

YOUNG, VAN ASSENDERP, VARNADOE & ANDERSON, P. A.
ATTORNEYS AT LAW

REPLY TO

R BRUCE ANDERSON
TASHA O BUFORD
DANIEL H COX
TIMOTHY S FRANKLIN
DAVID P HOPSTETTER*
C LAURENCE KEESEY
KENZA VAN ASSENDERP
GEORGE L VARNADOE
ROY C YOUNG

*BOARD CERTIFIED REAL ESTATE LAWYER

OF COUNSEL
DAVID B. ERWIN
A J. JIM SPALLA

GALLIE'S HALL
225 SOUTH ADAMS STREET, SUITE 200
POST OFFICE BOX 1833
TALLAHASSEE, FLORIDA 32302-1833
TELEPHONE (850) 222 7206
TELECOPIER (850) 561-6834

SUNTRUST BUILDING
801 LAUREL OAK DRIVE, SUITE 300
POST OFFICE BOX 7907
NAPLES, FLORIDA 34101-7907
TELEPHONE (941) 597-2814
TELECOPIER (941) 597-1060

July 12, 2002

Blanca Bayo
Division of the Clerk and
Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

020707-SU

In re: Application for Transfer of Certificate No. 281-S
From RealNor Hallandale, Inc. to Bonita Springs Utilities, Inc.

Dear Ms. Bayo:

Enclosed is the original, along with five copies, of the Application for Transfer of Certificate No. 281-S from RealNor Hallandale, Inc. to Bonita Springs Utilities, Inc. The buyer is a not-for-profit corporation which is not subject to regulation by the Commission, pursuant to Section 367.022(7), Florida Statutes.

Also enclosed is a check in the amount of \$1500 to cover the appropriate filing fee for this application. RealNor Hallandale, Inc. serves wastewater service to 865 homes. In the next five years, RealNor Hallandale estimates that it may provide service to an additional 151 homes and 39 apartments. In addition, the utility serves one church and one clubhouse. The appropriate filing fee in a transfer application in which the utility to be transferred has the capacity to serve from 501 to 2,000 ERCs is \$1500.

Notice of filing of this transfer application will be provided as required by Rule 25-30.030, F.A.C., and affidavits in support of the provision of notice will be submitted as late-filed exhibits.

Please let me know if there are any questions or if further information is needed. There is no specific form for this particular application, and I have conferred with staff to

DOCUMENT NUMBER-DATE

07227 JUL 12 2002

FPSC-COMMISSION CLERK

ORIGINAL

YOUNG, VAN ASSENDERP, VARNADOE & ANDERSON, P. A.

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

Check received with filing and
forwarded to Fiscal for deposit.
Fiscal to forward a copy of check
to RAR with proof of deposit.

Initials of person who forwarded check:

In re: Application for Transfer of Certificate No. 281-S
From RealNor Hallandale, Inc. to Bonita Springs Utilities, Inc.

020707-54

Dear Ms. Bayo:

Enclosed is the original, along with five copies, of the Application for Transfer of Certificate No. 281-S from RealNor Hallandale, Inc. to Bonita Springs Utilities, Inc. The buyer is a not-for-profit corporation which is not subject to regulation by the Commission, pursuant to Section 367.022(7), Florida Statutes.

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Please let me know if there are any questions or if further information is needed. There is no specific form for this particular application, and I have conferred with staff to

RECEIVED & FILED

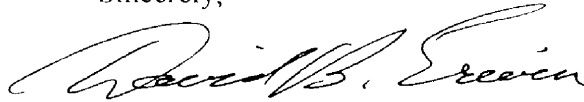
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
JUL 12 2002

FPSC-COMMISSION CLERK

adapt the form submitted herewith, but the applicant stands ready to provide anything else the staff might require to process the application.

Sincerely,

A handwritten signature in cursive script, appearing to read "David B. Erwin".

David B Erwin

DBE:jm

Copy: Public Counsel
Lloyd Liggett
Roy C. Young
Helen Athan
Don Thomson

(Pursuant to Section 367.071, Florida Statutes)

The undersigned hereby makes application for the sale, assignment or transfer of all of Water Certificate No. N/A and/or Wastewater Certificate No. 281-S or facilities in Lee County, Florida, and submits the following information:

PSC/ECR 007 (Rev. 2/91)

- B) The name, address and telephone number of the person to contact concerning this application:

David B. Erwin (850) 926-9331
Name Phone No.

127 Riversink Road
Street address

Crawfordville, FL 32327
City State Zip Code

- C) The full name (as it will appear on the certificate), address and telephone number of the buyer: NOTE- CERTIFICATE WILL BE CANCELLED - BUYER IS:

Bonita Springs Utilities, Inc.
Name of utility

() N/A ()
Phone No. Fax No.

