Friday
September 4, 2015
Gautier, Mississippi

BE IT REMEMBERED THAT A CALL FOR A SPECIAL MEETING by the Mayor and Members of the Council of the City of Gautier, Mississippi was held September 4, 2015 at 1:00 PM in the City Hall Municipal Building, 3330 Highway 90, Gautier, Mississippi.

Those present were Mayor Gordon Gollott, Council Members, Mary Martin, Johnny Jones, Hurley Ray Guillotte, Casey Vaughan, and Rusty Anderson. Also present were Samantha Abell, City Manager; Cynthia Russell, City Clerk; Teresa Montgomery and Chad Jordon. Absent was Councilman Adam Colledge and Josh Danos, City Attorney .

AGENDA
CITY OF GAUTIER, MISSISSIPPI
CITY HALL COUNCIL CHAMBERS
CALL FOR SPECIAL MEETING
September 4, 2015 @1:00 P.M.

I. **Call to Order**

II. **Suspend Roberts Rules of Order**

III. **General Discussion – Discussion of JCUA rates.**

IV. **Invoke Roberts Rules of Order**

V. **Recess until September 8, 2015 at 6:30 P.M.**

Councilwoman Martin made the motion to suspend Roberts Rules of Order. **Councilman Vaughan** seconded the motion and the vote carried unanimously.

Discussion of the Jackson County Utility Authority rates with JCUA Executive Director Tommy Fairfield and Gautier's JCUA Director Marshall Smith.

Councilwoman Martin left meeting at 2:06p.m.

Councilman Vaughan made the motion to invoke Roberts Rules of Order. **Councilman Anderson** seconded the motion and the vote carried unanimously.

Councilman Vaughan made the motion to recess until September 8, 2015 at 6:30p.m. **Councilman Anderson** seconded the motion and the vote carried unanimously.

APPROVED BY:

_____

MAYOR

ATTEST:

_____

CITY CLERK

Submitted for approval of the Mayor and Members of the Council of the City of Gautier, Mississippi, at the meeting of October 6, 2015.

BUDGET LISTING

JACKSON COUNTY UTILITY AUTHORITY

For the Months From October, 2015 To September, 2016

Contents: Fund = 100 , Accounts >= "5000" And <= "9999", All Sub Accounts, Excluding Zero Budget Accounts

Account	Description	Budget
100	Wholesale Waste	
Expense		
5000	Administrative Serv	$60,000.00
5010	Advertising & Notices	$2,499.96
5030	Auto Mileage	$8,499.96
5060	Bad Debt Expense	$500.04
5070	Chemicals	$60,000.00
5071	Chemicals - AG	$20,000.04
5100	Commissioners Per Diem	$18,000.00
5110	Deferred Compensation	$125,000.04
5113	Deferr Health Ins.Compensation	$750,000.00
5115	Deferr Employee Tuition Compensation	$3,500.04
5200	Dental Insurance	$50,000.04
5300	Depreciation Expense	$1,299,999.96
5310	Disability Insurance	$35,000.04
5400	Dues, Memberships, Permits	$9,999.96
5500	Electricity	$1,350,000.00
5600	Enforcement Action	$50,000.04
5800	Equipment Rental	$39,999.96
5820	Equipment	$174,999.96
5850	Freight expense	$20,000.04
6000	Health-Life-Vision Insurance	$24,999.96
6100	Insurance	$219,999.96
6200	Interest Expense	$99,999.96
6210	SRF-C280878-01 Chlorine System	$33,207.00
6220	SRF-C280878-02 Central JC XMN Line	$598,670.04
6230	SRF-C280878-03 WW Testing Lab	$81,867.00
6250	Land purchase	$43,068.00
6260	Equipment	$50,000.04
6300	Janitorial Supplies	$7,500.00
6301	Janitorial Services	$24,999.96
6400	Legal Services	$350,000.04
6500	Computer Expense	$1,749,999.96
6550	Miscellaneous Expense	$2,000,000.04
6600	Modify/Improve	$3,000,000.00
6700	Non-Vehicle Fuel	$17,499.96
6750	Office Furnishings	$45,000.00
6800	Office Supplies	$30,000.00
6900	Outside Services	$432,000.00
7000	Overtime	$65,000.04
7100	Payroll Taxes-ADM	$267,999.96
7200	Petty Cash	$1,749.96
7210	Postage	$6,200.04
7215	Professional Services	$2,499,999.96
7230	Professional Svcs-Util.MastPlan Prj22	$200,000.04

BUDGET LISTING

JACKSON COUNTY UTILITY AUTHORITY

For the Months From October, 2015 To September, 2016

Contents: Fund = 100 , Accounts >= "5000" And <= "9999", All Sub Accounts, Excluding Zero Budget Accounts

