



AGREEMENT FOR CONSULTING SERVICES

This agreement ("Agreement"), made and entered into this 9th day of September, 2019 by and between North Sumter County Utility Dependent District (NSCUDD) ("Client") and PFM Group Consulting, LLC ("PFM") sets forth the terms and conditions under which PFM shall provide services.

WHEREAS, the Client desires to obtain the services of an PFM to provide consulting services; and

WHEREAS, PFM is capable of providing the necessary services.

NOW, THEREFORE, in consideration of the above-mentioned premises and intending to be legally bound hereby, the Client and PFM agree as follows:

I. SCOPE OF SERVICES

PFM shall provide, upon request of the Client, the services set forth in Exhibit A to this Agreement. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Agreement agreed by Client and PFM. Services provided by PFM which are not specifically referenced in the scope of services set forth in Exhibit A of this Agreement shall be completed as agreed in writing in advance between the Client and PFM. Upon request of Client, PFM or an affiliate of PFM may agree to additional services to be provided by PFM or an affiliate of PFM, by a separate agreement between the Client and PFM or its respective affiliate.

II. WORK SCHEDULE

The services of PFM are to commence as soon as practicable after the execution of this Agreement and a request by the Client for such service. Exhibit A will include a time table governing the work and dates for deliverables.

III. COMPENSATION

For the services provided under this Agreement, PFM's professional fees shall be paid as provided in Exhibit B to this Agreement. Client shall pay expenses as provided below.

1. Reimbursable Expenses

In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Upon request of Client, documentation of such expenses will be provided.

2. Other Services

Any services which are not included in the scope of services set forth in Exhibit A of this Agreement will be subject to separate, mutually acceptable fee structures.

IV. TERMS AND TERMINATION

This Agreement shall be effective from the date executed by the Client. The Agreement will terminate upon PFM's delivery of the report contemplated in Exhibit A.

Upon termination, PFM will be paid for all services performed and costs and expenses incurred up to the termination date.

V. ASSIGNMENT

Neither party may assign this Agreement or its rights or obligations hereunder without the prior written consent of the other party.

VI. INFORMATION TO BE FURNISHED TO PFM

All information, data, reports, and records in the possession of the Client or any third party necessary for carrying out any services to be performed under this Agreement ("Data") shall be furnished to PFM and the Client shall, and shall cause its agent(s) to, cooperate with PFM in its conduct of reasonable due diligence in performing the services, including with respect to the facts that are necessary in its recommendation(s) to the Client in connection with a transaction or financial product and/or relevant to a Client's determination whether to proceed with a course of action.

To the extent Client requests that PFM provide advice with regard to any recommendation made by a third party, Client will provide to PFM written direction to do so as well as any Data it has received from such third party relating to its recommendation. Client acknowledges and agrees that while PFM is relying on the Data in connection with its provision of the services under this Agreement, PFM makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.

VII. NOTICES

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to-wit:

Mr. Kenneth Blocker, Assistant District Manager
Finance Department, Village Community Development Districts
984 Old Mill Run
The Villages, FL 32162
Phone: 352-753-0421
Email: kenny.blocker@districtgov.org

Mr. Stan Geberer, Senior Managing Consultant
PFM Group Consulting LLC
12051 Corporate Boulevard
Orlando, FL 32817
geberers@pfm.com

VIII. TITLE TRANSFER

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Agreement shall be the property of the Client. Subject to the exception described above, upon termination of this Agreement, at Client's reasonable request no later than three (3) years after the termination of this Agreement PFM shall deliver to the Client copies of any and all material pertaining to this Agreement.

IX. PFM 's REPRESENTATIVES

1. Assignment of Named Individuals

The services set forth in this Agreement shall be provided by professional employees of PFM and affiliates of PFM as determined by PFM in its sole discretion. PFM may, from time to time, supplement or otherwise amend the team members.

2. Changes in Staff Requested by the Client

The Client has the right to request, for any reason, PFM to replace any member of the PFM staff assigned to this Agreement. Should the Client make such a request, PFM shall promptly suggest a substitute for approval by the Client.

X. INSURANCE

PFM shall maintain insurance coverage with policy limits not less than as stated in Exhibit C.

XI. LIMITATION OF LIABILITY

Except to the extent caused by willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties under this Agreement on the part of PFM or any of its associated persons, neither PFM nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any financial or other damages resulting from Client's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of PFM or any of its associated persons, upon any advice or recommendation provided by PFM to Client.

XII. INDEPENDENT CONTRACTOR

PFM , its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of Client by virtue of this Agreement or any actions or services rendered under this Agreement. Nothing in this Agreement is intended or shall be construed to give any person, other than the Parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy or claim under or in respect of this Agreement or any provisions contained herein. In no event will PFM be liable for any act or omission of any third party or for any circumstances beyond PFM 's reasonable control including, but not limited to, fire, flood, or other natural disaster, war, riot, strike, act of terrorism, act of civil or military authority, software and/or equipment failure, computer virus, or failure or interruption of electrical, telecommunications or other utility services.

