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395

PETITION TO THE
FLORIDA PUBLIC SERVICE COMMISSION
BY THE
SOUTHERN PINES HOMEOWNERS
OF BONITA SPRINGS, INC.
REQUESTING THE RESCINDING OF
THE EXEMPTION GRANTED IN PLACE OF
CERTIFICATE # WS-126 WHICH WAS ISSUED TO
BONITA SPRINGS WATER SYSTEM, INC.,
(NOW KNOWN AS BONITA SPRINGS UTILITIES, INC.).

96 1343-05

THIS EXEMPTION FROM FLORIDA PUBLIC SERVICE COMMISSION REGULATION WAS BASED ON THE ASSUMPTION THAT BONITA SPRINGS UTILITIES, INC. WAS A NON-PROFIT COOPERATIVE **PROVIDING SERVICE SOLELY TO MEMBERS WHO OWN AND CONTROL SUCH COOPERATIVES.** THIS IS NOT THE CASE WITH BONITA SPRINGS UTILITIES, INC.. BONITA SPRINGS UTILITIES PROVIDES WATER AND WASTE WATER SERVICE TO MANY INDIVIDUALLY METERED AND BILLED CUSTOMERS WHO ARE DENIED MEMBERSHIP IN THE CORPORATION.

THE BOARD OF DIRECTORS AND THE GENERAL MANAGER OF BONITA SPRINGS UTILITIES, INC. ARE WILLFULLY AND KNOWINGLY NOT ABIDING BY THE CORPORATION "ARTICLES OF INCORPORATION" AND "CORPORATION BY-LAWS". ALL THEIR CORPORATION DOCUMENTS SPECIFY VERY CLEARLY, THAT YOU **MUST** BECOME A CORPORATION MEMBER **FIRST;** THEN AS A MEMBER YOU ARE ENTITLED TO THEIR SERVICES.

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BONITA SPRINGS UTILITIES, INC. COLLECTS WATER AND SEWER REVENUES IN EXCESS OF THE CORPORATIONS EXPENSES AND AS A NOT-FOR PROFIT CORPORATION THESE EXCESS REVENUES MUST BE DISTRIBUTED IN SOME WAY TO MAINTAIN THEIR NON-PROFIT STANDING WITH THE STATE OF FLORIDA. THEY DISPENSE THESE EXCESS FUNDS IN THE FORM OF CAPITAL CREDITS TO THE CORPORATION MEMBERS.

THE SOUTHERN PINES HOMEOWNERS OF BONITA SPRINGS, INC. REPRESENTS FOUR HUNDRED (400) RESIDENCES IN OUR COMMUNITY WHICH DO NOT RECEIVE **ANY** SHARE OF THESE CAPITAL CREDITS **AND** ARE DENIED OUR VOTING PRIVILEGES AS WELL.

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FPSC-RECORDS/REPORTING

BACKGROUND INFORMATION IN SUPPORT OF THIS PETITION

BONITA SPRINGS UTILITIES, INC. SHOULD BE REGULATED BY THE FLORIDA PUBLIC SERVICE COMMISSION JUST LIKE ANY OTHER UTILITY.

1- Bonita Springs Utilities, Inc. is not a cooperative. Their Board of Directors decide what class of customer they will allow to become members of the Corporation. This should be determined by the Corporations Articles of Incorporation and the Corporation By-Laws which state that you become a member of the Corporation first. As a member you are entitled to their services, if those services are available at your location. **Only members are entitled to those services.** When you become a member, you are issued a Membership Certificate which states, "This is to certify that John Doe - Service address 10005 Main St. is a member of the **BONITA SPRINGS UTILITIES, INC.**, and is entitled to it's services at the foregoing address subject to the provisions of the Charter, By-Laws and Rules and Regulations of the Corporation" Later on in the Certificate it states, "Every member upon becoming a member of this Corporation agrees to sign such agreement for the purchase of and/or sewer service from the Corporation -----" The language of all BSU"s legal documents are worded to give the appearance of being a cooperative which has allowed BSU to apply for and receive the Exemption from Regulation by the Florida Public Service Commission.

2- The Lee County Commissioners have some type of minimal oversight responsibility in the operation of BSU. The Lee County Commissioners have made no effort to require BSU to abide by their Corporation "Articles of Incorporation" or to abide by their "Corporation By-Laws". As citizens of Lee County, we appeared before that Commission and the Lee County Commissioners approved the BSU Proposed Rate Restructure when no real financial data was presented, other than the general statement that BSU had an outside consulting firm (Hartman & Associates) review their existing rates and make recommendations to provide a fairer charge to customers based on a reasonable relationship of service provided to a cost of providing the service. A 16,000 gallon billing cap was proposed for residential wastewater service to prevent the potential of customers paying a wastewater charge for irrigation. Members of our Community attended both the Public Meeting and the Lee County Commissioners Meeting. BSU's Rate Restructuring was to net BSU approximately $50,000 in additional revenue.

The main argument used to justify the Rate Restructuring, was how closely BSU rates would compare with the rates of other Utilities of a similar nature. Some users rates went up and some went down. We were never shown any real data to substantiate the Restructuring. The Lee County Commissioners never addressed our denial of membership complaints.

3- The denial of our rights to BSU Corporation Membership has been beyond belief. First, let me state that no one I know is interested in any position or office in BSU. We became interested when we became aware that our water and sewer service was a cooperative and we requested BSU to grant us our membership in our cooperative. All we were told was that we were ineligible for membership because we did not own the ground our homes are situated on When we asked for information to justify their position, we were not offered any written documentation. Our Community is 100% resident owned, except for a few owners who rent their homes. Approximately 50% of us are year-round residents. We all have individual water meters, we all pay BSU direct. Some of us contacted BSU direct, in order to transfer billing from the developer to the home owner. Some transfers were done by the developer's sales force as a

service to out of town buyers. **We all have individual water and sewer accounts with BSU. BSU grants only one Membership to the developer, Tesone Development Corporation**.

We have read BSU's "Articles of Incorporation" and BSU's "By-Laws". We have examined their "Water Agreements" (there are two of them- one for Members and an after-thought one to cover situations where the BSU Board of Directors do not want to grant Membership in the Corporation); all of these documents clearly state **only members are entitled to their water and sewer services**. At the Public meeting in Bonita Springs on August 15, 1995, we asked Ben Nelson, President of the Board of Directors of BSU to abide by their Corporation Documents and give us our Membership. His reply was "Our Lawyers say we are abiding by our documents". When he was asked what he thought the documents said; he didn't answer. Before the County Commissioners, when the same issue was raised and a Commissioner asked about BSU denying us Membership, the Attorney for BSU said, "I can't answer because BSU might be in litigation". **BSU is not a Cooperative. BSU is a Monopoly Utility that is not following the laws of the State of Florida.**

We are petitioning the Florida Public Service Commission to rescind that Exemption from regulation granted to BSU. We are further Petitioning the Florida Public Service Commission to review BSU's entire operation, audit their books and financial records, rate structure, and reassign the already distributed Capital Credits to every customer on a fair and equitable basis. BSU has been charging rates in excess of their yearly operating costs. These excess charges have been collected from BSU's Members and Non-Members who have been denied Membership, Non-Members are not issued the Capital Credits. **The net effect of this is to over-charge the Non-Member and to reward the Members with the Non-Member's shares of these excess funds.**

Enclosed are copies of BSU's "Articles of Incorporation", "By-Laws", "Water Agreements", "Certificate of Membership", and copies of other pertinent documents.

