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May 24, 1999
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- DIANE D. TREMOR, P.A.
- JOHN L. WHARTON

Mary Anne Helton, Esquire
Division of Appeals
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0873

Re: St. Johns Service Company; PSC Docket No. 982002-WS
Our File No. 20912.02

Dear Mary Anne:

I apologize in advance for the delay in getting this to you. Other matters conflicted and required a delay in my putting together the Agreements, but once they were put together as revised, the parties moved quickly to get them executed. Attached for your information with relation to the Request for Declaratory Statement in the above-referenced matter are revised executed versions of the Developer Agreement for Units 31 and 32 of the Marsh Landing Development. These will replace the Agreements previously provided to you and other members of the staff.

These Agreements have been revised by the parties in order to insert a third-party Contract Operator into the Agreements. While this Contract Operator is related to the Utility Company, St. Johns Service Company, it is a separate entity and will provide all maintenance, operation and billing for the individuals and the facilities owned by the Homeowners Association, on a contract basis.

I believe this is in keeping with what the staff requested that we do in order to clarify the situation and receive favorable staff treatment of this Declaratory Statement Request. Please let me know if there are any other concerns or questions raised in this case. I look forward to hearing from you as soon as possible so that we can bring this matter to a conclusion.

Sincerely,

ROSE, SUNDBSTROM & BENTLEY, LLP

F. Marshall Deterding
For The Firm

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS _____
- OPC _____
- RRR _____
- SEC _____
- WAW _____
- OTH _____

FMD/tmg

cc: Mrs. Billie Messer
G.W. Whitmire, Jr.

stjohns\helton.ltr

DOCUMENT NUMBER-DATE

06635 MAY 26 99

FPSC-RECORDS/REPORTING

DEVELOPER AGREEMENT - UNIT 31

This Agreement, made and entered into this 17th day of May, 1999, by and among ML Partnership, a Florida general partnership having as its principal place of business at 4400 Marsh Landing Boulevard, Suite 3, Ponte Vedra Beach, FL 32082, hereinafter referred to as "Developer;" ST. JOHNS SERVICE COMPANY, a Florida corporation, 200 North Laura Street, Tenth Floor, The Greenleaf Building, Jacksonville, FL 32201-2506, hereinafter referred to as "Service Company"; Coastal Operating Services, Inc., a Florida Corporation, 200 North Laura Street, Tenth Floor, The Greenleaf Building, Jacksonville, FL 32201-2506, hereinafter referred to as "Contract Operator" and Marsh Landing at Sawgrass Homeowners Association VII, Inc. a Florida not-for-profit corporation, whose address is 4400 Marsh Landing Boulevard, Suite 3, Ponte Vedra Beach, FL 32082 ("Association").

WHEREAS, Developer is the Developer of the land located in Duval County, Florida, and described in **Exhibit "A,"** attached hereto and made a part hereof as if fully set out in this paragraph, and hereinafter referred to as the "Property," and Developer intends to develop the Property for residential single family lots; and

WHEREAS, Developer requires central water distribution and sewage collection service and desires to provide such bulk water distribution and sewage collection service for the Property; and

WHEREAS, the Association is the not-for-profit corporation responsible for the ongoing operation and management of the Property; and

WHEREAS, Service Company is willing to provide, in accordance with the provisions of this Agreement and the Service Company's approved water and sewer tariffs and water and sewer service availability policies, bulk service to Property such that Association may provide central

water distribution and sewage collection service to the Property and thereafter operate applicable facilities so that the occupants of the improvements on the Property will receive adequate water supply and sewer collection services; and

WHEREAS, Contract Operator is willing to provide contract operation, maintenance, meter reading, billing, collection and all other services necessary to ensure the continued provision of water and wastewater services to the individual homeowners within the property;

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

1. The foregoing statements are true and correct.

2. The following definitions and references are given for the purpose of interpreting the terms as used in this Agreement and apply unless the context indicates a different meaning:

(a). "Point of Delivery." The point where the pipes or meter of Service Company are connected with the pipes constructed by Developer. Service Company shall, according to the terms and conditions hereof, own all pipes and appurtenances to the point of delivery unless otherwise agreed. The pipes and appurtenances inside the point of delivery shall belong to the Association, and all such facilities inside the point of delivery shall be operated and maintained by Contract Operator as an agent of the Association.

(b). "Property." The area or parcel of land described in Exhibit "A" by legal description and sketch.

