CEDAR KEY WATER AND SEWER DISTRICT
NOTICE OF PUBLIC MEETING

Notice is hereby given that at 5:01PM on July 27, 2026, the Cedar Key Water and Sewer District ("District") will hold a public meeting at 510 THIRD STREET, CEDAR KEY FL 32625, for the purpose of conducting District business. All interested persons are invited to attend and participate in the meeting. A copy of the draft agenda is listed below. The District may consider and take action with respect to matters not listed on the draft agenda.

1. Call to Order
2. Pledge and Moment of Silence
3. Public Comment
4. Adoption of Agenda
5. CDBG-DR Engineering RFQ Scoring Session
   CDBG-DR Grant Manager RFP Scoring Session
6. General Manager's Report:
   A. Florida Commerce CDBG-DR Grant Agreements
   B. LPA0260 FDEP Lift Station Rehabilitation Project Phase II
   C. Nextower Communications Colocation Agreement
   D. FY 2027 Draft Budget Proposal
   E. Fiscal Year 2025 Audit
   F. Workers Compensation Audit
7. Waccasassa Water and Wastewater Cooperative Report
8. Financial Reports: Balance Sheet; Budget Report; Past Due Accounts Report
9. Bill Adjustment Requests
10. Commissioner Comments
11. Public Comment
12. Adjourn

If a person decides to appeal any decision made by the District with respect to any matter considered at the meeting, such person will need a record of the proceedings and may need to ensure that a verbatim record is made, including the testimony and evidence upon which the appeal is made. In accordance with the Americans with Disabilities Act, persons needing special accommodations or an interpreter to participate in the meeting should contact the District Office at (352) 543-5285 at least three (3) business days prior to the dates of the hearing.

CKWSD General Manager's Report 07.27.26

CDBG-DR Engineering RFQ /CDBG-DR Grant Manager RFP Scoring Sessions: You should have received copies of the Proposals and the Score Sheets for the Procurement of our CDBG-DR Project Engineer and our CDBG-DR Grant Administrator. Hopefully you have been to review the Proposals and score them accordingly. The scores will need to be totaled in open session. If the Board is not in agreement on the most viable candidate for each Procurement, the Board may request respondents to present an Oral Presentation. It is my understanding both of the Engineering respondents will have a representative in attendance. I am not sure about ant Grant Administration respondents in attendance.

Florida Commerce CDBG-DR Grant Agreements: I attended a mandatory 3-day Combatting CDBG Disaster Fraud Training for CDBG-DR recipients in Orlando. I have attached a Certificate of Completion.

LPA0260 FDEP Lift Station Rehabilitation Project Phase II: Things are moving along with Phase II. Gabe and I have been in multiple meetings with both Contractors and Subcontractors. I expect ground to be broken on the first lift station (6th Street Park) mid-August. We have a full construction meeting with all parties Thursday, July 30th. Substantial Completion is scheduled for late December. I believe US Water is going to bring us a good product.

Nextower Communications Colocation Agreement: Evan and I received a set of provisions the City of Cedar Key submitted in order to become a party to the Management Agreement the District has signed with Nextower. I believe many of the City's suggestions/demands are over the top and unnecessary. I suggested at the City Commission meeting, Nextower hold a workshop with all parties involved. The City Commission extended at opportunity for Nextower to appear at a regularly scheduled City Commission. The City will set aside 20 minutes for Nextower's presentation. In the interim, I am recommending our Board not act on the City's proposal at this time.

FY 2027 Draft Budget Proposal: I have attached an Excel Spreadsheet along with a PDF of a Draft Budget for FY2027. You will notice the Income and Expenses do not equal at this time. They obviously will equalize as we move further in the budget process. The main reason behind this early draft is for you to see the incomes by category at this time. The water and sewer rates are set at 5%. Keep in mind the Florida Rural Water Association recommended a water rate increase of 8% and a sewer rate increase of 10%. The Ad Valorem revenue shown in the Draft is the Roll-Back Rate of 1.9318. Again, keep in mind Commissioner Ferguson has an Ad Valorem Rate proposal to discuss at our meeting. You will cells shaded in Yellow. This indicates I to do a deeper dive on that category. The Draft is intentionally set up for you see basic numbers.

Fiscal Year 2025 Audit: I have attached a letter I received from the Florida Auditor General advising me they have not received our audit. I forwarded the letter to James Moore and Company. They have set up a conference call with me 11:00am, Monday.

Workers Compensation Audit: I received confirmation the Workers Compensation carrier agreed to rearrange my salary to match my duties. We received a $1,283.00 reduction in premium.

2026 Water/Sewer Revenue and Ad Valorem Preliminary/Final Rate Meeting Dates: Our Water/Sewer Revenue and Ad Valorem Preliminary/Final Rate Meeting Dates are September 14 and 28, 2026.

Bill Adjustment Requests: As this time, we do not have a Bill Adjustment Requests for the Board's consideration.

OFFICE OF INSPECTOR GENERAL
U.S. Department of Housing and Urban Development

CERTIFICATE OF COMPLETION

this certificate is presented to

John Rittenhouse

for successfully completing
Combatting CDBG Disaster Fraud Training

HUD Office of Inspector General is registered with National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credits. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

HUD OIG's sponsor ID 108127. Instructional delivery method for this event was GROUP LIVE. In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

Orlando, FL
Training Location

July 14-16, 2026
Training Date

The attendee completed the above training and has earned CPEs which covered the NASBA Fields of Study in Auditing (Governmental), Business Management & Organization, Regulatory Ethics, and Specialized Knowledge.
Professional Proficiency CPE: 11
Government CPE: 4.5

MEMORANDUM

Without Prejudice — For Purposes of Negotiation and Compromise (Fla. Stat. § 90.408; Fed. R. Evid. 408)

TO: Counsel for Cedar Key Water and Sewer District
Counsel for NexTower Development Group, LLC

FROM: Norm Fugate, City Attorney, City of Cedar Key

DATE: July 21, 2026

RE: City of Cedar Key's required provisions for the proposed water-tower agreement, and reservation of rights concerning Paragraph 36 of the NexTower Ground Lease

I. Introduction.

This memorandum sets forth the position of Counsel for the City of Cedar Key (the "City") with respect to the proposed agreement concerning cellular use of the City water tower, and identifies the provisions the City requires as a condition of its participation. The City submits this memorandum in the interest of reaching a workable agreement among the City, the Cedar Key Water and Sewer District (the "District"), and NexTower Development Group, LLC ("NexTower"), while preserving all of the City's rights. Nothing herein is intended as, or shall be construed as, a waiver of any right, claim, or defense of the City.

