

RESOLUTION NO. 2008- 122

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING THE TERMS, PROVISIONS, CONDITIONS, AND REQUIREMENTS OF CHANGE ORDER # 4 TO THE PERFORMANCE CONTRACT, BETWEEN ST. JOHNS COUNTY, FLORIDA, AND JOHNSON CONTROLS, INC., FOR A METER CHANGE-OUT PROGRAM AND CONVERSION TO A FIXED BASE AUTOMATED METER READING SYSTEM, AND AUTHORIZING THE COUNTY ADMINISTRATOR TO EXECUTE THE CHANGE ORDER AND ALL ASSOCIATED DOCUMENTS ON BEHALF OF ST. JOHNS COUNTY

WHEREAS, Johnson Controls, Inc. (JCI), and St. Johns County, Florida (County) desire to enter into a Change Order for an existing Performance Contract, in order to achieve the following objectives: 1) complete the meter change-out program, and 2) obtain cost effective financing for the change order; and

WHEREAS, by executing this Change Order with JCI, the County will reach all of its objectives; and

WHEREAS, JCI has submitted a proposed Change Order and Lease/Purchase Schedule for the County to execute; and

WHEREAS, the Change Order describes the Scope of Work to be completed; and

WHEREAS, the Lease/Purchase Schedule provided for the financing of the project;

WHEREAS, the County has reviewed the terms, provisions, conditions, and requirements of the Change Order and Lease/Purchase Schedule (attached hereto, and incorporated herein); and

WHEREAS, the County has determined that accepting the terms of the Lease/Purchase Schedule, and entering into said Change Order will serve the interests of the County.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, AS FOLLOWS:

Section 1. The above Recitals are hereby incorporated into the body of this Resolution, and are adopted as Findings of Fact.

Section 2. The Board of County Commissioners hereby approves the terms, provisions, conditions, and requirements of Change Order # 4 between St. Johns County, Florida, and Johnson Controls, Inc., and authorizes the County Administrator to execute the Change Order and Lease/Purchase Schedule and all associated documents on behalf of St. Johns County.

PASSED AND ADOPTED by the Board of County Commissioners of St. Johns County, Florida, this 29<sup>th</sup> day of April, 2008.

BOARD OF COUNTY COMMISSIONERS OF  
ST. JOHNS COUNTY, FLORIDA

Attest:  
Pam Halterman  
Deputy Clerk

By: Thomas G. Manuel  
Thomas G. Manuel, Chair

RENDITION DATE 5/2/08



Res 08-122

## LEASE/PURCHASE SCHEDULE

1. **Agreement To Lease and Purchase.** By and through this Lease/Purchase Schedule (the "**Schedule**") which is made and entered into as of May 15, 2008, Johnson Controls, Inc. ("JCI") leases to the St. Johns County, Florida ("Customer") and Customer leases from JCI the equipment, together with any and all repairs and replacements, substitutions and modifications thereto or incorporated therein or now or hereafter affixed thereto (collectively, the "**Equipment**"), described in *Attachment 1* to this Schedule.

2. **Term.** The initial term of this Schedule ("**Initial Term**") shall commence as of the Commencement Date (as specified in *Attachment 1* to this Schedule) (the "Commencement Date") and expire on the last day of the fiscal period used by Customer for its financial accounting and budgeting purposes (a "**Fiscal Period**") during which this Schedule is executed and delivered. Interest shall accrue under this Schedule from and after the Commencement Date, and Customer shall pay rental payments (the "**Rental Payments**") in accordance with Paragraph 7 hereof, all in consideration of JCI's entering into this Schedule and agreeing to provide the financing contemplated hereby. Beginning at the expiration of the Initial Term, the term of this Schedule shall automatically be extended upon the successive appropriation by Customer's governing body of amounts sufficient to pay Rental Payments and any other reasonably estimated amounts Customer is required to pay pursuant to this Schedule ("**Additional Payments**") and, together with the Rental Payments under this Schedule, the "**Payments**") during the next succeeding Fiscal Period (hereinafter "**Renewal Term**") for the number of Renewal Terms, each coextensive with each successive Fiscal Period, as are necessary for all payments identified in *Attachment 1* to this Schedule to be paid in full, unless this Schedule is terminated as provided in Paragraph 5 hereof or otherwise expires as provided in this Paragraph 2.

The term of this Schedule will expire upon the first to occur of (a) the expiration of the Initial Term or any Renewal Term during which an Event of Nonappropriation (as defined in Paragraph 7 hereof) occurs, (b) the day after all Payments due under this Schedule have been paid in full, (c) the day after the related Termination Value (as defined herein) is paid in full, except as otherwise provided in this Schedule, or (d) an Event of Default (as defined in Paragraph 21 hereof) under this Schedule and JCI's termination of Customer's rights hereunder as provided in Paragraph 22 hereof. Customer hereby agrees to pay Rental Payments under this Schedule, but only from funds that the governing body of Customer duly appropriates and are otherwise legally available for the purpose of making Payments under this Schedule ("**Legally Available Funds**"), in the amounts and on the dates specified in *Attachment 1* to this Schedule.

3. **Representations of Customer.** Customer hereby represents and warrants to and agrees with JCI that:

(a) All financial statements and other information submitted to JCI by Customer were true, correct, and complete in all material respects on the date submitted and, as of the date of this Schedule, there has been no material adverse change in any matter stated in such financial statements and other information.

(b) Customer is a state or a political subdivision thereof within the meaning of Section 103(c) of the Internal Revenue Code of 1986, as amended (the "**Code**").

(c) Customer has the power and authority under applicable law to enter into the transactions contemplated by this Schedule and has been duly authorized to execute and deliver this Schedule and to carry out its obligations hereunder. *Attachment 3* to this Schedule is a full, true and

correct original of an Incumbency Certificate relating to (i) the resolution or other appropriate official action of Customer's governing body specifically authorizing Customer to execute and deliver this Schedule, (ii) the authority of the officers who have executed and delivered this Schedule on behalf of Customer and (iii) other related matters. *Attachment 2* to this Schedule is a full, true and correct original of an opinion of Customer's legal counsel.

(d) This Schedule has been duly executed and delivered by Customer and constitutes a legal, valid and binding obligation of Customer, enforceable in accordance with its terms.

(e) The execution, delivery and performance of this Schedule will not contravene any law, regulation, judgment, order or decree applicable to Customer or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Customer or on the Equipment under this Schedule pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument to which Customer is a party or by which it or its assets may be bound, except as provided in this Schedule.

(f) There is no action, suit, investigation, inquiry or proceeding, at law or in equity, by or before any court, arbitrator, agency or governmental authority pending or threatened against or affecting Customer, nor to the best knowledge of Customer is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Schedule or any other agreement or instrument to which Customer is a party and which is used or contemplated for use in the consummation of the transactions contemplated by this Schedule. All authorizations, consents and approvals of governmental bodies or agencies required in connection with the execution and delivery by Customer of this Schedule or in connection with the carrying out by Customer of its obligations hereunder have been obtained, except with respect to annual budgeting and appropriation procedures as required by State law relating to this Schedule.

(g) All requirements have been met and procedures have occurred in order to ensure the enforceability of this Schedule, and Customer has complied with such public bidding requirements, if any, as may be applicable to the transactions contemplated by this Schedule.

(h) Customer has made sufficient appropriations from Legally Available Funds to make all Rental Payments due during the Initial Term.

(i) Customer has not previously failed (for whatever reason) to appropriate amounts sufficient to pay its obligations that are subject to annual appropriation.

(j) Customer is not subject to any legal or contractual limitation or provision of any nature whatsoever that in any way limits, restricts or prevents Customer from entering into this Schedule or performing any of its obligations under this Schedule, except to the extent that such performance may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally.

(k) The payment of the Rental Payments or any portion thereof under this Schedule is not (under the terms of this Schedule or any underlying arrangement) directly or indirectly (i) secured by any interest in property used or to be used in any activity carried on by any person other than a state or local governmental unit or payments in respect of such property; or (ii) on a present value basis, derived from payments (whether or not to Customer) in respect of property, or borrowed

money, used or to be used in any activity carried on by any person other than a state or local governmental unit. No Equipment under this Schedule will be used, directly or indirectly, in any activity carried on by any person other than a state or local governmental unit. No portion of the Purchase Price for the Equipment under this Schedule will be used, directly or indirectly, to make or finance loans to any person other than Customer. Customer has not entered into any management or other service contract with respect to the use and operation of the Equipment, except a Planned Service Agreement with JCI to provide certain customary maintenance services for the Equipment.

(l) Customer is acquiring the Equipment under this Schedule for use within its geographical boundaries.

(m) The useful life of the Equipment identified in this Schedule will not be less than the stated full term of this Schedule, including all contemplated Renewal Terms.

(n) Customer has entered into this Schedule for the purpose of purchasing, acquiring and leasing the Equipment identified in *Attachment 1* hereto and not for the purpose of refinancing any outstanding obligation of Customer more than 90 days in advance of its payment or prepayment date. The Purchase Price for the Equipment will be paid directly by JCI (or its assigns), at the direction of Customer and upon presentation of proper documentation, to the manufacturer, seller or supplier thereof, and no portion of the Purchase Price for the Equipment under this Schedule will be paid to Customer as reimbursement for any expenditure paid by Customer more than 60 days prior to the execution and delivery of this Schedule.

(o) Customer has entered into a legal, valid, binding and enforceable Performance Contract with JCI for the installation of the Equipment on terms and conditions acceptable to Customer. Customer hereby acknowledges and agrees that its agreements and obligations pursuant to such Performance Contract are in form and substance acceptable to Customer and are separate and independent from its agreements and obligations under this Schedule.

4. *Title* During the term of this Schedule, title to the Equipment shall be vested in Customer, subject to the rights of JCI (or its assigns) hereunder. Upon an Event of Default or an Event of Nonappropriation, title shall immediately vest in JCI (or its assigns), free and clear of any right, title or interest of Customer. Customer, at its expense, will protect and defend Customer's title to the Equipment and JCI's and its assigns' rights and interests therein and will keep the Equipment free and clear from any and all claims, liens, encumbrances and legal processes of Customer's creditors and other persons. All items of Equipment shall at all times be and remain personal property, regardless of whether it is now or hereafter affixed or attached to any building or other real property or the consequences of its being removed from such building or other real property. In the event that the installation of any component of any item of the Equipment could be deemed to require a performance or payment bond under Section 255.05, Florida Statutes, or be deemed subject to the mechanic's lien provisions of Chapter 713, Florida Statutes, or any successor statute to each, as they may be amended from time to time, JCI and Customer shall require such bonds, post such notices and do all things provided for under such laws in order to keep the Equipment free

5. *Prepayment Option; Termination Value.* Customer may at any time prepay the aggregate principal component of Rental Payments (in whole but not in part) identified in *Attachment 1* to this Schedule and terminate this Schedule by paying the Termination Value. Customer may exercise this option by notifying JCI or its assigns in writing not less than ninety (90) days prior to the date on which prepayment is to be made. The Termination Value and the date on which such prepayment is to be made shall be stated in the notice. The prepayment option herein granted may be exercised by Customer with respect to this Schedule whether or not one or more Events of Default have occurred and are then continuing under this Schedule at the time of such exercise; *provided, however,* that the prepayment of such aggregate principal component of Rental Payments upon the exercise of such option during the continuance of an Event of Default shall not limit, reduce or otherwise affect liabilities or obligations that Customer has incurred as a result of such Event of Default or otherwise terminate

the term of this Schedule notwithstanding anything herein to the contrary. Except as limited by the immediately preceding sentence, termination of this Schedule shall be effective upon receipt of the related Termination Value by JCI or its assigns.

For purposes of this Paragraph 5, the Termination Value shall be the sum of (i) the Prepayment Amount set forth in *Attachment 1* to this Schedule, plus (ii) accrued and unpaid Additional Payments then owed by Customer to JCI hereunder plus (iii) any applicable tax due as a result of such prepayment and purchase.

Immediately upon such prepayment being made, JCI and its assigns shall execute all documents necessary to confirm to Customer title in and to the Equipment free and clear of any lien, encumbrance or other interest created by JCI or its assigns, but without warranties and in "where-is, as-is" condition.

Notwithstanding anything in this Lease to the contrary, Rental Payments shall also be subject to prepayment on the terms and conditions set forth in Paragraph 14 hereof.

6. *No Offset; Unconditional Obligation.* This Schedule is "triple net" and Customer's obligation to pay all Payments under this Schedule shall be absolute and unconditional under any and all circumstances subject to the terms and conditions of this Schedule. Without limiting the generality of the foregoing, Customer shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of Customer against JCI under this Schedule or otherwise; nor, except as otherwise expressly provided herein, shall this Schedule terminate, or the respective obligations of JCI or Customer be otherwise affected, by reason of any failure of the Equipment to perform in the manner or to the extent that Customer anticipated or to achieve cost or other savings that Customer anticipated, any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Customer's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Schedule, or lack of right, power or authority of JCI to enter into this Schedule, any dispute or discrepancy arising out of any subsequent validation or rejection of the Equipment or any insolvency, bankruptcy, reorganization or similar proceedings by or against JCI or Customer or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Payments payable by Customer under this Schedule shall continue to be payable in all events unless the obligation to pay the same shall expire or be terminated pursuant to this Schedule (including upon the occurrence of an Event of Nonappropriation hereunder) or until the Equipment has been returned to the possession of JCI or its assigns as provided in this Schedule. Customer shall settle all warranty, mechanical, service or other claims with respect to the Equipment directly with the Supplier (as hereinafter defined). To the extent permitted by applicable law, Customer hereby waives any and all rights that it may now have or that at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Schedule or any of the items of Equipment, except in accordance with the express terms of this Schedule.

7. *Rental Payments.* As payment for the Equipment described herein, Customer agrees to pay JCI or its assigns at the mailing address set forth above (or at such other address as may be designated from time to time pursuant to Paragraph 18 hereof) the Rental Payments on the dates and in the amounts set forth in *Attachment 1* to this Schedule; *provided, however,* that Customer is required to make such payment only from Legally Available Funds. Subject to the foregoing, Customer represents that it reasonably believes that Legally Available Funds can be obtained that are sufficient to make all Rental Payments to become due during the term of this Schedule. The responsible financial officer of Customer will do all things lawfully within his power to obtain and maintain funds from which such payments may be made, including making provisions for such Rental Payments to the extent necessary in each biennial or annual budget

submitted for the purpose of obtaining funding and will exhaust all available reviews and appeals in the event such portion of the budget is not approved. Notwithstanding the foregoing, the decision whether or not to budget or appropriate funds or to extend this Schedule for any Fiscal Period is solely within the discretion of the then current governing body of Customer. It is Customer's current intention to make payment for the full term of this Schedule if funds are legally available to do so, and in that regard Customer represents that the use of the Equipment is essential to its proper, efficient and economic operation and that the functions performed by the Equipment could not be transferred to other Equipment available for use by Customer. At the request of JCI, Customer agrees to describe the essential functions and services performed or to be performed by the Equipment.

Customer hereby agrees to notify JCI immediately (and in no case later than 30 day prior to the last day of its then current Fiscal Period) of the failure or refusal of the governing body of Customer to appropriate moneys sufficient to pay the Rental Payments and reasonably estimated Additional Payments for the next succeeding Renewal Term as provided herein (an "Event of Nonappropriation"), but failure to give such notice shall not extend the term of this Schedule beyond any fiscal for which there are Legally Available Funds.

Customer's obligation to make Rental Payments and to pay any Additional Payments payable hereunder constitutes a current obligation payable exclusively from Legally Available Funds and shall not be construed to be an indebtedness within the meaning of any applicable constitutional or statutory limitation or requirement. Customer has not pledged its full faith and credit or its taxing power to make any Rental Payments or Additional Payments under this Schedule. Customer shall not permit any person or entity (including the federal government) to guarantee any Rental Payments under this Schedule.

8. *Termination upon Event of Nonappropriation and Repossession of Equipment.* Upon the occurrence of an Event of Nonappropriation, JCI or its assigns may terminate this Schedule, which termination shall be effective at the end of the Initial Term or the Renewal Term then in effect. Immediately upon the termination of this Schedule as a result of the occurrence of an Event of Nonappropriation, Customer shall deliver the Equipment in the same manner and subject to the same conditions as provided with respect to delivery of Equipment in Paragraph 22 hereof.

9. *Tax Covenants; Tax Indemnity Payments.* Customer agrees that it will not take any action that would cause the interest component of Rental Payments hereunder to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes, nor will it omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest component of Rental Payments hereunder to be or to become ineligible for the exclusion from gross income of the owner or owners thereof for federal income tax purposes. Customer agrees to (a) execute and deliver to JCI with respect to this Schedule, upon JCI's request, a tax certificate and agreement in form and content acceptable to JCI and Customer, relating to the establishment and maintenance of the excludibility from gross income of the interest component of Rental Payments for federal income tax purposes, and (b) complete and file or cause to be filed in a timely manner an information reporting return, filed by JCI (either I.R.S. Form 8038-G or I.R.S. Form 8038-GC, as appropriate) with respect to this Schedule as required by the Code.

Customer represents that neither Customer nor any agency or unit of Customer has on hand any property, including cash and securities, that is legally required or otherwise restricted (no matter where held or the source thereof) to be used directly or indirectly to purchase the Equipment financed under this Schedule. Customer has not and will not establish any funds or accounts (no matter where held or the source thereof) the use of which is legally required or otherwise restricted to pay directly or indirectly Rental Payments hereunder.

If Customer breaches the covenant contained in this Paragraph, the interest component of Rental Payments may become includible in gross income of the owner or owners thereof for federal income tax purposes. In such event, Customer agrees to pay promptly after any such determination of taxability and on each Rental Payment

date thereafter to JCI an additional amount determined by JCI to compensate such owner or owners for the loss of such excludibility (including, without limitation, compensation relating to interest expense, penalties or additions to tax), which determination shall be conclusive (absent manifest error). Notwithstanding anything herein to the contrary, any additional amount payable by Customer pursuant to this Paragraph 9 shall be payable solely from Legally Available Funds.

It is JCI's and Customer's intention that this Schedule not constitute a "true" lease for federal income tax purposes and, therefore, it is JCI's and Customer's intention that Customer be considered the owner of the Equipment for federal income tax purposes.

10. *Taxes.* Customer shall timely pay sales, consumer, lease and personal property taxes and any other tax, charge or assessment now or later imposed, levied or assessed by any governmental body or agency on the Equipment or on its ownership, purchase, sale, possession, rental or use of the Equipment; *provided, however,* that the foregoing shall not include any federal, state or local income or franchise taxes of JCI.

