



ORIGINAL
Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: November 5, 1998
TO: Division of Records and Reporting
FROM: Patricia Brady, Division of Water and Wastewater *PB GW LP*
RE: Docket No. 980767-WS, Joint application for transfer of facilities of Gulf Utility Company to Gulf Environmental Services, Inc. in Lee County and cancellation of Certificates Nos. 072-W and 064-S.

Please add to the docket file the attached letter dated October 8, 1998 from Mr. B. Kenneth Gatlin, Esquire, to Mr. Charles H. Hill. The letter indicates the reason the utility was waiting to respond to Mr. Hill's July 24, 1998 and September 18, 1998 letters requesting that a different application be given.

Attachment

cc: Division of Legal Services (Brubaker, Crosby)

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

DOCUMENT NO.
 12590-98
 11-9-98

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October 8, 1998

Charles H. Hill
Division Director
Division of Water & Wastewater
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

HAND DELIVERY

RECEIVED

OCT - 8 1998

Florida Public Service Commission
Division of Water and Wastewater

Re: Docket No. 980767-WS
Joint application for transfer of facilities of Gulf Utility Company to Gulf Environmental Services, Inc. in Lee County and cancellation of Certificates Nos. 072-W and 064-S.

Dear Mr. Hill:

I wanted to make sure that you know that the applicants in this case have not ignored your letters of July 24, 1998 and September 18, 1998. The attorneys for the applicants have been in discussion with members of the Commission's legal division, on several occasions. As you probably are aware, we have a conference scheduled with Ms. Brubaker tomorrow at 9:00 a.m.

We are optimistic that a reasonable conclusion can be reached to the satisfaction of all parties.

If you have any questions please let me know.

Very truly yours,



B. Kenneth Gatlin

BKG/ldv

**AGREEMENT FOR PURCHASE AND SALE OF
WATER AND WASTEWATER ASSETS**

By and Between

GULF UTILITY COMPANY

Seller

and

GULF ENVIRONMENTAL SERVICES, INC.

Purchaser

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ATTACHMENTS

- Schedule "A" (Real Property)
- Schedule "B" (Easements, licenses, etc.)
- Schedule "C" (Treatment plants, etc.)
- Schedule "D" (Certificates, permits, etc.)
- Schedule "E" (Developer Agreements assumed by Purchaser)
- Schedule "F" Contracts and Leases
- Schedule "G" (Permitted Encumbrances)
- Exhibit "A" (Lease Agreement)

Exhibit "B" (Consulting Agreement)

Exhibit "C" (Escrow Agreement)

**AGREEMENT FOR PURCHASE AND SALE OF
WATER AND WASTEWATER ASSETS**

THIS AGREEMENT ("Agreement") is made this 3rd day of March, 1998, by and between Gulf Utility Company, a Florida corporation (hereafter "Seller"), whose address is 19910 South Tamiami Trail, Estero, Florida 33928, and Gulf Environmental Services, Inc., a Florida Not-for-Profit Corporation (hereafter "Purchaser"), whose address is 2172 McGregor Boulevard, Fort Myers, Florida 33901.

WHEREAS, Seller owns and operates a potable water production, treatment, storage, transmission, and distribution system ("Water System") and a sanitary wastewater collection, treatment and effluent disposal system ("Wastewater System"), collectively, the Utility System, all of which are located in Lee County, Florida, and commonly known as Gulf Utility Company;

WHEREAS, the Utility System operates under Certificate of Public Necessity and Convenience ("Certificates") Nos. 072-W and 064-S issued by the Florida Public Service Commission ("Commission" or "PSC"), which authorize it to provide water and wastewater service to certain territories in unincorporated Lee County, Florida;

WHEREAS, Purchaser has been formed for the purpose of concluding single issue conduit financing of the acquisition of the assets of the Seller, but on behalf of Lee County, Florida, and pursuant to the consent of Lee County to do so;

WHEREAS, the acquisition of the Utility System by Purchaser has been determined by Purchaser to be in the best interest of Purchaser and County. Seller is willing to sell the Utility System to Purchaser, on behalf of the County, without the necessity of County instituting an eminent domain proceeding; and Purchaser has agreed to purchase the Utility System from Seller in lieu of eminent domain proceedings and in settlement of this matter upon the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing recitals and benefits to be derived from the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Seller and Purchaser hereby agree to sell and purchase the Utility System in lieu of condemnation, upon the following terms and conditions:

1. RECITALS. The foregoing recitals are true and correct and are incorporated herein.
2. COVENANT TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS.

a. Purchaser shall buy from Seller, and Seller shall sell to Purchaser, the Purchased Assets (as defined below) upon the terms, and subject to the conditions, set forth in this Agreement.

b. "Purchased Assets" shall include all assets, business properties, and rights, both tangible and intangible, that Seller owns, or in which it has an interest, regarding the "Utility System," including, but not limited to:

(1) The real property and interests in real property owned by Seller, and all buildings and improvements located thereon, as identified in Schedule "A" to this Agreement.

(2) All easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System, as identified in Schedule "B" to this Agreement.

(3) All water treatment plants, water supply and distribution facilities, wastewater collection, treatment and disposal facilities of every kind and description whatsoever, including but not limited to pumps, plants, tanks, lift stations, transmission mains, distribution mains, supply pipes, collection pipes or facilities, irrigation quality water and effluent disposal facilities, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used primarily in connection with the Utility System, together with all additions or replacements thereto, as identified in Schedule "C" to this Agreement.

(4) All certificates, immunities, privileges, permits, license rights, consents, grants, ordinances, leaseholds, and all rights to construct, maintain and operate the Utility System and its plants and systems for the procuring, treatment, storage and distribution of potable water and the collection and disposal of wastewater and every right of every character whatever in connection therewith, and the obligations thereof; all agencies for the supply of water to the Utility System or others; all water rights, flowage rights and riparian rights and all renewals, extensions, additions or modifications of any of the foregoing; together with all rights granted to Seller under the Certificates, as identified in Schedule "D" to this Agreement; to the extent that Seller's rights to the foregoing are transferable.

(5) All items of inventory owned by Seller on the Closing Date.

(6) All supplier lists, customer records, prints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals, and other information reasonably required by Purchaser to operate the Utility System in Seller's possession.

(7) All sets of record drawings, including as-built drawings, showing all facilities of the Utility System, including all original tracings, sepias or other reproducible materials in Seller's possession.

(8) All rights of Seller under any Developer Agreements that may be expressly assumed by Purchaser, as identified in Schedule "E" to this Agreement.

c. The following assets are excluded from the Purchased Assets:

(1) Cash, accounts receivable, bank accounts, equity and debt securities of any nature, deposits maintained by Seller with any governmental authority, utility deposits and prepaid expenses of Seller, which are Seller's sole property and are not subject to refund to customers, including Developers or others.

(2) Escrow and other Seller provisions for payment of federal and state income taxes.

(3) The name and the Florida Corporation known as Gulf Utility Company.

3. PURCHASE PRICE.

a. Purchaser shall to pay to Seller, subject to the adjustments and prorations referenced herein, a total purchase price in the amount of \$43,000,000. Payment shall be made to Seller as follows:

(1) Purchaser shall deposit \$100,000 upon the execution of this Agreement, to be held in escrow pursuant to the Escrow Agreement attached as Exhibit "C";

(2) At Closing, Purchaser shall pay Seller \$42,900,000 in immediately available federal funds, by wire-to-wire transfer to an account designated by Seller.

b. Caloosa Group, Inc., a Florida corporation that is owned by the shareholders of Seller and their affiliates ("Caloosa"), owns a substantial interest in the office building located at 19910 South Tamiami Trail, Estero, Florida in which Seller is a tenant. Seller shall be allowed up to nine (9) months use of the leasehold premises, from the Closing Date, at no cost to Purchaser. Additionally, during the nine (9) month period from the Closing Date, Purchaser shall be responsible for payment of the taxes, utilities, and routine maintenance on the office building, and shall procure and maintain hazard insurance equivalent to the policy currently in effect with respect to the office building. After the expiration of six (6) months from the Closing Date,

Seller may, if successful in the sale of the leasehold premises to a third party, require Purchaser to vacate the leasehold premises upon providing at least thirty (30) days notice prior to the first day of the following month. Seller shall provide such written documentation as may reasonably be required by Purchaser to demonstrate cancellation of the leasehold agreement between Seller and Caloosa, and Purchaser and Caloosa shall enter into the Lease Agreement attached as Exhibit "A", the terms of which shall include that Purchaser shall pay Caloosa \$24,000 in rent at Closing, plus sales tax. Also, Purchaser shall pay Caloosa \$226,000 in cash at Closing for termination of the existing leasehold agreement.

c. Title to the Purchased Assets shall be delivered by the Seller to the Purchaser at Closing, free and clear of all liens, encumbrances, debts, liabilities, or third party claims whatsoever ("Encumbrances"), other than Permitted Encumbrances (as defined in Section 6 hereof). However, Seller shall have no liability to Purchaser in the event the Real Property is subject to any Encumbrances.

4. REPRESENTATIONS AND WARRANTIES OF SELLER. As a material inducement to Purchaser to execute this Agreement and perform its obligations thereunder, Seller represents and warrants to Purchaser as follows:

a. Seller is duly organized, validly existing and in good standing under the laws of the State of Florida. Seller has all requisite corporate power and authority to carry on its business as now being conducted, to enter into this Agreement, and to carry out and perform the terms and conditions of this Agreement.

b. The Board of Directors and Shareholders of Seller have, or prior to Closing will have, approved this Agreement.

c. Seller shall, within 5 days of the execution of this Agreement, deliver to Purchaser an audited balance sheet of Seller for the years ending December 31, 1995 and December 31, 1996, and related statements of income for the fiscal periods then ended of Seller (such balance sheets and related statements of income are hereinafter collectively called the "Audited Financial Statements"). The Audited Financial Statements are in accordance with the books and records of Seller and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. The Audited Financial Statements present fairly the financial position of Seller, and present fairly the results of the operations and the changes in financial position of the Company for the periods indicated subject to normally recurring year-end adjustments and in accordance with generally accepted accounting principles, none of which are adverse. At the close of business on December 31, 1996, Seller did not have any indebtedness, liabilities, obligations, or loss contingencies

(within Statement of Financial Accounting Standards No. 5), contingent, inchoate, liquidated or unliquidated, that were required to have been, but were not, fully reflected, reserved against or disclosed on the Audited Balance Sheet (or the notes thereto) in accordance with generally accepted accounting principles. All financial statements of Seller for 1997 and until the Closing Date have been prepared in accordance with the books and records of Seller and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis with those of calendar years 1995 and 1996.

d. Since December 31, 1997, Seller has not:

(1) Incurred any obligations or liabilities, whether absolute, accrued, contingent, or otherwise, for which Purchaser would have any liability or obligation, except as may be specifically assumed by Purchaser in writing at Closing;

(2) Mortgaged, pledged, or subjected to lien or any other encumbrances or charges, any of its tangible or intangible assets, which will not be discharged at or prior to Closing, except as may be specifically assumed by Purchaser in writing at Closing;

(3) Sold or transferred any of its assets, except in the ordinary course of business;