II. Background and the City's Non-Party Status.

The District and NexTower are parties to an Option and Ground Lease Agreement dated on or about March 28, 2019 (the "Ground Lease"), concerning a communications tower situated on District-owned property outside the corporate limits of the City. Paragraph 36 of the Ground Lease ("Paragraph 36" or the "Exclusivity Provision") purports to restrict the leasing of other property within a four-mile radius and to limit the City water tower to a single cellular carrier.

The City is **not a party to the Ground Lease** and did not consent to its terms. The City owns the real property on which the City water tower is situated and shares in the revenue derived from it. The City is now asked to enter a new agreement, and to accept a division of revenue premised upon Paragraph 36, notwithstanding that the City neither negotiated nor executed the instrument from which that provision arises. The City's participation in the proposed agreement is undertaken solely to facilitate an orderly interim arrangement and is without prejudice to the City's position that it is not bound by Paragraph 36.

III. Reservation of Rights Concerning Paragraph 36.

The City expressly reserves all rights, claims, and defenses to contest the validity, enforceability, applicability, and scope of Paragraph 36, in any forum, including before the Federal Communications Commission and before any state or federal court of competent jurisdiction. Neither the negotiation and execution of the proposed agreement, nor the making or acceptance of any payment thereunder, shall constitute an admission as to the validity or applicability of Paragraph 36, a ratification thereof, or a waiver or estoppel of any right or defense of the City or the District with respect thereto. The City requests that this reservation be memorialized in the proposed agreement in the form of the reservation-of-rights provision described in Section IV(B) below.

IV. Provisions Required by the City.

As a condition of its participation, the City requires that the proposed agreement include each of the following provisions, the full text of which is set forth in the accompanying draft provisions.

A. Contingent Termination Upon Invalidation of Paragraph 36.

In the event that the Federal Communications Commission or any state or federal court or tribunal of competent jurisdiction determines, on any ground — whether of federal law, state law, common law, statute, rule, or regulation, and including contract law, lack of authority, unreasonable restraint of trade, public policy, or federal preemption — that Paragraph 36 is void, voidable, invalid, unenforceable, preempted, or otherwise of no force or effect, in whole or in part, NexTower shall be removed as a party to the proposed agreement effective as of the date of such ruling, and all revenue arising thereafter shall be paid to the District and divided equally between the District and the City. Payments attributable to periods before such date shall not be disturbed. Provisions addressing the effect of any reversal on appeal, and a prospective reinstatement election, are included in the accompanying draft.

B. Reservation of Rights; Non-Waiver.

A provision confirming that the City's and District's entry into and performance under the proposed agreement is without prejudice to, and shall not waive, ratify, or estop, any challenge to Paragraph 36, consistent with Section III above.

C. Protective Terms in Carrier Agreements.

A provision requiring that every carrier lease, sublease, license, or collocation agreement affecting the City water tower contain: (i) attornment, recognition, and non-disturbance in favor of the District and the City upon any removal or termination of NexTower's interest; (ii) a collateral assignment to the District effective upon such removal; (iii) designation of the District and the City as third-party beneficiaries; (iv) confirmation that no carrier is granted exclusivity and that collocation by additional carriers is permitted; (v) insurance and indemnification running to the District and the City; and (vi) equipment removal and restoration obligations. The provision further requires delivery of executed carrier agreements and a current rent roll, periodic estoppel certificates, and subordination by any secured party of NexTower, so that the District and the City succeed to the carrier agreements and their revenue without impairment.

D. Approval of Carrier-Agreement Terms; Revenue Maximization.

A provision requiring the prior written approval of each party — the District, the City, and NexTower — to the material terms of any carrier agreement, upon a submission package delivered in advance; and obligating NexTower, which is to hold the exclusive right to market and manage the City water tower, to negotiate in good faith to maximize the lawful revenue to the District and the City, subject to a floor rent and market-rate standard. The City regards this provision as essential and addresses in Section V the deficiencies in the current draft that it is designed to cure.

V. Deficiencies in the Current Draft to Be Cured.

The proposed agreement, as presently drafted, grants NexTower the exclusive right to market and manage cellular use of the City water tower, yet imposes upon NexTower **no minimum performance obligations** — no floor upon the rent or other economic terms it must obtain, no minimum lease terms, and no obligation to maximize the revenue payable to the District and the City. The City cannot agree to confer exclusive control of a public asset, together with a substantial share of the resulting revenue, without corresponding obligations ensuring that the District and the City receive fair and maximized value.

Of particular concern, although the stated justification for the proposed arrangement is the need to place AT&T upon the City water tower, **the current draft contains no obligation requiring NexTower, or any party, to enter into an agreement with AT&T** or otherwise to accomplish that stated objective. The City therefore requires, in addition to the approval and revenue-maximization provision described above, an express undertaking that NexTower use best efforts to secure a carrier agreement with AT&T (or a comparable carrier) within a defined period, failing which the City may lease the applicable space directly. Absent such assurances, the exclusivity conferred upon NexTower would be unsupported by any corresponding benefit to the public entities.

VI. Bases for the City's Position.

The City's reservation of rights and its request for the foregoing provisions rest upon the following bona fide positions, each of which the City expressly asserts and reserves:

(a) Authority and privity. The City is not a signatory to the Ground Lease and did not consent to the encumbrance of its property; the City reserves its position that it is not bound by Paragraph 36 and that the District's authority to bind the City's property is subject to challenge.

(b) Restraint of trade. The Exclusivity Provision, insofar as it forecloses competing access to public infrastructure over a broad area and an extended term, raises substantial questions under Florida's antitrust law (Ch. 542, Fla. Stat.) and federal antitrust law (15 U.S.C. §§ 1–2), which the City reserves the right to pursue.

