DOCKET NO. 990988-WS

REQUEST TO ESTABLISH DOCKET

Date 7/29/99

1. Division Name/Staff Name Water and Wastewater/B. Messer

2. OPR same

3. OCR

4. Suggested Docket Title Investigation into the Retention of the Certificated Area of Mad Hatter Utility, Inc. located on Lake Thomas and School Road in Pasco County.

5. Suggested Docket Mailing List (attach separate sheet if necessary)

A. Parties (Provide names of regulated companies or use abbreviation from list below if Parties should include all regulated companies in one or more industries; provide names and addresses of nonregulated companies; provide names, addresses, and affiliation (i.e., attorney, company liaison officer, or customer) of individuals.)

Mad Hatter Utility, Inc.

B. Interested Persons/Companies (Provide names, complete mailing addresses, and affiliation. Use abbreviation from list below if Interested Persons should include all regulated companies in one or more industries.)

Deloras R. Johnson Realty
1520 Land O'Lakes Boulevard
Suite A
Lutz, FL 33549

REGULATED INDUSTRIES

Investor-Owned Electrics	(EI)	Water Utilities	(WU)
Electric Cooperatives	(EC)	Local Exchange Telephone Cos.	(TL)
Municipal Electrics	(EM)	Interexchange Telephone Cos.	(TI)
Gas Utilities	(GU)	Coin-Operated Telephone Cos.	(TC)
Wastewater Utilities	(SU)	Shared Tenant Telephone Cos.	(TS)
		Alternate Access Vendors	(TA)

6. Check One:

✓ Documentation attached.

____ Documentation will be provided with recommendation.

PSC/RAR 10 (Revised 09/93)

Deloras R. Johnson Realty
1520 Land O' Lakes Boulevard
Suite A
Lutz, Florida 33549
(813) 949-3614

July 21, 1999

Ms. Billie Messer, Regulatory Analyst
Public Service Commission
Division of Water and Waste Water
2540 Shumart Oaks Boulevard
Tallahassee, FL 32399-0850

Re: Franchise service to area on Lake Thomas and School Rd., Pasco County

Dear Ms. Messer:

We are requesting that you review the franchise previously granted to Mad Hatter Utility, Inc. for an area which encompasses approximately 150 acres between School Road and Drexel Road in southern Pasco County.

Section 367.111 of the Florida Statues provides "...if utility service has not been provided to any part of the area which a utility is authorized to serve, whether or not there has been a demand for such service, within 5 years after the date of authorization for service to such part, such authorization may be reviewed and amended or revoked by the commission." Mad Hatter has had the franchise for this area for ____ years and has made no progress (and no apparent effort) toward provision of services to the area.

Section 367.11 says "If the commission finds that any utility has failed to provide service to any person reasonably entitled thereto, or finds that extension of service to any such person could be accomplished only at an unreasonable cost and that the addition of the deleted area to that of another utility company is economical and feasible, it may amend the certificate of authorization to delete the area not served or not properly served by the utility, or it may rescind the certificate of authorization." We believe that Mad Hatter has routinely violated the requirements of Section 367.111 through its requirement of extensive financial commitment from proposed users. (See copy of Mad Hatter contract and letter.)

The property owner has lost several opportunities to sell this property to qualified developers due to the unavailability of utilities. (See letter from former prospective buyer of property and copy of news article about proposed development.) Pasco County has utilities available very close to the property (see map of affected property showing where sewer and water are installed) and has

indicated its willingness to serve this area with water and sewer but it is not willing to do so unless the question of Mad Hatter's franchises rights is clarified.

We will be most grateful for anything you can do to help resolve this situation so that this property can be developed, providing needed homes in this growing part of Pasco County, enlarging the tax base of the county, and allowing the land owner to realize a return on his investment in this property. (He has been holding it since 1989.)

Sincerely

Deloras R. Johnson
Broker

enclosures: Copy of contract and letter from Mad Hatter Utility, Inc.
Map of property affected indicating where sewer and water are installed
Copy of letter from prospective buyers of property
Copy of newspaper item pertaining to franchised area

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Billie Please Put Last in Paragraph 2.

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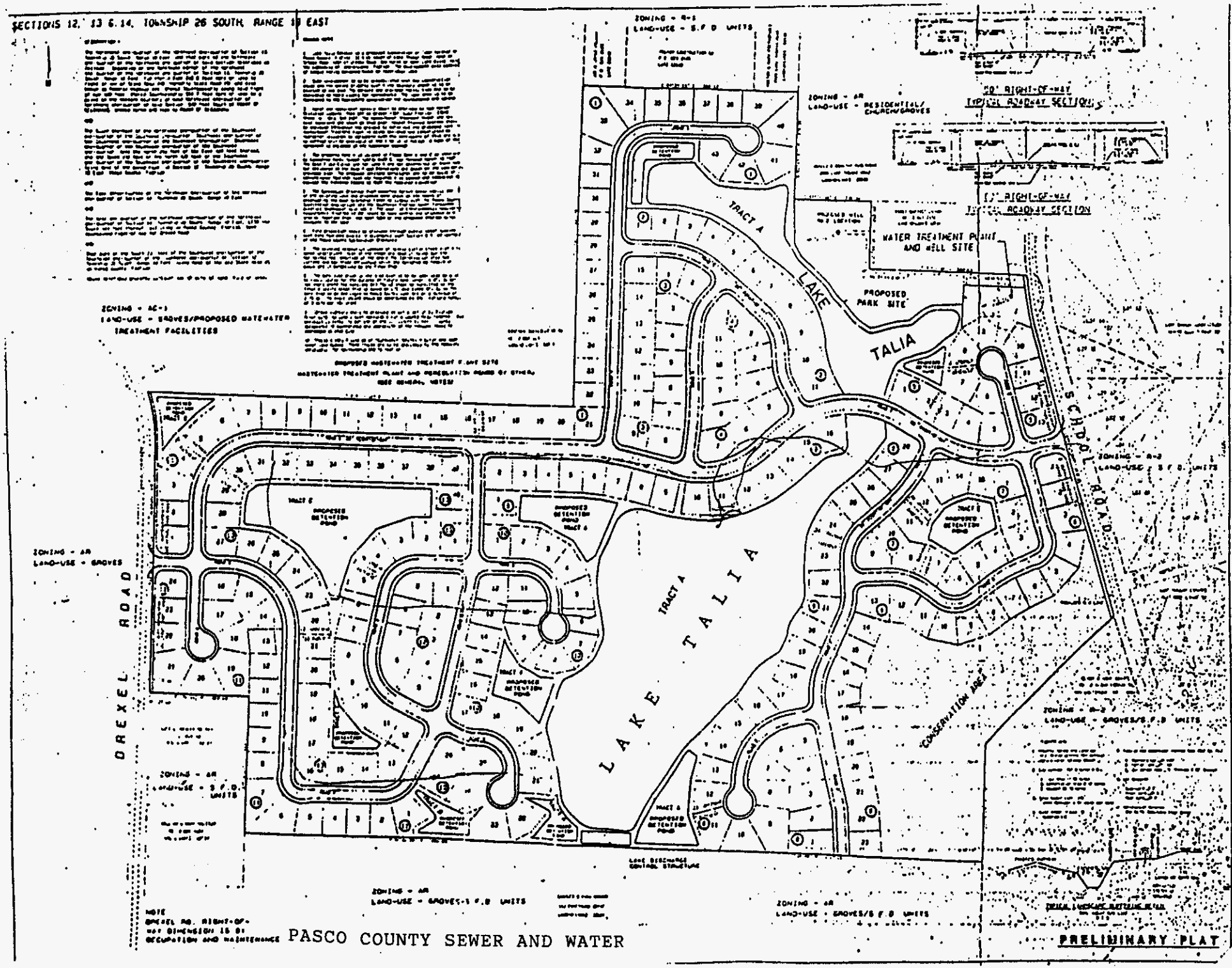
SECTIONS 12, 13 & 14, TOWNSHIP 26 SOUTH, RANGE 19 EAST
ZONING - R-1
LAND-USE - S.F.D. UNITS
ZONING - AR
LAND-USE - RESIDENTIAL/ CHURCH/GROVES
80' RIGHT-OF-WAY
TYPICAL ROADWAY SECTION
WATER TREATMENT PLANT AND WELL SITE
PROPOSED PARK SITE
TRACT A
LAKE TALIA
ZONING - AC-1
LAND-USE - GROVES/PROPOSED WATER/WATER TREATMENT FACILITIES
PROPOSED WASTEWATER TREATMENT PLANT SITE
WASTEWATER TREATMENT PLANT AND PERCOLATION PONDS OR OTHER REUSE DISPOSAL METHOD
OREXEL ROAD
SCHOOL ROAD
ZONING - AR
LAND-USE - GROVES
ZONING - AR
LAND-USE - S.F.D. UNITS
ZONING - R-2
LAND-USE - S.F.D. UNITS
TRACT B
PROPOSED DETENTION POND
TRACT C
TRACT A
LAKE TALIA
CONSERVATION AREA
LAKE DISCHARGE CONTROL STRUCTURE
ZONING - AR
LAND-USE - GROVES/S.F.D UNITS
ZONING - AR
LAND-USE - GROVES/S.F.D UNITS
ZONING - R-2
LAND-USE - GROVES/S.F.D UNITS
NOTE
OREXEL RD. RIGHT-OF-WAY DIMENSION IS BY OCCUPATION AND MAINTENANCE
PASCO COUNTY SEWER AND WATER
PRELIMINARY PLAT

Section 367.111: Service.