11. *Insurance.* Customer shall, at its expense, provide and maintain insurance against the loss or theft of, or damage to, the Equipment throughout the term of this Schedule in an amount not less than the Prepayment Amount. JCI and its assigns shall be named under each policy as a loss payee. Customer shall, at its expense, also provide and maintain public liability and property damage insurance relating to the Equipment throughout the term of this Schedule naming JCI and its assigns as an additional insured. JCI reserves the right to approve the form and amount of the insurance and the insurance carrier. Each policy must contain the insurer's agreement to give thirty (30) days written notice to JCI and its assigns before any cancellation of, or material change to, any required policy. If Customer is self-insured with respect to equipment such as the Equipment, Customer shall maintain during the term of this Schedule an actuarially sound self-insurance program in form satisfactory to JCI and its assigns and shall provide evidence thereof in form and substance satisfactory to JCI and its assigns.

Customer agrees to provide to JCI and its assigns certificates of insurance or copies of the policies and evidence of each renewal of each such policy. Failure by JCI or its assigns to request evidence of such policies or renewals, or otherwise to verify the existence of such insurance, shall not constitute a waiver of the requirements hereof. The proceeds of insurance covering the Equipment must be applied toward the replacement, restoration or repair of such Equipment. Customer appoints JCI and its assigns as Customer's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts for loss or damage under any such insurance policy.

12. *JCI's Right To Pay Insurance Premiums.* If Customer fails to obtain or maintain required insurance, JCI may, but is not required to, obtain the insurance or pay the amount due, as the case may be. Customer agrees to pay amounts paid by JCI pursuant to this Paragraph to JCI immediately upon demand, but only from Legally Available Funds.

13. *Installation of Equipment.* Customer shall cause the Equipment to be delivered and installed at the Equipment Location set forth in *Attachment 1* to this Schedule. Notwithstanding anything in this Schedule to the contrary, upon payment by Customer of all amounts due hereunder, Customer shall be entitled to all right, title and interest in and to the Equipment, free and clear of any interest of JCI or its assigns.

14. *Acceptance.* (a) As soon as practicable after the receipt of Equipment, Customer shall furnish to JCI and its assigns an acceptance certificate with respect to such Equipment in the form customarily used by JCI. Execution of each such acceptance certificate by an employee, official or agent of Customer having authority in the premises or having managerial, supervisory or procurement duties with respect to equipment of the same general type as such Equipment shall constitute acceptance of such Equipment on behalf of Customer. Regardless of whether Customer has furnished an acceptance certificate

pursuant to this Paragraph 14 with respect to Equipment that it has received, by making a Rental Payment after its receipt of such Equipment pursuant to this Schedule, Customer shall be deemed to have accepted such Equipment on the date of such Rental Payment for purposes of this Schedule.

(b) If an Event of Nonappropriation occurs prior to Customer's acceptance of all the Equipment, the amount then on deposit in the Acquisition Fund (as described in *Attachment 1* to this Schedule) shall be applied to prepay the unpaid principal component of the Rental Payments in whole on the first business day of the month next succeeding the occurrence of such event plus accrued interest to the prepayment date; *provided, however*, that the amount to be prepaid by Customer pursuant to this Paragraph 14 shall first be paid from moneys in the related Acquisition Fund and then from Legally Available Funds and other moneys available for such purpose as a result of the exercise by JCI or its assigns of their rights and remedies under this Schedule. Any funds on deposit in the Acquisition Fund on the prepayment date described herein in excess of the unpaid principal component of the Rental Payments to be prepaid plus accrued interest thereon to the prepayment date shall be paid promptly to Customer.

15. *Disclaimer of Warranties.* Customer acknowledges that the Equipment is being manufactured by parties other than JCI pursuant to separate agreements (in each case, a "Supplier") and is being separately installed and maintained by Johnson Controls, Inc. Customer acknowledges that on or prior to the date of acceptance of Equipment, JCI intends to sell and assign JCI's right, title and interest in and to this Schedule, the Equipment leased hereunder and the Rental Payments payable pursuant hereto to an assignee (such assignee and any subsequent assignees being herein referred to as "Assignee"). CUSTOMER FURTHER ACKNOWLEDGES THAT NEITHER JCI NOR ASSIGNEE MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY NATURE OR KIND WHATSOEVER, INCLUDING BUT NOT LIMITED TO: THE MERCHANTABILITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE DESIGN OR CONDITION OF THE EQUIPMENT, THE QUALITY OR CAPACITY OF THE EQUIPMENT, THE WORKMANSHIP IN THE EQUIPMENT, COMPLIANCE OF THE EQUIPMENT WITH THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO, PATENT INFRINGEMENT OR LATENT DEFECTS. FOR PURPOSES OF THIS SCHEDULE, THE EQUIPMENT SHALL BE ACCEPTED BY CUSTOMER "WHERE IS, AS IS" AND "WITH ALL FAULTS". SUPPLIER'S WARRANTIES WITH RESPECT TO THE EQUIPMENT (IF ANY) ARE SET FORTH IN THE RELATED AGREEMENTS AND NOT IN THIS SCHEDULE. CUSTOMER AGREES TO ASSERT AND SETTLE ANY CLAIM WITH RESPECT TO THE EQUIPMENT DESCRIBED IN THIS SCHEDULE SOLELY AND DIRECTLY AGAINST AND WITH SUPPLIER AND WILL NOT ASSERT OR SEEK TO ENFORCE ANY SUCH CLAIMS AGAINST ANY ASSIGNEE. NEITHER JCI NOR ANY ASSIGNEE SHALL BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY CHARACTER AS A RESULT OF THE LEASE OF THE EQUIPMENT UNDER THIS SCHEDULE. CUSTOMER'S OBLIGATIONS TO PAY RENTAL PAYMENTS AND OTHER AMOUNTS HEREUNDER SHALL BE AND ARE ABSOLUTE AND UNCONDITIONAL, SUBJECT TO THE TERMS AND CONDITIONS OF THIS SCHEDULE. NOTHING HEREIN SHALL MODIFY CUSTOMER'S RIGHTS AGAINST ANY SUPPLIER UNDER THE RELATED AGREEMENTS.

16. *Use And Maintenance.* During the term of this Schedule, Customer shall be entitled to quiet enjoyment of the Equipment and may possess and use the Equipment in accordance with this Schedule, *provided* that Customer is in compliance in all respects with the terms of this Schedule and that such possession and use are in conformity with all applicable laws, any insurance policies and any installation requirements (including environmental specifications) or warranties with respect to the Equipment. Customer agrees to use the Equipment in a careful and proper manner and in compliance with all applicable laws and regulations, and to maintain such Equipment in good condition and working order. Customer may not cause or allow any physical damage or destruction of the Equipment or interfere with any interest in the Equipment granted to JCI (or its assigns) pursuant hereto. Subject to annual appropriation of amounts for such purpose, Customer agrees to maintain at its expense for the duration of this Schedule a Planned Service Agreement with JCI, and shall comply with all of Customer's obligations as set forth therein so long as JCI is in compliance with its obligations thereunder and the excludibility of the interest component of Rental Payments for federal income tax purposes is not adversely affected. Customer will not remove or alter any label,

decals, serial number, or other identifying mark on the Equipment. Customer shall be solely responsible for providing at Customer's cost all power, permits and licenses, if any, necessary to install and operate the Equipment.

17. *Alterations.* Customer shall not make any alterations, modifications or additions to the Equipment unless they can be removed without materially damaging the functional capabilities or economic value of such Equipment.

18. *Assignment.* Customer agrees not to (a) sell, assign, lease, sublease, pledge or otherwise encumber or suffer a lien or encumbrance upon or against any interest in this Schedule or the Equipment, (b) remove the Equipment from its place of installation or (c) enter into any contract or agreement with respect to the use and operation of any of the Equipment by any person other than Customer, without JCI's or its assigns' prior written consent in each instance. Customer's interest in this Schedule or the Equipment may not be assigned or transferred by operation of law. Customer shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any assigning, transferring or other conveyance that may be made with the consent of JCI or its assigns as provided herein. Customer shall take no action that may adversely affect the excludibility from gross income for federal income tax purposes of any portion of the interest component of the Rental Payments hereunder.

JCI shall be responsible for the performance of all of its obligations under this Schedule. However, JCI may, at any time and from time to time without Customer's consent, assign, transfer or otherwise convey all or any part of its interest in the Equipment or this Schedule, including, without limitation, JCI's right to receive the Rental Payments or any part thereof, to terminate this Schedule, to receive tax indemnity payments as provided herein and to exercise JCI's other rights and remedies hereunder; *provided, however*, that any such assignment, transfer or conveyance to a trustee for the benefit of owners of certificates of participation shall be made in a manner that conforms to any applicable State law. JCI's assignee and each subsequent assignee will be entitled to enforce the rights assigned but shall be under no liability to Customer to perform any of the obligations of JCI under this Schedule.

Nothing in this Paragraph 18 shall be construed to prevent JCI from executing any assignment, transfer or conveyance with respect to this Schedule that does not involve funding through the use of certificates of participation within the meaning of applicable State law, including any such assignment, transfer or conveyance as part of a multiple asset pool to a partnership or trust, interests in which are offered and sold in a private placement or limited offering only to investors whom JCI reasonably believes are qualified institutional buyers or accredited investors within the meaning of the applicable federal securities law; *provided, however*, that in any event, Customer shall not be required to make Rental Payments under this Schedule, to send notices or to otherwise deal with respect to matters arising hereunder with or to more than one individual or entity. No assignment, transfer or conveyance permitted by this Paragraph 18 shall be effective until Customer's registration agent shall have received a written notice of assignment that discloses the name and address of each such assignee; *provided, however*, that if such assignment is made to a bank or trust company as trustee or paying agent for owners of certificates of participation, trust certificates or partnership interests with respect to the Rental Payments payable hereunder, it shall thereafter be sufficient that a copy of the agency or trust agreement shall have been deposited with Customer's registration agent until Customer's registration agent shall have been advised that such agency or trust agreement is no longer in effect. During the term of this Agreement, Customer shall keep, or cause to be kept, a complete and accurate record of all such assignments in form necessary to comply with Section 149 of the Code. For this purpose, Customer appoints JCI to act as its registration agent, which appointment JCI hereby accepts. JCI agrees on Customer's behalf to maintain such record of all assignments. Customer agrees, if so requested, to acknowledge each such assignment in writing within 15 days after request therefor, but such acknowledgment shall in no way be deemed necessary to make any assignment effective. Customer further agrees that any moneys or other property received by JCI as a result of

any such assignment, transfer or conveyance shall not inure to Customer's benefit.

19. *Right of Inspection.* Subject to Customer's normal security provisions, JCI and its assigns shall have the right, upon reasonable prior notice to Customer and during Customer's regular business hours, to enter the premises where the Equipment is located to inspect the Equipment and to observe its use and operation. Neither JCI nor its assigns shall be required to sign a waiver of liability or to agree to other restrictions as a condition of exercising this right.

20. *Loss and Damage.* Customer assumes the entire risk of loss, theft, damage, destruction, obsolescence, condemnation, requisition or taking by eminent domain, or other interruption or termination of use of all or any part of the Equipment or premises during the term of this Schedule, except for loss or damage caused by the negligence or willful misconduct of JCI. No loss or damage to such Equipment for which Customer is liable or to the premises relieves Customer of its obligation to make Rental Payments or of any other obligations under this Schedule. If (a) the Equipment or any portion thereof is destroyed (in whole or in part) or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof is taken under the exercise of the power of eminent domain, Customer shall immediately notify JCI. Customer and JCI shall cause the Net Proceeds of any insurance claim or condemnation award to be applied, at JCI's option, to (i) the prompt repair, restoration, modification or replacement of the Equipment so affected or (ii) the payment in full of the then applicable Termination Value. "*Net Proceeds*" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award. Any balance of Net Proceeds remaining after completion of such work or payment of such Termination Value shall be paid promptly to Customer. If the Net Proceeds are insufficient to pay the costs of such repair, restoration, modification or replacement or to pay such Termination Value in full, Customer shall, at JCI's or its assigns' direction, either complete the work or pay the then applicable Termination Value, in full and in either case pay any cost in excess of the amount of Net Proceeds, but only from Legally Available Funds.

21. *Events of Default.* Each of the following events constitutes an "*Event of Default*" with respect to this Schedule:

(a) Customer fails to make any Rental Payment in full when due hereunder; other than as a result of an Event of Nonappropriation.

(b) Customer fails to comply with any other agreement or covenant of Customer under this Schedule, except as provided in subparagraph (a) above and (g) below, and Customer's failure is not cured within ten (10) days after written notice from JCI to Customer of violation of such agreement or covenant and demand that such violation be remedied;

(c) Customer institutes any bankruptcy or similar proceedings or a receiver or similar officer is appointed for Customer or for any of its property;

(d) Any representation, warranty or statement made in writing by or on behalf of Customer in connection with this Schedule is found to have been incorrect or misleading in any material respect when made;

(e) An attachment, levy or execution is made against the Equipment;

(f) The premises on which the Equipment is located are sold;

(g) The Equipment is uninsured at any time; or

(h) The Equipment is abused, illegally used or misused.

22. *Remedies.* Upon the occurrence of an Event of Default, JCI or its assigns may, at their option:

(a) Declare all unpaid amounts then due and to become due under this Schedule during the then current Fiscal Period of Customer to be immediately due and payable, but only from Legally Available Funds;

(b) Proceed, by appropriate legal action, to enforce performance by Customer of any and all of Customer's obligations hereunder, subject to Paragraph 8 hereof;

(c) Proceed, by appropriate legal action, to recover damages for the breach of this Schedule; or

(d) Terminate this Schedule or Customer's rights hereunder and in any such event Customer shall peaceably deliver the Equipment to JCI (or its assigns) as provided in this Paragraph 22.

A termination of this Schedule as the result of an Event of Default shall occur only upon notice by JCI or its assigns to Customer and only with respect to that portion of the Equipment under this Schedule for which JCI or its assigns specifically elects to terminate this Schedule. Except as to that portion of the Equipment included in any such notice, this Schedule shall remain in full force and effect, and Customer shall remain liable for the full performance of all its obligations hereunder with respect to the Equipment not included in the notice. JCI's and its assigns' rights under this Paragraph may be exercised at the same time or separately from time to time, and the exercise of one right does not waive any other rights of JCI or its assigns under this Paragraph.

If JCI or its assigns terminates this Schedule pursuant to this Paragraph 22 or this Schedule terminates as the result of the occurrence of an Event of Nonappropriation as provided in Paragraph 8 hereof, Customer hereby agrees, at its expense, to surrender the Equipment promptly to JCI or its assigns at such location where the equipment is located, in the continental United States as JCI or its assigns shall direct. Customer shall execute and deliver such documents as may reasonably be required to transfer title to and possession of the Equipment to JCI or its assigns, free and clear of all liens and security interests to which the Equipment may have become subject. In such event, JCI (or its assigns) shall use its best efforts to sell or lease the Equipment or, for the account of Customer, sublease the Equipment. If Customer returns the Equipment and JCI (or its assigns) sells, leases or otherwise disposes of the Equipment, JCI (or its assigns) shall apply the proceeds of such sales, lease or other disposition as follows: FIRST, to pay all of the costs, charges and expenses of JCI and its assigns incurred in taking, holding, repairing, selling, leasing or otherwise disposing of the Equipment, then SECOND, to the extent not previously paid by Customer, to pay JCI (or its assigns) all Rental Payments under the Schedule through the, termination date, then THIRD, to pay the applicable Termination Value, then FOURTH, to pay any remainder to Customer.

Upon Customer's delivery of the Equipment, if the Equipment is damaged or otherwise made less suitable for the purposes for which it was manufactured and installed than when delivered to Customer (reasonable wear and tear excepted), Customer agrees, at its option, to: (a) repair and restore the Equipment to the same condition in which it was received by Customer (reasonable wear and tear excepted) and, at its expense, promptly return the Equipment to JCI or its assigns (or to a location identified in a written notice to Customer) or (b) pay to JCI or its assigns the actual costs of such repair, restoration and return.

23. *Expenses.* To the extent permitted by State law, the prevailing party in any dispute shall recover all costs and expenses incurred, including attorney's fees and court costs, in exercising any of its rights or remedies or in enforcing any of the provisions of this Schedule; *provided, however,* that Customer shall be required to make any such payments only from Legally Available Funds.



24. *Late Charges.* To the extent permitted by State law, Customer shall pay interest on any late payment from the due date until payment is received at a rate equal to 1.5% per month or the highest lawful rate, whichever is lower.

25. *Notices.* All notices or communications related to this Schedule shall be in writing and shall be deemed served if and when sent by facsimile or mailed by certified or registered mail, to JCI, ATTN: Controller, SSNA, 507 East Michigan Street, Milwaukee, Wisconsin 53202, and to any assigns (at the address set forth in any notice of assignment) or to Customer at the address set forth on the first page of this Schedule or designated by Customer in writing.

26. *Indemnity.* Customer assumes all risk and liability for the use, operation and storage of the Equipment, and for injuries or death to persons or damage to property arising out of the use, operation or storage of the Equipment, except for any injuries or death to persons or damage to property caused by the negligence of JCI, its employees, agents or assigns. To the extent permitted by law, Customer shall indemnify and hold harmless JCI, its employees, agents and assigns from and against all claims, actions, damages, liabilities and expenses, including reasonable attorney's fees, arising out of or related to this Schedule, except for injuries or death to persons or damage to property caused by the negligence of JCI, its employees, agents or assigns. Notwithstanding anything in this Schedule to the contrary, any indemnity amount payable by Customer as described in this Paragraph 26 shall be payable solely from Legally Available Funds.

27. *Modifications.* This Schedule (including the attachments hereto) constitute the entire agreement between JCI and Customer with respect to the Equipment and the subject matter hereof. Additions, deletions and modifications to this Schedule may be made upon the mutual written agreement signed by both JCI and Customer, and, subject to the agreement of Customer, such additions may include proposals from JCI for additional project development agreement schedules, equipment and services.

28. *Additional Terms.*

(a) Any failure of JCI to require strict performance by Customer, or any waiver by JCI of any requirement under this Schedule, does not consent to or waive any subsequent failure or breach by Customer.

(b) If any provision of this Schedule is or becomes invalid under any applicable law, that provision shall not apply, but the remaining provisions shall apply as written.

(c) The captions and titles in this Schedule are for convenience only and shall not affect the interpretation or meaning of this Schedule.

(d) This Schedule shall be governed by and construed in accordance with the laws of the state of Florida (the "State").

(e) If there is more than one Customer named in this Schedule, the liability of each shall be joint and several.

(f) Customer's obligations and liabilities provided for in Paragraphs 8, 9 and 26 of this Schedule shall continue in full force and effect notwithstanding the expiration or termination of this Schedule.

29. *Counterparts.* This Schedule may be executed in several counterparts, each of which when executed shall be deemed to be an original, but all together shall constitute but one and the same instrument; *provided, however,* that only one counterpart shall constitute the original for purposes of the sale or transfer of this Schedule as chattel paper as provided below.



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CUSTOMER: ST. JOHNS COUNTY, FLORIDA

JOHNSON CONTROLS, INC.

