

Colonial Manor Utility Company

PO Box 398
New Port Richey, Florida 34652
Tel: 727-919-0408 Fx: 727-848-7701

January 12, 2010

100034-wu

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED-FPSC
10 JAN 20 AM 11:18
COMMISSION
CLERK

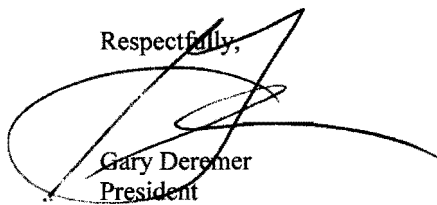
RE: Colonial Manor Utility System / Pasco County, Florida
Transfer to Governmental Authority - Effective 12/23/09
Certificate No: 153W

Dear Honorable Commission:

Please find enclosed one original and five copies of the Application For Transfer to Governmental Authority completed on the format approved by your office. The utility system as referenced was sold to the Florida Governmental Utility Authority (FGUA) with sale closing on 12/23/09. I understand that previous unrelated dockets filed with the Commission have established the FGUA as a Governmental Authority fully acknowledged by your office, and therefore no additional documentation is provided in that regard.

I am hopeful that you will find all items completed in good standing with regulatory requirements. I will be available to assist the Commission with any questions or clarifications needed. I can be reached at 727-848-8292 at any time. Please also find enclosed 2009 Regulatory Assessment Fees.

Respectfully,



Gary Deremer
President

Attachments

Cc: FGUA
V. Penick - US Water

COM	1
APA	1
ECR	2
GCL	1
RAD	1
SSC	1
ADM	1
OPC	1
CLK	1

DOCUMENT NUMBER-DATE

00470 JAN 20 09

FPSC-COMMISSION CLERK

**APPLICATION FOR TRANSFER TO GOVERNMENTAL
AUTHORITY**

(Pursuant to Section 367.071(4)(a), Florida Statutes)

**TO: Office of Commission
Clerk Florida Public Service
Commission 2540 Shumard
Oak Blvd.
Tallahassee, Florida 32399-0850**

The undersigned hereby makes application for the approval of the transfer of
(all or part) of the facilities operated under Water Certificate No. 153W and/or
Wastewater Certificate No. N/A located in PASCO County, Florida,
and submits the following:

PART I APPLICANT INFORMATION

A) The full name (as it appears on the certificate), address and telephone number
of
the seller (utility):

Colonial Manor Utility Company
Name of utility

(727) 848-8292 Phone No. (727) 848-7701 Fax No.

5320 Captains Court
Office street address

New Port Richey City FL State 34652 Zip Code

P.O. Box 398, New Port Richey, FL 34652
Mailing address if different from street address

N/A

Internet address if applicable

B) The name, address and telephone number of a representative of the utility to contact concerning this application:

Victoria Penick (727) 848-8292
Name (C/O U.S. Water Services Corp.) Phone No.
P.O. Box 398
Street address
New Port Richey FL 34652
City State Zip Code
vpenick@uswatercorp.com

C) The full name, address and telephone number of the governmental authority:

Florida Governmental Utility Authority
Name of utility
(407) 629-6900 (407) 629-6963
Phone No. Fax No.
280 Wekiva Springs Road, Suite 2,000
Office street address
Longwood FL 32779
City State Zip Code
N/A
Mailing address if different from street address
www.fgua.com
Internet address if applicable

D) The name, address and telephone number of a representative of the governmental authority to contact concerning this application:

Robert Sheets (850) 681-3717
Name Phone No.
1500 Mayhan Drive, Suite 250
Street address
Tallahassee FL 32308
City State Zip Code
rsheets@govserv.com

PART II FINANCIAL INFORMATION

- A) Exhibit A - A copy of the contract pursuant to Rules 25-30.037(4)(c) and (d), Florida Administrative Code.
- B) Exhibit B - A statement regarding the disposition of customer deposits and the accumulated interest thereon.
- C) Exhibit C - A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.
- D) Exhibit D - A statement that the buyer (governmental authority) obtained from the utility or the Commission the utility's most recent available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction.
- E) Indicate the date on which the buyer proposes to take official action to acquire the utility:

 Sale was transacted 12/23/09

If only a portion of the utility's facilities is being transferred, a revised territory description and map of the utility's remaining territory must be provided, as discussed in PART III, below.

IF THE UTILITY'S ENTIRE FACILITIES ARE BEING TRANSFERRED, PLEASE DISREGARD PART III OF THIS APPLICATION FORM.

** Entire Facilities were Transferred Including Territory on File w/ FASC.*

PART III CERTIFICATION

A) **TERRITORY DESCRIPTION**

Exhibit * N/A - An accurate description of the utility's revised territory. If the water and wastewater territory is different, provide separate descriptions.

Note: Use the Survey of Public Lands method (township, range, section, and quarter section), if possible, or a metes and bounds description. Give the subdivision or project name. The description should NOT refer to land grants

or plat books, but may use geographic boundaries (i.e., road right-of-ways, railroads, rivers, creeks, etc). The object is to make the description as brief, but as accurate as possible.

B) TERRITORY MAPS

Exhibit N/A - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1" = 200' or 1" = 400' on which the remaining territory is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater territory is different, provide separate maps.

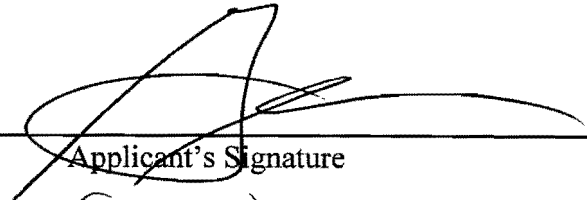
C) TARIFF SHEETS

Exhibit N/A - The original and two copies of tariff sheet(s) revised to show correct service territory. Please refer to Rules 25-9.009 and 25-9.010, Florida Administrative Code, regarding page numbering of tariff sheets before preparing the tariff revisions. (Pages 11-12.) Sample tariff sheets are attached. (Pages 13-16.)

PART IV AFFIDAVIT

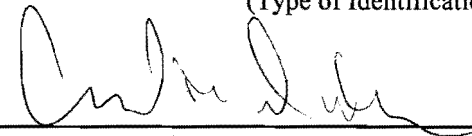
I Gary Deremer (applicant) do solemnly swear or affirm that the facts stated in the forgoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitutes a complete statement of the matter to which it relates.


BY:


Applicant's Signature
Gary Deremer
Applicant's Name (Typed)
President
Applicant's Title *

Subscribed and sworn to before me this 11th day of January, 2010 by Gary Deremer who is personally known to me or produced identification

(Type of Identification Produced)


Notary Public's Signature

NOTARY PUBLIC-STATE OF FLORIDA
 Cecil Delcher
Commission # DD531419
Expires: MAY 01, 2010
Bonded Thru Atlantic Bonding Co., Inc.

Print, Type or Stamp Commissioned
Name of Notary Public

* If applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

**FLORIDA PUBLIC SERVICE COMMISSION
APPLICATION FOR TRANSFER TO GOVERNMENTAL
AUTHORITY
(Section 367.071, Florida Statutes)**

PART II:

ATTACHMENT A: Utility Asset Purchase Agreement

RE: Combines Sale/Transfer of:

- 1) Colonial Manor Utility System**
- 2) Virginia City Utility System**
- 3) Dixie Groves Utility System**
- 4) Holiday Utility System**
- 5) Pasco Utilities, Inc. Utility System**

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

By and Between

**HOLIDAY UTILITY COMPANY, INC.
COLONIAL MANOR UTILITY COMPANY
COMMUNITY UTILITIES OF FLORIDA, INC.
PASCO UTILITIES, INC.
D & D PROPERTY PARTNERS, INC.**

Collectively as, Seller,

and

FLORIDA GOVERNMENTAL UTILITY AUTHORITY

Purchaser

TABLE OF CONTENTS

<u>ARTICLES</u>	<u>Page</u>
1. RECITALS	2
2. COVENANT TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS.....	2
3. PURCHASE PRICE	5
4. REPRESENTATIONS AND WARRANTIES OF SELLER.....	5
5. REPRESENTATIONS AND WARRANTIES OF PURCHASER	9
6. TITLE INSURANCE AND PERMITTED ENCUMBRANCES.....	11
7. CONDITIONS PRECEDENT TO CLOSING	13
8. PRE-CLOSING CONDUCT; COVENANTS	14
9. TERMINATION OF AGREEMENT.....	17
10. CLOSING.....	19
11. POST CLOSING COOPERATION.....	23
12. MISCELLANEOUS PROVISIONS.....	23

EXHIBITS

Exhibit "A" (Real Property)

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

Exhibit "C" (Treatment plants, etc.)

Exhibit "D" (Certificates, permits, etc.)

Exhibit "E" (Inventory)

Exhibit "F" (Developer Agreements)

Exhibit "G" (Contracts and Leases)

Exhibit "H" (Pending Litigation)

Exhibit "I" (Construction Work in Progress Reimbursement)

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

THIS AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS ("Agreement") is made as of this ____ day of November, 2009 by and between **Holiday Utility Company, Inc.**, a Florida corporation, **Colonial Manor Utility Company**, a Florida corporation, **Community Utilities of Florida, Inc.**, a Florida corporation, and **Pasco Utilities, Inc.**, a Florida corporation, **D & D Property Partners, Inc.**, a Florida corporation (hereinafter collectively referred to as "Seller"), and the **Florida Governmental Utility Authority**, a legal entity and public body created by interlocal agreement pursuant to Section 163.01(7)(g), Florida Statutes ("Purchaser").

WHEREAS, Seller owns and operates potable water supply, transmission, and distribution systems (collectively, the "Utility System"), all of which are located in Pasco County, Florida, and known as the Pasco Utilities, Inc. system, the Virginia City Utility Company, the Dixie Groves Utility Company, Colonial Manor Utility Company, and the Holiday Utility system (hereinafter collectively referred to as the "Consolidated Systems"); and

WHEREAS, Seller had no intention of selling its utility assets, but received the threat of condemnation of its utility assets by a member of the Purchaser, which threat Seller determined it was inadvisable to resist and incur unnecessary time and expenses in defense of such proceedings, but instead, in lieu of condemnation, agreed to negotiate an amicable resolution of the threat of condemnation by entering into this Agreement; and

WHEREAS, the Purchaser, pursuant to section 163.01, Florida Statutes (the "Florida Interlocal Cooperation Act") and an interlocal agreement entered into and adopted by Pasco County, among other local governments (the "Interlocal Agreement"), agreed to acquire the utility assets of Seller and the Purchaser has the power and authority to provide potable water and wastewater infrastructure and service throughout the State of Florida; and

WHEREAS, Seller agrees to sell and Purchaser desires to purchase the Utility System of Seller for the consideration and on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, prior to Closing hereon, Purchaser will hold a public hearing as required by law on the proposed purchase contemplated hereby to determine whether or not such purchase is in the public interest.

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 hereby acknowledged, Seller and Purchaser hereby agree to sell and purchase the Utility System 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 precedent, set forth in this Agreement.
- b. "Purchased Assets" means all of Seller's rights, title, and interest in and to all assets, business properties, and rights, both tangible and intangible, constituting the Utility System, including, but not limited to, Seller's rights, title, and interest in and to the following (but excluding the "Excluded Assets, as defined in Article 2.c. below):
 - i. The real property and interests in real property owned and held by Seller, in fee simple, and all buildings and improvements located thereon, as identified in Exhibit "A" to this Agreement ("Real Property").
 - ii. All easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, canals, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System including, but not limited to, those identified in Exhibit "B" to this Agreement.
 - iii. All water distribution facilities, water treatment facilities, wells, distribution facilities of every kind and description whatsoever that constitute part of the Utility System, including but not limited to generators, pumps, plants, tanks, distribution mains, supply pipes, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used in connection with the Utility System, wherever they may be stored, together with all additions or replacements thereto, including, but not limited to those identified in Exhibit "C" to this Agreement.
 - iv. The following, but only to the extent that Seller's right, title, or interest is transferable: (1) all certificates, permits, license rights, consents, grants, leaseholds, and similar rights relating to the construction, maintenance, and operation of the Utility System and its plants and systems for the procuring, storage and distribution of potable water, and every right of every character whatever in connection therewith, subject to the obligations thereof (collectively, the "Certificates"); and (2) all water 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 foregoing Certificates, including, but not limited to those identified in Exhibit "D" to this Agreement. Exhibit "D" shall also identify any of the foregoing Certificates which, to Seller's

knowledge, are not transferable or which require third party consents to transfer.

- v. All items of inventory owned by Seller on the Closing Date for use in connection with the maintenance and operation of the Utility System, which inventory shall not be unreasonably depleted prior to that date, including without limitation, all meters, pumps, pipes, valves, plumbing fixtures, chemicals, stored water, spare parts, and other materials and supplies used by Seller, including, but not limited to those identified in Exhibit "E" to this Agreement.
- vi. All supplier lists, customer records, developer files, receipts for payment of connection charges, prints, blueprints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals, maps, CAD reproductions, and other information in Seller's possession, including any rights of Seller to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper and electronic form.
- vii. All sets of record drawings, including as-built drawings, showing all facilities of the Utility System, including all original tracings, sepias, maps, CAD reproductions or other reproducible materials in Seller's possession, including any rights of Seller to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper and electronic form.
- viii. All rights of Seller under any Developer Agreements, as identified in Exhibit "F" to this Agreement, which are assumed by Purchaser pursuant to Article 10.b.v. (the "Developer Agreements"). Included within the assigned agreements shall be the agreement settling a dispute with Dimmitt Car Leasing, Inc. in litigation styled, "Dimmitt Car Leasing, Inc. v. Holiday Utility Company, Inc., also known as Holiday Utilities, Inc., and U.S. Water Services Corporation." The Dimmitt settlement agreement is assignable to FGUA and Seller shall execute such assignment to FGUA at the Closing.

The Dimmitt settlement agreement dictates that in timing with the development of the Dimmitt Property, a portion of the utility infrastructure must be moved from the current location and additional utility easements provided for access in the new location. Pursuant to the Settlement Agreement, certain utility assets will be relocated at the cost of the purchaser of the property addressed in such settlement.

- ix. All rights of Seller under the Contracts and Leases, as identified in Exhibit "G" to this Agreement, which shall include, but not be limited to all agreements with respect to bulk service, which are assumed by Purchaser pursuant to Article 10.b.iv (the "Contracts

and Leases"). Exhibit "G" shall contain a schedule identifying any third party consents necessary for such assumptions.

- x. All equipment, computers, software, tools, parts, laboratory equipment, office equipment, intellectual property owned or licensed by Seller and other personal property owned by Seller and used by Seller in connection with the construction, maintenance, or operation of the Utility System.
 - xi. All vehicles and rolling stock owned by Seller and used by Seller in connection with the construction, maintenance or operation of the Utility System.
 - xii. Accounts receivable to the extent provided for in Article 10.b.x. of this Agreement.
- c. The following "Excluded Assets" are excluded from the Purchased Assets:
- i. Cash, accounts receivable (except as provided in Article 10.b.x.), bank accounts, equity and debt securities of any nature, deposits maintained by Seller with any governmental authority, and any prepaid expenses of Seller, which are Seller's sole property as of the Closing Date.
 - ii. Escrow and other Seller provisions for payment of federal and state taxes and other obligations to governmental entities. Seller shall be responsible for paying any such taxes and other obligations, to the extent that they are due from the operation of the Utility System prior to the Closing Date.
- The names and Florida corporations known as Holiday Utility Company, Inc., Colonial Manor Utility Company, Community Utilities of Florida, Inc., Pasco Utilities, Inc. and D&D Property Partners, Inc.
- iii. Any assets of Seller that do not constitute part of the Utility System or are not held or used by Seller in connection with the construction, maintenance, or operation of the Utility System.
 - iv. Any and all assets, rights, obligations or responsibilities of any kind of Seller relating to street lighting assets or services.
 - v. Funds in the amount of \$193,600.00 maintained on behalf of Seller in an escrow account (the "Dimmitt Escrow") for the settlement of a dispute with Dimmitt Car Leasing, Inc. in litigation styled, "Dimmitt Car Leasing, Inc. v. Holiday Utility Company, Inc., also known as Holiday Utilities, Inc., and U.S. Water Services Corporation." Such funds were to be used to reimburse Seller for previously calculated loss of future revenues for water services to be

provided to the Dimmit property located within Seller's current service territory, which service territory rights are to be relinquished to Pasco County. The Dimmit settlement agreement is included within Exhibit F and attached hereto. The Purchaser acknowledges that it will delete the portion of the service territory indicated in the Dimmit settlement agreement from the Holiday Utility System service area and award such territory to Pasco County within thirty days of receiving the costs of relocation of certain utility facilities required pursuant to Section 7 of the Dimmit settlement agreement.