(1) Each utility shall provide service to the area described in its certificate of authorization within a reasonable time. If the commission finds that any utility has failed to provide service to any person reasonably entitled thereto, or finds that extension of service to any such person could be accomplished only at an unreasonable cost and that addition of the deleted area to that of another utility company is economical and feasible, it may amend the certificate of authorization to delete the area not served or not properly served by the utility, or it may rescind the certificate of authorization. If utility service has not been provided to any part of the area which a utility is authorized to serve, whether or not there has been a demand for such service, within 5 years after the date of authorization for service to such part, such authorization may be reviewed and amended or revoked by the commission.

(2) Each utility shall provide to each person reasonably entitled thereto such safe, efficient, and sufficient service as is prescribed by part VI of chapter 403 and parts I and II of chapter 373, or rules adopted pursuant thereto; but such service shall not be less safe, less efficient, or less sufficient than is consistent with the approved engineering design of the system and the reasonable and proper operation of the utility in the public interest. If the commission finds that a utility has failed to provide its customers with water or wastewater service that meets the standards promulgated by the Department of Environmental Protection or the water management districts, the commission may reduce the utility's return on equity until the standards are met.

History.

s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; s. 53, ch. 78-95; ss. 1, 2, ch. 79-49; ss. 14, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 15, 26, 27, ch. 89-353; s. 4, ch. 91-429; s. 10, ch. 93-35; s. 185, ch. 94-356.

TABLE OF CONTENTS

AGREEMENT

THIS AGREEMENT made and entered into this the_____ day of_____ 19,____ by and between [redacted] Inc., hereinafter referred to as "Developer" for its development [redacted]", and MAD HATTER UTILITY INC., A Florida corporation, hereinafter referred to as "Service Company".

W I T N E S S E T H:

WHEREAS, Service Company owns and operates in Pasco County, Florida, a water and sewerage system and provides water treatment and distribution facilities and sewage disposal facilities to properties and the occupants thereof in its certificated territory of service; and,

WHEREAS, Developer owns or controls lands located in Pasco County, Florida and described in Exhibit "A" attached hereto and thereby made a part hereof as if fully set out in this paragraph and hereinafter referred to as "Property", and Developer has developed or is about to develop the Property by subdividing and erecting improvements, residences, and buildings thereon; and,

WHEREAS, in order to meet the financing and general requirements of certain private agencies and certain Federal, State and Local governmental agencies, such as, but not limited to, the Florida Department of Environmental Protection, the U.S. Environmental Protection Agency, the Veterans' Administration, the Federal Housing Administration, and private lending institutions, it is necessary that adequate water and sewage facilities and services be provided to serve the Property and to serve the occupants of each residence, building, or unit constructed on the Property; and,

WHEREAS, Developer is not desirous of providing water and sewage facilities to serve the Property, but is desirous of promoting the expansion of central water and sewage facilities by Service Company so that the occupants of each residence, building, or unit constructed thereon will receive adequate water and sewage service; and,

WHEREAS, Service Company is willing to provide, in accordance with the provisions and stipulations hereinafter set out, central water and sewage facilities, and to provide for the extension of such facilities by way of water distribution mains and sewage collection mains, and to thereafter operate such facilities so that the occupants of each residence, building, or unit constructed on the Property will receive an adequate water supply and sewage disposal service from Service Company; and,

WHEREAS, Service Company has established a plan to implement usage of reclaimed wastewater effluent from Pasco County in the near future, to conform

with County Ordinances and State law and policies; and,

WHEREAS, Developer is willing to install or fund the necessary utility facility improvements and related facilities to furnish potable and irrigation water supply and sewage disposal service to the Property, and Developer is willing to pay all applicable construction costs and charges; and,

WHEREAS, All of Service Company's agreements for utility services are under the jurisdiction of the Florida Public Service Commission and must be submitted to the PSC for review;

NOW THEREFORE, for and in consideration of the premises, the mutual undertakings and agreements herein contained and assumed, Developer and Service Company hereby covenant and agree as follows:

1. GRANT TO SERVICE COMPANY OF RIGHTS TO SERVE THE PROPERTY

Developer hereby grants and gives to Service Company, its successors and assigns, the exclusive and perpetual right or privilege to construct, own, maintain, operate and expand the water, sewage and reclaimed water systems to serve the Property; and, the exclusive and perpetual right, privilege, easement and right-of-way to construct, reconstruct, install, lay, own, operate, maintain, repair, replace, renew, improve, alter, extend, remove, relocate and inspect potable and reclaimed water transmission and distribution lines and sanitary sewage collection and transmission lines, mains, pipes, laterals, manholes, valves, pumping stations, lift stations, connections and all related and appurtenant facilities and equipment in, under, through, over, upon and across all present and future streets, avenues, roads, terraces, places, courts, alleys, ways, easements, reserved utility strips and utility sites, rights-of-way, and other public, quasipublic and reserved ways, areas, places and locations, including but not limited to any lake, canal or other water area, shown on any plat or plats of the Property, or any part thereof, which may be recorded from time to time, or which may be provided for in private easement agreements independent of such plat or plats, or in dedications or otherwise all of the foregoing hereafter being called "Easement Areas", together with the full use, occupation and enjoyment thereof for such purposes, and all rights and privileges incident or appertaining or appurtenant thereto, including but not limited to the right of ingress and egress for such purposes throughout such Easement Areas and to and within every lot and parcel of land shown on any such plat or plats or to any part of the Property. Simultaneously with the recording of any plat or plats, or thereafter, at the option and upon request of Service Company or its successors or assigns, Developer shall execute and deliver a grant or grants of easement in recordable form, which form shall be similar to Exhibit "J" and subject to the prior approval of Service Company, designating or describing the Easement Areas granted by this Section. All easements granted to Service Company by this Section shall contain legal descriptions of the said Easement Areas described in metes and bounds or otherwise delineating the exact area of the Property included as the Easement Areas.

2. RESTRICTIVE COVENANT

Developer, as a further consideration of this Agreement, and in order to

effectuate the foregoing grants to Service Company, shall place and record the following covenant, as a covenant running with the land, upon the Property thereby subjecting it to a reservation, limitation, condition or restriction in favor of Service Company as follows:

MAD HATTER UTILITY, INC.,("Service Company"), or its successors or assigns, has the sole and exclusive right to provide all water, sewage and reclaimed water facilities and service to the Property described in Exhibit "A" and to any property to which potable or reclaimed water service or sewage service is actually rendered pursuant to this Agreement. All occupants of any residence, building, unit or improvement erected on the Property, and all subsequent or future owners or purchasers of the Property, or any portion thereof, shall receive their potable and reclaimed water and sewage service from the aforesaid corporation, or its successors or assigns, and shall pay for the same in accordance with the terms, conditions, tenor and intent of this Agreement, for so long as the aforesaid corporation, or its successors or assigns, provide such services, or either of them, to the Property, and all occupants of any residence, building, unit or improvement erected or located on the Property, and all subsequent or future owners or purchasers of the Property, or any portion thereof, agree by occupying any premises on the Property, or by recording any deed of conveyance with respect to the Property, that they will not construct, dig, build or otherwise make available or use potable or irrigation water service or sewage service from any source other than that provided by Service Company. Service Company shall have access at all reasonable times to every water meter it shall have installed, for the purposes of reading, maintaining, repairing, checking, and replacing the said water meter. Potable and reclaimed water supplied by Service Company to any customer shall not be offered for resale or be resold. The sole, only and exclusive obligation of Service Company respecting the supplying of water shall be to supply at its water meters, potable water suitable for domestic consumption.

3. GRANT TO SERVICE COMPANY OF ADDITIONAL EASEMENT RIGHTS

Developer and Service Company covenant that each will use due diligence in ascertaining all easement locations; however, should Developer or Service Company install any water, sewage and reclaimed water facilities outside an Easement Area, Developer, the successors and assigns of Developer, covenant and agree that Service Company, shall not be required to move or relocate any facilities lying outside said Easement Area so long as the facilities do not interfere with the then or proposed use of the private property in which the facilities have been installed. In the event Service Company is required or so desires to install underground water, sewer or reclaimed water transmission, distribution or collection mains in private property within the Property lying outside the Easement Areas described herein, then Developer or the owner of the said private property shall grant to Service Company without cost or expense to Service Company the necessary private easement(s) for such private property installation(s) provided, all such private property installations by Developer or Service Company shall be made in such a manner as not to interfere with the then primary use of such private property. Relocations required shall be done at Developer's expense. To provide additional security that improvements were constructed within the easements granted, Developer's engineer shall provide

drawings of the as-built lines and overlay of easements granted.

