewer services to customers in the Destin area of Okaloosa County, Florida. The Company's primary funding sources are from sales of water and sewer services, infrastructure constructed and donated by developers, and tap fees. The Company has qualified under Internal Revenue Code Section 501(c)(12) as an exempt organization and, as such, is not liable for income taxes. By Florida statute, the Company is also exempt from sales tax and ad valorem taxes.

Revenue Recognition, Contract Assets and Contract Liabilities

The Company follows the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and related amendments (ASC 606), which is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. ASC 606 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract.

The Company recognizes revenue when performance obligations are satisfied. Generally, the Company's performance obligations are satisfied, control of water and sewer services are transferred, and revenue is recognized on a monthly basis after the service has been performed. Because customers are invoiced at the time service has been performed and the Company's right to consideration is unconditional at that time, the Company currently does not maintain contract asset balances. For setup of customer accounts, any amounts that have been collected for services, where control has not transferred, are recorded as member deposits (contract liabilities).

Cash and Cash Equivalents

The Company has defined cash and cash equivalents as cash held at a depository and cash on hand for operating purposes. Cash equivalents consist of cash, overnight repurchase agreement investments, funds held in money market accounts and short-term investments maturing in 90 days or less when purchased.

Restricted Cash

Cash has been restricted pursuant to the requirements of the loan from the Florida Department of Environmental Protection Loan Fund, sinking fund requirements related to the 2005 revenue bonds, and meter deposits held for customers.

Investments

Management determines the appropriate classification of investment securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. All of the investments held by the Company are classified at fair value.

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Utility Plant in Service and Depreciation

Property, plant and equipment is recorded at cost when acquired by purchase, at estimated fair market value when donated, or at developer cost when contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Useful lives range from five to fifty years.

Intangible Assets

Intangible assets associated with the utility plant, distribution systems, and water supply connection fees are amortized over their period of availability using the straight-line method.

Customer Receivables

Customer accounts receivable consist of amounts due on water and sewer billings to customers. Bills for water and sewer service are due on the 15th day of each month. Bills not paid by the 15th are charged a 10% penalty. Accounts 30 days past due are disconnected and charged a \$35 disconnection fee.

Management treats uncollectible customer accounts receivable as credit losses. Methods, inputs and assumptions used to estimate when customer balances are considered uncollectible include closely monitoring outstanding account balances and reviewing the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes that historical loss information is a reasonable starting point for calculating the expected allowance for credit losses.

Inventory

Inventory is stated at lower of cost or net realizable value with cost being determined by the moving average method. The inventory of operating supplies is reported using the consumption method under which operating supplies are expensed and additions to the system are recorded as the supplies are used.

Prepaid Tap Fees

Prepaid tap fees consist of payments made by individuals, businesses and developers for future water and/or sewer connection fees under the terms of contracts between the parties and the Company. Prepaid tap fees were \$232,114 for 2025 and 2024.

Contributions in Aid of Construction

Contributions in aid of construction consist of state and federal grants and contributions by individuals and corporations toward the cost of the water and sewer system. Property contributed by customers and developers is recorded as contributions in aid of construction at its developer cost at the date received. These contributions are amortized using the straight-line method over the estimated useful lives of the contributed assets, generally 40 years. Accumulated amortization was \$1,540,457 and \$1,609,908 for 2025 and 2024, respectively, netted by loan cost and amortization expense. The amortization is offset against depreciation charged to operations.

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Contributions by Members

Contributions by members are water and/or sewer connection fees paid by individuals, businesses, and developers and are utilized for capital projects and utility plant expansion. As such, these tap fees are treated as contributed capital for financial reporting purposes and are amortized using the straight-line method over 40 years. The amortization is offset against depreciation charged to operations.

Compensated Absences

Full-time permanent employees earn vacation based on years of service. Earned, but unused vacation may be carried forward indefinitely and is payable upon termination. Employees with more than one year of service will be paid 50% of their accrued sick leave upon termination. Accrued vacation and sick leave benefits as of December 31, 2025 and 2024, were \$853,242 and \$860,026, respectively.

Longevity Award

Employees terminating with a total of ten years of service at Destin Water Users, Inc. will be provided a bonus equal to 20% of their current annual base salary. Employees terminating between 11 and 15 years will receive an additional 2% of their current annual base salary for each year beyond ten years. The maximum bonus for 15 years is 30%. Employees terminating between 16 and 19 years will receive an additional 2.25% of their current annual base salary for each year beyond 15 years. Employees terminating with a total of 20 years of service will be provided a bonus equal to 50% of their current annual base salary. Employees terminating between 20 and 30 years will receive an additional 2.5% of their current annual base salary for each year beyond 20 years. The maximum bonus for 30 years is 75%.

Accrued benefits as of December 31, 2025 and 2024, were \$1,227,366 and \$1,076,617, respectively.

Income Taxes

The Company is generally exempt from payment of income taxes under Section 501(c)(12) of the Internal Revenue Code but obligated to pay tax on any unrelated business income as defined by the Internal Revenue Code. The Company is not aware of any uncertain tax positions that would require disclosure or accrual in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred and were \$23,882 and \$44,003 for 2025 and 2024, respectively.

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Subsequent Events

The Company has evaluated events and transactions that occurred between December 31, 2025, and February 12, 2026, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. CONCENTRATIONS

The Company maintains cash balances at several banks. Interest-bearing and noninterest-bearing accounts at each institution are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000. At December 31, 2025 and 2024, the Company exceeded the FDIC insured limits at financial institutions by a total of \$3,313,871 and \$3,939,742, respectively, which is the amount of the Company's exposure to credit loss. The Company has not experienced any losses in such accounts and believes there is little or no exposure to any significant credit risk.

3. INVESTMENTS

Investments in marketable securities are carried at fair value as determined by the quoted market prices. The Company's investments consist of the following:

<u>As of December 31, 2025</u>	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Mutual funds and exchange traded funds	\$ 4,330,801	\$ 1,738,857	\$ 6,069,658
Fixed income	2,144,492	54,548	2,199,040
Total Investments	<u>\$ 6,475,293</u>	<u>\$ 1,793,405</u>	<u>\$ 8,268,698</u>

<u>As of December 31, 2024</u>	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
Mutual funds and exchange traded funds	\$ 3,981,377	\$ 1,464,616	\$ 5,445,993
Fixed income	3,658,845	8,985	3,667,830
Total Investments	<u>\$ 7,640,222</u>	<u>\$ 1,473,601</u>	<u>\$ 9,113,823</u>

Investment returns were as follows:

	<u>2025</u>	<u>2024</u>
Dividend and interest	\$ 218,076	\$ 197,360
Unrealized gain on investments	321,778	805,324
Total investment income	<u>\$ 539,854</u>	<u>\$ 1,002,684</u>

The Company paid investment advisory fees of \$42,269 and \$42,685 for 2025 and 2024, respectively.