- d. Purchaser shall assume all obligations and liabilities arising from the operation of the Utility System from and after the Closing, including the debts, liabilities, and obligations of Seller to the extent that they arise from or after the Closing Date under the Certificates or under Developer Agreements, Contracts and Leases, or other contracts or commitments expressly assumed by Purchaser. Except as provided in the preceding sentence or to the extent otherwise expressly assumed by Purchaser in writing, Purchaser does not assume and shall not be liable for any expense, assessment, exposure, fine, penalty, liability, act or omission of Seller of any kind whatsoever imposed or required by any third party (including any federal, state, or local authority), whether known or unknown, whether contingent, liquidated or unliquidated, and whether arising or accruing under contract, tort, or pursuant to statute, rule, ordinance, law, regulation or otherwise. Without limiting the foregoing, Purchaser shall not be liable for any liabilities to the extent that they are based upon or arise out of any violation of law, breach of permit obligation, breach of contract, tort, or other act or omission of Seller occurring prior to the Closing Date. Seller shall remain liable for and shall pay, perform or discharge all of Seller's liabilities and obligations, other than liabilities and obligations assumed by Purchaser; provided that Seller is not hereby limited in its right to contest in good faith any such liabilities or obligations.

3. **PURCHASE PRICE.**

- a. On the Closing Date, Purchaser shall pay to Seller, subject to the additions, adjustments and prorations referenced in this Agreement, a cash payment in the amount of Four Million Two Hundred Fifty Thousand Dollars (\$4,250,000) ("Purchase Price"). Purchaser shall pay Seller at Closing the Purchase Price in immediately available funds by wire transfer pursuant to wire instructions to be provided by Seller at Closing. For federal income tax purposes and all other purposes, the Purchase Price (including any adjustments of the Purchase Price) shall be allocated among the Purchased Assets in a manner set forth in writing and signed by Purchaser and Seller on or before the Closing Date.

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

- a. Holiday Utility Company, Inc. is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. Holiday Utility Company, Inc. has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

Colonial Manor Utility Company is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. Colonial Manor Utility Company has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

Community Utilities of Florida, Inc., is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. Community Utilities of Florida, Inc. has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

Pasco Utilities, Inc., is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. Pasco Utilities, Inc. has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

D & D Property Partners, Inc. is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. D & D Property Partners, Inc. has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

- b. The Boards of Directors of Seller have approved Seller entering into this Agreement.
- c. This Agreement constitutes, and all other agreements to be executed by Seller with respect to this Agreement will constitute when executed and delivered, valid and binding obligations of Seller, enforceable in accordance with their terms.
- d. 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.

- e. Seller has exclusive possession, control and ownership and good and marketable title to all Real Property, including that used or located on property controlled by Seller in its business on the date of this Agreement. Seller makes no representation or warranty as to the condition of the Real Property, and Purchaser acknowledges that it is accepting the Real Property in accordance with, and solely in reliance on, the Title Policy referenced in Article 6 hereof.
- f. Seller has exclusive ownership, possession, control, and good and marketable title to all Purchased Assets including those used or located on the Real Property. At Closing, the Purchased Assets consisting of personal property are subject to no mortgage, pledge, lien, charge, security interest, or encumbrance, except Permitted Encumbrances. At Closing, Seller shall deliver title to such personal property free and clear of all debts, liens, pledges, charges or encumbrances whatsoever, except Permitted Encumbrances. Seller makes no representation or warranty as to the condition of such personal property, and Purchaser acknowledges that it is relying on its own investigation in its decision to consummate the transaction contemplated hereby.
- g. Environmental Law Compliance.
 - i. Definitions.
 - 1. "Environmental Law" means any federal, state, or local statute, regulation, or ordinance, 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 supplemented as of the Closing Date, the regulations promulgated pursuant thereto, and in effect as of the Closing Date and any conditions and requirements contained in any permits possessed by Seller from any federal, state or local agencies necessary to operate the Utility System.
 - 2. "Hazardous Material" means petroleum or any substance, material, or waste which is regulated under any Environmental Law in Florida, 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.

3. "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, which is prohibited under any Environmental Law.
 4. "Remedial Action" means all actions required under applicable Environmental Laws to (i) clean up, remove, or treat any Hazardous Material to levels at which no further action is required; (ii) prevent the further 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 (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care directly related to or in connection with any such remedial action.
- ii. Representations. To Seller's knowledge:
1. Seller is in material compliance with all applicable Environmental Laws and is not aware of any facts that would be a basis for Seller to believe any such liability exists.
 2. 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.
 3. Except as set forth in this Agreement, Seller has not received within the last three years written notice of any material violation by Seller of applicable federal, state or local statutes, laws and regulations (including, without limitation, any applicable environmental, building, zoning, or other law, ordinance or regulation) relating to the Utility System, which has not been cured.
 4. No polychlorinated biphenyl or asbestos-containing materials, in violation of Environmental Law, are present at the Real Property, nor are there any underground storage tanks, active or abandoned, at the Real Property.
 5. There is no Hazardous Material in violation of Environmental Law located at any of the Real Property other than chemicals used for treatment (such as chlorine); the Real Property is not 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 Seller is aware of no facts that would form the basis for Seller to be named in such claims or for any similar action to be brought against Seller.

6. No written or to Seller's knowledge verbal notification of a Release of a Hazardous Material has been filed by or on behalf of Seller with respect to the Real Property. No such Real 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.
 7. No Hazardous Material has been released in material violation of Environmental Law at, on, or under the Real Property during the time period that Seller has owned the Real Property.
- h. Except as provided in Exhibit "H" hereto, there are no current actions, suits or proceedings at law or in equity pending or, to Seller's knowledge, threatened against the Seller before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect the Utility System or any of the Purchased Assets or the Seller's right and ability to make and perform its obligations under this Agreement; nor is the Seller aware of any facts which to its knowledge are likely to result in any such action, suit or proceeding. Seller is not in material default with respect to any permit, order or decree of any court or of any administrative or governmental agency or instrumentality affecting the Utility System or any of the Purchased Assets. Seller agrees and warrants that it shall have a continuing duty to disclose up to and including the Closing Date the existence and nature of all pending judicial or administrative suits, actions, proceedings and orders which in any way relate to the operation of the Utility System.
- i. To Seller's knowledge, no representation or warranty made by the Seller in this Agreement contains any untrue statement of material facts or omits to state any material fact required to make the statements herein contained not misleading.
5. **REPRESENTATIONS AND WARRANTIES OF PURCHASER.** As a material inducement to Seller to execute this Agreement and to perform its obligations hereunder, Purchaser represents and warrants to Seller as follows:
- a. Purchaser is a duly organized and validly existing legal entity and public body of the State of Florida created by Interlocal Agreement pursuant to Section 163.01(7)(g), Florida Statutes. Purchaser has all requisite power

and authority to (i) enter into this Agreement, and (ii) carry out and perform the terms and conditions of this Agreement.

- b. This Agreement constitutes, and all other agreements to be executed by Purchaser with respect to this Agreement will constitute when executed and delivered, valid and binding obligations of Purchaser, enforceable in accordance with their terms.
- c. Execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Purchaser, nor any indenture, agreement, or other instrument to which Purchaser is a party, or by which it is bound.
- d. All necessary public hearings required to authorize Purchaser's purchase of the Purchased Assets and Purchaser entering into this Agreement will have been duly held prior to the Closing Date.
 - (i) Purchaser shall arrange for its contract operator to consider offers of employment to employees of the Seller that are legally eligible for employment. At least ten (10) days prior to Closing, Purchaser will provide Seller with a list of employees to whom Purchaser or its contract operator have made an offer of employment that has been accepted, with such offer to be effective on the Closing Date (the "Hired Active Employees"). Subject to legal requirements and to Seller securing the appropriate consents and releases from the affected employees, Purchaser and contract operator will have reasonable access to personnel records (including performance appraisals, disciplinary actions, grievances and medical records) of Seller for the purpose of preparing for and conducting employment interviews with all employees and will conduct the interviews as expeditiously as possible after the execution date of this Agreement. Purchaser shall protect the confidentiality of all such records to the extent permissible under applicable law.
 - (ii) Purchaser or its contract operator shall inform Seller promptly of the identities of those employees to whom it will not make employment offers.
 - (iii) It is understood and agreed that (A) Purchaser's expressed intention to extend offers of employment as set forth in this section shall not constitute any commitment, contract or understanding (express or implied) of any obligation on the part of Purchaser to a post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those that Purchaser may establish pursuant to individual offers of employment, and (B) employment offered will be "at will" and may be terminated by contract operator or by an employee at any time for any reason (subject to any written commitments to the contrary made by contract operator or an employee, and any applicable legal requirements). Nothing in this Agreement shall be deemed to

prevent or restrict in any way the right of Purchaser or contract operator to terminate, reassign, promote or demote any of the Hired Active Employees after the Closing or to change adversely or favorably the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment of such employees.

6. **TITLE INSURANCE AND PERMITTED ENCUMBRANCES.**

- a. At least twenty (20) days prior to the Closing, Nabors, Giblin & Nickerson, P.A. (the "Title Agent") shall cause a current title insurance commitment to be issued by Old Republic Title Insurance Company (the "Title Insurer"), and delivered to Purchaser and Seller, covering the Real Property in an amount equal to Four Million Two Hundred and Fifty Thousand Dollars (\$4,250,000). The cost of the title insurance commitment and title insurance policy shall be borne by Seller. The title insurance commitment shall commit the Title Insurer to issue owner's title insurance policies to Purchaser covering the Real Property (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to the Real Property to be marketable and insurable, except for the Permitted Encumbrances (as defined in Article 6.f. 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 Purchaser and the title insurance company, the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the Title Agent to delete all standard exceptions addressed by such affidavits.

Purchaser shall notify Seller in writing no less than ten (10) days after receipt of the title insurance commitment of any material defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances. Such written notice shall identify all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the Real Property (other than the Permitted Encumbrances) which render or may render Seller's title to the Real Property (i) unmarketable in accordance with standards adopted by The Florida Bar, or (ii) 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 ten (10) days after receipt of Purchaser's notice to eliminate the 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 \$50,000 in the aggregate to cure title defects (exclusive of mortgages against the Real Property) that Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. If Seller fails to deliver title as herein provided, then Purchaser may:

- i. Accept whatever title Seller is able to convey with no abatement of the Purchase Price; or
 - ii. Reject title and terminate this Agreement with no further liability to either Purchaser or Seller.
- b. Purchaser may not object to title by reason of the existence of any mortgage, lien, encumbrance, covenant, restriction or other matter that (i) may be satisfied with a payment of money and Seller advises Purchaser that Seller elects to do so by paying same at or prior to the Closing; (ii) any mechanic's lien or other encumbrance that can be released of record, bonded or transferred of record to substitute security so as to relieve the Real Property from the burden thereof and Seller advises Purchaser that Seller elects to do so at or prior to Closing; or (iii) the Title Insurer affirmatively insures-over.
- c. Purchaser shall have the right, but not the obligation, to do such surveys on the Real Property as Purchaser desires. Surveys procured by Purchaser shall be at the sole cost and expense of Purchaser.
- d. If Purchaser desires to have any standard survey exceptions deleted or modified in the title policy, Purchaser shall deliver to the Title Agent, no later than thirty (30) days prior to the Closing, properly certified and current original surveys of the specified Real Property that comply with Florida law. As to each survey timely delivered by Purchaser, the Title Policy shall include a "blanket exception" as to the applicable fee parcel/survey.
- e. Title Agent shall deliver, promptly after Closing, the title insurance policy issued on the binder.
- f. "Permitted Encumbrances" include the following:
 - i. 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.
 - ii. 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 Real Property or the operation of the Utility System.
 - iii. Such other matters as are allowed under the terms of this Agreement, including the Developer Agreements.

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 Closing:

- a. Neither Party is prohibited by decree or law from consummating the transaction.
- b. There is no legal action or proceeding pending 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. Each of the parties hereto has performed all of the undertakings required to be performed by them under the terms of this Agreement.
- d. There is no material adverse change in laws that specifically apply to water utilities systems or in the condition of the Purchased Assets or the Utility System. For purposes of this Agreement, a "material adverse change" shall mean any such change that, either individually or in the aggregate, shall have been or insofar as can reasonably be foreseen will be materially adverse to the condition of the Purchased Assets or to the business operations of the Utility System or the Purchased Assets. However, a "material adverse change" does not include any of the following: (i) any action taken by Seller at Purchaser's written request; (ii) any general economic, political, and financial market changes, foreign or domestic; (iii) changes in laws or regulations or interpretations thereof that do not specifically apply to water or waste water utilities; (iv) weather or a natural disaster, to the extent it does not physically damage the Utility System or cause the loss of two percent (2%) or more of Seller's customer base; or (v) any circumstance, change or effect that results from any action taken at the request of Purchaser.
- e. All warranties and representations of the other party are true in all material respects as of the Closing, except to the extent they specifically refer to another date.
- f. Purchaser is able to negotiate and execute a Bulk Water Purchase Agreement between Pasco County and the Purchaser.

8. **PRE-CLOSING CONDUCT; COVENANTS.** Prior to Closing the parties covenant and agree to conduct themselves as follows:

- a. Purchaser is relying upon its own due diligence investigation in entering into this Agreement. The Purchaser shall have thirty (30) days after the execution of this Agreement to complete, at its expense, any financial, legal, environmental, engineering and operational compliance investigation of the Utility System and the Purchased Assets. Purchaser shall have the right to terminate this Agreement for any material defect or

problem revealed including, but not limited to, any terms of the Seller's contracts which would cause a material adverse change in the long term operation of the Utility System or the Purchased Assets from the current operation. Purchaser shall provide Seller with written notice of termination within ten (10) days of completion of due diligence. During the thirty (30) day due diligence period, Seller shall provide Purchaser and its representatives reasonable access to the Utility System and Purchased Assets, during business hours, following reasonable notice from Purchaser.

- b. Seller shall provide Purchaser or continue to provide Purchaser with ready access to inspect and copy the following to the extent they are in the possession of Seller, its employees, representatives, consultants or agents (including accountants, lawyers, engineers, surveyors and other contractors utilized by Seller):
- i. 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 Utility System and appurtenances as now constructed.
 - ii. The developer agreements identified in Exhibit "F" together with a schedule identifying (i) committed water capacity pursuant to such agreements or any other agreements committing or reserving such capacity to any entity or individual and (ii) any advances for construction, advance facility charges, pre-paid connection charges or other such payments or charges made pursuant to any such agreements.
 - iii. The contracts and leases identified in Exhibit "G."
 - iv. Documents identifying 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.
 - v. A Schedule and copies of documents reflecting the rates, fees and charges currently being collected by Seller.
 - vi. Copies of permits, applications, or other documents, together with effective dates and expiration dates (if any), issued to Seller by all applicable governmental authorities including, but not limited to: (a) the Florida Department of Environmental Protection, (b) the United States Environmental Protection Agency, and (c) the South Florida Water Management District.
 - vii. List of customers, customer deposits and accounts receivable by name and account number, setting forth the amount of each individual deposit and receivable and their aggregate totals and identifying each deposit as refundable or non-refundable.