Please examine these carefully. Please rescind the Exemption from regulation that BSU is using to discriminate against many of it's customers by denying them Corporation Membership, Corporation Voting Rights and a share in the excess collections that is now being divided among Members, and unfairly denied to Customers who are Non-Members.

Thank you and Respectfully Submitted, in the name of and for the Residents of Southern Pines by the Southern Pines Homeowners of Bonita Springs, Inc.

Jay Arend, President,
Southern Pines Homeowners of Bonita Springs, Inc.

Jay Arend

Jay Arend
26381 Charlotte Drive
Bonita Springs, Florida 34135
Tel. 941-947-6099

Bonita Springs Utilities, Inc.

PRESIDENT'S PERSPECTIVE

By Ben Nelson, Jr.
President

Our community is growing fast, perhaps too fast for some, and organizations responsible for overseeing delivery of services are changing right along with the community. Bonita Springs Utilities is one of the groups at the forefront of seeing that residents continue to receive the services they need, despite local growing pains. BSU's role is to supply a constant, safe adequate supply of water, to treat wastewater, and to protect the environment that we've all moved here to enjoy.

As one of nine board members elected by BSU customers, I'd like to share a bit of perspective on how this board operates on your behalf. Every policy, every decision is made with your needs in mind. Board members represent a diverse cross-section of customer concerns. We hail from business, the professions, family life and the retired community. We volunteer our time because we find satisfaction in serving the public interest. Because we are members of this utility and this community, we share your concerns.

Political issues are not our focus. We supply water service, pure and simple. To do that we must ensure the survival of this utility as a public servant and a not-for-profit entity. Bonita Springs is fortunate to have a utility that keeps pace with the needs of its members. Our "cooperative" approach is highly effective. □

WATER CONSERVATION

- Fix leaky faucets as soon as possible. Dripping faucets have the capability of wasting 10 gallons of water per day. In fact, a single dripping faucet can waste a lot more water in a single day than one person requires for drinking in an entire week!
- Save rain and shower water in buckets for later use on plants.
- Instead of running the water to rinse your vegetables, stopper the sink. Also, when washing dishes by hand, you should also stopper the sink; and when you're done, turn on the garbage disposal as you pull the plug.
- Remember to use only the amount of water you truly need, and encourage everyone else in your family to keep on looking for new ways to conserve it, in and around your home. Water is a limited commodity we cannot afford to waste. □

BOARD OF DIRECTORS
Bonita Springs Utilities, Inc.

Ben Nelson, Jr., President
Hank Hochstetler, VP — Frank Liles, Jr., Treas.
John Mathes, Sec. — T. Harvey Haines
Virginia Sumner — Marc Ciaffone
Bob McGrath — Kathy Schwichtenberg

General Manager - Fred Partin
992-0711
11860 East Terry Street
P O Box 2368, Bonita Springs, Florida 34133-2368

All labeling and sorting completed by members of LARC, Inc.

BONITA SPRINGS UTILITIES, INC.
P O BOX 2368
BONITA SPRINGS, FL 34133-2368

BULK RATE
U.S. POSTAGE
PAID
BONITA SPRINGS, FL
PERMIT NO. 29

SOUTHERN PINES HOMEOWNER'S of BONITA SPRINGS, INC.

OFFICERS AND BOARD of DIRECTORS 1996

	Northern Address
President- Jay Arend 26381 Charlotte Drive Bonita Springs, Fl 34135	TEL-715-344-6735 1514 Okray Avenue Plover, Wi 54467
Vice-President- Bernard Smith 11781 South Carolina Drive Bonita Springs, Fl 34135	c/o Simpson TEL-207-439-4817 72 Foyes Lane Kittery Point, Me 03905
Treasurer- James Matthews 11340 Virginia Drive Bonita Springs, Fl 34135	Year-Round Resident
Secretary- Anna Tandy 26369 Charlotte Drive Bonita Springs, Fl 34135	Year-Round Resident
Assist. Sec/Treas.- Owen Northacker 11289 North Carolina Drive Bonita Springs, Fl 34135	Year-Round Resident
Director- Carl Gallo 26356 New Orleans Drive Bonita Springs, Fl 34135	Year-Round Resident
Director- Jean Byrnes 11757 South Carolina Drive Bonita Springs, Fl 34135	
Director- Thomas Straub 26296 Charlotte Drive Bonita Springs, Fl 34135	TEL-412-885-2185 204 Saxonwald Lane Pittsburgh, Pa 15234

BONITA SPRINGS UTILITIES, INC.
BALANCE SHEETS
DECEMBER 31, 1995 AND 1994

	1995	1994
ASSETS		
Utility Plant		
Utility Plant, Property and Equipment at Cost Net of Accum Depreciation	$42,965,904	$40,018,409
Trustee Funds Under Bond Indenture Agreements		
Cash and Cash Equivalents	4,028,290	4,307,359
U.S. Treasury Notes At Cost	960,000	995,959
Global Capital Guaranteed Investment Contract at Cost	1,944,928	1,944,928
Accrued Interest Receivable	15,224	12,835
Total Trustee Funds	6,948,442	7,261,081
Current Assets		
Cash and Cash Equivalents	10,080,602	7,465,418
Accounts Receivable	433,810	383,438
Materials and Supplies Inventory	130,253	123,235
Prepaid Insurance	59,375	52,132
Prepaid Expenses	6,180	3,334
Total Current Assets	10,710,220	8,027,557
Other Assets		
Bond Issuance Costs Deferred, Water	319,410	334,842
Consumptive Permit Costs	45,000	45,000
Utility Deposits	16,650	16,325
Bond Issuance Costs Deferred, Wastewater	2,446,429	2,520,440
Bond Insurance Deferred	638,277	664,070
Total Other Assets	3,465,766	3,580,677
TOTAL ASSETS	$64,090,332	$58,887,724

Notes to financial statements form an integral part of these statements.

BONITA SPRINGS UTILITIES, INC.
BALANCE SHEETS
DECEMBER 31, 1995 AND 1994

	1995	1994
MEMBERS' EQUITY AND LIABILITIES		
Members' Equity		
Members' Investment Certificates	$ 4,205,271	$ 4,205,271
Other Contributed Capital	110,000	110,000
Retained Earnings	28,248,974	22,809,893
Total Members' Equity	32,564,245	27,125,164
Long-Term Debt, Less Current Portion Included Below	29,375,000	29,900,000
Payments Due From Trustee Funds		
Accrued Bond Interest	534,378	547,732
Current Portion Long-Term Debt	525,000	545,000
Total Payments Due-Trustee Funds	1,059,378	1,092,732
Current Liabilities		
Accounts Payable, Trade	641,557	400,416
Customer Deposits	359,875	278,598
Other Current Liabilities	90,277	57,616
Total Current Liabilities	1,091,709	736,630
Deferred Capacity Reservation Fees	-0-	33,198
Total Liabilities	31,526,087	31,762,560
TOTAL MEMBERS' EQUITY AND LIABILITIES	$64,090,332	$58,887,724

Notes to financial statements form an integral part of these statements.

BONITA SPRINGS UTILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1994

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

The Bonita Springs Utilities, Inc. ("The Company") is a not for profit cooperative corporation, incorporated in Florida in 1970, operating as a public utility which provides potable water and sewage treatment to its residential and commercial users in Southwest Lee County, Florida. The Company has a franchise granted in 1970 by the Board of County Commissioners of Lee County, Florida. The Board authorizes it to provide utility services in its franchise area comprising approximately 50 square miles.