Account	Description	Budget
100	Wholesale Waste	
Expense		
7300	Repairs	$500,000.04
7300-ESC	Repairs-Escatawpa Facility	$4,100,000.04
7300-GAU	Repairs-Gautier Facility	$1,800,000.00
7300-PMP	Repairs-PMP Facility	$4,100,000.04
7300-PS	Repairs-Pump Station Repairs	$8,000,000.04
7300-WJC	Repairs-West Jackson County Facility	$5,300,000.04
7400	Retirement	$590,000.04
7500	Safety Supplies	$24,999.96
7520	Salary-Paid Time Off(PTO)	$210,000.00
7560	Software	$75,000.00
7600	Spares	$39,999.96
7640	Subscriptions, Books, Pubs	$2,400.00
7650	Supplies	$225,000.00
7700	Telephone	$75,000.00
7720	Tools	$9,999.96
7730	Training, Meetings	$24,999.96
7735	Training,Apprentice	$54,999.96
7800	Uniform Service	$15,999.96
7830	Utilities	$50,000.04
7900	Vehicle Expense	$30,000.00
7910	Vehicles	$180,000.00
7950	Vehicle Fuel	$114,999.96
8030	Wages & Salaries	$3,300,000.00
8070	Wages Contract	$75,000.00
8100	Workers Compensation	$95,000.04
9000	Other Expenses	$500,000.04
Total		$45,421,162.08
Total Expense		$45,421,162.08
Net Budget:	100 Wholesale Waste	($45,421,162.08)

JACKSON COUNTY UTILITY AUTHORITY

Directors
Ken Papania • Ocean Springs
Wayne Adams • Jackson County
Doug Shore • Jackson County
Jackie Elly • Moss Point
Marshall Smith • Gautier
Michael Murphy • Pascagoula
Kevin Coggin • Jackson County

August 6, 2015

No. 40332

City of Gautier, MS
Ms. Samantha D. Abell, City Manager
3330 Highway 90
Gautier, MS 39553

RE: JCUA FY – 2016 Wastewater Treatment Charge and Base Water Supply Charge

Dear Ms. Abell,

Gautier's present monthly billing for wastewater treatment services on the current cycle will expire after September 2015. As you are aware, the Jackson County Utility Authority (JCUA) currently uses a "wastewater flow year" that runs from June through May to project customer treatment cost for the following fiscal year. The JCUA then reconciles the projected flow with the actual flow for each of our customers. The current (FY – 2015) monthly charge for wastewater treatment services for the City of Gautier was projected to be 15.33% of the JCUA's total received wastewater flow.

For the flow year ending May 2015 the actual wastewater flow for the City of Gautier was 16.33% of JCUA's total wastewater flow. This resulted in an $8,902 monthly underpayment for which you will receive a charge for during FY – 2016. Upon using the historical flow values and expected growth rates common to all JCUA's customers, your projected flow of JCUA's wastewater flow for FY – 2016 is 15.50%.

Based on our projection for FY – 2016 and with the charge of the difference between projected and annual flow for FY – 2015, the following represents our monthly billing for services to Gautier beginning October 2015 for FY – 2016:

Regional Wastewater Transportation and Treatment	$171,243
Charge for FY – 2015 Underpayment	$ 8,092
Total Minimum Regional Charges	$180,145

1225 Jackson Avenue, Pascagoula, Mississippi 39567 • Phone (228) 762-0119 • Fax: (228) 762-3299 • www.jcu-ms.us

AN EQUAL OPPORTUNITY EMPLOYER AND UTILITY PROVIDER

The projected values established in this letter are for your budget planning. The final JCUA FY – 2016 Budget, including our wastewater treatment and transportation enterprise, will be taken up by the Board of Directors for any comment and considered for adoption in the Board of Directors' Regular Meeting on August 24, 2015. Should ther be any adjustments to these projections, you will be promptly notified.

We also encourage you to stay in touch with your appointed Director as we execute the budget process. The following notes are offered with regard to the FY-2016 budget process:

JCUA Operating Budget Summary

	FY_2016	FY_2017
Fund 100(Wastewater)		
Revenues		
Bond (Projected)	$27,000,000	
Agency Sales	13,939,912	$16,470,690
Other Sales	4,481,250	3,083,500
	$45,421,162	$19,553,190
Fund 200(Water)		
Revenues	3,684,000	3,135,950
Fund 300(Retail)		
Revenues	3,838,203	3,673,703
Total Revenue	$52,943,365	$26,362,843

Fund 100(Wastewater)		
Expenses	$45,421,162	$19,553,190
Fund 200(Water)		
Expenses	3,684,000	3,135,950
Fund 300(Retail)		
Expenses	3,838,203	3,673,703
Total Expenses	$52,943,365	$26,362,843

13.9

Please find a Summary of Agencies Flows attached for your use and a summary of monthly fee assessments supporting this portion of JCUA operations. As noted, the proposed FY_2016 operating budget is $52,943,365 with $13,939,912 funded by agency assessments.

If there are any questions, or you need a more detailed explanation of the calculation of wastewater treatment charges, please contact our office and we will schedule a meeting.