4. RESERVATION TO DEVELOPERS TO GRANT EASEMENT RIGHTS FOR OTHER UTILITY SERVICES

Nothing contained in this Agreement shall prevent Developer, or any subsequent owner of the Property, or of any part thereof, from granting exclusive or non-exclusive right, privileges, easements and rights-of-way in the Easement Areas for the furnishing of utility services other than potable or reclaimed water service or sewer service. Provided, however, that every such other grant shall be on the express condition that the Grantee therein shall not impair or interfere with the use, occupation and enjoyment of the Easement Areas by Service Company nor require Service Company to move, replace, adjust, alter or change any of its facilities, and that the Grantee therein shall be liable to Service Company for any injury or damage by the Grantee therein to any facilities of Service Company.

5. COVENANT BY SERVICE COMPANY TO SERVE THE PROPERTY

Upon the continued accomplishment of all the prerequisites contained in this Agreement to be performed by Developer or by Service Company, Service Company covenants and agrees that it will provide potable water facilities and sewage facilities in accordance with the terms and intent of this Agreement, so that the Property will receive adequate potable water and sewage services. Service Company agrees to provide reclaimed water service when made available by Pasco County pursuant an agreement between the County and Service Company. Service Company agrees that once it provides potable water and sewage services to the Property, or any portion thereof, that thereafter Service Company will continuously provide, at its cost and expense, but in accordance with the other provisions of this Agreement, including tariffs and rate schedules, water service and sewage service to the Property in a manner to conform with all reasonable requirements of the U.S. Environmental Protection Agency, Florida Department of Environmental Protection, the Florida Public Service Commission ("PSC") and other governmental agencies having jurisdiction over the potable and reclaimed water supply and sewage disposal operations of Service Company.

6. RELEASING EASEMENT AREAS FROM MORTGAGES

Service Company hereby agrees that it will not require Developer to release from any mortgage on the Property any easement area in which is proposed to be installed any potable or reclaimed water or sewage facilities, provided the easement has been duly dedicated and Developer has complied with the following requirements: that all mortgagees, if any (a) consent or join in the granting to Service Company of the exclusive right to provide potable and reclaimed water and sewage facilities and service to all the Property (b) consent or join in the placing of the restrictive covenant referred to in Section 2 herein on the Property in favor of Service Company; and (c) consent or join in the dedication of the Easement Area to Service Company.

7. OPINION OF TITLE AND TITLE INSURANCE

Within thirty (30) days of the date hereof, Developer, at its sole cost and expense, shall furnish Service Company with all opinion of title from a qualified attorney-at-law with respect to the Property, which opinion shall include a current report on the status of the title setting out the name of the

legal title holders, the outstanding mortgages, taxes, liens and covenants running with the land. Developer, at its sole cost and expense, shall furnish to Service Company a title insurance commitment issued by a qualified title insurer in Pasco County agreeing to issue to Service Company, upon recording of the warranty deed conveyances to Service Company, an owner's policy of title insurance in the full value of the land and pumping or lift station facilities to be erected thereon insuring title of Service Company to those sites free from all mortgages, liens and encumbrances.

8. DEVELOPMENT PLAN

It is the intention of the parties in entering into this agreement that Developer grants to Service Company the exclusive right and privilege to provide all of the land set forth in Exhibit "A" consisting of approximately ___ _____ acres with potable and reclaimed water and sewage facilities and services. The parties hereto agree that an essential part of this Agreement is that the Property will be subdivided in phases in substantial accordance with the master plan and plat described or set out in Exhibit "B".

9. DEVELOPER NOT TO ENGAGE IN WATER OR SEWER BUSINESS ON THE PROPERTY

Developer, as a further and essential consideration of this Agreement, agrees that Developer, or the successors and assigns of Developer, shall not (the words "shall not" being used in a mandatory definition) engage in the business or businesses of providing any water (potable, reclaimed water or irrigation water) or sewage service to the Property during the period of time Service Company, its successors and assigns, provide potable and reclaimed water or sewage service to the Property, it being the intention of the parties hereto that under the foregoing provision and also other provisions of this Agreement, Service Company shall have the sole and exclusive right and privilege to provide potable and reclaimed water and sewage service to the Property and to the occupants of each residence, building or unit constructed thereon.

10. RATES, RULES AND REGULATIONS

Developer shall be bound by Service Company's Water and Sewer Tariffs presently approved by the PSC and in effect or to be approved within a reasonable time from execution of this Agreement, and any amendments or modifications thereto, which may be approved by PSC in the future, and the most recent update of Service Company's Underground Construction Specifications, as though fully set forth herein.

Any such initial or future rates, rate schedules, and tariffs established, amended, or revised and enforced by Service Company from time to time in the future, shall be binding upon Developer; upon any person or other entity holding by, through or under Developer and upon any user or consumer of the water service and sewage service provided to the Property by Service Company.

This Agreement must be reviewed and/or approved by the PSC or its staff in accordance with PSC rules. Service Company shall submit this Agreement to the PSC staff for approval within ten (10) days of execution by both parties.

11. CONTRIBUTIONS IN AID-OF-CONSTRUCTION TOWARD TREATMENT PLANT CAPACITY

At the present time, Service Company does not have an approved Contributions In-Aid-Of-Construction ("CIAC") fee. Developer agrees, however, that it is necessary for Service Company to expand its facilities to provide the total requested service. To enable Service Company to provide service to the Property, Developer shall loan to Service Company the costs of this expansion project, as set forth in Exhibit "D" attached hereto and made a part hereof. Service Company shall enter into a promissory note as provided in paragraph # 26 below. Service Company's obligation to provide utility service shall not become due until completion of the facilities expansion provided herein. In the event that CIAC fees may be approved by the PSC subsequent to the date of this Agreement, Developer agrees to pay such fees in accordance with paragraph 14 of this Agreement.

Developer shall be solely responsible for determination and payment of all other fees or CIAC to governmental bodies such as, but not limited to, Pasco County. Developer shall be responsible for determination of availability of sewage capacity through Pasco County, and Service Company makes no promises to provide sewer utility service in the event that Pasco County refuses sewage treatment capacity.

12. CONTRIBUTIONS OF PROPERTY

Service Company at its option, may require Developer to contribute on-site lines, off-site lines and other utility facilities necessary to provide service to the Developer's project. If applicable, such property contributions are described in Exhibit "D" and are subject to other applicable provisions of this Agreement.

13. TAX IMPACT CHARGES (GROSS-UP)

Developer further agrees to pay the income tax impact (gross-up) associated with utility property donated to Service Company under the provisions of paragraph 12 and the tax impact associated with any future approved CIAC charges provided for in paragraph 14. Service Company may seek approval from the PSC to impose gross-up charges. Such charges will be collected in accordance with the tariff approved by the PSC and are due upon the execution of this Agreement or, if applicable, in accordance with paragraph 14.

14. FUTURE CONTRIBUTIONS IN AID-OF-CONSTRUCTION

Developer further agrees to pay any future Contributions in Aid-of-Construction or increases thereto, that may be approved by the PSC, to partially offset the cost of providing potable or reclaimed water and wastewater facilities. Such CIAC fees may result from, but are not limited to, recovery of costs imposed when the regulatory agencies responsible for regulating the quality of potable or reclaimed water or wastewater treatment shall prescribe standards of treatment beyond those presently required.

The amount of any approved increase of said Contributions shall apply only to prospective connections located within that portion of the Property to which connections have not as yet been made to individual residences, apartments, buildings, or units, and shall be paid as follows:

(a) An increase which is approved subsequent to the date hereof as a result of changes in the regulations affecting the quality or quantity of potable or reclaimed water treatment or wastewater treatment shall be paid within thirty (30) days after notice by Service Company to Developer of the said approval.

(b) Developer further agrees to pay the income tax impact (gross-up) charges on future CIAC fees, as provided for in paragraph 13. Such charges are due and shall be paid at the same time the future CIAC fees described in this paragraph are due.

15. METER INSTALLATION FEES; SECURITY DEPOSITS; CUSTOMER SERVICE AGREEMENTS

Prior to installing meters for individual residences, apartments, buildings or units, Service Company requires that meter installation fees and security deposits be paid, and that the person(s) or entities responsible for payment for consumer charges sign a customer service agreement. These fees and agreements shall be as provided in Service Company's tariff, or PSC orders currently in effect at the time of proposed connection. Developer is responsible for payment of all meter installation fees as follows: [redacted] units X $90 = $ [redacted] Service Agreements shall be requested in writing by , and deposits shall be paid by, the person(s) or entities requesting service. That request must include proper addresses and block and lot numbers.

16. GROUNDS FOR WORKS STOPPAGE BY SERVICE COMPANY

In the event Developer shall fail or refuse to pay Service Company within fifteen (15) days of its maturity any sum provided to be paid by Developer to Service Company under the terms of this Agreement, specifically including the sums set forth in Exhibit "D" attached hereto, then Service Company, upon three (3) days written notice to Developer may, at its option, stop any work provided for under this Agreement with respect to the Property, and by additional written notice to Developer, terminate this Agreement without relinquishing, releasing or waiving any legal rights Service Company may have against Developer.

17. POINTS OF CONNECTION

Points of connection shall be designated by Service Company in plan approval and shall meet all requirements for existing, future and looped service.