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements*, are described as follows:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. These valuations represent quoted prices in the active markets, and therefore, do not require significant management judgement.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in less active markets; or other inputs that can be derived principally from, or corroborated by, observable market data.
- Level 3 – Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Company had no Level 3 investments as of December 31, 2025 or 2024.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

<u>As of December 31, 2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds and exchange traded fund	\$ 6,069,658	\$ -	\$ 6,069,658
Fixed income	-	2,199,040	2,199,040
Total Investments at fair value	<u>\$ 6,069,658</u>	<u>\$ 2,199,040</u>	<u>\$ 8,268,698</u>

<u>As of December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Mutual funds and exchange traded fund	\$ 5,445,993	\$ -	\$ 5,445,993
Fixed income	-	3,667,830	3,667,830
Total Investments at fair value	<u>\$ 5,445,993</u>	<u>\$ 3,667,830</u>	<u>\$ 9,113,823</u>

The following methods and assumptions were used to estimate the fair value for each class of investment, measured at fair value:

- Mutual funds and exchange traded funds – Investments are comprised of various equity holdings. They are classified as Level 1, as the funds are traded in an active market for which closing prices are readily available.

**DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

- Fixed income – Investments in debt and fixed income funds are comprised of various bond market index funds and a certificate of deposit. They are classified as Level 2, as they are traded in an active market and quoted prices are based on the value of underlying assets.

5. INVESTMENT IN WRP, INC.

In 1996, the Company and South Walton Utility Company, Inc. (SWUCI) formed WRP, Inc. (WRP), a not-for-profit organization incorporated in the state of Florida, for the purpose of acquiring land and developing well fields and pipelines capable of providing potable water to the Company and SWUCI. The Company accounts for its 50% ownership interest in WRP, using the equity method of accounting in accordance with generally accepted accounting principles. In 2011, WRP began the Phase IV Water System Improvements, General Brown Wellfield Transmission Main Project (hereinafter referred to as, the Phase IV Project). The Phase IV Project was completed and placed into service during 2013. The cost of the Phase IV Project was shared equally between the Company and SWUCI.

The construction costs associated with the Phase IV Project were funded through a State Revolving Funds Loan (SRF Loan) through the Florida Department of Environmental Protection (FDEP) in the amount of \$16,000,000 obtained by WRP, as well as through contributions from the Company and SWUCI. The SRF Loan bears interest at 2.5% and is payable in semi-annual principal and interest payments of \$449,742. The SRF Loan is secured by pledged revenues of the Company and SWUCI. As of December 31, 2025, WRP had drawn a total of \$13,819,265 on the SRF Loan of which \$3,916,112 is the responsibility of the Company and is recorded as "Due to WRP, Inc." in the financial statements.

The Company's 50% share of costs incurred on the Phase IV Project, including its share of the balances of the SRF Loan and line of credit, is recognized as an increase to the Company's investment in WRP. As of December 31, 2025 and 2024, the Company owed WRP \$3,916,112 and \$4,374,138, respectively, for costs associated with the Phase IV Project, which includes the Company's share of WRP's line of credit, SRF loan and accounts payable, contracts payable and retainage payable. The amounts due to WRP by the Company are tied to the related debt on WRP's books, and accordingly, have corresponding maturities, which are summarized as follows at December 31, 2025:

	Amount
2026	\$ 465,653
2027	477,367
2028	489,376
2029	501,687
2030	514,307
Thereafter	<u>1,467,722</u>
Total due to WRP, Inc.	<u><u>\$ 3,916,112</u></u>

**DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

During the year ended December 31, 2025, the Company contributed \$42,605 to WRP and recognized a loss on its investment in WRP of \$272,414. During the year ended December 31, 2024, the Company contributed \$24,275 to WRP and recognized a loss on its investment in WRP of \$272,414. The Company's investment in WRP totaled \$7,705,152 and \$7,932,751 at December 31, 2025 and 2024, respectively.

The Company's investment in WRP is accounted for under the equity method of accounting. Pertinent financial information for WRP, Inc., as of December 31, follows:

	2025	2024
Balance Sheet		
Cash	\$ 974,930	\$ 885,298
Due from SWUCI	2,328,985	2,600,743
Due from Company	3,925,325	4,383,350
Property and equipment, net	14,550,844	15,077,161
Total assets	<u>\$ 21,780,084</u>	<u>\$ 22,946,552</u>
Accrued interest payable	\$ 68,724	\$ 74,757
SRF Loan payable	6,351,908	7,058,705
Equity	15,359,452	15,813,090
Total liabilities and equity	<u>\$ 21,780,084</u>	<u>\$ 22,946,552</u>
	Year Ended December 31, 2025	Year Ended December 31, 2024
Statement of Operations and Gains		
Revenue	\$ 260,272	\$ 263,652
Expenses	<u>(339,725)</u>	<u>(343,105)</u>
Deficit of revenues under expenses	(79,453)	(79,453)
	x 50%	x 50%
Company's share of WRP, Inc.'s deficit of revenues under expenses	<u>\$ (39,727)</u>	<u>\$ (39,727)</u>
Less: amortization of contributed capital	<u>(232,688)</u>	<u>(232,688)</u>
Company's recognized loss on investment in WRP, Inc.	<u>\$ (272,414)</u>	<u>\$ (272,414)</u>

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

6. CUSTOMER RECEIVABLES

At December 31, 2025, 2024 and 2023, receivables consisted of the following:

	2025	2024	2023
Customer receivables	\$ 1,579,471	\$ 1,422,947	\$ 1,391,870
Unbilled receivable	894,557	804,450	760,792
Other	26,962	27,523	22,764
Total customer receivables	2,500,990	2,254,920	2,175,426
Less: allowance for credit losses	(20,061)	(20,061)	(20,061)
Customer receivables, net	<u>\$ 2,480,929</u>	<u>\$ 2,234,859</u>	<u>\$ 2,155,365</u>

7. UTILITY PLANT IN SERVICE, NET

The following is a summary of utility plant in service as of December 31, 2025 and 2024:

	2025	2024
Water distribution system and wastewater treatment plant	\$ 134,896,831	\$ 129,754,666
Land	11,825,895	11,825,895
Buildings	23,802,539	22,969,960
Equipment	3,710,590	3,662,313
Easements	283,065	283,065
Construction in progress	3,040,942	2,952,795
Total utility plant in service	177,559,862	171,448,694
Less: accumulated depreciation	(65,342,897)	(61,077,378)
Utility plant in service, net	<u>\$ 112,216,965</u>	<u>\$ 110,371,316</u>

Annual provisions for depreciation of utility plant in service total \$4,494,425 and \$4,199,460 for 2025 and 2024, respectively.

8. INTANGIBLE ASSETS

The Company has purchased the right to provide water and sewer services to certain groups of customers. Anticipated amortization for each of the next ten years will be at a rate of \$12,386 for customer rights.

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
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In 2008, SWUCI completed construction of the Phase III Water Supply Project. In 2009, there was additional construction of the Phase III Project. Under the terms of its agreement with SWUCI, the Company contributed a total of \$1,315,357 for the project. The Company's contribution to the project was recorded as an intangible asset and will be amortized over a period of 30 years. Anticipated amortization for Phase III access will be \$43,845 per year.