Signature: \_\_\_\_\_

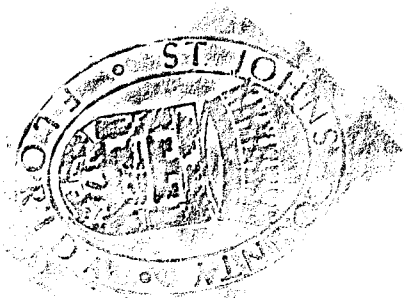
Signature: \_\_\_\_\_

Printed Name: Michael D. Wanchick

Printed Name: \_\_\_\_\_

Title: County Administrator

Title: \_\_\_\_\_



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CUSTOMER: ST. JOHNS COUNTY, FLORIDA

JOHNSON CONTROLS, INC.

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: Michael D. Wanchick

Printed Name: Jhawn Newman

Title: County Administrator

Title: Controller - Solutions



SCHEDULE 4B  
ATTACHMENT 1

Counterpart No. 1 of 1 manually executed and serially numbered counterparts.

1. *Equipment Description*: The Equipment to be leased to Customer by JCI under this Schedule is:

> will be identified and attached as an addendum during the detailed evaluation.

2. *Equipment Location*: The location where the Equipment is to be located or installed is:

> will be identified and attached as an addendum during the detailed evaluation.

3. *Commencement Date* (from which interest begins to accrue):

4. *Fiscal Period*: Customer's current Fiscal Period extends from October 1 to September 30.

5. *Essential Use/Source of Funds*: Customer's present intention is to make the Rental Payments and the Additional Payments for the Initial Term and all Renewal Terms as long as it has Legally Available Funds. In that regard, Customer represents that (a) the use and operation of the Equipment is essential to its proper, efficient and economic governmental operation; (b) the functions performed by the Equipment cannot be transferred to other equipment available for use; and (c) the intended use of the Equipment is Metering and Meter Reading. Customer does not intend to sell or otherwise dispose of the Equipment or any interest therein prior to the last Rental Payment (including Rental Payments due during all Renewal Terms) scheduled to be paid under this Schedule. Customer's source of funds for the Rental Payments hereunder is net revenues of water and sewer utility.

6. *Qualified Tax-Exempt Obligation* (check box, if applicable and initial):

           NOT APPLICABLE           

Customer hereby designates this Schedule as a "qualified tax-exempt obligation" for the purposes and within the meaning of Section 265(b)(3) of the Code. Customer hereby represents that Customer reasonably anticipates that Customer and other entities that Customer controls will not issue tax-exempt obligations (including this Schedule) that exceed the aggregate principal amount of \$10,000,000 during the calendar year in which this Schedule is executed and delivered.

7. *Dated Date*: 5/15/2008

8. *Capitalized Interest* (if any): \$0.00

9. *Purchase Price*: \$288,526.00

10. *Rental Payments*: As payment for the Equipment described in the Schedule to which this Attachment is attached, Customer agrees to pay JCI or its assigns, beginning on 9/15/008 on the dates indicated below during the term, the rental payments ("*Rental Payments*") as set forth below:

**SCHEDULE 4B  
ATTACHMENT 1**

**RENTAL PAYMENT SCHEDULE**

PAYMENT NUMBER	PAYMENT DATE	RENTAL PAYMENT	PRINCIPAL COMPONENT	INTEREST COMPONENT	PREPAYMENT AMOUNT *
1	9/15/2008	8,535.26	3,738.52	4,796.74	290,483.23
2	12/15/2008	8,535.26	5,694.51	2,840.76	284,674.84
3	3/15/2009	8,535.26	5,751.31	2,783.95	278,808.51
4	6/15/2009	8,535.26	5,808.68	2,726.58	272,883.65
5	9/15/2009	7,656.08	4,987.44	2,668.64	267,796.47
6	12/15/2009	7,656.08	5,037.19	2,618.89	262,658.54
7	3/15/2010	7,656.08	5,087.43	2,568.65	257,469.36
8	6/15/2010	7,656.08	5,138.18	2,517.90	252,228.41
9	9/15/2010	7,838.72	5,372.07	2,466.65	246,748.90
10	12/15/2010	7,838.72	5,425.66	2,413.06	241,214.72
11	3/15/2011	7,838.72	5,479.78	2,358.94	235,625.35
12	6/15/2011	7,838.72	5,534.44	2,304.28	229,980.22
13	9/15/2011	8,025.67	5,776.60	2,249.07	224,088.09
14	12/15/2011	8,025.67	5,834.22	2,191.45	218,137.19
15	3/15/2012	8,025.67	5,892.41	2,133.25	212,126.93
16	6/15/2012	8,025.67	5,951.19	2,074.48	206,056.71
17	9/15/2012	8,217.08	6,201.97	2,015.11	199,730.70
18	12/15/2012	8,217.08	6,263.83	1,953.25	193,341.59
19	3/15/2013	8,217.08	6,326.32	1,890.77	186,888.75
20	6/15/2013	8,217.08	6,389.42	1,827.66	180,371.54
21	9/15/2013	8,413.05	6,649.12	1,763.93	173,589.44
22	12/15/2013	8,413.05	6,715.44	1,697.60	166,739.69
23	3/15/2014	8,413.05	6,782.43	1,630.62	159,821.61
24	6/15/2014	8,413.05	6,850.09	1,562.96	152,834.52
25	9/15/2014	8,613.68	7,119.05	1,494.63	145,573.09

**SCHEDULE 4B  
ATTACHMENT 1**

26	12/15/2014	8,613.68	7,190.06	1,423.62	138,239.23
27	3/15/2015	8,613.68	7,261.78	1,351.90	130,832.21
28	6/15/2015	8,613.68	7,334.22	1,279.46	123,351.31
29	9/15/2015	8,819.08	7,612.77	1,206.30	115,586.28
30	12/15/2015	8,819.08	7,688.71	1,130.37	107,743.79
31	3/15/2016	8,819.08	7,765.41	1,053.67	99,823.08
32	6/15/2016	8,819.08	7,842.87	976.21	91,823.36
33	9/15/2016	9,029.37	8,131.40	897.98	83,529.33
34	12/15/2016	9,029.37	8,212.51	816.87	75,152.58
35	3/15/2017	9,029.37	8,294.43	734.95	66,692.26
36	6/15/2017	9,029.37	8,377.16	652.21	58,147.56
37	9/15/2017	9,484.54	8,915.90	568.65	49,053.34
38	12/15/2017	9,484.54	9,004.83	479.71	39,868.41
39	3/15/2018	9,484.54	9,094.66	389.89	30,591.86
40	6/15/2018	9,484.54	9,185.37	299.17	21,222.78
41	9/15/2018	9,484.54	9,277.00	207.55	11,760.24
42	12/15/2018	9,484.54	9,369.54	115.01	2,203.32
43	3/15/2019	2,181.66	2,160.11	21.55	0.00
<b>TOTALS</b>		<b>\$359,680.87</b>	<b>\$288,526.00</b>	<b>\$71,154.87</b>	

**SCHEDULE 4B  
ATTACHMENT 1**

The Prepayment Amount shall be as set forth plus any payment for Equipment due on the date of termination. In the event that the date of termination falls on a date other than an Anniversary Date, the Prepayment Amount shall be the total of (a) the Prepayment Amount as set forth above on the next Anniversary Date and (b) the applicable < quarterly> payment(s) for Equipment multiplied by the number of such applicable <quarterly> payments due from and including the date of termination through and including the next Anniversary Date.

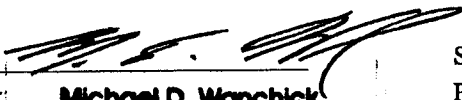
\*This amount is exclusive of all late charges, accrued interest and payments due up to and including the date of the Prepayment.

CUSTOMER:

ST. JOHNS COUNTY, FLORIDA

JOHNSON CONTROLS, INC.

Signature: \_\_\_\_\_



Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

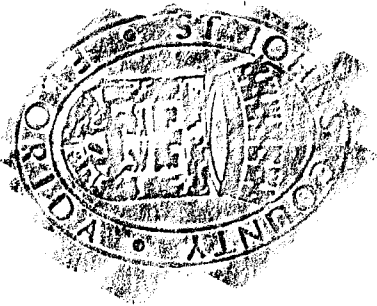
**Michael D. Wanchick**

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**County Administrator**

Title: \_\_\_\_\_



**SCHEDULE 4B  
ATTACHMENT 1**

The Prepayment Amount shall be as set forth plus any payment for Equipment due on the date of termination. In the event that the date of termination falls on a date other than an Anniversary Date, the Prepayment Amount shall be the total of (a) the Prepayment Amount as set forth above on the next Anniversary Date and (b) the applicable < quarterly> payment(s) for Equipment multiplied by the number of such applicable <quarterly> payments due from and including the date of termination through and including the next Anniversary Date.

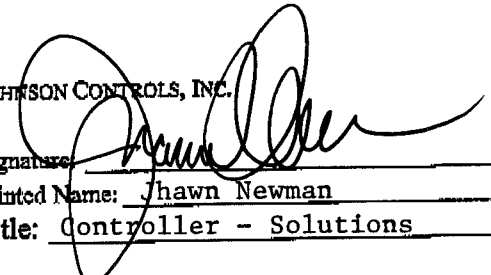
\*This amount is exclusive of all late charges, accrued interest and payments due up to and including the date of the Prepayment.

**CUSTOMER:**

ST. JOHNS COUNTY, FLORIDA

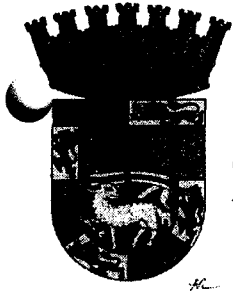
JOHNSON CONTROLS, INC.

Signature:   
Printed Name: Michael D. Wanchick  
Title: County Administrator

Signature:   
Printed Name: Shawn Newman  
Title: Controller - Solutions







**St. Johns County Board of County Commissioners**

Office of County Attorney  
Patrick McCormack, County Attorney

4020 LEWIS SPEEDWAY  
SAINT AUGUSTINE, FLORIDA  
32084

PHONE: (904) 209-0805  
FAX: (904) 209-0806

April 17, 2008

Johnson Controls, Inc.  
507 East Michigan Street  
Milwaukee, Wisconsin 53202

Ladies and Gentlemen:

As counsel for St. Johns County, Florida (the "Customer"), I have examined the duly executed original Lease/Purchase Schedule dated as of May 8, 2008 (the "Schedule"), between the Customer and Johnson Controls, Inc. ("JCI") and the proceedings taken by Customer to authorize the execution and delivery of the Schedule. Based upon such examination and upon examination of such other documents or matters of law as I have deemed necessary or appropriate, I am of the opinion that:

1. The Customer is duly organized and legally existing as a political subdivision, with the power to tax, the power of eminent domain and police power under the Constitution and laws of the State of Florida, with full power and authority to enter into the Schedule; and
2. The Schedule has been duly authorized, examined and delivered by the Customer.

This opinion is issued for the benefit of, and may be relied upon by, Johnson Controls, Inc. and its assigns and special tax counsel, if any, retained in connection with the Schedule.

Sincerely,

Michael D. Hunt  
Deputy County Attorney

INCUMBENCY CERTIFICATE

Re: Lease/Purchase Schedule dated 5/15/08  
(the "Schedule") between Johnson Controls, Inc. ("JCI"),  
and ST. JOHNS COUNTY, FLORIDA ("Customer")

I, the undersigned, the duly appointed, qualified and acting Clerk (Clerk or Secretary) of the above-captioned Customer do hereby certify this 12 day of May, 2008, as follows:

1. Customer did at a regular (regular or special) meeting of the governing body of Customer held April 29, 2008, motion duly made seconded and carried, in accordance with all requirements of law, approve and authorize the execution and delivery of the above-referenced Schedule on its behalf by the following named representative of Customer, to wit

1. Name of Person Signing Documents	Title	Signature
<u>Frank Kenton</u>	<u>Michael D. Wanchick County Administrator</u>	<u>[Signature]</u>
	<u>Utility Admin. Mgr.</u>	<u>Frank Kenton</u>

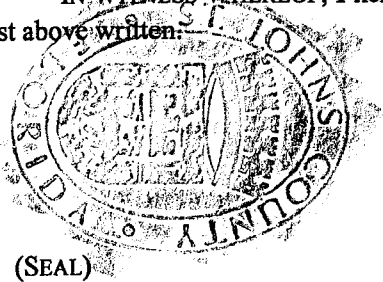
2. The above-named representative of Customer held at the time of such authorization and holds at the present time the office set forth above.

3. No event or condition that constitutes, or with the giving of notice or the lapse of time or both would constitute, an Event of Default (as described in the Schedule) exists as the date hereof.

4. All insurance required in accordance with the Schedule is currently maintained by Customer.

5. Customer has in accordance with the requirements of law, fully budgeted and appropriated sufficient funds for the current Fiscal Period to make the Rental Payments scheduled to come due during the current Fiscal Period and to meet its other obligations under the Schedule and such funds have not been expended for other purposes.

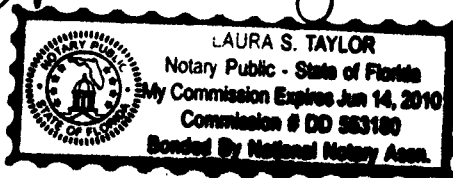
IN WITNESS WHEREOF, I hereunto set my hand and the seal of the governing body of Customer the day and year first above written.



By: [Signature]  
Signature of Clerk or Secretary  
(other than person signing documents)  
(Typewritten name of Clerk or Secretary above)

Subscribed to and sworn before me this 6<sup>th</sup> day of May, 2008.

My commission expires  
Notary Public  
[Signature]



INSURANCE COVERAGE REQUIREMENTS

Re: Lease/Purchase Schedule dated as of \_\_\_\_\_  
between Johnson Controls, Inc. and \_\_\_\_\_

In accordance with Paragraph 11 of Lease/Purchase Schedule dated \_\_\_\_\_  
(the "Schedule"), between Johnson Controls, Inc. ("JCI") and \_\_\_\_\_ ("Customer"),  
please initial and complete the appropriate section below:

1. ? We have instructed the insurance agent named below (please fill in agency name, address  
and policy information):

Agency Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Contact Name: \_\_\_\_\_ Phone #: \_\_\_\_\_  
Fax #: \_\_\_\_\_ Company Name: \_\_\_\_\_  
Policy #: \_\_\_\_\_ Expires: \_\_\_\_\_

issue to:

- a. All Risk Physical Damage Insurance on the Equipment evidenced by a  
Certificate of Insurance naming Johnson Controls, Inc. and/or its assigns as Loss Payee,  
and
- b. Public Liability Insurance evidenced by a Certificate of Insurance naming  
Johnson Controls, Inc. and/or its assigns as an additional insured.

OR

2. ? We are self-insured for all risk, physical damage, and public liability and will  
provide proof of such self-insurance in letter form together with a copy of statute authorizing this  
form of insurance.

OR

3. ? Proof of insurance coverage in the form described in paragraphs 1 or 2 above will  
be provided to you prior to the time that the Equipment is delivered to us.

CUSTOMER:

By: \_\_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Authorized Official Title Date

NOTICE AND ACKNOWLEDGMENT OF ASSIGNMENT

Re: Lease/Purchase Schedule dated as of \_\_\_\_\_  
(the "*Schedule*") between Johnson Controls,  
Inc. ("*JCI*") and \_\_\_\_\_ ("*Customer*")

JCI hereby gives notice to Customer that JCI has assigned to all of JCI's right, title and interest in and to the above-referenced Schedule and the Equipment therein described (the "*Equipment*") and all rental payments and other amounts provided for under the Schedule to Johnson Controls Performance Funding, LLC, ("*JCPF*") as Founder of that certain Johnson Controls Performance Funding Pass Through Trust, Series 2001-1 (the "*JCPF Trust*"), and JCPF has simultaneously herewith assigned its interests hereinabove set forth to the JCPF Trust which has simultaneously herewith issued those certain Johnson Controls Performance Funding Pass Through Trust Certificates, Series 2001-1, Class [ ] dated \_\_\_\_\_, 200\_\_ (the "*Certificates*") (each Certificate being issued pursuant to that certain Trust Supplement No. 1 between *JCPF*, CITIMORTGAGE, INC. ("*BANK*") and Wells Fargo Bank Minnesota, N.A., as Trustee, dated of even date with the Certificates ) representing fractional undivided interests in the respective trusts created pursuant to the JCPF Trust.

Payments in respect of amounts assigned to the Trust shall be invoiced by CITIMORTGAGE, INC. under the name "Citicapital".

Customer is hereby directed, and agrees until further written notice from the Trust or BANK to Customer, to pay any and all Rental Payments and other amounts due with respect to which BANK renders an invoice to the name and the address set forth below or as otherwise directed by BANK:

WELLS FARGO BANK MINNESOTA, N.A.  
Sixth and Marquette  
Attn: Natasha Wynn MAC N9303-110  
Minneapolis, MN 55479

And if by wire transfer:

WELLS FARGO BANK MINNESOTA, N.A.  
ABA #091000019  
A/C# 0001038377  
Attn: Natasha Wynn  
F/B/O Johnson Controls

Customer hereby represents and covenants that:

(i) The Schedule is in full force and effect and has not been modified, amended or terminated in whole or in part; no provision of the Schedule has been waived on or prior to the date hereof; and Customer is not in default thereunder;

(ii) Customer will pay all amounts due under the Schedule as directed in BANK's invoice without any set-off or deduction whatsoever notwithstanding any defect in, damage to, or requisition of any of the Equipment leased under the Schedule, any other similar or dissimilar event, any defense, set-off, counterclaim or recoupment arising out of any claim against JCI or BANK;

(iii) BANK shall enjoy all JCI's rights and privileges under the Schedule but shall not be chargeable with any obligation or liabilities under the Schedule;

(iv) Any notice which Customer is required to give JCI under the Schedule shall be sent to BANK unless otherwise directed in writing by BANK;

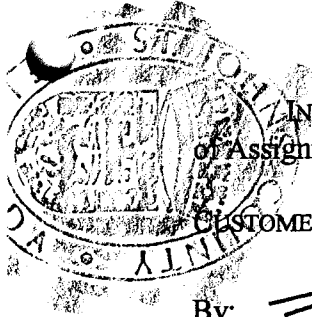
(v) Customer will not permit the Schedule or any of the provisions contained therein to be amended or waived without the written consent of BANK;

(vi) As of May 15, 2008, there will be 43 rental payments remaining to be paid under the Schedule beginning with the payment due September 15, 2008 through the payment due March 15, 2019.

This Acknowledgment is executed for the purpose of inducing BANK to purchase the Certificates representing an interest in the Schedule, the Equipment and the rental payments of as set forth on the Rental Payment Schedule. The assignments referred to herein shall not be deemed to relieve JCI from any of its obligations under the Schedule. The parties hereto agree that this Acknowledgment may be executed in counterparts.

BANK hereby agrees that it will not disturb Customer's quiet and peaceful possession of the Equipment that is the subject of the Schedule and its unrestricted use of such Equipment for its intended purposes under the terms of the Schedule so long as Customer shall not be in default of its obligations thereunder or an Event of Nonappropriation shall not have occurred thereunder.