(c) Federal telecommunications law. The City reserves its position that the Exclusivity Provision is subject to preemption under Section 253 of the Communications Act, 47 U.S.C. § 253, to the extent it has the effect of prohibiting the provision of telecommunications service.

(d) Declaratory relief. The City reserves the right to seek a declaratory judgment under Chapter 86, Florida Statutes, or other appropriate relief, as to the enforceability and applicability of Paragraph 36.

The provisions the City requires are ordinary and reasonable allocations of risk in light of these genuine and unresolved questions, and are intended to permit the parties to proceed on an interim basis without prejudice to their respective positions.

VII. Conclusion.

The City is prepared to enter the proposed agreement upon inclusion of the provisions described above. The City requests that counsel for the District and for NexTower review the accompanying draft provisions and confer at their earliest convenience. The City reserves all rights.

Respectfully,

Norm D. Fugate

Norm D. Fugate
City Attorney, City of Cedar Key

PROPOSED ADDITIONAL PROVISIONS

Water Tower Management Agreement (Cedar Key)

Sections 24 through 28, for inclusion in the Agreement

The following Sections are added to the Water Tower Management Agreement (the "Agreement") among THE CITY OF CEDAR KEY ("CITY"), the CEDAR KEY WATER AND SEWER DISTRICT ("OWNER"), and NEXTOWER DEVELOPMENT GROUP II, LLC ("MANAGER"). Capitalized terms used but not defined in these Sections have the meanings given in the Agreement. As used in these Sections, "Governmental Parties" means CITY and OWNER, collectively.

24. Contingent Termination Upon Invalidation of Paragraph 36 of the NexTower Ground Lease.

24.1 Definitions. "NexTower Ground Lease" means that certain Option and Ground Lease Agreement between OWNER and NexTower Development Group, LLC, dated on or about March 28, 2019, concerning the communications tower situated outside the corporate limits of the CITY. "Paragraph 36" means the exclusivity and radius-restriction provision of the NexTower Ground Lease (titled "Lessee's Exclusivity"). "Invalidation Event" means the entry of any order, ruling, judgment, or decision by the Federal Communications Commission or by any state or federal court, arbitrator, or other tribunal of competent jurisdiction that holds, determines, or declares Paragraph 36 to be void, voidable, invalid, unenforceable, preempted, ultra vires, inapplicable to the Water Tower or the Real Property, or otherwise of no force or effect, in whole or in part, whether on grounds of federal law, state law, common law, statute, rule, or regulation, including contract law, lack of authority, unreasonable restraint of trade, public policy, or federal preemption under 47 U.S.C. § 253. "Removal Date" means the date of the order or ruling constituting the Invalidation Event. "Removal Period" means the period commencing on the Removal Date and continuing until (a) if MANAGER is reinstated under Section 24.5, the Reinstatement Effective Date, or (b) otherwise, indefinitely.

24.2 Automatic Removal of MANAGER as of the Ruling Date. Notwithstanding anything in this Agreement to the contrary, including Sections 3, 4, and 6.D, upon the occurrence of an Invalidation Event, MANAGER shall automatically and without further action of any party be removed as a party to this Agreement, and shall cease to have any right, title, interest, role, entitlement, or authority under this Agreement, including any right to market, administer, or manage Leases or to receive Manager Fees or any other revenue derived from the Real Property or the Water Tower, effective as of the Removal Date. Such removal shall take effect as of the Removal Date regardless of whether the Invalidation Event is then final or remains subject to appeal, rehearing, or further review, and shall remain in effect throughout the Removal Period. For the avoidance of doubt, the survival of Manager Fees provided in Section 6.D shall not apply to, and is superseded by, a removal under this Section.

24.3 Redirection of Payments (Prospective Only). From and after the Removal Date, and for the duration of the Removal Period, all rental, license fee, and other payments and proceeds derived from the Leases or otherwise from the Real Property or the Water Tower that are attributable to any period within the Removal

Period shall no longer be payable to MANAGER and shall instead be paid directly to OWNER, and shall be divided evenly between CITY and OWNER, fifty percent (50%) to each. No Manager Fee shall be payable to MANAGER with respect to any period within the Removal Period. Any payment attributable to a period before the Removal Date is not affected by this Section, is not subject to redirection or repayment, and shall remain payable to MANAGER in accordance with Section 3, even if invoiced or collected after the Removal Date.

24.4 Clawback of Misdirected Payments. If, at any time, MANAGER receives, collects, or retains any payment or proceed attributable to any period within the Removal Period (each, a "Misdirected Payment"), whether from a Tenant, the CITY, the OWNER, or any other person, MANAGER shall (a) hold such Misdirected Payment in trust for the Governmental Parties, (b) not commingle it with its own funds, and (c) remit the full amount to OWNER within ten (10) business days after receipt, together with interest at the maximum rate permitted by Florida law from the date of receipt until repaid. The Governmental Parties shall be entitled to recover any unremitted Misdirected Payment, together with reasonable costs of collection and attorneys' fees, and may offset any such amount against any sum otherwise payable to MANAGER. This clawback obligation is limited to amounts attributable to periods within the Removal Period and does not extend to any amount attributable to a period before the Removal Date. This Section shall survive the removal of MANAGER and any termination of this Agreement.

24.5 Effect of Reversal on Appeal; Reinstatement Election. If an Invalidation Event is later reversed, vacated, or set aside by a final, non-appealable order of a court or tribunal of competent jurisdiction (a "Final Reversal"), MANAGER's removal shall nonetheless remain fully effective for the entire Removal Period, and the Governmental Parties shall retain, free and clear and with no obligation to account to MANAGER, all payments attributable to the Removal Period. Within thirty (30) days after a Final Reversal, the parties shall confer, and MANAGER shall elect, by written notice to the Governmental Parties, one of the following:

(a) Prospective Reinstatement. MANAGER shall be reinstated as a party to this Agreement effective as of the date of the Final Reversal (the "Reinstatement Effective Date") and shall thereafter be entitled to Manager Fees attributable to periods on and after the Reinstatement Effective Date on the terms otherwise set forth in this Agreement; provided that MANAGER shall have no right to, and irrevocably waives any claim to, any payment or Manager Fee attributable to the Removal Period; or

(b) No Reinstatement. MANAGER shall not be reinstated and shall have no further right, role, interest, or entitlement under this Agreement from and after the Final Reversal, and this Agreement shall continue between the Governmental Parties as provided in Section 24.6.