(4) Suffered any damage, destruction, or loss (whether or not covered by insurance) of substantial value affecting the properties, business, or prospects of Seller, or waived any rights of substantial value; or

(5) Entered into any transaction other than in the ordinary course of business.

e. To Seller's knowledge, there are no legal actions, suits, mediations, arbitrations, or other legal or administrative proceedings pending or threatened against Seller that could affect it or its properties, assets, or business; and Seller is unaware of any facts that might result in any action, suit, mediation, arbitration, or other proceedings that might result in any adverse change in the business or condition (financial or otherwise) of Seller or its properties or assets. Seller is not in default with respect to any judgment, order, or decree of any court or any governmental agency or instrumentality.

f. The business operations of Seller have been and are being conducted in all material respects in accordance with all applicable laws, rules, and regulations of all authorities. Seller is not in violation of, or in default under, any term or provision of its Articles of Incorporation or By-Laws, as amended (if applicable), or any lien, mortgage, lease, agreement, instrument, order, judgment, or decree, or subject to any restriction of any

kind or character contained in the foregoing that reasonably could be expected to adversely affect in any way the business, properties, assets, or prospects of Seller, or that would prohibit Seller from entering into this Agreement or prevent consummation of the purchase and sale of assets contemplated by this Agreement.

g. Seller has not currently been cited or notified, and is unaware, of any material violation of any material governmental rules, regulations, permitting conditions, or other governmental requirements of any type or nature applicable to the ownership, maintenance, construction or operation of the Utility System except for the ordinary maintenance and operation of the Utility System in accordance with applicable laws and the continuing obligations of Seller after the Closing, which are required to maintain and operate the Utility System, nor is Seller aware of any conditions, which by reason of the passing of time or the giving of notice, would constitute such a violation.

h. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Seller, the Articles of Incorporation or By-Laws of Seller, nor any indenture, agreement, or other instrument to which Seller is a party, or by which it is bound, except for the requirement of obtaining consents from third parties to the assignment of contracts and leases, to the extent necessary.

i. Schedule "A" to this Agreement identifies all parcels of land, together with all existing buildings and improvements erected thereon, that Seller owns or to which Seller has title ("Real Property"). Seller has exclusive possession, control, and, to its actual knowledge, ownership and good and marketable title to all Real Property, including without limitation, those used or located on property controlled by Seller in its business on the date of this Agreement. To Seller's knowledge, the Real Property is subject to no mortgage, pledge, lien, charge, security interest, encumbrance, or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to such Real Property free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances. Seller makes no representation as to the condition of the Real Property, and Purchaser acknowledges that it is accepting the Real Property in "as is" condition, with no warranty of merchantability or fitness for a particular purpose or use, except for (i) the representations set forth in this paragraph, and (ii) the Environmental Law Compliance representations set forth in subsection o. below.

j. Seller has exclusive ownership, possession, control, and good and marketable title to all Purchased Assets other than the Real Property, including without limitation, those reflected in the Audited Financial Statements (except as may have been sold by

Seller in the ordinary course of business), and those used or located on property controlled by Seller in its business on the date of this Agreement. The Purchased Assets other than the Real Property are subject to no mortgage, pledge, lien, charge, security interest, encumbrance, or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to the Purchased Assets other than the Real Property free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever. Seller makes no representation as to the condition of the Purchased Assets other than the Real Property, and Purchaser acknowledges that it is accepting the purchased assets other than the Real Property in "as is" condition, with no warranty of merchantability or fitness for a particular purpose or use, except the Purchased Assets other than the Real Property, at Closing, shall be free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances.

k. To Seller's knowledge, Seller has not been threatened with any action or proceeding under any building or zoning ordinance, regulation, or law.

l. A complete list of Seller's liabilities being assumed by Purchaser is set forth in Schedule "F" to this Agreement.

m. There are no representations or warranties contained within this Agreement, and no exhibits, certificate, schedule or other document furnished or to be furnished in connection with the transaction contemplated hereby, which contain or will contain a misstatement of material fact, or omits or will omit to state a material fact required to be stated in order to make the statement therein not misleading.

n. Seller is not in default with respect to any order, writ, injunction, or decree of any court or federal, state, municipal or other governmental department regarding the ownership, operation or maintenance of the Purchased Assets or businesses comprising or relating to the Utility System. To Seller's knowledge, there is no pending or threatened litigation or governmental action that could prohibit or interfere with the performance of this Agreement.

o. Environmental Law Compliance.

(1) Definitions.

(a) "Environmental Law" means any federal, state, or local statute, order, regulation, or ordinance, or common law or equitable doctrine relating to the protection of human health or the environment in effect as of the Closing Date and includes, but is not limited to, The Florida Air and Water Pollution Control Act (Chapter 403, Florida Statutes), the

Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe Drinking Water Act, (42 U.S.C. § 300f et seq.), as such have been amended or supplement as of the Closing Date, and the regulations promulgated pursuant thereto, and in effect as of the Closing Date.

(b) "Hazardous Material" means petroleum or any substance, material, or waste which is regulated under any Environmental Law in the jurisdictions in which Seller conducts its business including, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "toxic waste," or "toxic substance" under any provision of Environmental Law.

(c) "Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, or dispersal into the environment, at or from any property owned or operated by Seller or related to Hazardous Materials generated by Seller.

(d) "Remedial Action" means all actions required to (1) clean up, remove, or treat any Hazardous Material; (2) prevent the Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the environment; or (3) perform pre-remedial studies and investigations or post-remedial monitoring and care directly related to or in connection with any such remedial action.

(2) Representations. To Seller's actual knowledge:

(a) Seller is in material compliance with all applicable Environmental Laws and has no material liability thereunder, and there is no reasonable basis for any such liability.

(b) Seller has obtained all permits required, or has submitted applications for such permits in a timely manner, under applicable Environmental Laws necessary for the operation of its business as presently conducted as of the date of this Agreement.

(c) Seller has not received within the last three years and is not aware of any pending communication from any governmental authority or other party with respect to (1) the actual or alleged violation of any Environmental Laws; (2) any actual or proposed Remedial Action; or (3) any Release or threatened Release of a Hazardous Material.

(d) No polychlorinated biphenyl or asbestos-containing materials, in material violation of Environmental Law are, or have been, present at any property when owned, operated, or leased by Seller, nor are there any underground storage tanks, active or abandoned, at any property owned, operated, or leased by Seller.

(e) There is no Hazardous Material located, in material violation of Environmental Law, at any site that is owned, leased, operated, or managed by Seller other than chemicals used for treatment (such as chlorine); no site that is owned, leased, operated, or managed by Seller is listed or formally proposed for listing under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System ("CERCLIS") or on any similar state list that is the subject of federal, state, or local enforcement actions or other investigations that may lead to claims against Seller for clean-up costs, remedial work, damages to natural resources, or for personal injury claims, including, but not limited to, claims under CERCLA; and there is no reasonable basis for Seller to be named in such claims or for any similar action to be brought against Seller.

(f) No written notification of a Release of a Hazardous Material has been filed by or on behalf of Seller or with respect to any property when owned, operated, or leased by Seller. No such property is listed or proposed for listing on the National Priority List promulgated pursuant to CERCLA, or CERCLIS, or any similar state list of sites requiring investigation or clean up.

(g) No Hazardous Material has been released in material violation of Environmental Law at, on, or under any property now or when formerly owned, operated, or leased by Seller; and no Hazardous Material has been released in material violation of Environmental Law at, on, or under any such property before such property was owned, operated, or leased by Seller.

(3) Inspection and Remedies.

(a) Purchaser shall engage Johnson Engineering, Inc. of Fort Myers to perform a Phase I Environmental Survey (and a subsequent Phase II, if necessary) of the Real Property. Copies of each such Environmental Survey shall be promptly provided by Purchaser to Seller. Purchaser shall satisfy itself that the Real Property being acquired is in compliance with all applicable Environmental Law and that Purchaser will have no material liability thereunder, and that there is no reasonable basis for the imposition of such liability in the future, due to the condition of the Real Property as of the Closing Date. Should contamination be found on the Real Property prior to the Closing Date, Seller shall have the right to perform such clean-up and remediation as is necessary thereunder. Upon Seller's failure to perform such clean-up and remediation, prior to the Closing Date,

Purchaser may terminate this Agreement, and neither party shall have any liability to the other (and Seller shall retain the \$100,000 deposit referenced in Section 9.f. hereof), or Purchaser may proceed to Closing without abatement of the Purchase Price. The cost of the Environmental Surveys shall be paid one-half by Purchaser and one-half by Seller.

p. Seller has (1) duly filed with the appropriate governmental authorities all tax returns required to be filed by it, and such tax returns are true, correct, and complete in all material respects; and (2) duly paid in full or made adequate provision for the payment of all Taxes (as defined below) that are due and payable with respect to all periods ending prior to the Closing Date, or otherwise allocable to a period prior to the Closing Date, other than taxes arising out of the transaction contemplated by this Agreement. Seller is not a party to any action or proceeding, nor is any such action or proceeding threatened, by any governmental taxing authority for the assessment or collection of any Taxes, and no deficiency notices or reports have been received by Seller with respect to any deficiencies for Taxes. There are no outstanding requests, agreements, consents, or waivers to extend the statutory period of limitations applicable to the assessment of any Taxes or deficiencies against Seller. Seller is not a party to any agreement providing for the allocation or sharing of Taxes.

Seller has received no communication from either the Internal Revenue Service or Florida Department of Revenue within three (3) years prior to the Closing Date reflecting any deficiencies in Taxes due and owing.