18. RESERVATION OF WATER TREATMENT PLANT CAPACITY FOR DEVELOPER

Service Company agrees to reserve capacity in its potable water treatment plant, pursuant to the conditions herein, for potable water to the Property up to an average daily demand of _____ gallons per day, allocated to phases of Developer's construction program as set forth in Exhibit "E" attached hereto and made a part hereof. Service Company will permit the connection of each unit constructed within the Property at the time any such connection is required by Developer, provided that: (a) the State of Florida Department of Environmental Protection or its successor acknowledges approves additional connections; and (b) sufficient capacity in Service Company's potable water and sewage system is available. However, in no event will Service Company be obligated to reserve more potable water treatment plant capacity in any one year than is called for by the construction schedule in Exhibit "E". Any

variation from said construction schedule calling for an increased yearly demand on treatment plant capacity of Service Company not specifically provided for in Exhibit "E" shall be subject to the written approval and consent of Service Company. In the event that Developer does not utilize the yearly amount of treatment plant capacity reservation called for in Exhibit "E", said amount shall be available to Developer in the next calendar year subject to the limitations and provisions herein.

19. LIMITATION ON RESERVATION OF TREATMENT PLANT CAPACITY

It is mutually agreed and understood by Service Company and Developer that the aforesaid reservation of treatment plant capacity by Service Company does not guarantee connections to Service Company's water distribution or sewage collection system nor guarantee the ability of Service Company to receive and dispose of sewage originating from the Property in the event that Service Company is prohibited, limited or restricted from making such connections or from reserving capacity for, or receiving and disposing of such flow by local, State or Federal governmental agencies having jurisdiction over such matters until such time as said prohibition, limitation or restriction is revoked, altered or amended. In any such event, Developer agrees that Service Company shall not be liable or in any way responsible for any costs or losses incurred by Developer as a result of such local, State or Federal governmental regulation, intervention or control; except that should Service Company be prohibited, limited or otherwise restricted from making connections, reserving capacity or receiving flows of sewage from the Property or providing flow of water to Property, or any portion thereof, Service Company's sole obligation and responsibility and Developer's sole remedy shall be, at Developer's option, to refund to Developer within sixty (60) days after receipt of notice, the Contributions in Aid-of-Construction and security deposits paid by Developer pursuant to Exhibit"D" hereof to partially offset the cost of providing water treatment plant facilities, including any connection charge adjustments and approved increases which Developer may have paid; however, such refund shall only apply to that portion of the Property to which the said prohibition, limitation or restriction applies.

20. NOTICE TO SERVICE COMPANY REQUIRED FOR ASSIGNMENT OF TREATMENT PLANT CAPACITY

No right to any treatment plant capacity provided for in this Agreement shall be transferred, assigned or otherwise conveyed to any other party by Developer without written notice to Service Company including, wherever applicable notice to Service Company of the applicable phase from Exhibit "E" hereof to which the said assignment applies; however, the said notice to Service Company shall not be required in connection with the sale, lease or other conveyance of any completed residential unit or commercial establishment to a bona fide purchaser, lessee, resident, occupant, or any party who will be the ultimate consumer. The intent of this Section is to require notice to Service Company of assignments or transfers of any reserved treatment plant capacity allocation by Developer to any party who holds such property as an investment for resale or who intends to develop for sale a portion of the Property, so that Service Company may know the appropriate parties having an interest in the said capacity, and can adequately determine the demand for

treatment plant capacity upon its utility system and plan for the fair and equitable allocation thereof.

21. RESCISSION OF RESERVATION OF TREATMENT PLANT CAPACITY UPON NON-PERFORMANCE BY DEVELOPER

Developer and Service Company recognize that the reservation of treatment plant capacity to meet the needs of Service Company's PSC certificated territory must be limited on the basis of a reasonable-beneficial use and that reservations of plant capacity for treatment cannot be of unlimited duration since, for each party who is granted such reservation, another may not be able to receive a plant capacity reservation at the time such capacity may be needed. Accordingly, both Developer and Service Company recognize that time is of the essence of this Agreement for the specific provisions noted within this Section.

In the event that Developer fails to comply with the time schedule set forth in Exhibit "E" and with any of the following conditions, where applicable:

(a) Provide Service Company with satisfactory proof that proper application to the Board of County Commissioners and/or to the Pasco County Zoning Appeals Board for additional zoning or variance matters relating to the Property has been made within one hundred twenty (120) days of the date of this Agreement; and

(b) Provide Service Company with satisfactory proof of an approved site plan or recorded plat for the Property within one hundred fifty (150) days of the County's disposition of the proper application referred to in (a) above; and

(c) Work on the Property, described and defined herein, is commenced within one hundred eighty (180) days of the date of the submission of satisfactory proof of an approved site plan or recorded plat, referred to in (b) above; or in the further event work, when commenced, is suspended, abandoned, or not in active progress at any time for a period of one hundred eighty (180) days;

Then, if such is not cured within thirty (30) days following notice thereof by Service Company to Developer, any obligation or duty of Service Company arising out of or prescribed by this Agreement shall be null and void and unenforceable. In addition, any portion of the total capacity reservation as set forth in Section 16 herein, not in use at the time of the abandonment, suspension or lack of active work progress, as prescribed herein, shall be automatically rescinded and of no further force and effect and Service Company shall not be liable for any damages, costs or claims caused by or arising from that said rescission or cancellation. If conditions (a) and (b) hereinabove, are not applicable to the Property, then they shall be eliminated and the initial time period specified in condition (c) hereinabove, shall be two hundred seventy (270) days.

For purposes of this Section, work shall be considered to have commenced and/or be in active progress when a full complement of workmen and equipment is present at the Property to diligently incorporate materials and equipment into

the structures or improvements throughout the day on each full working day, weather-permitting. Structures or improvements shall mean any building, structure, or construction built, erected, placed, made or done on the Property for its permanent benefit.

Developer shall make its best effort to comply with all of the conditions of this Section; however, Service Company recognizes that strict compliance may impose a severe burden upon Developer. Therefore, Service Company will consider and not unreasonably withhold its consent to minor variations in timing or substance if such variation is requested in writing by Developer to Service Company at least thirty (30) days prior to the anticipated date of the occurrence of the variation requested.

Upon notice by Service Company to Developer that Service Company has invoked the provisions of this Section as set forth above, any Contributions in Aid-of-Construction paid to Service Company by Developer shall serve as liquidated damages to reimburse Service Company for all costs incurred to that time and shall be used to compensate Service Company for same. Any surplus funds remaining from the said Contributions in Aid-of-Construction after satisfaction of all Service Company's costs shall be refunded to Developer by Service Company; provided however, that no refund shall be made pursuant to this Section except from funds received from other developers to whom capacity forfeited by Developer has been reassigned by Service Company.

22. ENGINEERING OF ON-SITE AND OFF-SITE IMPROVEMENT

Developer shall at its own cost and expense cause [redacted]ngineering, Inc., a registered professional engineer of the State of Florida regularly engaged in the practice of sanitary engineering (hereinafter referred to as Developer's Engineer), to prepare and seal detailed engineering plans and specifications for construction of all of the potable and reclaimed water distribution lines and sewage collection lines, including but not limited to any required lift stations, pumping stations, and all equipment or facilities incident thereto which shall be necessary to provide potable and reclaimed water and sewer service within the Property (hereinafter referred to as the On-Site Improvements). A conceptual layout of the water and sewer system is attached hereto as Exhibit "F" and made a part hereof.

Developer further agrees that it shall cause Developer's Engineer to prepare and seal detailed engineering plans and specifications for facilities which are to be located off-site as to the Property, as more fully described in Exhibit "G" attached hereto and made a part hereof (hereinafter referred to as the Off-Site Improvements) which shall be required to extend Service Company's potable and reclaimed water system and sewage system from the Points of Connection to the Property and the occupants thereof, or to otherwise provide the capability of Service Company's potable and reclaimed water system and sewage system to serve the Property. Developer's Engineer shall field verify location and size of all existing utility facilities at Points of Connection prior to design.

The On-Site Improvements and the Off-Site Improvements shall hereafter be referred to collectively as the "Improvements". All plans and specifications

covering the Improvements shall conform to Service Company's standard specifications and detail sheets.

23. ENGINEERING PLANS AND SPECIFICATIONS SUBJECT TO SERVICE COMPANY'S REVIEW AND APPROVAL

Developer, at its sole cost and expense, shall cause Developer's Engineer to transmit the detailed plans and specifications for the Improvements to Service Company for its review and approval. This review and approval may include additional off-site construction or equipment requirements to facilitate providing service to the project and future connections. Service Company shall review the said plans and specifications expeditiously, and furnish Developer's Engineer with any proposed changes relating thereto, and Developer's Engineer shall then modify the said plans and specifications to comply with Service Company's proposed changes. No construction of the Improvements shall commence unless and until Service Company has given its final approval of the said plans and specifications.

Upon final approval of the plans and specifications by Service Company, Service Company shall execute such applications as may be required for the submission of the said plans and specifications to state and local regulatory agencies for approval for construction. Developer shall cause Developer's Engineer to prepare the applications for all necessary permits needed for construction of the Improvements with Service Company shown as the "Agent for Operation and Maintenance".

24. DEVELOPER TO SECURE APPROVALS FOR CONSTRUCTION OF IMPROVEMENTS

Developer or its agents shall be fully responsible for obtaining all required approvals from governmental agencies and for obtaining all necessary construction permits for construction of the Improvements contemplated in this Agreement.