- viii. 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.
 - ix. Any and all effective insurance policies with respect to the Purchased Assets and Utility System.
 - x. Deeds and other evidence of ownership or rights to the Real Property identified in Exhibit "A."
 - xi. Surveys of the Real Property.
 - xii. The easements, licenses, prescriptive rights and rights-of-way identified in Exhibit "B."
 - xiii. All environmental permits and applications.
 - xiv. The payroll for all office personnel, operators and field employees and the employee benefit plan for such employees and such other information relating to employees as may be requested by Purchaser or its contract operator.
- c. Purchaser may cause to be performed at its sole expense a Phase I Environmental Survey (and a subsequent Phase II, if necessary) of the Real Property or any parcel thereof. A Copy of the report or reports shall be provided to Seller within five (5) days of receipt by Purchaser, but shall otherwise be kept confidential by Purchaser to the extent permitted by applicable law. If such Survey discloses the presence of any Hazardous Material, Seller shall have the right to perform such cleanup and remediation as is necessary hereunder. Upon Seller's failure to perform such cleanup and remediation prior to Closing, Purchaser may elect, as its sole remedy, to either (i) terminate this Agreement, in which event neither party shall have any liability to the other; or (ii) proceed to Closing without abatement of the Purchase Price. Purchaser acknowledges and agrees that, notwithstanding Seller's representations under Article 4.g. of this Agreement, Purchaser shall rely exclusively on its own inspections and investigations, including any Environmental Surveys that it obtains in accordance with this Article 8.c., with respect to any environmental issues relating to the Purchased Assets and in determining whether to complete the purchase of the Purchased Assets.
- d. During the period between the date of this Agreement and the Closing, Seller shall:
- i. Operate and maintain the Utility System and Purchased Assets in a normal and ordinary manner to ensure that the condition of the Utility System and the Purchased Assets and the inventory on hand shall not be materially diminished or depleted, normal wear and tear and usage excepted;

- ii. Promptly notify Purchaser of any notification received by Seller from any governmental authority, person, business, or agency of any existing or potential Environmental Law violation;
- iii. Make no unbudgeted capital expenditures in excess of \$10,000 without the prior written consent of Purchaser;
- iv. Provide Purchaser and its representatives with reasonable access to the business premises, Utility System, Purchased Assets, Seller's books and records, employees, agents, or representatives, on reasonable advance notice and during business hours.
- v. Promptly notify Purchaser of any event, activity or occurrence that, to Seller's knowledge, has or is reasonably likely to have, a material adverse effect upon the Utility System, the Purchased Assets or this transaction.
- vi. Maintain its existing levels of insurance on the Purchased Assets and Utility System. The risk of any loss of the Purchased Assets shall remain with Seller until closing.
- vii. Not enter into any new developer agreements or modify any existing developer agreements.
- viii. Not accept payment of connection charges or other monetary payment in lieu of contributed property pursuant to the terms of any current or future developer agreements. If Seller violates this covenant, the Purchase Price shall be reduced by the amount of any such connection charges.

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 December 31, 2009, 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:
 - i. The failure, in any material respect, of any conditions precedent to closing set forth in Article 7.
 - ii. Any material breach of this Agreement by Seller including, but not limited to, a material breach of any representation, covenant or warranty if Seller has not cured such breach on or before Closing.
 - iii. Purchaser cannot successfully close a bank loan with Wachovia Bank, National Association within the following parameters: (A) a

stated interest rate (said rate to be calculated after giving credit for anticipated federal subsidies in the case of a loan made through the Build America Bonds program and) not exceeding 5.00% after netting the rates associated with an interest rate swap; (B) a fixed rate period of at least 5 years from the Closing Date; (C) an assumed amortization of no more than 30-years with a balloon payment to or put right of Wachovia Bank, National Association no sooner than 5 years from the closing date; and (D) loan proceeds equal to at least \$5,000,000 and adequate to provide \$4,250,000 in acquisition proceeds. Subject in each case to the review and approval of the Purchaser's financial advisor that such parameter has been met. In such event, Purchaser shall immediately notify Seller in writing of such determination, with such notice setting forth in reasonable detail the bases upon which such determination was made.

- iv. Any other basis for termination by Purchaser set forth in this Agreement.
- c. Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:
 - i. The failure, in any material respect, of any of the conditions precedent to closing set forth in Article 7.
 - ii. Any material breach of this Agreement by Purchaser including, but not limited to, a material breach of any representation, covenant or warranty if Purchaser has not cured such breach on or before Closing.
 - iii. Any other basis for termination by Seller 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 party by delivering the notice as provided in section 12.c.
- e. Upon the termination of this Agreement, the following shall occur:
 - i. 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.
 - ii. Except as provided in Article 9.f. below, there shall be no liability and no further obligations between or among the Purchaser or Seller, or their respective officers, directors, representatives or consultants, other than as provided for herein.

- f. If no basis for termination exists as set forth in this Agreement and if, on or before December 31, 2009, (i) a party (either Purchaser or Seller) to this Agreement (the "First Party") is ready, willing and able to complete the sale and purchase of the Purchased Assets on the terms set forth in this Agreement, (ii) all conditions precedent to the obligations of the other party (the "Other Party") set forth in Article 7 have been satisfied (or waived by the Other Party), and (iii) the Other Party is unable or otherwise declines for any reason to complete the sale and purchase of the Purchased Assets on the terms set forth herein, then the Other Party shall be in breach of this Agreement and the First Party shall have the right (1) to specific performance of the Other Party's obligation to complete the sale and purchase of the Purchased Assets, and (2) to recover the reasonable fees and expenses of attorneys' and expert witnesses incurred (at all levels of litigation) in enforcing its rights under this Agreement. The provisions of this Article 9.f. shall survive any termination of this Agreement.

10. CLOSING.

- a. This transaction shall be closed on or before December 31, 2009, at the law office of Nabors, Giblin & Nickerson, P.A., located in Tampa, Florida. All Closing procedures shall be subject to the customary and reasonable requirements of the underwriters selected by the Purchaser, the purchasers of the Bonds or the provider of any interim financing. The Purchaser's obligation to close the transactions contemplated in this Agreement shall be expressly conditioned upon the issuance of such Bonds.
- b. At Closing:
- i. Purchaser shall pay the Purchase Price, subject to any adjustment as provided for in this Agreement.
 - ii. Title to the Real Property shall be conveyed to Purchaser by Special Warranty Deed free of all claims, liens, or encumbrances whatsoever, other than Permitted Encumbrances. Title to the remaining Purchased Assets shall be conveyed to Purchaser by Bill of Sale free of all claims, liens, or encumbrances, whatsoever, other than Permitted Encumbrances. Seller shall further provide to Purchaser such other instruments of conveyance as shall be, in the reasonable opinion of Purchaser and its counsel, necessary to transfer the Utility System and Purchased Assets in accordance with this Agreement and, when necessary or desirable, in recordable form.
 - iii. Seller shall assign its right, title and interest in those easements, licenses, etc. identified in Exhibit "B."
 - iv. Seller and Purchaser shall enter into separate Assignment and Assumption Agreements with respect to the (i) Developer Agreements identified in Exhibit "F", and (ii) the Contracts and

Leases to be assumed by Purchaser identified in **Exhibit "G."** Notwithstanding the foregoing, during the thirty-day due diligence period provided under Article 8.a. of this Agreement, Purchaser may give Seller written notice of Purchaser's decision not to permanently assume any one or more of the Developer Agreements or Contracts and Leases that Purchaser determines, in its sole discretion, are not consistent with the ordinary business practices of Purchaser and Purchaser's best interest, in which event Seller may elect to terminate this Agreement and refuse to close, without any liability on the part of either party.

- v. Purchaser represents and warrants that since its creation, it has been exempt from payment of documentary stamp taxes in each of its previous transactions whereby it purchased utility assets from a unrelated private utility like Seller. To the extent that documentary stamp taxes are due and payable, such taxes and any related penalty shall be paid by the Seller.
- vi. Recording fees to record the deeds and any other instruments necessary to deliver title to the Purchaser shall be paid by the Purchaser.
- vii. Seller shall file, before they become past due, all tax returns and shall pay, when due, all taxes due and owing from the operation of the Utility System and the sale thereof to Purchaser.
- viii. Seller shall be responsible for any past due and all ad valorem taxes, prorated through the Closing in accordance with the requirements of Section 196.295, Florida Statutes, and shall escrow funds with the Pasco County Tax Collector if so required.
- ix. As an adjustment to the Purchase Price, Seller shall receive credit in an amount equal to 95% of Seller's accounts receivable which are less than forty-five (45) days old for monthly water service, net of any credit balances. Seller shall furnish to Purchaser at least seven (7) days prior to Closing a list of its accounts receivable by customer and individual amounts due. Additionally, Seller and Purchaser shall agree to an estimate (such estimate to be made up to the date of Closing) of 95% of the gross revenue for water services rendered by Seller not less than seven (7) days prior to Closing but not yet billed as of the Closing, and the estimated amount shall be applied to the Closing Statement as a credit to Seller. Purchaser shall be entitled to all revenues collected after Closing.
- x. Impact/Connection Fees (defined as plant capacity, transmission line capacity, or other unit connection fees paid for the availability of utility capacity), if any, received by Seller prior to Closing shall be retained by Seller as of the Closing Date. Impact/Connection Fees imposed by Purchaser and paid after the Closing Date shall be the

property of Purchaser for all units not owned by Seller or its affiliates.

- xi. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other professional advisers or consultants incurred in connection with the negotiation and execution of this Agreement.
- xii. All costs for services, materials and supplies rendered in connection with the operation of the Utility System prior to and including the day of Closing including, but not limited to, electricity, purchased water service, telephone service and other such services, materials and supplies ("Accounts Payable") shall be paid by Seller. Purchaser shall be responsible for all such costs and expenses incurred subsequent to Closing. No prorations shall be made at Closing and Purchaser shall initiate new contracts with all vendors or suppliers of materials, supplies and services as Purchaser may desire.
- xiii. Seller shall convey to Purchaser by electronic transfer of funds all customer deposits and interest accumulated thereon through the day of Closing. Purchaser shall assume liability for customer deposits which are conveyed to Purchaser by Seller at Closing.
- xiv. Purchaser shall reimburse or credit Seller for capital improvements identified as necessary by Purchaser in Exhibit "I" which are completed by Seller prior to the Closing. Purchaser has specifically requested that such improvements be made by Seller at Purchaser's expense, provided that such work is to be verified by Purchaser's operator.
- xv. 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 such party to close the transaction.
 - 3. All representations and warranties of such party contained in this Agreement are true and correct in all material respects as of the Closing, and such party has complied in all material respects with its covenants under this Agreement.
- xvi. Seller shall deliver to Purchaser, in a form acceptable to Purchaser, an opinion of Seller's counsel substantially to the effect that:
 - 1. Seller is validly organized, existing and its status is active 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. To Seller's counsel's knowledge, the execution, delivery and performance of this Agreement will not violate any material agreement of or binding on, or any law applicable to, Seller.
 4. Neither the execution nor the delivery of the Closing documents will conflict with or result in a material breach by Seller or constitute a default or an event of default under any material contract, agreement, instrument, court order, or judgment of which such counsel has knowledge or any Florida or United States federal law that is applicable to Seller.
 5. Except for FPSC approval of the sale of the Utility System to Purchaser, which sale the FPSC is required to approve as a matter of right under Section 367.071, Florida Statutes, to Seller's Counsel's knowledge no consent, approval or other action by any United States, federal or state regulatory authority or other person or entity is required for the execution, delivery or performance of any of the Closing documents by Seller or to establish the validity or enforceability of such documents by Purchaser.
- xvii. 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 and existing as a public body of the State of Florida pursuant to the interlocal agreement and Florida Statutes.
 2. This Agreement has been duly and validly executed and approved by Purchaser and is a valid and binding agreement upon Purchaser.
 3. To Purchaser's counsel's knowledge, the execution, delivery and performance of this Agreement will not violate any agreement of, or binding on, or any law applicable to, Purchaser.
 4. Neither the execution nor the delivery of the Closing documents will conflict with or result in a material breach by Purchaser or constitute a default or an event of default under any contract, agreement, instrument, court order, judgment or law to which any of the same may be bound.

5. To Purchaser's counsel's knowledge, there are no proceedings or claims pending or threatened against or affecting Purchaser in any court of law or in equity, or before or by any instrumentality which, if determined adversely to the same, would have an adverse effect upon Seller's rights under the Closing documents.
6. No consent, approval or other action by any bank or other lender or any United States, federal or state regulatory authority or other person or entity is required for the execution, delivery or performance of any of the Closing documents by Purchaser or to establish the validity or enforceability of such documents by Seller.

11. **POST CLOSING COOPERATION.**

- a. After Closing, Seller and Purchaser shall upon reasonable request of the other 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 to implement and perform any of the obligations, covenants and agreements of the parties.
- b. The respective representations and warranties of the parties contained in this Agreement or any document delivered pursuant to this Agreement shall survive the consummation of the transactions contemplated hereby and continue for a period of one year from the Closing, and thereafter shall terminate.

12. **MISCELLANEOUS PROVISIONS.**

- a. This Agreement, the Exhibits 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, 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. Within thirty (30) days after the execution of this Agreement, Seller shall prepare and the Purchaser and Seller will jointly submit a notice of the impending transfer of the system to the FPSC. Seller shall file reports required to satisfy its outstanding gross receipts tax, regulatory assessment fees, and other obligations and governmental assessments through Closing. All of Seller's costs and expense relative to the termination of Seller's relationship with the FPSC shall be borne by Seller. A copy of the Commission order acknowledging sale of the system to Purchaser shall be promptly provided to Purchaser upon Seller's receipt thereof.

- c. Any notice or other document required or allowed to be given 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 electronic or facsimile transmission with written confirmation.

If to Seller, such notice shall be delivered at:

Gary Deremer
5320 Captains Court
New Port Richey, Florida 3452

with a copy to:

Victoria Penick
6043 Fall River Drive
New Port Richey, Florida 34655

If to Purchaser, such notice shall be delivered at:

Florida Governmental Utility Authority
c/o Government Services Group, Inc.
Attention: Robert Sheets
1500 Mahan Drive, Suite 250
Tallahassee, FL 32308

with a copy to:

Nabors, Giblin & Nickerson, P.A.
Attention: Brian Armstrong, Esq.
1500 Mahan Drive, Suite 200
Tallahassee, FL 32308

- d. The headings used are for convenience only, and they shall be disregarded in the construction of this Agreement.
- e. The drafting of this Agreement was a joint effort of the parties. In the interpretation hereof it shall be assumed that no party had any more input or influence than any other.
- f. 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 signatory hereto.
- g. 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.

- h. 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 at all trial and appellate levels, except as may be restricted by Florida law.
- i. This Agreement may be amended or modified only if executed in writing with the same formality as the original.
- j. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of Florida.
- k. 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.
- l. Except as provided for herein, this Agreement may not be assigned without the prior written consent of the non-assigning party. If properly assigned, this Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns.
- m. For purposes of this Agreement, an individual is deemed to have "knowledge" of a particular fact or other matter only if such individual has actual awareness of such fact or matter. All references in this Agreement to the Seller's "knowledge" means the actual knowledge of Gary Deremer.
- n. Seller hereby agrees that it shall, to the fullest of its ability, require any affiliate or commonly-held corporation to provide to Purchaser prior or subsequent to Closing easements, consents, or other things or acts as may be reasonably required by Purchaser to operate the Utility System subsequent to Closing.
- o. Notwithstanding anything to the contrary contained herein or in any other instrument or document executed by or on behalf of the Purchaser or Seller in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement, or obligation of any present or future member, officer, employee, contractor or agent of the Purchaser or Seller, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Purchaser or Seller, in any such Person's individual capacity, and no such Person, in an individual capacity, shall be liable personally for any breach or non-observance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the Purchase Price or for any claim based hereon or on any such stipulation, covenant, agreement, or obligation, against any such Person, in an individual capacity, either directly or through the Purchaser or Seller or any successor to the Purchaser or Seller, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty

or otherwise, and all such liability of any such Person, in an individual capacity, is hereby expressly waived and released. All references to the Purchaser in this paragraph shall be deemed to include the Purchaser, its Government members, Board members, officers, employees, contractors and agents. The provisions of this Section shall survive the termination of this Agreement.

- p. This Agreement shall be binding upon the successors and assigns of the parties hereto. Purchaser may collaterally assign its rights hereunder to any financial institution providing financing in connection with the transaction contemplated hereby. Seller may assign part or all of its rights hereunder to a qualified intermediary in connection with a like-kind exchange, and the parties hereto agree that Seller may, for its business purposes, structure the disposition of all or some of its Property as a like-kind exchange under Internal Revenue Code Section 1031, at Seller's sole cost and expense.