For purposes of this Agreement, the term "Taxes" shall mean all taxes, charges, fees, levies, or other assessments, including without limitation, income, gross receipts, excise, property, sales, withholding, social security, occupation, use, service, service use, license, payroll, franchise, transfer and recording taxes, fees and charges, imposed by the United States, or any state, local, or foreign government or subdivision or agency thereof, whether computed on a separate, consolidated, unitary, combined or any other basis; and such term shall include any interest, fines, penalties, or additional amounts attributable or imposed or with respect to any such taxes, charges, fees, levies, or other assessments, but shall not include any of the foregoing arising out of, or associated with, the transactions contemplated by this Agreement.

q. Seller has valid Florida Public Service Commission Certificates authorizing it to conduct its present operations in the manner in which such operations are now conducted and in of all the territory in which it now renders service, and to maintain its mains and pipes in the streets and highways of such territories.

r. Seller has not dealt with either a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction as a result of Seller's actions.

s. Seller shall complete the ongoing 750,000 gallon per day expansion of its wastewater treatment plant prior to the Closing Date.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER. As a material inducement to Seller to execute this Agreement and to perform its obligations thereunder, Purchaser represents and warrants to Seller as follows:

a. Purchaser is a Florida Not-for-Profit corporation, and has all requisite power and authority to enter into this Agreement, to own and lease real and personal property, and to carry out and perform the terms and provisions of this Agreement.

b. Purchaser has been duly incorporated and organized and is validly existing and in good standing under the laws of the State of Florida and has all requisite corporate power and authority to enter into this Agreement, and has, or reasonably expects to acquire, all requisite power and authority to perform its obligations hereunder and to consummate the transactions contemplated hereby.

c. The execution, delivery and performance of this Agreement by Purchaser, and the consummation by Purchaser of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Purchaser.

d. Purchaser has duly executed and delivered this Agreement. This Agreement constitutes, and all other agreements to be executed by Purchaser will constitute when executed and delivered, valid and binding obligations of Purchaser, enforceable in accordance with their terms.

e. The execution, delivery and performance of this Agreement by Purchaser, and the consummation by Purchaser of the transactions contemplated hereby, do not and will not (i) violate any provision of law applicable to Purchaser or the articles of incorporation or bylaws of Purchaser; (ii) require the consent, waiver, approval, license or authorization of, or filing with, any person or entity, other than approval by the County; or (iii) with or without the giving of notice or the passage of time or both, conflict with or result in a breach or termination of, constitute a default under or result in the creation of any lien, charge or encumbrance upon any of the assets of Purchaser pursuant to, any provision of any mortgage, deed of trust, indenture or other agreement or instrument, or any order, judgment, decree or other

restriction of any kind or character, to which Purchaser is a party or by which Purchaser or any of its assets may be bound.

f. Purchaser is not subject to or a party to any charter, bylaw, mortgage, lien, lease, license, permit, agreement, contract, instrument, law, rule, ordinance, regulation, order, judgment or decree, or any other restriction of any kind or character that would prevent consummation of the transactions contemplated by this Agreement.

g. No representation or warranty contained in this Agreement, and no statement, certificate, schedule, list or other information furnished or to be furnished by or on behalf of Purchaser to Seller in connection with this Agreement, contains or will contain any untrue statement of a material fact, or omits to state or will omit to state a material fact necessary in order to make the statements herein or therein not misleading.

h. Either County has, or Purchaser in good faith believes County will, authorize the creation of Purchaser and the indebtedness to be issued by Purchaser with respect to this transaction.

i. All the necessary public hearings, if any, required to authorize Purchaser's purchase of the Utility System and this Agreement will have been duly held prior to Closing and all appropriate governmental action required to be taken by County will have been duly taken, executed and delivered by County or Purchaser prior to the Closing Date.

j. Purchaser shall, subsequent to Closing, and consistent with prudent business practices, industry standards applicable thereto, and the requirements of the appropriate governmental agencies having jurisdiction over the assets and businesses of the Utility System, provide water and wastewater services to all properties, improvements thereon and the occupants thereof, located within the Seller's service area after connection has been made, in a uniform and nondiscriminatory manner with other property and property owners served by Purchaser.

k. Purchaser has not dealt with either a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and, in so far as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction.

l. Purchaser believes the County, which is a governmental organization that is authorized to acquire the Utility System through condemnation, has advised, or would advise, through its designated agent, Gulf Utility Company, that the County would take the steps necessary to condemn the Utility System if a voluntary sale was not authorized.

6. TITLE INSURANCE AND PERMITTED ENCUMBRANCES.

a. At least thirty (30) days prior to the Closing, Purchaser and Seller shall cause to be issued and delivered a current title insurance commitment issued by a title company licensed to do business in the state of Florida, covering the fee simple real property included in the Purchased Assets, which shall be in an amount equal to \$25,000,000. The cost of the title insurance commitment and title insurance shall be borne one-half by Seller and one-half by Purchaser. The title insurance commitment shall commit the insurer to issue owner's title insurance policies to Purchaser covering the fee simple real property portion of the Purchased Assets (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to the Real Property to be marketable or insurable, except for the Permitted Encumbrances (as defined below), the standard printed exceptions usually contained in an owner's title insurance policy, and the standard exclusions from coverage; provided, however, that the title insurance company shall delete the standard exceptions customarily deleted for such items as materialman's liens, survey, and mechanic's liens. Seller shall execute at or prior to Closing, in favor of the title insurance company, the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the title insurance company to delete all standard exceptions addressed by such affidavits.

Purchaser shall notify Seller in writing no less than ten (10) days after receipt of such title insurance commitment, of any alleged material defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances (such written notice to include all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the real estate (other than the Permitted Encumbrances), which render or may render Seller's title to the Real Property unmarketable in accordance with standards adopted by The Florida Bar or uninsurable). Any objections to title to the extent not shown on the notice furnished by Purchaser in accordance with the provisions of this paragraph shall be deemed to have been waived by Purchaser and Purchaser shall not be entitled to any damages or other remedies. Seller shall have thirty (30) days after receipt of Purchaser's notice, to eliminate all of the material objections to title set forth in Purchaser's notice. However, in no event shall Seller be required to bring suit or expend any sum in excess of \$250,000 in the aggregate to cure title defects, exclusive of mortgages against the Property, which are in a liquidated amount or Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. In the event Seller fails to deliver title as herein provided, then Purchaser may:

(1) Accept whatever title Seller is able to convey with no abatement of the Purchase Price; or

(2) Reject title and terminate this Agreement with no liability for damages from either Purchaser or Seller, and Seller shall retain the \$100,000 deposit referenced in Section 9.f. hereof.

b. If Purchaser rejects title as provided above, neither party shall have any further liability under this Agreement. Purchaser shall not object to title by reason of the existence of any mortgage, lien, encumbrance, covenant, restriction or other matter that (a) may be satisfied with a payment of money and Seller elects to do so by paying same at or prior to the Closing Date; (b) any mechanic's lien or other encumbrance which can be released of record, bonded or transferred of record to substitute security so as to relieve the real estate from the burden thereof and Seller elects to do so at or prior to Closing; or (c) the title insurance company issuing the title insurance commitments affirmatively insures-over.

c. The survey shall be updated as necessary in order to eliminate survey exceptions from the title insurance policy. Purchaser shall deliver, promptly after Closing, the title insurance policy issued on the binder.

d. As used above, "Permitted Encumbrances" mean and include the following:

(1) All present and future building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the Real Property and the use thereof as represented herein.

(2) Easements, restrictions, reservations, rights-of-way, conditions and limitations of record, if any, which are not coupled with any reverter or forfeiture provisions, including (without limitation) any drainage, canal, mineral, road, or other reservations of record in favor of the State of Florida or any of its agencies or governmental or quasi-governmental entities, or as may be set forth in any "Murphy Deeds", none of which, however, shall impair or restrict the use of the Property for the operation of the Utility Systems.

(3) The matters listed in Schedule "G".

(4) Such other matters as are permitted under the terms of this Agreement, including but not limited to the Developer Agreements, the existence of which Seller has provided notice to Purchaser.

7. CONDITIONS PRECEDENT TO CLOSING. The obligations of each party to close the transaction contemplated by this Agreement are subject to the conditions that, at or before the Closing Date:

a. Neither Party shall be prohibited by decree or law from consummating the transaction.

b. There shall not be pending on the Closing Date any legal action or proceeding that prohibits the acquisition or sale of the Purchased Assets or prohibits Purchaser or Seller from closing the transaction or Purchaser from paying the purchase price, or that inhibits or restricts in any material manner Purchaser's use, title, or enjoyment of the Purchased Assets.

c. The Board of Directors and Shareholders (if required) of Seller shall have ratified and approved the execution of this Agreement and authorized the sale of the Purchased Assets and certified copies of the resolutions evidencing such ratification and approval have been delivered to Purchaser.

d. If necessary, County shall have held a public hearing as required pursuant to Section 125.3401, Florida Statutes, and shall have ratified and approved the execution of this Agreement and authorized the acquisition of the Purchased Assets and certified copies of the Resolutions evidencing such ratification and approval have been delivered to Seller. Further, County shall have authorized the creation of Purchaser and the indebtedness to be issued by Purchaser with respect to this transaction and certified copies of the Resolutions evidencing such ratification and approval have been delivered to Seller.

e. The other party shall have performed all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.

f. As of the Closing Date, there shall have been no material adverse change in the applicable law, or in the condition or value of the Purchased Assets or the Utility System.

g. All warranties and representations of the other party shall be true in all material respects as of the Closing Date, except to the extent they specifically refer to another date.

h. Seller delivering to Purchaser written evidence of cancellation of the lease between Seller and Caloosa and Purchaser and Caloosa entering into the written Lease Agreement attached as Exhibit "A".

i. Seller delivering to Purchaser (i) a Certificate from the President of Seller to the effect that all financial statements of Seller, if any, for the time period from January 1, 1998, through the most recent available date prior to the Closing Date have been prepared in accordance with the books and records of Seller and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis with those of calendar years 1996 and 1997, and (ii) copies of Seller's audited

balance sheet and income statement as of December 31, 1997.

j. Seller understands and agrees that Purchaser's ability and obligation to close on this Agreement is conditioned upon Purchaser's issuance and sale of tax exempt water and wastewater revenue bonds. Therefore, additional conditions precedent to each party's obligation to close shall be:

(1) Purchaser's receipt of a satisfactory commitment for bond insurance; and

(2) That there shall exist no material adverse change in the bond market between the date of execution of this Agreement and Closing Date.

8. PRE-CLOSING CONDUCT; COVENANTS. Prior to the Closing Date, the parties covenant to each other, and shall conduct themselves, as follows:

a. Within five (5) days after the execution of this Agreement, Seller shall either furnish to Purchaser, or provide Purchaser with ready access to the following, to the extent they are in the possession of Seller, its employees, representatives, or agents:

(1) Copies of all plans and specifications showing the Utility System as now constructed (as-built), including any under construction, together with a detailed engineering map showing the water transmission lines, wastewater collection lines, lift stations, effluent disposal facilities, and appurtenances as now constructed, and all other facilities constituting the Utility System.

(2) Copies of all Certificates of Public Necessity and Convenience issued by the Florida Public Service Commission with respect to the Utility System, and any correspondence within the last two years between Seller and the Commission with respect thereto.

(3) A schedule and copies of all developer agreements entered into between Seller and owners or developers of property with respect to water and wastewater service, including a schedule of the number of connections reserved by each Developer Agreement for which there has been no connection as of the Closing Date.

(4) A schedule and copies of all other agreements entered into between Seller and other parties in connection with Seller's operation of the Utility System, including but not limited to, leasehold agreements, operator and vendor contracts, and construction contracts. Such schedule shall also reflect the terms of any oral agreements, if any.

(5) Depreciation and amortization schedules identifying substantially all equipment, computers, software, vehicles, tools, parts, laboratory equipment, office equipment, and all other personal property owned or used by Seller in connection with the operation of the Utility System.

(6) A schedule and copies of documents reflecting the rates, fees, charges and tariffs of Seller.

(7) Copies of permits, applications, or other documents, together with effective dates and expiration dates (if any), demonstrating approval of the facilities of the Utility System by all applicable governmental authorities, including, but not limited to: (a) the Florida Department of Environmental Protection, (b) the United States Environmental Protection Agency, (c) the PSC, and (d) the South Florida Water Management District.

(8) A list of customer deposits or advance facility charges and accounts receivable by name and account number, setting forth the amount of each individual deposit or receivable and the their aggregate totals.

(9) A map on which there is outlined the present and anticipated PSC certificated service area of Seller.

(10) A copy of the annual reports filed by Seller with the PSC for the calendar years 1994, 1995, 1996, and 1997, after filed.