On November 21, 1990, the Company entered into a revised contract with Lee County, Florida, which revises the original franchise agreement dated February 11, 1970. The new franchise agreement is for 30 years commencing November 21, 1990 and restates the exclusive rights of the Company to provide water and sewer services to the franchise area. A new stipulation of the agreement is that the Company must commence construction of a sanitary sewer system within 24 months from agreement date and substantially complete construction within 48 months of the agreement date. The Board shall have the option at any time after this grant to purchase the Company's sanitary sewerage and water system.

The Company is a cooperative owned by its members and is administered by a Board of Directors consisting of nine members who are elected by the users of the system. The Company's operations are regulated by the Board of County Commissioners of Lee County, Florida, which also regulates the rates charged by the Company. The Company presently provides water services to about 16,359 customers in its franchise area, and 9,791 customers receive sewer services.

Accounting Policies

The Company's accounting records are maintained on the accrual basis of accounting recognizing income when earned and expenses when incurred and the accounting records are fully computerized.

Utility Plant

All utility property, plant and equipment assets are valued at historical costs if purchased and at estimated fair market value if donated. Depreciation is provided for on a straight-line and declining balance basis over the estimated useful lives of the depreciable assets.

Accounts Receivable

Accounts receivable are generally current balances in as much as the Company's present policy is to terminate service if a customer account is not paid within 40 days of the billing date. There is no allowance for doubtful accounts at December 31, 1995 and 1994.

NOTE G - ALLOCATION OF CAPITAL CREDITS TO MEMBERS

A condition of the tax-exemption status granted to the Company requires that the net revenues of the Company be allocated to each member who must be informed in writing of the amount recorded to their credit. For the year 1987, the total capital accumulated since the inception of the system in 1970 amounted to $4,696,323 as of December 31, 1987, was required to be credited, on an equal basis, to each member. Accordingly, each member in November 1988, was mailed a notice showing their share of the Company's accumulated capital as stated above.

For 1988 and future years, the annual net revenues of the Company will be allocated to each member based on their patronage for water and sewer services during that year and accumulated annually for each member. Credits are available to the members only upon dissolution or liquidation of the Company and may not be applied to water payments or any amounts owed the Company by the member. Members were informed of the amount credited to their capital accounts for the year 1994.

NOTE H - RELATED PARTY TRANSACTIONS

The Company purchased goods and services from businesses owned and operated by several members of the Company's Board of Directors. These purchases were not material in amount during the year.

NOTE I - PENSION PLAN

The Company established a contributory pension plan effective January 1, 1987, covering all eligible employees after one year of continuous service with credit for service provided from the date of employment. The plan, called a "Money Purchase Plan" is a defined contribution type and was approved by the Internal Revenue Service in December, 1987. The plan is funded through an annuity contract with the Principal Mutual Life Insurance Company. Company contributions range from 6% to 10% of the employees monthly wages based upon length of service. The employee is required to contribute 3% of his monthly wage but may contribute up to 7% more. Contributions by the Company to the plan for 1995 amounted to $87,148. The pension program expenses were $2,704 for the year.

NOTE J - SUBSEQUENT EVENTS

The trustee, on January 1, 1996, paid $269,071 in interest and $ 175,000 scheduled principal payments on the 1987 tax exempt bond issue for the six months ended January 1, 1996. These payments were made from reserves established for these purposes, and were accrued in the 1995 financial statements.

BOLIVIA SPRINGS UTILITIES, INC.
WATER DEPARTMENT
SUPPLEMENTAL BALANCE SHEET
DECEMBER 31, 1995

MEMBERS' EQUITY AND LIABILITIES

Members' Equity		
Members' Investment Certificates	$ 4,205,271	
Other Contributed Capital	110,000	
Retained Earnings	17,848,978	
TOTAL MEMBERS' EQUITY		$22,164,249
Long-Term Debt, Less Current Portion Included Below		7,520,000
Payments Due From Trustee Funds		
Accrued Bond Interest	269,070	
Current Portion Long-Term Debt	175,000	
Total Payments Due-Trustee Funds		444,070
Current Liabilities		
Accounts Payable, Trade	105,847	
Customer Deposits	195,297	
Other Current Liabilities	51,627	
Intra-Company Transfers Payable	332,360	
Total Current Liabilities		685,131
TOTAL LIABILITIES		8,649,201
TOTAL MEMBERS' EQUITY AND LIABILITIES		$30,813,450

See Independent Auditor's Report on Additional Information.

BONITA SPRINGS UTILITIES, INC.
SEWER DEPARTMENT
SUPPLEMENTAL BALANCE SHEET
DECEMBER 31, 1995

MEMBERS' EQUITY AND LIABILITIES

Members' Equity		
Retained Earnings		$10,399,996
Long-Term Debt, Less Current Portion Included Below		21,855,000
Payments Due From Trustee Funds		
Accrued Bond Interest	265,308	
Current Portion Long-Term Debt	350,000	
Total Payments Due-Trustee Funds		615,308
Current Liabilities		
Accounts Payable, Trade	535,710	
Customer Deposits	164,578	
Other Current Liabilities	38,650	
Total Current Liabilities		738,938
TOTAL LIABILITIES		23,209,246
TOTAL MEMBERS' EQUITY AND LIABILITIES		$33,609,242

See Independent Auditor's Report on Additional Information.

ARTICLES OF INCORPORATION
OF
BONITA SPRINGS UTILITIES, INC.
and
LEE COUNTY, FLORIDA

Corporation Document Number: 717841

Filed: January 7, 1970

Amendment Filed: May 24, 1976

Amendment: December 29, 1987

Amendment: December 16, 1991

ARTICLE I - AMENDED

The name of this corporation shall be BONITA SPRINGS UTILITIES, INC. (which must contain the word "Incorporated" or "Inc."), and shall be a non-profit corporation organized under Chapter 617, Florida Statutes, and shall have all powers given to a non-profit corporation by the provisions of said Chapter 617, Florida Statutes.

December 16, 1991

ARTICLE II

The nature of the business of the corporation and the objects and purposes for which it is organized are:

A. To construct, maintain, and operate a water system for the supplying of water for domestic, commercial, agricultural, industrial, and other purposes to its members and for the sale of any surplus water remaining after the needs of its members have been satisfied and to engage in any activity related thereto, including but not limited to the acquisition of water by appropriation, drilling, pumping, and/or purchase, and the purchase, laying, institution, operation, maintenance, and repair of wells, pumping equipment, water mains, pipelines, valves, meters, and all other equipment necessary to the construction, maintenance and operation of a water system and

B. To construct, maintain, and operate a sewage disposal system for the use and benefit of its members.

ARTICLE III

The members of the corporation shall be the subscribers hereto and all other persons, partnerships, corporations, or other legal entities having a reasonable accessibility to the sources of and who desire to have water and other services supplied for domestic, commercial, agricultural, industrial, or other uses from the systems constructed, maintained, and operated by the corporation. The corporation shall not be required to admit additional members if the capacity of its water system is exhausted by the needs of its existing members and such other persons to whom it has been supplying water.

ARTICLE IV

This corporation shall have perpetual existence.

