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RESOLUTION 2004-01

A RESOLUTION OF THE KEY LARGO WASTEWATER TREATMENT DISTRICT, ESTABLISHING A PROCEDURE FOR CONDUCTING DIRECT PURCHASE ACTIVITIES

WHEREAS, the Board of Commissioners of the Key Largo Wastewater Treatment District desire to establish a procedure for conducting direct purchase activities;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KEY LARGO WASTEWATER TREATMENT DISTRICT THAT:

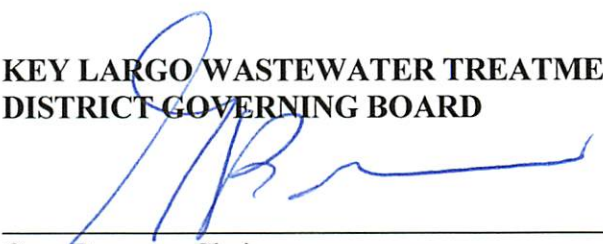
1. Under the terms of that certain Design-Build Agreement between the Key Largo Wastewater Treatment District ("District") and The Haskell Company ("Haskell"), dated effective June 25, 2003, the District retained the right to direct-purchase equipment and materials to be incorporated into the work.
2. The District believes that by exercising its right of direct-purchase to the maximum practicable extent, the public interest will be served, since direct-purchase will avoid the imposition of sales and use taxes amounting to many thousands of dollars.
3. Haskell has used competitive processes to evaluate vendors and potential equipment and materials and to obtain market prices. Further efforts by the District to competitively procure these items would be disruptive to the procurement process already under way by Haskell and would be detrimental to the purpose of the Key Largo Wastewater Treatment District Act ("Act"). Therefore, the District determines under Fla.Stat. 189.441 that the purposes of the Act will be most effectively served by allowing Haskell to proceed with its normal procurement processes to identify and select equipment, materials, and vendors for these items.
4. The District General Manager will identify the specific equipment and materials to be direct-purchased by the District, considering the nature of the equipment and materials and the amounts of sales and use taxes to be avoided versus the costs of administering the direct-purchase program. It is the intent of the District to exercise its right to direct-purchase equipment and materials to the maximum extent practicable and beneficial to the District.
5. The District will issue purchase orders in the District's name for selected equipment and materials, using purchase order forms substantially identical to Haskell's normal purchase order forms, and incorporating all reasonable protections for the District. The District's Counsel is directed to review and approve the purchase order forms for that purpose.
6. Haskell will submit completed purchase orders for specific equipment and materials to the District General Manager for execution. Each such purchase order will be supported by backup, including the vendor quotation. If Haskell has considered more than one

vendor, Haskell will provide a copy of its internal documentation showing the basis for selection of the successful vendor, along with the purchase order form. The District General Manager is authorized to execute each purchase order form on behalf of the District.

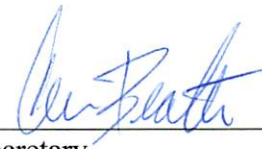
7. The District General Manager is authorized to accept equipment and materials on behalf of the District after consultation with Haskell to ensure that the goods are conforming goods. With assistance from Haskell and the District Counsel, if needed, the District General Manager will take appropriate steps to ensure that the goods are inspected and that any claims for defective goods are made promptly and timely.
8. The District General Manager is responsible to coordinate with the District Chief Financial Officer to ensure timely and complete transmittal of all invoices, checks, and other materials needed to ensure that all purchases are properly accounted-for, all purchases will meet the formal requirements under state law for exemption from sales taxes, and all payments are made timely under the Florida Prompt Payment Act.
9. After payment by the District for direct-purchased equipment and materials, Haskell will prepare and submit to the District change orders reducing the contract price under the Design-Build Agreement by the prices paid for the direct-purchased equipment and any state and county sales tax avoided as a result of the direct purchases.

PASSED AND ADOPTED this 7th day of July, 2004.

**KEY LARGO WASTEWATER TREATMENT
DISTRICT GOVERNING BOARD**



Gary Bauman, Chair
Key Largo Wastewater Treatment District



Cris Beaty, Secretary
Key Largo Wastewater Treatment District

Approved as to legal form:



Thomas Dillon, Esq., Board Attorney
Key Largo Wastewater Treatment District