

FRANKLIN COUNTY WATER DISTRICT
POLICY FOR ASSESSING ADMINISTRATIVE PENALTIES

The following policy shall become immediately effective upon the adoption by the Board of Directors of the Franklin County Water District:

The District may assess an administrative penalty against a Lessee who causes (directly or indirectly) or allows any violation of (i) the duly adopted Rules and Regulations, or (ii) the terms of a permit issued for construction on such Lessee's Leased Property. Any such administrative penalty shall be imposed in accordance with the following guidelines:

1. The General Manager or designee shall make a determination and deliver written notice (the "**Default Notice**") thereof to the Lessee of the Leased Property upon which a violation has occurred (the "**Defaulting Lessee**"). The Default Notice shall state in reasonable detail (i) the nature of the violation, (ii) whether the violation is capable of being cured and, if so, the actions required to cure such violation, and (iii) if applicable, the deadline by which any cure must be completed (the "**Cure Deadline**").

2. Whether or not the violation is capable of being cured, the General Manager may issue an order at any time after the Default Notice assessing an initial administrative penalty against the Defaulting Lessee and the Leased Property in an amount ranging from \$1,000 to \$25,000.

3. If the Default Notice requires the Defaulting Lessee to take certain action to cure the violation and the Defaulting Lessee has failed to cure the violation by the Cure Deadline, the Manager may issue an order at any time after the Cure Deadline assessing additional administrative penalties against the Defaulting Lessee and the Leased Property in an amount ranging from \$0 to \$5,000 for each additional day that the violation remains uncured.

4. In assessing the administrative penalty, the General Manager may consider (i) the nature and scope of the violation, (ii) the effect of the violation on the Lake, other District Property and other Lessees, and (iii) the estimated net savings or net income or net gain (collectively, the "**Economic Benefit**") realized by the Defaulting Lessee as a result of violations. In determining Economic Benefit, the cost of returning to compliance and/or remediation shall be considered. Economic Benefit may not be less than zero.

5. The penalty amount for any single violation, or each group of violations which are treated as a single violation, shall not exceed a total of \$50,000. The final penalty amount for any continuing violation shall not exceed \$100,000.

6. An administrative penalty shall be paid within sixty (60) days from the date of issuance of the order assessing the penalty.

7. Any party subject to an administrative penalty may appeal to the Board by submitting a written request to the General Manager no later than thirty (30) days after

the imposition of such penalty. The General Manager shall place such request on the next regularly scheduled Board meeting for which the agenda has not yet been posted. Any timely appeal will stay the due date of such administrative penalty until a final determination is made by the Board.

8. Any Defaulting Lessee who fails to pay an administrative penalty by the final due date shall be subject to termination of such Defaulting Lessee's lease.