25. *DEVELOPER TO CONSTRUCT IMPROVEMENTS*

Upon receipt by Developer's Engineer of all regulatory agency approvals which are a prerequisite to the construction of the Improvements, Developer shall solicit bids for construction of the said Improvements, and Developer shall select a duly licensed construction contractor, or contractors, experienced in the installation of underground water and sewer facilities, to construct and install the said Improvements at Developer's sole cost and expense, and to connect the said Improvements to existing facilities of Service Company, all in accordance with plans previously approved by Service Company.

26. CONSTRUCTION MEETINGS

Service Company reserves the right to call for a construction meeting with Developer's representatives (Engineer, Project Manager, Construction Superintendent, utility contractor, etc.) with respect to matters relating to the construction of the Improvements for preconstruction or during construction as Service Company may deem necessary. Said meeting shall be given forty-eight (48) hours notice and is to be held at the offices of Service Company in Pasco County, or at a place convenient to the project as designated by Service Company. Developer shall coordinate the attendees so that each participating person has adequate notice.

27. INSPECTION AND TESTING

At all times during construction of the Improvements, Service Company shall have the absolute right to inspect such construction and installation, and the right to request Developer's Engineer and Developer's contractor(s) to perform standard tests for pressure, exfiltration, line and grade, and such other engineering tests as may be necessary to determine that the Improvements have been installed in accordance with the approved plans and specifications and good engineering practice. If any of the Improvements appear to Service Company not to be installed in accordance with the approved plans and specifications and\or good engineering practice, Service Company shall have the right to require Developer's contractor(s) to stop work, and shall request inspection and testing of the work by Developer's Engineer.

At such times during construction of the Improvements when Developer's Engineer requests inspection and/or testing, Service Company's authorized representative, together with Developer's contractor(s), shall jointly be present to witness said inspections and\or tests for determination of conformance with the approved plans and specifications and good engineering practice. Developer shall notify Service Company a minimum of thirty-six (36) working day-hours (but no later than 3:00pm on Fridays) in advance of said inspections and/or tests so that Service Company may make arrangements to witness the said inspections and/or tests.

The presence of Service Company's representatives during any inspection and/or testing shall not be construed to constitute any guarantee on the part of Service Company as to materials or workmanship, nor shall they relieve Developer of responsibility for proper construction of the Improvements in accordance with the approved plans and specifications, nor shall they relieve Developer of the warranties specified herein as to the quality and condition of the materials and workmanship.

Developer shall cause Developer's Engineer to furnish Service Company with a report on the results of all inspection and testing performed hereunder.

28. FINAL INSPECTION AND ACCEPTANCE OF IMPROVEMENTS

Prior to final approval of the Improvements, or any phase thereof by Service Company, Developer's Engineer and Developer's Contractor(s) shall have hydrostatically tested the water lines under prescribed engineering methods for adequate water pressure, and the lines shall have been adequately poly-pigged, flushed, chlorinated, and negative bacteriological samples shall have been obtained, and furnished to Service Company, subject to the approval of Service Company and the appropriate governmental authorities.

Upon final inspection and approval of the Improvements or any phase thereof by both Service Company and Developer's Engineer, and, provided that the Improvements have been installed in accordance with the Underground Construction Specifications and the approved plans and specifications, Service Company shall accept the Improvements, or any phase thereof, which acceptance shall be evidenced by a Certificate of Final Acceptance by Service Company, a copy whereof is attached hereto as Exhibit "H".

29. CONVEYANCE OF IMPROVEMENTS TO SERVICE COMPANY

To induce Service Company to provide the potable and reclaimed water and sewage facilities, and service to the Property, Developer hereby agrees to convey to Service Company, free and clear of all claims, liens and encumbrances, by a duly executed Bill of Sale in recordable form, legal title to all of the Improvements located in dedicated rights of way and Easement Areas constructed by Developer pursuant to this Agreement. Said Bill of Sale shall also be accompanied by a verified itemized statement, in form and detail satisfactory to Service Company, indicating the itemized installed costs of the various elements of the said Improvements for recordation on the books and records of Service Company. In exchange for that conveyance, Service Company shall enter into an a promissory note, Exhibit "I", attached hereto and the terms of which are hereby made a part of this Agreement. In addition to the value of the conveyed Improvements, Developer shall provide funds for construction of off-site improvements ("Loan For Construction") in the amount provided in Exhibit "D" and under terms as provided in the Promissory Note attached as Exhibit "I".

In the event that the initial funds loaned for construction are insufficient due to unforeseen circumstances, Developer agrees to loan additional amounts necessary to complete construction, by taking an additional promissory note in the same form as that originally executed and attached as Exhibit "I".

30. CONTRIBUTIONS IN AID-OF-CONSTRUCTION NOT REFUNDABLE

Payment of Loan for Construction or Contributions in Aid-of-Construction set forth herein does not and will not result in Service Company waiving any of its rates, rate schedules or rules and regulations, the enforcement of which shall not be affected in any manner whatsoever by Developer making the contributions. Except as otherwise provided herein, Service Company shall not be obligated to refund to Developer, its successors and assigns, any portion of the Contributions in Aid-of-Construction for any reason whatsoever, nor shall Service Company pay any interest upon the said Contributions in Aid-of-Construction.

31. DEVELOPER'S SUCCESSORS AND ASSIGNS HAVE NO CLAIM IN CONTRIBUTIONS IN AID-OF-CONSTRUCTION

No person or other entity holding any of the Property by, through or under Developer, or otherwise, shall have any present or future right, title, claim or interest in and to the Contributions in Aid-of-Construction or to any of the potable or reclaimed water or sewage facilities and properties of Service Company, and all prohibitions applicable to Developer with respect to no refund of the said Contributions, and no interest payment on the said Contributions are applicable to all persons or entities.

32. NO OFFSET OF OTHER OBLIGATIONS PERMITTED AGAINST CONTRIBUTIONS IN AID-OF-CONSTRUCTION

Any user or consumer of potable or reclaimed water service or sewage service shall not be entitled to offset any bill or bills rendered by Service Company for such service or services against the Contributions in Aid-of-Construction. Developer shall not be entitled to offset the said

Contributions against any claim or claims which Developer may have against Service Company, and said Contributions shall be paid at the time or times stated and without regard to any claimed, contractual or other, matured or unmatured obligations of Service Company in favor of Developer.

33. ENGINEERING AND INSPECTION FEE

Upon completion of construction of the Improvements, and prior to the rendering of potable water and sewer service, Developer shall pay to Service Company an inspection fee of two (2%) percent of the estimated total amount shown on the itemized Bill of Sale as provided herein. Prior to construction, Developer shall pay to Service Company all reasonable fees for Service Company's engineer to review Developer's proposed project plans, project's impact on capacity, system fire flow analysis and determine connection points, Developer's contributions to off-site improvements and for review of construction drawings and as-builts, and incorporating as-builts into the Master Plan. After completion of construction, Developer shall pay the fees for Service Company's engineer to review As-builts, and update Service Company's Master Plan of water and sewer improvements. Finally, prior to construction, Developer shall pay all reasonable legal expenses for Service Company's attorney to draft this Agreement with Developer's attorney. Service Company shall estimate these fees and require that Developer place a deposit with Service Company.

34. SERVICE COMPANY'S RIGHT TO INSPECT DEVELOPER'S BOOKS AND RECORDS

Service Company shall have the right at all times to require Developer to furnish its records with respect to the actual and direct costs expended by Developer for the Improvements to be owned by Service Company as contemplated in this Agreement. Upon request by Service Company to Developer, Developer shall furnish Service Company with reasonable and satisfactory evidence of the said costs, including back-up documents to verify such costs, including but not limited to, construction contracts, paid bills, invoices, and related records. These records shall be supplied by the developer at the end of each construction phase, to the Service Company.

35. DEVELOPER TO FURNISH SERVICE COMPANY EVIDENCE THAT IMPROVEMENTS PAID FOR IN FULL

Upon completion of construction of the Improvements and prior to the rendering of water and sewer service, Developer shall furnish Service Company with evidence satisfactory to Service Company that all of the Improvements referred to herein to be transferred to Service Company have been paid for in full.

36. EXCLUSIVE OWNERSHIP OF IMPROVEMENTS VESTED IN SERVICE COMPANY

Developer agrees that all potable and reclaimed water facilities and sewage facilities used, useful or held for use in connection with providing potable and reclaimed water service and sewage service to the Property, shall at all times remain in the sole, complete and exclusive ownership of Service Company, its successors and assigns, and any person or entity owning any part of the Property or any residence, building, or unit constructed or located thereon, shall not have any right, title, claim or interest in and to such facilities, or any part of them for any purpose. All water service facilities

connecting the mains of Service Company to any residence, building, or unit constructed or located on the Property up to and including water meters shall become the property of Service Company pursuant to this Agreement. If any portion of said lines or water meters are installed within or on any part of the Property or any building thereon, Developer shall provide easements to Service Company as required elsewhere in this Agreement. Sewer line extensions which are installed in public dedicated rights of way or Easement Areas connecting the mains of Service Company to the Consumer Installation as defined in Section 41 herein, of any residence, building or unit constructed or located on the Property, shall become the property of Service Company as provided elsewhere in this Agreement. No water or sewage facilities to be conveyed to Service Company hereunder shall be installed by Developer under any buildings, landscaping, trees, nor shall any of these items be placed over any utility facilities or appurtenances thereto, nor shall any easements be accepted by Service Company for any such facilities which are so located.