- q. The Purchaser shall not be obligated to pay any liability arising out of or in any connection whatsoever with this Agreement from any funds except from the net revenues realized by the Purchaser after Closing from its ownership and operation of the Utility System. It is further agreed that any obligations arising in connection with this Agreement, whether for payment of the Purchase Price or for any claim of liability, remedy for breach or otherwise shall not constitute a lien on any other property or utility system owned or operated by Purchaser or any governmental member of the Florida Governmental Utility Authority. Nothing herein shall relieve the Purchaser of its obligations to pay the Purchase Price as set forth in this Agreement from the proceeds of bonds issued on the net revenues pledged from the Utility System.

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.

**HOLIDAY UTILITY COMPANY,
INC.**

(SEAL)

By: _____

ATTEST:

By: _____
Clerk

COLONIAL MANOR UTILITY

COMPANY
(SEAL)

By: _____

ATTEST:

By: _____
Clerk

**COMMUNITY UTILITIES OF
FLORIDA, INC.**

(SEAL)

By: _____

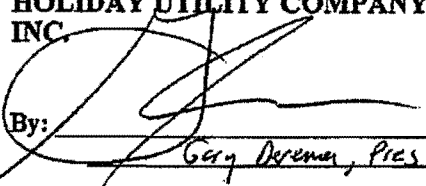
ATTEST:

By: _____
Clerk


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.

(SEAL)

HOLIDAY UTILITY COMPANY,
INC.

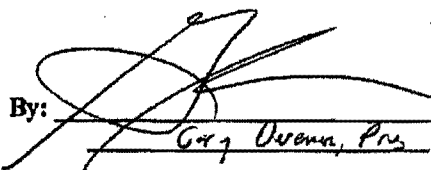
By: 
Gary Deanna, Pres.

ATTEST:

By: 
Clerk

COMPANY
(SEAL)

COLONIAL MANOR UTILITY

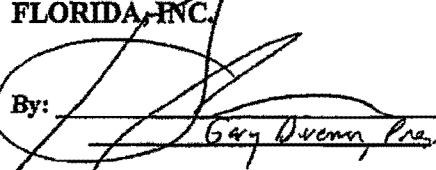
By: 
Gary Deanna, Pres.

ATTEST:


By: 
Clerk

(SEAL)

COMMUNITY UTILITIES OF
FLORIDA, INC.

By: 
Gary Deanna, Pres.

ATTEST:

By: 
Clerk

(SEAL)

PASCO UTILITIES, INC.

By: _____

ATTEST:

By: _____
Clerk

(SEAL)

D & D PROPERTY PARTNERS, INC.

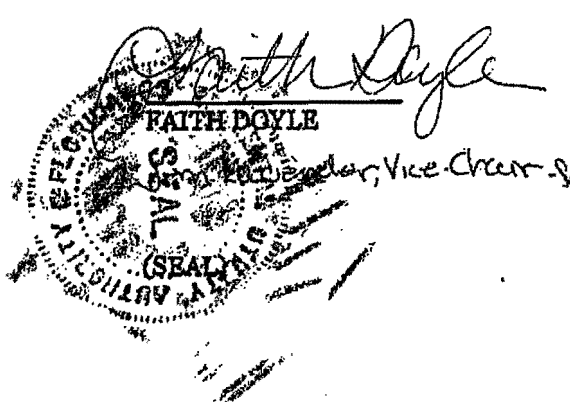
By: _____

ATTEST:

By: _____
Clerk

ATTEST:

FLORIDA GOVERNMENTAL UTILITY
AUTHORITY



Lea Ann Thomas

 LEA ANN THOMAS
 Chair

**STATE OF FLORIDA
COUNTY OF PASCO**

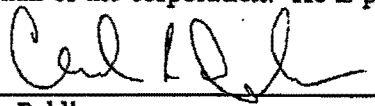
Dec. The foregoing instrument was acknowledged before me this 11th day of November, 2009 by Gary Doremus as President of Holiday Utility Company, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.



Notary Public
NOTARY PUBLIC-STATE OF FLORIDA
My Commission Expires: Cecil Delcher
Commission # DD531419
Expires: MAY 01, 2010
Bonded Thru Atlantic Bonding Co., Inc.

**STATE OF FLORIDA
COUNTY OF PASCO**

Dec. The foregoing instrument was acknowledged before me this 11th day of November, 2009 by Gary Doremus, as President of Colonial Manor Utility Company, a Florida corporation, on behalf of the corporation. He is personally known to me.



Notary Public
NOTARY PUBLIC-STATE OF FLORIDA
My Commission Expires: Cecil Delcher
Commission # DD531419
Expires: MAY 01, 2010
Bonded Thru Atlantic Bonding Co., Inc.

**STATE OF FLORIDA
COUNTY OF PASCO**

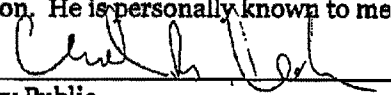
Dec. The foregoing instrument was acknowledged before me this 11th day of November, 2009 by Gary Doremus, as President of Community Utilities of Florida, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.



Notary Public
NOTARY PUBLIC-STATE OF FLORIDA
My Commission Expires: Cecil Delcher
Commission # DD531419
Expires: MAY 01, 2010
Bonded Thru Atlantic Bonding Co., Inc.

**STATE OF FLORIDA
COUNTY OF PASCO**


Dec. The foregoing instrument was acknowledged before me this 11th day of November, 2009 by Gary Doremus, as President of Pasco Utilities, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.



Notary Public
NOTARY PUBLIC-STATE OF FLORIDA
My Commission Expires: Cecil Delcher
Commission # DD531419
Expires: MAY 01, 2010
Bonded Thru Atlantic Bonding Co., Inc.

**STATE OF FLORIDA
COUNTY OF PASCO**

Dec. The foregoing instrument was acknowledged before me this 11th day of November, 2009 by Gary Overman, as President of D & D Property Partners, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.



Notary Public NOTARY PUBLIC STATE OF FLORIDA
 Cecil Delcher
 Commission # DD531419
My Commission Expires: MAY 01, 2010
Bonded Thru Atlantic Bonding Co., Inc.

**STATE OF FLORIDA
COUNTY OF PASCO**

The foregoing instrument was acknowledged before me this ___ day of November, 2009, by Lea Ann Thomas, as Chair of the Board of Directors of the Florida Governmental Utility Authority. She is personally known to me.

Notary Public

My Commission Expires:

**STATE OF FLORIDA
COUNTY OF PASCO**

The foregoing instrument was acknowledged before me this ____ day of November, 2009 by _____, as _____ of D & D Property Partners, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.

Notary Public

My Commission Expires:

**STATE OF FLORIDA
COUNTY OF PASCO**

The foregoing instrument was acknowledged before me this ^{3rd December} day of ~~November~~, 2009, by ^{Jim Leach, Sr. VICE Chair} ~~Lea Ann Thomas, as Chair~~ of the Board of Directors of the Florida Governmental Utility Authority. ~~She~~ ^{He} is personally known to me.



Janelle Kusiolek
Notary Public 9/18/2011

My Commission Expires:

EXHIBIT "A"

REAL PROPERTY

COLONIAL MANOR UTILITY COMPANY

PARCEL 1:

Lot 25, Less the Southerly 15 feet thereof, Colonial Manor, Unit 1, recorded in Plat Book 8, page 12, public records of Pasco County, Florida.

PARCEL 2:

Lots 128 and 129, COLONIAL MANOR, UNIT 2, recorded in Plat Book 8, page 30, public records of Pasco County, Florida.

PARCEL 3:

Lots 321 and 322, COLONIAL MANOR, UNIT 5, recorded in Plat Book 8, page 100, public records of Pasco County, Florida.

PARCEL 4:

Lot 388, Less the Northerly 10 feet thereof and Lot 389, Less the Southerly 15 feet thereof, COLONIAL MANOR, UNIT 5, recorded in Plat Book 8, page 100, public records of Pasco County, Florida.

PARCEL 5:

Lot 74, COLONIAL MANOR UNIT 7, recorded in Plat Book 9, page 57, public records of Pasco County, Florida.

PASCO UTILITIES, INC.

PARCEL 6:

Lot #2007: A tract of land lying in Section 12, Township 26 South, Range 19 East, Pasco County, Florida, more particularly described as follows: Commence at the Northwest corner of the stated Section 12 which is the point of beginning. Thence go West a distance of 150.94 feet; thence South a distance of 10 feet; thence East a distance of 150.94 feet; thence South a distance of 190.00 feet; thence S 89° 54' 57" E a distance of 200.00 feet; thence North a distance of 200.00 feet; thence N 89° 54' 57" W a distance of 200.00 feet to the Point of Beginning.

PARCEL 7:

Lot #1170: A tract of land lying in Section 2, Township 26 South, Range 19 East, Pasco County, Florida, more particularly described as follows: Begin at the Southwest corner of the stated Section 2, thence run East (assumed bearing) along the South boundary of the stated Section 2, a distance of 995.04 feet; thence N 00° 30' 00" E a distance of 3502.53 feet; thence N 70° 22' 39" E a distance of 402.25 feet for a point of beginning. Thence S 19° 37' 21" E a distance of 216.95 feet; thence East a distance of 68.18 feet; thence N 37° 53' 30" E a distance of 139.37 feet; thence N 67° 12' 00" E a distance of 139.80 feet; thence N 03° 14' 21" W a distance of 163.90 feet; thence S 70° 22' 39" W a distance of 367.61 feet to the Point of Beginning.

Less and excepting from Parcel 7 the following:

Residential Tract 1170, Angus Valley, Unit 3, unrecorded subdivision; A tract of land lying in Section 2, Township 26 South, Range 19 East, Pasco County, Florida, more particularly described as follows: Begin at the Southwest corner of the stated Section 2, thence run East (assumed bearing) along the South boundary of the stated Section 2 a distance of 995.04 feet; thence ~~S~~^N 00° 30' 00" E a distance of 3502.53 feet; thence N 70° 22' 39" E a distance of 402.25 feet for a point of beginning. Thence S 19° 37' 21" E a distance of 150 feet; thence N 70° 18' 36" E a distance of 300.06 feet; thence West a distance of 126.70 feet; thence North a distance of 113.70 feet; thence S 70° 22' 39" W a distance of 218.90 feet to the Point of Beginning.

D & D PROPERTY PARTNERS, INC.

PARCEL 8:

WELL SITE PARCEL

A portion of the Southwest ¼ of Section 16, Township 26 South, Range 16 East, Pasco County, Florida, being further described as follows:

Commence at the Northwest^{east} corner of Lot 60, Virginia City Unit Two as shown on the plat recorded in Plat Book 12, page 113 of the public records of Pasco County, Florida; thence along the most Southerly boundary line of Virginia City Unit Five as shown on the plat recorded in Plat Book 17, pages 104 and 105 of the public records of Pasco County, Florida, South 89° 42' 50" East, a distance of 215.93 feet to the West right of way line of Thys Road; thence along the West right of way line of said Thys Road, South 00° 12' 25" West, a distance of 126.00 feet, for a point of beginning; thence continue along the West right of way line of said Thys Road, South 00° 12' 25" West, a distance of 52.00 feet; thence North 89° 47' 35" West, a distance of 50.00 feet; thence North 00° 12' 25" East, a distance of 52.00 feet; thence South 89° 47' 35" East, a distance of 50.00 feet, to the Point of Beginning.

DIXIE GROVES UTILITY COMPANY,
A DIVISION OF COMMUNITY UTILITIES OF FLORIDA, INC.

PARCEL 9:

Lot 6, Block A, Dixie Groves Estates, according to the plat thereof recorded in Plat Book 6, page 27, public records of Pasco County, Florida.

PARCEL 10:

Lots 3 and 4, Block "G" and the West 20 feet of the South 30.60 feet of Lot 3, Block "F", Dixie Groves Estates, according to plat thereof recorded in Plat Book 6, page 27, public records of Pasco County, Florida.

EXHIBIT "B"

EASEMENTS, LICENSES, ETC.

1. All easements assigned in an Assignment dated January 14, 2004, between Floralino Properties, Inc., A. Tony Tubolino, and Colonial Manor Utility Company. Recorded at book/page: 5715/784.
2. Grant of Easement dated October 21, 1996, from Dimmitt Car Leasing, Inc.. to Holiday Utilities, Inc. Executed by Elaine Mickler on 9/12/03, and filed that date with Clerk of court. Recorded at book/page: 5539/1949.
3. Easement Deed dated January 7, 1994 between Virginia City, Inc. and Virginia City Utilities, Inc. Recorded at book/page: 3245/0748.
4. Lease Agreement dated August 20, 1982 between Larry Dimmitt Cadillac, Inc., and B.L. Mickler. Recorded at book/page: 1205/1100.

[SEE ATTACHED]

EXHIBIT "C"
TREATMENT PLANTS, ETC.

[SEE ATTACHED]

Colonial Manor Utility System

Colonial Manor Utilities currently has a wellfield with five production wells known as Well #1, Well #2, Well #3, Well #4 and Well #5. .

The SWFWMD regulates the total allotted withdrawal quantity from the wellfield under SWFWMD Water Use Permit No. 203677.04. The water use permit allows a peak monthly daily withdrawal of 293,000 gallons per day from the wellfield with an annual average daily withdrawal of 195,000 gallons per day.

All five wells are interconnected via pressure switches. The switches are located at each well. As the demand increases the pressure drop triggers another well to come on and sustain peak usage.

The water system has also two inter-connections with Pasco County Water System. One interconnection is manually operated by a gate valve, and the other is controlled by a compound meter and weighted check valve. The interconnection with PCWS is relied on for auxiliary power supply and water supply during emergencies (fire demand, maintenance, etc.)

Well Capacity

I.D. No (Permittee / District)	Operating Pressure (psi)	Average gallons per minute (gpm)	Possible gallons per day (gpm * 1440)	Status
1/1	47-60	200	288,000	A*
2/2	47-60	195	280,800	A*
3/3	42-60	425	612,000	A*
4/4	47-60	165	237,600	I**
5/5	47-60	200	288,000	A*

* Active

** Inactive

Permitted Capacity

I.D. No (Permittee / District)	Diameter (IN)	Average (gallons per day)	Peak Monthly (gallons per day)	Status
1/1	8	62,000	93,000	A*
2/2	8	35,500	53,500	A*
3/3	8	62,000	93,000	A*
4/4	8	35,500	53,500	I**
5/5	12	62,000	93,000	A*

* Active

** Inactive

Tanks

The tanks used at this facility are hydropneumatic tanks with a total capacity of 3,000 gallons. These tanks generally conform to section 62-555-320(20), F.A.C., and its equivalent ASME code requirements. In February 2005, the Utility replaced the old hydropneumatic tanks for wells Nos. 2, 3 and 4 with new tanks of the same design and capacity.

Each well is equipped with a compressor for controlling the air volume in the tank.

The system uses Stenner chemical feed pumps for chlorination process.

Distribution System

Consists of:

Pipe Size	Length (LF or %)	Date Installed
2" Galvanized	90%	1970's
6" A/C	4%	1970's
4" A/C	6%	1970's

Service Connection

The potable water service area for Colonial Manor Utility covers an area of approximately 162.4 acres. The present customer service area includes 702 customers. This is due to the fact that several of the smaller residential parcels have been combined under common

ownership while other parcels have been combined as light commercial and professional office spaces. A summary of the users, based on land use type, is given below.

Summary of Water Users

LAND USE	NUMBER OF UNITS
Single Family Residential	704
Light Commercial (Strip Centers, Churches, Restaurants, etc.)	14
Professional Offices (Doctors, Dentists, etc.)	1
TOTAL:	719

Dixie Grove Utility System*Description*

The potable water service area for Dixie Groves Utility covers an area of approximately 42 acres. A total of 411 lots comprised the original system service area. The present customer service area includes 338 customers. This is due to the fact that several of the smaller residential parcels have been combined under common ownership while other parcels have been combined as light commercial and professional office spaces. A summary of the users, based on land use type, is given below.