11860 East Terry Street
Office street address

Bonita Springs, Florida 34135
City State Zip Code

N/A
Mailing address if different from street address

N/A
Internet address if applicable

- D) Indicate the organizational character of the buyer: (circle one)

☒ Corporation Partnership Sole Proprietorship

Other: Not-For-Profit
(specify)

E) The date and state of incorporation or organization of the buyer:

Bonita Springs Utilities, Inc.

Incorporated in Florida 01/07/1970

FEI #591350003

F) If the buyer is a corporation, list the names, titles, and addresses of corporate officers and directors. (Use additional sheet if necessary).

John Mathes, PD 27890 Old U.S. 41, Bonita Springs, FL

Robert McGrath, TD 5060 Esplanade St., Bonita Springs, FL

Frank Liles, VPD 27233 J C Lane, Bonita Springs, FL

Harvey Haines, SD 27027 Imperial St., Bonita Springs, FL

Fred Partin, Reg. Agent, 11860 E. Terry St., Bonita Springs, FL 34135

G) If the buyer is not a corporation, list the names, titles, and addresses of all persons owning an interest in the organization. (Use additional sheet if necessary.)

PART II FINANCIAL AND TECHNICAL INFORMATION

A) Exhibit A - A statement indicating how the transfer is in the public interest, including a summary of the buyer's experience in water and/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 matters.

- B) List the names and locations of other water and/or wastewater utilities owned by the buyer and PSC certificate numbers, if any.

NONE

- C) Exhibit B - A copy of the contract for sale and all auxiliary or supplemental agreements, which shall include, if applicable:

- (1) Purchase price and terms of payment.
- (2) A list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of nonregulated operations or entities.
- (3) A description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, assumption of obligations.

The contract for sale shall also provide for the disposition, where applicable, of the following:

- (a) Customer deposits and interest thereon;
- (b) Any guaranteed revenue contracts;
- (c) Developer agreements;
- (d) Customer advances;
- (e) Debt of the utility; and
- (f) Leases.

- D) Exhibit C - A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.

- E) Exhibit D - A statement describing the financing the purchase.

- F) Exhibit D - 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. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility.

- G) Exhibit N/A - The proposed net book value of the system as of the date of the proposed transfer. If rate base (or net book value) has been established previously by this Commission, state the Order No. and date issued. Identify all adjustments made to update this rate base (or net book value) to the date of the proposed transfer.
- H) Exhibit N/A - A statement setting forth the reasons for the inclusion of an acquisition adjustment, if one is requested. (An acquisition adjustment results when the purchase price of the utility differs from the original cost calculation.)
- I) The full name, address and telephone number of the person who has possession of the books and records of the seller:
- RealNor Hallandale c/o Northern Trust Bank of Florida,
Attention: Sharan Welsh
 Name Phone No. (941)262-8888 x 165
- 4001 Tamiami Trail North
 Street address
- Naples, Florida 34103
 City State Zip Code
- J) Exhibit N/A - If the books and records of the seller are not available for inspection by the Commission or are not adequate for purposes of establishing the net book value of the system, a statement by the buyer that a good faith, extensive effort has been made to obtain such books and records for inspection by the Commission and detailing the steps taken to obtain the books and records.
- K) Exhibit N/A - A statement from the buyer that is has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established, or rate base was last established by the Commission or, if the tax returns have not been obtained, a statement from the buyer detailing the steps taken to obtain the returns.
- L) Exhibit N/A - A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection (DEP).

If the system is in need of repair or improvement, has any outstanding Notice of Violation of any standard set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a list of the improvements and repairs needed and the approximate cost to make them, a list of the action taken by the utility with regard to the violation, a copy of the Notice of Violation(s), a copy of the consent order and a list of the improvements and repairs consented to and the approximate cost to make them.

PART III NOTICE OF ACTUAL APPLICATION

A) Exhibit LATE FILED - An affidavit that the notice of actual application was given in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, by regular mail to the following:

- (1) the governing body of the municipality, county, or counties in which the system or the territory proposed to be served is located;
- (2) the privately owned water and wastewater utilities that hold a certificate granted by the Public Service Commission and that are located within the county in which the utility or the territory proposed to be served is located;
- (3) if any portion of the proposed territory is within one mile of a county boundary, the utility shall notice the privately owned utilities located in the bordering counties and holding a certificate granted by the Commission; **N/A**
- (4) the regional planning council;
- (5) the Office of Public Counsel;
- (6) the Public Service Commission's Director of the Division of the Commission Clerk and Administrative Services;
- (7) the appropriate regional office of the Department of Environmental Protection; and
- (8) the appropriate water management district.