The amortized cost of these intangible assets was as follows as of December 31, 2025:

	Date Acquired	Original Period	Original Cost	Accumulated Amortization	Amortized Cost
Customer rights	1994	40 years	\$ 495,439	\$ (383,964)	\$ 111,475
Phase III access	2008	30 years	1,315,357	(741,989)	573,368
			<u>\$ 1,810,796</u>	<u>\$ (1,125,953)</u>	<u>\$ 684,843</u>

The amortized cost of these intangible assets was as follows as of December 31, 2024:

	Date Acquired	Original Period	Original Cost	Accumulated Amortization	Amortized Cost
Customer rights	1994	40 years	\$ 495,439	\$ (371,579)	\$ 123,860
Phase III access	2008	30 years	1,315,357	(698,143)	617,214
			<u>\$ 1,810,796</u>	<u>\$ (1,069,722)</u>	<u>\$ 741,074</u>

9. EMPLOYEE BENEFIT PLANS

The Company provides pension benefits to its employees through a money purchase pension plan. Employees with at least one year of service, who have attained the age of 18, are eligible to participate. The Company is required to contribute 5% of each eligible employee's compensation to the plan. The contributions for 2025 and 2024 were \$187,281 and \$183,949, respectively.

In 1996, the Company established a profit-sharing plan covering all employees with at least one year of service who have attained the age of 21. Under this plan, the Company's contribution is determined annually by the board of directors. The Company's contribution, if any, is allocated to each participant based on a point system, with points awarded to each employee based on factors such as years of service, age, and compensation. The Company elected not to contribute to the profit-sharing plan in 2025 and 2024.

The Company's profit-sharing plan also includes a 401(k) feature that allows employees to defer a portion of their compensation subject to statutory limits. The Company provides a matching contribution of 100% on the first 3% that an employee defers. Company contributions to the 401(k) portion of the plan totaled \$106,059 and \$105,136 in 2025 and 2024, respectively.

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

10. CONTRACT LIABILITIES – MEMBER DEPOSITS

Member deposits are comprised of both membership fees and deposits that are held until the customer account is closed. The fee is either applied toward the final billing or returned after the final payment has been received. Member deposits are shown as a long-term liability on the balance sheet. Member deposits held on accounts were \$893,915 and \$879,820 as of December 31, 2025 and 2024, respectively.

11. LONG-TERM DEBT

The Company's long-term debt, excluding amounts due to WRP, Inc. and South Walton Utility Company, Inc. consisted of the following at December 31, 2025 and 2024:

	2025	2024
Construction loan agreements – SRF	\$ 4,914,566	\$ 3,300,747
State Revolving Funds Loan Payable to RUA	2,574,414	2,830,712
Commercial construction loans	23,323,602	25,498,619
Total debt	30,812,582	31,630,078
Less: unamortized debt issuance costs	(62,436)	(66,745)
Total debt less unamortized issuance costs	30,750,146	31,563,333
Less: current maturities	(2,675,497)	(3,276,877)
Total long-term debt	<u>\$ 28,074,649</u>	<u>\$ 28,286,456</u>

Construction Loan Agreements – State Revolving Funds (SRF)

On May 24, 2004, the Company entered into a construction loan agreement with the State of Florida funded through the Drinking Water State Revolving Fund (DWSRF), in the amount of \$3,000,000. On December 14, 2004, the agreement was amended to provide for an additional \$3,375,000, which was received during 2005. In August 2006, the agreement was amended to provide an additional \$2,013,362, which was received during 2007. The DWSRF is funded with federal grants passed through the State of Florida's Department of Environmental Protection (FDEP). The loan is secured by the gross revenues derived yearly after satisfaction of all yearly payment obligations on any senior revenue obligations (USDA guaranteed second mortgage agreement and Variable Rate Demand Taxable Notes Series 2001). Interest on the loan accrues and is compounded annually from the time when disbursements are made until six months before the first semi-annual payment is due. Interest is currently at a fixed rate of 2.71% on the original \$3,000,000; 2.81% on the additional \$3,375,000; and 2.75% on the additional \$2,013,362.

As of December 31, 2025 and 2024, the loan had a total principal outstanding of \$0 and \$533,506, respectively. The Company is required to maintain a reserve cash account of a deposit equal to one semi-annual payment. This amount is included in restricted cash on the balance sheet.

DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

During 2020 and 2019, the Company received funding of \$1,176,064 and \$962,762, respectively, for a State Revolving Fund (SRF) loan related to water storage and supply project. The Company makes semi-annual payments of \$61,214 beginning August 2019 through February 2039. The loan bears an interest rate of 1.49%. As of December 31, 2025 and 2024, the loan had total principal outstanding of \$1,492,149 and \$1,591,236, respectively.

On June 16, 2021, the Company entered into a second construction loan agreement with the State of Florida funded through the Drinking Water State Revolving Fund (DWSRF), in the amount of \$920,000. In May 2023, the agreement was amended to provide for an additional \$2,080,000, of which \$1,176,005 was received during 2024. In July 2024, the agreement was amended to provide additional funding of \$2,300,000, of which \$2,246,412 was received during 2025. In April 2025, the agreement was amended to provide an additional \$2,205,000, which has not been received as of December 31, 2025. The DWSRF is funded with federal grants passed through the State of Florida's Department of Environmental Protection (FDEP). The loan is secured by the gross revenues derived yearly from the operation of the utility system after payment of the operation and maintenance expense and the satisfaction of all yearly payment obligations. Interest on the loan accrues and is compounded annually from the time when disbursements are made until six months before the first semi-annual payment is due. Interest is currently at a fixed rate of 0.62% on the total amount awarded.

As of December 31, 2025 and 2024, the loan had a total principal outstanding of \$3,422,417 and \$1,176,005, respectively. The \$7,505,000 loan is payable over a 20-year term with semi-annual payments beginning September 15, 2027.

SRF Loans Payable to Regional Utility Authority (RUA)

During 2011, the Company obtained two SRF Loans, one for \$1,639,606 and the other for \$1,495,376 from the FDEP to fund improvements to its wastewater treatment and reclaimed water disposal system, completed in previous years. The loans are secured by land and improvements.

The \$1,639,606 loan bears interest at a rate of 2.74%, is secured by pledged revenues, and is payable semiannually over a 20-year term beginning August 15, 2012. As of December 31, 2025 and 2024, the loan had total principal outstanding of \$607,302 and \$691,562, respectively. The \$1,495,376 loan bears interest at a rate of 2.74%, is secured by pledged revenues, and is payable semiannually over a 20-year term beginning July 15, 2012. As of December 31, 2025 and 2024, the loan had total principal outstanding of \$477,876 and \$544,179, respectively.

The Company is required to maintain a loan deposit account equal to one semi-annual payment. This amount is included in RUA loan deposits on the balance sheet in the amount of \$123,755 as of December 31, 2025 and 2024.

**DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

During 2019, the Company obtained a \$1,196,882 SRF Loan and a \$975,135 SRF Loan (\$316,165 advanced payment in 2018) from the FDEP to fund water reclamation facility improvements. The \$1,196,882 loan bears interest at a rate of 0.92%, is secured by pledged revenues and is payable semiannually over a 20-year term which began May 15, 2019. As of December 31, 2025 and 2024, the loan had total principal outstanding of \$816,600 and \$875,472, respectively. The \$975,135 loan bears interest at a rate of 1.40%, is secured by pledged revenues, and is payable semiannually over a 20-year term which began March 15, 2019. As of December 31, 2025 and 2024, the loan had total principal outstanding of \$672,636 and \$719,499, respectively.