By signing this Notice and Acknowledgement, Customer reaffirms its representations and warranties previously stated.



IN WITNESS WHEREOF, the parties hereto have executed this Notice and Acknowledgment of Assignment as of \_\_\_\_\_.

CUSTOMER: ST. JOHNS COUNTY, FLORIDA

JOHNSON CONTROLS, INC.

By: \_\_\_\_\_  
Printed Name: **Michael D. Wanchick**  
                  **County Administrator**  
Title: \_\_\_\_\_

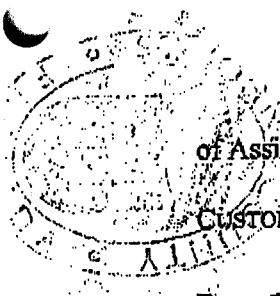
By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

CITIMORTGAGE, INC.

JOHNSON CONTROLS PERFORMANCE FUNDING,  
LLC

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_



IN WITNESS WHEREOF, the parties hereto have executed this Notice and Acknowledgment of Assignment as of \_\_\_\_\_.

CUSTOMER: ST. JOHNS COUNTY, FLORIDA

JOHNSON CONTROLS, INC.

By: [Signature]

By: \_\_\_\_\_

Printed Name: Michael D. Wanchick  
County Administrator

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

CITIMORTGAGE, INC.

JOHNSON CONTROLS PERFORMANCE FUNDING, LLC

By: [Signature]

By: \_\_\_\_\_

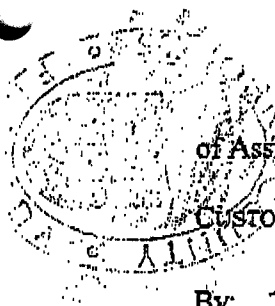
Printed Name: DIANE BERRY  
Vice President

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_





IN WITNESS WHEREOF, the parties hereto have executed this Notice and Acknowledgment of Assignment as of \_\_\_\_\_.

CUSTOMER: ST. JOHNS COUNTY, FLORIDA

JOHNSON CONTROLS, INC.

By: \_\_\_\_\_

By: [Signature]

Printed Name: Michael D. Wanchick  
County Administrator

Printed Name: Jhawn Newman

Title: \_\_\_\_\_

Title: Controller - Solutions

CITIMORTGAGE, INC.

JOHNSON CONTROLS PERFORMANCE FUNDING, LLC

By: \_\_\_\_\_

By: [Signature]

Printed Name: \_\_\_\_\_

Printed Name: Thomas A. Proffitt

Title: \_\_\_\_\_

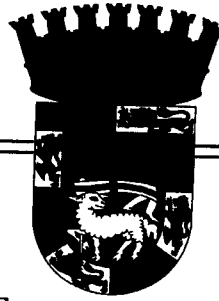
Title: Agent

*St. Johns County Board of County Commissioners*

MICHAEL D. WANCHICK  
County Administrator

4020 LEWIS SPEEDWAY  
ST. AUGUSTINE, FLORIDA 32084

PHONE: (904) 209-0530  
FAX: (904) 209-0531



**SELF-INSURANCE CERTIFICATE  
(FOR MUNICIPAL LEASES)**

To: Johnson Controls, Inc.

Re: Insurance

Gentlemen:

Reference is made to that certain Lease/Purchase Agreement between the undersigned ("Lessee") and Johnson Controls, Inc.. ("Lessor"), dated 5/15/08 ("Lease") and to the Equipment as such term is defined therein. The Lease is hereby amended as follows:

Notwithstanding anything contained in paragraph 11 to the contrary, Lessor hereby consents to Lessee's election to be self-insured against any and all risks for which insurance is required, including but not limited to public liability and property damage. Lessee agrees to indemnify and hold Lessor and any assignee harmless from any and all claims, actions and proceedings, arising in connection with the Equipment. With respect to loss of or damage to the Equipment from any cause whatsoever, Lessee shall pay to Lessor an amount not less than the balance of the Rental Payments then remaining for the Lease Term.

Except as specifically amended herein, all terms and conditions of the Lease shall remain in full force and effect and are hereby ratified and confirmed.

Lessee: St. Johns County

By: 

(Authorized Signature)

**Michael D. Wanchick**  
County Administrator

(Printed Name and Title)

Date: 5-12-08

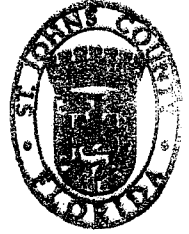
**PERFORMANCE CONTRACT**

**PARTIES:** JOHNSON CONTROLS, INC. (JCI)  
8245 Bayberry Road  
Jacksonville, FL 32256

St. Johns County, Florida (Customer)  
4020 Lewis Speedway  
St. Augustine, FL 32084

I HEREBY CERTIFY THAT THIS DOCUMENT IS A TRUE AND CORRECT COPY AS APPEARS ON RECORD IN ST. JOHNS COUNTY, FLORIDA WITNESS MY HAND AND OFFICIAL SEAL THIS 24<sup>th</sup> DAY OF May 2006  
CHERYL STRICKLAND, CLERK  
Ex-Officio Clerk of the Board of County Commissioners

BY: *Cheryl Strickland*



**AGREEMENT DOCUMENTS:** In addition to the terms and conditions of this Performance Contract, incorporated into this Agreement are the following (check as applicable).

- Schedule 1--Scope of Work Schedule
  - Schedule 2--Assured Performance Guarantee Schedule
  - Schedule 3--Services Schedule
    - Schedule 3--Exhibit 1
  - Schedule 4--Price and Payment Terms Schedule
    - Schedule 4a--Cash Payment Schedule
- OR
- Schedule 4b--Lease/Purchase Schedule

**1. SCOPE OF THE AGREEMENT.** Johnson Controls, INC will complete a detailed study to verify that a budget neutral solution is achievable for the scope identified in Schedule 1 of this agreement. Once verified, Johnson Controls will implement the improvements detailed in the scope section of this agreement, or at Johnson Control's option cancel this agreement if the detailed study reveals insufficient Guaranteed Project Benefits to implement a budget neutral solution as described. Any modifications required after the detailed study to achieve a budget neutral solution will be presented as change orders to this agreement. Note that the price of the project may change based on the results of the detailed study and will be presented to the County at the conclusion of the study as a change order. However, all pricing changes will follow the Open Book Pricing Structure as approved by the County and attached to this contract as Addendum #1. If Johnson Controls elects to cancel this agreement due to inability to achieve a budget neutral solution after the detailed study, the Customer will have no financial obligation to Johnson Controls and Johnson Controls shall have no further obligation to the Customer.

After a budget neutral solution is achieved, JCI agrees to immediately begin to install identifiable improvement measures as delineated in Scope of Work Schedule (Schedule 1) which will result in Project Benefits as set forth in the Assured Performance Guarantee (Schedule 2). After installation of the improvement measures, JCI agrees to provide the services identified in Services Schedule (Schedule 3), that include services that are necessary to monitor, measure, and achieve the identified Project Benefits, subject to the terms of the Assured Performance Guarantee (Schedule 2). The Customer agrees to take all actions identified in this Agreement that are necessary to achieve the Project Benefits identified. JCI shall supervise and direct the Work and Services and shall be solely responsible for all construction means, methods, techniques, sequences, and procedures and for coordinating all portions of the Work and Services under this Agreement. JCI shall be responsible to pay for all labor, materials, equipment, tools, construction equipment and machinery, transportation, and other facilities and services necessary for the proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work and Services. The Customer's payments to JCI and its interest in the Equipment will be based upon the terms of Schedule 4B.

**2. TERM.** The Term of this Agreement shall begin on the Commencement Date, which shall be May 3, 2006 or, if no date is included, the date of this Agreement. If the Work is divided into phases or individual projects for which individual prices have been negotiated, then separate Commencement Dates shall apply to each phase or individual project. The Work shall be completed by the Substantial Completion Date, which shall be the earlier of:

- (a) the date on which the Customer executes a Certificate of Substantial Completion; or
- (b) 365 days after the Commencement Date, subject to adjustments as set forth in Paragraph 3 below.

If the Work is divided into phases or individual projects for which individual prices have been negotiated, then separate Substantial Completion Dates shall apply to each phase or individual project. Substantial Completion means that JCI has provided sufficient materials and services to permit the Customer to operate the Equipment or achieve the intended Project Benefits. The Services shall commence on the Substantial Completion Date and shall continue for 120 months. The term of the Assured Performance Guarantee (see Schedule 2) shall coincide with the term of the Services Schedule (see Schedule 3). If for any reason, the Customer cancels or breaches this Agreement, including but not limited to the Service Schedule, the Assured Performance Guarantee shall automatically terminate. The Payment Term shall be defined in Price and Payment Term Schedule (Schedule 4).

3. **DELAYS.** If JCI is delayed in the commencement or completion of the Work and/or Services by causes beyond its control and without its fault or negligence, including but not limited to inability to access property, fire, flood, labor disputes, unusual delays in deliveries, abnormal adverse weather conditions, acts of God, acts of war and acts of terrorism or by failure by the Customer to perform its obligations under the Performance Contract and Schedules or failure by the Customer to cooperate with JCI in the timely completion of the Work, then JCI shall provide written notice to the Customer of the existence, extent of, and reason for such delays. An equitable adjustment in Substantial Completion Date, Payment Terms and Assured Performance Guarantee shall be made as a result.

**ACCESS.** Customer is responsible to provide JCI, its subcontractors and/or its agents reasonable and safe access to all facilities and properties that are in the Customer's control which are subject to the Work and Services contained in this Agreement. Customer further agrees to assist JCI, its subcontractors and/or its agents to gain access to facilities and properties that are not controlled by the Customer which are subject to the Work and Services contained in this Agreement. An equitable adjustment in Substantial Completion Date, Payment Terms and Assured Performance Guarantee shall be made as a result of any failure to grant such access.

4. **CERTIFICATE OF SUBSTANTIAL COMPLETION.** The Certificate of Substantial Completion to be executed by the Customer shall include:
- a. an acknowledgement by the Customer of the Improvement Measures substantially completed and the Substantial Completion Date for each Improvement Measure;
  - b. an acknowledgment by the Customer of receipt of manuals and training provided by JCI under the Agreement;
  - c. an acknowledgement by the Customer of the warranty start date and warranty period;
  - d. a punchlist of items remaining to be completed by JCI and,
  - e. an acknowledgement by the Customer that
    - (i) JCI does not warrant against system malfunction caused by improper use, misuse or wrong entry of data by the customer, and JCI shall not be liable for situations or damages that are the direct result of user-generated databases.
5. **TAXES, PERMITS, AND FEES.** JCI shall be responsible for obtaining all permits and related permit fees associated with the Work and Services. JCI shall pay sales, consumer, use, and other similar taxes and shall secure and pay for the building permit and other permits and governmental fees, licenses, and inspections necessary for proper execution. The Customer shall be responsible for securing any necessary approvals, easements, assessments, or zoning changes and shall be responsible for real estate and personal property taxes where applicable. JCI makes no representations regarding the tax implications or Customer's accounting treatment of this Agreement.
6. **WARRANTY.** JCI warrants that materials and equipment furnished by JCI will be of good quality and new; that the Work will be free from defects not inherent in the quality required or permitted; and that the Work and Services will conform to the requirements of the Agreement Documents. JCI warrants that the Work shall be free from defects in material and workmanship arising from normal usage for a period of one year from the Substantial Completion Date and that its Services will be free from defects in workmanship, design, and material until the end of the Term, or for one year, whichever is earlier. Upon written notice from the Customer, JCI shall, at its option, repair or replace the

defective Work or re-perform defective Services. These warranties do not extend to any Work or Services that have been abused, altered, misused, or repaired by the Customer or third parties without the supervision of and prior written approval of JCI; or if JCI serial numbers or warranty date decals have been removed or altered. The Customer must promptly report any failure of the Equipment to JCI in writing. All replaced Equipment or parts become JCI's property.

**THESE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THOSE OF MERCHANTABILITY AND FITNESS FOR A SPECIFIC PURPOSE.**

Customer understands that JCI is a provider of services under this Agreement. JCI shall not be considered a merchant or a vendor of goods. If JCI installs or furnishes a piece of equipment under this Agreement, and that equipment is covered by a warranty from the manufacturer, JCI will transfer the benefits of that manufacturer's warranty to Customer if this Agreement with Customer terminates before the equipment manufacturer's warranty expires.

7. **CLEANUP.** JCI shall keep the premises and the surrounding area free from accumulation of waste materials or rubbish caused by the Work and, upon completion of the Work, JCI shall remove all waste materials, rubbish, tools, construction equipment, machinery, and surplus materials.
8. **SAFETY.** JCI shall be responsible for initiating, maintaining, and supervising all safety precautions and programs in connection with the performance of the Work or Services. JCI shall comply with all applicable laws, ordinances, rules, regulations, and lawful orders of public authorities related to safety of persons or property.
9. **HAZARDOUS MATERIALS.** Unless specifically noted in Schedule 1, JCI's obligations expressly exclude any Work or Services of any nature associated or connected with the identification, abatement, cleanup, control, removal, or disposal of hazardous materials or substances, including but not limited to asbestos, lead or PCBs, in or on the premises in which JCI will be required to perform Work. **The Customer warrants and represents that, to the best of the Customer's knowledge, there is no asbestos or other hazardous materials in the Customer's building(s) or other premises in which JCI will be required to perform Work that will in any way affect JCI's Work.** Should JCI become aware of or suspect the presence of asbestos or other hazardous materials, JCI shall have the right to stop work in the affected area immediately and notify the Customer. The Customer will be responsible for doing whatever is necessary to correct the condition in accordance with all applicable statutes and regulations. The Customer agrees to assume responsibility for any claims arising out of or relating to the presence of asbestos or other hazardous materials in the Customer's buildings or any premises in which JCI will be required to perform Work.
10. **INSURANCE.** Prior to commencing the Work, JCI shall provide a certificate of insurance with Contractor showing its insurance coverage's, and JCI shall maintain such insurance in full force and effect at all times until the Work and Services have been completed, in the following minimum amounts:

COVERAGES	LIMITS OF LIABILITY
Workmen's Compensation Insurance or self insurance, including Employer's Liability	Statutory
Comprehensive General Liability Insurance, including Contractual.	\$5,000,000 One Occurrence \$5,000,000 Each Aggregate
Comprehensive Automobile Liability Insurance	\$5,000,000 Combined Single Limit

The above limits are obtained through primary and excess policies.

The Customer shall be responsible for obtaining any builder's risk insurance and shall assume full responsibility for any risk of loss to the Work.

- 11. INDEMNITY.** To the extent permitted by law, the Customer assumes all risk and liability for the use, operation, and storage of the Equipment, and for injuries or death to persons or damage to property arising out of the use, operation, or storage of the Equipment, except for any injuries or death to persons or damage to property caused by the negligence of JCI, its employees, agents or assigns.
- JCI shall indemnify and hold harmless the Customer, its employees, agents, and assigns against all claims, actions, damages, liabilities, and expenses, including attorney's fees, arising out of or related to any claims of patent infringement and any claims of construction or materialman's lien made by any subcontractor or materialman. JCI and the Customer agree that JCI shall be responsible only for such injury, loss, or damage caused by the intentional misconduct or the negligence act or omission of JCI. The obligations of JCI and of the Customer under this paragraph are further subject to paragraph 12 below.
- 12. LIABILITY AND FORCE MAJEURE.** JCI shall not be liable under this Agreement in an amount in excess of its primary general comprehensive policy limits. Neither JCI nor the Customer will be responsible to the other for any special, indirect, or consequential damages arising in any manner from the Work or Services. Neither party will be responsible to the other for damages, loss, injury, or delay caused by conditions that are beyond the reasonable control, and without the intentional misconduct or negligence, of that party. Such conditions include, but are not limited to: acts of God; acts of Government agencies; strikes; labor disputes; fire; explosions or other casualties; thefts; vandalism; riots or war; acts of terrorism; or unavailability of parts, materials or supplies. If this Agreement covers fire safety or security equipment, the Customer understands that JCI is not an insurer regarding those services. JCI shall not be responsible for any damage or loss that may result from fire safety or security equipment that fails to perform properly or fails to prevent a casualty loss. JCI is also not responsible for any injury, loss, or damage caused by equipment that is not Covered Equipment, as defined in Schedule 3.
- 13. JCI'S PROPERTY.** All materials furnished by and used by JCI personnel and/or JCI authorized subcontractors or agents at the installation site, including documentation, schematics, test equipment, software, and associated media remain the exclusive property of JCI. The Customer agrees not to use such materials for any purpose at any time. The Customer agrees to allow JCI personnel and/or JCI authorized subcontractors or agents to retrieve and to remove all such materials remaining after installation or maintenance operations have been completed. The Customer acknowledges that all JCI software included is proprietary and will be delivered only under the provisions of an appropriate Software License Agreement that will limit its use to the system purchased under this Agreement.
- 14. DISPUTES.** If a dispute arises under this Agreement, the parties shall promptly attempt in good faith to resolve the dispute by negotiation. All disputes not resolved by negotiation shall be resolved in accordance with the Commercial Rules of the American Arbitration Association in effect at that time, except as modified herein. All disputes shall be decided by a single arbitrator. A decision shall be rendered by the arbitrator no later than nine months after the demand for arbitration is filed, and the arbitrator shall state in writing the factual and legal basis for the award. No discovery shall be permitted. The arbitrator shall issue a scheduling order that shall not be modified except by the mutual agreement of the parties. Judgment may be entered upon the award in the highest state or federal court having jurisdiction over the matter. The prevailing party shall recover all costs, including attorney's fees, incurred as a result of the dispute. **If the Customer is a state or local governmental entity, then this paragraph may not apply.**
- 15. MODIFICATIONS.** Additions, deletions, and modifications to this Agreement may be made upon the mutual agreement of the parties in writing. The parties contemplate that such modifications may include but are not limited to the installation of additional improvement measures, energy conservation measures, facility improvement measures, and operational efficiency improvements or furnishing of additional services within the identified facilities, as well as other facilities owned or operated by the Customer. These modifications may take the form of additional phases of work or modifications to the original scope of Work or Services.
- 16. NOTICES.** All notices or communications related to this Agreement shall be in writing and shall be deemed served if and when sent by facsimile or mailed by certified or registered mail to JCI at the address listed on page 1 of this Performance Contract and to JCI, ATTN: General Counsel - Controls, 507 East Michigan Street, Milwaukee, Wisconsin, 53202, and to Customer at the address listed on page 1 of this Performance Contract.

17. ADDITIONAL TERMS.

- A. Any failure of JCI to require strict performance by the Customer, or any waiver by JCI of any requirement under this Agreement, does not consent to or waive any subsequent failure or breach by the Customer.
- B. If any provision of this Agreement is invalid under any applicable law, that provision shall not apply, but the remaining provisions shall apply as written.
- C. The captions and titles in this Agreement are for convenience only and shall not affect the interpretation or meaning of this Agreement.
- D. This Agreement is the full Agreement between JCI and the Customer as of the date it is signed. All previous conversations, correspondence, agreements, or representations related to this Agreement (including any Project Development Agreement) are not part of the Agreement between JCI and the Customer and are superceded by this Agreement.
- E. This Agreement shall be construed in accordance with the laws of the state of the Florida.
- F. If there is more than one Customer named in this Agreement, the liability of each shall be joint and several.
- G. Nothing in this Agreement shall be construed as constituting debt, liability or obligation to St. Johns County, Florida. The County's obligation to make payments hereunder constitutes a current obligation payable from legally available funds.
  