Respectfully Yours,

Julie Christian

Julie Christian
Chief Financial Officer, JCUA

Cc: Mr. Gordon Gollott, Mayor
Mr. Marshall Smith, JCUA Director Representing City of Gautier

Enclosure(s):
Agencies-Average Flow Summary
Monthly Billing and Credit Summary

1225 Jackson Avenue, Pascagoula, Mississippi 39567
Phone: 228-762-0119, Fax: 228-762-3299, www.jcua-ms.us

FY - 2016 Monthly Billing Summary		2015
City of Moss Point		
Wastewater Treatment (City)	$165,953	$142,779
(credit) or shortage	-$17,942	-$1,891
Wastewater Treatment (EUD)	$105,489	$83,738
(credit) or shortage	-$3,388	-$3,176
Monthly Payment	$250,112	$221,450
City of Pascagoula		
Wastewater Treatment	$295,154	$224,947
(credit) or shortage	$20,938	-$778
Monthly Payment	$316,092	$224,169
West Jackson County Utility District		
Wastewater Treatment	$197,323	$159,103
(credit) or shortage	-$9,847	$23,567
Monthly Payment	$187,476	$182,670
City of Ocean Springs		
Wastewater Treatment	$169,582	$136,797
(credit) or shortage	$1,337	-$13,297
Wholesale Water ($5000 min.)	$5,000	$5,000
Monthly Payment	$175,919	$128,500
City of Gautier		
Wastewater Treatment	$171,243	$135,277
(credit) or shortage	$8,902	-$4,424
Wholesale Water (??? min.)		
Monthly Payment	$180,145	$130,853
St. Andrews Water and Sewer		
Wastewater Treatment	$9,404	$9,033
(credit) or shortage	-$218	$0
Wholesale Water (??? min.)		
Monthly Payment	$9,186	$9,033
Utility Services (Formerly TESi)		
Wastewater Treatment	$31,644	$25,048
(credit) or shortage	$5,015	$0
Wholesale Water (??? min.)		
Monthly Payment	$36,659	$25,048
Helena Utility District		
Wastewater Treatment	$2,134	$1,922
(credit) or shortage	$212	$0
Wholsale Water (??? min.)		
Monthly Payment	$2,346	$1,922
Jackson County Utility Authority		
Wastewater Treatment (EUD)	$16,750	$16,750
Monthly Payment	$16,750	$16,750

JCUA
AGENCIES - AVERAGE FLOW (MGD)

	Avg. Rain	Pasc.	Moss Point	Esca.	Ocean Springs	Gautier	WJCUD	AGENCIES TOTAL
June 2013	5.8	3.197	1.698	1.170	1.670	1.621	1.743	11.098
July	11.2	3.659	2.522	1.916	2.032	2.297	3.267	15.694
August	8.7	4.357	2.469	1.568	2.331	2.026	3.213	15.964
September	2.2	2.978	1.365	0.970	1.720	1.494	2.747	11.273
October	3.5	3.081	1.498	0.843	1.561	1.523	2.483	10.990
November	3.7	2.903	1.593	0.848	1.516	1.576	2.350	10.785
December	7.5	3.327	2.033	1.237	1.749	1.917	2.505	12.768
January 2014	1.9	3.491	2.233	1.175	1.935	2.020	2.405	13.259
February	6.1	3.901	2.496	1.479	2.099	2.303	2.617	14.897
March	7.2	4.033	2.721	1.506	2.277	2.485	2.664	15.687
April	11.3	3.949	2.668	1.618	2.307	2.562	2.807	15.912
May 2014	7.8	2.655	2.108	1.363	2.284	2.252	2.998	13.660
AVERAGE:	6.4	3.461	2.117	1.308	1.957	2.006	2.650	13.499
PERCENT TO TOTAL:		*25.66%*	*15.68%*	*9.69%*	*14.49%*	*14.86%*	*19.63%*	*100.00%*

	Avg. Rain	Pasc.	Moss Point	Esca.	Ocean Springs	Gautier	WJCUD	AGENCIES TOTAL
June 2014	4.7	2.787	2.184	1.106	2.136	2.033	3.053	13.300
July 2014	4.7	3.708	1.501	1.044	1.683	1.699	2.660	12.295
August 2014	3.3	2.817	1.185	0.805	1.570	1.575	2.488	10.441
September 2014	3.3	2.731	1.060	0.815	1.518	1.535	1.567	9.226
October 2014	1.3	2.481	0.923	0.707	1.431	1.417	1.469	8.428
November 2014	1.5	2.383	0.882	0.660	1.403	1.415	1.362	8.105
December 2014	5.6	2.542	1.233	0.924	1.432	1.496	1.428	9.054
January 2015	5.1	2.672	1.661	0.916	1.617	1.814	1.571	10.252
February 2015	2.3	2.728	1.675	0.971	1.608	1.788	1.487	10.257
March 2015	7.0	3.993	2.356	1.474	2.051	2.252	1.715	13.841
April 2015	10.0	4.371	2.515	1.664	2.309	2.567	1.827	15.253
May 2015	3.8	3.397	1.408	0.880	1.813	1.871	1.598	10.967
AVERAGE:	4.4	3.051	1.549	0.997	1.714	1.789	1.852	10.952
PERCENT TO TOTAL:		*27.86%*	*14.14%*	*9.11%*	*15.65%*	*16.33%*	*16.91%*	*100.00%*