If MANAGER fails to deliver a written election within thirty (30) days after the Final Reversal, MANAGER shall be deemed to have elected clause (b). Any Lease entered during the Removal Period shall remain valid and binding, and upon any reinstatement MANAGER shall assume administration thereof prospectively without altering its terms.

24.6 Survival and Continuation. The removal of MANAGER under this Section shall not affect the validity or continued operation of the remainder of this Agreement, which shall continue in full force and effect between the Governmental Parties. This Agreement shall be deemed automatically amended as of the Removal Date to give effect to MANAGER's removal and the payment provisions of this Section, and the Governmental Parties shall be deemed to hold all rights and responsibilities formerly held by MANAGER to the extent necessary to carry out the purposes of this Agreement.

24.7 Further Assurances. Upon an Invalidation Event or a Final Reversal, the parties shall promptly execute such instruments and take such actions as are reasonably necessary to evidence and effectuate MANAGER's removal or reinstatement and the payment provisions of this Section; provided that the effectiveness of this Section shall not be conditioned upon the execution of any such instrument.

25. Reservation of Rights; No Waiver Regarding Paragraph 36.

CITY and OWNER enter into and perform this Agreement without prejudice to, and expressly reserve, all rights, claims, defenses, and remedies to challenge, contest, or seek the invalidation of Paragraph 36 of the NexTower Ground Lease in any forum, whether before the Federal Communications Commission or any court or tribunal of competent jurisdiction, on any ground. Neither the negotiation, execution, delivery, or performance of this Agreement, nor the making or acceptance of any Manager Fee or other payment under this Agreement, shall constitute or be construed or admissible as (a) an admission or acknowledgment of the validity, enforceability, or applicability of Paragraph 36; (b) a ratification, adoption, or affirmation of Paragraph 36; (c) a waiver, release, estoppel, or relinquishment of any right, claim, or defense with respect to Paragraph 36 or the NexTower Ground Lease; or (d) consent to the exclusivity asserted under Paragraph 36. MANAGER shall not assert, plead, or argue in any proceeding that CITY's or OWNER's entry into or performance under this Agreement waives, ratifies, estops, or otherwise impairs any challenge to Paragraph 36.

26. Required Protective Terms in Leases.

26.1 Mandatory Terms. Notwithstanding MANAGER's rights under Section 1, MANAGER shall not enter into, and shall not present for approval under Section 2.B or Section 27, any Lease unless that Lease contains each of the following, in form and substance approved by the Governmental Parties:

(a) Attornment; Recognition; Non-Disturbance. A provision under which the Tenant agrees that, upon any removal or termination of MANAGER's interest or authority (including a Removal Date under Section 24), the Tenant shall attorn to and recognize OWNER (or the Governmental Parties jointly) as successor lessor, shall continue the Lease in full force on its existing terms, and shall thereafter pay all sums directly to OWNER; and under which the Governmental Parties agree not to disturb the Tenant's rights so long as the Tenant is not in default. Such attornment shall be self-operative, requiring no further instrument, and the Tenant shall execute confirming instruments upon request.

(b) Collateral Assignment. A present assignment by MANAGER to OWNER, effective automatically as of any Removal Date and for the duration of the Removal Period, of all of MANAGER's right, title, and interest in and to the Lease, including the right to receive all payments thereunder, so that the Governmental Parties succeed to MANAGER's position without further action.

(c) Third-Party Beneficiaries. An express designation of each Governmental Party as an intended third-party beneficiary of the Lease, entitled to enforce it and to collect sums due directly from the Tenant.

(d) Non-Exclusivity; Collocation. Confirmation that the Lease grants no exclusive right to the Water Tower or the Real Property and does not preclude collocation by additional Tenants, subject only to structural capacity and non-interference.

(e) Insurance; Indemnity. Provisions naming each Governmental Party as an additional insured and extending the Tenant's indemnification, defense, and hold-harmless obligations to each Governmental Party.

(f) Removal; Restoration. Provisions obligating the Tenant, at its expense, to remove its equipment and restore the affected area upon expiration or termination, enforceable by the Governmental Parties.

26.2 Delivery; Rent Roll; Records. Within ten (10) business days after executing, amending, or renewing any Lease, MANAGER shall deliver to the Governmental Parties a complete, fully executed copy, together with an updated rent roll identifying, for each Tenant, the rent, escalators, term, renewal rights, and payment status, and shall account for any security deposits or prepaid amounts held. MANAGER shall maintain and, upon reasonable prior notice, make available all books and records relating to the Leases for inspection and audit by the Governmental Parties, consistent with Section 3.B.

26.3 Estoppel Certificates. Upon the Governmental Parties' request, not more than twice per calendar year and at any time following an Invalidation Event, MANAGER shall obtain and deliver from each Tenant an estoppel certificate confirming the material terms of its Lease, the amounts payable, the absence of defaults, and the Tenant's agreement to attorn to the Governmental Parties as provided in Section 26.1(a).

26.4 Secured-Party Subordination. If MANAGER grants or has granted any security interest, collateral assignment, or lien affecting the Leases or the payments thereunder, MANAGER shall obtain from each such secured party a written subordination and recognition agreement, in form approved by the Governmental Parties, subordinating to the Governmental Parties' rights under Sections 26.1(a)–(b) and Section 24, so that no secured party of MANAGER may defeat the Governmental Parties' succession to the Leases and their payments upon a Removal Date.

26.5 Non-Conforming Leases. Any Lease that MANAGER enters without the provisions required by this Section, or without the approval required by Section 27, shall constitute a material breach of this Agreement and shall be voidable at the election of the Governmental Parties as against MANAGER; provided that, as between the Governmental Parties and a Tenant that entered its Lease in good faith, the Governmental Parties may elect to enforce the Lease and treat it as conforming, without waiving any remedy against MANAGER.

26.6 Survival. The Governmental Parties' rights under this Section, including the attornment, collateral assignment, and third-party-beneficiary rights in each Lease, shall survive the removal of MANAGER and any termination of this Agreement.