Copies of the Notice and a list of entities noticed shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

- B) Exhibit LATE FILED- An affidavit that the notice of actual application was given in accordance with Rule 25-30.030, Florida Administrative Code, by regular mail or personal delivery to each customer of the system being transferred. A copy of the Notice shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.
- C) Exhibit LATE FILED - Immediately upon completion of publication, an affidavit that the notice of actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code. A copy of the proof of publication shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

PART IV FILING FEE

Indicate the filing fee enclosed with the application:

N/A (for water) and \$1500 (for wastewater).

Note: Pursuant to Rule 25-30.020, Florida Administrative Code, the amount of the filing fee as follows:

- (1) For applications in which the utility to be transferred has the capacity to serve up to 500 ERC's, the filing fee shall be **\$750.**
- (2) For applications in which the utility to be transferred has the capacity to serve from 501 to 2,000 ERC's the filing fee shall be **\$1,500.**
- (3) For applications in which the utility to be transferred has the capacity to serve from 2,001 ERC's to 4,000 ERC's the filing fee shall be **\$2,250.**
- (4) For applications in which the utility to be transferred has the capacity to serve more than 4,000 ERC's the filing fee shall be **\$3,000.**

PART V OTHER

- A) Exhibit E - Evidence that the utility owns the land where the utility treatment facilities are located. Or, where the utility does not own the land, a copy of the agreement which provides for the long term, continuous use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.
- B) Exhibit N/A - The original and two copies of sample tariff sheets reflecting the new name of the utility, the existing rates and charges and territorial description of the water and/or wastewater systems. **Sample tariff(s) are attached.**
- C) Exhibit F ^(LATE)_(FILED) - The utility's current certificate(s) or, if not available, an explanation of the steps the applicant took to obtain the certificate(s).

PART VI AFFIDAVIT

I Lloyd N. Liggett (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:

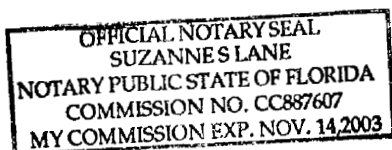
Lloyd N. Liggett
Applicant's Signature

Applicant's Name (Typed)
Lloyd N. Liggett

Applicant's Title *
Authorized Signer

Subscribed and sworn to before me this 11 day in the month of July in the year of 2002 by Lloyd N. Liggett who is personally known to me _____ or produced identification _____

Type of Identification Produced



Suzanne S. Lane
Notary Public's Signature

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.

EXHIBIT A

Bonita Springs Utilities, Inc (BSU) is a member owned, not-for-profit water and wastewater utility, providing service to the Bonita Springs area. BSU is currently providing water service to approximately 27,000 equivalent residential connections

In 1991, BSU embarked on a wastewater expansion program for the primary purpose of eliminating package wastewater plants and septic tanks. To date the utility has eliminated over 40 package wastewater plants and septic tanks. BSU currently serves approximately 22,000 equivalent residential connections with wastewater service. BSU based upon its experience, is more than qualified to successfully own and operate the Realnor Hallandale's wastewater facility and provide the residents safe and reliable service.

BSU shall continue to fulfill wastewater service obligations to the customers of RealNor Hallandale in accordance with the Franchise and Tariff as approved by the Board of County Commissioners of Lee County, Florida.

EXHIBIT B

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

By and Between

REALNOR HALLANDALE, INC.

Seller

and

BONITA SPRINGS UTILITIES, INC.

Purchaser

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

THIS AGREEMENT ("Agreement") is made this _____ day of _____ 2002, by and between Realnor Hallandale, Inc., a Florida corporation (hereafter "Seller"), whose address is 700 Brickell Avenue, Miami, Florida 33131, and Bonita Springs Utilities, Inc., a Florida Not-for-Profit Corporation (hereafter "Purchaser"), whose address is 11860 East Terry Street, S.E., Bonita Springs, Florida 33923.

WHEREAS, Seller owns and operates a sanitary wastewater collection, treatment and effluent disposal system ("Wastewater System"), which is located in Lee County, Florida;

WHEREAS, the Utility System operates under Certificate of Public Necessity and Convenience ("Certificate") No. 281-S issued by the Florida Public Service Commission ("Commission" or "PSC"), which authorize it to provide wastewater service to certain territories in Lee County, Florida;

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

1.0 RECITALS. The foregoing recitals are true and correct and are incorporated herein.

2.0 COVENANT TO PURCHASE AND SELL: DESCRIPTION OF PURCHASED ASSETS.

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

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

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

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

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

2.2.4 All certificates, immunities, privileges, permits, license rights, consents, grants, ordinances, leaseholds, and all rights to construct, maintain and operate the Utility System and its plant and systems for the collection and disposal of wastewater and every right of every character whatever in connection therewith, and the obligations thereof; together with all rights granted to Seller under the Certificates, as identified in Schedule "D" to this Agreement; to the extent that Seller's rights to the foregoing are transferable.