	Agencies Total	Utility Services	Sunplex	Helena	JCUA	St. Andrews	TOTAL
June 2014	13.294	0.408	0.031	0.030	0.136	0.124	14.023
July 2014	12.295	0.365	0.025	0.030	0.119	0.104	12.939
August 2014	10.441	0.352	0.034	0.027	0.110	0.091	11.056
September 2014	9.226	0.343	0.019	0.026	0.109	0.089	9.812
October 2014	8.428	0.326	0.012	0.025	0.107	0.085	8.984
November 2014	8.105	0.329	0.013	0.027	0.108	0.089	8.671
December 2014	9.054	0.342	0.015	0.027	0.111	0.091	9.640
January 2015	10.252	0.388	0.023	0.027	0.149	0.110	10.949
February 2015	10.257	0.371	0.032	0.026	0.144	0.113	10.944
March 2015	13.841	0.440	0.029	0.028	0.203	0.149	14.690
April 2015	15.253	0.477	0.034	0.029	0.257	0.166	16.216
May 2015	10.967	0.388	0.024	0.026	0.225	0.118	11.748
AVERAGE:	10.951	0.377	0.024	0.027	0.148	0.111	11.639
PERCENT TO TOTAL:	*94.09%*	*3.24%*	*0.21%*	*0.23%*	*1.27%*	*0.95%*	*100.00%*

JACKSON COUNTY UTILITY AUTHORITY

Directors
Ken Papania • Ocean Springs
Wayne Adams • Jackson County
Doug Shore • Jackson County
Andrew J. Ely • Moss Point
Marshall Smith • Gautier
Michael Murphy • Pascagoula
Kevin Coggin • Jackson County

August 28, 2015

No. 40347

City of Gautier, MS
Ms. Samantha D. Abell, City Manager
3330 Highway 90
Gautier, MS 39553

RE: JCUA FY – 2016 Budget Approval

Dear Ms. Abell,

Budget developments have continued pass the original meeting on August 24, 2015. The final JCUA FY–2016 Budget, including our wastewater treatment and transportation enterprise, will be taken up by the Board of Directors for any discussion and consideration for adoption in the Board of Directors' Regular Meeting on September 28, 2015.

We also encourage you to stay in touch with your appointed Director as we execute the budget process.

Please find the proposed Budgeted expenses for Wastewater attached for your use. As noted, the proposed FY–2016 operating budget is $52,943,365 with $13,939,912 funded by agency assessments.

If there are any questions, or you need a more detailed explanation of the calculation of wastewater treatment charges, please contact our office and we will schedule a meeting.

Respectfully Yours,

Julie Christian

Julie Christian
Chief Financial Officer, JCUA

Cc: Mr. Gordon Gollott, Mayor
Mr. Marshall Smith, JCUA Director Representing City of Gautier

Enclosure: FY 2016-Wastewater Budget

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Michael Murphy • Pascagoula
Kevin Coggin • Jackson County

August 20, 2015

Doc. No. 40344

City of Gautier
Attn: Samantha Abell, City Manager
3330 US-90
Gautier, MS39553

Dear Ms. Abell:

The Authority has completed our review of the wholesale water supply rate and developed a draft contract for your review. After a review by the JCUA Board of Directors, we have been authorized to provide the City with the proposed wholesale water rate. The review is based on the City of Gautier's estimated capacity request of one thousand (1000) gallons per minute of water supply. If the preliminary terms herein are acceptable to the City, please notify the Authority in writing of your intent to purchase wholesale water, and we will begin the engineering design process.

The wholesale water rate is comprised of three major components, operations and maintenance cost, debt service for the recent project providing the capacity, and depreciation of the wholesale water system. The base water rate would provide the City with a, use it or lose it, guaranteed monthly water volume of 7,500,000 gallons for $19,750 per month. The base rate includes $9,500 for operations and maintenance, $6,500 for debt service, and $3,750 for depreciation. The rate for water purchased each month above the base would be sold for $1.05 per 1000 gallons.

The average cost of water sold to the City based on the above rates is as follows:

Water Consumed (Gallons per Month)	Averaged Water Rate (Cost/1000 gallons)
7,500,000	$2.63
10,000,000	$2.24
12,500,000	$2.00
15,000,000	$1.84

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Included within the base rate, the Authority would provide the City with one thousand (1000) gallons per minute of water supply capacity from the West Regional Water System, Public Water System ID MS0300164. This water supply will be deducted from the Authority's capacity by the Mississippi Department of Health and added to the City's capacity for calculating Public Water System Capacity Assessment.

It should be noted that the hydraulic review of both the City's and Authority's water systems will be required to confirm the requested capacity can be provided. At which time, both parties can finalize the agreement. Should you have any questions or concerns, please call.

Sincerely,

Tommy Fairfield, Jr.
Executive Director

SERVICE AGREEMENT

FOR THE SUPPLY OF WATER

Between

CITY OF GAUTIER

And

JACKSON COUNTY UTILITY AUTHORITY

WHEREAS, pursuant to Sections 49-17-703 and 49-17-731 of the Mississippi Gulf Coast Region Utility Act ("Act") the Jackson County Utility Authority ("Authority"), an agency and political subdivision of the State of Mississippi, has been established and is currently acquiring and constructing the necessary assets to permit the collection, treatment, storage and transportation of water; and

WHEREAS, the City of Gautier ("City") is a governing authority and public agency authorized under the laws of the State of Mississippi; and

WHEREAS, the Authority has received a Gulf Region Disaster Recovery Grant which will fund the construction and installation of a water well, tank, treatment and transportation system which will provide adequate potable water for the needs of the City and other water service providers in the area; and

WHEREAS, the City is in need of additional water service capacity and desires to connect the potable water system of the Authority with the City's water facilities; and

WHEREAS, the Authority and City wish to contract with each other for the sale of potable water and mutual aid; and

NOW, THEREFORE, Authority and City hereby enter into this Agreement for the Term described herein for the wholesale supply of water to the City upon the terms and conditions as follows, to-wit:

ARTICLE I

DEFINITIONS

"Act" shall mean the Mississippi Gulf Coast Region Utility Act set forth at Miss. Code Ann. §§ 49-17-701, *et seq.* (Supp. 2006).