Summary of Water Users

LAND USE	NUMBER OF UNITS
Single Family Residential	224
Single Family Seasonal/Retirement Residential	110
Light Commercial (Strip Centers, Churches, Restaurants, etc.)	6
Professional Offices (Doctors, Dentists, etc.)	3
TOTAL:	343

Existing Water Supply

Dixie Groves Utility Company currently has a wellfield with two production wells known as Well #2 and Well #3. The locations of the wells are shown on the attached plans under Appendix G, which also depicts the layout of the existing water distribution system. The SWFWMD regulates the total allotted withdrawal quantity from the wellfield under SWFWMD Water Use Permit No. 20007718. A copy of the permit is attached under Appendix D. The water use permit allows a peak monthly daily withdrawal of 150,000 gallons per day from the wellfield with an annual average daily withdrawal of 75,000 gallons per day.

Production Wells

The main production well for Dixie Groves Utility Company is Well #2. Well #3 is considered as a standby well. Each well is permitted for a total withdrawal quantities of 75,000 gpd (annual average) and 150,000 gpd (peak monthly). However, the total

withdrawal from the wellfield is limited to 75,000 gpd (annual average) and 150,000 gpd (peak monthly) by the SWFWMD Water Use Permit.

Well Design

Well No.	District ID No.	Diameter (IN)	Depth (FT)	Meter	Diameter (IN)
2	2	6	65	Neptune	3
3	3	4	72	Neptune	3

Well Capacity

a. Design capacity of the existing well

I.D. No (Permittee / District)	Operating Pressure (psi)	Average gallons per minute (gpm)	Possible gallons per day (gpm * 1440)	Status
2/2	50-60**	137	197,280	A*
3/3	45-60 (Override Range)**	57	82,080	A* (Standby)

* Active

** Well No. 2 is the main well and operates 24 hours/day, 7 days/week between a pressure range of 50-60 psi.

*** Well No. 3 is equipped with a timer and two pressure switches. The first pressure switch is controlled by the timer and is adjusted to start the well pump between a pressure range of 52-62 psi during 12 hours starting from midnight to 12 noon. The second pressure switch is an override pressure switch which can start the well pump at any time when the pressure in the water distribution system drops below 45 psi. The operating pressure of the override pressure switch is 45-60 psi.

Permitted Capacity

I.D. No (Permittee / District)	Diameter (IN)	Average (gallons per day)	Peak Monthly (gallons per day)	Status
2/2	2	75,000	150,000	A*

3/3	3	75,000	150,000	A*
-----	---	--------	---------	----

* Active

Tanks

The tanks used at this facility are hydropneumatic tanks with a total capacity of 1,500 gallons for well No. 2 and 3,000 gallons for well No. 3. These tanks generally conform to section 62-555-320(20), F.A.C., and its equivalent ASME code requirements. In February 2005, the Utility replaced the old hydropneumatic tank for well No. 3 with a new tank of the same design and capacity. Bacteriological tests were performed prior to putting the new tank into service.

The system uses Stenner chemical feed pumps for chlorine injection and "AQUAMAG" application.

Standby Power

The facility is equipped with a standby 10KW generator to provide standby power in case of emergency.

Distribution System

Consists of:

Pipe Size	Length (LF or %)	Date Installed
2" Galvanized	7,940	1960's
3" Galvanized	210	1960's
2" PVC	300	1960's
4" A/C	3,170	1960's

Holiday Utility (Westwood and Anclote Water Systems)

Holiday Utility consists of two systems the Anclote System and the Westwood System with a total service connections of 386.

The Anclote system has a total service connections of 260 and is supplied water 100% by the existing interconnection with the City of Tarpon Springs. The Westwood Water System encompasses a service area of approximately 182 acres in Pasco County with a total of 126 service connections consisting mainly of single-family residential units. The Westwood System is supplied water by an existing single well.

Westwood Well

The main production well for Westwood Water System is Well #1 and is permitted for total withdrawal quantities of 44,000 gpd (annual average) and 65,000 gpd (peak monthly).

The Westwood Water System also has an existing interconnection with the Pasco County water system that can be utilized during emergencies.

Westwood Tank

The raw water from the single well is currently pumped into a 10,000-gallon hydropneumatic tank after receiving chlorination using liquid sodium hypochlorite. The tank has 12-inch inlet and discharge piping. Water from the hydropneumatic tank is then pumped into the water distribution system of Westwood Village.

Well No. 1 (Old Well No. 2)

This well has a diameter of 8 inches with a total depth of 65 feet. The SWFWMD water use permit allows a peak monthly and annual average withdrawals of 44,000 gpd and 65,000 gpd, respectively. The well is equipped with a 15-hp vertical turbine pump with a capacity of 250 gpm.

Well Capacity

I.D. No (Permittee / District)	Operating Pressure (psi)	Average gallons per minute (gpm)	Possible gallons per day (gpm * 1440)	Status
--------------------------------------	--------------------------------	--	--	--------

Old 2/2	50-60	210	302,400	A*
---------	-------	-----	---------	----

* Active

Permitted Capacity

I.D. No (Permittee / District)	Diameter (IN)	Average (gallons per day)	Peak Monthly (gallons per day)	Status
Old 2/2	8	44,000	65,000	A*

* Active

The System consists of a 10,000 gallon hydropneumatic tank. The tank has 12-inch inlet and discharge piping. This tank generally conforms to section 62-555-320(20), F.A.C., and its equivalent ASME code requirements.

Distribution System (Holiday Westwood)

Consists of:

Pipe Size	Length (LF or %)	Date Installed
12" A/C	NA	1970-1980's
2", 2.5", 4", 6" PVC	NA	1970-1980's

Distribution System (Holiday Anclote)

Consists of:

Pipe Size	Length (LF or %)	Date Installed
2", 4", 8" PVC	NA	NA

Virginia City Utility System

Virginia City Water System is located at Thys Road, in Pasco County, approximately 1.5 miles south of New Port Richey, 2.5 miles east of U.S. Highway 19 on the north side of State Road 54. The system serves a total of 343 service connections. The SWFWMD water use permit allows a peak monthly and annual average withdrawals of 91,000 gpd and 163,000 gpd, respectively.

Water Supply Well

Virginia City Utilities Inc. currently has a wellfield with one production well in service known as Well # 1, drawing from the Floridan Aquifer. The water system is also interconnected with Pasco County Utilities (PCU) through a pressure sustaining valve.

Well Design

Well No.	District ID No.	Diameter (IN)	Depth TTL / CSD (FT)	Meter	Diameter (IN)
1	1	8	98 / 40	Specialties	3

Well Capacity

I.D. No (Permittee / District)	Operating Pressure (psi)	Average gallons per minute (gpm)	Possible gallons per day (gpm * 1440)	Status
1/1	52-60	210	302,400	A*

*Active

Tank Capacity

The tank used at this facility is a hydropneumatic tank with a total capacity of 5,000 gallons. This tank generally conforms to section 62-555-320(20), F.A.C., and its equivalent ASME code requirements. The well is equipped with a 15-hp submersible well pumps.

The system uses Stenner chemical feed pumps for chlorine injection and “AQUAMAG” application, every well has chemical feed pumps.

Standby Power

The facility is equipped with a standby 80KW generator to provide standby power in case of emergency.

Distribution System

Consists of:

Pipe Size	Length (LF or %)	Date Installed
2.5 PVC	6,180	1960-1970's
6" PVC	1,365	1960-1970's
4" PVC	4,193	1960-1970's

Pasco Utility System

Pasco Utility (aka Angus Valley) is located in Pasco County, Approximately two miles west of Wesley Chapel on Dayflower Boulevard, west of Old Pasco Road, 0.5 mile north of State Road 54.

This Utility serves Angus Valley Subdivision, a residential community with 698 service connections. It is supplied water by two wells with the following specifications:

Well Design

Well No.	Location	Diameter (IN)	Number	Meter	Meter Size (IN)
3	Nathan Court	6	AAB4635	ABB	4
4	Angus Valley Drive	8	AAB4634	ABB	4

Well Capacity

I.D. No (Permittee / District)	Operating Pressure (psi)	Average gallons per minute (gpm)	Possible gallons per day (gpm * 1440)	Status
B/3	46 - 62	300	432,000	Active
A/4	50 - 62	300	432,000	Active

Permitted Capacity

I.D. No (Permittee / District)	Diameter (IN)	Average (gallons per day)	Peak Monthly (gallons per day)	Status
B/3	6	30,000	50,000	Active
A/4	8	160,000	200,000	Active

Tanks

The tanks used at this facility are hydropneumatic tanks with a total capacity of 5,000 gallons. These tanks generally conform to section 62-555-320(20), F.A.C., and its equivalent

ASME code requirements. The hydropneumatic tanks have been recently inspected and they are in good working conditions.

Standby Power

The facility is equipped with a standby 35KW generator to provide standby power in case of emergency.

Distribution System

Consists of:

Pipe Size	Length (LF or %)	Date Installed
4" PVC	77,200	1974-1980

EXHIBIT "D"

CERTIFICATES, PERMITS, ETC.

1. SWFWMD General Water Use Permit No. 20002319.006, Holiday Waterworks Corporation, Holiday Utility Company, Inc., and Sun Automotive, Inc.
2. SWFWMD General Water Use Permit No. 20003677.005, Colonial Manor Utility Company
3. SWFWMD General Water Use Permit No. 20007745.004, Virginia City Utility Company
4. SWFWMD General Water Use Permit No. 20007718.002, Dixie Groves Estates, Inc.
5. SWFWMD General Water Use Permit No. 20007999.003, Pasco Utilities Inc.
6. Certificate Number 224-W granted by the Florida Public Service Commission, authorizing Holiday Utility Company, Inc., to provide water service in the territory described by the Orders of the Commission
7. Certificate Number 153-W granted by the Florida Public Service Commission, authorizing Colonial Manor Utility Company to provide water service in the territory described by the Orders of the Commission
8. Certificate Number 149-W granted by the Florida Public Service Commission, authorizing Virginia City Utility Company, a Division of Community Utilities of Florida, Inc., to provide water service in the territory described by the Orders of the Commission
9. Certificate Number 139-W granted by the Florida Public Service Commission, authorizing Dixie Groves Utility Company, a Division of Community Utilities of Florida, Inc., to provide water service in the territory described by the Orders of the Commission
10. Certificate Number 168-W granted by the Florida Public Service Commission, authorizing Pasco Utilities, Inc., to provide water service in the territory described by the Orders of the Commission

[SEE ATTACHED]

EXHIBIT "E"

INVENTORY

NONE

AGREEMENT

This Agreement ("Agreement") is by and between DIMMITT CAR LEASING, INC. ("Dimmitt") SUN AUTOMOTIVE, INC. ("Sun") HOLIDAY UTILITY COMPANY ("Holiday") and US WATER SERVICES CORP. ("US Water"). The Effective Date of this Agreement will be the date when the last party has signed this Agreement.

RECITALS

WHEREAS Dimmitt owns the real property in Pasco County, Florida described in Exhibit A, which consists of 30.84 acres (the "Property"); and

WHEREAS the Property has been designated as an MPUD Master Planned Unit Development in which 14.73 acres in the eastern portion of the Property is designated for commercial development (Phase I) and the remaining 16.11 acres are designated for residential development (Phase II); and

WHEREAS Dimmitt and Sun have entered into a Sale and Purchase Agreement for Commercial Land dated July 10, 2007 and Addendum dated September 25, 2007 whereby Sun is to purchase the Property; and

WHEREAS Sun intends to develop Phase I of the Property as an automobile dealership and at the present time has no immediate plans for the development of Phase II of the Property; and

WHEREAS Holiday has a grant of territory from the Florida Public Service Commission ("PSC") to provide water utility services to the Property through water transmission lines and wells located on the Phase II portion of the Property; and

WHEREAS Dimmitt filed a lawsuit against Holiday and US Water contesting the lawful existence of Holiday's water transmission lines and wells on the Property and asserting as causes of action ejectment, trespass, unjust enrichment, conversion, quiet title and accounting (the "Claims"); and

WHEREAS at the time of the closing on the sale of the Property to Sun, Dimmitt shall file a Notice of Dismissal of its lawsuit, with prejudice, thereby dismissing all of the Claims relating to the existence of the water transmission lines and wells located on the Property; and

WHEREAS upon the sale of the Property to Sun and the simultaneous dismissal of the lawsuit, all parties to this Agreement acknowledge Holiday's right to have water utility systems on the Property; and

WHEREAS Dimmitt and Sun wish to have Pasco County provide water and wastewater utility service to the Property and Holiday has no objection to Pasco County providing such water utility service; and

WHEREAS in order for Pasco County to provide water utility service to the Property, Holiday will be required to file an application with the PSC requesting the Property be removed from the Holiday Territory granted by the PSC and Pasco County be substituted for Holiday as the provider of water utility service for the Property (the "Application"); and

WHEREAS US Water, as agent for Holiday will file the Application; and

WHEREAS once the PSC grants Pasco County the right to provide water utility service to the Property, US Water, as agent for Holiday, will, at the request of Sun (which will then have purchased the Property from Dimmitt) relocate the transmission lines on Phase II of the Property; and

WHEREAS, the purpose of this Agreement is to set forth the terms by which the responsibilities set forth in these Recitals will be carried out.

NOW THEREFORE, in consideration of the benefits to come to each party, the parties agree as follows:

1. Payment for Purchase of Service Territory Rights. Dimmitt at the Effective Date agrees to purchase the water service rights for the Property (the "Rights") which Rights are owned by Holiday.

2. Purchase Price for Service Territory. The purchase price for the Territory is One Hundred Ninety Three Thousand Six Hundred Dollars (\$193,600.00). The purchase price is based upon the purchase of eighty eight (88) ERC's at a unit price of \$2,200. Dimmitt will pay on the Effective Date of this Agreement the sum of \$193,600.00 into the escrow account held by Macfarlane Ferguson & McMullen ("Escrow Agent") and sign an escrow agreement in the form attached hereto as Exhibit B.

3. Application for Territory Modification of Holiday and Granting Rights to Pasco County. Presently, Holiday is designated by the Florida Public Service Commission as the water provider for the Property. In order for Pasco County to acquire the water rights to the Property, the PSC must delete Holiday as the water provider for the Property. Holiday, through its agent, US Water, agrees to file a request for a territory boundary modification with the PSC within fourteen (14) days after the Effective Date of this Agreement and to diligently pursue the request for the deletion. Holiday's Application will request that once Holiday relinquishes its rights to provide water to the Property, those rights, licenses and permits will be granted by the PSC to Pasco County, Florida. Holiday's request will ask the PSC to designate Pasco County, Florida as being the water provider for the Property enabling Pasco County to provide water and

wastewater service to the Property. Dimmitt (or Sun after purchasing the Property) will cause the County to make application for the assignment of service territory rights for the Property to the County, as may be required by the PSC. Upon the approval by PSC, a Developer Service Agreement or Bulk Water Agreement (or both) will be entered into between Pasco County and Sun.

4. Disbursement from Escrow. When Holiday receives information from the PSC that the PSC has granted the Rights to Pasco County, the Escrow Agent will disburse to Holiday the \$193,600.00 held in escrow.

5. Dimmitt and Sun intend to close on the purchase of the Property on June 16, 2008 (the "Closing"). Within seven (7) days after Closing, Holiday will install, at Sun's expense, a water meter in the Holiday water line which provides water to Phase I of the Property. This meter will allow Sun to have water during the development of Phase I as an automobile dealership. Sun will pay to Holiday the expense of the water it uses at the current rate charged to Holiday's customers. When the PSC grants Pasco County the ability to provide water utility service to the Property, Sun will connect to Pasco County's water line when such service connection is made available by the County and the use of the line metered by Holiday will be terminated.

6. Escrow of Documents. At Closing, the following documents will be placed in escrow with Allgood & Misemer, P.A.:

- i. Release of License Agreement with Holiday Utility Company, attached as Exhibit C.
- ii. Release of Escrow to Holiday Utility Company, attached as Exhibit B.
- iii. Easement between Sun Toyota and Holiday Utility, attached as Exhibit D.

Exhibits C, B, and D are the "Escrow Documents". When PSC grants the Rights to Pasco County, the Escrow agent shall record the Escrow Documents.