(11) A copy of all warranties held by Seller with respect to completed, or in progress, construction work with respect to the Utility System, in addition to, a copy of all warranties relating to the Purchased Assets.

(12) Audited Balance Sheets and Income Statements of Seller as of December 31, 1997.

(13) Copies of bank statements for each of the most recent twelve (12) months.

(14) Copies of any and all effective insurance policies with respect to Seller, Purchased Assets, and Utility System.

(15) A schedule that details plant, property, equipment, and other Purchased Assets.

(16) A legal description of any real estate owned or used by Seller in connection with the operation or expansion of the Utility System.

(17) A survey of the Real Property, as prepared by

a Florida licensed surveyor, and certified to Purchaser and Seller, in accordance with the minimum technical standards adopted by the Florida Society of Professional Land Surveyors in accordance with § 472.027, Florida Statutes. The survey(s) shall set forth the area contained in each parcel of property, together with all existing easements, alleys, streets and roads thereon; show any encroachments upon or protrusions from the property; show all existing improvements constructed thereon and distances to boundary lines; specify thereon all dedicated public streets providing access to the property; and stating whether the property is within any area determined by the Department of Housing and Urban Development to be flood prone under the Federal Flood Protection Act, as amended, except, however, if the title insurer will accept an existing survey plus a "gap" or "bring down" affidavit in lieu of a new survey.

(18) Copies of all recorded and unrecorded easements, licenses, prescriptive rights and rights-of-way owned and used by Seller for the construction, operation and maintenance of the Utility System.

(19) A budget of Seller's 1998 capital expenditures.

(20) The business plan of Seller.

b. During the period between the date of this Agreement and the Closing Date, Seller shall:

(1) Operate and maintain the Utility System and Purchased Assets in a normal and usual manner, or in accordance with Seller's business plan, to ensure that the condition of the Utility System and the Purchased Assets shall not be materially diminished or depleted, normal wear and tear excepted;

(2) Promptly notify Purchaser of any notification received by Seller from any person, business, or agency of any existing, or potential, Environmental Law violation;

(3) Make no unbudgeted capital expenditures in excess of \$100,000 without the prior written consent of Purchaser, other than in connection with the expansion of its wastewater treatment plant;

(4) Provide Purchaser, or its designated agent(s), with uninhibited access to the leasehold premises, Utility System, Purchased Assets, Seller's books and records, employees, agents, or representatives, or reasonable advance notice and during business hours.

(5) Promptly notify Purchaser of any event, activity or occurrence that has, or may have, a material adverse effect on Seller or this transaction.

c. During the period of time between the date of this Agreement and the Closing Date, Seller shall maintain its existing levels of insurance.

d. From the date of execution of this Agreement until June 30, 1998, Seller shall not, without the prior written consent of Purchaser, enter into any new developer agreements other than in the ordinary course of business or modify any existing developer agreements other than in the ordinary course of business. Copies of any such developer agreements shall be promptly delivered to Purchaser.

e. Purchaser shall cause to be performed a Phase I Environmental Survey (and a subsequent Phase II, if necessary) of each parcel of real property owned by Seller. If such Survey discloses the presence of any Hazardous Material, Seller shall have the right to perform such clean-up and remediation as is necessary thereunder. Upon Seller's failure to perform such clean-up and remediation, prior to the Closing Date, Purchaser may elect to either (i) terminate this Agreement, in which event neither party shall have any liability to the other and Seller shall retain the \$100,000 deposit referenced in Section 9.f. hereof; or (ii) proceed to Closing without abatement of the Purchase Price.

f. Immediately after Closing, Purchaser and Seller shall jointly apply to the Florida Public Service Commission (PSC) for cancellation of the Certificates previously issued to Seller and diligently pursue such application. The cost and expense related to the filing of the PSC proceeding shall be borne one-half by Seller and one-half by Purchaser. Each party shall cooperate and provide its assistance as necessary.

g. Neither Purchaser nor Seller shall transfer or assign this Agreement or the duties or obligations created herein.

h. Purchaser shall proceed with its bond marketing and sale program in good faith; however, Seller shall not be entitled to any remedy of damages or specific performance from Purchaser due to any failure in the marketing of Purchaser's bonds, at a rate of interest acceptable to Purchaser, other than as provided for herein, provided that, Purchaser shall immediately notify Seller if it determines that its bond marketing efforts will not be completed by June 30, 1998.

i. Except as may be expressly required by law or as may have been expressly approved by Seller in writing, Purchaser shall maintain in strict confidence, and shall not disclose to anyone other than its employees, attorneys and consultants who have a need to know in order to consummate the transactions contemplated by this Agreement (and who shall be bound by a similar obligation of confidentiality), any information regarding Seller, its business, this Agreement and the transactions, unless and until the Closing

Date; provided that this restriction shall not apply to information in the public domain.

9. TERMINATION OF AGREEMENT.

a. This Agreement may be terminated (i) by mutual written consent of the parties, (ii) by either party if the transactions contemplated hereby have not closed by June 30, 1998, or (iii) as provided in paragraphs b and c below.

b. Purchaser may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:

(1) The (i) failure of Seller to satisfy, in any material respect, prior to June 30, 1998, its condition(s) precedent to closing set forth in Section 7 in any material respect, or (ii) failure of the conditions described in Sections 7.a. b. or g.

(2) Within 30 days from the date of this Agreement, Purchaser shall conduct such due diligence of Seller as, in its sole discretion, it deems appropriate including but not limited to, upon reasonable notice to Seller, entering upon the property of Seller to inspect the Purchased Assets and Utility System, to familiarize itself with day-to-day operations, and to review the practices of Seller with respect to the terms and conditions of this Agreement, and to determine Seller's compliance with any and all federal, state, and local regulatory requirements. Purchaser may also review any and all records of Seller as it deems appropriate. Seller shall cooperate with Purchaser in all respects as to Purchaser's exercise of due diligence. After conducting its due diligence, Purchaser shall have the right to terminate this Agreement, in its sole discretion, upon delivery of written notice to that effect to Seller within 10 days of the expiration of the inspection period.

(3) Any material breach of this Agreement by Seller, including, but not limited to, a material breach of any representation or warranty, if Seller has not cured such breach within 30 days after notice from Purchaser, provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Purchaser.

(4) Any other basis for termination on behalf of Purchaser otherwise set forth in this Agreement.

c. Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:

(1) The (i) failure of Purchaser or County (if necessary) to satisfy, in any material respect, prior to June 30, 1998 its conditions precedent to closing set forth in Section 7, or

(ii) failure of the conditions specified in Sections 7.a. b. or g.

(2) Any material breach of this Agreement by Purchaser, including, but not limited to, a material breach of any representation or warranty, if Purchaser has not cured such breach within 30 days after notice from Seller, provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Seller.

(3) The failure of the Purchaser to secure County Commission Sponsorship approval and, if necessary, any other County, City and related governmental approvals, on or before April 30, 1998, or receipt of a commitment for bond insurance on or before May 31, 1998, or completion of marketing and sale of the subject bonds on or before June 30, 1998, or failure to close this transaction, through the fault of the Purchaser, on or before June 30, 1998.

(4) Any other basis for termination on behalf of Seller otherwise set forth in this Agreement.

d. Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination of this Agreement to the other by delivering the same as provided in Section 14.b.

e. Upon the termination of this Agreement, the following shall occur:

(1) Each party shall return all documents, including copies, in its possession, or in the possession of its agents and consultants to the other, as the case may be. Each party, its agents and consultants, shall treat any information previously received as confidential, and shall not disclose or use such information.

(2) Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorney and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.

f. Purchaser acknowledges that Seller has altered its plans in light of Purchaser entering into this Agreement with Seller and that the damages that Seller may incur by virtue of Purchaser's failure to close the transactions contemplated by this Agreement are speculative and difficult to calculate. The parties have, therefore, agreed that Seller may retain as liquidated damages the \$100,000 deposit paid into escrow on the execution of this Agreement as a "breakup fee" in the event the Closing is not held by June 30, 1998 for any reason other than a valid termination of this Agreement by Purchaser pursuant to the

provisions of paragraph 9b.(1)(i) hereof. Each party agrees that the other party shall have the remedy of specific performance to compel the other party's adherence hereto.

g. In the event of termination of this Agreement, this Agreement shall forthwith become void and (except for the willful breach of this Agreement by any party hereto) there shall be no liability on the part of Purchaser or Seller, or their respective officers or directors, other than as provided for herein.

10. CLOSING DATE AND CLOSING.

a. This transaction shall be closed on or before June 30, 1998 ("Closing Date"), unless advanced or extended by mutual agreement of the parties, at a location mutually acceptable to both parties.

b. At Closing:

(1) Title to the Purchased Assets shall be conveyed to the Purchaser by quitclaim deed, deed without warranty or similar deed (or, if necessary to obtain title insurance, by special warranty deed) free of all claims, liens, or encumbrances, whatsoever, other than Permitted Encumbrances.

(2) All documentary stamps, if required, on the deeds of conveyance of the Real Property included in the Purchased Assets shall be paid equally by the parties.

(3) Real property and personal property taxes on the Purchased Assets and Utility System, and any other applicable taxes, shall be prorated as of the Closing Date and Seller shall be required to pay its share at or prior to Closing. All other taxes and assessments accrued or owed by Seller as of the date of Closing, with respect to the Purchased Assets, shall be and remain the obligation of Seller. All other taxes and assessments imposed or attempted to be imposed from and after the date of Closing, with respect to the Purchased Assets, shall be the obligation of Purchaser.

(4) Three current employees of Seller, Carolyn Andrews, Kathy Babcock, and Steve Messner, shall be offered employment by Purchaser, for a period of not less than two years from the Closing Date, at the same rate of pay that they were receiving as of January 1, 1998. All other current employees of Seller, as of the Closing Date, shall be offered employment by Purchaser, for a period not less than ninety (90) days from and after the Closing Date. Such employees shall also enjoy an additional ninety (90) day notice should Purchaser elect to terminate their employment after the initial ninety (90) day period.