2.2.5 All items of inventory owned by Seller on the Closing Date, which shall not be depleted except in the ordinary course of business.

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

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

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

2.3 The following assets are excluded from the Purchased Assets:

2.3.1 Cash, accounts receivable (except for service availability and connection charges from developers who have not connected to the Utility System), bank accounts, equity and debt securities of any nature; deposits maintained by Seller with any governmental authority, utility deposits and prepaid expenses of Seller, which are Seller's sole property and are not subject to refund to customers, including Developers or others.

2.3.2 Escrow and other Seller provisions for payment of federal and state income taxes.

3.0 PURCHASE PRICE.

3.1 Purchaser shall pay to Seller, subject to the adjustments, and prorations referenced herein, a total purchase price in the amount of \$500,000.00. Payment shall be made to Seller at Closing by wire transfer.

3.2 Title to the Purchased Assets shall be delivered by the Seller to the Purchaser at Closing, free and clear of all liens, encumbrances, debts, liabilities, or third party claims whatsoever ("Encumbrances"), other than Permitted Encumbrances (as defined in Section 6 hereof).

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

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

4.2 The Board of Directors and Shareholders (if required) of Seller have, or prior to Closing will have, approved this Agreement.

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

4.4 The business operations of Seller have been and are being conducted in all material respects in accordance with all applicable laws, rules, and regulations of all authorities. Seller is not in violation of, or in default under, any term or provision of its Articles of Incorporation or By-Laws, as amended (if applicable), or any lien, mortgage, lease, agreement, instrument, order, judgment, or decree, or subject to any restriction of any kind or character contained in the foregoing that reasonably could be expected to adversely affect in any way the business, properties, assets, or prospects of Seller, or that would prohibit Seller from entering into this Agreement or prevent consummation of the purchase and sale of assets contemplated by this Agreement.

4.5 Seller has not currently been cited or notified, and is unaware, of any material violation of any material governmental rules, regulations, permitting conditions, or other governmental requirements of any type or nature applicable to the ownership, maintenance, construction or operation of the Utility System, nor is Seller aware of any conditions, which by reason of the passing of time or the giving of notice, would constitute such a violation.

4.6 The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Seller, the Articles of Incorporation or By-Laws of Seller, nor any indenture, agreement, or other instrument to which Seller is a party, or by which it is bound, except for the requirement of obtaining consents from third parties to the assignment of contracts and leases, to the extent necessary, provided that a transfer application has been filed pursuant to Rule 25-30.037(2), F. A. C.

4.7 Schedule "A" to this Agreement identifies all parcels of land, together with all existing buildings and improvements erected thereon, that Seller owns or to which Seller has title ("Real Property") together with any real property leased by the Seller and used in connection with the Wasterwater system (the "leased property"). Seller has exclusive possession, control, and, to its actual knowledge, ownership and good and marketable title to all Real Property. To Seller's knowledge, the Real Property is subject to no mortgage, pledge, lien, charge, security interest, encumbrance, or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to such Real Property free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever, other than Permitted Encumbrances.

4.8 Seller has exclusive ownership, possession, control, and good and marketable title to all Purchased Assets other than the Real Property (except as may have been sold, or otherwise disposed of, by Seller in the ordinary course of business), and those used or located on property

controlled by Seller in its business on the date of this Agreement. The Purchased Assets other than the Real Property are subject to no mortgage, pledge, lien, charge, security interest, encumbrance, or restriction except Permitted Encumbrances. At Closing, Seller shall deliver title to the Purchased Assets other than the Real Property free and clear of all debts, liens, pledges, charges or encumbrances, whatsoever.

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

4.10 A complete list of Seller's Contracts and Leases being assumed by Purchaser is set forth in Schedule "F" to this Agreement.

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

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

4.13 Environmental Law Compliance.

4.13.1 Definitions

(a) "Environmental Law" means any federal, state, or local statute, order, regulation, or ordinance, or common law or equitable doctrine relating to the protection of human health or the environment in effect as of the Closing Date and includes, but is not limited to, The Florida Air and Water Pollution Control Act (Chapter 403, Florida Statutes), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") (42 U. S. C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S. C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe Drinking Water Act, (42 U.S.C. § 300f et seq.), as such have been amended or supplement as of the Closing Date, and the regulations promulgated pursuant thereto, and in effect as of the Closing Date.

