

Brendenwood Waterworks, Inc.

July 22, 2014

Office of Commission Clerk
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

RECEIVED-FPSC
14 JUL 25 AM 9:24
COMMISSION
CLERK

Re: Docket No. 140120-WU – Application of Brendenwood Waterworks, Inc. for Approval of Transfer of Brendenwood Utilities, LLC's Water System in Lake County

Dear Commission Clerk,

Please find attached Brendenwood Waterworks, Inc.'s (Brendenwood) responses to staff's deficiency request dated July 10, 2014 in the above referenced docket.

1. **Asset Purchase Agreement.** Rule 25-30.037(2)(g), Florida Administrative Code (F.A.C.) requires a copy of the contract for sale and all auxiliary or supplemental agreements. In Exhibit D to the Application, the Utility provided a copy of the unexecuted Asset Purchase Agreement. Please provide an executed, dated, and signed copy of the Asset Purchase Agreement.

Response: See attached executed, dated, signed copy of the Asset Purchase agreement.

2. **Assets and Liabilities.** Rule 25-30-037(2)(g)(2), F.A.C. requires a list of and the dollar amount of the assets and liabilities assumed or not assumed of non-regulated operations or entities. Although the Asset Purchase Agreement provided in Exhibit D specifies that a list of assets is contained in "Schedule 1.1," staff notes that no schedule is attached, and Section 1.1 of the Agreement does not contain dollar amounts of specific assets and liabilities. Please provide a list of the specific assets and liabilities including the dollar amounts allocated to each.

Response: See attached listing including dollar amounts.

3. **Contract for Sale.** Rule 25-30.037(2)(h)2,3,4, and 6, F.A.C., requires that the contract for sale include disposition of any customer deposits, guarantee revenue contracts, and developer agreements. Please provide an explanation for the above-mentioned items.

Response: There are no customer deposits, guarantee revenue contracts, or developer agreements.

4. **Financial Statements.** Rule 25-30.037(2)k, F.A.C., requires a list of all entities upon which the applicant is relying to provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the Utility. In Exhibit G to the Application, the Utility provided the statement "Not Applicable." Please provide current financial statements of any person or entity with an ownership interest greater than 10 percent.

Response: The funding is being provided personally from the shareholders of the corporations. The ownership is comprised of:

Gary Deremer - 51%
Cecil Delcher - 39%
Victoria Penick - 10%

There are no other "entities" upon which the applicant is relying to provide funding to the buyer. The financial statements would be the individual shareholder's personal financial information. These may be made available for review by the staff at the utility's office; however, due to the personal nature of these statements, they cannot be provided to the PSC since they will then become public record.

Also, regarding the financial ability of the shareholders and buyer, see the response to No. 5 below.

5. **Public Interest.** Rule 25-30.037(2)(j), F.A.C., requires a "statement indicating how the transfer is in the public interest, including a summary of the buyers experience in water or wastewater utility operations, a showing of the buyer's financial ability to provide service, and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matter." Exhibit B to the Application contains a statement regarding the buyers experience in the water and wastewater industry. However, Exhibit B does not contain a statement indicating that the transfer is in the public interest, a showing of the buyer's financial ability to provide service, nor does it contain a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters. Please provide statements satisfying these requirements.

Response: The shareholders of both Brendenwood Waterworks, Inc. and Raintree Waterworks, Inc. are also shareholders in the following utilities, along with the Docket Numbers of each Commission approved transfer:

<u>Utility</u>	<u>Docket Number</u>	<u>Order Number</u>
Harbor Waterworks, Inc.	120148-WS	PSC-12-0587-PAA-WU
Lakeside Waterworks, Inc.	120317-WS	PSC-13-0425-PAA-WS
LP Waterworks, Inc.	130055-WS	PSC-14-0130-PAA-WS
HC Waterworks, Inc.	130175-WS	PSC-14-0314-PAA-WS
Brevard Waterworks, Inc.	130174-WU	PSC-14-0326-PAA-WS
Sunny Hills Utility Company	130172-WS	PSC-14-0315-PAA-WS
Lake Osborne Waterworks, Inc.	130173-WU	PSC-14-0327-PAA-WS
Jumper Creek Utility Company	130176-WS	PSC-14-0299-PAA-WS
The Woods Utility Company	130171-WS	PSC-14-0300-PAA-WS

In each of these Orders, the Commission has specifically found that the transfers were in the public interest and also determined that the buyers had demonstrated the technical and financial ability to provide service to the existing service territory. Each of these Orders also refer to the financial statements provided in Document 02835-12 filed in Docket No. 140148-WS. These are the same

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two major shareholders in this buying utility (Brendenwood) and the same financial statements apply in this docket. The Exhibit B has been used time and again in each of the above referenced dockets to demonstrate that the transfer is in the public interest and that the buyer has both the technical and financial ability to own, manage, and operate the utilities. Thus, based on the above and documents previously provided, this transfer is in the public interest; the buyer has both the technical and financial ability to provide service; and the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters.

6. **Noticing Requirement.** Rule 25-30.030(8), F.A.C., requires that a "copy of the notice(s) *and list of entities receiving notice* pursuant to this rule shall accompany the affidavit required by Sections 367.045(1)(e) and (2)(f), F.S." (emphasis added) On June 10, 2014, the Applicant late-filed Exhibit L to the Application containing the affidavit confirming notice of the Application and specifying that a list of entities to whom the Utility had provided notice was "attached hereto." No list of entities was attached or provided in conjunction with Exhibit L. Please provide a list of entities that received notice of the Application.

Response: See attached list. This list was obtained by the Applicant from the Commission staff.

Additional Information

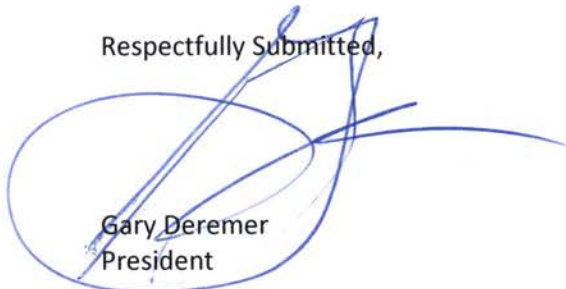
1. The Application contains a copy of the Bill of Sale which provides that the total purchase price for the assets was \$10. In contrast, Exhibit D to the Application contains the Asset Purchase Agreement which contains a purchase price of \$20,000.00. Please provide an explanation regarding this discrepancy.

Response: The purchase price totaled \$20,000. See the Buyer Closing Statement and Seller Closing Statement provided as Attachment P to the application. The Bill of Sale only shows the minimum exchange of funds which is typical on the majority of Bill of Sale Documents.

2. Please provide a copy of the Utility's engineering maps for water, showing the location and size of water mains throughout the service area.

Response: See attached maps obtained from the Seller.

Respectfully Submitted,



Gary Deremer
President

THIS ASSET PURCHASE AGREEMENT, dated as of the 14th day of May 2014, by and between **Brendenwood Utilities, LLC** with an address of P.O. Box 350065, Grand Island, FL 32735 ("Seller"), and **Brendenwood Waterworks, Inc.**, a Florida corporation with an address of 5320 Captains Court, New Port Richey, FL 35652 ("Buyer"), with reference to the following RECITALS:

RECITALS

A. Seller owns, maintains and operates a water production and distribution system (collectively the "System") that provides water service to the residents of Brendenwood Development located within Lake County, Florida (the "Service Area").

B. Buyer is a public utility that furnishes water to the public in an assigned portion of the State of Florida.

C. Seller desires to sell, and Buyer desires to purchase the properties and rights of Seller owned and used in connection with its System, all upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the recitals and the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

I. SALE AND PURCHASE OF THE SELLER'S WATER SYSTEM ASSETS

Subject to the terms and conditions hereinafter set forth, Buyer shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and deliver to Buyer at Closing (hereinafter defined), all of the System assets, properties and rights of Seller (whether tangible or intangible, real, personal or mixed) which are held, used or useful in connection with the production, treatment, and distribution of water within the Service Area (the "Assets").

The Assets are being sold in "As Is" condition and Seller makes no representations, covenants or warranties with respect to the condition of the Assets, except that the Assets are being sold free and clear of all mortgages, liens, pledges, security interest, charges, taxes, claims, restrictions and encumbrances of any nature whatsoever. This paragraph shall be construed in a manner that does not limit any other representations or warranties provided by Seller within this Agreement.

1.1 Assets Further Defined

The Assets shall, without limitation to the definition stated above, include the specific assets, properties and rights of Seller set forth on the following:

- (a) all the land, buildings, pipes, pipelines, wells, treatment equipment and facilities, pumping stations, storage tanks and facilities, standpipes, fire hydrant, pump stations, structures, irrigation service lines, improvements, fixtures, rights-of-way, rights, uses, licenses and easements owned by Seller, or in which Seller has an interest, and all hereditaments, tenements and appurtenances belonging or appertaining thereto;
- (b) all rights of Seller under any written or oral contract, easement, license, agreement, lease, plan, instrument, registration, permit, certificate or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking,

practice or authorization, relating to the Assets;

- (c) all information, files, records, data, plans, contracts and recorded knowledge, including customer and supplier lists and property records, related to the utility services provided by Seller in Lake County.