(5) James W. Moore, President of Seller, shall be offered a Consulting Agreement, as set forth in Exhibit "B", under which he shall be paid at Closing a one-time payment of \$500,000, in immediately available funds to an account designated by James W. Moore.

c. The parties recognize that the Closing may be established during the normal billing cycle of Seller. The gross revenues from water and wastewater services rendered, but not yet billed ("Unbilled Revenue") as of the date of Closing, shall be paid to Seller within ten (10) days of Purchaser's collection thereof. Purchaser shall utilize the same methods of collecting the Unbilled Revenue as it would if such Unbilled Revenue was its own. Except as set forth above, Purchaser shall be entitled to all Utility System revenue earned from the Closing Date forward.

d. Connection Charges (defined as connection, plant capacity, main extension, capital or other charges paid for the availability of utility services) received by Seller prior to the date of execution of this Agreement, shall be retained by Seller. Further, all Connection Charges received by Seller after the date of execution of this Agreement, but prior to Closing, shall be retained by Seller. Connection Charges paid after the Closing Date shall be the property of Purchaser.

e. Except as is necessary to consummate this transaction, from the date of this Agreement through the Closing Date, Seller shall not disclose the existence of this Agreement or the proposed sale to developers unless Seller is required to do so by law, court order or contract, or the sale becomes public knowledge. In addition, Seller shall not accept payment for Connection Charges at a rate lower than the applicable tariffs require in order to receive early payment of those Connection Charges. If Seller violates this covenant, the Purchase Price shall be reduced accordingly by the amount of any such Connection Charges that are paid in advance as the result of offering a discount. Furthermore, Seller shall not enter into any new developer agreements from the date of this Agreement through June 30, 1998, except in the ordinary course of business.

f. All transfers required or necessary hereunder shall take place, unless extended by mutual consent.

g. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other professional advisers or consultants in connection with the negotiation, preparation and execution of this Agreement, and any documents associated with the Closing.

h. All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to Closing, including but not limited to electricity for a

period up to and including the Closing Date, shall be paid by Seller.

i. All prorations required shall be made.

j. Purchaser shall assume the liability for customer deposits, and credit shall be given to the Purchaser therefor.

k. Purchaser shall assume Seller's liability to provide service under all developer agreements assumed by Purchaser. However, Purchaser, to the extent permitted by law, shall have the right to impose its own rates, charges and fees.

l. Purchaser, at Closing, shall reimburse or credit Seller for the cost of all additional capital improvements made to the Utility System by or on behalf of Purchaser prior to the Closing Date provided Purchaser has requested that such improvements, with the exception of completion of the capital improvement program and wastewater treatment plant expansion now ongoing.

m. Each party shall deliver to the other party a certificate stating that:

(1) The party is not prohibited by decree or law from consummating the transaction contemplated hereby.

(2) There is not pending on the Closing Date any legal action or proceeding that hinders the ability of either party to close the transaction.

(3) All warranties and representations of such party contained in this Agreement are true and correct as of the Closing Date, except that representations regarding financial statements are as of the date of the financial statement.

n. Seller shall deliver to Purchaser, in a form reasonably acceptable to Purchaser, an opinion of Seller's counsel substantially to the effect that:

(1) Seller is validly organized, existing and in good standing under the laws of the State of Florida.

(2) This Agreement has been duly and validly executed and approved by Seller and is a valid and binding agreement upon Seller.

(3) The execution, delivery and performance of this Agreement will not violate any agreement of or binding on, or any law applicable to, Seller.

o. Purchaser shall deliver to Seller in a form

acceptable to Seller, an opinion of Purchaser's counsel substantially to the effect that:

(1) Purchaser is validly organized, existing and in good standing under the laws of the State of Florida.

(2) This Agreement has been duly and validly executed and approved by Purchaser and is a valid and binding agreement upon Purchaser.

(3) The execution, delivery and performance of this Agreement will not violate any agreement of, or binding on, or any law applicable to, Purchaser.

11. INDEMNIFICATION.

a. Seller shall save and hold Purchaser and its directors, officers, employees, and agents (hereafter "Purchaser Indemnified Parties"), harmless from, and indemnify the Purchaser Indemnified Parties against, any and all losses or damages, claims, demands, deficiencies, liabilities, obligations, costs and/or expenses (including, but not limited to reasonable administrative, trial, and appellate attorney fees and costs incurred in connection with investigating, preparing to defend, or defending any action, suit or proceeding commenced, or threatened, or any claim whatsoever) suffered by any of the Purchaser Indemnified Parties, whether accrued, absolute, contingent or otherwise, and which result from:

(1) Any material misrepresentation by Seller of a material fact contained in this Agreement, or a material breach of a representation or warranty, with respect to which Purchaser notifies Seller in writing within the applicable survival period as set forth in paragraph d. below, specifying the breach in detail; or

(2) Any material breach by Seller of its covenants or obligations;

(3) Any and all material claims by developers known to Seller that are not disclosed to Purchaser, for acts or promises other than as set out in the developer agreements;

(4) Any material promise made by Seller that was not disclosed by Seller and that Seller or Purchaser is forced, by action of law or otherwise, to honor; or

(5) The operation or activities of Seller prior to the Closing Date.

(6) Notwithstanding the foregoing, and subject to (i) the Environmental Law Compliance representations in Section 4.0

and (ii) Seller's liability that may otherwise be imposed by law, Seller shall have no liability to Purchaser for, and Purchaser hereby releases Seller from, all liability with respect to (a) title to, and encumbrances upon, the Real Property, provided, however, that title to the Real Property is insured by Chicago Title Insurance Company ("Chicago Title") subject only to the Permitted Encumbrances if conveyance is by quitclaim deed, or similar deed and if conveyance is by special warranty deed, that Chicago Title acknowledges and accepts, in writing, Purchaser's waiver of Seller's warranties of title; and (b) violation of Environmental Law, the presence of Hazardous Substances, and the existence of Releases.

b. Seller shall indemnify Purchaser and hold it harmless against any claim, cost, expense, liability or loss (including reasonable trial and appellate attorneys fees and costs) incurred or suffered as a result of any broker's or salesman's commission or finders fee alleged to be payable because of any statements, act or omissions of the indemnifying party. Similarly, Purchaser shall indemnify Seller and hold it harmless against any claim, cost, expense, liability or loss (including reasonable trial and appellate attorneys fees and costs) incurred or suffered as a result of any broker's or salesman's commission or finders fee alleged to be payable because of any statements, act or omissions of the indemnifying party.

c. Purchaser shall save and hold Seller and its representatives, beneficiaries, employees, and agents (hereinafter "Seller Indemnified Parties"), harmless from, and indemnify the Seller Indemnified Parties against, any and all losses or damages, claims, demands, deficiencies, liabilities, obligations, costs and/or expenses (including but not limited to reasonable administrative, trial, and appellate attorneys' fees and court costs incurred in connection with investigating, preparing to defend, or defending any action, suit or proceeding commenced, or threatened, or any claim whatsoever) suffered by any of the Seller Indemnified Parties, whether accrued, absolute, contingent or otherwise, and which result from:

(1) Any material misrepresentation by Purchaser of a material fact contained in this Agreement, or a material breach of a representation or warranty, with respect to which Seller notifies Purchaser in writing within the applicable survival period as set forth in paragraph d. below, specifying the breach in detail;

(2) Any material breach by Purchaser of its covenants or obligations herein; or

(3) The operation or activities of Purchaser on or after the Closing Date.

d. The respective representations and warranties of the parties contained in this Agreement shall survive the consummation of the transactions contemplated hereby and continue for a period of one year, and thereafter shall terminate, except that the representations and warranties in Sections 4.c. g. j. o. and p. hereof, shall survive and continue until the expiration of the applicable statute of limitations.

e. The amount for which an indemnified party shall receive indemnification hereunder shall be reduced by any insurance proceeds or other payments received by the indemnified party in respect of the indemnified matter.

f. Each party hereto shall give the indemnifying party prompt written notice of any claim, assertion, event or proceeding by or in respect of a third party of which it has knowledge concerning any liability or damage as to which it may request indemnification hereunder. The party providing indemnification shall have the right at all times to control the defense or settlement of any such claim or proceeding through counsel of its own choosing, and to settle any and all such claims made.

g. Any party claiming indemnification hereunder with respect to the falsity of any representations or warranties herein must give notice to the other party of its claim for indemnification within the time period herein for the survival of the applicable representation or warranty.

h. Seller shall not have any obligation to make indemnification payments hereunder unless and until its total indemnification obligations hereunder exceed \$100,000, whereupon Seller shall make payments with respect to its indemnification obligations in excess of \$100,000 up to the limit specified in the following sentence. The obligation of Seller to make indemnification payments shall be limited to paying not more than a total of \$5,000,000. Similarly, Purchaser shall not have any obligation to make indemnification payments hereunder unless and until its total indemnification obligations hereunder exceed \$100,000, whereupon Purchaser shall make payments with respect to its indemnification obligations in excess of \$100,000 up to the limit specified in the following sentence. The obligation of Purchaser to make indemnification payments shall be limited to paying not more than a total of \$5,000,000, excluding payment of the Purchase Price and payments to Caloosa and James W. Moore.

12. POST CLOSING COOPERATION.

a. Seller and Purchaser shall, at any time and from time to time after the Closing Date, upon reasonable request of the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and

assurances as may be required in order to implement and perform any of the obligations, covenants and agreements of the parties.

b. Each of the parties hereto shall provide the other with such assistance as reasonably may be requested in connection with the preparation of any tax return, audit or other examination by any taxing authority or any judicial or administrative proceedings relating to liability for taxes relating to the transactions contemplated by this Agreement. Subject to the provisions of paragraph e hereof, each party shall retain and provide the other with any records or information that may be relevant to such return, audit or examination, proceedings or determination. Such assistance shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and shall include providing copies of any relevant tax returns and supporting work schedules. The party requesting assistance hereunder shall reimburse the other for reasonable out-of-pocket expenses incurred in providing such assistance.

c. In the event that, after the Closing Date, any of the parties hereto shall require the participation of the other or of officers and employees employed by the other to aid in the defense or prosecution of litigation or claims, and so long as there exists no conflict of interest between the parties, each party shall use its best efforts to be available or to make such officers and employees reasonably available to participate in such defense or prosecution, provided that the party requiring the participation of such officers or employees shall pay all reasonable out-of-pocket costs, charges and expenses arising from such participation.

d. Where there is a legitimate purpose not injurious to the other party and not related to prospective competition by such party with another party hereto, or if there is an audit by the IRS, other governmental inquiry, or litigation or prospective litigation to which Purchaser or Seller is or may become a party, making necessary any access to the records of or relating to Seller held by Purchaser or making necessary Purchaser's access to records of or relating to the operations of Seller held by any entity other than Seller, each of them shall allow representatives of the other party access to such records during regular business hours at such party's place of business for the sole purpose of obtaining information for use as aforesaid.

e. Any party at any time, upon not less than 90 days' prior written notice to the other parties hereto, may dispose of the records in its possession relating to the Purchased Assets and the business related thereto, in accordance with its respective record retention policies; provided, however, that a party may, at its own cost and expense, retain, or make arrangements for the retention of, records in the possession of another party to which

it would have a right of access under paragraph d, if it notifies, in writing, such party that it desires to retain such records.

13. FLORIDA PUBLIC SERVICE COMMISSION MATTERS. Within five (5) days after the Closing Date, the Purchaser and Seller shall jointly petition the Florida Public Service Commission, for cancellation of the Certificates previously issued to Seller. Seller shall file any reports, if required, and satisfy its outstanding Florida gross receipts tax obligations through the Closing Date. All costs and expenses relative to terminating its relationship with the Florida Public Service Commission shall be borne one-half by Seller and one-half by Purchaser. Copies of the Order(s) of the Commission acknowledging sale of the Utility System to Purchaser shall be promptly provided to Purchaser, upon Seller's receipt thereof.

14. MISCELLANEOUS PROVISIONS.

a. This Agreement, the Schedules hereto, and the documents referred to herein, collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, with reference to this Agreement that are not merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original.

b. Any notice or other document required or allowed to be given pursuant to this Agreement and the Escrow-Agreement by either party to the other shall be in writing and shall be delivered personally, or by recognized overnight courier or sent by certified mail, postage prepaid, return receipt requested, or by facsimile transmission with written confirmation. A single notice delivered to Seller shall be sufficient notice.