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

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

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

4.13.2 Representations.

To Seller's knowledge:

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

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

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

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

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

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

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

4.13.3 Inspection and Remedies

(a) Purchaser shall engage a qualified professional to perform a Phase I Environmental Survey (and a subsequent Phase II, if necessary) of the Real Property and the leased property upon which the effluent ponds are located. Copies of each such Environmental Survey shall be promptly provided by Purchaser to Seller. Purchaser shall satisfy itself that the Real Property being acquired and the leased property are in compliance with all applicable Environmental Law and that Purchaser will have no material liability thereunder, and that there is no reasonable basis for the imposition of such liability in the future, due to the condition of the Real Property or leased property as of the Closing Date. Should contamination be found on the Real Property or leased property prior to the Closing Date, Seller shall have the right, but not the obligation, to perform such clean-up and remediation as is necessary thereunder. Upon Seller's failure to perform such clean-up and remediation, prior to the Closing Date, Purchaser may terminate this Agreement, and neither party shall have any liability to the other or Purchaser may proceed to Closing without abatement of the Purchase Price. The cost of the Environmental Surveys shall be paid by Purchaser.

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

4.14.1 Seller has received no communication from either the Internal Revenue Service or Florida Department of Revenue reflecting any deficiencies in Taxes due and owing.

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

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

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

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

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

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

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

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

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

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

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

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

5.9 Purchaser is an exempt non-profit corporation, as defined by Section 376.022, Florida Statutes, and as such is not subject to regulation by the FPSC, except for the requirement to participate as a joint applicant in a transfer proceeding before the FPSC, pursuant to Rule 25-30.037(2), F. A. C.

6.0 TITLE INSURANCE AND PERMITTED ENCUMBRANCES.

6.1 At least forty-five (45) days prior to the Closing, Seller shall cause to be issued and delivered to the Purchaser a current title insurance commitment issued by a title company licensed to do business in the state of Florida, covering the fee simple real property included in the Purchased Assets, which shall be in an amount equal to \$500,000.00. The cost of the title insurance commitment and title insurance at the statutory promulgated rate shall be borne by Seller. The title insurance commitment shall commit the insurer to issue an owner's title insurance policy to Purchaser covering the Real Property (substantially in accordance with the ALTA Standard Owner's Form B), and the leased property reflecting title to the Real Property and leased property to be marketable or insurable, except for the Permitted Encumbrances (as defined below), the standard printed exceptions usually contained in an owner's or lessee's title insurance policy, and the standard exclusions from coverage; provided, however, that the title insurance company shall delete the standard exceptions customarily deleted for such items as materialman's liens, survey, and mechanic's liens. Seller shall execute at or prior to Closing, in favor of the title insurance company, the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the title insurance company to delete all standard exceptions addressed by such affidavits.

6.2 Purchaser shall notify Seller in writing no less than ten (10) days after receipt of such title insurance commitment, of any alleged material defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances (such written notice to include all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the real estate (other than the Permitted Encumbrances), which render or may render Seller's title to the Real Property or leased property unmarketable in accordance with standards adopted by The Florida Bar or uninsurable). Any objections to title to the extent not shown on the notice furnished by Purchaser in accordance with the provisions of this paragraph shall be deemed to have been waived by Purchaser and Purchaser shall not be entitled to any damages or other remedies. Seller shall have thirty (30) days after receipt of Purchaser's notice, to eliminate all of the material objections to title set forth in Purchaser's notice. However, in no event shall Seller be required to bring suit or expend any sum in excess of \$10,000.00 in the aggregate to cure title defects, exclusive of mortgages against the Property, which are in a liquidated amount or Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. In the event Seller fails to deliver title as herein provided, then Purchaser may:

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

6.2.2 Reject title and terminate this Agreement with no liability for damages from either Purchaser or Seller.

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

elects to do so at or prior to Closing; or (c) the title insurance company issuing the title insurance commitments affirmatively insures-over.

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

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

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

6.4.3 The matters listed in Schedule "G".

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

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

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

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

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

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

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

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

7.7 Lee County shall have authorized Purchaser to impose a surcharge satisfactory to Purchaser on the customers of the Utility System to help defray the cost of upgrading and interconnecting the Utility System with Purchaser's existing system.

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

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

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

8.1.2 Copies of the Certificate of Public Necessity and Convenience issued by the Florida Public Service Commission with respect to the Utility System.