37. IMPROVEMENTS MAY BE USED BY SERVICE COMPANY TO SERVE OTHERS

Developer agrees that Service Company shall have the right and privilege to use all water facilities and sewage facilities used, useful and held for use in connection with providing water service and sewage service to the Property, including but not limited to all of the Improvements installed by Developer and donated to Service Company, for any purpose, including providing by means of other, further and additional extensions thereof, the furnishing of water or sewage services to other persons, firms, developers, corporations or entities located within or beyond the limits of the Property. All easement grants made to Service Company pursuant to this Agreement shall contain provisions satisfactory to Service Company adopting the provisions of this Section.

38. WARRANTIES COVERING THE IMPROVEMENTS

Developer warrants that the Improvements to be conveyed hereunder to Service Company shall be free from any and all defects in materials and workmanship. Developer also warrants that once the Improvements are installed to serve the Property or any part thereof, and that Developer shall be solely responsible for the repair of any damages to the said Improvements which result from the actions of any vendors, subcontractors, agents, representatives or employees of Developer. Said warranties shall remain in full force and effect for a period of:

(a) Two (2) years from the date of final acceptance by Service Company of the Improvements, which final acceptance shall be evidenced by the Certificate of Final Acceptance attached hereto as Exhibit "H", or

(b) Until the last water meter has been installed to serve any lot or parcel within the Property, whichever occurs later.

In the event that Developer is required by Service Company to repair or replace any of the said Improvements during the said warranty period, then the warranty as to those items repaired or replaced shall continue to remain in effect for a period of one (1) additional year from the date of final acceptance by Service Company of those repairs or replacements which Developer

has performed or caused to be performed.

39. AS-BUILT ENGINEERING PLANS

Developer shall furnish Service Company with (a) three (3) sets of signed and sealed as-built prints and one (1) set of reproducible "Mylar" or approved equal as-built drawings showing specific locations of all potable and reclaimed water facilities and sewage facilities including addresses, and depths, including "cut sheets" of all sewage facilities and easements, as located by a licensed surveyor, sealed by the surveyor and containing a certification by Developer's Engineer that the Improvements have been constructed in compliance with the Underground Construction Specifications, plans and specifications as approved by Service Company (b) an overlay Mylar showing actual easements granted by Developer to ensure that as-built lines were constructed within easements (c) Plans & As-builts (with easements) on "Auto-CAD" disk, layered per utility specifications (d) the results of bacteriological tests of the installed water lines approved by the Pasco County Health Department, and (e) three sets of the appropriate manuals for operation of any pumping station and all mechanical and electrical equipment.

40. CONSUMER INSTALLATIONS

Developer, or any owner of any parcel of the Property, or any residence, building, or unit located thereon, shall not have the right to and shall not connect any facilities on the consumer's private property (hereinafter referred to as a Consumer Installation) to the potable or reclaimed water facilities or sewer facilities of Service Company until formal written application has been made to Service Company by the prospective consumer in accordance with the then effective tariffs of Service Company and approval for such connection has been granted and applicable fees and deposits paid.

The responsibility for connecting the Consumer Installation to the mains of Service Company at the point of delivery is that of Developer or others than Service Company (except for the installation of water meters which is the responsibility of Service Company) and with reference to such connections Developer, its successors or assigns, agree as follows:

(a) Consumer Installation connections to the mains, service lines, laterals or meters of Service Company shall be inspected and approved by Service Company before backfilling and covering up the connecting pipes.

(b) The builder or plumbing contractor engaged by Developer, its successors or assigns, to install the Consumer Installation connections shall give Service Company written notice when the water and sewer connecting lines have been installed and Service Company shall have three (3) business days within which to inspect such lines and in the event Service Company fails to make such inspection, Developer, its successors or assigns, may proceed with construction provided construction is in accordance with the plans and specifications as approved by Service Company and is not in violation of any regulation of governmental authorities.

If Developer, its successors or assigns, do not comply with the foregoing inspection provisions, Service Company may refuse service to a connection that

has not been inspected until the provisions of this Section have been complied with.

The parties hereto further agree that the costs or expense of constructing all Consumer Installations and all costs and expenses of operating, repairing and maintaining any Consumer Installation shall be that of Developer, its successors or assigns, or others than Service Company.

41. PREREQUISITES TO RENDERING SERVICE AND INSTALLATION OF METERS

Developer agrees that Service Company shall have the right to refuse to provide service to any lot or building within the Property until Developer, its successors or assigns, comply with all of the terms and conditions of this Agreement. Further, Service Company shall not be required to install water meters and boxes until all of the following conditions have been performed by Developer, or its successors or assigns:

(a) Developer has delivered to Service Company a final development plan and three (3) copies of an approved plat which has been duly recorded among the public records of Pasco County, dividing the property into lots or parcels in substantial accordance with the plan as described and set out in Exhibit "B".

(b) Developer has executed and delivered to Service Company in recordable form, approved by Service Company, all necessary easements in the Property required for the installation of facilities and service by Service Company.

(c) Developer has submitted all plans and specifications for the construction of any of the Improvements for the review and approval by Service Company. Such plans and specifications shall have been approved, subject to conformance of the final design to the standard specifications and detail sheets of Service Company.

(d) Developer has furnished to Service Company for each portion of the Property to which water and sewer service is requested the "as-built" reproducible drawings in "Mylar" or approved equal, including verified easements and addresses for all metered structures; Auto-CAD disk of project plans and as-builts, layered to utility's specifications; the certificate from Developer's Engineer, operation manuals, and results of bacteriological tests to be provided to Service Company herein.

(e) Developer has delivered to Service Company in recordable form approved by Service Company, each of the warranty deeds for all of the wells, pumping stations and lift station sites, if applicable, to be conveyed to Service Company herein.

(f) Developer has delivered to Service Company the opinion of title with respect to the Property and title insurance in connection with all warranty deed conveyances to be provided to Service Company herein.

(g) Developer has delivered to Service Company in recordable form, approved by Service Company, the Bill of Sale with respect to the Improvements constructed by Developer pursuant hereto, including the itemized statement of installed costs required herein.

(h) Developer has paid to Service Company the inspection fees provided herein.

(i) Developer has completed the construction of all roadways above any of the gravity sewage collection facilities.

(j) Developer has furnished to Service Company waivers of lien from all construction contractors involved in the construction of the Improvements, or other evidence satisfactory to Service Company that the constructed Improvements have been paid for in full.

(k) Written approval of the installed facilities has been received from DEP, and all other governmental regulatory agencies having jurisdiction that the constructed Improvements have been completed in accordance with the approved plans and specifications.

(l) The Certificate of Final Acceptance has been issued to Developer by Service Company.

(m) Developer has paid to Service Company all Contributions in Aid-of-Construction or Loans for Construction, if applicable and as provided herein, including any authorized increases thereof which may have been approved by the PSC.

(n) Developer has paid all of Service Company's taxes related to installation of utility facilities as provided herein.

(o) Developer has paid to Service Company all refunds payable to other developers provided herein.

(p) Approval of this Agreement by the PSC.

(q) All Consumer Installation connections to which meters are to be installed have been inspected and approved by Service Company.

(r) Developer has paid Service Company security deposits as provided herein.

(s) Developer has paid Service Company meter installation fees as provided herein.

(t) Developer has installed at an agreed upon distance and grade within the right-of-way or utility easement a painted location and grade marker (stake) indicating the place where each water meter and

box is to be installed by Service Company, and the location of each sewer service line so that the said locations are acceptable to both Service Company and Developer. Developer agrees that Service Company shall not be required to set a meter unless these stakes are in place per the approved plans. Developer agrees that any repairs, relocations or replacements made necessary by improper location or grade of the said markers shall be made at Developer's expense.

(u) Developer has performed all necessary repairs or replacements pursuant to the warranty provided herein.

(v) Developer has performed and carried out all other terms and conditions of this Agreement which are conditions precedent to the rendering of water and sewer service hereunder.

42. CONSTRUCTION WATER

Developer agrees that Service Company may install a master meter to provide Developer, its construction contractor or contractors, with water for construction, flushing and other purposes, and that Developer shall pay a suitable deposit and shall pay Service Company for the use of said water in accordance with Service Company's authorized rates for metered water service applicable to the size meter installed, as otherwise approved by the PSC and in effect.

After the installation of water and sewage facilities to serve any lot, Service Company, upon request of Developer or of anyone else constructing a building or unit on such lot, will furnish water for the construction of such building or unit. Such water shall be supplied by Service Company at its authorized customer rates for metered water. Upon the sale of such building or unit the seller shall notify Service Company, in writing, and a final reading of the water meter shall be made by Service Company for water charges to the seller. Thereafter the furnishing of water and sewage service shall be on the basis of Service Company's approved tariffs as amended by The PSC.

43. DEVELOPER'S INITIAL RESPONSIBILITY FOR WATER AND SEWAGE CHARGES

Developer, its successors or assigns, shall pay or cause to be paid such charges for water and sewer service to individual buildings and improvements within the Property as may be applicable until the responsibility for payment of said charges is properly transferred, in accordance with Service Company's regulations, to the lessees, renters or buyers of said improvements. The said service charges shall be as provided in Exhibit "C" or as subsequently amended, subject to the approval of PSC.