(c). "Service." The readiness and ability on the part of the Service Company to furnish and maintain bulk water and bulk sewer service to the point of delivery (pursuant to applicable rules and regulations of applicable regulatory agencies).

3. Bulk Service. Service Company agrees to furnish water and sewer services to the Property at the point of delivery which is located as follows:

a) Water point of delivery - At a location to be mutually agreed by the parties which location shall be at or near the Duval County line but located in St. Johns County.

b) Sewer point of delivery - At a location to be mutually agreed by the parties which location shall be at or near the Duval County line but located in St. Johns County (collectively referred to herein as "Points of Delivery").

Developer, has, at its sole cost and expense, extended such lines and constructed such facilities as necessary to connect the water distribution and sewer collection systems to the existing water and sewer system of Service Company at the Points of Delivery. Immediately upon execution of this Agreement, the Company shall purchase the bulk meter and Developer shall install the bulk meter at said Points of Delivery, the size and make of which is to be determined by Service Company in its sole discretion, based on industry standards.

4. Construction of On-Site System. In order to induce Service Company to provide to the Property as contemplated herein, bulk water and bulk sewer service, Developer has agreed to pay for the construction of any on-site water distribution and sewage collection systems (also referred to as "On-Site System" or "facilities") on its Property, and all facilities necessary to extend its internal on-site water distribution and sewage collection systems to the existing facilities of Service Company.

Developer constructed the water distribution and sewage collection system on the Property for the purpose of serving lots therein. The construction was in accordance with drawings, plans and specifications prepared at Developer's sole cost and expense and has been approved by Service Company. Developer was and is solely responsible for obtaining the necessary permits to construct the water distribution and sewage collection system.

5. Conveyance of Duval County Portion of the On-Site System from Service Company to the Association.

Service Company shall convey to Association, all facilities within the Property (and previously transferred to Service Company by Developer) including all water and sewer lines, services, laterals, meters, mains, lift-stations, and appurtenant facilities lying within the Property as defined hereunder to the Point of Delivery. The Association shall remain owner and operator of the internal distribution and collection facilities within the Property past the Points of Delivery unless Service Company, its successors, or assigns, demands transfer of all such on-site facilities under paragraph 6 herein. Service Company shall provide to the Association appropriate Bill of Sale for the facilities. Service Company shall transfer any and all easements, rights-of-way, or other property rights free and clear of any encumbrances to Contract Operator, as necessary for Contract Operator to operate the on-site systems, Service Company shall be entitled to reconveyance from Contract Operator and conveyance from the Association of such further property rights necessary to operate these on-site systems at the time of any future reconveyance of those facilities to Service Company upon demand for reconveyance under this Agreement.

6. Association to be Owner and Operator of On-Site Systems. Because the Service Company is providing the Association with bulk water and wastewater service under the terms of

this Agreement, the Association shall remain owner and operator of record of the internal distribution and collection facilities on Association's side of the Points of Delivery. However, Association, Contract Operator, and Service Company agree that Service Company, its successors, or assigns may at any time demand transfer of all such on-site facilities described herein and located within the Property. Upon such demand, Association will be obligated to provide Service Company, its successors, or assigns, with appropriate Bills of Sale within sixty (60) days of the date of such written demand for conveyance. Prior to the date of this Agreement the Developer has delivered to Service Company all original invoices evidencing the cost of the on-site system, release of liens for all such invoices, as-built plans and shop drawings. At the time of such conveyance, the Association and Contract Operator shall release their interests in all O & M Manuals to Service Company. Association, and/or Contract Operators, their successors, or assigns shall further convey to Service Company any and all easements, rights-of-way, or other property rights free and clear of any encumbrances, which may be reasonably necessary to own and operate the on-site system, upon demand for conveyance under this sub-section.

Association shall record a notice of the requirements of this sub-section in the public records of St. Johns County, Florida. Such notice shall include language to inform any and all future owners that the requirements of this subsection are to run with any transfer of the underlying facilities and shall be prepared by Service Company.

Upon demand for transfer, Association shall convey to Service Company all on-site water and sewer lines, services, laterals, meters, mains, lift stations, and appurtenant facilities from the current point of delivery as defined hereunder to the point of delivery at each individual lot

(collectively referred to as "components" or "on-site system") on the property with any contractual guarantees relating thereto, which are in the possession of the Association.