7. Relocation of Water Lines and Removal of Existing Lines and Capping of Wells. Presently there are water transmission lines which cross the Phase II portion of the Property and provide water to customers of Holiday to the north of the Property. There are also wells located in the Phase II portion of the Property. In order to develop the Phase II portion of the Property, the water lines need to be relocated to serve Holiday's customers and the lines crossing the Phase II portion of the Property need to be removed and the wells capped. US Water, as agent of Holiday, will be the contractor that will relocate the water lines and remove all or a portion of the existing lines at the election of Sun and cap the wells (these services being referred to as the "Work"). Exhibit F reflects the location of the relocated lines, the existing lines and the existing wells and other improvements proposed by Sun. The development of Phase II shall include the use of sanitary sewers connected to the Pasco County wastewater system and the placement of residential units or any other wastewater source shall not be within the

well head protection zone for those wells designated on Exhibit F. US Water has indicated the cost to provide the Work will be \$209,800. Exhibit G reflects the costs involved in providing this Work. If the Work is commenced within six (6) months of the date of this Agreement, the costs reflected in Exhibit G will be the cost charged by US Water. If the Work is commenced more than six (6) months from the date of this Agreement, US Water will refigure the cost to be charged for its services.

A. Sun agrees to purchase the Property from Dimmitt on June 16, 2008. The PSC may not have approved the transfer of the water Territory by Closing. However once Sun becomes the owner of the Property, it will be the party which will determine the time and extent of the Work to be performed by US Water in the Phase II portion of the Property but in no event shall the initiation of permit applications for such Work begin later than four (4) months from the date of this Agreement and construction of the Work shall begin no later than two (2) months from the issuance of said permits.

B. Dimmitt agrees to provide to Sun at the closing of the sale of the Property a credit against the purchase price in the amount of Two Hundred Six Thousand Four Hundred Dollars (\$206,400.00) as its contribution towards the cost of the Work to be performed by US Water. After the closing, Dimmitt will have no further responsibility to pay any expenses for the Work to be performed by US Water.

C. Once Sun advises US Water to go forward with the Work, US Water shall obtain permits for the Work shown on Exhibit G. Upon receipt of the necessary permits, Sun shall issue a Notice to Proceed for the construction work in accordance with Paragraph A. above. US Water shall not be responsible for obtaining permits or performing additional Work as may be required for remediation of the Property, as a result of existing conditions of the Property as may be identified in any Environmental Report, or for the remediation of development impediments not caused by Holiday's existing facilities or Holiday's use of the property. All the Work must be performed in compliance with governmental requirements. Permits for well abandonment must be obtained for SWFMD and permission for the relocations must be obtained from FDEP Water Permits Branch.

D. Payment of relocation related services set forth in the Work will be according to the payment schedule set forth in Exhibit H.

E. Sun will hereby grant to Holiday, its agents, contractors and subcontractors an easement on the Phase II portion of the Property as per the Declaration of Construction and Maintenance Easement Agreement herein identified as Exhibit D. Said Easement shall provide for location, access, and use of all water facilities of Holiday used and useful located on Sun Property after completion of the Work. All permanent pipe line easements shall be a non-exclusive easement 20 feet in width centered along the route of the installed water line(s). Once the Work specified in this Agreement is in place, Holiday will relinquish any claim of easement for the abandoned wells and abandoned pipe lines as shown on Exhibit F. Any pipe line abandoned and not removed

as a part of the Work, as instructed by Sun, shall become the property of Sun and all responsibility for or claim of ownership of Holiday shall terminate.

F. Landscape Buffer. Sun, or its successors, agrees to provide a landscape buffer, approved by Holiday, for the water treatment facility in the location referred to in Exhibit F. Sun will also provide means of roadway access to the water treatment facility which will be free of obstruction during Sun's development of the Property.

G. US Water agrees to complete the construction Work within 90 days from the Notice to Proceed issued for the construction work as provided in Paragraph C above. For every day which exceeds the 90 day construction period, US Water will pay a per day payment of \$500.00 to Sun which represents damages resulting from the Work not being completed on a timely basis.

H. Sun's Construction on Phase I. Sun will give Holiday at least seventy two (72) hours advanced written notice of the commencement of its development of the Property. Any damage to the Work performed by Holiday or US Water which is caused by Sun, its agents, contractors or subcontractors shall be repaired at Sun's expense. If Sun's development is halted for any reason after Sun directed US Water to move forward with the Work, Holiday and US Water's work shall continue with Work and it will be paid in accordance with the schedule of Exhibit H of this Agreement.

I. Mechanic's Lien. In the event any mechanic's or other liens, charge or order for payment of money is filed against the Property by contractors or subcontractors of Holiday, in connection with the Work, Holiday shall, at its expense, remove and satisfy such lien of record.

8. Indemnification. Holiday shall indemnify and hold harmless Sun, its successors and assigns from any and all claims, loss and damages to individuals or property created by Holiday, its contractors and subcontractors in the course of the Work. Any damage to Sun's property created by Holiday, its contractors and subcontractors during the Work shall be repaired at Holiday's expense as quickly as commercially reasonable. Sun shall indemnify Holiday, its Contractors and Subcontractors from any and all claims, loss and damages to individuals or property created by Sun, its Contractors and Subcontractors in the course of construction by Sun on the Property.

Promptly, and in any event within 20 days, after receipt by a party seeking indemnification hereunder (hereinafter referred to as the "Indemnatee") of notice of the commencement of any claim by a third party (whether by legal process or otherwise), against which the other party to this Agreement (hereinafter, the "Indemnitor") is, or may be, required under this Agreement to indemnify the Indemnatee, the Indemnatee will, if a claim may be made against the Indemnitor, notify the Indemnitor in writing of the commencement or assertion of the claim and give the Indemnitor a copy of such claim, process, and all legal pleadings. The Indemnitor shall have the right to participate in and assume the defense of the action with counsel of reputable standing reasonably acceptable to the Indemnatee. If the Indemnitor assumes the defense of any claim or

proceeding, the Indemnitee shall be authorized to consent to a settlement of, or the entry of any judgment arising from, any such claim or proceeding, without the prior written consent of the Indemnitee; provided, however, that (a) the Indemnitor shall pay all amounts arising out of such settlement or judgment concurrently with the effectiveness thereof; (b) the Indemnitor shall not be authorized to encumber any assets of the Indemnitee or to agree to any restriction that would apply to the Indemnitee or to its conduct of business; and (c) a condition to any such settlement shall be a complete release of the Indemnitee and its Affiliates, officers, employees, consultants and agents with respect to such claim. The Indemnitee shall be entitled to participate in (but not control) the defense of any such action, with its own counsel and at its own expense. If the Indemnitor does not assume the defense of any claim or proceeding and the Indemnitee is required by judgment or a settlement agreement to pay any amount in respect of any obligation or liability against which the Indemnitor has agreed to indemnify the Indemnitee under this Agreement, the Indemnitor shall pay to the Indemnitee such amount plus all reasonable expenses incurred by the Indemnitee (including legal fees and expenses at both trial and appellate levels, and including bankruptcy or insolvency proceedings). The Indemnitee shall not settle or compromise any claim, action, or proceeding without the prior written consent of the Indemnitor, which consent will not be unreasonably withheld, conditioned, or delayed. With respect to claims other than third-party claims, the Indemnitee shall promptly notify the Indemnitor of such claims, but the Indemnitee shall in any event be entitled to all of its rights and remedies hereunder.

The indemnification rights described in this Section 8 are in addition to, and not in derogation or limitation of, any statutory or common law right or remedy that any party may have as a result of a breach by any other party of a representation, warranty, or covenant set forth in this Agreement.

9. Dimmitt's Limit of Expense. It is contemplated that when Sun Automotive purchases the Property it will be subject to the terms of this Agreement and any expense related to the Work will be Sun's expense.

10. Conditions. (INTENTIONALLY DELETED SINC)

11. Additional Agreements. Subject to the terms and conditions of this Agreement, each of the parties shall use its reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper, or advisable under applicable legal requirements to consummate and make effective the transactions contemplated by this Agreement, including cooperating fully with the other parties.

12. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of Florida. The parties agree that any legal action relating to or arising out of this Agreement or the transactions contemplated hereby shall be brought in the courts of Pasco County, and that the courts of that county shall be the sole venue for such actions, and the parties waive any defense that Pasco County is an inconvenient or improper venue.

13. Successors and Assigns. A party shall not assign any of its rights or delegate any of its obligations under this Agreement without the prior, written consent of the other parties, except that Dimmitt may assign this Agreement to Sun Automotive and Holiday can assign their Agreement to the Florida Governmental Utility Authority or other governmental entity. All of the terms of this Agreement are binding upon and inure to the benefit of and are enforceable by and against the successors, legal representatives, and permitted assigns of the parties.

14. Entire Agreement. This Agreement, including the exhibits hereto, and the other documents delivered pursuant hereto, constitutes the full and entire understanding and agreement between the parties concerning the subject matter of this Agreement and supersedes all other prior agreements and negotiations, oral or written, concerning that subject matter, all of which are merged into this Agreement. Nothing herein, express or implied, is intended to confer upon any party, other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

15. Amendment. A modification or amendment of this Agreement shall be effective only if it is in writing and executed by all the parties hereto, and by any other party to the document being amended.

16. Notices. To be effective, a notice or other communications required or permitted under this Agreement must be given in writing or by facsimile transmission (with a follow-up copy delivered by mail or courier). Unless otherwise specified herein a notice is considered effectively given when it is received by the intended recipient or when the intended recipient refuses delivery. If a notice is sent by certified or registered mail (with return receipt requested) or by a courier or delivery service, to the address of the intended recipient specified below (or such other address as the intended recipient has previously specified in a written notice received by the sender), the notice shall be presumed to have been received or refused by the intended recipient on the date indicated on the return receipt.

If to Holiday:

Gary Deremer
President
Holiday Utility Company
4939 Cross Bayou Blvd
New Port Richey, FL 34652

If to Dimmitt:

Mr. Richard Dimmitt, President
Dimmitt Cadillac, Inc.
25191 US Hwy. 19 North
Clearwater, FL 33760

and

Mr. Lawrence Dimmitt
Dimmitt Chevrolet, Inc.
25485 U. S. Highway 19 North
Clearwater, FL 33763

With a copy to:

Macfarlane Ferguson & McMullen
P.O. Box 1669
Clearwater, FL 33757
Attn: Emil C. Marquardt, Jr.

If to Sun Automotive:

Sun Automotive
3141 US Highway 19
Holiday, FL 34691

With a copy to:

Ken Misemer
5645 Nebraska Avenue
New Port Richey, FL 34652

If to US Water Services Corp:

David B. Schultz
US Water Services Corp.
4925 Cross Bayou Blvd.
New Port Richey, FL 34652

17. Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.


18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

19. Delays or Omissions. No delay or omission by any party in exercising any right, power, or remedy upon any breach by any other party shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of or acquiescence in any such breach or any similar or subsequent breach. To be effective, any waiver, permit, consent, or approval of any kind on the part of any party of any breach of this Agreement, or any waiver of any provisions or conditions of this Agreement, must be in writing. Unless otherwise specified herein, all remedies of a party for a breach of this Agreement are cumulative.


20. Attorney's Fees. Should any litigation or arbitration be commenced by any party concerning any provision of this Agreement or the rights and duties of any party, the prevailing party in such litigation shall be entitled, in addition to such other relief as may be granted, to reasonable Attorneys' Fees.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.


DIMMITT CAR LEASING, INC.

By: 
Title: O-P
Date: 6/13/08

HOLIDAY UTILITY COMPANY

By: 
Title: President
Date: 06-15-08

SUN AUTOMOTIVE, INC.

By: 
Title:
Date: 6-18-08

US WATER SERVICES CORP

By: David B. Schultz
Title: Sr. V. President
Date: 6/5/08

h:\data\atylecm\dim\mlt car leasing\un automotiv\agreement 6-02-08.doc

First American Title Insurance Company

EXHIBIT A

Schedule A (Continued)

Agent's File No.:

A portion of Tracts 58, 59, 60, 64 and a portion of the TAMPA AND TARPON SPRINGS LAND COMPANY SUBDIVISION road right-of-way lying along the Southerly boundary of said Tracts 58, 59, 60 and 64 and lying along the Easterly boundary line of said Tract 60 of the TAMPA AND TARPON SPRINGS LAND COMPANY SUBDIVISION of Section 19, Township 26 South, Range 16 East, as shown on plat recorded in Plat Book 1, pages 69 and 70 of the Public Records of Pasco County, Florida, being more fully described as follows:

Commence at the Southeast corner of the Southwest 1/4 of said Section 19; thence run South 89 deg. 19'53" West, 13.08 feet along the South boundary line of the Southwest 1/4 of said Section 19 to the Point of Beginning; thence continue South 89 deg. 19'53" West, 1587.02 feet along said Southwest 1/4 of Section 19; thence North 00 deg. 41'46" West, 867.85 feet to a point on the West right-of-way line of Hickory Lane as now established, said point also being the Southeast corner of Lot 87, WESTWOOD, Unit Two, as shown on plat recorded in Plat Book 9, page 109 of the Public Records of Pasco County, Florida; thence North 89 deg. 15'34" East, 1618.55 feet along the monumented South boundary line of said Westwood, Unit Two; thence South 01 deg. 22'48" West, 870.44 feet along the Westerly right-of-way line of U.S. Highway No. 19 as now established to the Point of Beginning.

Together with easement rights as set forth in Warranty Deed from B.L. Mickler, a/k/a Bart Leland Mickler, to Florida Power Corporation, a Florida corporation, dated November 5, 1973 recorded November 7, 1973 in Book 721, page 823, and Assignment of Property Rights recorded in Book 1205, page 1092, as affected by Underground Pipeline Right of Way Utilization Agreement between Florida Power Corporation and Florida Gas Transmission Company recorded in Book 4107, page 556, Public Records of Pasco County, Florida; and

Together with easement rights as set forth in that Grant of Easement to Dimmitt Car Leasing Inc., a Florida corporation dated October 21, 1996 and recorded in Book 3658, Page 1395, Public Records of Pasco County, Florida.

Less and except parcel conveyed by Warranty Deed recorded in Book 3383, page 174, Public Records of Pasco County, Florida, further described as follows:

That portion of the South 1/2 of Section 19, Township 26 South, Range 16 East, Pasco County, Florida described as follows:

Commencing at the Southwest corner of Lot "B" in the plat of WESTWOOD UNIT One, as recorded in Plat Book 9, page 76, of the Public Records of said Pasco County, Florida; thence South 00 deg. 42'10" East, along the West boundary of those lands as described in OR Book 1813, page 633 of said Public Records, 250.00 feet to the Southwest corner thereof, and the Point of Beginning; thence North 89 deg. 17'50" East, along the South boundary of said lands, 483.45 feet to the Westerly right-of-way line of U.S. Highway 19; thence South 01 deg. 26'44" West, along said right-of-way line 100.07 feet to a line parallel with and 350.00 feet South of the South boundary of Lot "B" in said WESTWOOD UNIT ONE, thence South 89 deg. 17'50" West, along said parallel line 479.82 feet to the intersection with the West boundary of said lands as described in OR Book 1813, page 633, as extended South; thence North 00 deg. 42'10" West, along said extended line 100.00 feet to the Point of Beginning.

EXHIBIT B

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is made as of this 16th day of June, 2008, ("Effective Date"), by and among DIMMITT CAR LEASING, INC., ("Dimmitt") and HOLIDAY UTILITY COMPANY, ("Holiday"); and EMIL C. MARQUARDT, JR., as Shareholder of MACFARLANE FERGUSON & MCMULLEN (as "Escrow Agent").

WITNESSETH:

WHEREAS, Dimmitt is indebted to Holiday in accordance with the terms of a certain Agreement dated the 16th day of June, 2008, which states Dimmitt will pay Holiday the sum of One Hundred Ninety-Three Thousand Six Hundred Dollars (\$193,600.00) for the purchase of Eighty-Eight (88) ERCs at a unit price of Two Thousand Two Hundred Dollars (\$2,200.00).

WHEREAS, Dimmitt is placing the sum of One Hundred Ninety-Three Thousand Six Hundred Dollars (\$193,600.00) with the Escrow Agent to be disbursed to Holiday pursuant to the terms of this Escrow Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, it is agreed as follows:

1. **Appointment of Escrow Agent.** The Parties appoint and designate Emil C. Marquardt, Jr., as Shareholder of MACFARLANE FERGUSON & MCMULLEN, 625 Court Street, Suite 200, Clearwater, FL 33756, as Escrow Agent for the purposes as hereinafter set forth.