- H. The Customer agrees to utilize the Florida State Term Contract conducted by the Department of Management Services as its justification for approving this Agreement and naming JCI as its sole provider of performance contracting services. The contract is a State Term contract authorized by Section 287.042(2)(a) of the Florida Statutes (2001). A copy of the State Term contract justification paperwork is located in the Purchasing office.

**NOTICE**  
**JCI MAKES NO WARRANTIES AS TO THE EQUIPMENT EXCEPT**  
**AS SET FORTH ABOVE.**

Dated \_\_\_\_\_, 200

**CUSTOMER:**

Signature: *Ben W Adams*

Printed Name: BEN W. ADAMS

Title: COUNTY ADMINISTRATOR

**JOHNSON CONTROLS, INC.**

Signature: *Joel K Lowery*

Printed Name: Joel K. Lowery

Title: Regional Solutions Manager



Schedule 1

SCOPE OF WORK SCHEDULE

1. **SUMMARY OF WORK:** The following summarizes the Work to be provided by JCI under this Agreement, as further defined below:

Scope Of Work Summary:
1. Water Meter Replacement: Replace 20,000 meters with new water meters with radio transmitters with a complete fixed base reading.**
2. Automated Meter Reading Technology
3. Integration to Customer provided billing system

**\*\* Note:** All meters under the age of 4 years old OR have the new Sensus register, will not be replaced, but will be retrofitted to use the Fixed Based AMR technology. Any meters over the age of 4 years, or having an old register, will be replaced with a new meter and Fixed Based AMR technology.

The scope of work outlined in Schedule 1 includes: Water meter replacement. Under these improvements Johnson Controls will engineer, furnish and install replacement assets as listed below to improve operational efficiency and reliability. Replacement assets will match or exceed the existing assets currently in operation.

The Scope of Work shall include:

- All work will be done in accordance with local, state, and federal license and permitting guidelines.
- All work will be performed during normal business hours, unless agreed to by customer in advance.
- All work will be scheduled and performed in areas with prior consent of an authorized agent of the facility.

**1. Water Meter Replacement**

Water meter improvements will be performed by JCI as described below. The objectives are to improve the accuracy of the water meters and to reduce the man-hours required for each billing cycle through the installation of a fixed-based AMR system. Quantities and conditions are based upon information provided to JCI by the County. Quantities shall reflect the list contained in Table 1. Meter Warranty will be per meter manufacturer published warranty and 30 days warranty on labor from date of installation.

This Improvement Measure includes all materials, hardware, software, labor, and training needed to complete the installation of water meters recorded during the detailed audit at St. Johns County.

After installation has been completed, each unit will be programmed to function with the fixed-based AMR system. Once the units have been installed and programmed, they will be read with the fixed-based system to ensure all units are commissioned and functioning properly.

Johnson Controls will install up to but no more than the meters listed in Schedule 2, Exhibit 8 for each size. Any meters from above not installed will be provided to St. Johns County as inventory for future use.

Automatic Meter Reading (AMR) Hardware and Software: AMR hardware will include the following items:

- Fixed base system
- Reading Software
- Custom interface to existing billing software

- Onsite installation and training

Meter Boxes, Vaults & Roadways: Johnson Controls is responsible for repairing any damages to meter boxes, vaults, and roadways incurred as a result of installation. New meter boxes will be replaced with same type lid that is currently in place at each meter, unless chosen technology requires different lid composite material. Johnson Controls will install up to 300 small new meter boxes and 20 medium new meter boxes, which will be plastic boxes and lids. (This number will be confirmed and/or modified during the detailed study phase) Upon approval of the Customer, Johnson Controls, Inc. may salvage undamaged meter box parts for reuse on this project. Some areas of concrete and other hard surfaces may need to be broken-up to gain access to meters. In this instance, the area in question will be restored to, at minimum, the condition of the area prior to installation. Johnson Controls will be accountable for any work in repairing the area in question, including, but not limited to: masonry/brick, carpentry, asphalt, concrete, etc.

Disposal: Johnson Controls is responsible for disposal of all waste, debris and materials resulting from the installation of water meters and AMR technology.

AMR Training: Johnson Controls will provide a Meter representative for on-site training after the installation. St. Johns County will need to identify persons for training that will be responsible for: generating bills, reading the meters via radio read system and overseeing the new system.

Water Shutoffs: Johnson Controls is responsible for shutting off the water to each meter serviced as well as notifying each customer of the water shutoff. Some assistance may be required by the St. Johns County in notifying customers. The water meter teams will notify residential customers in person or through the use of door hangers left on the front door. In the case of large commercial customers such as: schools, hospitals, nursing homes or any other large commercial customer, special efforts will be made to ensure minimum disruption to their water needs. To prevent any damage from running flush valves or any other plumbing fixtures that are sensitive to water shutoff's, Johnson Controls will schedule the replacements with these commercial customers and will notify the maintenance personnel when turning the water back on to the facilities. Ultimately the responsibility of fixtures inside the buildings is the responsibility of the end user.

Labor, Materials and Warranty Included in this Improvement Measure

All labor, material, and necessary equipment required for the installation of the equipment proposed are included in this Improvement Measure. Johnson Controls, Inc. is responsible for the labor and material cost to replace any meters that fail within 30 days of the final completion of meter replacement. After 30 days the manufacturer warranty is in place and the installation of replacement water meter is the responsibility of St. Johns County, per water meter manufacturer's warranty, notwithstanding Section 6, page 3 of the Performance Contract

Utility Interruptions and Customer Support Required

Customer support will be required during implementation of this Improvement Measure to obtain access to meter boxes/pits and to coordinate utility interruptions. Johnson Controls personnel will be responsible for adequate notification and coordination with appropriate St. Johns County personnel to facilitate minimal disruption.

**EXCLUSIONS**

Asbestos - It is understood by Customer that Johnson Controls, Inc. and its subcontractors will not provide, nor be responsible for the identification, testing or removal of asbestos. If asbestos is encountered during construction, Customer will be solely responsible for its identification, testing, removal and/or encapsulation.

**PRICE AND PAYMENT TERMS INFORMATION**

1. **PAYMENT FOR INSTALLATION** : As payment for the Scope of Work described in Schedule 1, JCI will submit monthly invoices to the Customer's Finance partner, CitiGroup as outlined below:

MONTH	DUE DATE	%	MONTHLY	CUMULATIVE
Mobilize				
1	June 1	50%	\$3,500,000	\$3,500,000
2	July 1	10%	\$700,000	\$4,200,000
3	August 1	10%	\$700,000	\$4,900,000
4	September 1	5%	\$350,000	\$5,250,000
5	October 1	5%	\$350,000	\$5,600,000
6	November 1	5%	\$350,000	\$5,950,000
7	December 1	5%	\$350,000	\$6,300,000
8	January 1	5%	\$350,000	\$6,650,000
9	February 1	5%	\$350,000	\$7,000,000
<b>TOTAL</b>		<b>100%</b>		

8/23  
9/25

Final payment, constituting the entire unpaid balance for the Work, shall be made to JCI within thirty (30) days after the Substantial Completion Date. Payments may be withheld on account of any breach of this Agreement by JCI and claims by third parties (including JCI subcontractors and material suppliers), but only to the extent that written notice has been provided to JCI and JCI has failed, within ten (10) days of the date of receipt of such notice, to provide adequate security to protect Customer from any loss, cost, or expense related to such claims.

**CUSTOMER PURCHASE ORDERS.** The Customer acknowledges and agrees that any purchase order issued by Customer, in accordance with this Agreement, is intended only to establish payment authority for the Customer's internal accounting purposes. No purchase order shall be considered to be a counteroffer, amendment, modification, or other revision to the terms of this Agreement. No term or condition included in the Customer's purchase order will have any force or effect. The Customer further agrees to assist JCI in the material purchasing process in order to take advantage of the Customer's tax-exempt status and help the Customer avoid paying sales tax.

Dated , 200

**CUSTOMER:**

Signature: *Ben W. Adams*  
 Printed Name: BEN W. ADAMS  
 Title: COUNTY ADMINISTRATOR

**JOHNSON CONTROLS, INC.**

Signature: *Joel K. Lowery*  
 Printed Name: Joel K. Lowery  
 Title: Regional Solutions Manager

**ASSURED PERFORMANCE GUARANTEE SCHEDULE****1. DEFINITIONS.** The following terms are defined for purposes of this Schedule as follows:

**Project Benefits** are the Measured savings, cost avoidance &/or Billable Usage increases that occur in the Guarantee Term plus the Non-Measured savings, cost avoidance &/or Billable Usage increases achieved for that year as set forth in paragraph 3, Reconciliation, of this Schedule.

**Annual Guaranteed Project Benefits** are the portion of the Total Guaranteed Project Benefits to be achieved in any one year of the Guarantee Term, calculated and adjusted as set forth in this Schedule.

**Annual Project Benefits** are the Project Benefits achieved for any one year of this Agreement.

**Project Benefits Surplus** is the amount by which the Annual Project Benefits that exceed the Annual Guaranteed Project Benefits in any one-year of the Guarantee Term.

**Project Benefits Shortfall** is the amount by which the Annual Guaranteed Project Benefits exceeds the Annual Project Benefits in any one-year of the Guarantee Term.

**Guarantee Term** is the term of this Assured Performance Guarantee. As outlined in paragraph 2 of this Agreement, the Guarantee Term shall coincide with the term of Services and shall be 120 months from the Substantial Completion Date, unless terminated earlier.

**Installation Period** means the period between the Commencement Date and the first day of the month following the Substantial Completion Date. For purposes of the annual reconciliation, Project Benefits achieved during the Installation Period shall be considered Project Benefits achieved during the first year of the Guarantee Term.

**Measured Project Benefits** are achieved and calculated as set forth in paragraph 3, Reconciliation, of this Schedule.

**Non-Measured Project Benefits** are the Project Benefits that have been agreed by the parties will be deemed achieved on the Substantial Completion Date and are set forth in Exhibit 2 of this Schedule. JCI and the Customer agree that Non-Measured Project Benefits may include, but are not limited to, future capital or operational costs avoided as a result of this Agreement. Customer agrees and acknowledges that JCI shall not be responsible for the achievement of such Project Benefits, as the actual realization of those Project Benefits is not within JCI's control. Customer acknowledges that it has evaluated sufficient information to believe that the Non-Measured Project Benefits will occur. As a result, Non-Measured Project Benefits shall not be measured or monitored at any time during the Guarantee Term, but rather shall be deemed achieved on the Substantial Completion Date.

**Billable Usage Increases** are the incremental increases in billable usage that occur as a result of guaranteed meter efficiency improvements as calculated in (Schedule 2, Exhibit 6) pursuant to billing information as provided by the Customer.

**Total Guaranteed Project Benefits** are the Total Guaranteed Project Benefits to be achieved during the entire Guarantee Term, calculated and adjusted as set forth in this Schedule.

**Total Project Benefits** are the Project Benefits achieved during the entire term of this Agreement.

**Equipment** is the product(s) installed by JCI, its subcontractors and/or its agents as outlined in Schedule 1 (Scope of Work).

**Service** is the scope of work provided by JCI, its subcontractors and/or its agents as outlined in Schedule 3 (Service Schedule).

**Baseline** is the mutually agreed upon calculated figures and/or usage amounts that reflect existing conditions and assumptions as set forth in Schedule 2, Exhibit 6.

2. **GUARANTEE.** Subject to the terms and conditions of this Agreement, JCI guarantees that the Customer will achieve **\$ 9,105,828** of Total Guarantee Project Benefits during the Term of the Agreement, and that the Annual Project Benefit will equal the amortized cost of Improvement Measures. Customer's sole remedy for breach of this guarantee shall be the actions set forth in Section 5 of this Schedule.
3. **RECONCILIATION.** Within 60 days after the Substantial Completion Date, or earlier if otherwise specified in this Performance Contract, JCI will calculate the Project Benefit achieved during the Installation Period and advise the Customer of the amount of such Project Benefits. The frequency and the methods of reconciliation to be used during the Guarantee Term have been approved by the Customer at the time that this Agreement was executed and are defined in the Exhibits attached to this Schedule. Except by mutual agreement of the parties, no changes to the frequency or methods of reconciliation may be made during the Guarantee Term; but, if a utility providing energy to the Customer modifies its method of billing during the Guarantee Term, or if the Customer changes its utility suppliers or method of purchasing, JCI may, at its option, adjust the reconciliation methods to methods appropriate to the utility's revised method of billing.

Customer agrees and acknowledges that JCI shall not be responsible for the achievement of Non-Measured Project Benefits, as the actual realization of those Project Benefits is not within JCI's control. Customer acknowledges that it has evaluated sufficient information to believe that the Non-Measured Project Benefits will occur. As a result, Non-Measured Project Benefits shall not be measured or monitored at any time during the Guarantee Term, but rather shall be deemed achieved on the Substantial Completion Date.

4. **CHANGES IN USE.** The Customer agrees to notify JCI, within five (5) business days, of any actual or intended change, whether before or during the Guarantee Term, in the use of any facility or equipment to which this Schedule applies, or of any other condition arising before or during the Guarantee Term, that reasonably could be expected to change the amount of Project Benefits to which this Schedule applies. Such a change or condition would include, but is not limited to: changes in the primary use of any facility; changes to the hours of operation of any facility; changes or modifications to the Equipment or Services provided under this Agreement; failure of the premises to meet local building codes; changes in utility suppliers, method of utility billing, or method of utility purchasing; improper maintenance of the Equipment or of any related equipment other than by JCI; changes to the equipment or to any facility required by changes to local building codes; or additions or deletions of equipment at any facility. Such a change or condition need not be identified in the Base Line in order to permit JCI to make an adjustment.

Upon receipt of such notice, or if JCI independently learns of any such change or condition, JCI shall calculate and send to the Customer a notice of adjustment to the Base Line to reflect the impact of such change or condition, and the adjustment shall become effective as of the date that the change or condition first arose. Should the Customer fail to provide JCI with notice of any such change or condition, JCI may make reasonable estimates as to the impact of such change or condition and as to the date on which such change or condition first arose in calculating the impact of such change or condition, and such estimates shall be conclusive.

5. **PROJECT BENEFIT SURPLUSES OR SHORTFALLS .** If the Annual Project Benefits during a specific year of the Guarantee Term are less than the Annual Guaranteed Project Benefits for that year, JCI may apply the difference against any unpaid balances from the Customer then existing under the Agreement. If there are any remaining amounts, JCI may, at the Customer's written election, pay the Customer any remaining Project Benefit shortfalls, however JCI reserves the right to bill Customer for these Project Benefit shortfall payments from any immediately preceding year up to the amount of any excess benefit. Upon the mutual agreement of the parties, JCI may also provide additional products or services, in the value of the shortfall, at no additional cost to the Customer. Where Project Benefit shortfalls have occurred, JCI reserves the right, subject to the approval of the Customer, which shall not be unreasonably withheld, to implement additional operational improvements or conservation measures, at no cost to the Customer, that will generate additional Project Benefits in future years of the Guarantee Term. Such payment or credit shall be the sole and exclusive remedy of the Customer for any failure by JCI to achieve guaranteed Project Benefits under this Agreement, including any alleged breach of any other express or implied warranty of Project Benefits.

The following Exhibits are attached and made part of this Schedule:

- Exhibit 1 Annual Reconciliation & Guaranteed Project Benefit Allocation
- Exhibit 2 Non-Measured Project Benefits
- Exhibit 3 Responsibilities of JCI and Customer
- Exhibit 4 Unit Utility Rates and Costs
- Exhibit 5 Calculation of Base Line and Project Benefits

- FEMP or IPMVP Option A
- FEMP or IPMVP Option B       Water Meter Upgrades
- FEMP or IPMVP Option C
- FEMP or IPMVP Option D

- Exhibit 6 Pre-Retrofit Monthly Billable Revenue Data - Baseline(s)
- Exhibit 7 Pre-Retrofit Conditions – Baseline(s)
- Exhibit 8 Post-Retrofit Meter Guarantees & Exclusions
- Exhibit 9 Post-Retrofit Conditions

**ANNUAL RECONCILIATION & GUARANTEED PROJECT BENEFIT ALLOCATION**

Year	Contracted Services Cost Avoidance	Operations & Maintenance Cost Avoidance	Mutually Agreed Billable Usage Increases	Total Guaranteed Project Benefits
Installation	\$100,000	\$56,391	\$117,850	\$274,241
1	\$100,000	\$112,782	\$589,251	\$802,033
2	\$0	\$115,489	\$603,393	\$718,882
3	\$0	\$118,260	\$617,874	\$736,135
4	\$0	\$121,099	\$632,703	\$753,802
5	\$0	\$124,005	\$647,888	\$771,893
6	\$0	\$126,981	\$663,437	\$790,419
7	\$0	\$130,029	\$679,360	\$809,389
8	\$0	\$133,149	\$695,665	\$828,814
9	\$0	\$136,345	\$712,361	\$848,706
10	\$0	\$139,617	\$729,457	\$869,074
11	\$0	\$143,806	\$758,636	\$902,441
<b>Totals</b>	<b>\$200,000</b>	<b>\$1,457,953</b>	<b>\$7,447,875</b>	<b>\$9,105,828</b>

CUSTOMER:

Initials: *[Signature]*

JOHNSON CONTROLS, INC.

Initials: *[Signature]*



**Non-Measured Project Benefits**

The Project Benefits identified below shall be Non-Measured Project Benefits (as defined above) under this Schedule. The amount of the Non-Measured Project Benefits shall be deemed to increase during each year of the Guarantee Term by the escalation percentages set forth below. See Schedule 2, Exhibit 1.

Source of Non-Measured Project Benefits	First Year Project Benefits	Escalation
Material Savings	\$ 15,000	2.34%
Contracted Large Meter Testing Savings	\$ 45,000	2.34%
Truck Savings (Maintenance and Usage)	\$ 11,500	2.34%
Overtime Savings	\$ 41,282	2.34%
Contracted Meter Reading	\$ 100,000	0%
<b>TOTAL NON-MEASURED PROJECT BENEFITS</b>	<b>\$ 212,782</b>	

**Material Savings:** These savings will result from not having to purchase new meters and/or parts for replacement and repair of current meters. Savings were based on 75% of actual expenses for FY05.

**Truck Savings:** Reduced cost of truck and truck related expenses for the meter reading trucks -CV # 0627, 0727, 0051, 0145, 0840, 0680 to the following:

- > Maintenance of \$600 per vehicle annually for a total cost of \$3600 and a savings of \$7,000/yr.
- > Fuel of \$2,000 per vehicle annually for a total cost of \$12,000 and a savings of \$4,500/yr.