Commercial Construction Loans

In May 2015, the Company obtained a \$5,500,000 Commercial Construction Loan from a local financial institution to fund a Highway 98 widening project and sanitary sewer evaluation and sewer line repairs, both completed in 2017. The contract was awarded to a local construction company in the amount of \$3,932,450. The loan bears interest at a rate of 3.55%, is secured by pledged revenues and is payable monthly over a 15-year term beginning June 7, 2015. As of December 31, 2025 and 2024, the loan had total principal outstanding of \$1,937,676 and \$2,335,332, respectively.

In January 2019, the Company obtained a \$15,000,000 promissory note from a local financial institution to fund upcoming project requirements. The loan bears interest at a rate of 4.28%, is secured by pledged revenues, and is payable monthly over a 15-year term beginning February 1, 2019. As of December 31, 2025 and 2024, the loan had total principal outstanding of \$9,259,846 and \$10,196,243, respectively.

In May 2022, the Company obtained a \$15,000,000 promissory note from a local financial institution to fund project requirements. The loan bears interest at a rate of 3.6%, is secured by pledged revenues and is payable monthly over a 15-year term beginning June 18, 2022. As of December 31, 2025 and 2024, the loan had total principal outstanding of \$12,126,080 and \$12,967,044, respectively.

Management believes that the Company is in compliance with all covenants and restrictions at December 31, 2025 and 2024.

Aggregate maturities of long-term debt at December 31, 2025, are as follows:

	<u>Amount</u>
2026	\$ 2,624,500
2027	2,891,523
2028	3,213,700
2029	3,323,512
2030	3,155,931
Thereafter	<u>15,603,416</u>
	<u><u>\$ 30,812,582</u></u>

**DESTIN WATER USERS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024**

12. RELATED PARTY AGREEMENTS

During 2000, SWUCI entered into an agreement with Regional Utilities (RU) to use 60% of its water line capacity beginning on June 1, 2001, and continuing for 20 years. As part of that agreement, the Company pays SWUCI one-half of the initial payment for the extension and one-half of the water line capacity. The agreement includes automatic term renewals for 20-year periods.

13. OPERATING LEASES

Tower Lease

The Company has an operating lease with a communications company to lease space on towers to cellular service providers. Total income from this lease was \$197,933 and \$187,511 in 2025 and 2024, respectively, and is included in other income in the statements of income.

14. COMMITMENTS

Kelly Plantation Water Storage Tank

In September 2024, the Company entered into a contract with a construction company for the installation of a 0.5 MG water storage tank at Kelly Plantation for an amount totaling \$3,481,000. As of December 31, 2025, there were \$2,421,607 of expenses incurred on the contract. The contract is expected to be completed in 2026. The project is being funded by the SRF loan as described in Note 11. The Company was also awarded \$1,150,000 from the Florida Department of Environmental Protection to help fund this project. As of December 31, 2025, the Company recognized grant receivable and revenue related to the project totaling \$684,000. The remaining award is expected to be received as eligible costs are incurred and reimbursement requests are submitted.

COMPLIANCE SECTION

DESTIN WATER USERS, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

State Agency Pass-Through Entity State Project	CSFA	Contract Grant Number	Expenditures	Passed Through to Subrecipients
STATE PROJECTS				
Florida Department of Environmental Protection				
Direct Programs:				
Drinking Water Facility Construction	37.076	DW460121	\$ 2,246,412	\$ -
Statewide Water Quality Restoration	37.039	NW008	<u>684,000</u>	<u>-</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u><u>\$ 2,930,412</u></u>	<u><u>\$ -</u></u>

See notes to the schedule of expenditures of state financial assistance.

DESTIN WATER USERS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

1. BASIS OF PRESENTATION

The information in the accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Because the Schedule presents only a selected portion of the operations of Destin Water Users, Inc. (the Company), it is not intended to, and does not, present the financial position, results of operations, changes in equity and cash flows of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule includes the state grant activity of the Company for the year ended December 31, 2025. Expenditures reported on the Schedule are reported on the accrual basis of accounting.

3. STATE REVOLVING LOAN PROJECTS

The Company has entered into a state revolving loan with the Florida Department of Environmental Protection (FDEP) for the rehabilitation of a well. Expenditures reported on the Schedule related to this project are considered expended when the funds are drawn down from the FDEP, regardless of when the underlying expenditure is incurred, under the accrual basis of accounting. As a result, a portion of the \$2,246,412 of expenditures of state financial assistance reported in the Schedule were incurred in a prior period but the state funds were drawn down during the year ended December 31, 2025. As of December 31, 2025, the Company has an outstanding loan balance of \$3,422,417.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Destin Water Users, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Destin Water Users, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2025, and the related statement of income, members' equity and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Destin Water Users, Inc.'s (the Company) internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Warren Averett, LLC". The script is cursive and fluid.

Destin, Florida
February 12, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR STATE
PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors
Destin Water Users, Inc.

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited Destin Water Users, Inc.'s (the Company) compliance with the types of compliance requirements described in the Executive Office of the Florida Governor's *State Project Compliance Supplement* that could have a direct and material effect on the Company's major state project for the year ended December 31, 2025. The Company's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2025.

Basis for Opinion on the Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state project. Our audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Company's state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Company's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Chapter 10.650, *Rules of the Auditor General of the State of Florida*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Company's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

Warren Averett, LLC

Destin, Florida
February 12, 2026

**DESTIN WATER USERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified	_____	es	_____	No
----------------------------------	-------	----	-------	----

Significant deficiency(ies) identified that is/are not considered to be material weaknesses	_____	es	_____	None Reported
--	-------	----	-------	------------------

Noncompliance material to financial statements noted	_____	es	_____	No
--	-------	----	-------	----

State Project

Internal control over major state project:

Material weakness(es) identified	_____	es	_____	No
----------------------------------	-------	----	-------	----

Significant deficiency(ies) identified that is/are not considered to be material weaknesses	_____	es	_____	None Reported
--	-------	----	-------	------------------

Type of auditors' report issued on compliance for major state project:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General of the State of Florida</i>	_____	es	_____	No
--	-------	----	-------	----

Identification of major state project:

CSFA Number	Name of State Project
37.076	Drinking Water Facility Construction

Dollar threshold used to distinguish between type A
and type B major state projects

_____ \$750,000 _____

Auditee qualified as low-risk auditee for federal awards	_____	es	_____	No
--	-------	----	-------	----

**DESTIN WATER USERS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

II. FINANCIAL STATEMENT FINDINGS

There were no findings which were required to be reported in accordance with *Government Auditing Standards*

III. MAJOR STATE PROJECT FINDINGS AND QUESTIONED COSTS

There were no findings which were required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*

IV. OTHER MATTERS

There were no prior audit findings as described in Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

There were no items relating to state financial assistance required to be reported in the management letter.