ARTICLE V

The names and residences of the subscribers to these Articles of Incorporation are as follows:

NAME	RESIDENCE
BYRON G. LILES	US 41 Bonita Springs, FL
T. HARVEY HAINES	Bonita Beach Rd. Bonita Springs FL
DAVID A. EDGE	PO Box 851 Bonita Springs, FL
ARNOLD L. GLAZIER	Bonita Beach Rd. Bonita Springs, FL
PAUL A. SCHMIDT	PO Box 126 Bonita Springs, FL

ARTICLE VI - AMENDED

The Board of Directors of this corporation shall consist of nine (9) members, a majority of whom must at all times be farmers or rural residents. The directors named in the Articles of Incorporation shall serve until the first annual meeting of the members and until their successors are elected and have qualified. Three (3) directors shall be elected for a term of one (1) year; three (3) directors for a term of two (2) years; and three (3) directors for a term of three (3) years. At each annual meeting thereafter, the members shall elect for a term of three (3) years the number of directors whose terms of office have expired.

February 17, 1972

ARTICLE VII

The officers who shall serve until the first election or until their successors are elected shall be as follows:

NAME	OFFICE
PAUL SCHMIDT	President
T. HARVEY HAINES	Vice-President
DAVID A. EDGE	Secretary/Treasurer

The term of office of the foregoing officers shall be for a period of one year or until their successors are elected. The officers shall be elected by the Board of Directors.

ARTICLE VIII

The first Board of Directors shall consist of five (5) members who shall serve until the first election or until their successors are elected. The names and addresses of the members of the first Board of Directors are as follows:

NAME	RESIDENCE
BYRON G. LILES	US 41 Bonita Springs, FL
T. HARVEY HAINES	Bonita Beach Rd. Bonita Springs, FL
DAVID A. EDGE	PO Box 851 Bonita Springs, FL
ARNOLD L. GLAZIER	Bonita Beach Rd. Bonita Springs, FL
PAUL A. SCHMIDT	PO Box 126 Bonita Springs, FL

ARTICLE IX

The By-Laws of the corporation shall be made and may be altered or rescinded by a vote of a majority of the membership.

ARTICLE X

Amendments to these Articles of Incorporation may be proposed to the Board of Directors by a majority vote of the members of the corporation. A majority of the members of the Board of Directors may approve, amend, or reject such proposals and shall have final authority to adopt any amendment.

ARTICLE XI - AMENDED

The assets and income of this non-profit corporation shall be utilized to promote its purposes. No salaries or fees shall be paid to the directors or officers of this corporation unless they are also employees, but nothing herein shall prevent the hiring of employees or engaging of others to perform services for this corporation or to prevent the reimbursement of any person who makes outlays for the reasonable expenses of the corporation. In the event of dissolution or liquidation, either voluntarily or pursuant to order of a court of competent jurisdiction, and after the payment of all outstanding liabilities, each member shall be repaid capital credits without priority on a pro rata basis to the extent assets are available to make such payments. To the extent that assets remain following payment of all outstanding liabilities and capital credits, distribution shall be made without priority to the members and former members in the proportion which the patronage of each member or former member from and after January 1, 1988, bears to the total patronage of all members from and after such date, to the date of such dissolution. A plan of distribution of excess capital prior to dissolution shall be set forth in the corporation's By-Laws.

December 29, 1987

IN WITNESS WHEREOF, we have made and subscribed these Articles of Incorporation, this 26th day of December, 1969.

Byron G. Liles

T. Harvey Haines

David A. Edge

Arnold L. Glazier

Paul A. Schmidt

STATE OF FLORIDA)
)
COUNTY OF LEE)

Be it remembered, that on this 26th day of December, 1969, personally appeared before me, a Notary Public in and for the State of Florida, BYRON G. LILES, T. HARVEY HAINES, DAVID A. EDGE, ARNOLD L. GLAZIER, and PAUL A. SCHMIDT, known to me personally to be the individuals who executed the foregoing Articles of Incorporation as the act and deed of the signers, respectively, and that the facts therein stated are truly set forth.

Given under my hand and seal the day and year aforesaid.

NOTARY PUBLIC

My commission expires:

ARTICLE XII

The corporation intends to be an organization described in Section 501(c)(12) of the Internal Revenue Code of 1986, Title 26, to the United States Code.

December 29, 1987

BY-LAWS

OF

BONITA SPRINGS UTILITIES, INC.

AMENDED 12/29/87
AMENDED 7/10/90
AMENDED 7/23/91
AMENDED 12/16/91

ARTICLE I

GENERAL PURPOSES

The purposes for which this Corporation is formed, and the powers which it may exercise are set forth in the Charter of the Corporation.

ARTICLE II

NAME AND LOCATION

SECTION 1: The name of this Corporation is BONITA SPRINGS UTILITIES, INC.

SECTION 2: The principal office of this Corporation shall be located in Bonita Springs, Florida, but the Corporation may maintain offices and places of business at such other places within the State as the Board of Directors may determine.

ARTICLE III

SEAL

SECTION 1: The seal of the Corporation shall have inscribed thereon the name of the Corporation and the year of its organization, and shall contain the words, "Corporation Not For Profit".

SECTION 2: The Secretary of the Corporation shall have custody of the seal.

SECTION 3: The seal may be used by causing it or a facsimile thereof to be impressed or reproduced or otherwise affixed to a document.

ARTICLE IV

FISCAL YEAR

The fiscal year of the Corporation shall begin the first day of January in each year.

ARTICLE V

MEMBERSHIP

SECTION 1: The holders of membership certificates of this Corporation are its members. Any person having reasonable access to the sources of and who is in need of water, sewer, or other services operated by the Corporation and who receives the approval of the Board of Directors may be admitted to membership upon subscribing for or otherwise acquiring a membership certificate and by signing such agreements for service as may be provided and required by the Corporation; provided that no person shall be entitled to service who is not a member, and no person otherwise eligible shall be permitted to subscribe for or acquire a membership certificate of the Corporation if the capacity of the Corporation's water and/or sewer system is exhausted by the needs of its existing members. There shall be no membership fee as such, provided that the Corporation may charge initial connection and other fees upon the issuance or acquisition of each membership certificate.

SECTION 2: Each connection for the services rendered by the Corporation shall entitle the subscriber for such connection to one membership certificate, subject to Section 1 of this Article.

SECTION 3: At any meeting of the members of the Corporation, each member shall be entitled to only one vote upon each matter submitted to a vote, regardless of the number of certificates of membership held, provided the member is in good standing for all certificates held.

SECTION 4: In case of the death of a member, or if a member ceases to be eligible for membership, or a member willfully fails to comply with the By-Laws, or Rules and Regulations of the Corporation, the Board of Directors may terminate his membership by resolution of the Board. A transfer by a member of all membership certificates held by such member shall terminate such member's membership. Any member whose membership is terminated for cause, other than ceasing to be eligible, may appeal the action of the Board of Directors to the members at their next regular or special meeting. Thereafter such member shall be reinstated by the issuance of a new membership certificate only upon such conditions as the Board of Directors may deem necessary or appropriate. Termination of such membership shall result in a disconnection of water and sewer service to the member. Termination shall not result in forfeiture of a member's entitlement to any patronage refund resulting from status as a member pursuant to Article XII of these By-Laws. However, any such refund shall have deducted from it any debt or obligation owed the Corporation by the member.

ARTICLE VI

MEMBERSHIP CERTIFICATES

SECTION 1: This Corporation shall not have capital stock, but membership shall be represented by membership certificates.

SECTION 2: The membership certificates shall be issued to each member for all service connections to such member and shall be numbered consecutively, in accordance with the order of issue. Each membership certificate shall bear the following statements:

Membership Certificate No. _____
In
Bonita Springs Utilities, Inc.