1.2 Excluded Assets

Notwithstanding the foregoing, the Assets shall not include any of the following:

- (a) any and all customer service lines that run from outside the meter box or from the curb stop to each individual residence, commercial or industrial structure served by the Assets;
- (b) Any customer water service lines that run from the curb to the residences;
- (c) all piping and fixtures internal to each individual customer's structure;
- (d) Seller's cash and accounts receivables as of the date of Closing; and
- (e) Seller's Accounts Receivable

1.3 Consideration

The total purchase price ("Purchase Price") for the Assets will include a total price up to **Twenty Thousand Dollars (\$20,000.00)** for the portion of the assets attributable to the water service. Seller will be paid 70% (\$14,000.00) upon Closing with the final payment of being paid within 30 days of the Final Official Approval Date of Transfer established by the FPSC. Final Purchase Price will be determined by any change in Rate Base as determined by the FPSC during the Approval of Transfer Application. Buyer will perform a final due diligence of all facilities and assets. The due diligence is to ensure all assets are in the same working condition, that all permits are valid, current and that there are no compliance infractions in force at the time of the date of this final completion of this Agreement. If, after conducting the final due diligence, Buyer determines that the assets are not in the same working condition, that any permit is no longer valid or current, or that there are compliance infractions, Seller shall have 60 days to either correct the condition or reach an agreement with Buyer for a reduction to the purchase price. If Seller refuses to correct the condition or is unable to reach agreement with Buyer concerning a reduction to the Purchase Price, Buyer may elect to terminate this Agreement without penalty or to proceed to Closing. If the final Rate Base as determined by the FPSC varies from the Purchase Price as stated above by more than 10%, then Seller may elect to terminate this Agreement without penalty. If Seller elects to terminate this Agreement for this reason, all Water System Assets shall revert back to the Seller and any and all agreements or understandings will be null and void between the Seller and Buyer. The Seller shall then refund the \$14,000 already paid to the Buyer at Closing.

1.4 Contractual Obligations

Buyer shall not assume any obligations of Seller, under any contract, agreement, commitment, lease, certificate, order, notice, permit or other instrument, whether oral, written, express or implied.

1.5 Non-Assumption of Liabilities

All liabilities and obligations of Seller shall remain the sole responsibility of Seller, including any and all liabilities or obligations under any employee benefit plan, practice or arrangement or pension, retirement or savings plan. Buyer shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever, whether express or implied, fixed or contingent, whatsoever.

2. CLOSING

Subject to the provisions of Sections 4 and 5, Closing hereunder (the "Closing") shall take place as agreed upon by the Seller and Buyer. The date of the Closing is referred to herein as the "Closing Date". The effective time of the legal transfer hereunder shall be 12:01 a.m. on the day following the Closing Date.

2.1 Items to be delivered at Closing

At the Closing and subject to the terms and conditions herein contained:

- (a) Seller shall deliver to Buyer the Assets, including, without limitation, the following:
 - (i) instruments and documents of conveyance and transfer, all in form reasonably satisfactory to Buyer and its counsel, as shall be necessary and effective to transfer and assign to, and vest in, Buyer good and marketable title to the Assets and all rights to operate the System as such is now being operated, including, but not limited to the following documents: a Deed for each parcel to be conveyed and a Bill of Sale and Assignments.
 - (ii) a complete and accurate list of the names and addresses of all customers of Seller, both in paper form and in electronic form on a diskette that can be downloaded to a computer, along with a billing history for each customer;
 - (iii) keys to any and all buildings and gates; and simultaneously with such delivery, all such steps shall be taken as may be required to put Buyer in actual possession and operating control of the Assets.
- (b) Seller shall deliver to Buyer the agreements, opinions, certificates and other documents and instruments referred to in Section 5 hereof.
- (c) Buyer and Seller agree that final meter readings shall be conducted within seven (7) days immediately prior to Closing. These readings shall be utilized by the Seller for the purpose of issuing final bills, and shall constitute the opening readings for Buyer. Buyer shall use these readings to begin the billing cycle for its new customers following Closing, and shall not be responsible for the collection of any amounts due Seller for

bills issued by Seller as a result the Seller's final meter reading.

- (d) Accurate asset listing and depreciation schedules updated through the closing date.

In the event that Buyer determines that payments that it has received are payments for the period of time that Seller owned the Assets, Buyer will forward these payments to Seller within a reasonable period of time. In making such determinations, among other ways to determine whether the payment received is for payments due prior to Closing, Buyer will consult with Seller on the amount of the amounts due to Seller prior to Closing and will compare these amounts due with the amount received.

- (e) Buyer shall pay all costs of closing including, but not limited to, recording the deed for the land and buildings on which the assets are located, intangible taxes, and any title costs, including title insurance, as required by the Buyer. Buyer also agrees to pay all Florida Department of Environmental Protection Operating Fees for the current year.

2.2 Transfer of Utilities

Seller and Buyer will cooperate to transfer utility service, including telephone, electric, chlorine, and gas service providing such service to any of the Assets as of the Closing Date.

2.3 Further Assurances

Seller, from time to time after the Closing, at Buyer's request, and without compensation, will execute, acknowledge and deliver to Buyer such other instruments of sale, conveyance, assignment and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Buyer may reasonably require in order to vest in Buyer, and/or to place Buyer fully in possession of, all of the Assets.

3. CONDUCT OF PARTIES PENDING CLOSING

3.1 Seller agrees that, with respect to the Assets, pending the Closing and except as otherwise agreed to in writing by Buyer:

- (a) The business of Seller shall be conducted solely in the ordinary course consistent with past practice and shall maintain and service the tangible Assets in good working order such that they will be in proper working order at Closing.
- (b) Seller will use its best efforts to maintain its relations and goodwill with its suppliers, customers and any others having business relations with it.
- (c) Seller shall comply with all laws, ordinances, rules, regulations and orders applicable to it and to the conduct of its business.
- (d) Seller will promptly advise Buyer in writing of all events between the date hereof and Closing which could render any representation or warranty under the Agreement, if restated and republished as of Closing, untrue or incorrect in any material respect.
- (e) Seller will promptly advise Buyer in writing promptly after Seller receives knowledge of

the threat or commencement of any dispute, claim, action, suit, proceeding, arbitration or investigation against or involving the Assets or the sale and transfer thereof to Buyer, or of the occurrence of any event (exclusive of general economic factors affecting business in general) of a nature that is or may be materially adverse to the business, operations, properties, assets, prospects or condition (financial or otherwise) of Seller.

- (f) Seller will conduct its business in such a manner that at the Closing the representations and warranties of Seller contained in this Agreement shall be true as though such representations and warranties were made on and as of such date. Furthermore, Seller will use its best efforts to cause all of the conditions to this Agreement to be satisfied on or prior to the Closing Date.
- (g) Seller will give to Buyer free and full access to and the right to inspect, during normal business hours, all of the premises, properties, assets, records, contracts and other documents relating to its business and operations, and shall permit them to consult with the officers, employees, accountants, counsel and agents of Seller.

4. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

All obligations of Seller under this Agreement are subject to the fulfillment or satisfaction, or waiver by Seller, prior to or at the Closing, of each of the following conditions precedent:

4.1 Closing Certificate; Performance by Buyer

Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Seller shall have been furnished with a certificate or certificates of Buyer dated the Closing Date, signed by an officer of Buyer, certifying, in such detail as Seller may reasonably request, to the fulfillment of the foregoing conditions and that all representations and warranties made by Buyer in this Agreement are true and correct as of Closing, except such as have been rendered incorrect because of events which occurred after the date hereof, as disclosed in writing by Buyer to Seller within a reasonable time after the event occurred.

4.2 Litigation Affecting Closing

On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or in the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.

5. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

All obligations of Buyer under this Agreement are conditioned upon the fulfillment or satisfaction, or waiver by Buyer, prior to or at the Closing, of each of the following conditions precedent:

5.1 Satisfaction with Operational and Real Estate Title Issues

- (a) Buyer shall be satisfied with its review of the real estate and the quality of title to be

conveyed to Buyer from Seller.

5.2 Closing Certificate: Performance by Seller

Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Buyer shall have been furnished with a certificate or certificates of Seller dated the Closing Date, signed by the appropriate officials of Seller, certifying, in such detail as Buyer may reasonably request, to the fulfillment of the foregoing conditions and that all representations and warranties are true and correct as of Closing.

5.3 Litigation Affecting Closing

On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.

5.4 Seller Authorizations

Seller shall have furnished Buyer with certified copies of all proceedings of Seller, including a signed and certified copy of the appropriate document(s) authorizing the transactions hereby contemplated.

5.5 Governmental Approvals

Buyer shall have received within 12 months (365 days), all governmental approvals and authorizations needed for the transfer of the Assets, including, but not limited to, the FPSC, FDEP, and the Water Management District, upon terms and conditions acceptable to Buyer, to enable Buyer to assume ownership and operation of the System Assets and to provide water service to the public in the service territory presently being served by Seller. Buyer and Seller will use reasonable efforts to achieve any necessary additional approvals within ninety (90) days from the official FPSC Transfer Date.

5.6 Regulatory Approval Contingency

The sale of assets contemplated by this Agreement is subject to and contingent upon the receipt of a favorable Florida Public Service Commission ("FPSC") staff recommendation and FPSC approval upon terms and conditions reasonably acceptable to Buyer and Seller as to such recommendation and approval. As provided in Section 367.071, Florida Statutes, the parties desire to close the transaction in advance of the FPSC Staff's recommendation and the FPSC's approval. In the event that the FPSC staff and/or the FPSC determines that the sale and transfer of the Water System Assets is not in the public interest and that Buyer will not fulfill the commitments, obligations, and representations of the utility, and, therefore, the FPSC denies such transfer, or in the event that the FPSC staff recommends and/or the FPSC approves the sale and transfer of the Water System Assets upon terms and conditions not reasonably acceptable to Buyer and Seller then the Water System Assets remain with the Seller and any and all agreements or understandings will be null and void between the Seller and Buyer.