2. **Escrowed Money.** Dimmitt hereby deposits with the Escrow Agent the sum of One Hundred Ninety-Three Thousand Six Hundred Dollars (\$193,600.00) (the "Money"); and,

to be held and disposed of by Escrow Agent in accordance with the terms and provisions of this Agreement.

3. **Escrow Agent's Responsibilities.**

(A) The Parties authorize the Escrow Agent to keep the Money in an interest bearing account until Holiday advises the Escrow Agent in writing that the Public Service Commission has deleted Holiday as the water provider for the property described in Exhibit A, attached hereto.

(B) When Holiday advises Escrow Agent in writing that the Public Service Commission has deleted Holiday as the water provider for the Exhibit A property and attaches to the letter the action of the Public Service Commission, Escrow Agent, within three

(3) business days of receipt of Holiday's letter shall deliver the escrowed money to Holiday and the escrow will be closed.

(C) The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent may act in reliance on any writing or instrument or signature which it, in good faith, believes to be genuine, may assume the validity or accuracy of any statement or assertion contained in such a writing or instrument, and may assume that any person purporting to give any writing, notice, or instructions in connection with the provisions hereof has been duly authorized to do so. The Parties agree to indemnify the Escrow agent and hold it harmless from any and all claims, liabilities, losses, actions, lawsuits, or proceedings at law or in equity, or any other expense, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent against any and all expenses, including reasonable attorney's fees and the cost of any action, lawsuit, or proceeding, or the cost of resisting any claim. If the Parties disagree about the rights and obligations of, or the propriety of any action contemplated by, the Escrow Agent, then in its sole discretion, the Escrow Agent may file an action and interpleader or for a declaratory judgment or such other action as it deems necessary to resolve such disagreement. The Escrow Agent shall be indemnified for all costs, including reasonable attorneys' fees, in connection with any of the above actions, and shall be fully protected in suspending all or a part of its activities under this Agreement until a final judgment in the action is received.

4. Resignation of Escrow Agent.

(A) Successive Escrow Agent. Upon the death, resignation, removal or incapacity of EMIL C. MARQUARDT, JR., to serve as the Escrow Agent of this Trust, then JOSHUA MAGIDSON, a Shareholder of MACFARLANE FERGUSON & MCMULLEN in Clearwater, Florida, is designated and hereby appointed to serve as successor Escrow Agent in his place and stead.

(B) Incapacity of Escrow Agent. In establishing the mental or physical incapacity of an individual Escrow Agent to perform his duties hereunder, the statement of two (2) licensed doctors of medicine who have examined or otherwise medically observed the Escrow Agent shall be sufficient to establish such incapacity, and third parties shall be protected in relying upon such statement without any further act or notice.

(C) Resignation of Escrow Agent and Assumption of Duties. The Escrow Agent (whether originally designated or appointed as a successor) may resign and be discharged as Escrow Agent from any obligations under this Agreement at any time by giving thirty (30) days written notice to that effect to the next designated successor Escrow Agent and to all Parties. Thereafter, or upon the death or incapacity of the then acting Escrow Agent, the person who may then be designated hereby to serve as the next successor Escrow Agent shall assume the duties as such successor Escrow Agent; and if there is none then the Parties shall have the right within such thirty (30) day period to appoint a successor corporate Escrow Agent, and any resigning Escrow Agent shall be notified of such appointment. Such successor corporate Escrow Agent must be a trust company or bank organized under the laws of the United

States possessing necessary powers or a title insurance company licensed in the State of Florida; and in the event such Parties fail to designate such a successor corporate Escrow Agent within the time specified, then the resigning or then acting Escrow Agent may apply to a Court of competent jurisdiction for leave to resign and for appointment of a successor.

(D) Resigning Escrow Agent's Delivery of Escrowed Property. Upon receiving notice of the appointment and qualification of a successor Escrow Agent, the resigning or then acting Escrow Agent shall promptly transfer and deliver to such successor Escrow Agent all escrowed property then held by it whereupon it shall have full and complete acquittance for all assets so delivered and shall have no further duties hereunder. The expenses of any resigning, deceased or incapacitated Escrow Agent's transfer shall be a proper charge against the Escrowed Property.

(E) Powers of Successor Escrow Agent and Waiver of Bond. Each successor Escrow Agent shall possess and exercise all rights, powers and authority herein conferred upon the original Escrow Agent, and no Escrow Agent designated hereunder shall be required to furnish any bond or other security in any jurisdiction for the faithful performance of his duties, the same being hereby expressly waived.

(F) Acceptance of Office. Any successor Escrow Agent may accept the office by written instrument and shall assume the duties thereof immediately upon delivery of such instrument to any one or more of the Parties. Title to the property escrowed pursuant to this Agreement shall vest forthwith in any successor Escrow Agent acting pursuant to the foregoing provisions, but any resigning or removed Escrow Agent shall execute all instruments and do all acts necessary to vest such title in any successor Escrow Agent without Court accounting or order.

(G) Exoneration of Third Parties. Banking institutions, savings and loan associations, as well as all other third persons, firms or corporations, are authorized to rely on the provisions of this Escrow Agreement and are exonerated from any loss, claim or liability in relying on said instrument and its provisions. No institution, association or firm in which Escrow Agent may maintain an account, either checking or savings, shall be under any liability or duty to see to the proper administration of this Escrow Agreement; and the Escrow Agent shall have authority to designate the authorized signature or signatures on accounts whether such signatories be the Escrow Agent or not, and all firms, associations or institutions relying on such signatures are exonerated from any loss, claim or liability.

(H) Compensation of Corporate Escrow Agent. Upon the death, disability, resignation or removal of the Escrow Agents designated in this Agreement, the successor corporate Escrow Agent shall be entitled to retain and receive a compensation for its services rendered hereunder in accordance with its schedule of rates as published from time to time and as in effect at the time such compensation becomes payable; provided, however, that such compensation shall not exceed the maximum commissions then allowable by law for such services.

5. Miscellaneous.

(A) Governing Law. This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Florida.

(B) Jurisdiction and Venue. Each of the Parties submits to the jurisdiction of any state or federal court sitting in or for Pasco County, Florida, in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in such courts.

(C) Binding Effect. This Agreement is binding upon the heirs, personal representatives, successors and assigns of the respective Parties.

(D) Interpretation. Whenever the context requires, the singular number shall include the plural, the plural number shall include the singular, and the gender of all words used herein shall include the masculine, feminine and neuter.

IN WITNESS WHEREOF, the Parties have executed this Agreement thereby acknowledging that the provisions of this Agreement shall be binding upon their respective heirs, personal representatives and assigns from the Effective Date.

Signed, Sealed and Delivered
in the presence of:

SECURED PARTY
DIMMITT CAR LEASING, INC.

Janella L. Brown
[Signature First Witness]

By: [Signature] (SEAL)
Print Name: Richard Dimmitt

Janella L. Brown
[Print Name First Witness]

[Signature]
[Signature Second Witness]

JOSHUA MAGIDSON
[Print Name Second Witness]

HOLIDAY UTILITY COMPANY

Ralph Ammitt
[Signature First Witness]

By: [Signature] (SEAL)
Print Name: Gary Deener

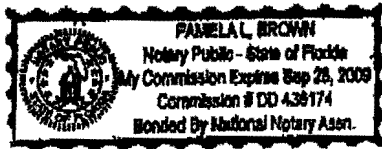
Ralph Ammitt
[Print Name First Witness]

[Signature]
[Signature Second Witness]

DAVID B. SCHULTZ
[Print Name Second Witness]

STATE OF FLORIDA :
COUNTY OF Pinellas :

The foregoing instrument was acknowledged before me this 13th day of June,
A.D. 2008, by Richard Dimmitt, who is personally known to me or who
has produced _____ as identification.



Pamela L. Brown
Signature Notary Public
Pamela L. Brown
Print Name Notary Public
NOTARY PUBLIC-STATE OF FLORIDA
(NOTARY PUBLIC SEAL)

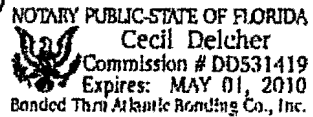
My Commission Expires:

STATE OF FLORIDA :
COUNTY OF PINELLAS :

The foregoing instrument was acknowledged before me this 13th day of June,
A.D. 2008, by Richard Dimmitt, who is personally known to me or who has
produced _____ as identification.

Cecil E. Delcher
Signature Notary Public
Cecil E. Delcher
Print Name Notary Public
NOTARY PUBLIC-STATE OF FLORIDA
(NOTARY PUBLIC SEAL)

My Commission Expires:



ACCEPTANCE OF ESCROW AGENT

I acknowledge receipt of the described property and agree to hold and distribute the
same in accordance with this Agreement.

MACFARLANE FERGUSON & MCMULLEN

BY: [Signature] (SEAL)
As Escrow Agent

EXHIBIT C

RELEASE AND TERMINATION OF LICENSE AGREEMENT

Holiday Utility Company hereby releases its interest in the License Agreement dated August 20, 1982 as recorded in O.R. 1205, Page 1102, Public Records of Pasco County, Florida and which relates to the real property in Pasco County, Florida described in Schedule A attached hereto.

By its term, the License Agreement was to terminate one year from August 20, 1982; however, no recorded Release and Termination was filed.

Dated this _____ day of _____, 2008.

HOLIDAY UTILITY COMPANY,
A Florida Corporation

By: _____

STATE OF FLORIDA :
COUNTY OF _____ :

The foregoing instrument was acknowledged before me this ____ day of _____, A.D: 2008, by _____, who is personally known to me _____ or who has produced _____ as identification.

Signature Notary Public

Print Name Notary Public
NOTARY PUBLIC-STATE OF FLORIDA
(NOTARY PUBLIC SEAL)

My Commission Expires:

SCHEDULE "A"

Description No. 1.1 (Dimmit Parcel)

A portion of Tracts 58, 59, 60, 64, and a portion of the TAMPA and TARPON SPRINGS LAND COMPANY Subdivision road right-of-way lying along the Southerly boundary of said Tracts 58, 59, 60, and 64 and lying along the Easterly boundary line of said Tract 60 of the TAMPA and TARPON SPRINGS LAND COMPANY Subdivision of Section 19, Township 26 South, Range 16 East, as shown on plat recorded in Plat Book 1, pages 69 & 70 of the Public Records of Pasco County, Florida, being more fully described as follows:

Commence at the Southeast corner of the Southwest 1/4 of said Section 19; thence run South 89°19'53" West, 13.08 feet along the South boundary line of the Southwest 1/4 of said Section 19 to the POINT OF BEGINNING; thence continue South 89°19'53" West, 1587.02 feet along said Southwest 1/4 of Section 19; thence North 00°41'46" West, 867.85 feet to a point on the West right-of-way line of Hickory Lane as now established, said point also being the Southeast corner of Lot 87, WESTWOOD, Unit Two, as shown on plat recorded in Plat Book 9, page 109 of the Public Records of Pasco County, Florida; thence North 89°15'34" East, 1618.55 feet along the monumented South boundary line of said Westwood, Unit Two; thence South 01°22'48" West, 870.44 feet along the Westerly right-of-way line of U. S. Highway No. 19 as now established to the POINT OF BEGINNING: SUBJECT to the original Tampa and Tarpon Springs Land Company Subdivision road right-of-way lying 15.0 feet each side of the Easterly boundary line and 15.0 feet each side of the Southerly boundary line of the Southwest 1/4 of said Section 19.

LTIC #2929-npr
License Agreement

EXHIBIT D

**DECLARATION OF CONSTRUCTION AND MAINTENANCE
EASEMENT AGREEMENT**

THIS DECLARATION OF EASEMENT AGREEMENT (this "Agreement") is made and entered into as of this ____ day of _____, 2008 (the "Effective Date"), by and between Sun Automotive, Inc., a Florida corporation, (the Grantor") and Holiday Utility Company, a Florida corporation ("Grantee").

RECITALS

Whereas, Grantor is the owner of certain land in Pasco County, Florida, as more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property"); and

Whereas, Grantee operates a water utility company which distributes water to customers which live North of the Property; and

Whereas, Grantee desires to obtain a non-exclusive, perpetual easement (the "Easement") to construct on a portion of the Property described as Exhibit B (the "Easement Area"), water lines used to distribute water to its customers North of the Property; and

Whereas, Grantor has agreed to create, establish and grant to and for the benefit of Grantee, its employees, agents, contractors, successors, assigns, lessees and invitees (the "Grantee Parties") the aforesaid Easement, within the Easement Area, in accordance with this Agreement; and

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Recitals. The foregoing recitals are true and correct and are incorporated herein by reference.
2. Grant of Easement. Grantor does hereby grant, establish, create and convey to and for the benefit of Grantee, its agents, contractors and sub-contractors an unobstructed, non-exclusive perpetual Easement on the Exhibit B Property (the "Easement Area") to construct a water line within the Easement Area and to maintain the water line thereafter allowing Grantee to provide water to customers located North of the Property. This Easement Area will enable Grantee, its agents, contractors and sub-contractors the ability to construct the water lines within the Easement Area and will provide access to Grantee, its contractors and sub-contractors through the Property during the construction of the water lines and to store work materials on a portion of the Property which is adjacent to the

5/29/2008

Easement Area. When Grantee's construction of the water lines is complete, the Easement Area will remain as a permanent, non-exclusive easement for water utilities of Grantee. The permanent easement shall be twenty (20) feet in width centered along the route of the water line which is installed within the Easement Area. Attached as Exhibit C is a sketch of the Easement Area which indicates the location where the water lines and the water treatment facility.

The water line will be constructed at the expense of Grantor according engineering plans approved by Grantor and Grantee. After the construction of the water line, Grantee shall, at its expense, pay for the cost of maintaining, repairing and restoring the water lines and the water treatment facility except for any repairs or restoration created by actions of Grantor, its agents, contractors and sub-contractors.

3. Access. Grantor does hereby grant, establish, create and convey to and for the benefit of Grantee, a non-exclusive, perpetual easement to come on to the Property in order to construct the water line and to maintain the water line from time to time. The easement will be utilized to enable Grantee, its agents, contractors and sub-contractors to conduct such construction, repair, maintenance or restoration activities as shall be reasonably necessary to exercise the rights and obligations of the Grantee under this Agreement. Except in cases of emergency, Grantee shall provide written notice to Grantor of the need of Grantee, its agents, contractors and sub-contractors, to conduct such construction, repair and maintenance or restoration activities within the Easement Area.
4. Maintenance and Repairs by Grantee. Grantee will be responsible to maintain the water lines under the Easement Area Surface. All injury or damage to the Easement Area Surface caused by an act or omission of Grantee while working on the water lines shall be repaired by and at the sole expense of Grantee.

In the event Grantee fails to repair the Easement Area Surface after Grantee causes injury or damage to the Easement Area Surface, Grantor, upon thirty (30) days prior written notice shall have the right, but not the obligation, to make such repairs and also charge Grantee for all costs and expenses incurred in connection herewith, which amounts shall be made payable by Grantee upon Grantor's demand.

5. Maintenance and Repairs by Grantor. Grantor, at Grantor's cost and expense shall be responsible for all maintenance of the Easement Area Surface. In the event Grantor causes injury or damage to the water lines beneath the Easement Area Surface, Grantor will have the obligation to pay Grantee the reasonable expenses which may be required to repair any damage (caused by Grantor), which amounts shall be due and payable by Grantor to Grantee upon Grantee's demand.
6. Improvements to Easement Area. After the initial construction of the water lines and water treatment facility, Grantee shall be prohibited from making any

modifications or improvements to any portion of the Easement Area without first obtaining the prior written consent of Grantor, which consent may not be unreasonably withheld, conditioned or delayed.