A not-for-profit corporation incorporated
under the laws of the State of Florida

This is to certify that _____
Address: _____ is a member of the BONITA SPRINGS UTILITIES, INC., and is entitled to its services at the foregoing address subject to the provisions of the Charter, By-Laws, and Rules and Regulations of the Corporation.

This membership certificate is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Charter, By-Laws, of the Corporation, and amendments to the same heretofore or hereafter made.

Transfers of membership certificates shall be made only upon the books of the Corporation, only to persons eligible to become members, only with the approval of the Board of Directors and only when the member transferring is free from indebtedness to the Corporation, all as more fully set forth in the Charter and By-laws of the Corporation.

No member of this Corporation shall be entitled to more than one vote at meetings of the members, regardless of the type of service or number of membership certificates held. Every member upon becoming a member of this Corporation agrees to sign such agreement for the purchase of water and/or sewer from the Corporation.

Witness the seal of the Corporation and the signature of its duly authorized officers affixed this ___ day of _____, 19___.

_____ _____
Secretary President

SECTION 3: All transfers of membership certificates shall be made upon the books of the Corporation upon surrender of the certificates covering the same by the holders thereof or by their legal representatives but only with the approval of the Board of Directors and only to persons eligible to become members and only when the transferring member is free from indebtedness to the Corporation.

SECTION 4: Each member agrees to sign such Water Users and/or Wastewater Service Agreements as the Corporation shall from time to time provide and require.

SECTION 5: Certificates not surrendered by members upon termination of membership in the Corporation shall be declared void by the Board of Directors, and upon adoption of such a resolution by the Board, the Secretary shall so note on the books of the Corporation, and thereafter such membership certificate shall be void. Lost certificates may be reissued upon direction and upon such conditions as the Board of Directors may determine.

ARTICLE VII

MEETINGS OF MEMBERS

SECTION 1: The annual meeting of the members of this Corporation shall be held at Bonita Springs Community Center at Bonita Springs, Florida on Tuesday, third week of February of each year, if not a legal holiday, or if a legal holiday, on the next business day following. The place and time of the annual meeting may be changed by the Board of Directors giving notice thereof to each member not less than ten days in advance thereof.

SECTION 2: Special meetings of the members may be called at any time by the action of the Board of Directors and such meeting must be called by the President whenever a petition requesting such meeting is signed by at least ten percent of the members and presented to the President or to the Board of Directors. The purpose of every special meeting shall be stated in the notice thereof, and no business shall be transacted except such as is specified in the notice.

SECTION 3: Notice of any special meeting of members of the Corporation may be given by a notice mailed to each member of record, directed to the address shown upon the books of the Corporation, not less than ten nor more than fifty days prior to the meeting. Such a notice shall state the day and hour, place and purpose of the special meeting. No notice of the annual meeting shall be required.

SECTION 4: Each member shall have only one vote upon each matter submitted to a vote at a meeting of the members and the vote of each member shall be equal to that of every other member. Voting by proxy shall be permitted, but it is required that not less than twenty members of the Corporation must be present in person at any meeting to constitute a quorum of the transaction of any business.

SECTION 5: Directors of this Corporation shall be elected at the annual meeting of the members. No cumulative voting shall be allowed.

SECTION 6: The order of business at the regular meetings and, so far as possible at all other meetings, shall be:

1. Calling to order and report of Secretary as to number.
2. Proof of notice of meeting, if required.
3. Reading and action on any unapproved minutes.
4. Reports of officers and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE VIII

Directors and Officers

SECTION 1: The business and affairs of the Corporation shall be managed by the Board of Directors. The Board of Directors of this Corporation shall consist of nine members. At each annual meeting the members of the Corporation shall elect for a term of three years the number of directors whose terms of office have expired. No person shall be eligible to become or remain a Director of the Corporation who:

(a) is not a member of and resident in the area served by the Corporation;

(b) is a relative of a Director. "Relative" here shall mean an individual who is related to another Director as father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, or half sister. Directors who are relatives, as defined herein, at the time this By-Law is enacted, shall be entitled to remain in office for the balance of their terms.

In the event two or more relatives are simultaneously elected to the Board, all relatives, with the exception of the individual receiving the largest number of votes shall be disqualified from the election and the seat vacated by the disqualification shall be awarded to the non-relative with the next largest number of votes.

SECTION 2: The Board of Directors shall meet within ten days after the annual election of directors and shall elect a President and Vice-President from among themselves and a Secretary and a Treasurer, who need not be a member of the Board of Directors, each of whom shall hold office until the next annual meeting and until election and qualification of his successor unless sooner removed by death, resignation or for cause.

SECTION 3: If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification or otherwise, except by removal from office, a majority of the remaining directors, though less than a quorum shall, by a majority vote, choose a successor who shall hold office until the next regular meeting of the members of the Corporation at which time the members shall elect a director for the unexpired term of terms, provided that in the call of such regular meeting a notice of such election shall be given.

SECTION 4: A majority of the Board of Directors shall constitute a quorum at any meeting of the Board.

SECTION 5: Compensation of officers may be fixed at any regular or special meeting of the Board of Directors. Directors shall receive no compensation for their services as such.

SECTION 6: Officers and directors may be removed from office for good cause in the following manner: Any member, officer or director may present charges against a director or officer by filing them in writing with the Secretary of the Corporation. If presented by a member, the charges must be accompanied by a petition signed by ten percent of the members of the Corporation.

Such removal shall be voted on at the next regular or special meeting of the members present. The director or officer against whom such charges have been presented shall be informed, in writing, of such charges five days prior to the meeting; the person or persons presenting such charges shall have the opportunity at such meeting to be heard in person or by counsel and to present witnesses and the person against whom the charges are made shall have the same opportunity. If the removal of a director is approved, such action shall also vacate any other office held by the removed director in the Corporation. A vacancy in any office thus created shall be filled by the directors from among their number so constituted after the vacancy in the Board has been filled. A Director cannot miss more than 1/4 (25%) of total regular meetings unless due to special circumstances. Said Director may be reinstated for good cause shown. If a director is absent four (4) or more regular board meetings in succession, he or she will be disqualified and will be automatically removed from office. In this case, the said director may or may not be reinstated by action of the Board of Directors.

SECTION 7: Every Director and Officer of the Company shall be indemnified by the Company to the full extent permitted by law against all expenses and liabilities, including attorney's fees reasonably incurred by or imposed upon him/her, in connection with any proceedings or any settlement thereof, regardless of whether the acts leading to such proceedings occurred before or after the date of adoption of this By-Law, to which he/she may be a party or in which he/she may become involved by reason of his/her being or having been a Director or Officer at the time such expenses are incurred, except in such cases where the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his/her duties; provided, that all settlements must be approved by the Board of Directors as being in the best interests of the Corporation.

SECTION 8: No Director, Officer or employee of the Corporation to whom authority to employ, promote or advance individuals has been delegated, shall employ, promote or advance, in or to a position in the Corporation, any individual who is a relative (as defined in Article VIII, Section 1 herein) of the Officer, Director or employee.

ARTICLE IX

DUTIES OF DIRECTORS

SECTION 1: The Board of Directors subject to restrictions of law, the Charter, or these By-Laws, shall exercise all of the powers of the Corporation, and without prejudice to or limitation upon their general powers, it is hereby expressly provided that the Board of Directors shall have, and are hereby given, full power and authority (to be exercised by resolution duly adopted by the Board) in respect to the matters and as herein after set forth:

A. To pass upon the qualifications of members, and to cause to be issued appropriate certificates of membership.

B. To select and appoint all officers, agents, or employees of the Corporation or remove such agents or employees of the Corporation for just cause, prescribe such duties and designate such powers as may not be inconsistent with these By-Laws, fix their compensation and pay for faithful services.