27. Approval of Lease Terms; Revenue Maximization.

27.1 Approval by All Parties. In addition to and without limiting CITY's and OWNER's approval rights under Section 2.B, and notwithstanding any other provision of this Agreement, MANAGER shall not enter into, execute, amend, renew, or extend any Lease, and no Lease shall be effective as against the Real Property, the Water Tower, or the Governmental Parties, unless the material terms of that Lease have first been submitted to and approved in writing by CITY, OWNER, and MANAGER.

27.2 Submission Package. For each proposed Lease (or amendment, renewal, or extension), MANAGER shall submit to the Governmental Parties a written package describing the material terms, including the identity of the Tenant; the proposed rent, fees, escalators, and revenue to the Governmental Parties; the term and all renewal rights; the equipment and space to be used; any exclusivity, collocation, or interference terms; and the full proposed form of Lease. MANAGER shall promptly provide such additional information as any Governmental Party reasonably requests. CITY and OWNER shall approve or object to a complete submission within twenty-one (21) days of receipt, consistent with Section 2.B; an objection shall be in writing and state its basis, and MANAGER may revise and resubmit.

27.3 Revenue-Maximization Standard. MANAGER shall market the Real Property and the Water Tower and negotiate each Lease in good faith to maximize the lawful revenue to the Governmental Parties, and shall not agree to rent or other economic terms below prevailing market rates for comparable collocation sites in the region or below any floor rent the Governmental Parties establish in writing. Upon request, MANAGER shall provide comparable-market information supporting the proposed economic terms. No Lease shall discriminate against the Governmental Parties' economic interest in favor of MANAGER's separate interests.

27.4 No Waiver of Protective Terms. Approval of any Lease shall not waive the requirement that it contain the protective provisions set forth in Section 26, all of which remain required regardless of approval.

28. Mandatory Pursuit and Placement of AT&T Lease.

28.1 AT&T Placement Obligation. The parties acknowledge that a principal purpose of this Agreement is to enable the placement of AT&T on the Water Tower. Accordingly, MANAGER shall use its best efforts to secure, negotiate, and present for approval a Lease with AT&T (or its affiliate or successor) for the placement of AT&T's communications equipment on the Water Tower, on terms satisfying Sections 26 and 27, as promptly as practicable and in any event within twelve (12) months after the Effective Date.

28.2 Remedy for Failure. If MANAGER has not secured and presented for approval a Lease with AT&T within twelve (12) months after the Effective Date, then, notwithstanding MANAGER's exclusive rights under Section 1, CITY and OWNER may directly market to, negotiate with, and enter into a Lease with AT&T (or its affiliate or successor), and no Manager Fee shall be payable to MANAGER with respect to any such Lease. MANAGER shall cooperate with, and shall not interfere with, any such direct negotiation and Lease.

28.3 Continuing Effort. MANAGER's obligation under this Section is continuing, and MANAGER's failure to use best efforts to secure a Lease with AT&T shall constitute a material breach of this Agreement.

CKWSD 2025-2026 Preliminary Budget

	Oct '25 - June 26	Projected 09/30/26	Budget FY2026	Budget FY2027
300 - Income				
305 - Water Revenue	$ 415,539.87	$ 538,954.69	$ 540,513.00	$ 565,900.00
310 - Sewer Revenues	$ 336,583.73	$ 442,614.50	$ 435,086.00	$ 464,750.00
325 · Penalties	$ 5,921.97	$ 7,895.96	$ 6,500.00	$ 7,500.00
330 - Earned Interest	$ 5,765.34	$ 7,687.12	$ 7,000.00	$ 7,500.00
335 · New Meter Charges	$ 1,500.00	$ 2,000.00	$ 1,600.00	$ 2,500.00
350 - Misc Income	$ 9,365.22	$ 12,486.96	$ 1,600.00	$ 2,500.00
365 . Meter Installation Fee	$ 600.00	$ 800.00	$ 800.00	$ 1,000.00
383 - FDEP/Commerce Grants	$ 469,139.27	$ 2,300,000.00	$ 4,500,000.00	$ 4,500,000.00
384 · Insurance Proceeds	$ 1,864.26	$ 650,000.00	$ -	$ -
385 - FEMA Proceeds	$ 630,675.39	$	$ 60,000.00	$1,500,000
Total 300 - Regular Income	$ 1,876,955.05	$ 3,962,439.23	$ 5,553,099.00	$ 7,051,650.00
315 - Ad Valorem Tax Income				
Total 315.100 · Ad Valorem	$ 462,490.04	$ 462,490.04	$ 459,674.00	$ 482,100.00
Total 315 - Ad Valorem Tax Income	$ 462,490.04	$ 462,490.04	$ 459,674.00	$ 7,533,750.00
Other Sources Of Income				
331 · City Contribution				
333 · Other Miscellaneous	$ -	$ 1,772.15	$ 2,500.00	$ 2,500.00
340 · Rental Income	$ 17,989.00	$ 24,920.00	$ 24,000.00	$ 24,000.00
341 · City Portion of Leases	$ 5,951.29	$ 7,935.05	$ 7,500.00	$ 8,000.00
370 · Water Charge New Connection	$ -	$ 3,000.00	$ 12,000.00	$ 6,000.00
371 · Sewer Charge New Connectior	$ -	$ 3,000.00	$ 16,000.00	$ 6,000.00
Total Other Sources Of Income	$ 23,940.29	$ 40,627.20	$ 62,000.00	$ 46,500.00
Total Income	$ 2,363,385.38	$ 4,465,556.47	$ 6,074,773.00	$ 7,580,250.00
Gross Profit	$ 2,363,385.28	$ 4,465,556.47	$ 6,074,773.00	$ 7,580,250.00
Expense				
500 · GENERAL AND ADMINISTRATIVE				
510 · Payroll				
510.01 · Salaries	$ 258,123.76	$ 344,162.01	$ 310,000.00	$ 361,000.00
510.02 · Social Security/Medicar	$ 19,353.63	$ 25,804.84	$ 26,250.00	$ 27,100.00
510.03 · Retirement	$ 29,834.94	$ 39,779.92	$ 30,000.00	$ 30,000.00
510.04 · Health, Dental & Life Ins	$ 40,216.14	$ 53,621.52	$ 65,000.00	$ 60,000.00
510.05 · Workers Comp.	$ 3,422.97	$ 3,422.97	$ 6,000.00	$ 5,000.00
510.07 · Uniform Service	$ 4,505.47	$ 3,430.80	$ 4,000.00	$ 4,000.00
Total 510 · Payroll	$ 355,456.91	$ 470,222.06	$ 441,250.00	$ 487,100.00