XIII. APPLICABLE LAW

This Agreement shall be construed, enforced, and administered according to the laws of the State of Florida. PFM and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

XIV. ENTIRE AGREEMENT; SEVERABILITY

This Agreement represents the entire agreement between Client and PFM and supersedes all prior agreements, contracts, arrangements, or communications between the parties with respect to the subject matter addressed herein, whether oral or written. This Agreement may not be amended or modified except in writing signed by both parties. For the sake of clarity, any separate agreement between Client and an affiliate of PFM shall not in any way be deemed an amendment or modification of this Agreement. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

XV. EXECUTION; COUNTERPARTS

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

IN WITNESS THEREOF, the Client and PFM have executed this Agreement as of the day and year herein above written.

North Sumter County Utility Dependent District (NSCUDD)

By: _____

Name: Mr. Charlie Smith

Title: Chairman, NSCUDD

Date: _____

PFM Group Consulting, LLC

By: _____

Name: Stan Geberer

Title: Senior Managing Consultant

Date: September 9, 2019

EXHIBIT A

SCOPE OF SERVICES AND TIMETABLE

1.0 Scope of Services

1.1 Overview

The North Sumter County Utility Dependent District ("Client") is considering acquiring the water and sewer utilities of the Central Sumter Utility Company, LLC ("CSU"). The Client has requested PFM to prepare a valuation study to assist the Client in determining the fair market value of CSU.

1.2 Task Plan

1.2.1 Review and Analysis of CSU's Business

PFM will review the history of CSU's business. This will provide a foundation for the valuation and for projections for CSU's business. PFM will analyze CSU's financial statements to gain an understanding of its drivers for costs and revenues. PFM will also assess the size of CSU's franchise area and the prospects for future growth.

1.2.2 Cost Approach

The Cost Approach is one of the three recognized approaches to valuing any business. While it is necessary to consider the cost approach, it is generally not applicable in valuing an acquisition by an entity such as the Client.

1.2.3 Market Approach

PFM will also consider the market approach to valuing CSU. However, we note that there are few comparable utility acquisition transactions similar to Client's proposed acquisition. Nevertheless, we believe it is prudent to consider this approach and to utilize the available sales in the valuation process.

1.2.4 Income Approach

The income approach is the most widely used and, in our opinion, generally the most reliable approach to valuing transactions similar to the purchase of CSU. We observe that the Client has relied upon the income approach, primarily, in its prior purchases of similar utilities. PFM will develop a cash flow pro forma over a 30 year period, income statement and balance sheet for CSU. The pro forma provides the foundation for estimating the value of CSU in the proposed transaction.

1.2.5 Reconciliation of Values

PFM will analyze all three valuation methodologies and valuations generated in Tasks 1.2.2 – 1.2.4. PFM will reconcile the values and then determine a preliminary valuation for CSU.

1.2.6 Review of Preliminary Valuation

PFM will schedule a meeting with the Client to review the preliminary valuation of CSU.

1.2.7 Final Valuation and Report

PFM will provide the Client with its formal valuation report. The Client may use the report in any financing documentation it deems useful.

1.2.8 Presentation of Valuation Opinion

PFM will be available to present its valuation opinion with the staff and the District Supervisors as the Client may request.

2.0 Timetable

Subject to the availability of and access to information we deem necessary, in our sole discretion, to complete the tasks outlined herein, PFM will complete this scope of work within 30-days of our receipt of your authorization to proceed.

EXHIBIT B
COMPENSATION FOR SERVICES

PFM will be compensated a fixed fee of \$50,000, plus reasonable out of pocket expenses, to complete the scope of services outlined above.

At the completion of this engagement, as evidenced by delivery of the final report referenced in Exhibit A, PFM will have no further responsibility related to the Client, unless otherwise agreed to under separate contract or agreement.

EXHIBIT C **INSURANCE**

PFM has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability and workers compensation. PFM maintains professional liability and fidelity bond coverages which total \$30 million and \$10 million, respectively. PFM also carries a \$10 million cyber liability policy.

Our Professional Liability policy is a “claims made” policy and our General Liability policy claims would be made by occurrence.

Deductibles/SIR:

Automobile \$250 comprehensive & \$500 collision

Cyber Liability \$50,000

General Liability \$0

Professional Liability (E&O) \$1,000,000

Financial Institution Bond \$75,000

Insurance Company & AM Best Rating

Professional Liability (E&O)	Endurance American Specialty Insurance; (A+; XV)
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XL Specialty Insurance Company; (A; XV)

Continental Casualty Company; (A; XV)

Starr Indemnity & Liability Company; (A; XIV)

Financial Institution Bond	Federal Insurance Company; (A++; XV)
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Cyber Liability	Indian Harbor Insurance Company (A; XV)
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General Liability	Great Northern Insurance Company; (A++; XV)
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Automobile Liability	Federal Insurance Company; (A++; XV)
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Excess /Umbrella Liability	Federal Insurance Company; (A++; XV)
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Workers Compensation	Great Northern Insurance Company; (A++; XV)
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& Employers Liability	
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