7. Inspection and Approval of On-Site Facilities. The On-Site System has been constructed in compliance with all regulatory requirements and the specifications and requirements of Service Company. Service Company has inspected the On-Site System constructed by Developer prior to date of this Agreement. Service Company has specified and Developer has corrected those facilities in order to meet industry standards or to make those facilities compatible with those of Service Company, as a precondition of allowing the connection of On-Site System to Service Company. Service Company has reviewed all plans and specifications for construction of facilities necessary for interconnection of On-Site System to those of Service Company prior to their construction and has approved such design specifications as well as inspected those facilities during construction. Service Company has approved On-Site System, including design, construction, sizing and materials utilized in piping, meters, valves, etc., prior to the execution of this Agreement and in connection with allowing connection of those facilities constructed by Developer to the facilities of the Service Company.

8. Agreement to Serve. Upon the completion of construction of the On-Site System by Developer, or an appropriate phase thereof, in compliance with the terms and conditions of this Agreement, Service Company will allow connection or oversee the connection of water distribution and sewer collection facilities installed by Developer to the Points of Delivery in accordance with the terms and intent of this Agreement. Such connection shall at all times be in accordance with rules, regulations, and orders of the applicable governmental authorities. Service Company agrees that once it provides bulk water and bulk sewer service to the point of

delivery and Developer or others have connected water and sewer installations to its system, thereafter Service Company will continuously provide, at its cost and expense, but in accordance with the other provisions of this Agreement, including rules and regulations and rate schedules, bulk water and bulk sewer service to the Association in a manner to conform with all the requirements of the applicable governmental authority having jurisdiction over the operations of Service Company.

9. Application for Service. Service Company will be providing bulk service, and as such, the internal facilities of On-Site System will be owned by Association, its successors or assigns. Contract Operator agrees to operate and maintain the internal facilities of the On-Site System on behalf of the Association. In order to ensure the continued integrity of the Service Company's system and to allow Service Company to properly operate and maintain the water and sewer systems, Association, its successors, or assigns (including Contract Operator) shall not approve service for any owner of any parcel of property or any occupant of any residence, building, or unit located on Association's side of the bulk meter nor approve connection to any customer installation to the facilities of Association, until Service Company receives and approves the standard application described below.

A standard application for service must be provided to and approved by Service Company, by any customer wishing to connect to the system owned by Association as a precondition of service to any such customer. The Service Company shall provide the billing and collection services of the individual customers on behalf of the Association and shall apply Service Company's standard rates and charges to the individuals receiving service from Service Company and through Association's system. Contract Operator and Service Company shall, in all

respects, treat all customers on Association's system in the same manner as customers receiving service directly through Service Company owned facilities. All such customers receiving service through Association's system shall also be subject to all the rules and regulations to which all other customers are subject.

Association recognizes that service may be discontinued to either Association or individual customers receiving service through Association's system if applicable rates, fees and charges as assessed by Service Company are not paid by the customer in a timely manner after written assessment of such rates, fees or charges by Service Company or Contract Operator. Contract Operator agrees to undertake in any such turn off or reconnection of such individual customers in accordance with Service Company's standard policies and applicable rules directed by Service Company. Service Company recognizes and agrees that Service Company will be responsible for payment for and installation of the bulk meters to be located at the Points of Delivery as described herein in accordance with specifications and requirements as determined by the Service Company.

10. Bulk Service Rate. It is acknowledged that upon execution of this Agreement the Service Company will file a request to amend its tariff to provide a rate for bulk service. It is further agreed that such bulk service rate shall be based upon multiples of the standard base facility charges and gallonage charges currently reflected in the Utility's general service tariff, the derivation of which is outlined as follows:

(a) Base Charge - The base charge imposed each month for both water and sewer service shall be the applicable base facility charge for one equivalent residential connection times the number of equivalent residential connections that exist during that month, or any portion of that month, behind the bulk service meter. The calculation of the number of ERCs in the appropriate base charge shall be in

accordance with standard Utility practice and regulatory approval as interpreted by Service Company.

(b) Gallage Charge - The gallage charge imposed shall be based upon application of the residential service charge per thousand gallons as contained in the Utility's residential service tariff multiplied by the number of gallons of water which have passed through the bulk service meter during any given month for both water and sewer service. If the gallons recorded at the bulk meter in any given billing cycle exceed the sum of the residential sewer gallage caps for the individuals receiving service behind the bulk meter, then the sum of those caps shall be applied to the bulk service charge, such that no gallage charges for sewer are imposed above the sum of those caps.