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

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

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

8.1.6 A schedule and copies of documents reflecting the rates, fees, charges and tariffs of Seller.

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

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

8.1.9 A map on which there is outlined the present PSC, certificated service area of Seller.

8.1.10 A copy of the annual reports filed by Seller with the PSC,

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

8.1.12 A schedule that details plant, property, equipment, and other Purchased Assets.

8.1.13 A legal description of any real estate owned or leased by Seller in connection with the operation or expansion of the Utility System. ,

8.1.14 Any survey of the Real Property and leased property which Seller has in its possession.

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

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

8.2.1 Operate and maintain the Utility System and Purchased Assets in a normal and usual manner to ensure that the condition of the Utility System and the Purchased Assets shall not be materially diminished or depleted, normal wear and tear excepted;

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

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

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

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

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

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

8.6 Purchaser may obtain a survey of the Real Property, as prepared by a Florida licensed surveyor, and certified to Purchaser and Seller, and the title insurance company in accordance with the minimum technical standards adopted by the Florida Society of Professional Land Surveyors in accordance with § 472.027, Florida Statutes. The survey(s) shall set forth the area contained in each parcel of property, together with all existing easements, alleys, streets and roads thereon; show any encroachments upon or protrusions from the property; show all existing improvements constructed thereon and distances to boundary lines; specify thereon all dedicated public streets providing access to the property; and stating whether the property is within any area determined by the Department of Housing and Urban Development to be flood prone under the Federal Flood Protection Act, as amended.

8.7 Seller shall make a good faith effort to obtain a transfer to itself of any collection facilities now under the ownership and/or maintenance of any developer(s) pursuant to any Developer Agreements. Obtaining such a transfer shall not be a condition precedent to closing.

9.0 TERMINATION OF AGREEMENT.

9.1 This Agreement may be terminated (i) by mutual written consent of the parties, or (ii) as provided in paragraphs 9.2 and 9.3 below.

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

9.2.1 Within 120 days from the date of this Agreement, Purchaser shall conduct such due diligence of Seller as, in its sole discretion, it deems appropriate including but not limited to, upon reasonable notice to Seller, entering upon the property of Seller to inspect the Purchased Assets and Utility System, to familiarize itself with day-to-day operations, and to review the practices of Seller with respect to the terms and conditions of this Agreement, and to determine Seller's compliance with any and all federal, state, and local regulatory requirements. Purchaser may also review any and all records of Seller as it deems appropriate. Seller shall cooperate with Purchaser in all respects as to Purchaser's exercise of due diligence. On or before the end of such due diligence period, Purchaser shall have the right to terminate this Agreement, in its sole discretion, upon delivery of written notice to that effect to Seller prior to the expiration of the inspection period.

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

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

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

9.3.1 The (i) failure of Purchaser to satisfy, in any material respect, prior to 120 days after the date hereof, its conditions precedent to closing set forth in Section 7.0, or (ii) failure of the conditions specified in Sections 7.1, 7.2 or 7.6.

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

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

9.4 Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination of this Agreement to the other by delivering the same as provided in Section 14.2.

9.5 Upon the termination of this Agreement, the following shall occur:

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

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

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

10.0 CLOSING DATE AND CLOSING.

10.1 This transaction shall be closed on or before 5 business days after the end of due diligence period described in paragraph 9.2.1 above ("Closing Date"), unless advanced or extended by mutual agreement of the parties, at a location mutually acceptable to both parties.

10.2 At Closing:

10.2.1 Title to the Purchased Assets shall be conveyed to the Purchaser by Warranty Deed free of all claims, liens, or encumbrances, whatsoever, other than Permitted Encumbrances.

10.2.2 All documentary stamps, if required, on the deeds of conveyance of the Real Property included in the Purchased Assets shall be paid by the Seller.

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

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

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

Date, and those paid before Closing Date for which the connection has not been made shall be the property of Purchaser.

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

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

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

10.8 All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to Closing, including but not limited to electricity for a period up to and including the Closing Date, shall be paid by Seller.

10.9 All prorations required shall be made.

10.10 Purchaser shall assume the liability for customer deposits, plus interest, and credit shall be given to the Purchaser therefor, unless Seller has been required by the PSC to refund customer deposits.

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

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

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

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

10.12.3 All warranties and representations of such party contained in this Agreement are true and correct as of the Closing Date.

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

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

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

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

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

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

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

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

11.0 INDEMNIFICATION.

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

11.1.1 Any material misrepresentation by Seller of a material fact contained in this Agreement, or a material breach of a representation or warranty, with respect to which Purchaser notifies Seller in writing within the applicable survival period as set forth in paragraph 11.4 below, specifying the breach in detail; or

11.1.2 Any material breach by Seller of its covenants or obligations;

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

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

11.1.5 The operation or activities of Seller prior to the Closing Date.

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

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

11.3.1 Any material misrepresentation by Purchaser of a material fact contained in this Agreement, or a material breach of a representation or warranty, with respect to which Seller notifies Purchaser in writing, specifying the breach in detail;

11.3.2 Any material breach by Purchaser of its covenants or obligations herein; or

11.3.3 The operation or activities of Purchaser on or after the Closing Date.

11.4 The respective representations and warranties of the parties contained in this Agreement shall survive the consummation of the transactions contemplated hereby and continue for a period of one year, and thereafter shall terminate.