5.7 Satisfaction of Buyer

All actions, proceedings, resolutions, instruments and documents required to carry out this Agreement or incidental hereto and all other related matters shall have been approved on the Closing

Date by Buyer in the exercise of its reasonable judgment.

6. **REPRESENTATIONS AND WARRANTIES OF SELLER**

6.1 Seller hereby represents and warrants to Buyer as follows:

- (a) **Organization.** Brendenwood Utilities, LLC. as a Limited Liability Company is duly organized, validly existing and in good standing under the laws of the State of Florida.
- (b) **System Ownership.** Seller holds the exclusive right, title, interest and power to sell the assets of Brendenwood Utilities, LLC.
- (c) **Current Operations.** Seller has all requisite power and authority and all agreements, contracts, commitments, leases, certificates, licenses, permits, regulatory authorizations and other instruments required to conduct the business of the System as it has been and is now being conducted and to own and operate the System.
- (d) **Legal Authority.** Seller has the full power and lawful authority to transfer to Buyer the rights, title and interest in and to the System.
- (e) **Due Authorization; Valid and Binding.** Seller has the full power and lawful authority to execute and deliver this Agreement and all related agreements and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement and all related documents and agreements by all necessary proceedings. This Agreement and all related agreements constitute the valid and binding obligation of Seller.
- (f) **No Approvals or Violations.** This Agreement does not require any further approvals of any other party, does not violate any law, ordinance or regulation, does not conflict with any order or decree, and does not conflict with or result in a breach of any contract, lease or permit to which Seller is a party.
- (g) **Party to Decree.** Seller is not party to, or subject to the provision of, any judgment, order, writ, injunction or decree of any court or of any governmental official, agency or instrumentality relating to the System or the Assets.
- (h) **List of Assets.** Schedule I.1 contains a true and complete list of the Assets.
- (i) **Customer Records.** The data contained in the customer records provided to Buyer is true and accurate.

6.2 Seller hereby represents and warrants to Buyer as follows:

- (a) **Undisclosed Liabilities.** There are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Assets. For purposes of this Agreement, the term liabilities shall include, without limitation, any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility accrued, absolute, contingent or otherwise.

- (b) No Other Parties. No person other than Seller owns or has any interest in any equipment or other tangible assets or properties currently utilized or necessary to the operations or business of the Seller's Assets.
- (c) Rights to Facilities. Seller has good and valid rights to occupy and to obtain access to the areas where the distribution lines and other facilities of the Assets are located.
- (d) Compliance with Law. Seller is not in any material violation of any law, ordinance or governmental rule or regulation to which it or its business, operations, assets or properties is subject and has not failed to obtain, or to adhere to the requirements of, any certificate, license, permit or other governmental authorization necessary to the ownership of its assets and properties or to the conduct of its business.

6.3 Seller hereby represents and warrants to and with Buyer as follows with respect to compliance with environmental laws:

- (a) Compliance with Law. To the best of Seller's actual knowledge, Seller has been and is in compliance with all Environmental Laws (as hereinafter defined).
- (b) Adequacy of Permits. To the best of Seller's actual knowledge, after diligent inquiry and investigation, Seller has obtained and continues to possess all permits, licenses, approvals or other authorizations which are required under the Environmental Laws, has filed such timely and complete renewal applications as may be required prior to the Closing Date, and also has complied with all reporting and record keeping requirements under the Environmental Laws.

7. REPRESENTATIONS AND WARRANTIES OF BUYER

7.1 Buyer hereby represents and warrants to Seller as follows:

- (a) Organization. Buyer is a corporation duly organized and validly existing and in good standing under the laws of the State of Florida.
- (b) Due Authorization: Valid and Binding. Buyer has the full power and lawful authority to execute this Agreement and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of Buyer.
- (c) Financial Wherewithal. Buyer has the financial wherewithal to complete the purchase of the Assets as contemplated hereunder and upon completion of Closing, to operate and manage the Assets at, or exceeding, the level of service provided by the Seller prior to Closing.

8. INDEMNIFICATION

8.1 Indemnification of Seller

For a period of one (1) year from and after the Closing, Buyer will reimburse, indemnify and hold Seller and its officials and employees harmless from and against any and all liabilities, obligations, damages, losses, actions, audits, deficiencies, claims, fines, costs and expenses, including attorney's fees and costs resulting from, relating to, or arising out of:

- (a) the provision of water service by Buyer for the period following Closing;
- (b) issues of regulatory compliance and claims by third parties for events that occur following the date of Closing that are not attributable to events that occurred prior to Closing;
- (c) the failure of Buyer to perform any of its covenants following Closing; and
- (d) the enforcement of this Section 8.

8.2 Indemnification of Buyer

From and after the Closing, Seller will reimburse, indemnify and hold Buyer and its affiliates, and their officers, directors and employees, harmless from and against any and all liabilities, obligations, damages, losses, actions, audits, deficiencies, claims, fines, costs and expenses, including attorney's fees and costs resulting from, relating to, or arising out of:

- (a) any liabilities or obligations of Seller of any nature whatsoever except for those liabilities and obligations of Seller which Buyer specifically assumes pursuant to this Agreement;
- (b) any misrepresentation, breach of warranty or non-fulfillment of any agreement or covenant on the part of Seller under this Agreement, or from any misrepresentation in, or omission from, any Schedule or information furnished to Buyer pursuant to this Agreement or in connection with the negotiation, execution or performance of this Agreement;
- (c) the provision of water service by Seller for the period prior to the date of Closing;
- (d) issues of regulatory compliance and claims by third parties for events that are attributable to events that occurred prior to Closing;
- (e) the enforcement of this Section 8.

8.3 General

Each party shall provide the other party with reasonable notice of any claims arising under this Section 8. The indemnification rights of the parties under this Section 8 are independent of and in addition to such rights and remedies as the parties may have at law or in equity or otherwise for any misrepresentation, breach of warranty, or failure to fulfill any agreement or covenant hereunder.

9. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

All representations, warranties and agreements made by the parties in this Agreement or in any written agreement, document, or certificate furnished hereunder or in connection with the negotiation, execution and performance of this Agreement shall survive the Closing for a period of one (1) year. Notwithstanding any investigation or audit conducted before or after the Closing Date or the decision of any party to complete the Closing, each party shall be entitled to rely upon the representations, warranties and agreements set forth herein and therein.

10. **MISCELLANEOUS**

10.1 **Contents of Agreement; Parties in Interest; etc.**

This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto.

10.2 **Binding Effect**

All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the legal representatives, successors and assigns of Seller or Buyer.

10.3 **Notices**

Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally or by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to Buyer:

Mr. Gary A. Deremer, President
Brendenwood Water works, Inc.
C/O 4939 Cross Bayou Blvd.
New Port Richey, FL 34652

If to Seller:

Mr. Gerard Connolly
PO Box 350065
Grand Island, FL 32735

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered, telegraphed or mailed.

10.5 Florida Law to Govern

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of Florida, without giving effect to any conflicts of laws provisions.

10.6 No Benefit to Others

The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto, and their legal representatives, successors and assigns, and they shall not be construed as conferring any rights on any other persons.

10.7 Headings, Gender, etc.

All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

10.8 Exhibits and Schedules

All Exhibits, Attachments and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

10.9 Severability

Any provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstance, unless, in either event, the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

10.10 Counterparts

This Agreement may be executed in any number of counterparts and any signatory hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by all signatories. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

10.11 Continuance of Cooperation

SELLER agrees to work with the BUYER without compensation in the pursuit of resolving Water System issues as they are presented through the FPSC Transfer process, any FDEP issues that may arise, and easement attainment issues as they are presented. This Cooperation shall survive the Closing for a period of one (1) year from the date of Closing.

Agreement on the date first written.

SELLER:

Brendenwood Utilities, LLC.

By: Gerard P. Connolly
President and Managing Member

Print: Gerard P. Connolly

Brendenwood Waterworks, Inc.