"City" shall mean the City of Gautier which is a public body corporate and politic constituting a political subdivision of the State of Mississippi and created by the Mississippi

Legislature pursuant to Miss. Code Ann. § 49-17-731. The Authority is composed of the geographic area of Jackson County as defined in Miss. Code Ann. § 19-1-59.

"Authority's jurisdictional area" shall mean the geographical area of Jackson County as defined in Miss. Code Ann. § 19-1-59.

"Authority's Metering Station" means any flow meter or metering station placed at a Point of Supply or Point of Entry owned by the Authority for the purpose of measuring volumes of Water or Wastewater.

"Authority's Rules and Regulations" means any rules, regulations or ordinances adopted by the Authority, pursuant to the Act setting forth the standard and requirements for the design, planning and construction of Water and Wastewater systems within the jurisdiction of the Authority.

"Effective Date" means the date upon which City and Authority execute this agreement.

"EPA" means the United States Environmental Protection Agency.

"Fiscal Year" means the twelve (12) Month period beginning October 1 of each year and ending September 30.

"MDEQ" means the Mississippi Department of Environmental Quality.

"Month" means a calendar month.

"Operation and Maintenance Expenses of System" means for each Fiscal Year the current expenses paid or accrued from the Effective Date which shall include without limitation the following: operation, maintenance, and ordinary current repairs of the System; insurance premiums; administrative expenses; salaries; power; fuel; chemicals; water testing; and such other reasonable and necessary expenses; all of the foregoing relating to the operation and maintenance of the System, and in accordance with sound accounting practices, and the delivery of good potable water.

"Point of Supply" or "Points of Supply" means the physical connection or connections between the Authority's Water System and the City's Local Water Facilities.

"City's Five Year Water Needs Plan" means the plan prepared by the City of the water needs for the City's Service Area that is provided the Department of Health each year at annual inspection. The plan shall also include the City's desired point(s) of supply from the Authority's System and the estimated flow at each point of supply for each year of the five-year study.

"City's Service Area" means the corporate boundaries of the City, areas in which the City is currently providing service, the certificated area of the City and the reasonable area of growth for the City as hereafter may be designated for service by the City through agreement with the Authority.

"City's Water Facilities" means the publicly-owned transmission facilities of the City for transportation of Water to its retail customers.

"Retail Sales" shall mean the provision of utility service directly to the consumer based on an agreed metered or flat rate.

"System" shall mean all physical elements of the Authority's potable water supply and storage system to include elevated water storage tanks together with well(s), pump(s), water

treatment equipment, water transmission pipes connecting to the City's Water Facilities, metering station(s), including any and all meters for measuring water going to water service providers other than the City, and all other related operating equipment.

"Wholesale" shall mean for purposes of this Regulation the provision of utility service to a retail utility for resale to consumers.

ARTICLE II

WATER SERVICES AND SUPPLY

2.1 The City shall have the right to consume water from the Authority's System, according to the terms and conditions of this agreement and the Authority's Rules and Regulations. The unit of measurement for water delivered shall be 1,000 gallons per day, U.S. Standard Liquid Measure ("tgd"), or such other lawful unit as the parties may determine to be appropriate and applicable. All volumes of water supplied shall be subject to the quantity and quality standards established by the Department of Health, EPA and the Authority and as defined by the Safe Drinking Water Act of 1974 and as amended.

2.2 The City and Authority agree through the rules, regulations or ordinances, adopted by the entities, to abide by the standards for drinking water supplied by or into the System meeting the standards of the Department of Health, EPA, City, and Authority and as defined by the Safe Drinking Water Act of 1974 and as amended.

2.3 Title to all water passing through the City's Point of Supply shall vest in the City and at such point, all liability for the further transportation, delivery, reception, treatment and disposal of water shall pass to the City.

2.4 The Authority shall deliver water to the Point(s) of Supply mutually agreed upon by both parties.

2.5 The Authority shall furnish, install, operate and maintain the Authority's Metering Station(s) at the Point(s) of Supply, and the necessary equipment and devices of standard type for measuring properly all water to be supplied under this Agreement. The Authority's Metering Station(s) and other measuring equipment shall remain the property of the Authority.

2.6 The City shall have access to the Authority's Metering Station(s) at all reasonable times for inspection and examination, but the reading, calibration and adjustment thereof shall be done only by employees or agents of the Authority. All readings of meters will be entered upon proper books of record maintained by the Authority. Upon written request, the City may have access to said record books during reasonable business hours.