Service Company shall be responsible for filing an Application with St. John's County for approval of this bulk rate and for processing that Application through to approval, all at its cost and expense. All parties agree to support that Application in its entirety including the proposed rate and all aspects of this bulk service arrangement. Service Company shall be responsible for obtaining and shall obtain all necessary regulatory approvals for such rate. Upon receipt of such approvals, Service Company shall operate the Utility System in accordance with all such governmental approvals.

11. Agreement to Operate and Maintain On-Site System. In order to insure that the individuals receiving service through the Association-owned lines located within the Property receive the same service as those served through lines owned by Service Company, Contract Operator shall be responsible for operation and maintenance of Association's On-Site Systems and for reading individual meters on those lots located within the Property for billing and collection related to the individual customers and providing that information to Service Company. Contract Operator shall be responsible for billing said customers for monthly or periodic service based on the Service Company's standard tariff rates, and for collection from such

customers. Contract Operator shall pay Service Company for bulk service received from Service Company from the funds collected by Contract Operator for included service. Should those monies billed to said individual customers located within the Property over any calendar year period fail to be sufficient to compensate Service Company for charges for bulk water and bulk sewer service delivered to Association during that same calendar year period, then Service Company shall bill Association, on an annual basis, for said deficit and Association shall pay the same within thirty days. Should those monies billed to said individual customers over any calendar year period be in excess of the amount that Service Company has accrued for the provision of bulk water and bulk sewer service to Association for that same calendar year period, then Contract Operator shall retain said excess as further compensation for its agreement to operate and maintain Developer's and/or Association's system as outlined herein. To the extent any such excess charges to Association for bulk service (over individual charges) result from either line flushing, line breaks, line leaks or another reason which is not within the control of the Association, the Service Company will provide appropriate credits so that the Association is never charged for water metered and/or lost as a result of these factors beyond its control.

Association, Contract Operator, and Service Company recognize that jurisdiction over the rates and charges of Service Company is currently held by St. Johns County and may at some time be transferred to some other regulatory agency. In recognition of this fact, Service Company and Association agree that the rates and charges of the Service Company may, from time to time, be changed by such regulatory agency, and that the charges then in effect, at the time of connection of each lot, in accordance with the provisions of the regulatory agency's authority, rules, statutes and orders, and the Service Company's approved tariff and service availability

policy, will be applied to Association and the customers within the Property as required or allowed by law.

12. Operation, Maintenance, and Correction of Problems Within Association's On-Site System. Service Company shall have the right at all times to inspect the Association's On-Site System to insure that proper construction, operation, and maintenance of such Association's system is being conducted by the Contract Operator. Contract Operator shall operate and maintain Association's on-site system to the extent Service Company, in its sole discretion, deems necessary and advisable. Contract Operator shall prepare and maintain all necessary O & M Manuals. Association, its successors, or assigns, shall provide to Contract Operator any such rights of ingress, egress, or such easements as are necessary so that Contract Operator will have access to the Association's on-site system for such operation and maintenance.

As further consideration for Contract Operator's agreement to operate and maintain the onsite system and read meters and remit this information to Service Company, all on behalf of the Association, the Association shall pay to Contract Operator the sum of \$1 per year for such services. All parties hereto acknowledge and agree that Contract Operator has received \$25 upon execution of this Agreement as compensation for the first 25 years of such operation and maintenance.

13. Exempt Status of Association and Contract Operator. It is the intention of this arrangement to insure that Association's ownership of, and Contract Operator's agreement to operate the facilities on the Property and located in Duval County does not constitute operation of a Utility under the jurisdiction of Section 367, Florida Statutes, but instead falls within several of the exemptions outlined under Section 367.022, Florida Statutes. It is the parties' intention

that ownership of the system by Association or its successors shall be exempt from regulation under Section 367, Florida Statutes based upon its compliance with the provisions of subsections 367.022(6) and (8), and Section 367.022(7), Florida Statutes (1997). All parties will cooperate to insure that the Association or its successor continues to operate at a minimum under one of these exemptions. To the extent modifications to the arrangement are necessary in order to maintain one of the exemptions, the parties agree to make such changes to the extent practicable. To the extent the only exemption applicable is under subsection 367.022(8), Florida Statutes, the Service Company agrees under the terms of this as a part of its responsibilities hereunder to file the annual information with the County to demonstrate such continuing qualification for exemption.