C. To borrow from any source, money, goods or services and to make and issue notes and other negotiable and transferable instruments, mortgages, deed of trust, and trust agreements and to do every act and thing necessary to effectuate the same.

D. To prescribe, adopt and amend, from time to time, such equitable uniform rules and regulations as, in their discretion, may be deemed necessary, or convenient for the conduct of the business and affairs of the Corporation and the guidance and control of its officers and

employees, and to prescribe penalties for the breach thereof.

E. To order, at least once each year, an audit of the books and accounts of the Corporation by a competent certified public accountant. The report prepared by such accountant shall be submitted to the members of the Corporation at their annual meeting, together with a proposed budget for the ensuing year. Copies of such audits and budgets shall be submitted to any parties as may be required by other agreements.

F. To fix the charges, rates and connection fees, to be paid by each member for services rendered by the Corporation to him, the time of payment and the manner of collection.

G. To require all officers, agents and employees charged with responsibility for the custody of any of the funds of the Corporation to give adequate bonds the cost thereof to be paid by the Corporation, and it shall be mandatory upon the directors to so require.

H. To select one or more banks or savings and loan associations, to act as depositories of the funds of the Corporation and to determine the manner of receiving, depositing and disbursing the funds of the Corporation and the form of checks and the person or persons by whom the same shall be signed, with the power to change such banks or savings and loan associations and the person or persons signing such checks and the form thereof at will, except that no bank or savings and loan association may be so designated unless such deposits are protected by an agency of the United States of America, such as the Federal Deposit Insurance Corporation or similar agency.

I. With the approval of the majority of the members present at any regular or special meeting, to levy assessments against the membership certificates of the Corporation and to enforce the collection of such assessments by the termination of delinquent certificates. The Board of Directors shall have the option to terminate any membership certificate on which assessment was due, provided that the Corporation must give the member at least thirty days written notice at the address of the member on the books of the Corporation, of its intention to terminate the certificate if the assessment is not paid.

ARTICLE X

DUTIES OF OFFICERS

SECTION 1: Duties of President: The President shall preside over all meetings of the Corporation and the Board of Directors, call special meetings of the members and of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all membership certificates and such other papers of the Corporation as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may

authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the Corporation. The President shall perform such other duties as may be prescribed by the Board of Directors.

SECTION 2: Duties of the Vice-President: In the absence or disability of the President, the Vice-President shall perform the duties of the President, provided however, that in case of death resignation or disability of the President, the Board of Directors may declare the office of President vacant and elect a successor.

SECTION 3: Duties of the Secretary: The Secretary shall keep a complete record of all meetings of the Corporation and of the Board of Directors and shall have general charge and supervision of the books and records of the Corporation. He shall sign all membership certificates with the President and such other papers pertaining to the Corporation as he may be authorized or directed to do so by the Board of Directors. He shall serve all notices required by law and by these By-Laws and shall make a full report of all matters and business pertaining to this office to the members at the annual meeting. He shall keep the corporate seal and membership certificates, records of the Corporation, complete and counter sign all certificates issued and affix said corporate seal to all papers requiring seal. He shall keep a proper membership certificate record, showing the name of each member of the Corporation, address and date of issuance, surrender, cancellation or forfeiture. He shall make all reports required by law and shall perform such other duties as may be required of him by the Corporation of the Board of Directors. Upon the election of his successor, the Secretary shall turn over to him all books and other property belonging to the Corporation that he may have in his possession.

SECTION 4: Duties of the Treasurer: He shall perform such duties with respect to the finances of the Corporation as may be prescribed by the Board of Directors.

ARTICLE XI

BENEFITS AND DUTIES OF MEMBERS

SECTION 1: The Corporation will install, maintain and operate a main distribution pipe line or lines from the source of water supply and service lines from the main distribution pipe line or lines to the property line of each member qualifying for water service from the Corporation for each membership certificate held by such member at which points, designated as delivery points, meters to be purchased, installed, owned and maintained by the Corporation shall be placed. The cost of the service line from its main distribution line or lines, shall be paid by the Corporation. The Corporation will also purchase and install a cut-off valve to be owned and maintained by the Corporation and to be installed on some portion of the service line owned by the Corporation. The Corporation shall have the sole and exclusive right to use such

cut-off valve to turn it on and off.

SECTION 2: Each member shall be entitled to purchase from the Corporation, pursuant to such agreements as may from time to time be provided and required by the Corporation, such water for domestic, commercial, agricultural, industrial or other purposes as a member may desire, subject, however, to the provisions of the By-Laws and to such rules and regulations as may be prescribed by the Board of Directors. Each member shall be entitled to have delivered to him through a single service line for each membership certificate only such water as may be necessary to supply the needs of such member, including his family, business, agricultural, or industrial requirements. The water delivered through each service line shall be metered and the charges for such water shall be determined separately, irrespective of the number of service lines owned by a member.

SECTION 3: In the event the total water supply shall be insufficient to meet all of the needs of the members or in the event there is a shortage of water, the Corporation may pro-rate the water available among the various members on such basis as is deemed equitable by the Board of Directors, and may also prescribe a schedule of hours covering the use of water for commercial, agricultural or industrial purposes by particular members and require adherence thereto or prohibit the use of water for commercial, agricultural or industrial purposes; provided that if at any time the total water supply shall be insufficient to meet all of the needs of all of the members for domestic, livestock, commercial, agricultural, or industrial purposes, the Corporation must first satisfy all of the members for domestic purposes before supplying any water for livestock purposes and must satisfy all of the needs of all of the members for domestic and livestock purposes before supplying any water for commercial and industrial purposes.

SECTION 4: The Board of Directors shall be authorized to require each member to enter into a Water Users and/or Wastewater Service Agreement which shall embody the principles set forth in the foregoing sections of this article.

SECTION 5: The Corporation may install, buy, maintain, supervise, and operate one or more sewer plants within the Bonita Springs Utilities, Inc. franchise area in a lawful manner. Each member shall be entitled to purchase sewer service from the Corporation, pursuant to such agreements as may from time to time be provided and required by the Corporation; subject, however, to availability, proximity to sewer facilities, the provisions of these By-Laws and such Rules and Regulations as may be prescribed by the Board of Directors. Each member receiving sewer service shall be entitled to the same benefits as members receiving water service, including credit for capital furnished through patronage of the sewer system. The Corporation will install, maintain and operate the main collection and transmission lines connecting the customer service lines to the treatment and disposal facilities operated by the Corporation.

ARTICLE XII

NOT-FOR-PROFIT CORPORATION

SECTION 1: The Corporation shall at all times be operated on a cooperative not-for-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Corporation on any capital furnished by its members.

SECTION 2: In the furnishing of water, sewer, and other services, the Corporation's operations shall be so conducted that all members will through their patronage, furnish capital for the Corporation. In order to induce patronage and to assure that the Corporation will operate on a not-for-profit basis the Corporation is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of water, sewer, or other services in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Corporation are received with the understanding that they are furnished by the members as capital.

The Corporation is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the Corporation shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Corporation shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to his account; provided that individual notices of such amounts furnished by each member shall not be required if the Corporation notifies all members of the aggregate amount of such excess and provides a clear explanation how each member may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Corporation corresponding amounts for capital.