Attachment #9
Reconciliation of Financial to Audit

DESTIN WATER USERS, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUE FROM OPERATIONS		
Water and sewer services	\$ 20,682,568	\$ 19,193,533
Other services	<u>306,367</u>	<u>298,994</u>
Total operating revenue	20,988,935	19,492,527
OPERATING EXPENSES		
Operating and maintenance	13,250,430	12,092,819
Depreciation and amortization	<u>2,953,968</u>	<u>2,589,552</u>
Total operating expenses	<u>16,204,398</u>	<u>14,682,371</u>
OPERATING INCOME	4,784,537	4,810,156
OTHER REVENUES (EXPENSES)		
Grant revenue	684,000	-
Gain (loss) on disposal of assets	8,000	(171,769)
Interest income	114,921	119,115
Interest expense	(1,140,297)	(1,259,641)
Other income	402,019	299,027
Investment income	539,854	1,002,684
Loss from investment in WRP, Inc.	<u>(272,414)</u>	<u>(272,414)</u>
Total other revenues (expenses), net	<u>336,083</u>	<u>(282,998)</u>
NET INCOME	<u>\$ 5,120,620</u>	<u>\$ 4,527,158</u>

	2025	2024	
from Audit			
Gain (Loss) on Disposal of assets	8,000	-171,769	
Other Income	402,019	299,027	
	<u>410,019</u>	<u>127,258</u>	
from PART V - Supplemental Information			
Schedule of Actual Revenues and Debt Coverage			
Lease Income	223,172	237,188	
Other Income	186,847	-110,030	
	<u>410,019</u>	<u>127,158</u>	

Attachment #10

Method for Developing Projections

DWU regularly uses a 5-Year Master Plan to forecast growth and needs, last completed in 2023. Annually, DWU prepares a work plan based operation and maintenance budget that includes an updated 5-year capital improvements plan and repair and replacement plan. This information was the basis for the most recent Rate Study adopted in 2026 which is used to prepare the financial information included in future projections of the Capital Finance Plan.

ENCLOSURE 6g:

Consideration of authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority to submit a Request for Inclusion (RFI) application in the Clean Water State Revolving Fund Program for a Reuse Pump Station Upgrade project on behalf of Destin Water Users, Inc as sponsoring agency and designating authorized representatives.

WALTON/OKALOOSA/SANTA ROSA REGIONAL UTILITY AUTHORITY

Staff to the RUA: Emerald Coast Regional Council

Chair: Colton Wright
Vice-Chair: Dewey Destin

Enclosure 6g

SUBJECT: Consideration of authorizing the Walton/Okaloosa/Santa Rosa Regional Utility Authority (RUA) to submit a Request for Inclusion (RFI) in the Clean Water State Revolving Fund Program to Construct for a Reuse Pump Station Upgrade project on behalf of Destin Water Users, Inc as sponsoring agency and designating authorized representatives.

ORIGIN OF SUBJECT: Destin Water Users, Inc (Destin WU)

Background: Reuse pump station modifications are proposed to resolve the current hydraulic deficiency and improve the operational efficiency of the pump station. The project scope will only be within the George F. French Water Reclamation Facility (WRF) and at the current reuse pump station. The proposed modifications will have the wet well divert almost all of its flow to nearby ground storage tanks and have these ground storage tanks discharge to a set of four (4) new proposed vertical turbine can pumps that will replace the existing three (3) reuse transmission pumps and provide reclaimed water to the WRF's reuse service area. This modification effectively utilizes the ground storage tanks as the new wet well volume and improves pumping capabilities to the reclaimed water system.

Estimated Requested SRF Loan amount is \$4,271,524

Attached are the following:

- RFI application
- Link to SRF website: <https://floridadep.gov/wra/srf>

RECOMMENDED ACTION: Approval of a motion to authorize the RUA Chair to sign the RFI application. This action is recommended in order to submit the Request for Inclusion (RFI) application. Please contact Ms. Monica M. Wallis, P.E., General Manager at mwallis@dwuinc.com or (850) 337-3946 if you want additional information.



STAFF TO THE RUA: Emerald Coast Regional Council
P.O. Box 11399 • Pensacola, FL 32524-1399 • P: 850.332.7976 • 1.800.226.8914 • F: 850.637.1923
www.ecrc.org



Florida Department of Environmental Protection

REQUEST FOR INCLUSION ON THE CLEAN WATER PRIORITY LIST

Clean Water State Revolving Fund Program
3900 Commonwealth Blvd., MS 3505, Tallahassee, FL 32399-3000

Process to receive a State Revolving Fund (SRF) Loan. This Request for Inclusion (RFI) form, Form RFI 1 per subsection 62-503.200(33), F.A.C., lets us know that you are interested in obtaining an SRF loan. Each RFI will be assigned a project engineer to assist you throughout the SRF funding process. The information contained in the RFI is used to determine a priority score for your project; and the priority score is used to rank projects on the SRF priority list. Only projects ranked on the fundable portion of the priority list will receive consideration for a loan. Your project engineer will assist you in understanding all program requirements necessary before you are asked to submit a loan application, Form Application 1 or Form Application 2 per paragraph 62-503.430(1)(a), F.A.C. Please note that costs incurred before the adoption of the project on the fundable or waiting portion of the priority list are ineligible for reimbursement.

Type of Loan Requested in this Application. Select only one loan category and project type.

Loan Category: Planning ☐ Design ☐ Inflow/Infiltration Rehabilitation ☐ Construction ☒

Project Type: Design/Bid/Build ☒ Design/Build (D/B) ☐ Construction Manager at Risk (CMR) ☐

Note: Procurement of professional services must meet the requirements of the Consultants' Competitive Negotiation Act, Section 287.055, F.S.

1. Applicant's Name and Address.

Project Sponsor: Walton/Okaloosa/Santa Rosa
Regional Utility Authority Contact Person: Howard K. Vanselow Title: Planner
PO BOX 11399 Pensacola Escambia FL 32524
(street address) (city) (county) (state) (zip code)
(850)332-7976 231 howard.vanselow@ecrc.org
(telephone) (ext.) (email address)

Contact Person Address (if different): _____
(street address) (city) (state) (zip code)

2. Name and Address of Applicant's Consultant (if any).

Firm: Donovan-Hill Group, Inc. Contact Person: Jeff Jones, P.E. Title: Professional Engineer
449 West Main Street Pensacola Escambia FL 32502
(street address) (city) (county) (state) (zip code)
(850)438-9661 _____ jjones@dhgroup.inc
(telephone) (ext.) (email address)

3. Certification by Authorized Representative.

I certify that this form and attachments have been completed by me or at my direction and that the information presented herein is, to the best of my knowledge, accurate.

ddestin@cityofdestin.com 9/23/26
(email address) (date)
Dewey Destin Vice-Chair RUA
(name, typed) (title)

(signature)

REQUEST FOR INCLUSION ON THE CLEAN WATER PRIORITY LIST

4. Eligible Projects.

- a. Stormwater management facilities, such as detention/retention facilities, treatment facilities, etc. sponsored by a local government (eligible under Section 212 of the amended Clean Water Act).
- b. Wastewater management facilities, such as sewers, pump stations, treatment plants, reuse facilities, sludge facilities, etc. sponsored by a local government (eligible under Section 212 of the amended Clean Water Act).
- c. Nonpoint source pollution control best management practices for agriculture, silviculture, on-site treatment and disposal, wetlands, mining, marinas, brownfields or groundwater protection sponsored by any entity (eligible under Section 319 or 320 of the amended Clean Water Act).