**Contracted Large Meter Testing Savings:** The County will no longer have to contract out this service. A person dedicated and responsible for this task will be assigned within the County department.

**Overtime Savings:** Elimination of overtime hours paid to Meter staff as well as Lift Station and Distribution crew.

**Labor Reallocation Savings:** \$ 100,000/yr. Budgeted for meter reading services, in lieu of using an outside contract company.

Dated \_\_\_\_\_, 200

CUSTOMER:

Signature: 

JOHNSON CONTROLS, INC.

Signature: 

Printed Name: BEN W. ADAMS  
Title: COUNTY ADMINISTRATOR

Printed Name: JOEL K. LOWERY  
Title: REGIONAL SOLUTIONS MANAGER

Schedule 2  
Exhibit 3

**Responsibilities of JCI and Customer**

This Exhibit details the individual responsibilities of JCI and of the Customer, not otherwise set forth in this Performance Contract, in connection with the management and administration of the Assured Performance Guarantee.

**JCI Responsibilities**

- Ensure all work complies with applicable codes and standards.
- Coordinate with Customer for water shutoff to county supplied customers.
- Compile savings reports and present results to the appropriate representative.
- Perform annual measurements per contract documents.
- Identify and report any deficiencies or corrections resulting from adverse changes or conditions affecting performance.
- Report any operational or retrofit opportunities that would further increase the efficiencies of the facilities, utilities or systems.
- Coordinate with Customer for scheduling areas during construction.
- Perform annual accuracy measurements on \_\_\_\_\_ of the water meter population as specified in Schedule 3.
- Provide replacement meters for those taken out of the ground for annual accuracy measurement. \_\_\_\_\_ # of meters will be provided during the installation period to be stored at customer facility. These meters will be rotated on a yearly basis to replace meters taken for testing purposes.
- Ship test meters to JCI specified authorized testing facility.
- Provide data entry services for all pertinent information to be uploaded into the Customer's existing billing software during the installation period.

**Customer Responsibilities**

- Provide for shutdown and scheduling of areas during construction.
- Provide assistance with notification and coordination of utility interruptions to minimize disruption to County supplied customers.
- Notify JCI of any major equipment additions or failures of any equipment or strategies that might impact savings.
- Provide routine maintenance of all owner systems and equipment affected by this agreement.
- Planned Service Agreement must be paid as agreed and renewed annually to maintain Performance Contract savings and revenue guarantee.
- Maintain installed equipment using the same manufacturer and specifications that were installed or equivalent as approved by JCI.
- Provide access to all necessary buildings and equipment for JCI and their subcontractors in a timely manner during construction.
- Pull and replace all test meters annually. Replace with meters furnished by JCI at the time of installation.
- All Facility Improvement Measures (FIMs) will be maintained, and kept in operation with equal or better replacement components.
- Provide all programming for new water meters that are installed after the completion of this contract.

CUSTOMER:

Initials: BWA

JOHNSON CONTROLS, INC.

Initials: JKL

**Water & Sewer Rates and Costs**

**SCHEDULE A (1) - WATER RATES**

A TYPE OF CHARGE	B CHARGE
<b>BASE RATE</b>	
MONTHLY RATE PER ERU	\$10.12
<p>All Water System users will be charged monthly base rate times their number of ERUs. Each Account Holder's number of ERUs shall be based on Schedule A(4).</p>	
<p><b>VOLUME CHARGE PER 1,000 GALLONS (PER ERU)</b></p>	
Block 1 (0 – 5,000 Gallons)	\$2.57
Block 2 (5,001 – 10,000 Gallons)	\$3.21
Block 3 (10,001 – 20,000 Gallons)	\$5.41
Block 4 (20,001 Gallons and over)	\$7.84
<p>To determine the volume rates applicable to the water consumption by each account, the Account Holder's number of ERUs shall be multiplied by the consumption levels included in each rate block, to determine the rate block boundaries for that Account Holder. Thus, an Account Holder with 3 ERUs would pay the Block 1 volume rate for consumption up to 15,000 gallons per month, the Block 2 volume rate for consumption between 15,001 and 30,000 gallons, and so on. For Account Holders with dual registering meters, the number of ERUs used in determining the rate blocks applicable to their monthly consumption shall be based on the smallest meter on the register stepped up to the next largest meter size.</p>	

SCHEDULE A (2) - WASTEWATER RATES

A	B
<u>TYPE OF CHARGE</u>	<u>CHARGE</u>
<b>BASE RATE</b>	
MONTHLY RATE PER ERU All Wastewater System users will be charged monthly base rate times their number of ERUs. Each Account Holders number of ERUs shall be based on Schedule A(4).	\$9.70
VOLUME RATE PER 1,000 GALLONS	
Single Family <sup>1</sup>	\$3.05
Multi-Family <sup>1</sup>	\$3.05
Commercial/Industrial	\$3.66
Governmental	\$3.05
Combination	\$3.66
All Wastewater System customers will be charged the volume rate per thousand (1,000) gallons of metered water consumption applicable to their customer classification. The volume charge for Single Family users shall not exceed 10,000 gallons per dwelling unit. The volume charge for Multi-Family Users shall not exceed 8,000 gallons per dwelling unit.	

**CUSTOMER:**

Initials: \_\_\_\_\_

*[Handwritten Signature]*

**JOHNSON CONTROLS, INC.**

Initials: \_\_\_\_\_

*[Handwritten Signature]*

Improvement Measure Measurement & Verification Plan

**M&V Option B - Water Meter Upgrades**

**Water Meter Replacement and Installation of an Automated Meter Reading (AMR) System**

Utility Revenue Impact Description

A significant percentage of the existing water meters served by the Customer do not read accurately, and the Customer is losing revenue annually due to this inaccuracy. By replacing inaccurate water meters with more accurate water meters the Customer will increase the volume of water registered by the meters and thereby increase water meter revenue. By applying accuracy increases to the baseline water billing amounts, supplied to JCI by the Customer, the impact of billing for the additional water recognized would have resulted in an increased revenue stream of \$ 589,251 in the baseline year.

Methodology: This measure represents annual water and sewer revenue increases associated with the replacement of the Customer's existing water meters with new, more accurate units. This measure includes the removal and installation of the County's water meters as presented in Schedule 1. As agreed upon by the customer, the total amount of base billable gallons for the term of this guarantee is equal to billable gallons measured by the customer plus incremental gallons (currently unrecognized and unbilled). The customer assumes the responsibility under this project for maintaining water consumption at or above the base billable gallons for the term of the contract.

JCI Liability Limit: JCI is not responsible for damage to water meters as a result of foreign objects or other water quality issues that affect the water meter manufacturer's warranty. JCI is also not responsible should the customer choose not to maintain/calibrate any equipment subject to this guarantee within manufacturers guidelines.

Project Benefit Calculations

JCI and the customer agree upon all schedules, inputs and calculations described herein.

Pre-Retrofit Calculations: JCI used the Pre-Retrofit Monthly Billable Revenue Data supplied to JCI by the Customer and shown in Schedule 2 Exhibit 6. Baseline factors were obtained from billing reports supplied by the Customer during the detailed audit.

The Weighted Average Accuracy Pre-Retrofit was calculated during the detailed audit and is based upon testing a representative sample of the existing meter population and is included in Schedule 2 Exhibit 7. Average accuracy is based on the average of low, medium and high flow measurements according to the American Water Works Association (AWWA) guidelines as delineated in the Manual of Water Supply Practices - M6, Fourth Edition, Water Meters - Selection, Installation, Testing and Maintenance; Copyright - 1999 American Water Works Association, ISBN 1-58321-017-2

American Water Works Association  
6666 West Quincy Avenue  
Denver, CO 80235

or other mutually agreed upon guidelines for average accuracy measurements.

Further details of baseline factors are acknowledged and accepted by Customer in Schedule 2 Exhibits 4 and 7.

Post-Retrofit: JCI will determine the accuracy of the installed water meters as described in Schedule 3 Exhibit 2 (Services Schedule) of this contract.

The Weighted Average Meter Accuracy Post-Retrofit will be based upon a representative sample of the population for the new meters. The weighted average accuracy will be based on the average of low, medium and high flow measurements according to American Water Works Association (AWWA) guidelines as delineated in the Manual of Water Supply Practices - M6, Fourth Edition, Water Meters - Selection, Installation, Testing and Maintenance; Copyright - 1999 American Water Works Association, ISBN 1-58321-017-2

American Water Works Association  
6666 West Quincy Avenue  
Denver, CO 80235

or other mutually agreed upon guidelines for average accuracy measurements. For purposes of this contract, the Weighted Average Meter Accuracy Post-retrofit calculation and the Post-Retrofit Guaranteed Meter Accuracy is as described in Schedule 2 Exhibits 8 & 9.

**Guarantee:** JCI's guarantee is based upon the weighted average measured accuracy increase for a test sample of meters. JCI does not guarantee the performance of individual meters. The meter sizes considered as part of this performance contract are listed in Schedule 2 Exhibit 8. Any meter sizes excluded from the guarantee, and not tested post-retrofit, are listed in Schedule 2 Exhibit 8. No guarantee, either express or implied, is made relative to the post-retrofit accuracy of meters excluded from the guarantee.

The performance guarantee for this improvement measure is based solely on the post-retrofit weighted average measured accuracy of the meters installed applied to the Customer supplied "Baseline" revenue values listed in Schedule 2 Exhibits 6 & 7. Johnson Controls, Inc. makes no guarantee, either express or implied, as to the actual revenue to be achieved post-retrofit since actual revenues are impacted by variables outside the control of Johnson Controls, Inc. Examples of uncontrollable variables are: weather, droughts, floods, imposed restrictions, regulatory changes, demographic shifts, industrial base, & utility rates. Johnson Controls, Inc. makes no representation about Customer's ability to meet its financial commitments to third party financing sources and Johnson Controls, Inc. is not liable for any obligation of Customer to third party financing sources.

The following equations have been used to determine the impact of improved meter accuracy on Baseline revenues. These equations will be used post-retrofit, along with tested meter accuracy, to determine the performance of the improvement measure versus guarantee.

Increased water and sewer revenues during the installation period will be based upon the actual percentage of new meters installed each month and the manufacturer's stated accuracy for all new meters.

### Equations

(Refer to Schedule 2 Exhibits 6 and 7 for Baseline and Schedule 2 Exhibits 8 and 9 for Post-Retrofit conditions)

Test flow rates for each meter size are listed in Schedule 2 Exhibit 7.

For Each Rate Class:

**Baseline**

Base Charge Annual Revenue (Baseline) = Number of Meters \* Monthly Base Rate \* 12 Months/Year

Marginal Revenue above Billable Gallons (Baseline) = Annual Revenue – Base Charge Annual Revenue (Baseline)

**Post-Retrofit**

Base Charge Annual Revenue (Post-Retrofit) = Number of Meters \* Monthly Base Rate \* 12 Months/Year

Marginal Revenue above Billable Gallons (Post-Retrofit) = Marginal Revenue above Billable Gallons (Baseline) \*  
(Weighted Average Meter Accuracy Post-Retrofit/ Weighted Average Meter Accuracy Pre-Retrofit)

Revenue Increase = Marginal Revenue Billable Gallons (Post-Retrofit) - Marginal Revenue Billable Gallons (Baseline)

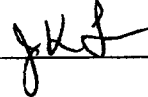
**CUSTOMER:**

Initials: \_\_\_\_\_



**JOHNSON CONTROLS, INC.**

Initials: \_\_\_\_\_



Pre-Retrofit Monthly Billable Revenue Data - Baseline(s)

Annual Water & Wastewater Consumption and Revenue from July 2003 to August 2004

Rate Tier	Avg. No. of Accounts per Month	Total Annual Consumption (kgals)	Total Annual Revenue (\$)
General Water Rate	17,351	1,649,000	\$7,912,820
General Waste Water Rate	Not Available	762,245	\$4,559,000

CUSTOMER:

Initials:     *BWA*    

JOHNSON CONTROLS, INC.

Initials:     *JKJ*



**Pre-Retrofit Conditions - Baseline(s)**

**Water Meter Average Accuracies**

Pre-retrofit water meter tests were performed on meters selected at random by JCI and approved by the Customer. The testing was performed in accordance with American Water Works Association (AWWA) guidelines. The weighted factors used in the testing were 15% for minimum flow, 70% for intermediate flow, and 15% for high flow rates. The following Table summarizes the test result data.

**Weighted Average Accuracy Pre-Retrofit** = 15% \* Low Flow Rate Accuracy + 70% \* Mid Flow Rate Accuracy + 15 % \* High Flow Rate Accuracy

**Weighted Average Accuracy Pre-Retrofit  
Meter Test Results and Flow Rates – All Meters Tested**

Meter Size	Test Qty	Weighted Average Accuracy	Meter Test Flow Rates		
			Low Flow Test GPM	Mid Flow Test GPM	High Flow Test GPM
0.625" x 0.75"		%			
1.00"		%			
2.00"		%			
3.00"		%			
4.00"		%			
6.00"		%			
8.00"		%			
10.00"		%			

**Water Meter Field Test Results**

Test Date	Size (In.)	Address	Meter Number	Percent of Accuracy @ Low Flow	Percent of Accuracy @ Mid Flow	Percent of Accuracy @ High Flow	Weighted Average Accuracy
				%	%	%	%

These Accuracies will be derated at .3% per year.  
Pre-retrofit water meter accuracies used for calculations

	Year 1	Year 2	Year 3	Year 4	Year 5
.625" x .75"	90	89.7	89.4	89.1	88.8
1.00"	90	89.7	89.4	89.1	88.8
1.50"	90	89.7	89.4	89.1	88.8
2.00"	90	89.7	89.4	89.1	88.8
3.00"	90	89.7	89.4	89.1	88.8
4.00"	90	89.7	89.4	89.1	88.8
6.00"	90	89.7	89.4	89.1	88.8
8.00"	90	89.7	89.4	89.1	88.8
10.00"	90	89.7	89.4	89.1	88.8

	Year 6	Year 7	Year 8	Year 9	Year 10
.625" x .75"	88.5	88.2	87.9	87.6	87.3
1.00"	88.5	88.2	87.9	87.6	87.3
1.50"	88.5	88.2	87.9	87.6	87.3
2.00"	88.5	88.2	87.9	87.6	87.3
3.00"	88.5	88.2	87.9	87.6	87.3
4.00"	88.5	88.2	87.9	87.6	87.3
6.00"	88.5	88.2	87.9	87.6	87.3
8.00"	88.5	88.2	87.9	87.6	87.3
10.00"	88.5	88.2	87.9	87.6	87.3

CUSTOMER:

Initials: \_\_\_\_\_

*[Handwritten Signature]*

JOHNSON CONTROLS, INC.

Initials: \_\_\_\_\_

*[Handwritten Signature]*

Post-Retrofit Meter Guarantees & Exclusions

Meter sizes included in the Performance Guarantee

Meter Size	Qty
.625" x .75"	19,513
1"	278
1.5"	74
2"	135
3"	119
4"	31
6"	26
8"	9
10"	1
Excluded Meters	0

**Note:** These quantities may change slightly based on the detailed audit to reflect the actual quantities in each size category.

CUSTOMER:

Initials: \_\_\_\_\_

*Bent*

JOHNSON CONTROLS, INC.

Initials: \_\_\_\_\_

*JKS*

**Post-Retrofit Conditions**

**Water Meter Average Accuracies**

Post-retrofit water meter tests were performed on meters selected at random by JCI and approved by the Customer. The testing was performed in accordance with American Water Works Association (AWWA) guidelines. The weighted factors used in the testing were 15% for minimum flow, 70% for intermediate flow, and 15% for high flow rates. The following Table summarizes the test result data.

**Weighted Average Accuracy Post-Retrofit = 15% \* Low Flow Rate Accuracy + 70% \* Mid Flow Rate Accuracy + 15% \* High Flow Rate Accuracy**

**Post-Retrofit Guaranteed Meter Accuracy**

	5/8 X 3/4	1.0	1.5	2.0	3.0	4.0	6.0	8.0	10.0
<b>Installed</b>	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
<b>Year 1</b>	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%	99.2%
<b>Year 2</b>	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
<b>Year 3</b>	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%	98.6%
<b>Year 4</b>	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%	98.3%
<b>Year 5</b>	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
<b>Year 6</b>	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%	97.7%
<b>Year 7</b>	97.4%	97.4%	97.4%	97.4%	97.4%	97.4%	97.4%	97.4%	97.4%
<b>Year 8</b>	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%	97.1%
<b>Year 9</b>	96.8%	96.8%	96.8%	96.8%	96.8%	96.8%	96.8%	96.8%	96.8%
<b>Year 10</b>	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%	96.5%

**CUSTOMER:**

Signature: *Ben W Adams*  
 Printed Name: BEN W. ADAMS  
 Title: COUNTY ADMINISTRATOR

**JOHNSON CONTROLS, INC.**

Signature: *Joel K Lowery*  
 Printed Name: Joel K Lowery  
 Title: Regional Solutions Mgr.

**SERVICES SCHEDULE**

1. **SCOPE OF SERVICE.** JCI and the Customer agree that the services checked below will be provided by JCI at the Customer's facility.

- Performance Assurance Services
- Performance Consulting Service

PERFORMANCE ASSURANCE SERVICES

**Water Meters**

1) Annually verify the accuracy of a maximum \_\_\_\_\_ water meters, according to the attached table of Meter Size and Count to be verified. (\* to be determined during the detailed study)

The scope of work is as follows:

- a) Provide replacement meters with new or refurbished water meters that have been tested per AWWA standards
  - b) Send removed meters to factory approved testing facility for accuracy bench test
  - c) Rebuild and clean the removed meters and store for the following year
  - d) If JCI and the County determine that damaged and/or inaccurate meters were not caused by normal wear and tear, County will be responsible for replacement of these meters.
- 2) The average (central tendency) and variance (spread) will be calculated to estimate the population characteristics. Additional samples may be required if the variability in the sample test shows that the sample size is not sufficient to draw valid conclusions about the population. A complete retest will be conducted if the sample average is lower than the required weighted average accuracy. If these two samples are significantly different, another retest will be conducted. If not, the reconciliation process will be initiated as described in Schedule 2 of this agreement.
- 3) Report any observed operational or retrofit opportunities that would increase Customer benefits.
- 4) Training
- 5) Customer consultation
- 6) Telephone support as required

PERFORMANCE CONSULTING SERVICES

- 1) Provide quarterly written evaluations of the billed data to evaluate the metering system and recommend a revenue retention strategy to maximize value.
- 2) Provide annual cost avoidance reports based on cost avoidance methodology described in this contract. Reporting shall include the following:
- a) Water/sewer revenues for period compared to targets
  - b) A summary of the annual meter accuracy testing
  - c) Operating and future capital cost avoidance for period. (if applicable)

Dated \_\_\_\_\_, 200

**CUSTOMER:**

Signature: *Ben W Adams*  
 Printed Name: BEN W. ADAMS  
 Title: COUNTY ADMINISTRATOR

**JOHNSON CONTROLS, INC.**

Signature: *Joel K Lowery*  
 Printed Name: Joel K Lowery  
 Title: Regional Solutions Manager

**SERVICES COST SCHEDULE**

**TERM.** The term of this Services Schedule shall be 10 years and shall commence on the first day of the month following the Substantial Completion Date set forth in Schedule 1.