CKWSD 2025-2026 Preliminary Budget

	Oct '25 - June 26	Projected 09/30/26	Budget FY2026	Budget FY2027
520 · Office				
520.01 · Supplies	$ 1,154.86	$ 1,539.81	$ 3,150.00	$ 3,000.00
520.02 · Postage & Shipping	$ 4,359.67	$ 5,812.89	$ 8,400.00	$ 6,500.00
520.03 · Copier, Computer, Billin	$ 6,596.78	$ 7,000.00	$ 5,250.00	$ 6,000.00
520.04 · Printing and Copying	$ 343.81	$ 2,104.28	$ 2,625.00	$ 2,000.00
520.05 · Web Portal/E-Billing	$ 1,365.26	$ 2,104.28	$ 2,625.00	$ 3,000.00
520.07 · Bank Service Charge	$ 550.04	$ 7,505.00	$ -	$ 750.00
520.10 · Rents	$ -	$ 262.46	$ 1,890.00	$ -
Total 520 · Office	$ 14,370.42	$ 26,328.72	$ 23,940.00	$ 21,250.00
530 · Utilities				
530.01 · Fuel For Equipment	$ 7,221.39	$ 9,628.52	$ 9,450.00	$ 11,000.00
530.02 · Solid Waste Disposal	$ 1,216.77	$ 1,622.36	$ 2,000.00	$ 2,000.00
530.03 · Telephone	$ 7,113.82	$ 9,485.09	$ 12,600.00	$ 12,000.00
Total 530 · Utilities	$ 15,551.98	$ 20,735.97	$ 24,050.00	$ 25,000.00
540 · Professional Fees				
540.01 · Audit & Accounting	$ 25,100.00	$ 35,000.00	$ 36,750.00	$ 40,000.00
540.02 · Management/Legal	$ 31,892.68	$ 42,523.57	$ 40,000.00	$ 45,000.00
540.03 · Property Appaiser Fees	$ 11,951.22	$ 11,951.22	$ 7,500.00	$ 12,000.00
540.05 · Tax Collector Fees	$ -	$ 9,500.00	$ 9,500.00	$ 10,000.00
540.06 · FEMA Engin/Admin Fee:	$ 27,004.30	$ 50,000.00	$ 48,000.00	$ 500,000.00
Total 540 · Professional Fees	$ 95,948.20	$ 148,974.79	$ 141,750.00	$ 607,000.00
550 - General Repair & Maint				
550.01 · Vehicle	$ 2,006.84	$ 2,675.79	$ 3,400.00	$ 3,400.00
550.02 · Equipment and Tools	$ 4,116.40	$ 1,000.00	$ 3,000.00	$ 3,000.00
550.03 · Building	$ 2,268.84	$ 3,025.12	$ 5,000.00	$ 5,000.00
550.04 · Supplies	$ 1,553.18 #	$ 2,070.91	$ 2,500.00	$ 2,500.00
550.06 · FEMA Storm Repairs	$ 293,751.80	$ 325,000.00	$ 25,000.00	$ 1,000,000.00
Total 550 - General Repair & Maint	$ 303,697.06	$ 333,771.82	$ 38,900.00	$ 1,013,900.00
560 · Other				
560.01 · Property/Liability Ins.	$ -	$ 140,000.00	$ 150,000.00	$ 150,000.00
560.02 · Election Expenses	$ -	$ -	$ 1,500.00	$ 1,500.00
560.03 · Continuing Education	$ 270.00	$ 360.00	$ 2,500.00	$ 2,500.00
560.04 · Annual Fees & Dues	$ 4,385.00	$ 5,846.67	$ 12,000.00	$ 10,000.00
560.05 · Ads and Publications	$ 1,691.86	$ 2,255.81	$ 5,000.00	$ 5,000.00
560.06 · Miscellanous	$ 11,099.74	$ 7,500.00	$ 5,000.00	$ 5,000.00
560.07 · Contingency	$ -	$ 25,000.00	$ 25,000.00	$ 50,000.00
Total 560 · Other	$ 17,446.60	$ 180,962.48	$ 201,000.00	$ 224,000.00
570 · Capital Expenditures	$ -	$ 15,000.00	$ 50,000.00	$ 120,000.00
570 · Total Capital Expenditures	$ 14,332.82	$ 15,000.00	$ 50,000.00	$ 120,000.00
Total 500 · GENERAL AND ADMINISTRA	$ 816,803.99	$1,195,995.84	$ 918,265.00	$ 2,498,250.00