44. SERVICE COMPANY'S SERVICE AGREEMENTS WITH CONSUMERS

Service Company may require the owner or occupant of any buildings or improvements within the Property to enter into a written service contract or agreement for water and sewage service pursuant to Service Company's approved Rules and Regulations.

45. ASSIGNMENT OF AGREEMENT

This Agreement shall be binding on and shall inure to the benefit of

Developer, Service Company and their respective personal representatives, assigns and corporate successors by merger, consolidation or conveyance. However, in the event Developer has not paid and delivered to Service Company the Contributions in Aid-of-Construction provided to be paid to Service Company by Developer under the terms of this Agreement, then this Agreement shall not be sold, conveyed, assigned, transferred or otherwise disposed of by Developer without the written consent of Service Company first having been obtained. However, Service Company agrees not to unreasonably withhold such consent. Service Company is hereby granted the right to assign this Agreement to any of its subsidiaries now in existence or hereafter formed.

46. NOTICES PURSUANT TO THE AGREEMENT

Until further written notice by either party to the other, all notices provided for herein shall be in writing and transmitted by messenger, by facsimile (verified by phone), certified mail, return receipt requested or by telegram, and if to Developer, shall be faxed, mailed or delivered to Developer at:

and, if to Service Company, shall be faxed, mailed or delivered to it at:

Mad Hatter Utility, Inc.
1900 Land O' Lakes Boulevard, Suite 113
Lutz, Florida 33549
(813) 949-2167
(813) 949-2146 (fax)

47. SURVIVAL OF RIGHTS, PRIVILEGES, OBLIGATIONS AND COVENANTS

The rights, privileges, obligations and covenants of Developer and Service Company shall survive the completion of the work of the parties with respect to the warranties, specifications and installation of the water and sewage facilities and services to the Property.

48. AGREEMENT IS ENTIRE

This Agreement supersedes all previous agreements or representations, either oral or written, in effect or implied, heretofore in effect between Developer and Service Company, made with respect to the matters herein contained, and when duly executed, constitutes the entire Agreement between Developer and Service Company. No additions, alterations or variations of the terms of this Agreement shall be valid nor shall provisions of this Agreement be waived by either party unless such additions, alterations, variations, or waivers are expressed in writing and duly signed by both parties.

49. CONTINGENCIES

Notwithstanding any provision in this Agreement to the contrary, all

obligations of Service Company under this Agreement shall be contingent upon: (a) approval of this Agreement by the PSC; (b) the acquisition by Service Company of all rights-of-way and easements necessary for the extension of its water and sewage systems to serve the Property, as aforesaid; (c) the issuance to Service Company and/or Developer by the PSC, Pasco County, the State of Florida, or the applicable governmental entity, commission, board, agency or official, of all necessary approvals, authorizations, franchises, certificates, tariff provisions and permits as are now or thereafter may be required by statute, ordinance, resolution, regulation, rule or ruling; and (d) that no laws shall be passed forcing Service Company to convey title to any of its assets to any entity in order to obtain required permits to perform hereunder.

50. FORCE MAJEURE

In the event that performance of this Agreement by any party is prevented or interrupted as a result of any cause beyond the control of said party including but not limited to Acts of God or of the public enemy, war, national emergency, allocation of or other governmental restriction upon the use or availability of labor or materials, rationing, civil insurrection, riot, racial or civil disorder or demonstration, strike, embargo, flood, tidal wave, fire, explosion, bomb detonation, nuclear fallout, windstorm, hurricane, earthquake or other casualty or disaster or catastrophe, failure or breakdown of pumping, transmission or other facilities, exercise of the power of Eminent Domain, governmental rules, acts, orders, restrictions, regulations, or requirements, act or action of any government or public or governmental authority, commission, board, agency, agent, official or officer, the enactment of passage or adoption heretofore or hereafter or the enforcement of any statute or resolution, decree, judgement, restraining order or injunction of any court, said party shall not be liable for such non-performance.

51. PERFORMANCE ENFORCEABLE WITHOUT WAIVER OF RIGHTS

Except as otherwise provided in this Agreement, the parties hereto hereby agree that in the event of failure of performance hereunder, this Agreement shall be specifically enforceable without waiver of any rights which either party may elect by law.

52. TABLE OF CONTENTS AND SECTION HEADINGS FOR CONVENIENCE ONLY

The Table of Contents and section headings used in this agreement are for convenience only and have no significance in the interpretation of the body of this Agreement, and the parties hereto agree that they shall be disregarded in construing the provisions of this Agreement.

53. WARRANTY OF CORRECTNESS OF RECITATIONS

The recitations contained in the Preamble of this Agreement are true and correct and are hereby incorporated as an integral and material part of this Agreement and the parties hereto represent and warrant the truth and accuracy thereof.

54. WARRANTY OF AUTHORITY TO EXECUTE AGREEMENT

The signature of any person to this Agreement shall be deemed a personal warranty by that person that he/she has the power and authority to bind any corporation or partnership or any other business entity for which he purports

to act.

55. LAWS OF FLORIDA APPLY

This Agreement shall be governed by the laws of the State of Florida and it shall be and become effective immediately upon execution by all parties hereto.

56. PROPER VENUE IS PASCO COUNTY

The proper venue for any legal action involving enforcement or interpretation of this Agreement shall be Pasco County, Florida.

57. DOCUMENT IS THE RESULT OF MUTUAL DRAFTSMAMSHIP

The terms and conditions in this Agreement are the product of mutual draftsmanship by both parties, each being represented by counsel, and any ambiguities in this Agreement or any documentation prepared pursuant to it shall not be construed against any of the parties because of authorship. The parties acknowledge that all the terms of this Agreement were negotiated at arms's length, and that each party, being represented by counsel, is acting to protect its, his, her, or their own interest.

IN WITNESS WHEREOF, Developer and Service Company have executed or have caused this Agreement with the named Exhibits attached to be duly executed in several counterparts, each of which counterpart shall be considered an original executed copy of this Agreement.

DEVELOPER

[redacted] **INC.**

Witnesses as to Developer:

_____

_____

By:_____
Print name-

Its:_____

ATTEST:by:_____
Print name-

Its:_____

SERVICE COMPANY

Witnesses as to Service Company:

MAD HATTER UTILITY, INC.

by:_____
Larry Delucenay
Its: President

_____

_____

Attest:_____
Janice L.Delucenay

Its: Assistant Secretary

EXHIBIT "A"

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT "C"

INITIAL RATES FOR WATER

AND SEWAGE SERVICE

Service under this schedule is subject to the current and future PSC tariffs and orders on file in the principal office of Service Company.

The Service Company may from time to time in the future establish, amend or revise, and enforce different rules and regulations and rates or rate schedules reflecting rates lower of higher than those established in its tariffs. However, any such lower or higher rates or rate schedules so established and enforced from time to time by the Service Company shall at all times be reasonable and subject to such regulations as may be provided by the PSC.

Bills for service will be rendered monthly.

EXHIBIT "D"

LOANS FOR CONSTRUCTION

The Developer and Service Company hereby mutually agree that the Improvements to be constructed hereunder are free and clear of all claims, liens and encumbrances, and, together with the cash payments set forth herein, constitute the Loans For Construction required to be delivered by Developer to Service Company, subject to a promissory note, Exhibit "I".

The parties hereto agree that the Loan For Construction for funding expansion or improvement of off-site utility facilities other than those that may be included in the Improvements that Developer is constructing for Service Company, shall be $_____. This Loan For Construction, as well as a Loan For Construction for on-site Improvements, if applicable, shall be repaid to Developer under the terms of the Promissory Notes attached as Exhibit "I".

Developer shall determine availability and cost of, and shall pay for, wastewater capacity from Pasco County.

EXHIBIT "E"

ALLOCATION OF CAPACITY TO PHASES

Developer shall construct all units in one phase. Developer shall determine availability and cost of, and shall pay for wastewater capacity from Pasco County.

EXHIBIT "F"

CONCEPTUAL LAYOUT OF WATER AND SEWER SYSTEM

EXHIBIT "G"

OFF-SITE IMPROVEMENTS

I. Off-Site improvements to be constructed by Service Company and funded by Developer according to Exhibits "D" & "I".

1.
2.

II. Refer to Exhibit "F" and as-builts drawings for off-site improvements being constructed by Developer as connections to on-site Improvements, if applicable.

EXHIBIT "H"

CERTIFICATE OF FINAL ACCEPTANCE

Mad Hatter Utility, Inc, as Service Company, hereby certifies that it has accepted from Developer the following described water and/or sewage facilities for operation and maintenance, subject to all of the warranty provisions contained in the Agreement.

By:_____
Larry G. DeLucenay, President

Date _____

EXHIBIT "I"

PROMISSORY NOTE

Off-Site Improvements

$ Dated ,1994

Principal Amount State of Florida

FOR VALUE RECEIVED, the undersigned hereby promises to pay to the order of Sunfield Homes, Inc., the sum of _____ Dollars ($), together with interest thereon at the rate of 5.9% per annum on the unpaid balance. Said sum shall be paid in annual payments of $_____ for twenty (20) years. Such payments shall begin and interest on this note will begin to accrue beginning 1 year after 80% of the total connections for which said total improvements are constructed, are hooked up and become paying customers of Mad Hatter Utility, Inc.(Borrower)

1. All payments shall be first applied to interest and the balance to principal. This note may be prepaid, at any time, in whole or in part, without penalty. Prepayments shall be applied in reverse order of maturity.