5. Project Information (Please attach).

- a. Describe the project, its location, the scope, why it's needed and the environmental benefit.
- b. Attach maps showing system boundaries, existing and proposed service area, and project area.

6. Estimated Costs (Clean Water Act Section 212, 319, and 320).

- | | |
|--|--------------------|
| a. Planning and/or SSES including geotechnical studies and surveying | _____ |
| b. Design | |
| c. Special Studies including feasibility studies | <u>3/31/2027</u> |
| d. Eligible Land (necessary land divided by total land times purchase price) | <u>6/30/2027</u> |
| e. Construction, Equipment, Materials, Demolition and Related Procurement | <u>3/31/2027</u> |
| f. Construction Contingency (10% of Item e) | <u>6/30/2027</u> |
| g. Technical Services during Construction | <u>\$140,964</u> |
| h. Sum of Items a. through g. | <u>\$4,271,524</u> |

7. Project Schedule. ***See Attached Project Schedule**

(Month and Year)

- | | |
|--|-------|
| a. Submit the planning or SSES documentation | _____ |
| b. Submit the design documents, obtain permits, and acquire sites (as necessary) | _____ |
| c. Start activity (such as construction or non-structural best management practice) | _____ |
| d. Complete activity (such as construction or non-structural best management practice) | _____ |

8. Population

- | | |
|---|---------------|
| a. Population served by the system | <u>17,470</u> |
| b. Population to be served by the project | <u>17,470</u> |

9. Project Priority

- a. Baseline Priority Categorization.

In the Table below, identify each of the project components for which the project qualifies and provide the component's construction cost. The baseline priority score (BPS) will be determined by prorating each component. The project sponsor must provide documentation that supports the selection of a base priority score of 350 points or greater.

REQUEST FOR INCLUSION ON THE CLEAN WATER PRIORITY LIST

<u>Project Component</u>	<u>Priority Points</u>	<u>Component Construction Cost</u>
1. Eliminate a documented acute or chronic public health hazard. Examples include elimination of failing septic tanks, failing package plants, or elimination of sanitary sewer overflows.	500 points	_____
2. Implement a project included in, or to be implemented as a direct result of, an adopted Basin Management Action Plan or a Reasonable Assurance Plan approved pursuant to section 403.067, F.S.	450 points	_____
3a. Protect surface or ground water by preventing or reducing a documented source of pollution, pollution reductions necessary to meet regulatory requirements; or		
3b. Projects or activities by local governments or on-site system management entities, under section 319 of the Act, that correct septic tank failures in springsheds of first magnitude springs; or correct septic tank contributions to nutrient impaired spring systems.	400 points	_____
4. Address a compliance problem documented in an enforcement action where the Department has issued a notice of violation or entered a consent order with the project sponsor.	375 points	_____
5. Meet the criteria for a Green Project; correct excessive inflow/infiltration or other issues within the collection and transmission system that cause sanitary sewer overflows; scheduled rehabilitation; replacement; repair described in an approved asset management plan; or reuse that replaces an existing or proposed demand on a water supply.	350 points	_____
6. Planning and design loans; projects for the installation of wastewater transmission facilities to be constructed concurrently with other construction projects occurring within or along a transportation facility right-of-way; or for rehabilitation, replacement or repair not included in an approved asset management plan.	340 points	<u>\$4,271,524</u>
7. Projects that construct other reclaimed water systems or residuals reuse systems that do not meet the criteria of component 5. above.	300 points	_____
8. Ensure compliance with other enforceable standards or requirements.	200 points	_____
9. Timely submitted projects that otherwise meet the requirements of the Act (including land or wastewater system acquisition projects).	100 points	_____
b. Restoration and Protection of Special Water Bodies.		
In order to qualify for a base score multiplier, identify which of the water bodies listed below that the project will assist in restoring or protecting; and reference the location in existing documentation where substantiating information may be found or attach other such substantiating information. If none are selected, the multiplier equals 1.0. If one or more are selected, the multiplier is 1.2. Supporting documentation must be provided for items selected.		
1. A priority water body identified in an adopted Surface Water Improvement and Management (SWIM) Plan.		☐
2. A water body classified as Outstanding Florida Waters or Wild and Scenic Rivers.		☐
c. Projects that document any of the following shall have bonus points added to the priority score after the adjustment under paragraph (b) above, as indicated. Items 3, 4 and 5 below are only applicable to financially disadvantaged small communities.		
1. Elimination of Ocean Outfalls.	15 points	☐
2. Consistency with an Integrated Water Resource Management (One Water) plan.	15 points	☐
3. Population of 10,000 or less as of most recent decennial census, and affordability index less than or equal to 100.		
	1000 divided by the affordability Index = _____ points.	
4. Negative population trend as defined in 62-505.300(2)(c)2, F.A.C.	25 points	☐
5. End of useful life as defined in 62-505.300(2)(c)3., F.A.C.	25 points	☐

Return the completed form to the State Revolving Fund Program, 3900 Commonwealth Blvd., MS 3505, Tallahassee, Florida, 32399-3000. The form may be scanned and emailed to SRFRFI@FloridaDEP.gov.



REQUEST FOR INCLUSION ON THE CWSRF PRIORITY LIST

PROJECT INFORMATION

Reuse Pump Station Modifications

The reuse pump station at the George F. French Water Reclamation Facility (WRF) consists of a single wet well with an operating volume of 24,000 Gal and a total of six (6) submersible pumps. Three (3) of these pumps are used to deliver effluent as reuse to Destin users and nearby unincorporated areas. Two (2) of the pumps are used to transport effluent to the three nearby ground storage tanks to be stored for later use. The final sixth pump is used to deliver on-site reuse throughout the plant for cleaning and plant processes. The reuse pump station currently suffers from being unable to supply enough reclaimed water during periods of high demand in addition to experiencing constant pump short cycling due to the limited wet well volume.

Reuse pump station modifications were proposed to resolve the current hydraulic deficiency and improve the operational efficiency of the pump station. The project scope will only be within the WRF and at the current reuse pump station. The proposed modifications will have the wet well divert almost all of its flow to nearby ground storage tanks and have these ground storage tanks discharge to a set of four (4) new proposed vertical turbine can pumps that will replace the existing three (3) reuse transmission pumps and provide reclaimed water to the WRF's reuse service area. This modification effectively utilizes the ground storage tanks as the new wet well volume and improves pumping capabilities to the reclaimed water system.

The three (3) reuse transmission pumps and single on-site reuse pump in the existing wet well will be removed and replaced with one (1) additional storage transfer pump and two (2) new on-site reuse pumps. This results in the existing wet well containing three (3) total storage transfer pumps and two (2) on-site reuse pumps. These changes provide additional reliability and redundancy to the WRF's operation. Also included in the project are changes in piping in the reuse pump station area to connect to the four new vertical turbine can pumps and also provide greater operational flexibility for the WRF's operators.