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

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

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

12.0 POST CLOSING COOPERATION.

12.1 Seller and Purchaser shall, at, any time and from time to time after the Closing Date, upon reasonable request of the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and assurances as may be required in order to implement and perform any of the obligations, covenants and agreements of the parties.

12.2 Each of the parties hereto shall provide the other with such assistance as reasonably may be requested in connection with the preparation of any tax return, audit or other examination by any taxing authority or any judicial or administrative proceedings relating to liability for taxes relating to the transactions contemplated by this Agreement. Subject to the provisions of paragraph a hereof, each party shall retain and provide the other with any records or information

that may be relevant to such return, audit or examination, proceedings or determination. Such assistance shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and shall include providing copies of any relevant tax returns and supporting work schedules. The party requesting assistance hereunder shall reimburse the other for reasonable out-of-pocket expenses incurred in providing such assistance.

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

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

12.5 Any party at any time, upon not less than 90 days' prior written notice to the other parties hereto, may dispose of the records in its possession relating to the Purchased Assets and the business related thereto, in accordance with its respective record retention policies; provided, however, that a party may, at its own cost and expense, retain, or make arrangements for the retention of, records in the possession of another party to which it would have a right of access under paragraph 12.4, if it notifies, in writing; such party that it desires to retain such records.

13.0 FLORIDA PUBLIC SERVICE COMMISSION MATTERS. The Seller shall petition the Florida Public Service Commission ("PSC") for cancellation of the Certificate previously issued to Seller. Seller shall file any reports, if required, and satisfy its outstanding Florida gross receipts tax obligations through the Closing Date, and comply with any other requirements imposed upon Seller by the PSC in the order granting the transfer application filed by Seller before the PSC. All costs and expenses relative to terminating its relationship with the Florida Public Service Commission shall be borne by Seller. Copies of the Order(s) of the Commission acknowledging sale of the Utility System to Purchaser shall be promptly provided to Purchaser, upon Seller's receipt thereof.

In accordance with Fla. Stat. 367.071, in the event the PSC has not approved of the transfer contemplated herein and has not cancelled Seller's Certificate, the parties shall close the transaction contemplated herein prior to such PSC approval and cancellation, provided however that the transfer to be made hereunder shall be contingent upon PSC cancellation of the Certificate and approval of the transfer.

14.0 MISCELLANEOUS PROVISIONS

14.1 This Agreement, the Schedules hereto, and the documents referred to herein, collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, with reference to this Agreement that are not

merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original

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

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

Realnor of Hallandale, Inc
Att: Stephen Lynch, III
700 Brickell Avenue
Miami, Florida 33131

with a copy to:

Lloyd Liggett
Northern Trust Bank of America N.A.
4001 Tamiami Trail North
Naples, Florida 34103

and a copy to:

G. Helen Athan, Esquire
Grant, Fridkin, Pearson, Athan & Crown, P.A.
5551 Ridgewood Drive, Suite 501
Naples, Florida 34108

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

Bonita Springs Utilities, Inc
Att: Fred Partin
11860 East Terry Street, S.E.
Bonita Springs, Florida 33923

with a copy to:

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

and

G. Donald Thomson, Jr., Esquire
Bonita Bay Executive Center II
3461 Bonita Bay Blvd.
Suite 220
Bonita Springs, Florida 34134

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

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

14.5 This Agreement is solely for the benefit of the parties hereto and no other causes of action shall accrue upon or by reason hereof to or for the benefit of any third party, who or which is not a formal party hereto.

14.6 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.

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

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

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

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.

REALNOR HALLANDALE, INC.

By: Lloyd N. Liggett

As President

AUTHORIZED SIGNER

(SEAL)

BONITA SPRINGS UTILITIES, INC.

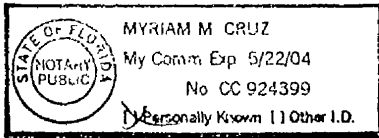
By: John Mathes

By: John Mathes
President

(SEAL)

STATE OF FLORIDA
COUNTY OF Collier

The foregoing instrument was acknowledged before me this 26th day of April, 2002, by Lloyd Liggett, as Authorized Signer of Realnor Hallandale, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me or has produced _____ as identification.