By: [Signature]
President

Print: Gary Deremer

BRENDENWOOD WATER UTILITY PLANT ACCOUNTS

ACCOUNT NUMBER	ACCOUNT NAME	DEC. 31st			DEC. 31st		COMMENTS
		2012	ADDITIONS	RETIREMENTS	2013		
301	Organization	\$ 2,429.91	\$ -	\$ -	\$ 2,429.91		
302	Franchises	\$ -	\$ -	\$ -	\$ -		
303	Land and Land Rights	\$ 1,100.00	\$ -	\$ -	\$ 1,100.00		
304	Structures and Improvements	\$ 11,152.00	\$ 1,230.00	\$ -	\$ 12,382.00		New Roof (\$230 parts, \$1,000 labor)
305	Collecting & Impounding Reservoirs	\$ -	\$ -	\$ -	\$ -		
306	Lake, River and Other Intakes	\$ -	\$ -	\$ -	\$ -		
307	Wells and Springs	\$ -	\$ -	\$ -	\$ -		
308	Infiltration Galleries and Tunnels	\$ -	\$ -	\$ -	\$ -		
309	Supply Mains	\$ -	\$ -	\$ -	\$ -		
310	Power Generation Equipment	\$ -	\$ -	\$ -	\$ -		
311	Pumping Equipment	\$ 5,383.00	\$ 479.00	\$ -	\$ 5,862.00		Added Fuel Tank (\$229 parts, \$250 labor)
320	Water Treatment Equipment	\$ 2,265.00	\$ -	\$ -	\$ 2,265.00		
330	Distribution Reservoirs & Standpipes	\$ -	\$ -	\$ -	\$ -		
331	Transmission & Distribution Lines	\$ -	\$ -	\$ -	\$ -		
333	Services	\$ -	\$ 1,042.00	\$ -	\$ 1,042.00		Utility Tech replaced service line
334	Meters and Meter Installations	\$ 523.00	\$ 1,127.00	\$ -	\$ 1,650.00		Replaced 15 meters (\$752 parts, \$375 labor)
335	Hydrants	\$ -	\$ -	\$ -	\$ -		
336	Backflow Prevention Devices	\$ -	\$ -	\$ -	\$ -		
339	Other Plant & Misc. Equipment	\$ -	\$ -	\$ -	\$ -		
340	Office Furniture & Equipment	\$ 1,156.00	\$ -	\$ -	\$ 1,156.00		
341	Transportation Equipment	\$ -	\$ -	\$ -	\$ -		
342	Stores Equipment	\$ -	\$ -	\$ -	\$ -		
343	Tools, Shop and Garage Equipment	\$ -	\$ -	\$ -	\$ -		
344	Laboratory Equipment	\$ -	\$ -	\$ -	\$ -		
345	Power Operated Equipment	\$ -	\$ -	\$ -	\$ -		
346	Communication Equipment	\$ -	\$ -	\$ -	\$ -		
347	Miscellaneous Equipment	\$ -	\$ -	\$ -	\$ -		
348	Other Tangible Plant	\$ -	\$ -	\$ -	\$ -		
TOTAL WATER PLANT		\$ 24,008.91	\$ 3,878.00	\$ -	\$ 27,886.91		

BRENDENWOOD ACCUMULATED DEPRECIATION

ACCOUNT NUMBER	ACCOUNT NAME	AVERAGE SERVICE LIFE IN YEARS	DEPRECIATION RATE APPLIED	ACCUMULATED DEPREC. 12/31/2012	DEBITS	CREDITS	ACCUMULATED DEPREC. 12/31/2013
301	Organization			\$ -	\$ -	\$ -	\$ -
302	Franchises			\$ -	\$ -	\$ -	\$ -
303	Land and Land Rights			\$ -	\$ -	\$ -	\$ -
304	Structures and Improvements	27		\$ 1,896.59	\$ -	\$ 458.59	\$ 2,355.18
305	Collecting & Impounding Reservoirs			\$ -	\$ -	\$ -	\$ -
306	Lake, River and Other Intakes			\$ -	\$ -	\$ -	\$ -
307	Wells and Springs			\$ -	\$ -	\$ -	\$ -
308	Infiltration Galleries and Tunnels			\$ -	\$ -	\$ -	\$ -
309	Supply Mains			\$ -	\$ -	\$ -	\$ -
310	Power Generation Equipment			\$ -	\$ -	\$ -	\$ -
311	Pumping Equipment	17	0.059%	\$ 2,226.65	\$ -	\$ 344.82	\$ 2,571.47
320	Water Treatment Equipment	17	0.500%	\$ 1,450.24	\$ -	\$ 133.24	\$ 1,583.48
330	Distribution Reservoirs & Standpipes			\$ -	\$ -	\$ -	\$ -
331	Transmission & Distribution Lines			\$ -	\$ -	\$ -	\$ -
333	Services	35	2.857%	\$ -	\$ -	\$ 29.77	\$ 29.77
334	Meters and Meter Installations	17	0.059%	\$ 246.06	\$ -	\$ 97.06	\$ 343.12
335	Hydrants			\$ -	\$ -	\$ -	\$ -
336	Backflow Prevention Devices			\$ -	\$ -	\$ -	\$ -
339	Other Plant & Misc. Equipment			\$ -	\$ -	\$ -	\$ -
340	Office Furniture & Equipment	15	0.167%	\$ 885.07	\$ -	\$ 77.07	\$ 962.14
341	Transportation Equipment			\$ -	\$ -	\$ -	\$ -
342	Stores Equipment			\$ -	\$ -	\$ -	\$ -
343	Tools, Shop and Garage Equipment			\$ -	\$ -	\$ -	\$ -
344	Laboratory Equipment			\$ -	\$ -	\$ -	\$ -
345	Power Operated Equipment			\$ -	\$ -	\$ -	\$ -
346	Communication Equipment			\$ -	\$ -	\$ -	\$ -
347	Miscellaneous Equipment			\$ -	\$ -	\$ -	\$ -
348	Other Tangible Plant			\$ -	\$ -	\$ -	\$ -
TOTALS				\$ 6,704.61	\$ -	\$ 1,140.55	\$ 7,845.16

Rate Base \$ 20,041.75

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
05/30/2014 - 07/28/2014**

<u>UTILITY NAME</u>	<u>MANAGER</u>
<u>LAKE COUNTY</u>	
BLACK BEAR RESERVE WATER CORPORATION (WU940) P. O. BOX 13 MOUNT DORA, FL 32757-0013	DEB SPICER (321) 947-4300
BRENDENWOOD UTILITIES, LLC. (WU951) P. O. BOX 350065 GRAND ISLAND, FL 32735-0065	GERALD P. CONNOLLY, JR. (352) 602-4170
CENTURY ESTATES UTILITIES, INC. (WU725) 114 EUCLID AVENUE LEESBURG, FL 34748-7509	JOSEPH LINARTAS (352) 450-1450
COL UTILITY SYSTEMS, L.L.C. (WS946) 5100 WEST LEMON STREET, SUITE 308 TAMPA, FL 33609-1129	JORDAN RUBEN (813) 282-6754
HARBOR WATERWORKS, INC. (WU956) % 4939 CROSS BAYOU BLVD. NEW PORT RICHEY, FL 34652-3434	TROY RENDELL (727) 848-8292
HARBOR WATERWORKS, INC. (SU957) 4939 CROSS BAYOU BLVD. NEW PORT RICHEY, FL 34652-3089	GARY DERMER (727) 848-8292
LAKE UTILITY SERVICES, INC. (WU553) 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FL 32714-4027	PATRICK C. FLYNN (407) 869-1919 EXT 1359
LAKE UTILITY SERVICES, INC. (WS641) 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FL 32714-4027	PATRICK C. FLYNN (407) 869-1919 EXT 1359
LAKE YALE TREATMENT ASSOCIATES, INC. (WS823) 18700 WEST MILE ROAD, 2ND FLOOR SOUTHFIELD, MI 48075-2625	DANNY ELLIS (352) 589-9214
LAKESIDE WATERWORKS, INC. (WS962) % 4939 CROSS BAYOU BLVD. NEW PORT RICHEY, FL 34652-3434	TROY RENDELL (727) 848-8292
MFL UTILITY SYSTEMS, L.L.C. (WS948) 5100 WEST LEMON STREET, SUITE 308 TAMPA, FL 33609-1129	JORDAN RUBEN (813) 282-6754

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
05/30/2014 - 07/28/2014**

<u>UTILITY NAME</u>	<u>LAKE COUNTY</u>	<u>MANAGER</u>
MHC HV FL UTILITY SYSTEMS, L.L.C. (WU960) TWO NORTH RIVERSIDE PLAZA CHICAGO, IL 60606-2600		MICHAEL G. COOKE (813) 318-5728
MHC OL UTILITY SYSTEMS, L.L.C. (WS961) TWO NORTH RIVERSIDE PLAZA CHICAGO, FL 60606-2600		MICHAEL G. COOKE (813) 318-5728
OAK SPRINGS, LLC (WU875) 1812 HIGHLAND AVENUE SORRENTO, FL 32776-9620		MICHAEL CAMPBELL (352) 383-5973
PINE HARBOUR WATER UTILITIES, LLC (WU921) P. O. BOX 447 FRUITLAND PARK, FL 34731-0447		SANDRA S. WESSON (352) 787-2944
RAINTREE HARBOR UTILITIES, LLC (WU953) P. O. BOX 350065 GRAND ISLAND, FL 32735-0065		
SOUTHLAKE UTILITIES, INC. (WS638) 2215 RIVER BLVD. JACKSONVILLE, FL 32204-4647		WILLIAM J. DEAS (904) 387-9292
SUNLAKE ESTATES UTILITIES, L.L.C. (WS967) 380 PARK PLACE BLVD. SUITE 200 CLEARWATER, FL 33759-4929		
TLP WATER, INC. (WU924) 12315 U.S. HIGHWAY 441 TAVARES, FL 32778-4515		
UTILITIES, INC. OF PENNBROOKE (WS861) 200 WEATHERSFIELD AVENUE ALTAMONTE SPRINGS, FL 32714-4027		PATRICK C. FLYNN (407) 869-1919
W.B.B. UTILITIES, INC. (WU639) 4223 BAIR AVENUE FRUITLAND PARK, FL 34731-5618		(352) 787-3107
WATER OAK UTILITY (WS755) THE AMERICAN CENTER 27777 FRANKLIN ROAD, SUITE 200 SOUTHFIELD, MI 48034-8205		(248) 208-2554