2.7 At least once per year the Authority shall cause to be calibrated the Authority's Metering Station(s). If for any reason any meter is out of service or out for repair, or if upon any test the percentage of inaccuracy of any meter is found to be five percent (5%) or more, plus or minus, registration thereof shall be corrected for a period of time extending back to the time when such inaccuracy began. However, if the beginning date of the

discrepancy can not be established, the correction shall be made for the three (3) consecutive billing periods immediately prior to the discovery of the discrepancy.

2.8 The City agrees to allow the Authority access, at reasonable times, to inspect and test water or facilities within the City's Service Area, under witness of the City, should this action be required to address issues where in the Department of Health might require the Authority to respond to water quality concerns or handling.

2.9 It is understood and agreed that the Authority's storage tanks to be constructed as part of its System may be constructed at an elevation higher than the City's tank(s), which may require the installation of an altitude valve or other device at the point of delivery to the City. Should this be necessary, such device shall be purchased and installed at the Authority's expense as part of the construction and installation of its system. The device and any related equipment shall remain the property of the Authority unless and until both parties should hereafter agree that it would be in the best interest of both parties for such equipment to be transferred to the City. The Authority and/or its contractors, agents or representatives shall have full access to this equipment at all times.

2.10 The City agrees to provide to the Authority its five-year water needs plan in the form, and updated, as is required and provided the Department of Health as part of the annual inspection. This document shall become an attachment, with credit to the City, to the five-year plan the Authority shall provide the Department of Health for its annual inspection.

2.11 The City and Authority agree to recognize the points of connection as between the City and the Authority as "mutual aid" points. The Authority may request the City to reverse flow to the Authority's system to aid in an emergency response. Credit for reverse flow will be given on metered charges. The Authority cannot resell the mutual aid reverse flow without specific approval of the City for a defined event. Credit for any planned maintenance by the Authority, and as may be agreed by the City, would be applied at the Contract rate in force and will be applied to actual demand, or minimum purchase demand, if minimum purchase flow is not reached for that period.

ARTICLE III

TERM AND OPTION

3.1 This agreement shall be effective upon approval and execution of both parties and the initial term hereof shall be for a period of three (3) years commencing from and after the date the System is accepted for operation by the Authority from the construction contractor, but no longer than five (5) years from the date of execution . The City and Authority retain the right to "Terminate" the Contract on the fifth (5th) anniversary of the agreement provided the entity wishing to terminate the Contract provides at least ninety (90) days prior notice of this intent. Department of Health, and Department of Environmental Quality approval to terminate the public drinking water supply must

accompany the request to ensure an approved public drinking water supply remains available to the public.

ARTICLE IV

PAYMENTS

4.1 From and after the date of commencement of delivery of metered water to the City's Point(s) of Supply, the City shall pay the Authority monthly for metered water according to the Wholesale Water Rate Schedule attached hereto as Exhibit "A". Payments shall be made within thirty (30) days of invoicing by the Authority.

4.2 Following the initial five (5) year period of the lease term, the Wholesale Water Rate Schedule may be adjusted by the Authority. The adjusted rate schedule shall then remain in effect for a one year period and will be reviewed annually. The Authority shall give the City at least ninety (90) days notice of the adjusted rate schedule.

ARTICLE V

RULES AND PERMITTING

5.1 COMPREHENSIVE WATER RULES AND REGULATIONS

The Authority and City shall adopt and maintain in effect Comprehensive Water Rules and Regulations in conformity with the standards and restriction of the EPA, the MDEQ, the Mississippi Department of Health, the Act and any other governmental body having legal authority to set such standards and restrictions. The Authority shall periodically review and, if necessary, revise its Comprehensive Water Rules and Regulations to insure compliance with Federal and State standards.

5.2 RESIDENTIAL AND COMMERCIAL WATER

The City assumes the responsibility for processing applications for connection of residential or residential equivalent (multi-family, apartment complexes) and commercial to the City's Water Facilities which ultimately connect to the Authority's System to assure compliance with the Authority's Rules and Regulations and shall cooperate with the Authority to fulfill its certification obligations.

5.3 INDUSTRIAL WATER

The City assumes the responsibility for processing applications for connection of Industrial Facilities to its Water Facilities which ultimately connect to the Authority's System to assure compliance with the Authority's Rules and Regulations.

ARTICLE VI
REPRESENTATIONS

6.1 AUTHORITY'S WARRANTIES AND COVENANTS

The Authority represents, warrants and covenants to the City as of the Effective Date that:

a. The Authority is a political subdivision of the State of Mississippi and has all requisite power and authority to enter into this Agreement, and to carry out and perform the terms and provisions of this Agreement. The Authority has been duly authorized by all necessary action on the part of the Authority, its governing body or other appropriate governing bodies and officials to execute, deliver and perform the terms of this Agreement and further represents that all requirements and procedures have occurred that are necessary to ensure the enforceability of this Agreement, including the Authority's compliance with any applicable public bidding and/or purchase requirements.

b. This Agreement constitutes a legal, valid and binding obligation of the Authority, enforceable in accordance with its terms and does not contravene any lease, indenture, credit agreement or other agreement to which the Authority is a party or by which it is bound.

c. All required consent, approval, or authorization of, registration with, or declaration to any agency or authority in connection with the execution and delivery of this Agreement has been complied with.

d. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to the Authority nor any indenture, agreement or other instrument to which the Authority is a party, or by which it is bound.

e. The Authority is not in default (nor has any event occurred which, with notice or lapse of time, or both, would constitute a default) under any agreement or instrument to which the Authority is a party or under which the Authority or any of its assets is bound which could have any effect whatsoever upon the validity, performance, or enforceability of the terms of this Agreement.