Myriam M. Cruz
Notary Public
My Commission Expires: MYRIAM M. CRUZ

STATE OF FLORIDA
COUNTY OF LEE

The foregoing instrument was acknowledged before me this day 18th of April, 2002, by John Mathes, as President of Bonita Springs Utilities, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me, or has produced _____ as identification.

Lisa M Moore
Notary Public
My Commission Expires 11-11-03

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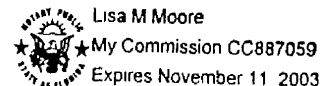


EXHIBIT C

Realnor Hallandale filed its 2001 Annual Report with the Florida Public Service Commission on April 30, 2002

RealNor Hallandale has paid its regulatory assessment fees (RAFs) for 2001

EXHIBIT D

Bonita Springs Utilities, Inc., the Buyer, will pay cash for the assets of RealNor Hallandale, Inc., pursuant to the Agreement for Purchase and Sale of Wastewater Assets, which is attached hereto as Exhibit B.

Attached is a copy of the minutes of the Board of Directors Meeting of Bonita Springs Utilities, Inc. for April 16, 2002, during which meeting, the directors voted to approve the Agreement for Purchase and Sale of Wastewater Assets between RealNor Hallandale, Inc. and Bonita Springs Utilities, Inc., which was executed by John Mathes, the president of Bonita Springs Utilities, Inc. on April 18, 2002.

Bonita Springs Utilities, Inc.
MINUTES

BOARD OF DIRECTORS MEETING

April 16, 2002

Directors Present: John Mathes, Frank Liles, Harvey Haines, Bob McGrath, Bob Bachman, Marc Ciaffone, and Hank Hochstetler.

Directors Absent: Paul Attwood.

Staff Present: Fred Partin, Pat Jennings, Patti Garrett, Mel Fisher, Evelyn Ferguson, Cynthia McHenry, Jeff Gower, Mary Ritter and Debby Hulin.

Counsel Present: G. Donald Thomson.

Others Present: Paul Wachter (CH2M Hill); Laurel Smith (Gravina, Smith & Matte); Will Walters (WilsonMiller).

John Mathes called meeting to order at 5:01 PM.

Bob Bachman motioned to approve minutes of the April 2nd Board meeting. Marc Ciaffone 2nd. Approved 6-0.

Bob Bachman will be out for the May 7th meeting.

(Item #041602-1) Frank Liles motioned to approve the Corporate Resolution to Borrow up to \$116,465 with changes as noted on the Resolution. Marc Ciaffone 2nd. Approved 6-0.

(Item #041602-4) Hank Hochstetler motioned to approve the construction of Gravity Expansion Bonita Industrial Park as a Developer Upgrade to Christo, Inc. in the amount of \$73,104. Harvey Haines 2nd. Approved 6-0.

(Item #041602-3) Harvey Haines motioned to approve the Landscape Proposal for WRF to McCarley-Letorneau in the amount of \$125,114.50. Marc Ciaffone 2nd. Approved 6-0.

(Item #041602-2) Bob McGrath motioned to have the Director of Engineering negotiate the proposal for the GIS Proposal for 2002 with Johnson Engineering to the amount of \$134,000. Marc Ciaffone 2nd. Approved 5-1. Frank Liles-Nay.

Marc Ciaffone motioned to authorize Gravina, Smith and Matte to continue with the calendar project for 2003. Harvey Haines 2nd. Approved 6-0.

Minutes
April 16, 2002
Page Two

Reminder - the groundbreaking ceremony for the RO Plant will be May 7, 2002 at 3:00.

Bob McGrath motioned to pay the regular bills as presented. Hank Hochstetler 2nd. Approved 6-0.

Recess - 15 minutes.

Roundtable.

Bob McGrath motioned to approve the Agreement for Purchase and Sale of Wastewater Assets between Realnor Hallandale and BSU. Harvey Haines 2nd. Approve 4-0. Bob Bachman and Hank Hochstetler abstained.

Meeting adjourned at 6:30 PM.

Respectfully submitted by
Debby Hulin

EXHIBIT E

The Seller, RealNor Hallandale, Inc., obtained rights to all of the utility assets, which are being transferred to Buyer, Bonita Springs Utilities, Inc., by an Assignment of Interest in the Certificate of Title from Northern Trust Banks of Florida N. A. following the bank's mortgage foreclosure against Bonita Country Club Utilities, Inc.

The matter of the ownership of wastewater treatment and collection facilities was explored in depth in FPSC Docket No. 990975-SU, and the Commission determined that RealNor Hallandale, Inc. is the owner of all the wastewater assets that are to be transferred to Bonita Springs Utilities, Inc. in the docket.