14. Costs and Attorney's Fees. In the event the Service Company, Developer, or Association is required to enforce this Agreement by court proceedings or otherwise, by instituting suit or otherwise, then the prevailing party shall be entitled to recover from the other party all costs incurred, including reasonable attorney's fees, before at trial, on appeal, in bankruptcy, or in post judgment collection.

15. Force Majeure. In the event that performance of this Agreement by any party to this Agreement is prevented or interrupted in consequence of any cause beyond the control of any party, including but not limited to acts of God or of the public enemy, war, national emergency, allocation or of other governmental restrictions upon the use or availability of materials, rationing, civil insurrection, riot, racial or civil rights disorder or demonstration, strike, embargo, flood, tidal wave, fire, explosion, bomb detonation, nuclear fallout, windstorm, hurricane, earthquake or other casualty, disaster or catastrophe, unforeseeable failure or breakdown of

pumping transmission or other facilities, governmental rules or acts or orders or restrictions or regulations or requirements, acts or action of any government or public or governmental authority or commission or board or agency or agent or official or officer, the enactment of any statute or ordinance or resolution or regulation or rule or ruling or order, order or decree of judgment or restraining order or injunction of any court, said party shall not be liable for such non-performance.

16. Venue and Jury Trial. In the event that the Service Company, Developer or Association is required to enforce this Agreement by court proceedings or instituting suit with regard to matters other than those regulated by St. Johns County, the parties agree that the appropriate venue for such suit shall be the courts of St. Johns County, Florida. In the event of such court proceedings or suit, both parties also agree to waive their right to a jury trial in settlement of any such disputes.

17. No Option. The submission of this Developer Agreement for examination by Developer and Association does not constitute an offer but becomes effective only upon execution thereof by Service Company.

MISCELLANEOUS PROVISIONS

18. This Agreement supersedes all previous Agreements or representations, either verbal or written, heretofore in effect between Developer, Association, Service Company and Contract Operator, made with respect to the matters herein contained, and when duly executed, constitutes the Developer Agreement with Service Company. No additions, alterations or variations of the terms of this Agreement shall be valid, nor can provisions of this Agreement be

waived by the party, unless such additions, alterations, variations or waivers are expressed in writing and duly signed.

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

WITNESSES:

DEVELOPER:

M.L. PARTNERSHIP, a Florida general partnership, by its General Partner:

Marsh Landing Venture, Ltd., a Florida limited partnership, by its General Partner:

Marsh Landing Investors, Ltd., a California limited partnership, by its Managing General Partner:

GGC Marsh Landing Inc., a Delaware corporation.

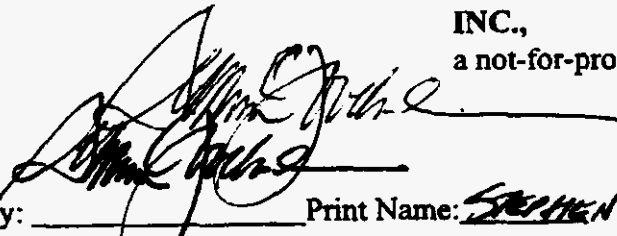
By:  Print Name: EDWIN R. MIHM
EDWIN R. MIHM, Its Vice President


 [Corporate Seal]
Print Name: KARENA KNIGHT

WITNESSES:

ASSOCIATION:

MARSH LANDING AT SAWGRASS HOMEOWNERS ASSOCIATION VII, INC.,
a not-for-profit corporation

By:  Print Name: STEPHEN C. LOVELAND

 [Corporate Seal]
Print Name: CHARLENE TREADWELL

WITNESSES:

Kimberly G. Carmant
Print Name: Kimberly G. Carmant

Ann M. Winkler
Print Name: Ann M. Winkler

[Corporate Seal]

WITNESSES:

Kimberly G. Carmant
Print Name: Kimberly G. Carmant

Ann M. Winkler
Print Name: Ann M. Winkler

[Corporate Seal]

CONTRACT OPERATOR:

COASTAL OPERATING SERVICES, INC.,
a Florida corporation

By: G. W. Whitmire, Jr.

Its: President

SERVICE COMPANY:

ST. JOHNS SERVICE COMPANY,
a Florida corporation

By: G. W. Whitmire, Jr.