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
05/30/2014 - 07/28/2014**

UTILITY NAME

MANAGER

GOVERNMENTAL AGENCIES

ADMINISTRATOR, CITY OF UMATILLA
P. O. BOX 2286
UMATILLA, FL 32784-2286

CLERK, BOARD OF COUNTY COMMISSIONERS, LAKE COUNTY
P. O. BOX 7800
TAVARES, FL 32778-7800

DEP CENTRAL DISTRICT
3319 MAGUIRE BLVD., SUITE 232
ORLANDO, FL 32803-3767

DEP SOUTHWEST DISTRICT
13051 N. TELECOM PARKWAY
TEMPLE TERRACE, FL 33637-0926

EAST CENTRAL FLORIDA PLANNING COUNCIL
309 CRANES ROOST BOULEVARD, SUITE 2000
ALTAMONTE SPRINGS, FL 32701

MAYOR, CITY OF CLERMONT
P. O. BOX 120219
CLERMONT, FL 32712-0219

MAYOR, CITY OF EUSTIS
P. O. DRAWER 68
EUSTIS, FL 32727-0068

MAYOR, CITY OF FRUITLAND PARK
506 WEST BERCKMAN STREET
FRUITLAND PARK, FL 34731-3200

MAYOR, CITY OF GROVELAND
156 SOUTH LAKE AVENUE
GROVELAND, FL 34736-2597

MAYOR, CITY OF LEESBURG
P. O. BOX 490630
LEESBURG, FL 32749-0630

MAYOR, CITY OF MASCOTTE
P. O. BOX 56
MASCOTTE, FL 34753-0056

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
05/30/2014 - 07/28/2014**

<u>UTILITY NAME</u>	<u>MANAGER</u>
<u>GOVERNMENTAL AGENCIES</u>	
MAYOR, CITY OF MINNEOLA P. O. BOX 678 MINNEOLA, FL 34755-0678	
MAYOR, CITY OF MOUNT DORA P. O. BOX 176 MOUNT DORA, FL 32756-0176	
MAYOR, CITY OF TAVARES P. O. BOX 1068 TAVARES, FL 32778-1068	
MAYOR, TOWN OF ASTATULA P. O. BOX 609 ASTATULA, FL 34705-0609	
MAYOR, TOWN OF HOWEY-IN-THE-HILLS P. O. BOX 128 HOWEY-IN-THE-HILLS, FL 34737-0128	
MAYOR, TOWN OF LADY LAKE 409 FENNELL BLVD. LADY LAKE, FL 32159-3159	
MAYOR, TOWN OF MONTVERDE P. O. BOX 560008 MONTVERDE, FL 34729-0008	
ST. JOHNS RIVER UTILITY, INC. P.O. BOX 77 ASTOR, FL 32102	
ST. JOHNS RIVER WTR MANAGEMENT DISTRICT P.O. BOX 1429 PALATKA, FL 32178-1429	

**LIST OF WATER AND WASTEWATER UTILITIES IN LAKE COUNTY
(VALID FOR 60 DAYS)
05/30/2014 - 07/28/2014**

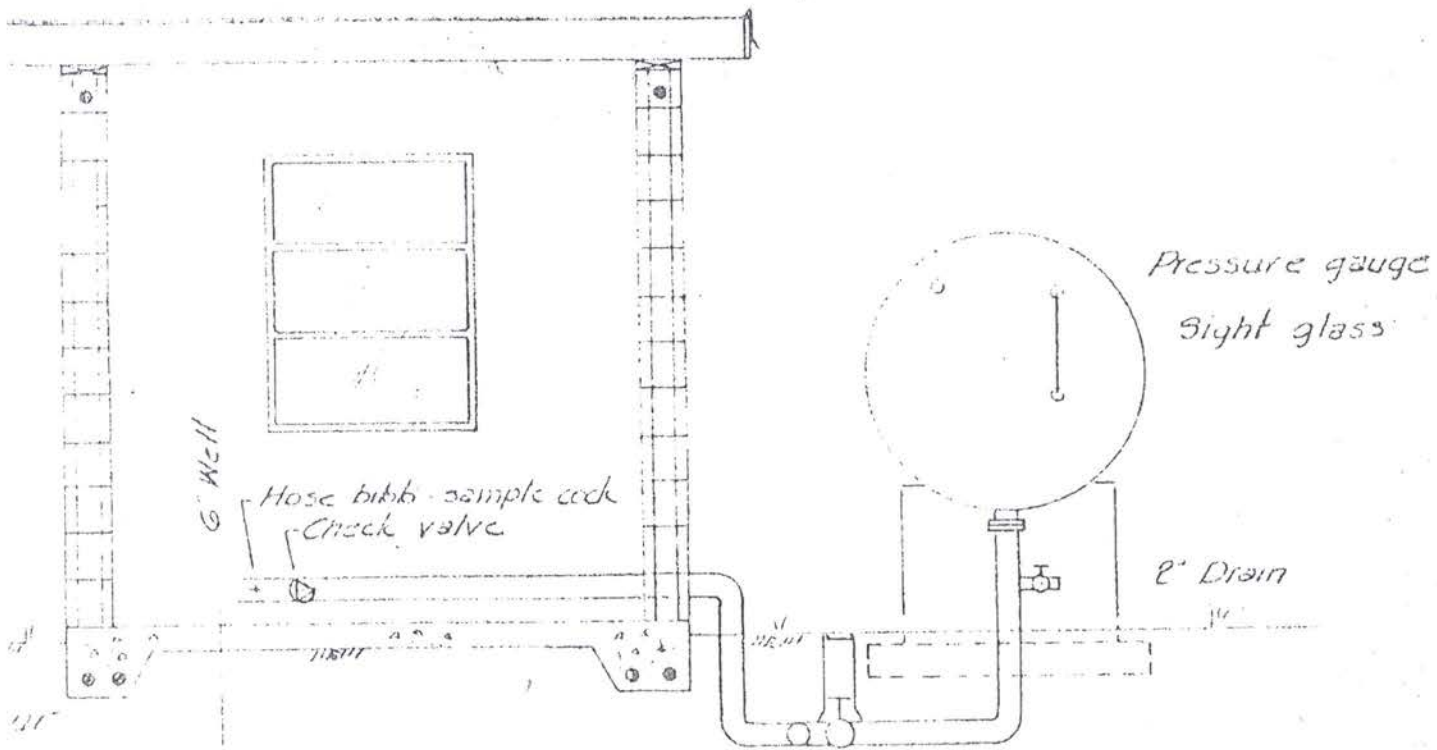
UTILITY NAME

STATE OFFICIALS

MANAGER

OFFICE OF PUBLIC COUNSEL
111 WEST MADISON STREET
SUITE 812
TALLAHASSEE, FL 32399-1400

OFFICE OF COMMISSION CLERK
FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL 32399-0850

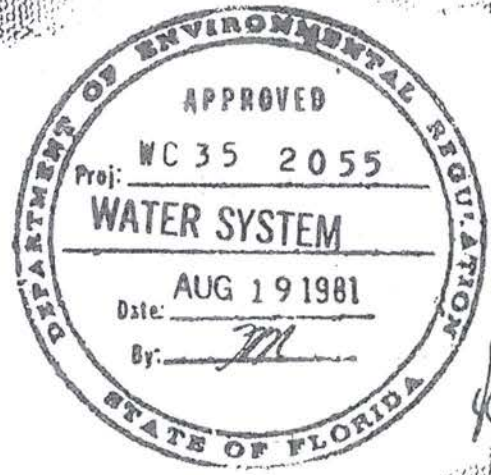


1930
Inc.

WATER PLANT - SECTION
Scale 1/8" = 1'-0"

chemical

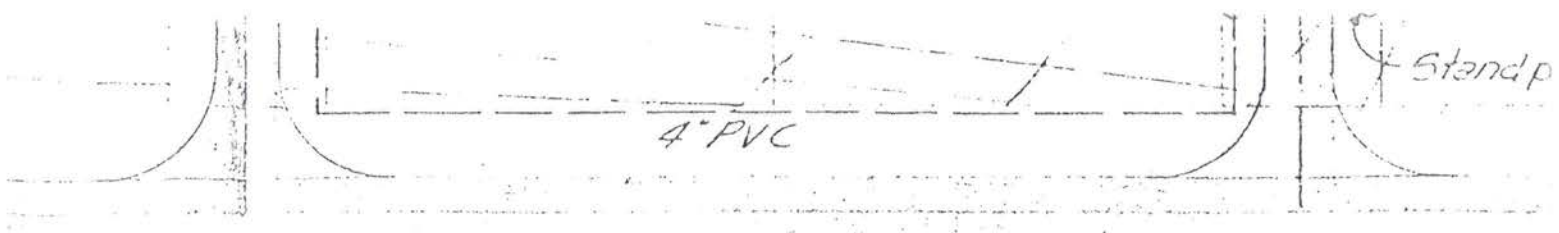
Plans For Water
Lay out Brendenwood
1st Section