If to Seller such Notice shall be addressed to Seller at:

Gulf Utility Company
c/o James W. Moore, President
P.O. Box 350
Estero, Florida 33928

with a copy to

Smith Hulsey & Busey
c/o M. Richard Lewis, Jr., Esq.
1800 First Union National Bank Tower
225 Water Street
Post Office Box 53315
Jacksonville, Florida 32201-3315

If to Purchaser, such notice shall be addressed to Purchaser at:

Gulf Environmental Services, Inc.
c/o Severn Trent Environmental Services, Inc.
2172 McGregor Boulevard
Fort Myers, Florida 33901

with a copy to:

Rose, Sundstrom & Bentley, LLP
c/o William E. Sundstrom, P.A.
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

c. The headings used are for convenience only, and they shall be disregarded in the construction of this Agreement.

d. The drafting of this Agreement constituted a joint effort of the parties, and in the interpretation hereof it shall be assumed that no party had any more input or influence than any other. All words, terms, and conditions herein contained are to be read in concert, each with the other, and a provision contained under one heading may be considered to be equally applicable under another heading in the interpretation of this Agreement.

e. This Agreement is solely for the benefit of the parties hereto and no other causes of action shall accrue upon or by reason hereof to or for the benefit of any third party, who or which is not a formal party hereto, other than benefits specified to be provided to James W. Moore and Caloosa.

f. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted, as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

g. In the event of any litigation that arises between the parties with respect to this Agreement, the prevailing party shall be entitled to reasonable attorney fees and court costs at all trial and appellate levels.

h. This Agreement may be amended or modified only if executed in writing.

i. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida.

j. This Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.

GULF ENVIRONMENTAL SERVICES, INC.

Fred Edenfield, Jr.
Fred Edenfield, Jr.

(SEAL)

J. W. French
By: J. W. French
President

GULF UTILITY COMPANY

Cassidy B. Andrews
Secretary

(SEAL)

James W. Moore
By: James W. Moore
President

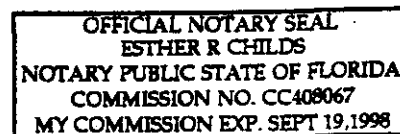
STATE OF FLORIDA
COUNTY OF LEE

The forgoing instrument was acknowledged before me this 3rd day of March, 1998, by J. W. French, as President of Gulf Environmental Services, Inc., a Florida non-profit corporation, on

behalf of the corporation. He is personally known to me ~~or has produced~~ as identification.


Esther R. Childs
Notary Public

My Commission Expires:



STATE OF FLORIDA
COUNTY OF LEE

The foregoing instrument was acknowledged before me this 3rd day of March, 1998, by James W. Moore, as President of Gulf Utility Company, a Florida corporation, on behalf of the corporation. He is personally known to me or has produced _____ as identification.



Notary Public

My Commission Expires: April 28, 2001

severn\lee\pas21.agr



BROOKSY Q. RIVERS
COMMISSIONS # CC628962
EXPIRES APR 28, 2001
BONDED THROUGH
ATLANTIC BONDING CO., INC

Schedule "A"
(Real Property)

The Land is described as follows:

PARCEL 1:

All of Tract "2", SAN CARLOS PARK GOLF COURSE ADDITION, according to the plat thereof recorded in Plat Book 23, at pages 70 thru 75, of the Public Records of Lee County, Florida.

PARCEL 2:

A parcel being in Section 15, Township 46 South, Range 25 East, Lee County, Florida, and also described as follows: Starting at the Northeast corner of the Southwest One Quarter (SW 1/4) of said Section 15; thence South 89° 36' 40" West along the North line of said fraction for 80.00 feet; thence South 00° 19' 59" East for 788.53 feet; thence South 89° 40' 01" West for 105.00 feet to the Point of Beginning; thence North 00° 19' 59" West along the Easterly right of way line of Bartow Boulevard (80.00 feet wide) for 30.67 feet to the beginning of a curve concave to the Southwest having a radius of 285.00 feet; thence Northwesterly along said curve and said right of way line through a central angle of 57° 00' 01" for 283.53 feet to a point of reverse curve concave to the East having a radius of 190.00 feet; thence Northerly along said curve and said right of way line through a central angle of 114° 49' 58" for 380.80 feet; thence South 32° 30' 02" East along a radial line to said curve for 105.00 feet to a point on a curve concave to the South having a radius of 85.00 feet and to which point a radial line bears North 32° 30' 02" West; thence Easterly along said curve through a central angle of 52° 41' 31" for 78.17 feet to a point of reverse curve concave to the North having a radius of 516.72 feet; thence Easterly along said curve through a central angle of 11° 39' 18" for 105.11 feet; thence South 00° 19' 59" East along a nontangent line to said curve and along the Westerly line of a drainage easement (80.00 feet wide) for 482.02 feet; thence South 89° 40' 01" West for 105.00 feet to the point of beginning.

PARCEL 3:

A tract of land being in the Southwest quarter (SW 1/4) of Section 17, Township 46 South, Range 25 East, being more particularly described as follows:

Commencing at the Southwest corner of said Section 17, run North 0° 02' 56" West for 1316.34 feet along the West line of Section 17; thence run North 88° 06' 56" East for 482.43 feet along the North line of the Southwest quarter (SW 1/4) of the Southwest quarter (SW 1/4) of said Section 17, to the Point of Beginning; thence continue North 88° 06' 56" East along said North line for 200.00 feet; thence run South 1° 53' 04" East for 165.00 feet; thence run South 88° 06' 56" West for 200.00 feet; thence run North 1° 53' 04" West for 165.00 feet to the Point of Beginning.

PARCEL 4:

A tract of land lying in the Southwest Quarter (SW 1/4) of Section 17, Township 46 South, Range 25 East, Lee County, Florida, being more particularly described as follows:

Commencing at the Southwest corner of said Section 17; thence run North $0^{\circ}02'56''$ West for 1316.34 feet along the West line of Section 17; thence run North $88^{\circ}06'56''$ East for 457.43 feet along the North line of the Southwest Quarter (SW 1/4) of the Southwest Quarter (SW 1/4) of said Section 17 to the point of beginning; thence continue North $88^{\circ}06'56''$ East along said North line for 25.00 feet; thence run South $1^{\circ}53'04''$ East for 165.00 feet; thence run North $88^{\circ}06'56''$ East for 200.00 feet; thence run South $1^{\circ}53'04''$ East for 100.00 feet; thence run South $88^{\circ}06'56''$ West for 225.00 feet; thence run North $1^{\circ}53'04''$ West for 265.00 feet to the point of beginning.

PARCEL 5:

A tract of land lying in the East Half (E 1/2) of Section 15, Township 46 South, Range 25 East, Lee County, Florida, being more particularly described as follows:

Commencing at the Northwest corner of the Southeast Quarter (S.E. 1/4) of said Section 15; thence run South $84^{\circ}08'36''$ East for 356.42 feet; thence run South $63^{\circ}23'58''$ East for 417.26 feet; thence run South $74^{\circ}58'32''$ East for 147.26 feet; thence run North $80^{\circ}12'17''$ East for 202.52 feet; thence East for 99.97 feet to the point of beginning; thence run North $11^{\circ}00'00''$ West for 256.93 feet; thence run Northwesterly 298.25 feet on the arc of a curve concave Southwesterly with a radius of 1220.00 feet (chord bearing North $18^{\circ}00'12''$ West, chord distance 297.51 feet); thence run North $25^{\circ}00'25''$ West for 203.55 feet; thence run North $75^{\circ}46'37''$ East for 450.00 feet; thence run North $88^{\circ}46'53''$ East for 506.51 feet to a point on the Westerly right of way line of Highway I-75; thence run South $14^{\circ}13'23''$ East for 867.55 feet; thence run West for 928.83 feet to the Point of Beginning.

Schedule "B"
(Easements, licenses, etc.)

Seller and Purchaser shall work together to identify all easements and licenses held by Seller, and Seller shall convey all of its rights therein at Closing to Purchaser by quit claim deed, deed without warranty or similar deed.

Treatment Plants

Corkscrew Water Treatment Plant (941) 992-1319
11950 Corkscrew Road
Estero, FL 33928

San Carlos Water Treatment Plant (941) 267-7747
18513 Bartow Boulevard
Ft. Myers, FL 33912

U.S. 41 Booster Station No Phone
18740 S. Tamiami Trail
Ft. Myers, FL 33908

San Carlos Wastewater Treatment Plant (941) 940-5644
South End of Cypress Point Road
Ft. Myers, FL 33912

Three Oaks Wastewater Treatment Plant (941) 267-0387
18521 Three Oaks Parkway
Ft. Myers, FL 33912

Schedule "D"
Permits

<u>Location</u>	<u>Permit</u>	<u>Expiration Date</u>
Corkscrew WTP	FDEP Deep Injection Well Construction: UC36-256557	05/22/00
Corkscrew WTP	SFWMD Water Use: 36-00122-W	11/09/00
Corkscrew WTP	FDEP Phase III Construction: WC36-286511	03/28/01
Corkscrew WTP	FDEP Construction/Operation of Concentrate Disposal System: FLA014674-96	09/16/01
Corkscrew WTP	Storage Tank Registration Placard No. 80656	06/30/98
Corkscrew WTP	Septic System Operating Permit Permit No. OP 90-07967	05/31/98
San Carlos WTP	SFWMD Water Use: 36-00122-W	11/09/00
San Carlos WWTP	FDEP Operating Permit: D036-253637	11/16/99
Three Oaks WWTP	FDEP Operating Permit: FL014519	09/10/01
<u>Telemetry</u>		
Radio Telemetry	FCC License File No.: 9601R109518	02/26/01

Schedule "E"
Developer Agreements

<u>Developer</u>	<u>Date</u>	<u>Development</u>
David W. Swor	09/28/88	Alico Industrial Center
Stewart Cypress Strand	04/12/89	Alico Industrial Park
Patrick J. Hayes, Trustee	08/26/88	Aloha Road Extension
American Star Development, Inc.	01/06/93	Alico Crossings (K-Mart)
America Outdoors Condominium Association, Inc.	04/26/93	America Outdoors RV Park
G.A. Jensen Construction	04/19/94	Bahamas Road WM Extension
William Gaddie	02/18/88	Barnett Bank/Burger King
Richard Allaire & Lionel Beaulieu	04/04/83	Belleaire Subdivision
The Best "18", Inc.	04/25/85	The Best "18" Miniature Golf Course
Bib's Burgers Unit 1004, Inc.	11/10/88	Bib's Burgers
Dominick Demajo, Lee Harris, Albert Esposito, D.K. Zimmerman	02/11/83	Birch Road WM Extension
Biscayne Ventures Associates	07/31/89	Biscayne
Breckenridge, Ltd.	10/17/86	Breckenridge
Gleneagles of Naples, Inc.	01/06/95	Breckenridge Professional Center
Gleneagles of Naples, Inc.	11/04/96	Breckenridge & Broadway Turn Lane
Caloosa Group, Inc.	06/12/89	Caloosa Trace