DWU seeks to obtain a low interest loan from the Florida Clean Water State Revolving Fund covering only the construction costs for this project. The estimated construction costs for this project is **\$4,271,524**, including construction contingencies and technical services during construction.



PROJECT SCHEDULE

Reuse Pump Station Modifications	Estimated Completion Date
FDEP Permit Submittal	December 2026
Design Complete	January 2027
FDEP Permit Issued	February 2027
Advertise for Bid	March 2027
Open Bids	March 2027
Award Bid	April 2027
Construction Begins	May 2027
Substantial Completion	March 2028
Place-in-Service	April 2028
Project Closeout	May 2028

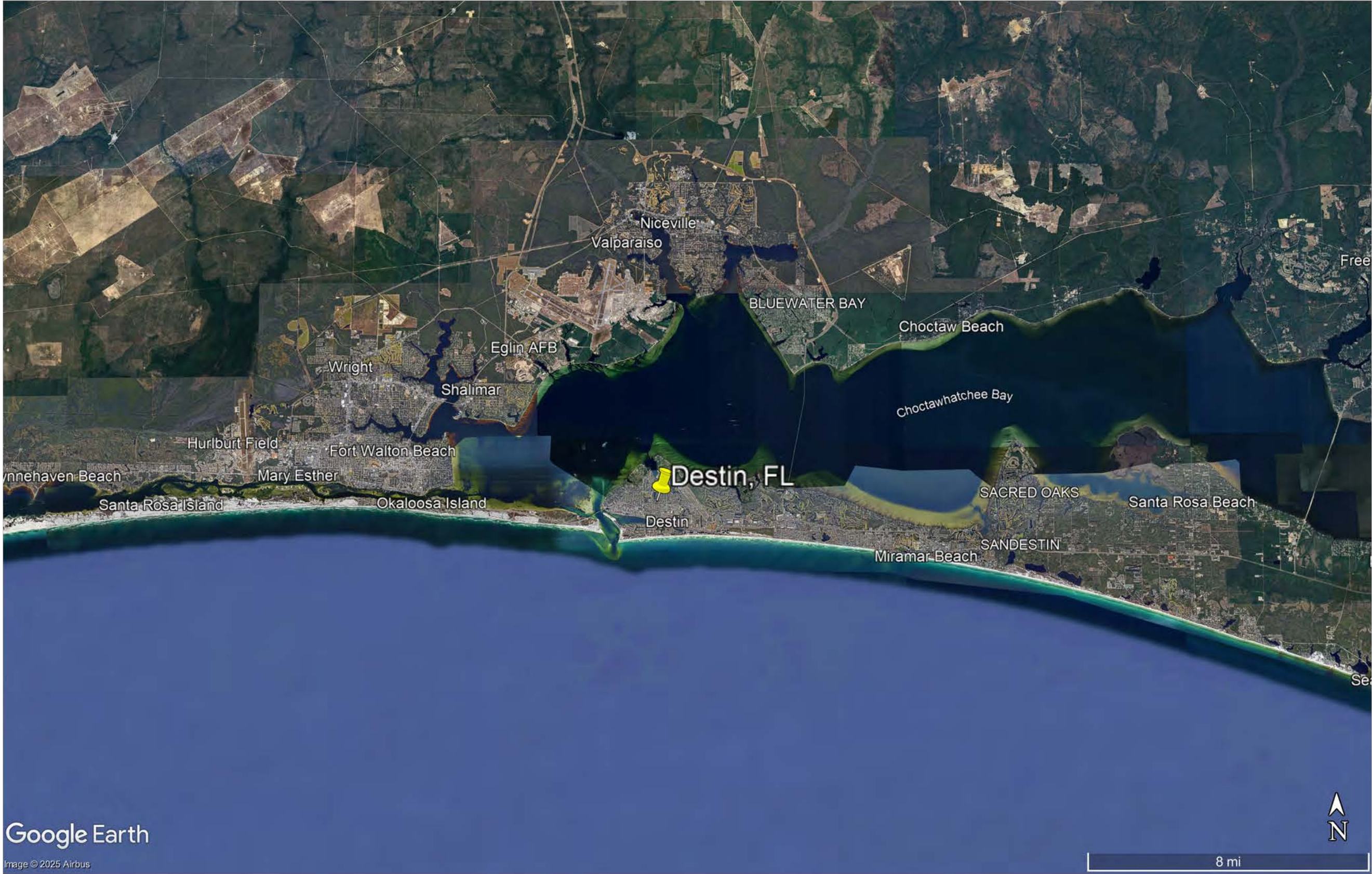
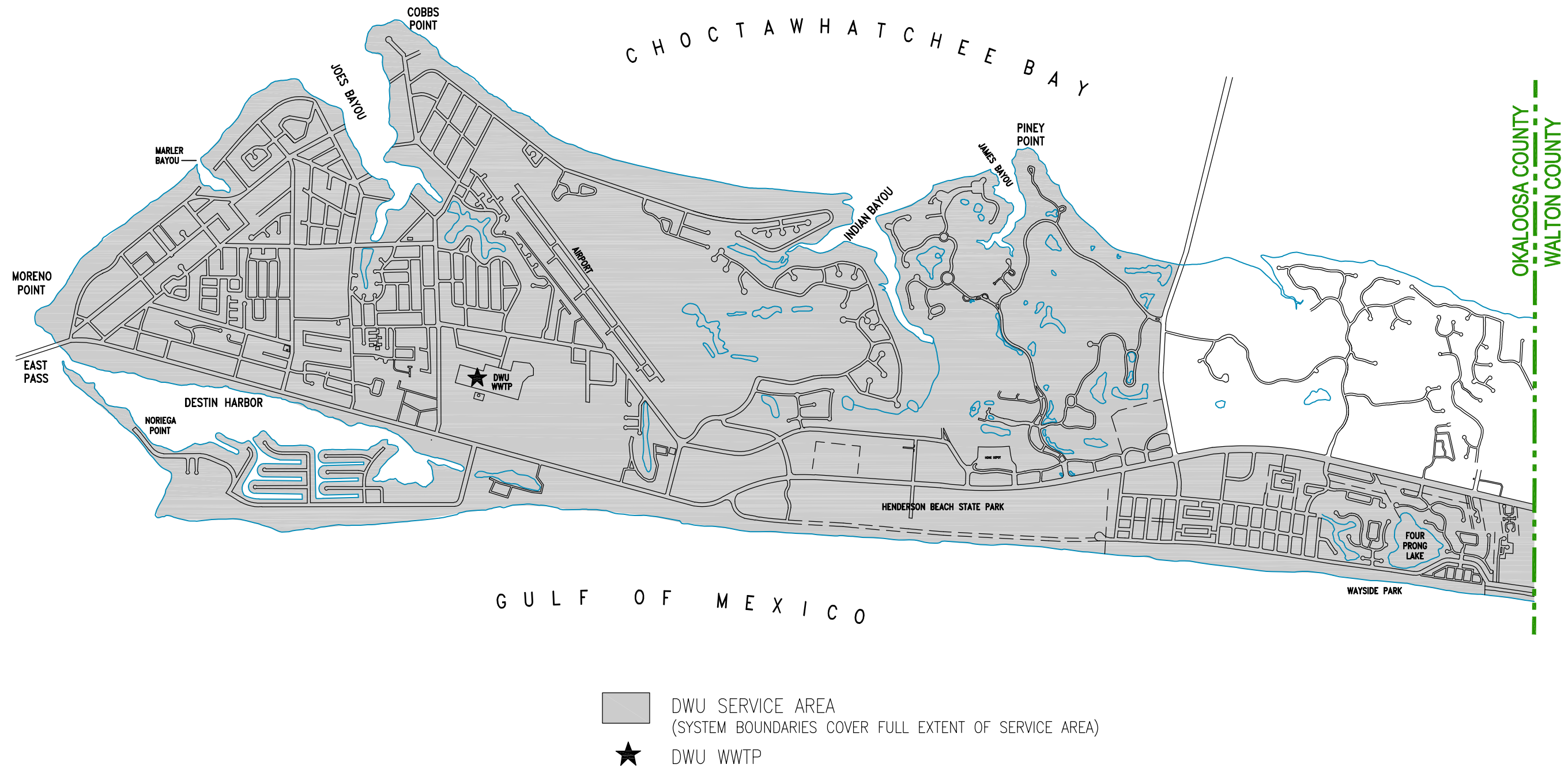