7. Landscape Buffer. Grantor agrees to provide a landscape buffer, approved by Grantee, for the water treatment facility reflected on Exhibit C. Grantor shall also provide roadway access to the water treatment facility which will be free of obstructions including the period of Grantor's construction on the Exhibit A Property.
8. Mechanics' Lien Coverage. Grantee shall not have the power or authority to create any lien or permit any lien to attach to the Property or the Easement Area hereto, and all suppliers, contractors, artisans, mechanics, laborers and other persons contracting with Grantee to perform work or supply materials required or allowed hereunder shall be so notified in writing. If any mechanic's or other lien shall at any time be filed against the Property or the Easement Area by a person or entity claiming by or through Grantee, Grantee shall (i) cause the same to be discharged of record within thirty (30) days after filing or (ii) if, in Grantee's discretion and in good faith, it determines that such lien should be contested, it shall furnish such security as may be necessary to cause the lien to be released on the records where the lien has been filed. If Grantee fails to discharge such lien within such time period or fails to furnish such security, then the Grantor may at its election, in addition to any other right or remedy available to it, discharge the lien by paying the amount claimed to be due or by procuring the discharge by giving security or in such other manner as may be allowed by law. If Grantor acts to discharge or secure the release of the lien, then Grantee shall immediately reimburse the affected owner for all sums paid and all costs and expenses (including reasonable attorneys' fees) incurred by Grantor involving such lien.
9. Recordation. This Agreement shall be executed by Grantor and Grantee on the Effective Date of _____, 2008 and recorded pursuant to the terms of the Agreement.
10. Term. The term of this Agreement and the rights of the Grantee hereunder shall commence upon the date said Agreement is recorded in the Public Records of Pasco County, Florida and shall run with the land in perpetuity.
11. Successors and Assigns. The terms, covenants, restrictions, easements, rights and benefits herein contained shall bind and inure to the benefit of the parties names herein and their respective representatives, successors and assigns, and the enumerations or definition of any party to this instrument shall be deemed and construed to include the heirs, representatives, successors and assigns of such party.

5/29/2008

12. Relationship of Parties. The relationship between the parties hereto shall be solely as set forth herein, and neither party shall be deemed the employee, agent, partner or joint venturer of the other.
13. Attorneys' Fees and Costs. In any proceeding to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to an award of attorneys' fees and costs, through trial, appellate, administrative and bankruptcy proceedings.
14. Venue. The venue of any suit or proceeding brought for the enforcement of or otherwise with respect to this Agreement shall be in Pasco County, Florida. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida without reference to its principles of conflicts of law.
15. Entire Agreement. The terms, covenants, conditions and provisions of this Agreement may only be abrogated, modified, or amended in whole or in part in writing by the parties or their respective representatives, successors, and assigns.
16. Indemnification by Grantee. The Grantee agrees to save and hold harmless Grantor and its partners, shareholders, directors, officers, agents and employees from any and all liability whatsoever in connection with all claims, demands, actions, liabilities, damages, penalties, judgments, costs, and expenses, including, but not limited to, claims or demands or actions for death or personal injuries or for property damage arising out of the use or occupancy of the Easement Area by Grantee, or arising from any activity, work, or thing done in or about the Easement Area by Grantee, together with all costs, expenses, and liabilities incurred in connection with any such claim or demand or action or proceeding including, but not limited to, all reasonable attorneys' fees to and through trial, appellate, administrative, and bankruptcy proceedings. Grantee's obligation to indemnify set forth herein shall survive the expiration or earlier termination of this Agreement. Notwithstanding the foregoing, Grantee shall not be required to indemnify the Grantor in connection with any claim, action, damages, liability or demand arising out of or in connection with the gross negligence or willful misconduct of Grantor or its employees, contractors or agents. Grantee will maintain general liability insurance and property insurance for the Easement under the same insurance policy which provides coverage for the self-storage facility developed by Grantee on the Property.
17. Indemnification by Grantor. Grantor agrees to indemnify Grantee, the Grantee Parties and hold them harmless from and defend them against any and all claims, actions, damages, liability and demands, by or to third persons occasioned by or arising, as a result of willful misconduct or any acts or omissions or negligence by Grantor or in or about the Easement Area, and from and against all costs, expenses and liability occurring in or in connection with any such claim or proceeding brought thereon. Notwithstanding the foregoing, Grantor shall not be required to indemnify the Grantee in connection with any claim, action, damages,

liability or demand arising out of or in connection with the gross negligence or willful misconduct of Grantee.

18. Counterparts. This Agreement may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Agreement under seal on or as of the day and year first above written.

Signed, sealed and delivered
in the presence of:

GRANTOR:

SUN AUTOMOTIVE, INC.,
a Florida corporation

Signature

By: _____

Name: _____

Printed Name

Title: _____

Signature

Printed Name

*Signed, sealed and delivered
in the presence of:*

GRANTEE:

HOLIDAY UTILITY COMPANY,
a Florida corporation

Signature

By: _____

Name: _____

Printed Name

Title: _____

Signature

Printed Name

5/29/2008

EXHIBIT E

ACKNOWLEDGMENT

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2008, by _____ of SUN AUTOMOTIVE, INC., a Florida corporation, on behalf of the company and who is personally known to me or has produced _____ as identification.

Print Name: _____
NOTARY PUBLIC, State of _____
My Commission Expires: _____

(NOTARY SEAL)

ACKNOWLEDGMENT

STATE OF FLORIDA)
) ss:
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2008, by _____ of HOLIDAY UTILITY COMPANY, a Florida corporation, on behalf of the company and who is personally known to me or has produced _____ as identification.

Print Name: _____
NOTARY PUBLIC, State of _____
My Commission Expires: _____

(NOTARY SEAL)

IN THE CIRCUIT COURT OF THE SIXTH JUDICIAL CIRCUIT
IN AND FOR PASCO COUNTY, FLORIDA
CIVIL ACTION

DIMMITT CAR LEASING, INC.,

Plaintiff,

Case No. 51-2005-CA-00743WS/H

v.

HOLIDAY UTILITY COMPANY, INC.,
also known as HOLIDAY UTILITIES,
INC., and U.S. WATER SERVICES
CORPORATION,

Defendants.

JOINT STIPULATION FOR DISMISSAL OF
COMPLAINT AND COUNTERCLAIM

Plaintiff, DIMMITT CAR LEASING, INC., and Defendants, HOLIDAY UTILITY COMPANY, INC. also known as HOLIDAY UTILITIES, INC. and U.S. WATER SERVICES CORPORATION, by and through their attorneys, hereby stipulate and agree to dismiss all claims as asserted in the Complaint and Counterclaim with prejudice, and that each party bear their own costs and attorneys' fees.

MACFARLANE FERGUSON & McMULLEN
625 Court Street, Suite 200 (33756)
Post Office Box 1669
Clearwater, FL 33757
Telephone: 727-441-8966
Facsimile: 727-442-8470
Attorneys for Plaintiff,
Dimmitt Car Leasing, Inc.

By: _____

Joshua Magidson
Florida Bar No. 301701

NABORS, GIBLIN & NICKERSON, P.A.
1500 Mahan Dr., Suite 200
Post Office Box 11008
Tallahassee, FL 32302
Telephone: 850-224-4070
Facsimile: 850-224-4073
Attorneys for Defendants, Holiday Utility
Company, Inc. a/k/a Holiday Utilities,
Inc., and U.S. Water Services

By: _____

Harry F. Chiles
Florida Bar No. 306940

**Holiday Utility Company – Westwood
Sun Toyota
Proposed Well Field Modifications**

Description	Unit Price	Unit	Quant.	Total
Abandon Existing Well	\$5,000.00	EA	10	\$50,000.00
Remove Existing Raw Water Main	\$8.00	FT	3500	\$28,000.00*(1.)
Abandon Existing Power Feed	\$3,500.00	LS	-	\$3,500.00
Sub-Total				\$81,500.00

Install 8" Raw Water Main	\$30.00	FT	1800	\$54,000.00
Install 8" Raw Water Valve	\$1,200.00	EA	3	\$3,600.00
Install New Power Feed	\$9.00	FT	1800	\$16,200.00
Relocate Well Pump 10 to 14	\$4,500.00	LS	-	\$4,500.00
Relocate Well Pump 3 to 15a	\$4,500.00	LS	-	\$4,500.00
Survey	\$3,500.00	LS	-	\$3,500.00
Clearing and Grubbing	\$20,000.00	LS	-	\$20,000.00
				*(2.) & *(3.)
Permitting and Design	\$8,000.00	LS	-	\$8,000.00
PSC Transfer	\$10,000.00	LS	-	\$10,000.00
Pressure Test and Chlorination	\$2,500.00	LS	-	\$2,500.00
As-Builts	\$1,500.00	LS	-	\$1,500.00
Sub-Total				\$128,300.00

Total				\$209,800.00
--------------	--	--	--	---------------------

- *(1.) Should the development of the property not require the removal of the existing pipe system by the Contractor (US Water) deduct \$28,000.00 or the appropriate portion thereof.
- *(2.) Contemplates minor clearing and grubbing work being performed during the general land development of the entire property. Tree disposal and clearing permits not included.
- *(3.) Should contractor be required to obtain clearing permits and dispose of trees for the area cleared as a part of the pipe line relocation work add \$15,000.00

EXHIBIT G

EXHIBIT H

RELOCATION WORK PAYMENT SCHEDULE

Initiation of Permit Applications (does not include clearing permits)	\$ 8,000.00
Mobilization for Construction	\$70,000.00
Completion of Placement of Relocated Raw Water Line	\$54,000.00
Completion of Well Abandonment and Removal of Designated Water Lines	\$ 60% of Contract Balance
Completion of Work including Clean Up and As-Built Drawings	\$ Remainder of Contract Amt.

h:\data\at\ccm\dimmitt car leasing\agreement.holiday utilities ex h 050608.doc

5/6/2008

EXHIBIT "G"

CONTRACTS AND LEASES

NONE

EXHIBIT "H"

PENDING LITIGATION

1. Public Service Commission Docket # 070084, titled "Application for amendment of Certificate 224-W to extend territory in Pasco County by Holiday Utility Company, Inc."
2. Dimmitt Car Leasing, Inc. v. Holiday Utility Company, Inc., also known as Holiday Utilities, Inc., and U.S. Water Services Corporation, Case No. 51-2005-CA-00743WS/H, Pasco County Circ. Ct.
3. State of Florida Department of Environmental Protection v. Colonial Manor Utility Co., OGC File No. 05-2698, Florida Department of Environmental Protection.

EXHIBIT "I"

CONSTRUCTION WORK IN PROGRESS REIMBURSEMENT

NONE

**FLORIDA PUBLIC SERVICE COMMISSION
APPLICATION FOR TRANSFER TO GOVERNMENTAL
AUTHORITY
(Section 367.071, Florida Statutes)**

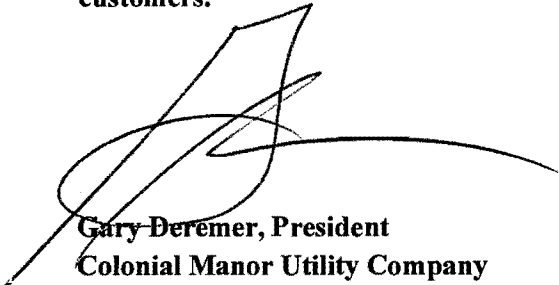
PART II:

ATTACHMENT B: Statement of Utility Deposits

RE: Combines Sale/Transfer of:

- 1) Colonial Manor Utility System**
- 2) Virginia City Utility System**
- 3) Dixie Groves Utility System**
- 4) Holiday Utility System**
- 5) Pasco Utilities, Inc. Utility System**

Statement: All customer utility deposit balances were transferred to the Florida Governmental Utility Authority at the time of closing. Prior to sale, transfer of utility deposit interest accumulated related to all 5 independent systems referenced, was distributed to applicable customers.



**Gary Deremer, President
Colonial Manor Utility Company
Virginia City Utility Company
Dixie Groves Utility Company
Holiday Utility Company, Inc.
Pasco Utilities, Inc.**

**FLORIDA PUBLIC SERVICE COMMISSION
APPLICATION FOR TRANSFER TO GOVERNMENTAL
AUTHORITY
(Section 367.071, Florida Statutes)**

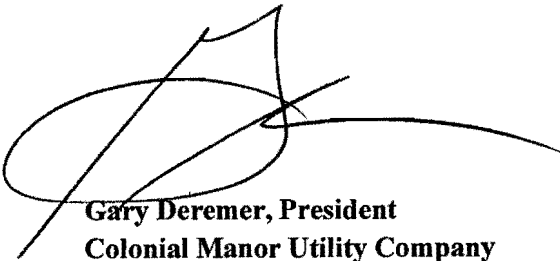
PART II:

ATTACHMENT C: Statement of Regulatory Assessment Fees Owed

RE: Combines Sale/Transfer of:

- 1) Colonial Manor Utility System**
- 2) Virginia City Utility System**
- 3) Dixie Groves Utility System**
- 4) Holiday Utility System**
- 5) Pasco Utilities, Inc. Utility System**

Statement: Regulatory Assessment Fees have been calculated and paid to the close/transfer date of 12/23/09. All stated fees have been paid to the Florida Public Service Commission individually for each of the 5 utility systems listed above.



**Gary Deremer, President
Colonial Manor Utility Company
Virginia City Utility Company
Dixie Groves Utility Company
Holiday Utility Company, Inc.
Pasco Utilities, Inc.**

**FLORIDA PUBLIC SERVICE COMMISSION
APPLICATION FOR TRANSFER TO GOVERNMENTAL
AUTHORITY
(Section 367.071, Florida Statutes)**

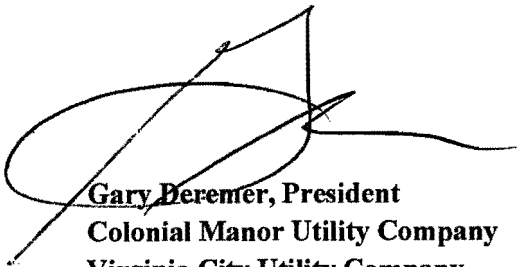
PART II:

ATTACHMENT D: Information provided to New Owner/Government Authority

RE: Combines Sale/Transfer of:

- 1) Colonial Manor Utility System**
- 2) Virginia City Utility System**
- 3) Dixie Groves Utility System**
- 4) Holiday Utility System**
- 5) Pasco Utilities, Inc. Utility System**

Statement: All FPSC regulatory rate case documents and CIAC calculations, utility system tariffs, annual reports filed, monthly operating reports, and financial histories of each system listed – were provided to the Florida Governmental Utility Authority prior to close/transfer.



**Gary Beremer, President
Colonial Manor Utility Company
Virginia City Utility Company
Dixie Groves Utility Company
Holiday Utility Company, Inc.
Pasco Utilities, Inc.**

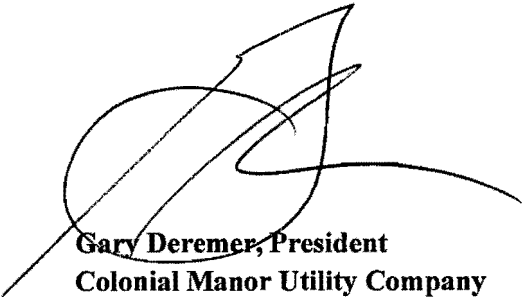
**FLORIDA PUBLIC SERVICE COMMISSION
APPLICATION FOR TRANSFER TO GOVERNMENTAL
AUTHORITY
(Section 367.071, Florida Statutes)**

ATTACHMENT E: Utility Operating Certificate

RE: Combines Sale/Transfer of:

- 1) Colonial Manor Utility System**
- 2) Virginia City Utility System**
- 3) Dixie Groves Utility System**
- 4) Holiday Utility System**
- 5) Pasco Utilities, Inc. Utility System**

Statement: Please find attached photocopy of Utility System Operating Certificate as issued by the Florida Public Service Commission. The original certificate is lost.



**Gary Deremer, President
Colonial Manor Utility Company
Virginia City Utility Company
Dixie Groves Utility Company
Holiday Utility Company, Inc.
Pasco Utilities, Inc.**

FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

153 - W

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

COLONIAL MANOR UTILITY COMPANY

Whose principal address is:

5320 Captains Court
New Port Richey, Florida 34652-3089

PASCO 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	5846	DOCKET	73135-W
ORDER	PSC-01-1302-FOF-WU	DOCKET	991486-WU
ORDER	PSC-05-0422-PAA-WU	DOCKET	041461-WU
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

Barbara L. Bayo
Commission Clerk and Administrative
Services Director