<u>Developer</u>	<u>Date</u>	<u>Development</u>
Coachlight Manor Association, Inc.	10/07/86	Coachlight Manor
Southwest Florida Capital Corp.	05/13/96	Constitution Professional Center
Michael Garvis	08/15/89	Coral Drive Extension
Appalachian Oil Corp. & Corkscrew Center Landowners Association	09/26/90	Corkscrew Center
Morton A. Goldberg, Trustee; Lou Joseph, Allen M. Parvey, Appalachian Oil Corp., Michael G. Abdalla, Trustee; Corkscrew Woodlands - The RV Landominium Communities Association, David F. Davis and Howell E. Davis, as Co-Trustees of Frederic Trust No. 3	01/23/90	Corkscrew Road Force Main
Seminole Gulf Railway, L.P.	06/13/96	Corkscrew Road Force Main/Reuse Main
Seminole Gulf Railway, L.P.	10/24/95	Corkscrew Road Water Main - GUC & BSU Interconnect
Corkscrew Village Partners, Ltd.	10/11/96	Corkscrew Village
Corkscrew Woodlands Ltd.	05/18/82	Corkscrew Woodlands
Country Oaks Association	01/09/89	Country Oaks
Cypress Bend RV Resort	11/03/82	Cypress Bend RV Resort
Southwest Florida Capital Corp.	05/25/88	Cypress Chase
Southwest Florida Capital Corp.	06/02/89	Cypress Chase, Phase II
Alan C. Freeman, Trustee	01/25/93	Cypress View Drive Extension

<u>Developer</u>	<u>Date</u>	<u>Development</u>
MJR Major Building Corp.	04/25/97	Discount Auto Parts
Robert J. Jacoby	02/14/83	Dogwood & Coconut Roads WM Ext.
Raymond H. Zimmerman	06/06/83	Dogwood & Evergreen Roads WM Ext.
Dominion Center	10/14/88	Dominion Center
Domino's Pizza	03/04/94	Domino's Pizza
Double Eagle Partnership	04/23/84	Double Eagle Condominiums
Gary Hazelett	01/12/98	Driftwood Garden Center
Cove/Macommas Joint Venture #1	10/16/97	Eckerd Drugstore/12" Force Main, U.S. 41 (Sanibel to Koreshan)
Lee County School Board	07/06/87	Estero High School
Estero United Methodist Church, Inc.	06/30/92	Estero United Methodist Church
First National Bank of Florida	11/06/96	First National Bank at Corkscrew Village
The Board of Regents of the Division of Universities of the Department of Education	12/12/96	Florida Gulf Coast University
Donald Short	10/15/90	Geranium Road WM Extension
Grace Presbyterian Church	02/16/87	Grace Presbyterian Church
John E. States, as Trustee of Broadway Land Trust	08/04/89	The Groves
Harborage Development Co., Inc.	12/10/85	The Harborage

<u>Developer</u>	<u>Date</u>	<u>Development</u>
Pick-Kwik Food Stores, Inc.	09/07/95	Hess Station (Alico Road/U.S. 41)
Ho Ho Chinese Restaurant	06/06/90	Ho Ho Chinese Restaurant
David F. Davis and Howell F. Davis, as Trustees of Frederic Trust #3; RLD Homes, Inc.; and Island Club at Corkscrew Woodlands Homeowners Association	01/11/96	Island Club at Corkscrew Woodlands
First Communities of Ft. Myers	04/01/84	Island Park Villages
First Communities of Ft. Myers	04/04/88	Island Park Villages, Phase 5
Walter L. Johnson	Pending	Island Park Villages, Phases 3, 6 & 7
Island Park Corporation	11/24/80	Island Park Woodlands
Jassey-Murphy Development Co.	10/06/83	Island Park Woods
Southwest Florida Capital Corp.	07/12/93	The Islands at Three Oaks
Jock Lee	05/21/86	Jock Lee Restaurant
David F. Cunningham	08/13/90	Jurek Professional Center
Kingdom Hall of Jehovah's Witnesses	12/29/92	Kingdom Hall of Jehovah's Witnesses
Seminole Gulf Railway L.P.	08/25/93	Koreshan Boulevard Force Main
W. Kirk Beck and Ernest W. Weathers, Trustees	Pending	Koreshan Business Park
Florida Department of Natural Resources	10/03/89	Koreshan Historical Site & Trailer Park

<u>Developer</u>	<u>Date</u>	<u>Development</u>
Betty Gillespie & Dave Davis, Trustees	11/18/81	Lake San Carlos
Southwest Florida Capital Corporation	01/10/97	The Lakes
Bralew Homes, Inc.	07/19/84	Lakeside Vista
Lamb of God Lutheran Church	06/11/90	Lamb of God Lutheran Church
KTB Florida Sports Arena Limited Partnership	12/23/97	Lee County Hockey Arena
Lee County Board of Commissioners	07/06/94	Lee County Library
Lee County Board of Commissioners	03/23/89	Lee County Library Park Division (San Carlos Park Pool)
Patrick J. Hayes, D.K. Corbett, Thomas J. Wiley, Jr., M.D.	07/31/89	Mainline Industrial Park
Carl A. Kreager & Donald V. Whipp, Jr., d/b/a/ Mariner's Cove Mobile Home Park	10/13/87	Mariner's Cove
Coastland Corporation of Florida	01/25/84	Matanzas Road, Phase I
Coastland Corporation of Florida	05/15/83	Matanzas Road, Phase II
Coastland Corporation of Florida	08/18/83	Matanzas Road, Phase III
Coastland Corporation of Florida	09/30/83	Matanzas Road, Phase IV
Coastland Corporation of Florida	02/27/84	Matanzas Road, Phase V
Coastland Corporation of Florida	09/14/84	Matanzas Road, Phase VI

<u>Developer</u>	<u>Date</u>	<u>Development</u>
Coastland Corporation of Florida	01/23/85	Matanzas Road, Phase VII
Alan C. Freeman	09/27/88	McDonald's
Miller Brands of the Gulf Coast, Inc.	10/18/89	Miller Brands South
Miromar Development, Inc.	06/03/96	Miromar Factory Outlets
Naples Federal Savings & Loan	05/05/80	Naples Federal
New University Pyramid Village Corp. and New University Pyramid Village Homeowners Association	Pending	New University Pyramid Village
Newport Glen Enterprises, Inc.	09/29/83	Newport Glen Phase II
Coastland Corporation of Florida	11/05/82	Ohio Boulevard Extension
Betty Page	10/11/93	Oriole Road WM Extension
Neil J. Harrington	04/02/84	Orlando Road WM Extension
John J. Nevins, as Bishop of Diocese of Venice	11/02/92	Our Lady of Light Catholic Church
Ursula S. Elwood	05/12/97	Palmetto Road Water Main Extension
H. W. Marsh & James R. Chitwood	05/15/89	Park Ridge
WCI Communities Limited Partnership	01/07/98	Pelican Sound
WCI Communities Limited Partnership and Koreshan Unity Foundation, Inc.	05/17/96	Pelican Sound Effluent Reuse

<u>Developer</u>	<u>Date</u>	<u>Development</u>
WCI Communities Limited Partnership	09/09/96	Pelican Sound Sales Trailer
Pik 'N Run #7, Inc.	02/12/98	Pik 'N Run
Southwest Florida Capital Corp.	09/27/88	Pine Glen
Southwest Florida Capital Corp.	01/15/93	Pine Glen, Phase II
Southwest Florida Capital Corp.	12/31/86	Pine Run
School Board of Lee County	12/14/93	Pinewoods Elementary School
Angela Pruitt	05/08/90	Pittsburgh Boulevard WM Ext.
Big C Corporation	05/09/80	Plaza de Manana
Polish Cultural Center of Southwest Florida, Inc.	04/26/93	Polish Cultural Center
Douglas E. & Janet C. Garton	11/14/88	Port San Carlos
Howard Meredith, Mary E. Swartz and Herbert W. Marsh d/b/a Broadway Waters Development Project	10/11/83	Quarterdeck Cove
M.C. Zinser & Joey Reyes	08/08/95	Quince Road WM Extension
Eugene Abernathy	02/20/90	Quince Road WM Extension
Riverwoods Community Association, Inc.	03/01/93	Riverwoods Plantation RV Park (Sewer system)
Seven Winds, Inc.	07/13/82	Riverwoods Plantation RV Park (Water system)

SCHEDULE "F"
CONTRACTS AND LEASES

Aetna Health Insurance - 8/1/97

American States Insurance - 1/1/98 - boiler & machinery coverage

Aramark Services - uniform service - signed 2/11/97 - 2 years

Ascom Hasler - 1/31/97 - 3 years - postage machine

Caloosa Group, Inc. - 11/8/95 - 5 years - lease agreement

Estero Fire Department - 3/25/92

Gulf Disposal - signed 10/96 - 60 day notice

Lynda Halder - signed 10/95 - no term - cleaning

Haulin' Ice - must be notified of sale of business

IBM - computer hardware - 30 day notice

ITT Hartford - 1/1/98 - auto/property liability insurance

Internet Connections - 9/27/96 - 30 day written notice

Instrumentation Services - annual - 45 day written notice to cancel - \$700/qr.

Lanier Worldwide, Inc. - 2/27/98 - 1 year - copier maintenance

Montgomery Watson - 7/15/97 - Wastewater Master Plan

Orcom - 5/25/90 - annual - 30 day notice - computer software

Phoenix Life Insurance - 8/1/97

San Carlos Fire Department - 4/9/92

Seminole Gulf Railway - rail crossings
10/24/95 - \$520 annually - Corkscrew Road Waterline
Koreshan Blvd. - Sewer line crossing
Broadway Blvd. - Water main crossing
Corkscrew Road - Water & sewer main crossing
San Carlos Blvd. - Sewer main crossing
San Carlos Blvd. - Water main crossing
Constitution Circle - Water main crossing
Baker - Sewer main crossing

Simplex - 7/11/97 - 1 year - monitoring service

Source, Inc. - TOWWTP expansion - 3/22/96

Three Oaks Master Association

Westra - TOWWTP expansion

Wharton-Smith - 5/27/97 - reuse system

Schedule "G"
(Permitted Encumbrances)

1. Taxes for the year 1998 and subsequent years.
2. The rights, restrictions, regulations and assessments of the East Mulloch Drainage District recorded in Official Records Book 203, Page 175; Agreement recorded in Official Records Book 203, Page 177; Judgment Extending Boundaries recorded in Official Records Book 473, Page 363, and Dedication recorded in Official Records Book 468, Page 461, of the Public Records of Lee County, Florida (as to Parcels 1, 2 and 3).
3. Resolution recorded in Official Records Book 1812, Page 3507 and Official Records Book 1865, Page 2016, of the Public Records of Lee County, Florida (as to Parcel 5):
4. Dedication of Easements recorded in Official Records Book 473, Page 358, of the Public Records of Lee County, Florida (as to Parcel 1).
5. Utility Agreement recorded in Official Records Book 1630, Page 2254 and conveyed by instrument recorded in Official Records Book 1645, Page 2048 and re-recorded in Official Records Book 1647, Page 141, of the Public Records of Lee County, Florida (as to Parcel 1).
6. Dedication recorded in Official Records Book 272, Page 881, of the Public Records of Lee County, Florida (as to Parcel 2).
7. Declaration of Restrictions, Conditions, Limitations, Covenants, Easements and Reservations recorded in Official Records Book 296, Page 683, of the Public Records of Lee County, Florida (as to Parcel 1). Easements reserved in said Declaration were conveyed to Lee County by instrument recorded in Official Records Book 2728, Page 155, of the Public Records of Lee County, Florida.
8. Declaration of Restrictive Covenants recorded in Official Records Book 468, Page 484, of the Public Records of Lee County, Florida (as to Parcel 2). Easements reserved in said Declaration were conveyed to Lee County by instrument recorded in Official Records Book 2728, Page 155, of the Public Records of Lee County, Florida.
9. Declaration of Restrictive Covenants recorded in Official Records Book 476, Page 316, of the Public Records of Lee County, Florida (as to Parcel 1).