FIGURE NO.:	FIGURE TITLE:	PREPARED FOR:	
1	DWU Location Map	DWU CWSRF Request for Inclusion	 BASKERVILLE-DONOVAN, INC. ENGINEERING THE SOUTH SINCE 1927 449 WEST MAIN STREET, PENSACOLA, FL 32502 (850) 438-9861 ENGINEERING BUSINESS: EIR 2003040 Pensacola - Panama City - Mobile This drawing is the property of BASKERVILLE-DONOVAN, INC. and is not to be reproduced in whole or in part. It is not to be used on any other project and is to be returned upon request.

Figure 2



Destin Water Users Service Area



DESTIN WATER USERS, INC.
P.O. BOX 308 DESTIN, FL 32540 850-837-6146



 **BASKERVILLE-DONOVAN, INC.**
Innovative Infrastructure Solutions

Pensacola - Panama City - Mobile

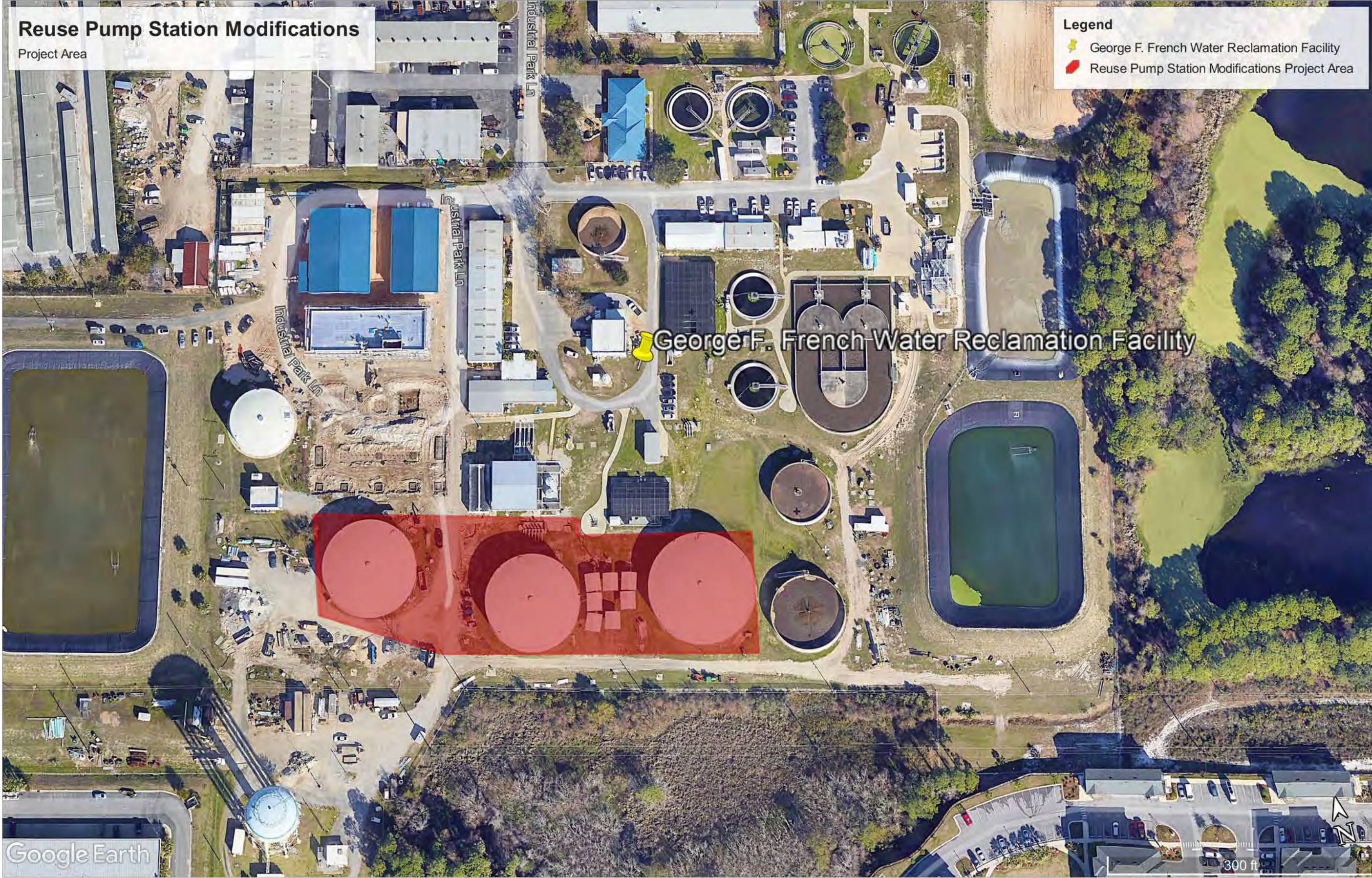


FIGURE NO: 1	FIGURE TITLE: Reuse Pump Station Modifications Project Area	PREPARED FOR: DWU 2025 Request for Inclusion	 BASKERVILLE-DONOVAN, INC. ENGINEERING THE SOUTH SINCE 1927 449 WEST MAIN STREET, PANASCOLA, FL 32502 (850) 438-9861 ENGINEERING BUSINESS: EB-0000340 Panascola - Panama City - Mobile This drawing is the property of BASKERVILLE-DONOVAN, INC. and is not to be reproduced in whole or in part. It is not to be used on any other project and is to be returned upon request.
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ENCLOSURE 7a:

Northwest Florida Water Management District (NFWFMD) Watershed Partnership Program

1. Shoal River water supply project.
2. Managed aquifer recharge.
3. Re-evaluation of the need to establish minimum aquifer levels to reduce saltwater intrusion risks to the Upper Floridan aquifer.

ENCLOSURE 7b:

Technical Advisory Committee Regional Updates