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 or individual or entity that is issued a District permit ("Permittee") who causes (directly or indirectly) or allows any violation of (i) the duly adopted Rules and Regulations, or (ii) the terms of a permit, including a permit issued for construction on such Lessee's Leased Property. Any such administrative penalty shall by 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 Permittee or Lessee of the Leased Property upon which a violation has occurred (the "***Defaulting Party***"). 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 Party and the Leased Property in an amount ranging from $1,000 to $25,000, or as stated in the District Rules and Regulations.

3. If the Default Notice requires the Defaulting Party to take certain action to cure the violation and the Defaulting Party has failed to cure the violation by the Cure Deadline, the Manager may issue a notice at any time after the Cure Deadline assessing additional administrative penalties against the Defaulting Party and/or the Leased Property in an amount ranging from $1 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, other permittees, and other Lessees, and (iii) the estimated net savings or net income or net gain (collectively, the "***Economic Benefit***") realized by the Defaulting Party 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. In addition to any administrative penalties assessed in accordance with this policy and/or the District Rules and Regulations, a Lessee or Permittee shall be liable for and assessed

additional fees arising from the incident resulting in an administrative penalty, including but not limited to attorney fees incurred relating to the incident.

7. An administrative penalty and any other fees resulting from the incident resulting in an administrative penalty, including but not limited to attorney fees, shall be paid within thirty (30) days from the date of issuance of the notification assessing the penalty.

8. Any Defaulting Lessee who fails to pay an administrative penalty or other fees assessed in accordance with this policy or the District's Rules and Regulations, including attorney fees, by the final due date shall be subject to termination of such Defaulting Lessee's lease.