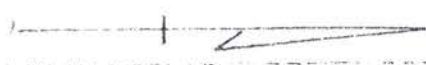
R.O. Newman



RICHARD O. NEWMAN
CONSULTING ENGINEER
P. O. BOX 264 LEESBURG, FLA.
BRENDENWOOD SUBDIVISION
GRADING & WATER DISTRIBUTION



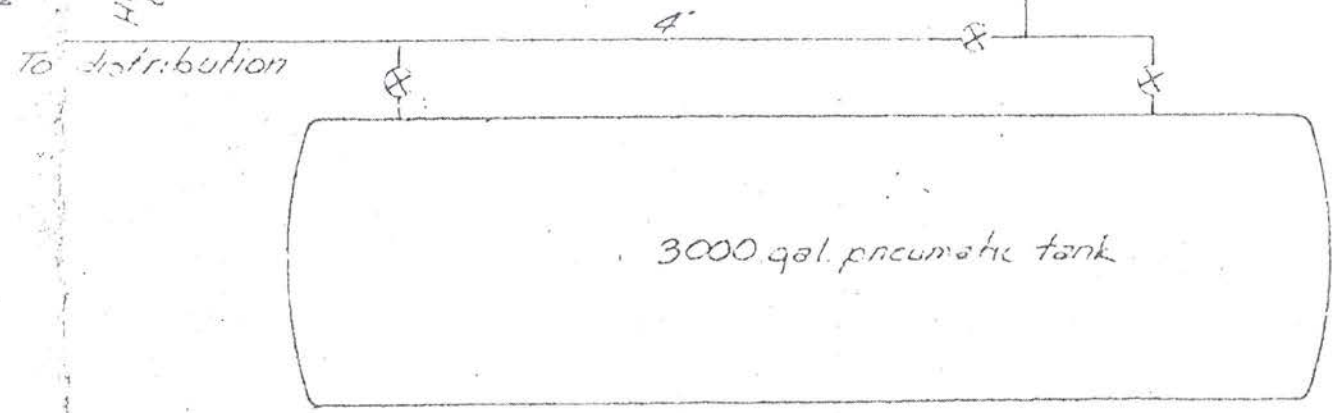
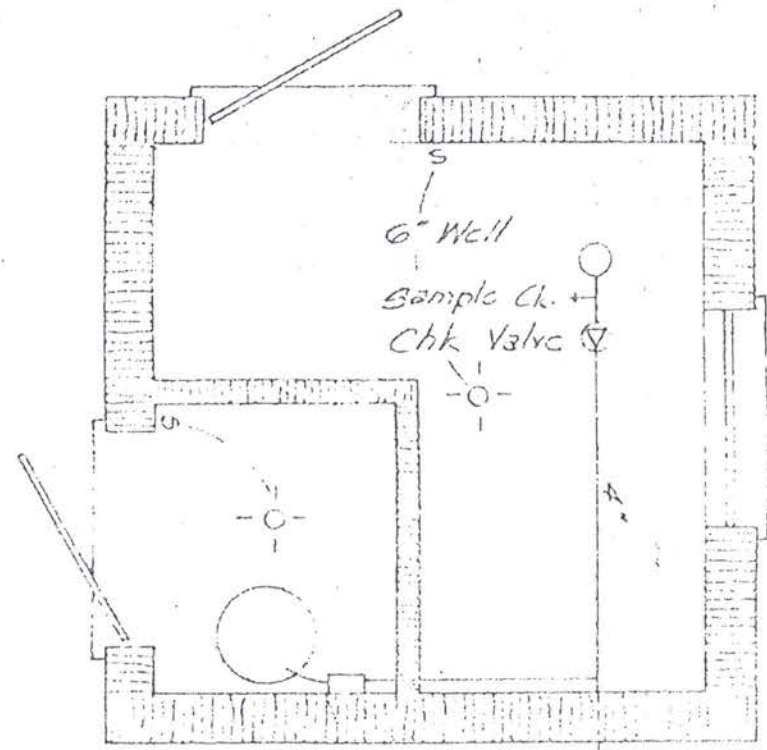
Co Rd 5-6748



WATER PLANT PLAN
 5/31/21 K.T.O.

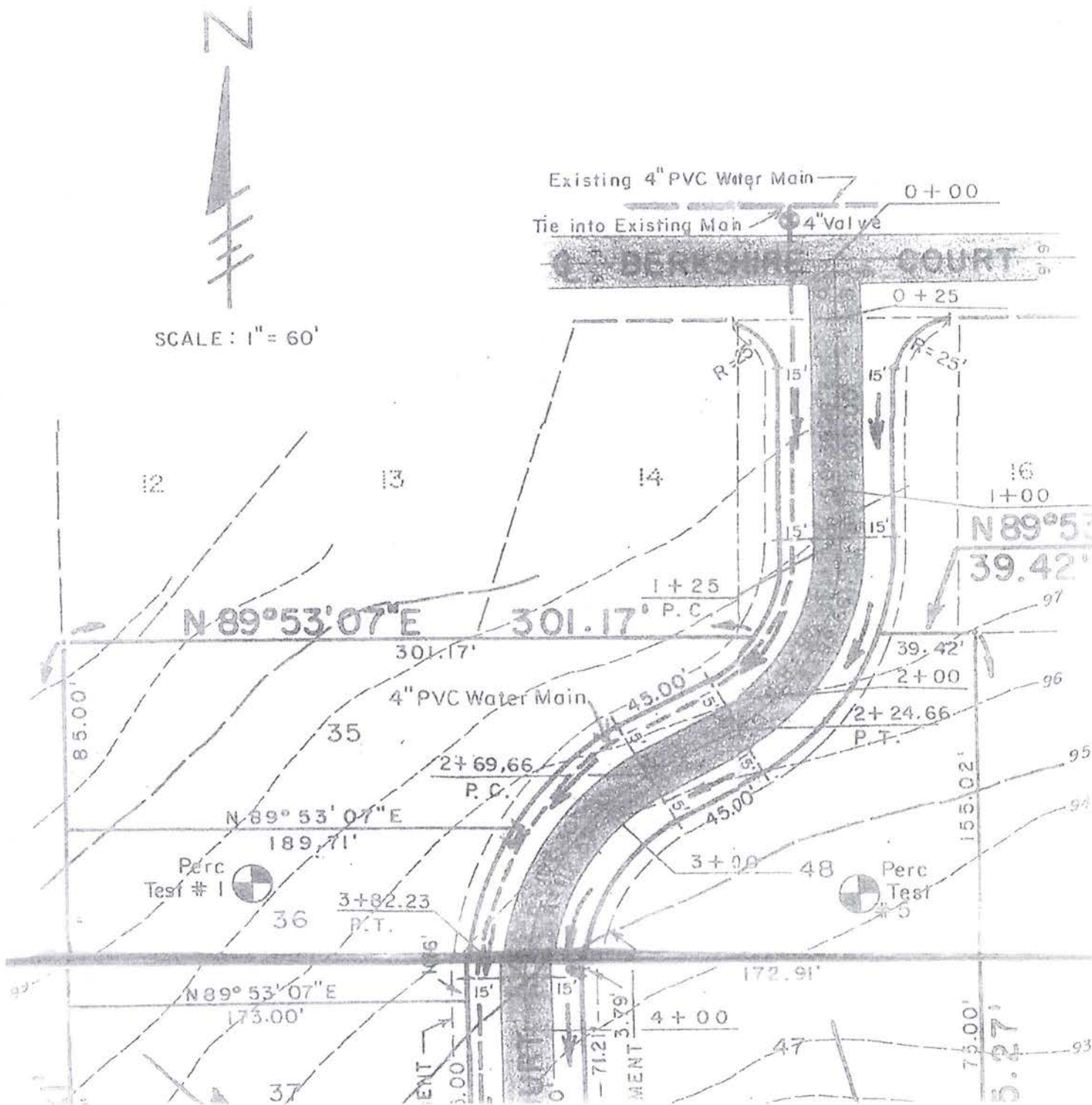
Sodium Hypochlorite solution
 feeder - 0.20 gpd, 10 gal crock
 Everpure HC 22 or equal

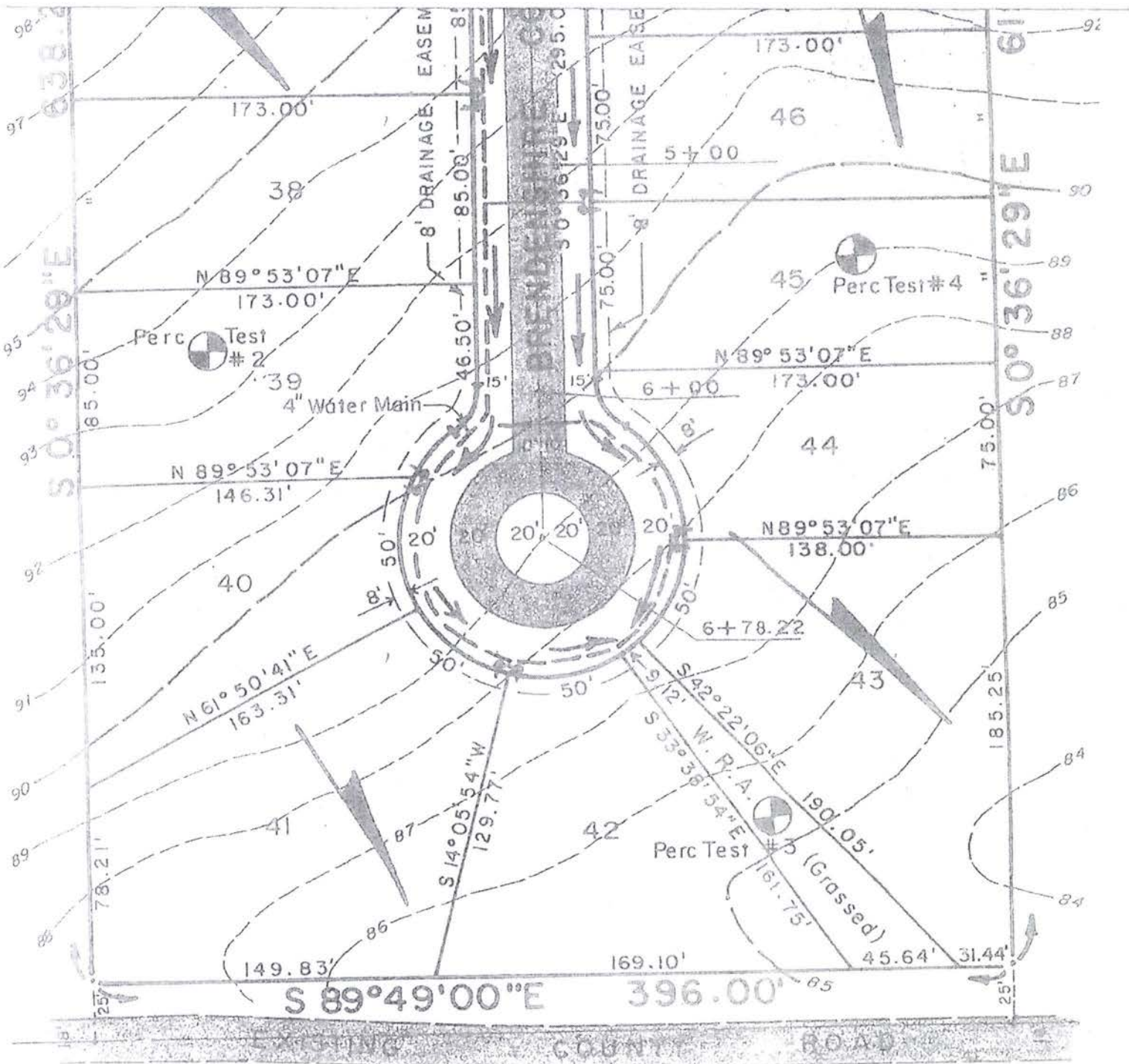
15 HP Submersible pump 150 gpm
 @ 200 TDH Berkeley Model 16524H
 or equal