SECTION 3: All amounts received by the Corporation from its operations on or prior to December 31, 1987, in excess of costs and expenses and not used to offset losses in 1987 or prior years shall be allocated equally to the members as of December 31, 1987 and any amount so allocated shall be credited to the capital accounts of such members.

SECTION 4: All other amounts received by the Corporation from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members, as herein provided.

SECTION 5: In the event of dissolution or liquidation of the Corporation, after all its outstanding indebtedness shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Corporation will not be impaired thereby, the capital then credited to members' accounts and the accounts of former members may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Corporation being first retired.

SECTION 6: Capital credited to the account of each member shall be assignable only on the books of the Corporation pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such member's premises served by the Corporation unless the Board, acting under policies of general application, shall determine otherwise.

SECTION 7: Notwithstanding any other provision of these By-Laws, the Board of Directors at its discretion, shall have the power at any time upon the death of any member, if the legal representatives of the member's estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Corporation will not be impaired thereby.

SECTION 8: The members of the Corporation, by dealing with the Corporation, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Corporation and each member, and both the Corporation and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the By-Laws shall be called to the attention of each member of the Corporation by posting in a conspicuous place in the Corporation's office.

ARTICLE XIII

DISTRIBUTION OF SURPLUS FUNDS UPON DISSOLUTION

SECTION 1: Upon the Corporation's dissolution, after (a) All debts and liabilities of the Corporation shall have been paid, and (b) All capital furnished through patronage shall have been retired as provided in these By-Laws, the remaining property and assets of the Corporation shall be distributed without priority among the members and former members in the proportion

which the patronage of each member or former member from and after January 1, 1988 bears to the total patronage of all members and former members from and after such date, to the date of such dissolution; provided that before making such distribution, if any gain is realized upon dissolution from the sale of any appreciated asset, such gain shall be distributed to all persons who were members during the period the asset was owned by the Corporation in the proportion each such member's patronage bears to the total patronage of all members during such period.

ARTICLE XIV

AMENDMENTS TO BY-LAWS

SECTION 1: These By-Laws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the Corporation, at which a quorum is present, or at any special meeting of the Corporation called for that purpose, notice of which was mailed at least 30 days prior to such meeting. These By-Laws may also be amended or repealed at any meeting of the Board of Directors by the affirmative vote of not less than a majority of the Directors present at a meeting at which a quorum is present, provided notice of such meeting containing a copy of the proposed amendment shall have been given to the Directors, not less than five nor more than ninety days prior thereto; provided, however, that the Board of Directors shall not have the power to alter, amend, or repeal provisions of these By-Laws or adopt new by-law provisions directly relating to the election of the Board of Directors. Any by-law provision adopted by the Board of Directors may be altered, amended or repealed and new provisions adopted by the members in the manner set forth above. The members may prescribe that any by-law provisions adopted by them shall not be altered, amended or repealed by the Board of Directors.

No. 13607

Membership Certificate

IN

BONITA SPRINGS UTILITIES, INC.

A NON-PROFIT CORPORATION
INCORPORATED UNDER THE LAWS
OF THE STATE OF FLORIDA

This is to certify that RAYMOND FRED

Service address 26407 KINGS RD

is a member of the **BONITA SPRINGS UTILITIES, INC.**, and is entitled to its services at the foregoing address subject to the provisions of the Charter, By-Laws and Rules and Regulations of the Corporation.

This Membership Certificate is issued and accepted in accordance with and subject to the conditions and restrictions stipulated in the Charter, By-Laws of the Corporation and Amendments to the same heretofore or hereafter made.

Transfers of Membership Certificates shall be made only upon the books of the Corporation, only to persons eligible to become members, only with the approval of the Board of Directors and only when the member transferring is free from indebtedness to the Corporation, all as more fully set forth in the Charter and By-Laws of the Corporation.

No member of this Corporation shall be entitled to more than one vote at meetings of the members regardless of the number of membership certificates held. Every member upon becoming a member of this Corporation agrees to sign such agreement for the purchase of water and/or sewer service from the Corporation as may from time to time be provided and required by the Corporation.

WITNESS the seal of the Corporation and the signature of its duly authorized officers affixed this 31 MAY 96

Secretary

President

KEEP - FOR YOUR RECORDS

IMPORTANT NOTICE

Bonita Springs Utilities, Inc. is a not-for-profit corporation owned by its members.

The IRS requires the Company each year to notify its members of the prior year's capital earnings which are credited to their account(s). Those earnings are allocated on a patronage basis.

In the event of a dissolution or liquidation of the Corporation, and after all outstanding indebtedness has been paid, capital credits will be retired from the remaining assets of the Company in proportion to each member's patronage.

When a member no longer receives service from the Company, their capital credits do not change and they no longer receive an Annual Capital Account update. However, an inactive member continues to have Capital Account Credit on record, and must keep a current mailing address on file to receive any future distribution of assets based on capital credits.

You may assign your credits to your successor in interest or successor in occupancy by executing an assignment form available at our office.

In the case of a deceased member, the next-of-kin or estate must provide one contact person and mailing address for future correspondence. Although a Capital Account annual update will no longer be provided, information regarding the Account of the deceased will be made available to the contact person upon request.

Questions? - Call or stop by our office at 11860 E. Terry Street
992-0711

Bonita Springs Utilities, Inc.
P.O. Box 2368, Bonita Springs, Florida 33959

Annual Capital Account Credit

CREDITS CANNOT BE APPLIED TO CURRENT BILLINGS

THIS IS NOT A BILL

[illegible] BONITA PROPERTIES
[illegible] BOURGEONNIERE
[illegible] SPRINGS FL 33923

Customer No. 17024 FY-93

Previous Capital Credit	$1298.42
Wastewater and/or Water Capital Credit	$178.13
Less Outstanding Balance	$0.00
Net Capital Credit	$1[illegible]

BONITA SPRINGS UTILITIES, INC.
P.O. BOX 2368 PHONE 992-0711
BONITA SPRINGS, FL 33959

Acct#_____ Cert#_____

WATER USERS AGREEMENT

This agreement, between Bonita Springs Utilities, Inc., a non-profit corporation, organized and existing under and by virtue of the laws of the State of Florida, hereinafter called the Utility, and _____, a member of the Utility, hereinafter called the Member.

Whereas, the member desires to purchase potable water for their own use from the Utility, and to enter into a Water Users Agreement as required by the Bylaws of the Utility.

Now, therefore, in consideration of the mutual covenants, promises, and agreements herein contained, it is hereby understood and agreed:

1. The Utility shall furnish, subject to the limitations hereinafter provided for, such quantity of potable water as the Member may desire in connection with his occupancy of the property listed herein.
2. The Member shall install and maintain at his own expense, a service line which shall begin at the Member's side of point of delivery and extend to the dwelling and other portion of his premises.
3. The Member's service line shall connect with the distribution system of the Utility at the nearest place of desired use by the Member, provided the Utility has determined in advance that the Utility is of sufficient capacity to permit delivery of water at that point.
4. The Member shall pay for such water at such rates, time and place as shall be determined by the Utility.
5. The Utility shall purchase and install a cut-off valve and a water meter in each service. The Utility shall have exclusive right to use such cut-off valve and water meter and to turn it on and off. The Utility retains exclusive ownership and control of both the cut-off valve and water meter.
6. The Member upon paying the ANC fee to the Utility for potable service will be obligated to pay a minimum monthly charge also referred to as a base facility charge from the date of this contract until such time as a meter is installed. Member's failure to pay the minimum charge results in a default against the Member rendering this agreement null and void. Prior to actual meter installation, the Member shall pay the meter connection fee and deposit, if not previously paid.
7. The Utility shall have final jurisdiction in any question of location of any service line connection to its distribution system; shall determine the allocation of water to Members in the event of a water shortage; may shut off the water to a Member who allows a connection or extension to be made to his service line for the purpose of supplying water to another user.
8. The failure of a Member to pay water charges duly imposed shall result in the automatic imposition of the following penalties:

   A. Non-payment within forty(40) days from the date will result in the water being shut-off from the Member's property.

   B. In the event it becomes necessary for the Utility to shut off the water from a Member's property for non-payment of water charges, a fee of $25.00 will be charged for a reconnection of the service during normal work hours; $30.00 after hours and weekends, plus delinquent unpaid charges.