600 · DIRECT WATER EXPENSES

610 · Chemicals and Filters

CKWSD 2025-2026 Preliminary Budget

	Oct '25 - June 26	Projected 09/30/26	Budget FY2026	Budget FY2027
610.01 · Chemicals	$ 55,690.65	$ 74,253.33	$ 100,000.00	$ 100,000.00
610.02 · Miex Resin	$ -	$ 25,000.00	$ 25,000.00	$ 50,000.00
610 · Chemicals and Filters - Oth	$ -	$ 12,276.00	$ 15,000.00	$ 15,000.00
Total 610 · Chemicals and Filters	$ 55,690.65	$ 111,529.33	$ 140,000.00	$ 165,000.00
620 - Laboratory				
620.01 · In House Lab	$ -	$ 268.80	$ 1,000.00	$ 1,000.00
620.02 · Outside Lab	$ 665.00	$ 886.67	$ 2,200.00	$ 1,500.00
Total 620 - Laboratory	$ 665.00	$ 1,155.47	$ 3,200.00	$ 2,500.00
640 · Repairs and Maintenance				
640.01 · Piping and Distribution	$ 5,746.80	$ 7,662.40	$ 15,000.00	$ 15,000.00
640.02 · Equipment	$ 22,661.29	$ 25,000.00	$ 15,000.00	$ 20,000.00
640.03 · Building & Grounds	$ 778.04	$ 1,037.39	$ 5,000.00	$ 5,000.00
640.04 · Water Tower Maintenan	$ 15,316.08	$ 20,421.44	$ 22,000.00	$ 25,000.00
640.05 · Generators Annual Main	$ -	$ 2,000.00	$ 2,000.00	$ -
640.06 · Water Plant Maintenance		$ 7,500.00	$ 7,500.00	$ 7,500.00
640.07 · Water Meter Replaceme	$ 13,973.59	$ 15,000.00	$ 15,000.00	
Total 640 · Repairs and Maintenance	$ 65,975.80	$ 78,621.23	$ 81,500.00	$ 72,500.00
650 · Utilities				
650.01 · Electric	$ 20,105.00	$ 26,806.67	$ 26,000.00	$ 28,500.00
650.02 · Propane	$ -	$ 1,000.00	$ 1,000.00	$ -
650.03 · Telephone	$ 413.34	$ 551.12	$ 5,500.00	$ 1,000.00
Total 650 · Utilities	$ 20,518.34	$ 28,357.79	$ 32,500.00	$ 29,500.00
670 · Capital Expenditures				
670.04 · New Vehicle	$ 38,865.00	$ 38,865.00		
680 · Loans				
680.05 · RD Interest	$ -	$ 27,913.00	$ 27,308.00	$ 26,675.00
680.06 · RD Principal	$ -	$ 22,000.00	$ 23,000.00	$ 24,000.00
Total 680 · Loans	$ -	$ 49,913.00	$ 50,308.00	$ 50,675.00
685.00 · Contingency		$ -	$ 50,000.00	$ 50,000.00
Total 600 · DIRECT WATER EXPENSES	$ 185,714.79	$ 308,441.82	$ 357,508.00	$ 370,175.00
700 · DIRECT WASTEWATER EXPENSES				
710 · Chemicals and Filters				
710.01 · Chemicals and Filters	$ 17,268.44	$ 23,024.59	$ 35,000.00	$ 30,000.00
Total 710 · Chemicals and Filters	$ 17,268.44	$ 30,699.45	$ 35,000.00	$ 30,000.00
720 · Laboratory				
720.01 · In House Lab	$ -		$ 1,000.00	$ 1,000.00
720.02 · Outside Lab	$ 11,445.00	$ 15,260.00	$ 20,000.00	$ 20,000.00

CKWSD 2025-2026 Preliminary Budget

	Oct '25 - June 26	Projected 09/30/26	Budget FY2026	Budget FY2027
720.03 · Instrument Maintenance			$ 7,500.00	$ 7,500.00
Total 720 · Laboratory	$ 11,445.00	$ 15,260.00	$ 28,500.00	$ 28,500.00
730 · Regulatory				
730.01 · Permits	$ -	$ 1,000.00	$ 1,000.00	$ 1,000.00
730.02 · Biosolids Hauling	$ 31,950.00	$ 42,600.00	$ 65,000.00	$ 60,000.00
Total 730 · Regulatory	$ 31,950.00	$ 43,600.00	$ 66,000.00	$ 61,000.00
740 · Repairs Maintenance Other				
740.01 · Piping & Distribution	$ 2,325.61	$ 3,100.81	$ 30,000.00	$ 25,000.00
740.02 · Equipment	$ 10,602.97	$ 14,137.29	$ 34,000.00	$ 30,000.00
740.03 · Building and Grounds	$ 778.04	$ 1,037.39	$ 21,000.00	$ 20,000.00
740.04 · Generator - Maintenanc	$ -	$ 1,535.09	$ 5,000.00	
Total 740 · Repairs Maintenance Oth	$ 13,706.62	$ 19,810.58	$ 90,000.00	$ 75,000.00
750 · Utilities				
750.01 · Electric	$ 13,290.96	$ 17,721.28	$ 22,000.00	$ 22,000.00
750.02 · Propane	$ 516.30	$ 516.30	$ 7,500.00	
Total 750 · Utilities	$ 13,807.26	$ 18,237.58	$ 29,500.00	$ 22,000.00
760 · Other				
760.01 · Permit Fees	$ -	$ 8,000.00		$ 8,000.00
760.02 · Contingency	$ 50,010.46		$ 50,000.00	$ 50,000.00
Total 760 · Other	$ 50,010.46	$ 8,000.00	$ 50,000.00	$ 58,000.00
770.000 · DEP Grant Expenses				
770.100 · DEP Grant - Engineerin	$ 493,448.96	$ 657,931.95	$ 500,000.00	$ 500,000.00
	$ 108,680.80	$ 1,500,000.00	$ 4,000,000.00	$ 4,000,000.00
Total 770.000 · DEP Grant Expenses	$ 602,129.76	$ 2,157,931.95	$ 4,500,000.00	$ 4,500,000.00
Total 700 · DIRECT WASTEWATER EXPI	$ 740,317.54	$ 3,941,425.37	$ 4,799,000.00	$ 7,642,925.00
Net Total Expense	$ 1,742,836.32	$ 3,941,425.37	$ 6,074,773.00	$ 7,080,250.00
Net Income	$ 620,549.06	$ 524,131.10		
Net Ordinary Income	$ 620,546.06	$ 524,131.10		

SHERRILL F. NORMAN, CPA
AUDITOR GENERAL

AUDITOR GENERAL

STATE OF FLORIDA

401 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

PHONE: 850-412-2881
FAX: 850-488-6975

July 17, 2026

Mr. John Rittenhouse
General Manager
Cedar Key Water and Sewer District
Post Office Box 309
510 3rd Street
Cedar Key, FL 32625

Dear Mr. Rittenhouse:

Section 218.39(1), Florida Statutes, requires that each local governmental entity, except municipalities and special districts that do not meet the specified audit threshold, provide for an annual audit of its accounts and records.[1]

This letter is to advise you that an audit report for **Cedar Key Water and Sewer District** for the fiscal year ended September 30, 2025, has not been received by the Auditor General. So that we may understand the status of your audit, if applicable, please complete and return the attached form. A response by July 31, 2026, would be greatly appreciated.