**PRICE.** The total price for JCI's Services during the term of the agreement can be found in the table below. This amount will be paid to JCI in annual installments and will be due and payable when the Customer receives JCI's invoice. Payment will be made in advance of the services JCI is to provide. These services will be invoiced separately from the lease-purchase agreement payments being sent from the Customer's Lessor.

**Service Agreement Costs**

Year	Price
Installation	\$ 20,000
1	\$ 20,000
2	\$ 17,400
3	\$ 17,922
4	\$ 18,460
5	\$ 19,013
6	\$ 19,584
7	\$ 20,171
8	\$ 20,777
9	\$ 21,400
10	\$ 22,042

- ELECTRONIC FUNDS TRANSFER (EFT).** In order to streamline the payment process for both the Customer and for JCI, arrangements have been made for our annual Planned Service Agreement payments to be wired directly to the bank via EFT utilizing the following information.

**PLEASE ENSURE THAT INVOICE NUMBER(S) BEING PAID ARE LISTED.**

**COMPANY INFORMATION:** Johnson Controls, Inc.  
P.O. Box 2012  
Milwaukee, Wisconsin 53201-2012

**TELEPHONE NUMBER:** (414) 524-3666

**FAX NUMBER:** (414) 524-3515  
**EMPLOYEE ID #:** 39-038-0010

**FINANCIAL INSTITUTION:** Bank One  
One First National Plaza  
Chicago, Illinois 60670

**ROUTING TRANSIT #:** 071000013  
**DEPOSITOR ACCOUNT #:** 55 - 14347  
**TYPE OF ACCOUNT:** Checking



St. Johns County, Florida Government

Johnson Controls, Inc.

Signature: Ben Adams

Signature: Joel Lowery

Printed Name: BEN W. ADAMS

Printed Name: Joel Lowery

Title: COUNTY ADMINISTRATOR

Title: Regional Solutions Manager

Date: MAY 3, 2006

Date: 4/27/06

**Sign**

## Change Order # 4

This Change Order # 4 (the "Change Order") to the Performance Contract by and between Johnson Controls, Inc. ("Contractor") and St. Johns County, Florida ("Customer") (hereinafter, the "Agreement") is entered into as of the 15 day of May, 2008 by and between Contractor and Customer.

### RECITALS

WHEREAS, Contractor and Customer entered into that certain Agreement, dated May 3, 2006 (the "Agreement"); and

WHEREAS, Contractor and Customer wish to amend the following Schedules and Addendum of the Agreement:

- Scope of Work Schedule (Schedule 1),
- Annual Reconciliation & Guaranteed Project Benefit Allocation (Schedule 2 Exh 1)
- Performance Assurance Services (Schedule 3 Exhibit 2)
- Services Cost Schedule (Schedule 3 Exhibit 3)
- Pricing Addendum # 2 (replaced with Pricing Addendum # 3)

NOW THEREFORE, in consideration of the mutual covenants, agreements and conditions herein contained and for other and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Contractor and Customer agree to amend the Agreement as follows:

### TERMS

#### General:

The purpose of this Change Order is to add devices, meters, transmitters and associated labor to complete the Automated Meter Reading project that was defined under the Base Agreement and Change Orders to date. Completion of the system constitutes connection to service end points (meters) that were not included in the original quantity of service end points, and that have been added during the construction period or previously omitted. This will complete the System. The connection points are as provided by the County Utility Department Staff with quantities up to Jan 29, 2008. This Change Order does not include any Tower-based equipment or any other hardware that might be later deemed necessary to gain readings. Quantities by size and type are as shown on Schedule 1 Exhibit 1 included hereafter.

Additionally, it is agreed that no additional financial benefit is derived from this Change Order either in Billing Usage increases or Operations & Maintenance Cost Avoidance. As no additional financial benefits are achieved to offset project costs, the projected payback period is to be extended from 11 years to approximately 12 years. The Payment Schedule and Service Contract costs associated with Measurement and Verification and Performance Consulting Services are also extended from 10 years as indicated in Schedule 3 Exhibit 3 to 13 years to reflect the additional payback period.

Additional project costs associated with this Change Order are to be addressed in several ways. First, costs associated with this work are described in Pricing Addendum #3 (attached). Additionally, Pricing Addendum # 3 identifies credits to those costs as follows:

- a. Remainder of Contingent Funds after funding of Change Order # 3
- b. Reconciliation of meter quantities from the Base Contract to Change Order 1 not previously recognized.
- c. Mutually agreed to Credit to the County for work that might have been performed by County staff if project completion had not been delayed for various reasons.

1. As allowed on page 1, Paragraph 2. "Term" of the Performance Contract, this work shall be considered a separate Phase of work. The commencement date shall be the date on which this Change Order is executed by St Johns County and the duration of work shall be 4 months or 120 days from Utility Department Notice to Proceed. All provisions relative to Delays or Access apply as indicated in the Performance Contract.
2. Schedule 1 (Scope of Work Schedule) as indicated in Change Order # 1 is hereby modified as follows:
  - a. The "Scope of Work Summary" schedule is modified to read as follows: "1. Water Meter Replacement: Replace and/ or retrofit 24,755 meters with new water meters, meters refurbished thru the Sensus MIP program or retrofitted with new Sensus FlexNet transmitters. All meters will be equipped with radio transmitters with a complete fixed base reading.\*\*"
  - b. Under Para 1. "Water Meter Replacement" please strike: "Johnson Controls will install up to but no more than the meters listed in Schedule 2, Exhibit 8 for each size. Any meters from above not installed will be provided to St Johns County as inventory for future use" and replace with the following: "Johnson Controls will install up to but no more than the meters listed in Schedule 1 Exhibit 1 for each size and type. Any meters from above not installed will be provided to St Johns County as inventory for future use."
  - c. Insert the following Schedule 1 Exhibit 1.

Schedule 1 Exhibit 1

The following meters will be installed:

Size	Type	Total Quantity	Quantity Change This Change Order
5/8 x 3/4"	Meter & Transmitter	13,363	363
5/8 x 3/4"	Meter Retrofit	10,246	4,246
1"	Meter & Transmitter	209	25
1"	Meter Retrofit	187	48
1.5"	Meter/ Rebuild & Transmitter	115	20
2"	Meter/ Rebuild & Transmitter	163	22
2"	Turbine/ Rebuild & Transmitter	33	15
3"	Turbine/ Rebuild & Transmitter	1	0
3"	Compound/ Rebuild & Transmitter	54	5
4"	Turbine/ Rebuild & Transmitter	0	-16
4"	Compound/ Rebuild & Transmitter	29	20
6"	Compound Fireline Rebuild & Transmitter	30	4
8"	Fireline Rebuild & Transmitter	21	1
10"	Fireline Rebuild & Transmitter	4	2
Totals		24,755	4,755

- d. It should be noted that in the size 5/8 x 3/4" it is assumed that 90% of the totals for both Meter & Transmitter as well as Meter Retrofit Types are to be Dual Port Transmitter applications. If more or less exist than that percentage an adjustment will be made to the contract between JCI and the County using agreed to unit prices for either add or deduct.

3. Revise Schedule 2 Exhibit 1 page 12 of the Agreement to read as follows:

**ANNUAL RECONCILIATION & GUARANTEED PROJECT BENEFIT ALLOCATION**

Year	Contracted Services Cost Avoidance	Operations & Maintenance Cost Avoidance	Mutually Agreed Billable Usage Increases	Total Guaranteed Project Benefits
Installation	\$100,000	\$56,391	\$117,850	\$274,241
1	\$100,000	\$112,782	\$589,251	\$802,033
2	\$0	\$115,489	\$603,393	\$718,882
3	\$0	\$118,260	\$617,874	\$736,135
4	\$0	\$121,099	\$632,703	\$753,802
5	\$0	\$124,005	\$647,888	\$771,893
6	\$0	\$126,981	\$663,437	\$790,419
7	\$0	\$130,029	\$679,360	\$809,389
8	\$0	\$133,149	\$695,665	\$828,814
9	\$0	\$136,345	\$712,361	\$848,706
10	\$0	\$139,617	\$729,457	\$869,074
11	\$0	\$142,968	\$746,964	\$889,932
12	\$0	\$146,399	\$764,891	\$911,824
13	\$0	\$149,913	\$783,248	\$933,161
<b>Totals</b>	<b>\$200,000</b>	<b>\$1,758,637</b>	<b>\$9,034,107</b>	<b>\$10,992,744</b>

4. On page 27 of the Agreement, Revise Schedule 3 Exhibit 3 under paragraph that begins "Term," to delete the words "10 years" and replace with "13 years." In addition, remove the existing schedule described as "Service Agreement Costs" and replace with the following schedule.

Service Agreement Costs

1	\$ 20,000
2	\$ 17,400
3	\$ 17,922
4	\$ 18,460
5	\$ 19,013
6	\$ 19,584
7	\$ 20,171
8	\$ 20,777
9	\$ 21,400
10	\$ 22,042
11	\$ 22,703
12	\$ 23,384
13	\$ 24,086

5. Total cost of this work shall be as indicated on Pricing Addendum #3, which is attached, and is considered to be part of this document. This Change Order will also relieve the project of remaining Contingency Funds as shown on subject Pricing Addendum. The remaining funding source for the project costs shall be as indicated in attached Schedule 4B revised Financing Agreement.

MISCELLANEOUS

1. Except as modified or otherwise provided herein, the existing terms, covenants, agreements, responsibilities and obligations contained in the Agreement shall remain in full force and effect through the term of the Agreement. In the event of conflict between the terms and conditions of the Agreement and the terms and conditions of this Amendment, the terms and conditions of this Amendment shall prevail.
2. The County will use the \$247,777 in accrued interest from the escrow account and credit it toward the total cost of this change order.
3. Schedule 3, Exhibit 2 for meter test quantity - Insert 95 for .625 X .75 meter size and Insert 5 for 1"
4. Add on schedule 3 exhibit 2, under item 1 - The meter testing will be performed starting in year one. The installation period will utilize the factory test certified testing as supplied with the

approximately 2,000 new Sensus meters provided with this agreement. All remaining installed meters were processed through the Sensus MIP program. The manufacturer attests that these meters are equal in accuracy to the new meters.

5. Paragraph 2(b) of the Agreement is hereby amended as follows: Delete "365 days after the Commencement Date" and add in its place "August 15, 2008."
6. This Change Order is effective upon the date of execution by both parties.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed by their duly authorized representatives on the dates written below:

St. Johns County, Florida Government

Johnson Controls, Inc

Accepted By: 

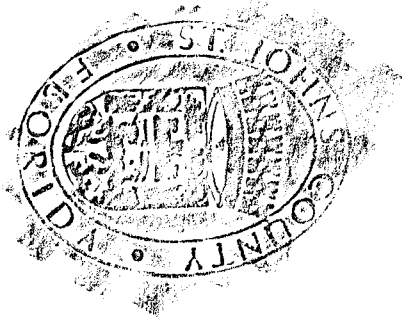
Accepted By: \_\_\_\_\_

Signature: Michael D. Wanchick  
County Administrator

Signature: \_\_\_\_\_

Date: 5-6-08

Date: \_\_\_\_\_



approximately 2,000 new Sensus meters provided with this agreement. All remaining installed meters were processed through the Sensus MIP program. The manufacturer attests that these meters are equal in accuracy to the new meters.

- 5. Paragraph 2(b) of the Agreement is hereby amended as follows: Delete "365 days after the Commencement Date" and add in its place "August 15, 2008."
- 6. This Change Order is effective upon the date of execution by both parties.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed by their duly authorized representatives on the dates written below:

St. Johns County, Florida Government

Johnson Controls, Inc

Accepted By:

Accepted By:

Signature:

Michael D. Wanchick  
County Administrator

Signature:

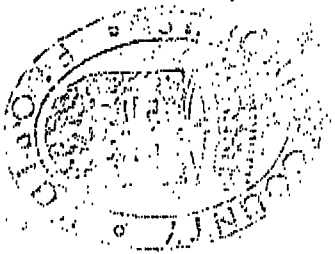
Jhawn Newman

Date:

5-16-08

Date:

5-13-08



St Johns County  
 Meter Reconciliation and Change Order # 4  
 2/14/08

Meter Adjustment from Base to Change Order # 1

Size	Type	Quant In Base Contract	Quant In Change Order # 1	Differences Base and CO	Break down by size for cost impact	Unit Total Cost Material and Labor	Credit from Base to CO for Quantity
5/8" X 3/4"	Meter - Single Transmitter	13,413	13,300	-113	-73	\$ 270.98	\$ (18,781.54)
5/8" X 3/4"	Meter - Dual Transmitter				-40	\$ 228.21	\$ (6,928.40)
5/8" X 3/4"	Meter Rebuild	6100	6090	-100	-60	\$ 176.02	\$ (10,573.20)
3/8" X 3/4"	Meter - Dual Transmitter				-40	\$ 108.52	\$ (4,340.80)
1"	Meter Rebuild	128	130	22	22	\$ 351.48	\$ 7,792.56
1.5"	Meter / Rebuild	159	173	23	23	\$ 170.22	\$ 4,053.06
2"	Meter / Rebuild	74	95	21	21	\$ 378.63	\$ 7,972.23
3"	Meter / Rebuild	136	130	-6	-40	\$ 472.84	\$ (1,348.18)
4"	Turbine / Rebuild	70	30	-40	-20	\$ 1,102.72	\$ (44,108.80)
5"	Compound / Rebuild	49	20	-29	-20	\$ 1,055.72	\$ (26,715.80)
6"	Turbine / Rebuild	20	16	-4	-4	\$ 1,703.15	\$ (6,832.60)
8"	Compound / Rebuild	11	8	-3	-2	\$ 2,601.16	\$ (6,202.30)
8"	Compound / Rebuild	28	25	-3	0	\$ 2,984.11	\$ -
8"	Freeline Rebuild	9	20	11	11	\$ 1,433.56	\$ 15,769.05
10"	Freeline Rebuild	1	2	1	1	\$ 1,648.91	\$ 1,648.91
		20,156	20,000	-156	-185		\$ (107,959.55)

Meter Adjustment from Change Order # 1 to Quantity to Complete Project (Change Order # 4)

Size	Type	Estimated Total Quantity @ 100 % Complete as of 02/1/08	Change Order # 1 Scope	Differences between Base and CO	Meter Type and Size	Quantity by Size and Type	Revised Unit Price	Extended Cost by Size and Type
5/8" X 3/4"	Meter & Transmitter	18,883	18,300	583	3/4" Meter with Transmitter	37	\$ 271.98	\$ 10,098.26
5/8" X 3/4"	Meter Rebuild	10,248	6000	4,248	3/4" Meter with Dual Transmitter	326	\$ 223.21	\$ 72,756.46
5/8" X 3/4"	Meter Rebuild				3/4" Meter with Dual Transmitter	425	\$ 162.40	\$ 69,120.00
5/8" X 3/4"	Meter Rebuild				3/4" Meter with Dual Transmitter	3,821	\$ 168.52	\$ 641,854.82
1"	Meter Rebuild	209	184	25	1" Meter with Transmitter	25	\$ 317.48	\$ 7,937.00
1.5"	Meter / Rebuild	137	139	-2	1.5" Meter Rebuild	48	\$ 182.40	\$ 8,755.20
2"	Meter / Rebuild	115	95	20	2" 1.5" Meter / Rebuild	22	\$ 500.16	\$ 11,003.52
2"	Meter / Rebuild	183	141	42	2" 2" PO Meter / Rebuild	22	\$ 675.66	\$ 14,854.50
2"	Turbine / Rebuild	33	18	15	2" Turbine Rebuild	16	\$ 793.27	\$ 12,692.30
3"	Turbine / Rebuild	1	1	0	3" Turbine / Rebuild	0	\$ 1,103.19	\$ 0.00
3"	Compound / Rebuild	54	49	5	3" Compound / Rebuild	5	\$ 1,956.15	\$ 9,780.75
4"	Turbine / Rebuild	0	16	-16	4" Turbine / Rebuild	5	\$ 1,709.42	\$ 8,547.10
4"	Compound / Rebuild	29	9	20	4" Compound / Rebuild	20	\$ 2,601.48	\$ 52,029.60
6"	Compound / Rebuild	30	26	4	6" Compound / Rebuild	4	\$ 3,609.91	\$ 14,439.64
8"	Freeline Rebuild	21	20	1	1" Freeline Rebuild	1	\$ 1,648.91	\$ 1,648.91
10"	Freeline Rebuild	4	2	2	2" 10" Freeline Rebuild	2	\$ 2,748.00	\$ 5,496.00
		24,735	20,005	4,730		4,730		\$ 682,885.10

Note: Pricing for CO #4 is based on most current pricing from Sanson on large meters. Quantity breakdown for meter Transmitters between single and dual ports assumed to be 80% Dual Port and 10% Single Port. Any changes from shown will be adjusted after completion using unit pricing as shown.