ANC FEE = $_____ CONNECTION FEE = $_____

SURETY DEPOSIT = $_____ TRANSFER FEE = $_____

OTHER = $_____ TOTAL PAID = $_____

In WITNESS WHEREOF, we have hereunto executed this agreement this _____ day of _____, 19____ .

ATTEST: BONITA SPRINGS UTILITIES, INC.

By:_____
Director

_____ _____
Member

Property covered by this contract: Lot_____ Blk_____ County_____

Street Address _____

Sub_____ Type_____ # of Units_____

BONITA SPRINGS UTILITIES, INC.

OWNER #_____

TENANT_____OWNER_____NEW INSTALLATION_____

PROPERTY OWNER:_____SS#_____

MAILING ADDRESS:_____

_____

_____PHONE#_____

BILLING NAME:_____SS#_____

BILLING ADDR:_____

_____

_____

CONTACT PERSON:_____PHONE#_____
(if different than above)
SERVICE ADDRESS:_____

LOT :_____BLOCK:_____PHASE:_____UNIT NUMBER:_____

SUBDIVISION NAME:_____
If in Pelican Landing or Bonita Bay give subdivision within subdivision.

NUMBER OF UNITS:_____TYPE OF UNIT:_____single/residence_____commercial
_____1/2 duplex_____duplex_____rv_____multi/family
_____townhouse_____condo_____other describe_____
_____ temp const

METER SIZE _____ 3/4", 1", 2" ETC.

I HEREBY ACKNOWLEDGE THE ABOVE INFORMATION TO BE CORRECT.

CUSTOMER SIGNATURE:_____

DATE:_____

****

for office use only
W/O#_____
FINAL READ DATE _____

WATER ON/OFF _____

ADDITIONAL INFORMATION_____

_____

Bonita Springs Utilities, Inc.

26 June 1995

Jay Arend, President
SOUTHERN PINES HOMEOWNERS ASSOC.
11277 North Carolina Drive
Bonita Springs FL 33923

Dear Mr. Arend:

Pursuant to your letter dated May 8th, Bonita Springs Utilities has issued membership certificates to the owner(s) of the property. It is my understanding that the residents rent the individual lots.

In order for residents to obtain a membership certificate, they would need to individually purchase and hold title to a lot. We would then transfer membership from the existing property owner to the new property owner.

If the new property owner should be a corporation or association, they would receive a single vote on matters concerning BSU. The individual stockholders would not be entitled to individual votes.

If you should have any further questions, please do not hesitate to contact me.

Sincerely,

Fred Partin
General Manager

FP/db

P.O. Box 2368, Bonita Springs, Florida 33959 (813) 992-0711

SOUTHERN PINES HOMEOWNER'S

of BONITA SPRINGS

August 21, 1995

BEN NELSON, JR.
PRESIDENT
BOARD OF DIRECTORS
BONITA SPRINGS UTILITIES, INC.
PO BOX 2368
BONITA SPRINGS, FL 33959-2368

Dear MR. NELSON:

This letter is our formal request for your corporation, Bonita Springs Utilities, Inc. to issue to our 400+ residents in the Community of Southern Pines, Bonita Springs, Fl. 400+ membership Certificates in the name of and for the individual account of each of our residences. Each home billing account of our residents is entitled to such automatic membership which includes the right to participate in all normal corporate membership functions, including but not limited to voting. We have been denied this right for too long and insist that you expedite the issuance of our membership certificates as per the By-Laws of the Bonita Springs Utilities, Inc.

The basis of this request is our belief that you and the Board of Directors of Bonita Springs Utilities, Inc. have deliberately, knowingly and willfully refused our resident's right to become individual Bonita Springs Utilities, Inc. members. It is also our belief that we are entitled to full corporate membership, that your and the Board's actions are depriving us of our right to vote and carry out our corporate responsibilities.

Sincerely,

Owen Northacker

Owen Northacker
Assist. Secretary/Treasurer
Southern Pines Homeowner's of Bonita Springs, Inc.
11289 North Carolina Drive
Bonita Springs, FL 33923

cc: Ben Nelson, Jr., Hank Hochstetler, Bob McGrath, John Mathes, T. Harvey Haines
Virginia Sumner, Marc Ciaffone, Frank Liles, Jr. , Kathy Schwichtenberg, Fred Partin

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November 2, 1995

Mr. Jay Arend
President
Southern Pines Homeowner's
of Bonita Springs
26381 Charlotte Drive
Bonita Springs, Florida 33923

Re: Bonita Springs Utilities, Inc.;
Service to Southern Pines Homeowner's Association
Our File No. 20989.08

Dear Mr. Arend:

I have been asked by our client, Bonita Springs Utilities, Inc., ("BSU") to contact you on behalf of certain residents of Southern Pines who have inquired about membership rights in BSU, a not-for-profit cooperative providing water and wastewater service in Southern Pines.

As I understand it, residents of Southern Pines rent lots from Southern Pines Development Corporation, the owner of the property. The Corporation originally secured service to the property, and continues to deal directly with BSU on matters including new connections. The Corporation was admitted as a member of BSU and enjoys the rights and obligations that membership entails. In dealings with BSU, the actions of the Corporation are directed by M. Tesone, a principal in that Company.

As you know, BSU has established a policy that service to a property will afford the property owner membership in the Co-Op. This policy follows the industry practice of assigning responsibility for utility service to the property owner. It is also reasonable that, given utility service is a prerequisite to occupancy, utility membership is among the bundle of rights enjoyed by a party upon acquisition of legal title to real property.

Conversely, it may be argued that, once a property owner has secured utility service, BSU cannot unilaterally deprive the owner of its membership rights in favor of a subsequent, transient user

of the property. The property owner however, may then assign voting rights, capital credits or other rights to a tenant, shareholder, or subsequent user of the property. This policy also recognizes the fact that a property owner may initially secure service without knowing of subsequent uses or users of the property. This has proven to be a fair method for allocating membership rights. The mere fact that BSU, as a matter of convenience to thousands of landlords and tenants in its service area, agrees to bill tenants directly, does not change the membership status of the property owner.

The concerns of BSU on this issue go beyond the interest of any particular group of residents. Given the transient and varied interests of the many tenants, subtenants, undivided interests, corporate stockholders, and others in its service area, BSU must look to the property owner as the party ultimately responsible for service, and membership in the cooperative. I hope this responds to your concerns.

Sincerely,

John R. Jenkins
For the Firm

JRJ:tas

cc: Mr. Fred Partin
Dan Batchelor, Esquire