If you have any questions or need additional information, please contact Richard Voss at 850-412-2892 or rickvoss@aud.state.fl.us

Sincerely,

Derek Noonan, CPA
Audit Manager

Attachment

[1] Section 218.39(7) Florida Statutes, requires all financial audits pursuant to that section be conducted in accordance with rules of the Auditor General and be filed with the Auditor General within 45 days after delivery of the audit report to the local governmental entity, but no later than 9 months after the end of the audited entity's fiscal year. Additionally, Section 11.45(7)(a), Florida Statutes, requires the Auditor General to notify the Legislative Auditing Committee of any local governmental entity that does not file the required audit report within such period.

AUDITOR GENERAL ENTITY ID: **D11100**
SPECIAL DISTRICT: **Cedar Key Water and Sewer District**

CONTACT PERSON

NAME: ______________________________

TITLE: ______________________________

E-MAIL ADDRESS: ______________________________

TELEPHONE: ______________________________

Please mark the appropriate response and mail this form, along with applicable audit reports or annual financial reports, to the addresses below:

______ We did provide for an annual financial audit for the fiscal year ended September 30, 2025. One paper copy and one electronic copy **[converted not scanned]** of the audit report are enclosed and submitted, respectively, pursuant to Section 10.558(4), Rules of the Auditor General - Local Governmental Entity Audits (9-30-25). **[Addresses are provided below.]**

______ We are in the process of completing the annual financial audit for the fiscal year ended September 30, 2025, and one paper copy and one electronic copy **[converted not scanned]** of the audit report will be submitted to the Auditor General by ______________ pursuant to Section 10.558(4), Rules of the Auditor General - Local Governmental Entity Audits (9-30-25). Note: Audit reports filed subsequent to the statutorily required due date should include an explanation for the late filing.

______ We were not required to provide for an annual financial audit for the fiscal year ended September 30, 2025, because we are a special district and our revenues and our expenditures and expenses were less than $50,000. **[Please provide a copy of your 2024-25 fiscal year annual financial report (AFR) required by Section 218.32, Florida Statutes.]**

______ We were not required to provide for an annual financial audit for the fiscal year ended September 30, 2025, because we are a special district, our revenues and our expenditures and expenses were between $50,000 and $100,000, and we were audited within the preceding two fiscal years. **[Please provide a copy of your 2024-25 fiscal year annual financial report (AFR) required by Section 218.32, Florida Statutes.]**

______ We were not required to provide for an annual financial audit for the fiscal year ended September 30, 2025, because we are a **dependent** special district and are included within the reporting entity of the following county or city ______________________________.

[Please specify the method of reporting, i.e. discrete component unit, blended component unit, trust fund, etc. and provide supporting documentation. NOTE: Pursuant to Section 218.39(3)(a), Florida Statutes, an independent special district that meets the audit threshold must have a separate audit regardless of whether or not it is a component unit of another reporting entity.]

______ Other - Please provide an explanation for not filing your audit report and provide appropriate documentation.

____

A submittal checklist form is required to be provided with the audit report. The submittal checklist can be found on our Web site https://flauditor.gov/pages/tech_localgovt.html. Please remember to include the **Date Auditor Delivered Audit Report to Local Government** on the checklist.

Mailing Address for Paper Audit Reports, Annual Financial Reports and Completed Form	E-mail Address for Electronic Audit Reports *
Auditor General's Office Local Government Audits/251 401 Claude Pepper Building 111 West Madison Street Tallahassee, FL 32399-1450	flaudgen_localgovt@aud.state.fl.us

*Electronic audit reports should:

- Be in a Portable Document Format (PDF) in which the original document is **converted** to a PDF document (**as opposed to scanned into PDF format**). The entity should convert the original files to the PDF format or have another party convert the files. If the electronic copy is not submitted as a converted PDF document, the entity will be contacted and requested to provide us the report in the proper format.
- Include the appropriate letterhead and signatures in the report. If the entity does not use electronic signatures or letterhead, it may scan these pages and insert the scanned version into the electronic copy of the report.
- Be a single document; however, if the size capacity of a single document exceeds our 30 megabytes e-mail size capacity, we can arrange to receive the document via file transfer protocol (FTP). For FTP submittal, please contact Richard Voss by e-mail at rickvoss@aud.state.fl.us or by telephone at (850) 412-2892.
  Note: The required submittal checklist should be provided as a separate document as only the entire audit report, exclusive of the checklist, will be placed on our Web site.
- Be an exact duplicate of the one paper copy submitted.
- Not have security settings applied to it. Electronically submitted documents will be secured using Adobe software prior to being placed on our Web site.
- Be named using **all lower case letters** as follows: [fiscal year] [name of entity].pdf. Examples 2025 alachua county library district.pdf or 2025 acree community development district.pdf

Questions regarding electronic submission of local governmental entity audit reports, or their security on our Web site, should be directed to Richard Voss by e-mail at rickvoss@aud.state.fl.us or by telephone at (850) 412-2892.

Member:

Cedar Key Water & Sewer District
P.O. Box 309
Cedar Key, FL 32625

Term: October 1, 2024 to October 1, 2025
Coverage Provided by: Florida Insurance Alliance
Policy Number: WC100124692

TYPE OF INSURANCE

Part A	**Workers Compensation** • **Benefits: FL Statutory (Medical, Disability, Death)**
Part B	**Employers Liability:** • **$1,000,000- Each Accident** • **$1,000,000- Disease- Policy Limit** • **$1,000,000- Disease- Each Employee**

Class Code	Description	Payroll	Rate	Premium
7520	Waterworks Operations	$168,963	1.88	$3,176.50
8810	Clerical	$135,290	0.13	$175.88
Total Manual Premium				$3,352.38
Increased ELL 1M/1M/1M				$120.00
				$3,472.38
Workplace Safety Credit – 2%				-$69.45
Drug Free Workplace Credit – 5%				-$170.15
Experience Modification				1.000000
Standard Premium				$3,232.78
Expense Constant				$160.00
Terrorism				$30.43
Policy Total				**$3,422.97**

PREVIOUS TOTAL $4,705.97
$1,283.00 REDUCTION