6.2 THE CITY'S WARRANTIES AND COVENANTS

The City represents, warrants, and covenants to the Authority as of the Effective Date that:

a. The City is a political subdivision of the State of Mississippi and has all requisite power and authority to enter into this Agreement, and to carry out and perform the terms and provisions of this Agreement.

b. The City has the requisite power, authority, and legal right to execute, deliver and perform this Agreement and the City has been duly authorized by all necessary action on the part of the City, its governing body or other appropriate governing bodies and officials to execute, deliver, and perform the terms of this Agreement

and further represents that all requirements and procedures have occurred that are necessary to ensure the enforceability of this Agreement, including the City's compliance with any applicable public bidding and/or sale and transfer of property requirements.

c. This Agreement constitutes a legal, valid and binding obligation of the City, enforceable in accordance with its terms and does not contravene any lease, indenture, credit agreement or other agreement to which the City is a party or by which it is bound.

d. There are no pending or threatened actions or proceedings before any court, administrative agency, or other body which, if adversely determined, would materially affect the City's ability to perform its obligations hereunder or which could have any effect whatsoever upon the validity, performance or enforceability of the terms of this Agreement.

e. No consent, approval, or authorization of, registration with, or declaration to any agency or authority is required in connection with the execution and delivery of this Agreement.

f. The execution, delivery, and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to the City nor any indenture, agreement, or other instrument to which the City is a party, or by which it is bound.

g. The City is not in default (nor has any event occurred which, with notice or lapse of time, or both, would constitute a default) under any agreement or instrument to which the City is a party or under which the City or any of its assets is bound which could have any effect whatsoever upon the validity, performance or enforceability of the terms of this Agreement.

ARTICLE VII

GENERAL PROVISIONS

7.1 INSURANCE

The City agrees to provide and maintain comprehensive liability insurance and such other insurance or coverage for operating and maintaining its System as may be required by law.

7.2 CONSTRUCTION OF AGREEMENT

Each party, with the assistance of competent legal counsel, has reviewed this Agreement and any ambiguity should not be construed for or against any party on account of such drafting.

7.3 WAIVER OR BREACH

No waiver or indulgence of any breach or series of breaches of this Agreement shall be deemed or construed as a waiver of any breach of the same or any other provision hereof

or affect the enforceability of any part or all of this Agreement. No waiver shall be valid unless executed in writing by the waiving party.

7.4 AWARENESS OF CONTENTS/LEGAL EFFECT

The parties expressly declare and represent that they have read this Agreement and that they have consulted with their respective counsel regarding the meaning of the terms and conditions contained herein. The parties further expressly declare and represent that they full understand the content and effect of this Agreement and they approve and accept the terms and conditions contained herein, and that the Agreement is executed freely and voluntarily.

7.5 AGREEMENT BINDING ON ALL

This agreement shall be binding upon and shall inure to the benefit of each of the parties, and each of their respective agents, employees, directors, officers, attorneys, representatives, principals, shareholders, sureties, parents, subsidiaries, affiliates, successors, predecessors, assigns, trustees or receivers appointed to administer their assets, and attorney of any and all such individuals or entities. All the convents contained in this Agreement are for the express benefit of each and all such persons described in this Section. This Agreement is not intended to benefit any third parties.

7.6 SEVERABILITY.

Should any non-material provision of this Agreement be held invalid or illegal, such invalidity or illegality shall not invalidate the whole of this Agreement, but, rather, the Agreement shall be construed as if it did not contain the invalid or illegal part, and the rights and obligations of the parties shall be construed and enforced accordingly.

7.7 CAPTIONS.

The captions contained herein are included solely for convenience and shall not be construed as part of this Agreement or as full or accurate descriptions of the terms hereof.

7.8 NOTICE

a. Any notice required under this Agreement shall be written and shall be served either by personal delivery, mail or fax.

b. In the case of service by personal delivery or fax, no additional time, in days, shall be added to the time in which a right may be exercised or any act may be done.

c. In the case of service by mail, notice must be deposited in a post office, mailbox, sub post office, substation, mail chute, or other like facility regularly maintained by the United States Postal Service, in a sealed envelope, with postage paid, addressed to the representative(s) of the party on whom it is to be served, at the office set forth below. The service is complete at the time of deposit. Any period of notice and any right to duty to do any act or make any response within any period or on a date certain after service of notice by mail shall be extended five (5) days. Any period of notice and any right or duty to do any act or make any response within any period or on a date certain after service of notice by

express mail or other method of delivery providing for overnight delivery shall be extended by two (2) court days.

d. Any notice required by this Agreement shall be served on the following representative(s) of the parties:

Executive Director
Jackson County Utility Authority

Mayor
City of Gautier

The parties may, upon written notice, add or substitute representatives or addresses.

7.9 AMENDMENTS OR CHANGES TO AGREEMENT

Any amendments or changes to this Agreement must be in writing, signed by a duly authorized representative of the parties hereto, and must expressly state the mutual intent of the parties to amend the Agreement as set forth herein.