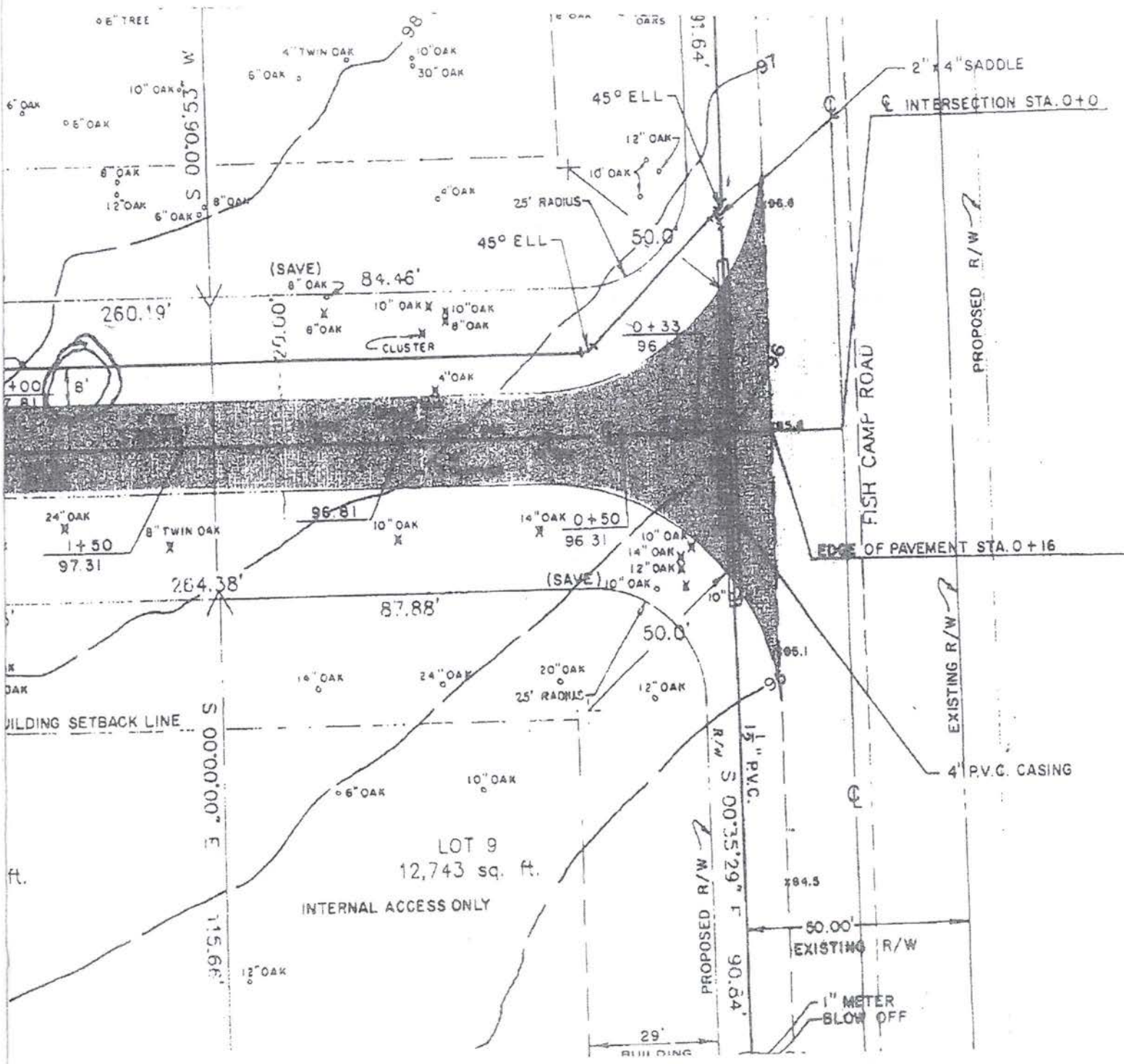
DESCRIPTION :

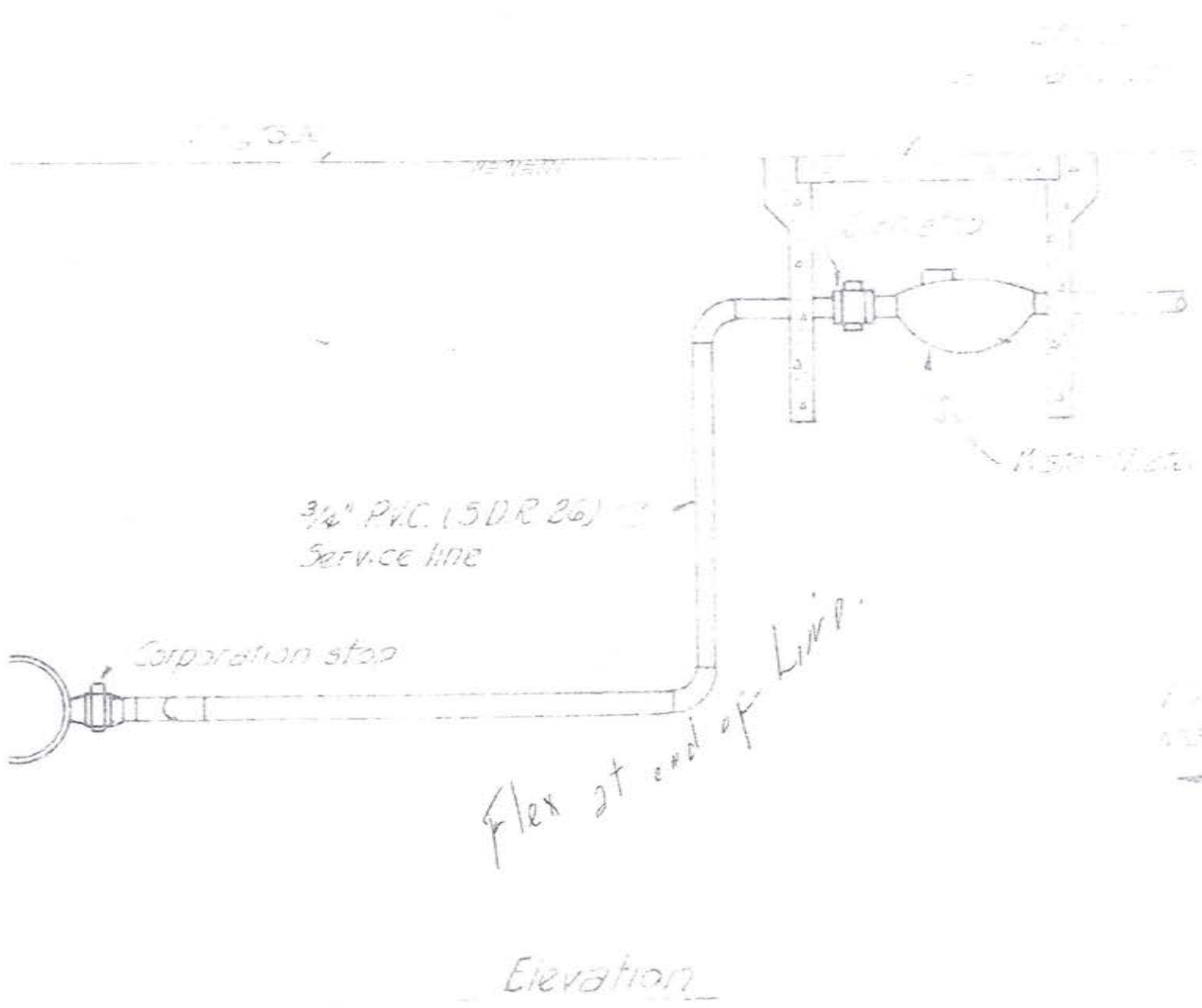
THE WEST 396.0 FEET OF THE EAST 924 FEET THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4, IN SE 32, TOWNSHIP 18 SOUTH, RANGE 26 EAST, LAKE FLORIDA. LESS THE NORTH 660 FEET THEREOF