**St Johns County**  
**Pricing Addendum #3 Change Order # 4 -**  
**Rev 04/14/08**

	Hrs	Rate		Margin %	Sale Price	Subtotals
<b>*1.0 Meters Material &amp; Installation Sub</b>			\$ 682,885	10%	\$ 758,761	\$ 758,761
<b>*2.0</b>				10%	\$ -	\$ -
<b>3.0 Johnson Controls - Direct Costs</b>						
<b>3.1 Preliminary Analysis</b>						
PDE	85	\$ -	\$ -	10%	\$ -	
PDM	100	\$ -	\$ -	10%	\$ -	
PM	100	\$ -	\$ -	10%	\$ -	
AE	90	\$ -	\$ -	10%	\$ -	
SSM	120	\$ -	\$ -	10%	\$ -	
Travel, Hotel Etc.		\$ -	\$ -	10%	\$ -	\$ -
<b>3.2</b>						
<b>Verify Phase - Detailed Development</b>						
PDE	24	\$ 95	\$ 2,280		\$ 2,280	
PDM	4	\$ 110	\$ 440		\$ 440	
PM	16	\$ 115	\$ 1,840		\$ 1,840	
AE	0	\$ 100	\$ -		\$ -	
SSM	8	\$ 135	\$ 1,080		\$ 1,080	
Travel, Hotel Etc.		\$ -	\$ 1,200	10%	\$ 1,333	\$ 6,973
<b>3.3</b>			\$ -			
<b>Installation</b>			\$ -			
PDE	20	\$ 95	\$ 1,900		\$ 1,900	
PDM	4	\$ 110	\$ 440		\$ 440	
PM	680	\$ 115	\$ 78,200		\$ 78,200	
Project Superintendent	680	\$ 78	\$ 53,040		\$ 53,040	
AE	0	\$ 100	\$ -		\$ -	
SSM	0	\$ 135	\$ -		\$ -	
City Response/QA/QC	0	\$ 61	\$ -		\$ -	
Admin Personnel	0	\$ 45	\$ -		\$ -	
Travel, Hotel Etc.		\$ -	\$ 4,000	10%	\$ 4,444	\$ 138,024
<b>3.4</b>			\$ -		\$ -	\$ -
<b>Post Installation Verification Services</b> (Quarterly Consultation)			\$ -		\$ -	\$ -
<b>4.0 Escrow Accounty Agent Fee</b>			\$ -		\$ 10,000	10% \$ 11,111
JCI Performance Bond			\$ -		\$ 3,313	10% \$ 3,681
Sub Contractors Bonding			\$ -		\$ 18,779	10% \$ 20,866
Additional Permits, Licences			\$ -		\$ -	10% \$ -
<b>5.0</b>			\$ -			
<b>General Conditions</b>			\$ -			
Trailers & Misc			\$ -		\$ 1,500	10% \$ 1,667
Contract Reviews - Legal			\$ -		\$ 1,000	10% \$ 1,111
Telephone, Computers, office sup.			\$ -		\$ 1,500	10% \$ 1,667
<b>6.0</b>			\$ -			
<b>Public Relations</b>			\$ -			
Supplies			\$ -		\$ -	10% \$ -
PR Person	0	\$ 110	\$ -		\$ -	10% \$ -
<b>7.0</b>						\$ 47,193
JCI Home Office Allocation		5%				
<b>8.0</b>						\$ -
Contingency		0%				
<b>9.0 Total Cost this Change</b>						\$ 991,054
<b>10.0 Contingency carried forward from CO #3</b>						(\$289,597)
<b>11.0 Adjustment for Base to CO #1 (Includes cost of \$107,960 + 10% GM)</b>						(\$119,956)
<b>12.0 Less Adjustment to County for delay (work could have been performed)</b>						(\$45,197)
<b>13.0 Total Additional Cost this Change Order</b>						\$ 536,304

\* This does not include any TGB's.

## ADDENDUM TO ESCROW TRUST AGREEMENT

This Addendum to Escrow Agreement (the "Addendum") dated as of April 15, 2008, amending the Escrow Agreement dated as of May 3, 2006 (the "Original Escrow Agreement," and together with the Addendum, the "Escrow Agreement"), and entered into among **CITIMORTGAGE, INC.**, a Delaware corporation ("Assignee"), **ST. JOHNS COUNTY, FLORIDA**, a body corporate and politic existing under the laws of Florida ("Customer"), and **UMB BANK, n.a.**, a national banking association, as escrow agent (the "Escrow Agent").

Lease/Purchase Schedule dated as of April 15, 2008 between Assignee (as subassignee of the assignee of the original lessor under the Lease)

Name of Additional Account in the Acquisition Fund: "2008 Account in St. John's County Florida Acquisition Fund No. 130478.1"  
Account No. 130479.2

Amount of Deposit into the Account: \$288,526

### TERMS AND CONDITIONS

1. This Addendum is being entered into to add an additional account to the Acquisition Fund created in the Original Escrow Agreement. The proceeds of the Lease/Purchase Schedule designated above in the amount designated above will be deposited pursuant to the wire instructions set forth below:

UMB Bank, N.A.  
ABA: 101 000 695  
Acct. No.: 98 000 06823  
Acct. Name: UMB Bank, N.A.  
OBI: Citicorp/ St. Johns Co FL 130479.2

2. Moneys held by the Escrow Agent in the additional account created hereunder will be invested in the manner described in the Original Escrow Agreement, provided that such investment will be in accordance with the Arbitrage Instructions attached to this Addendum as **Exhibit A**.

3. The aggregate amount of the costs, fees, and expenses of the Escrow Agent in connection with the creation of the additional account described in and created by this Addendum and in carrying out any of the duties, terms or provisions of the Escrow Agreement related to the additional account is an initial fee in the amount of \$100, to be paid by Assignee concurrently with the execution and delivery of this Escrow Agreement, and an annual fee in the amount of \$400, to be paid by Assignee concurrently with the execution and delivery of this Escrow Agreement and thereafter on each one year anniversary of such date. This fee is in addition to the fee described in the Original Escrow Agreement.

4. Except as specifically amended by this Addendum, the provisions of the Original Escrow Agreement will continue in full force and effect and will apply to the additional account created hereunder. In the event of a conflict between the provisions of the Original Escrow Agreement and this Addendum, the provisions of this Addendum will apply.

IN WITNESS WHEREOF, Assignee, Customer and the Escrow Agent have caused this Addendum to be executed by their duly authorized representatives.

CITIMORTGAGE, INC.  
ASSIGNEE

By: *Diane Boday*  
Title: DIANE BODAY  
Vice President



ST. JOHNS COUNTY, FLORIDA  
LESSEE

By: *Michael D. Wenzel*  
Title: Michael D. Wenzel  
County Administrator

UMB BANK, n.a.  
ESCROW AGENT

By: \_\_\_\_\_  
Title: \_\_\_\_\_

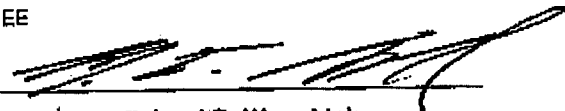
IN WITNESS WHEREOF, Assignee, Customer and the Escrow Agent have caused this Addendum to be executed by their duly authorized representatives.

**CITIMORTGAGE, INC.**  
ASSIGNEE

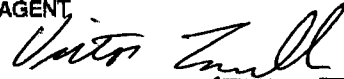
By: \_\_\_\_\_  
Title: \_\_\_\_\_



**ST. JOHNS COUNTY, FLORIDA**  
LESSEE

By:   
Title: Michael D. Warchick  
County Administrator

**UMB BANK, n.a.**  
ESCROW AGENT

By:   
Title: SR Vice President

**[SHORT-FORM EXHIBIT A—LEASE SCHEDULE EXEMPT FROM ARBITRAGE REBATE  
UNDER THE SMALL-ISSUER (\$5-\$10 MILLION) EXCEPTION:]**

**EXHIBIT A**

**ARBITRAGE INSTRUCTIONS**

These Arbitrage Instructions provide procedures for complying with § 148 of the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exclusion from federal gross income of the interest portions of the Rental Payments under the Schedule.

**1. Temporary Period/Yield Restriction.** Except as described in this paragraph, money in the Acquisition Fund must not be invested at a yield greater than the yield on the Schedule. Proceeds of the Schedule in the Acquisition Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Commencement Date of the Schedule. If any unspent proceeds remain in the Acquisition Fund after three years, such amounts may continue to be invested without yield restriction so long as Customer pays to the IRS all yield reduction payments under § 1.148-5(c) of the Treasury Regulations.

**2. Opinion of Bond Counsel.** These Arbitrage Instructions may be modified or amended in whole or in part upon receipt of an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations, satisfactory to Assignee, that such modifications and amendments will not adversely affect the exclusion of the interest components of Rental Payments from gross income for federal income tax purposes.

[LONG-FORM EXHIBIT A—LEASE SCHEDULE IS SUBJECT TO ARBITRAGE REBATE:]

EXHIBIT A

ARBITRAGE INSTRUCTIONS

These Arbitrage Instructions provide procedures for complying with § 148 of the Internal Revenue Code of 1986, as amended (the "Code"), in order to preserve the exclusion from federal gross income of the interest portions of the Rental Payments under the Agreement.

**1. Definitions.** Unless the context otherwise requires, in addition to the terms defined in the Agreement, the Escrow Agreement, and the Regulations, the following capitalized terms are defined:

"Computation Date" means the date as of which arbitrage rebate for the Agreement is computed. Escrow Agent shall select the Computation Date consistent with these Arbitrage Instructions and the Regulations. The Computation Date must occur on or before the earlier of (a) the fifth anniversary of the Lease Issuance Date, or (b) the date the Agreement is terminated.

"Gross Proceeds" means all amounts in the Acquisition Fund.

"Guaranteed Investment Contract" is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate. The term also includes any agreement to supply Investments on two or more future dates (e.g., a forward supply contract).

"Investment" generally means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. Such term does not include any tax-exempt bond, except for "specified private activity bond" as defined in Code § 57(a)(5)(C) (regarding the alternative minimum tax).

"Rebate Analyst" means Special Tax Counsel, an independent certified public accountant, or such other person or firm selected by Customer, and acceptable to Assignee, to compute arbitrage rebate.

"Regulations" means U.S. Treasury Regulations §§ 1.148-0 through 1.148-11, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2, as amended, and any other temporary, proposed or final regulations issued by the U.S. Treasury Department to implement the requirements of Code § 148(f) and applicable to the Agreement.

"Special Tax Counsel" means Gilmore & Bell, P.C. or other nationally recognized counsel in the area of tax-exempt municipal obligations, satisfactory to Assignee.

**2. Temporary Period/Yield Restriction.** Except as described in this paragraph, money in the Acquisition Fund must not be invested at a yield greater than the yield on the Agreement. Proceeds of the Agreement in the Acquisition Fund and investment earnings on such proceeds may be invested without yield restriction for three years after the Lease Issuance Date of the Agreement. If any unspent proceeds remain in the Acquisition Fund after three years, such amounts may continue to be invested without yield restriction so long as Customer pays to the IRS all yield reduction payments under § 1.148-5(c) of the Treasury Regulations.

**3. Fair Market Value.**

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of an Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value must be determined in accordance with § 1.148-5 of the Regulations.

(b) *Established Securities Market.* Except for Investments purchased for a yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using one of the paragraphs below. The fair market value of Investments purchased for a yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with § 1.148-5 of the Regulations.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (i) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal; (ii) the yield on the CD is not less than the yield on reasonably comparable direct obligations of the United States; and (iii) the yield is not less than the highest yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met—

(1) Bona Fide Solicitation for Bids. Customer or Escrow Agent makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (a) that the potential provider did not consult with any other potential provider about its bid, (b) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with Customer or Escrow Agent, or any other person (whether or not in connection with the Agreement), and (c) that the bid is not being submitted solely as a courtesy to Customer or Escrow Agent, or any other person, for purposes of satisfying the requirements of § 1.148-5 of the Regulations.

(D) The terms of the bid specifications are "commercially reasonable." A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account Customer's reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. For example, no potential provider is given the opportunity to review other bids (i.e., a last look) before providing a bid.

(G) At least 3 "reasonably competitive providers" are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased.

(2) **Bids Received.** The bids received by Customer or Escrow Agent must meet all of the following requirements:

(A) Customer or Escrow Agent receives at least 3 bids from providers that were solicited as described above and that do not have a "material financial interest" in the issue. For this purpose, (a) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Lease Issuance Date of the issue; (b) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue; and (c) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least one of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If Customer or Escrow Agent uses an agent or broker to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) **Winning Bid.** The winning bid is the highest yielding bona fide bid (determined net of any broker's fees).

(4) **Fees Paid.** The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) **Records.** Escrow Agent retains the following records with the Agreement documents until 3 years after the Agreement is terminated:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid by Customer or Escrow Agent for the Guaranteed Investment Contract, including a record of any administrative costs paid by Customer or Escrow Agent, and the certification as to fees paid, described in section 3(d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

#### 4. **Spending Exceptions.**

(a) **Six-Month Exception.**

(1) The obligation to pay arbitrage rebate to the United States will be treated as satisfied if the Gross Proceeds (as modified below) are allocated to expenditures for the governmental purposes of the Agreement within 6 months after the Lease Issuance Date.

(2) For purposes of paragraph (1) above, Gross Proceeds do not include amounts in a bona fide debt service fund or a reasonably required reserve or replacement fund, or amounts that become Gross Proceeds after the end of the 6-month spending period, but were not anticipated as of the Lease Issuance Date. The Agreement meet the 6-month spending test even if, at the end of

the 6-month period, Gross Proceeds not exceeding 5% of the sale proceeds of the Agreement remain unspent, so long as such Gross Proceeds are spent within 1 year after the Lease Issuance Date. But the use of Gross Proceeds to pay any portion of the principal components of any Rental Payments cannot be treated as an expenditure of Gross Proceeds for the purpose of this spending exception.

(b) *Eighteen-Month Exception.*

(1) The obligation to pay arbitrage rebate to the United States will be treated as satisfied if the Gross Proceeds (as modified below) are allocated to expenditures for the governmental purposes of the Agreement in accordance with the following schedule:

Time Period After the Lease Issuance Date	Minimum Percentage of Gross Proceeds Spent
6 months	15%
12 months	60%
18 months	100%

(2) For purposes of paragraph (1) above, Gross Proceeds do not include amounts in a bona fide debt service fund or a reasonably required reserve or replacement fund, or amounts that become Gross Proceeds after the end of the 18-month spending period, but were not anticipated as of the Lease Issuance Date. The Agreement meet the 18-month spending test even if, at the end of the 18-month period, Gross Proceeds not exceeding a "reasonable retainage" remain unspent, so long as such proceeds are allocated to expenditures within 30 months after the Lease Issuance Date. For this purpose, reasonable retainage means Gross Proceeds retained by Customer for reasonable business purposes, such as to ensure or promote compliance with a construction contract; except that such amount cannot exceed 5% of net sale proceeds of the Agreement on the date 18 months after the Lease Issuance Date. In addition, the failure to satisfy the final spending requirement at the end of the 18-month period is disregarded if Customer uses due diligence to complete the acquisition, delivery, and installation of the Project and the amount of the failure does not exceed the lesser of 3% of the aggregate issue price of the Agreement or \$250,000. But the use of Gross Proceeds to pay any portion of the principal components of any Rental Payments cannot be treated as an expenditure of Gross Proceeds for the purpose of this spending exception.

**5. Computation and Payment of Arbitrage Rebate.**

(a) *Computation of Arbitrage Rebate.* Customer shall engage a Rebate Analyst (1) to determine whether the Agreement meets one of the spending exceptions from rebate described above, and (2) if necessary, to compute arbitrage rebate as of the Computation Date in accordance with the Regulations. Such determination and computation must be completed within 45 days after the Computation Date. Not later than 50 days after the Computation Date, Customer shall give written notice to Assignee and Escrow Agent by first class mail, postage prepaid, including a copy of such computation, showing the arbitrage rebate due, together with an opinion or certificate of the Rebate Analyst stating that arbitrage rebate was determined in accordance with the Regulations.

(b) *Rebate Payments.* Within 60 days after the Computation Date, Customer shall pay to the United States 100% of the rebate amount. Such payment must be (1) accompanied by IRS Form 8038-T and such other forms, documents or certificates as may be required by the Regulations, and (2) mailed or delivered to the IRS at the address shown below, or to such other location as the IRS may direct:

Internal Revenue Service Center  
Ogden, UT 84201

Customer shall provide to Assignee and Escrow Agent a copy of any checks and other documentation filed with the IRS.

**6. Records.** Customer shall retain detailed records with respect to (a) each computation of arbitrage rebate; (b) dates and amounts of all expenditures of Gross Proceeds; (c) the purchase, sale, and redemption of each Investment, including purchase date; purchase price, including any accrued interest paid; face amount; coupon rate; frequency of interest payments; sale or redemption date; sale or redemption price, including any accrued interest received; and (d) information establishing the fair market value on the date such Investment was purchased or sold (if required by paragraph 3 of these Arbitrage Instructions). Customer must retain all such records until six years after the Agreement is terminated.

**7. Filing Requirements.** Customer shall file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an opinion of Special Tax Counsel.

**8. Survival after Defeasance.** Notwithstanding anything in the Agreement to the contrary, the obligation to pay arbitrage rebate to the United States and to comply with all other requirements contained in these Arbitrage Instructions and in the Regulations will survive the payment or termination of the Agreement.

**9. Opinion of Special Tax Counsel.** These Arbitrage Instructions may be modified or amended in whole or in part upon receipt of an opinion of Special Tax Counsel to the effect that such modifications and amendments will not adversely affect the exclusion of the interest components of Rental Payments from gross income for federal income tax purposes.

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**Information Return for Tax-Exempt Governmental Obligations**

▶ Under Internal Revenue Code section 149(e)  
 ▶ See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

**Part I Reporting Authority** If Amended Return, check here

1 Issuer's name <b>St. Johns County, Florida</b>		2 Issuer's employer identification number <b>59 : 6000825</b>	
3 Number and street (or P.O. box if mail is not delivered to street address) <b>4020 Lewis Speedway</b>		Room/suite	4 Report number <b>3</b>
5 City, town, or post office, state, and ZIP code <b>St. Augustine, Florida 32084</b>		6 Date of issue <b>April 15, 2008</b>	
7 Name of issue <b>Lease Purchase Schedule (Schedule 4B)</b>		8 CUSIP number <b>None</b>	
9 Name and title of officer or legal representative whom the IRS may call for more information <b>Ben W. Adams, Jr., County Administrator</b>		10 Telephone number of officer or legal representative <b>( 904 ) 209-0530</b>	

**Part II Type of Issue (check applicable box(es) and enter the issue price)** See instructions and attach schedule

11 <input type="checkbox"/> Education	11	
12 <input type="checkbox"/> Health and hospital	12	
13 <input type="checkbox"/> Transportation	13	
14 <input type="checkbox"/> Public safety	14	
15 <input type="checkbox"/> Environment (including sewage bonds)	15	
16 <input type="checkbox"/> Housing	16	
17 <input checked="" type="checkbox"/> Utilities	17	<b>288,526</b>
18 <input type="checkbox"/> Other. Describe ▶	18	
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>		
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>		

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	<b>2-15-2019</b>	<b>\$ 288,526</b>	<b>\$ 288,526</b>	<b>6.05</b> years	<b>4.0095 %</b>

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22 Proceeds used for accrued interest	22	<b>0</b>
23 Issue price of entire issue (enter amount from line 21, column (b))	23	<b>288,526</b>
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	<b>0</b>
25 Proceeds used for credit enhancement	25	<b>0</b>
26 Proceeds allocated to reasonably required reserve or replacement fund	26	<b>0</b>
27 Proceeds used to currently refund prior issues	27	<b>0</b>
28 Proceeds used to advance refund prior issues	28	<b>0</b>
29 Total (add lines 24 through 28)	29	<b>0</b>
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	<b>288,526</b>

**Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)**

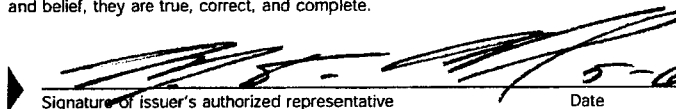
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	_____ years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	_____ years
33 Enter the last date on which the refunded bonds will be called	_____
34 Enter the date(s) the refunded bonds were issued	_____

**Part VI Miscellaneous**

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	
b Enter the final maturity date of the guaranteed investment contract	37a	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units		
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer		
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box	<input type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box	<input type="checkbox"/>	
40 If the issuer has identified a hedge, check box	<input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

 **Michael D. Wanchick**  
 County Administrator

Signature of issuer's authorized representative

Date

Type or print name and title