7.10 FORCE MAJEURE

a. Should the Authority be forced to suspend, reduce, or interrupt service to the City because of any emergency condition reasonably beyond the control of the Authority, including, without limitation, floods, fires, ice, windstorms, lightning, equipment failure, strikes, lockouts, Acts of God, or of the public enemy, or acts, orders or directives of the Federal or State Government or Court, then Authority need not deliver any services that it is unable to deliver by reason of such conditions; nor shall the City be required to pay any charges for services not delivered. In the event a suspension of service is necessary as a consequence of a Force Majeure event, Authority will notify the City as soon as reasonable possible. Authority will use best efforts to resume service following an event of Force Majeure.

b. In the event either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement as a result of the occurrence of a Force Majeure, then the affected party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied on, the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch.

7.11 DEFAULT

a. Default by the City. Each of the following constitutes a default by the City under this Agreement: (i) the City fails to pay any amount of a bill, including any applicable interest and penalties, within ninety (90) days of the due date; (ii) the City fails to perform or observe any obligation, condition, or term of, or arising from, this Agreement that it is to perform or observe and such failure continues ninety (90) days following a notice of default; or (iii) the City fails to perform, observe or enforce any terms of its water use ordinance.

b. Default of Authority. Authority fails to perform or observe any obligation, condition, or term of, or arising from, this Agreement that it is to perform or observe and such failure continues ninety (90) days following a notice of default.

7.12 REMEDIES

In the event of a default, the parties shall have the following rights and remedies:

Specific Performance. Authority and the City agree and recognize that the rights and obligations set forth in the Agreement are unique and of such a nature as to be inherently difficult or impossible to value monetarily. If one party does not perform in accordance with the specific wording of any of the provisions in this Agreement applicable to that party, defaults, or otherwise breaches this Agreement, an action at law for damages or other remedies at law should be wholly inadequate to protect the unique rights and interest of the other party to the Agreement. Accordingly, in any court controversy concerning this Agreement, the Agreement's provisions or any obligation arising there from will be enforceable in a court of equity by specific performance. The specific performance remedy is not exclusive and is in addition to any other remedy available to the parties.

Cumulative Rights and Remedies. The parties do not intend that any right or remedy given to a party on the breach of any provision under this Agreement be exclusive. Each such right or remedy is cumulative and in addition to any other remedy provided in the Agreement or otherwise available at law or in equity. If the non-breaching party fails to exercise or delays in exercising any right or remedy, the non-breaching party does not thereby waive that right or remedy. Furthermore, no single or partial exercise of any right, power or privilege precludes any further exercise of a right, power, or privilege granted by this Agreement or otherwise.

Attorney's Fees. In the event that either party is required to pursue any action in any court to enforce the obligations, conditions, and terms of this Agreement against the other party, the prevailing party shall be entitled to recover all its costs and expenses, including, but not limited to, reasonable attorney's fees and expert witnesses as may be determined and awarded by the Court having jurisdiction over the matter to the extent allowed by law.

Forum for Any Claim or Action. Any claim or action brought by any party relating to this Agreement and its subject matter shall be brought in the Chancery or Circuit Courts of Jackson County.

7.13 ENFORCEMENT OF AGREEMENT

In enforcing the performance of the provisions of this contract, both parties shall have the right to exercise of all procedures available under the law including, but without limiting the generality of the right to make application for a mandatory injunction. It is not intended by the parties hereby to specify any, nor shall this Agreement be considered to specify, any exclusive remedy for any default, and all such other remedies existing at law or in equity may be availed by any party hereto and shall be cumulative. Recognizing, however, that the City's undertaking to provide and maintain the services of the System is an obligation, failure in the performance of which cannot be adequately compensated by money damages alone, the parties agree that, in the event of any defaults, that each

party shall have available to it the equitable remedy of specific performance in addition to any other legal or equitable remedy which may be available. No waiver or waivers of any breach of this Agreement or default in the performance of this Agreement by either party shall be deemed to be a waiver thereof in the future, nor shall any such waiver or waivers be deemed or construed to be a waiver of subsequent breaches or defaults of any kind, character, or description, under any circumstances.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this Agreement to be duly executed in several counterparts, each of which shall constitute an original, all as of the ____ day of _____, 2014.

JACKSON COUNTY UTILITY AUTHORITY

BY: _____
CHAIRMAN FO THE BOARD OF DIRECTORS

ATTEST:

_____
CLERK

CITY OF GAUTIER

BY: _____
MAYOR

ATTEST:

_____
CLERK

EXHIBIT "A" TO SERVICE AGREEMENT
FOR THE SUPPLY OF WATER BETWEEN
CITY OF GAUTIER AND
JACKSON COUNTY UTILITY ATHORITY

WHOLESALE WATER RATE SCHEDULE

1. Base payment of $??? per month for metered water usage of up to ??? gallons per month. Base payment will be applicable regardless of whether metered water usage may be less than ??? gallons per month.
2. $??? per thousand gallons for all metered water usage each month in excess of ??? gallons per month. Maximum demand on the system will be determined at end of construction, thus the Authority reserves the right to assign a limit on the demand beyond ??? gallons that will be included in a future revision to Exhibit "A".
3. Term???