10. Master Declaration of Three Oaks I recorded in Official Records Book 2007, Page 2662, of the Public Records of Lee County, Florida (as to Parcel 5).
11. Grant of Easement to Gulf Utility Company, a Florida corporation, recorded in Official Records Book 1645, Page 2060, of the Public Records of Lee County, Florida (as to Parcels 1 and 2).
12. Notice of Development Order recorded in Official Records Book 1849, Page 4408 and Official Records Book 1869, Page 3574, of the Public Records of Lee County, Florida (as to Parcels 1 and 2), and recorded in Official Records Book 1849, Page 4716, of the Public Records of Lee County, Florida (as to Parcel 3).
13. Reservations of 1/2 interest in all royalties and/or rents from petroleum and minerals below a depth of 150 feet as shown in Official Records Book 1248, Page 809, of the Public Records of Lee County, Florida (as to Parcel 5).
14. Easement to Lee County recorded in Official Records Book 1517, Page 392, of the Public Records of Lee County, Florida (as to Parcel 5).
15. Drainage Easement Agreement recorded in Official Records Book 2026, Page 2380, of the Public Records of Lee County, Florida (as to Parcel 5).
16. Easement to Florida Power and Light Company recorded in Official Records Book 2206, Page 2518, of the Public Records of Lee County, Florida (as to Parcel 5).

Exhibit "A"
(Lease Agreement)

To be entered into prior to or at Closing.

Exhibit "B"
(Consulting Agreement)

See Attached

CONSULTING AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 1998, by and between Gulf Environmental Services, Inc., a Florida not for profit corporation ("Gulf Environmental"), and James W. Moore, ("Moore").

R E C I T A T I O N S :

WHEREAS, Gulf Environmental and Gulf Utility Company executed an Agreement for Purchase and Sale of Water and Wastewater Assets on March 3, 1998 ("Agreement") for the purchase and sale of the assets of Gulf Utility Company; and

WHEREAS, Moore was the President of Gulf Utility Company, and as such, has knowledge of the water and wastewater utility business, in particular, that of Gulf Utility Company.

NOW, THEREFORE, in consideration of Five Hundred Thousand and No Dollars (\$500,000) in cash, and other valuable consideration, paid by Gulf Environmental to Moore, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. RECITATIONS. The foregoing recitations are true, correct and incorporated herein by reference.

2. SERVICES TO BE RENDERED. For a period of five (5) years from the Closing Date (as defined in the Agreement), Moore, in his discretion, and at times and places acceptable to Moore, shall provide such consulting services to Gulf Environmental, or its designated agent, as may reasonably be requested by Gulf Environmental, or its designated agent, with respect to (a) the Purchased Assets (as defined in the Agreement), including, but not limited to, any warranties related thereto, (b) the operations of Gulf Environmental, (c) (if applicable) the books and records of Gulf Utility Company, (d) any developer agreements entered into by Gulf Utility Company, (e) the billing practice and records of Gulf Utility Company; (f) matters related to the Florida Public Service Commission; (g) any liabilities assumed by Gulf Environmental, (h) customer relations, and (i) any other matter that may reasonably be requested.

3. EMPLOYMENT RELATIONSHIP. Moore shall not be an employee or agent of Gulf Environmental, nor shall Moore represent himself as such. Further Moore shall have no authority to (a) represent; (b) act on behalf of; or (c) bind Gulf Environmental.

4. GOVERNING LAW. This Consulting Agreement shall be governed by and construed in accordance with the laws of the State of Florida. No modification or amendment to this Consulting Agreement shall be valid unless reduced to writing and signed by the parties hereto.

IN WITNESS WHEREOF, Gulf Environmental Services, Inc. and James W. Moore, have executed and sealed this Agreement.

ATTEST:

SELLER:

James W. Moore

ATTEST:

PURCHASER:

J.W. French
President

severn\lee\consult.agr

Exhibit "C"
(Escrow Agreement)

See attached

d Escrow Agent shall not make any payments hereunder until directed to do so, in writing, by both Purchaser and Seller. Purchaser and Seller both covenant to provide promptly to Escrow Agent, with copies to each other, notices that are consistent with the obligations imposed herein or in the Agreement.

4. DISPUTE. In the event of a dispute between any of the parties hereto, Escrow Agent shall not distribute such funds until there is either: (i) An Agreement executed by the parties and delivered to the Escrow Agent; or (ii) final decision of a court of competent jurisdiction located in Lee County, Florida. The parties agree to submit any dispute to good faith mediation prior to filing any lawsuits concerning the Escrow Deposit.

5. INDEMNIFICATION. Seller and Purchaser hereby agree to indemnify and hold Escrow Agent harmless from and against any and all losses, claims, damages, liabilities, and expenses, in connection with its acceptance of this appointment as Escrow Agent hereunder for the performance of its duties hereunder, including, without limitation, any litigation arising from this Escrow Agreement or involving the subject matter herein; except, that if Escrow Agent shall be found to have engaged in willful misconduct or gross negligence under this Agreement, then, in that event, Escrow Agent shall bear all such losses, claims, damages, and expenses in performing any of its duties under this Escrow Agreement, or upon the claimed failure to perform its duties hereunder. Escrow Agent shall not be liable to anyone for any damages, losses, or expenses which they may incur as a result of the Escrow Agent so acting, or failing to act; providing, however, Escrow Agent shall be liable for damages arising out of its willful misconduct or gross negligence under this Agreement. Notwithstanding any of the foregoing, Escrow Agent shall not incur any such liability with respect to (a) any action taken or admitted to be taken in good faith upon the advice of Seller or Purchaser given with respect to any questions relating to the duties and responsibilities of the Escrow Agent hereunder or (b) any action taken or admitted to be taken in reliance upon any document, including this Agreement, or notice or instruction provided for in this Escrow Agreement, which the Escrow Agent shall in good faith believe to be genuine, to have been signed or presented by the proper person or persons and to conform with the provisions of this Agreement.

6. GOVERNING LAW. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Florida. No modification or amendment to this Escrow Agreement shall be valid unless reduced to writing and signed by the parties hereto.

7. NOTICE. Notice to any of the parties hereto shall be made by certified mail, return receipt requested, at the following addresses:

To the Seller at:

James W. Moore
Gulf Utility Company
19910 South Tamiami Trail
Estero, Florida 33928

To the Purchaser at:

J.W. French
Gulf Environmental Services, Inc.
2172 McGregor Boulevard
Fort Myers, Florida 33901

To the Escrow Agent at:

Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

IN WITNESS WHEREOF, Seller, Purchaser and Escrow Agent have executed and sealed this Agreement.

ATTEST:

Carelyn B. Andrews

SELLER:

James W. Moore
James W. Moore
President

ATTEST:

Paul F. Adams

PURCHASER:

J.W. French
J.W. French
President

WITNESS:

Esther R. Childs

ESCROW AGENT:
ROSE, SUNDBSTROM & BENTLEY, LLP

Paul F. Adams

Martin S. Friedman
By Martin S. Friedman
Partner
for

severn\lee\escrow5.agr

FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number
72 - W

Upon consideration of the record it is hereby ORDERED
that authority be and is hereby granted to:

GULF UTILITY COMPANY

Whose principal address is:

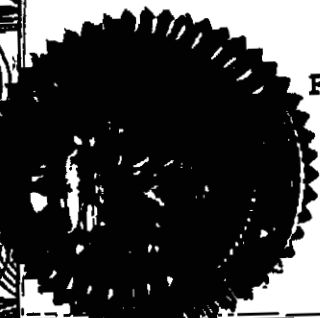
18513 Bartow Boulevard
Ft. Myers, Florida 33912 (Lee County)

to provide water service in accordance with the provision
of Chapter 367, Florida Statutes, the Rules, Regulations
and Orders of this Commission in the territory described
by the Orders of this Commission.

This Certificate shall remain in force and effect until
suspended, cancelled or revoked by Orders of this
Commission.

ORDER	5366	DOCKET	C-71643-W
ORDER	5650	DOCKET	72231-W
ORDER	10131	DOCKET	810005-WS
ORDER	10131-A	DOCKET	810005-WS
ORDER	11266	DOCKET	820280-WS
ORDER	12652	DOCKET	830467-WS
ORDER	14536	DOCKET	850072-WS
ORDER	14210	DOCKET	840387-WS
ORDER	14660	DOCKET	850072-WS
ORDER	14953	DOCKET	840387-WS
ORDER	24046	DOCKET	900939-WS
ORDER	PSC-92-0688-FOF-WS	DOCKET	920334-WS
ORDER	PSC-98-0513-FOF-WS	DOCKET	970696-WS
ORDER		DOCKET	

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION



Beau S. Bay

Director
Division of Records and Reporting



FLORIDA

Public Service Commission

CERTIFICATE NUMBER

64-8

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to

Gulf Utility Company

Whose principal address is

18513 Bartow Blvd. SE

Ft. Myers, Florida 33912-3559

to provide Wastewater service in accordance with the provisions of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

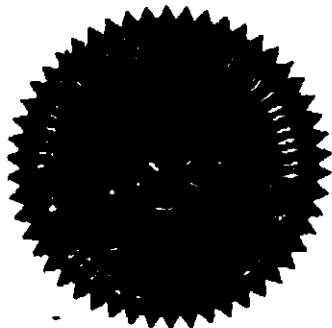
This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER 5366	DOCKET C-71635-S
ORDER 5650	DOCKET 72232-S
ORDER 10131	DOCKET 810005-WS
ORDER 10131-A	DOCKET 810005-WS

BY ORDER OF THE FLORIDA PUBLIC SERVICE COMMISSION

Steve Ziebler Director

Division of Records & Reporting





FLORIDA

Public Service Commission

CERTIFICATE NUMBER

64-S

ORDER 11266 DOCKET 820280-WS

ORDER 12632 DOCKET 830467-WS

ORDER 14210 DOCKET 840387-WS

ORDER 14536 DOCKET 850072-WS

ORDER 14660 DOCKET 850072-WS

ORDER 14953 DOCKET 840387-WS

ORDER 22322 DOCKET 891157-SU

ORDER 24046 DOCKET 900939-WS

ORDER PSG-92-0688-FOF-WS DOCKET 920334-WS

ORDER _____ DOCKET _____

ORDER _____ DOCKET _____

ORDER _____ DOCKET _____

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