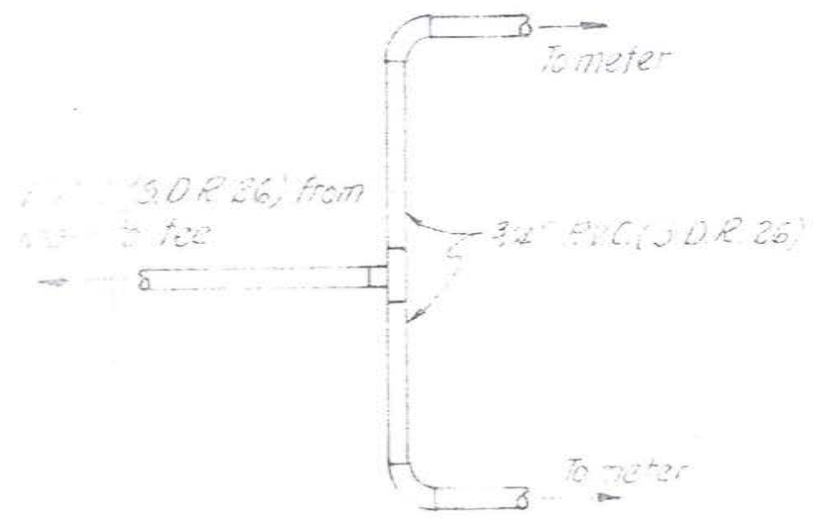


BRENDENWOOD SUBDIVISION
 CUL DE SAC



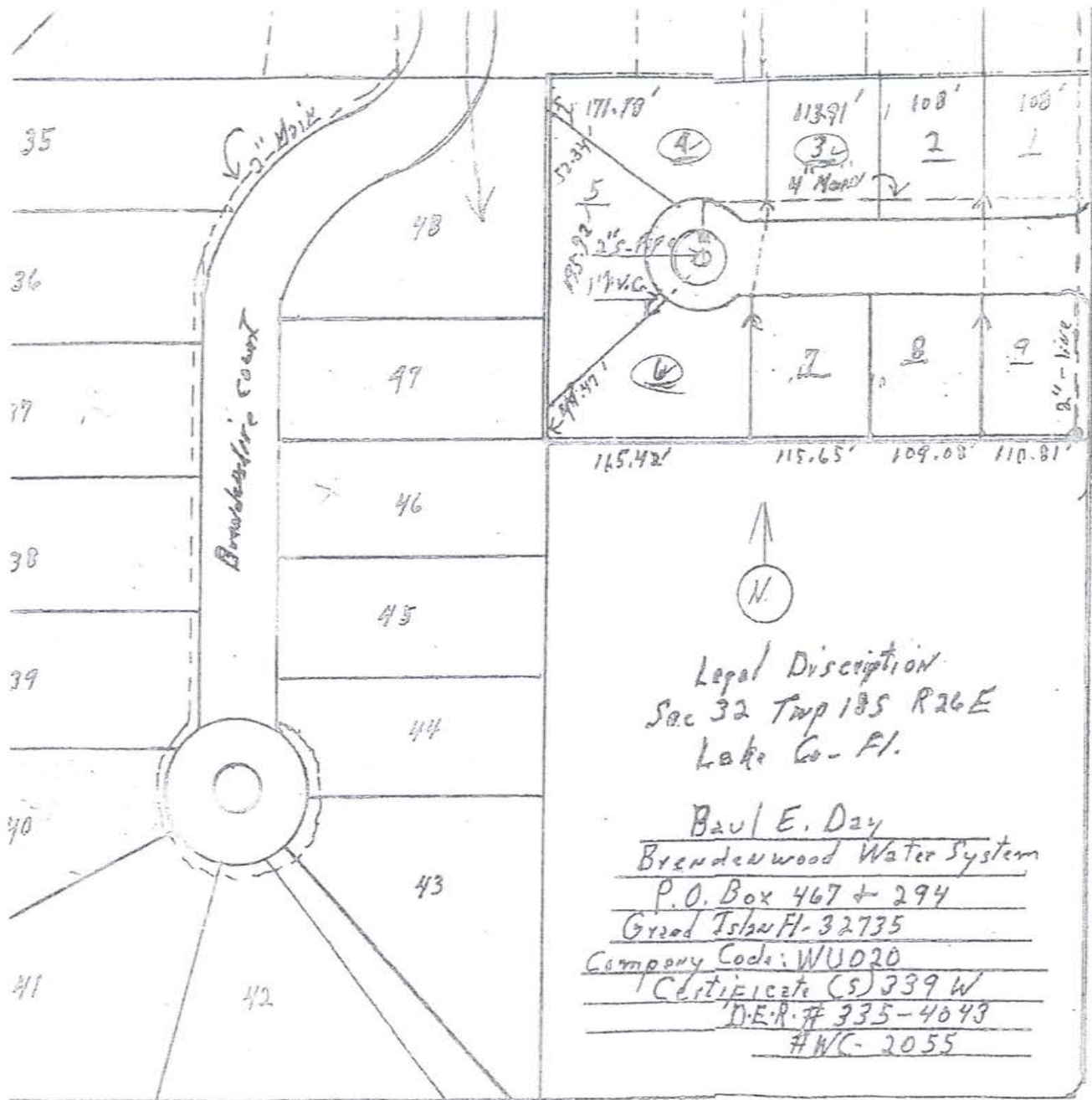


PLAN - SINGLE SERVICE
 3/4" PVC (S.D.R. 26)



Plan - Double Service





← JEREMY Estates Sub
New Addition to Water System
Vacant Lots
Owner Granger Const-
2" slot off & stand Pipe

Water Lead & Copper Test
 Monthly Tests
 Wall 2 sites

Legal Description
 Sec 32 Twp 18S R26E
 Lake Co. Fl.

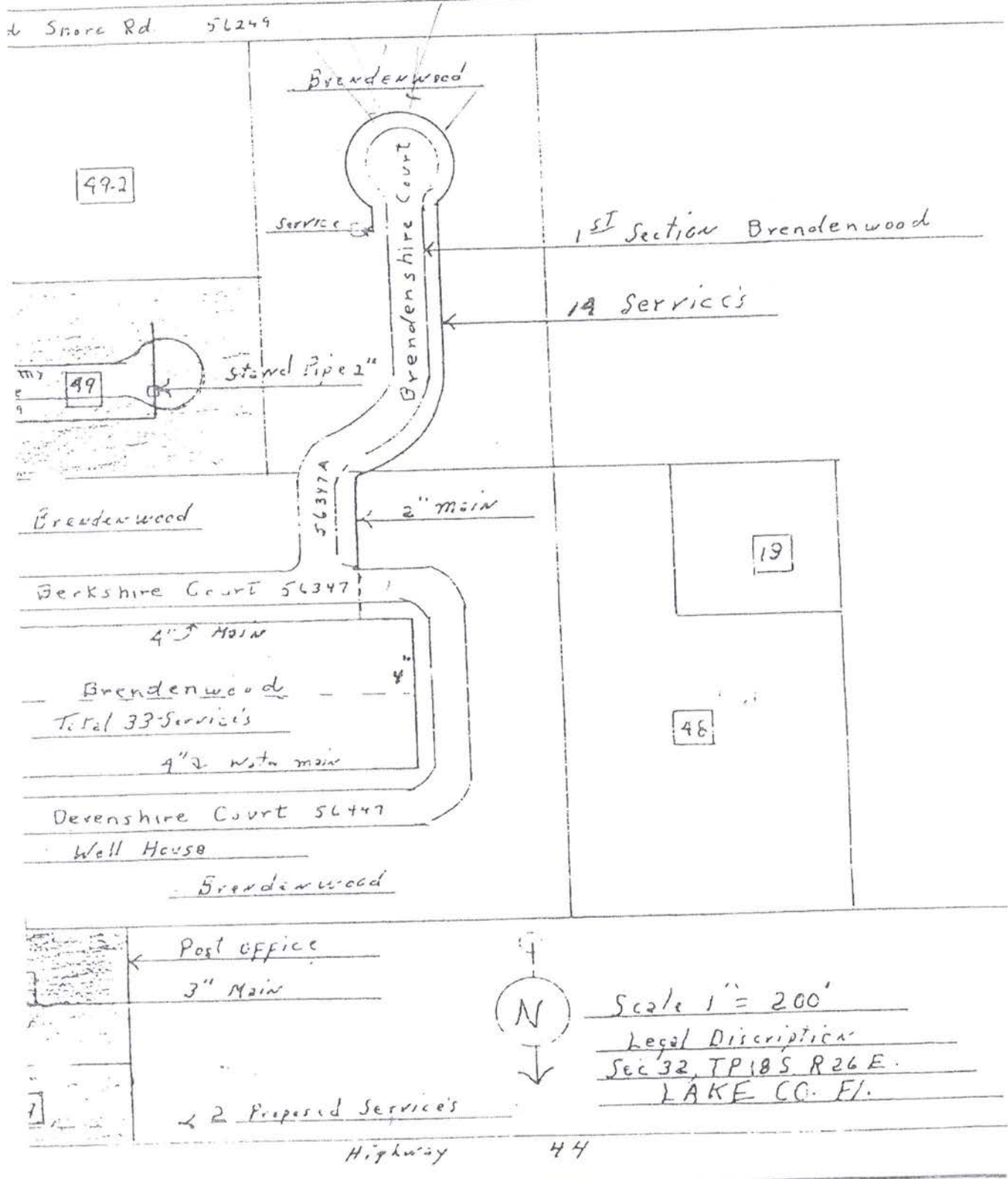
Baul E. Day
Brewerwood Water System
P.O. Box 467 + 294
Grand Island Fl-32735
Company Code: WU020
Certificate (S) 339 W
D.E.R. # 335-4643
#WC-2055

Grand Island Shore Rd.

Fisd Camp Rd.

EXISTING LINES AND FACILITIES

Comp Slope
14' from top
Stack Top



BRENDENWOOD WATER SYSTEM

Ground plan