2. All payments hereunder shall be made to such address as may from time to time be designated by any holder hereof.

3. The undersigned agrees to remain fully bound hereunder until this note shall be fully paid and further agrees to remain bound to the terms herein, notwithstanding any extension, renewal, modification, waiver, or other indulgence by any holder.

4. This holder and borrower agree that no mortgage on any property of borrower is provided nor collateral promised, obligated or encumbered to secure this note.

5. No modification or indulgence by any holder hereof shall be binding unless in writing; and any indulgence on any one occasion shall not be an indulgence for any other or future occasion. Any modification or change of terms, hereunder granted by any holder hereof, shall be valid and binding upon the borrower, notwithstanding the acknowledgement of any of the undersigned. This note shall take effect as a sealed instrument and shall be construed, governed and enforced in accordance with the laws of the State first appearing at the head of this note. The undersigned hereby executes this note as officer of the borrower, and not as a guarantor or surety.

Signed in the presence of:

Mad Hatter Utility, Inc.

_____

Witness

_____

Larry G. DeLucenay, President

_____

Witness

EXHIBIT "I"

PROMISSORY NOTE

On-Site Improvements

$ Dated ,1994

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UTILITY EXTENSION AND SERVICE AGREEMENT

BETWEEN

MAD HATTER UTILITY, INC.
1900 LAND O' LAKES BOULEVARD, SUITE 113
LUTZ, FLORIDA 33549
(813) 949-2167
(813) 949-2146 (FAX)

AND

[redacted] INC.
[redacted]WEST KENNEDY BOULEVARD, SUITE 830
TAMPA, FLORIDA 33609
(813) [redacted]333
(813) [redacted] (FAX)

This Agreement Prepared by:

Gerald T. Buhr, Attorney At Law
P.O. Box 1647
Lutz, Florida, 33549-1647
Counsel for Mad Hatter Utility, Inc.
(813) 948-7550
(813) 949-8753 (FAX)

And

Local attorney

8) At that point, Tim Hayes was retained and a meeting was held with Larry DeLucenay and his attorney to see how the water & sewer issue could be resolved. It was quite evident that no progress could be made until the case was settled in Federal Court. Mr. DeLucenay tentatively agreed to terms under which the Case could be resolved out of court.

9) John Gallagher was offered a solution, whereby, Mad Hatter Utilities would drop the Lawsuit. It was later reported by John Gallagher that Larry did not honor the terms he had outlined for resolving the dispute.

10) During these discussions, the due diligence tasks were put on hold with regards to expenditures of further moneys. It would have been infeasible to develop as a community without water & sewer. We had serious doubts if it could be resolved. ~~You were made aware of our intent to wait and see what came of the Court Case.~~

11) After the ruling in favor of Mad Hatter Utilities, another meeting was held with Larry DeLucenay. Mr. DeLucenay made assurances that he could supply water and sewer from the County Lines. He said he was in negotiations with the County to obtain capacity on three other projects.

12) Doug Bramlett, Pasco County Utilities Director, subsequently stated that they are under no obligation to serve water and sewer to this property. They informed us that Mad Hatter Utilities' Agreement with the County does not include this property. They further stated, even if it did include this property, they maintain that they are under no obligation to serve Mad Hatter with any capacity above 350,000 gals/day. Since Mad Hatter is at their capacity, the County has informed me that Mad Hatter will have to serve the property.

13) Larry DeLucenay was advised that if an agreement could not be reached to acquire his franchase rights, the option to acquire the subject property would be voided. He was informed that the payment of $200,000 cash to Mad Hatter Utilities in exchange for the rights to service the subject property was excessive. He was asked to provide his consent to move forward with some arrangement. As of this date, there is no evidence he will sell his rights. ~~Even you, Carl~~, would ~~not~~ move forward under such circumstances.

Thanks

Exhibit J

GRANT OF EASEMENT

THIS INDENTURE, made this _____ day of _____, 19_____, between _____

_____ party of the first part, and _____, a political subdivision of the State of Florida, whose address is _____, a party of the second part;

WITNESSETH:

THAT, the party of the first part, for and in consideration of the sum of Ten (10.00) Dollars and other good and valuable

consideration, the receipt of which is hereby acknowledged by the party of the first part, has granted and does hereby grant, to the party of the second part, its successors and assigns, forever, the right, privilege and easement to construct, reconstruct, lay,

install, operate, maintain, relocate, repair, replace, improve, remove and inspect water transmission and distribution facilities

and all appurtenances thereto, and/or sewage transmission and collection facilities and all appurtenant equipment, with full right to ingress thereto and egress therefrom, the property of the party of the first part, described as follows, to wit:

The party of the first part does hereby fully warrant that it has good title to the above described property and that it has full power and authority to grant this easement.

Serenova developer has more plans

By JANET FORGRIEVE
Tribune Staff Writer

LAND O' LAKES — The 6,700-acre Serenova development long planned for west Pasco won't be jumping off the drawing board onto the land.

Last week, the Department of Transportation announced it had a contract to buy the property for $18.5 million. It will remain in its natural state, to replace sensitive lands that will be paved over by the planned Suncoast Parkway.

But Serenova manager Dara Khoyi doesn't plan to disappear along with the 6,400 homes, plus shops, hospitals and schools that never will be built.

Khoyi announced plans Monday to develop 107 acres on School Road near Sanders Elementary School, about two miles north of the intersection of State Road 54 and U.S. 41.

Along with unnamed partners, Khoyi said he plans to submit a rezoning request to the county within the next two weeks. The land is zoned to allow three houses per acre, but Khoyi said he plans to request a change for a planned unit development.

The partners have an option to buy the land, and also are looking at an adjacent lot for a second phase. The first phase will consist of 237 lots, Khoyi said, and with the adjoining land the development eventually could house 400

Developer has plans for project

■ From Page 1

homes.

Khoyi said he has financial commitments from a bank to finance the start of the development. Two Pasco builders have expressed an interest in building there, he said.

Development on the site hinges on the ability to secure commitments for water and sewer service there, Khoyi said. The area is serviced by Mad Hatter Utilities, a private company.

"We have to see if they can serve us," he said. "If they can't, then we have to figure out what to do. We want someone to serve us who can do the job."

If the utility question gets worked out, Khoyi said, he probably will close on the land and get the project started in about four months.

TEAMKAR DEVELOPMENT CORPORATION
... building tomorrow today

March 28, 1997

Carl Anderson
Hallmark Industries, Inc.
19235 U.S. Hwy. 41 North
Lutz, FL 33549

Re: Lake Talia Purchase

Dear Carl:

As you know, my partners and I have been trying to resolve difficulties of obtaining water & sewer service in order acquire your Lake Talia property (107 acres MOL). The following is a chronology of some of the pertinent facts:

1) At the time of our initial contract, it was represented by Deloras Johnson, that the property had water and sewer availability by service from Pasco County (see attached letter).

2) Within 3 months, Doug Bramlett advised that Lake Talia was in Mad Hatter Utilities' Certificated Service Area. However, available.

3) Subsequently Mad Hatter Utilities was contacted to obtain water and sewer service.

4) Based on Mr. Gallagher's assurance mentioned above, the Lake Talia Purchase Agreement was extended with you.

5) Acquisition and Development financing was secured in order to proceed with the purchase and development of the property. Both Village Bank and First Union provided commitment letters. Both approvals were contingent upon us getting the appropriate approvals, including water & sewer service agreements.

6) Several attempts were made to get water & sewer service from Mad Hatter Utilities.

7) Shortly after the contract extension, Mr. Gallagher stated that his attorney from Johnson & Blakely advised him that he could not serve us. he stated his previous assurance would have to wait until there was a favorable outcome in the Federal Lawsuit between Mad Hatter Utilities and the County concerning a service area dispute.

10012 Fountain Ct. * New Port Richey, FL 34654 * (813) 846-7777

8) At that point, Tim Hayes was retained and a meeting was held with Larry DeLucenay and his attorney to see how the water & sewer issue could be resolved. It was quite evident that no progress could be made until the case was settled in Federal Court. Mr. DeLucenay tentatively agreed to terms under which the Case could be resolved out of court.

9) John Gallagher was offered a solution, whereby, Mad Hatter Utilities would drop the Lawsuit. It was later reported by John Gallagher that Larry did not honor the terms he had outlined for resolving the dispute.

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Your property has a great potential and you have been very cordial, however, my partners are distraught. Having spent substantial sums of money and hundreds of hours, nothing has changed with respect to the property. Carl, we are still interested in purchasing the property from you. In order for us to pursue this, we will need the property to be what was originally represented to us. Namely, a developable property with the ability to build 275 lots.

Sincerely,

Dara Khoyi
President

cc: Deloras Johnson
Sandy Miot
Benton Murphey
John Sumberg

10012 Fountain Ct. * New Port Richey, FL 34654 * (813) 846-7777