Its: President

STATE OF FLORIDA
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this 7th day of MAY, 1999, by STEPHEN C. LOUGHEAD PRESIDENT of Marsh Landing at Sawgrass Homeowners Association VII, Inc. a Florida not-for-profit corporation, on behalf of the association, who is personally known to me or produced _____ as identification.

Print Name: _____

N o t a r y P u b l i c ,
State of Florida
My Commission Expires:
Commission Number:

STATE OF Florida
COUNTY OF St. Johns

The foregoing instrument was acknowledged before me this 18th day of May, 1999, by G.W. Whitmire, Jr. the Contract Operator, who is personally known to me or produced _____ as identification.



ELAINE H. MILLER
Notary Public, State of Florida
My comm. expires Feb. 11, 2003
Comm. No. CC 808480

Elaine H. Miller
Print Name: Elaine H. Miller

Notary Public, State of Florida
My Commission Expires:
Commission Number:

STATE OF FLORIDA
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this 7th day of MAY, 1999, by Edwin R. Mihm, the Vice President of GGC Marsh Landing, Inc., a Delaware corporation, the Managing General Partner of Marsh Landing Investors, Ltd., a California limited partnership, the General Partner of Marsh Landing Venture, Ltd., a Florida limited partnership, the General Partner of M.L. Partnership, a Florida general partnership, on behalf of the partnership. He is personally known to me or produced _____ as identification.



Karen A. Knight
Print Name: _____

Notary Public, State of Florida
My Commission Expires:
Commission Number:

STATE OF FLORIDA
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this 16th day of MAY, 1999, by G. W. Whitmore, Jr., the President of St. Johns Service Company, a Florida corporation, on behalf of the corporation, who is personally known to me or produced _____ as identification.



ELAINE H. MILLER
Notary Public, State of Florida
My Commission Expires Feb. 11, 2003
Comm. No. CC 030460

Elaine H. Miller
Print Name: Elaine H. Miller

N o t a r y P u b l i c ,
State of Florida
My Commission Expires:
Commission Number:

DEVELOPER AGREEMENT - UNIT 32

This Agreement, made and entered into this 17th day of May, 1999, by and among ML Partnership, a Florida general partnership having as its principal place of business at 4400 Marsh Landing Boulevard, Suite 3, Ponte Vedra Beach, FL 32082, hereinafter referred to as "Developer;" ST. JOHNS SERVICE COMPANY, a Florida corporation, 200 North Laura Street, Tenth Floor, The Greenleaf Building, Jacksonville, FL 32201-2506, hereinafter referred to as "Service Company"; Coastal Operating Services, Inc., a Florida Corporation, 200 North Laura Street, Tenth Floor, The Greenleaf Building, Jacksonville, FL 32201-2506, hereinafter referred to as "Contract Operator" and Marsh Landing at Sawgrass Homeowners Association VII, Inc. a Florida not-for-profit corporation, whose address is 4400 Marsh Landing Boulevard, Suite 3, Ponte Vedra Beach, FL 32082 ("Association").

WHEREAS, Developer is the Developer of the land located in Duval County, Florida, and described in **Exhibit "A,"** attached hereto and made a part hereof as if fully set out in this paragraph, and hereinafter referred to as the "Property," and Developer intends to develop the Property for residential single family lots; and

WHEREAS, Developer requires central water distribution and sewage collection service and desires to provide such bulk water distribution and sewage collection service for the Property; and

WHEREAS, the Association is the not-for-profit corporation responsible for the ongoing operation and management of the Property; and

WHEREAS, Service Company is willing to provide, in accordance with the provisions of this Agreement and the Service Company's approved water and sewer tariffs and water and sewer service availability policies, bulk service to Property such that Association may provide central

water distribution and sewage collection service to the Property and thereafter operate applicable facilities so that the occupants of the improvements on the Property will receive adequate water supply and sewer collection services; and

WHEREAS, Contract Operator is willing to provide contract operation, maintenance, meter reading, billing, collection and all other services necessary to ensure the continued provision of water and wastewater services to the individual homeowners within the property;

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

1. The foregoing statements are true and correct.
2. The following definitions and references are given for the purpose of interpreting the terms as used in this Agreement and apply unless the context indicates a different meaning:

(a). "Point of Delivery." The point where the pipes or meter of Service Company are connected with the pipes constructed by Developer. Service Company shall, according to the terms and conditions hereof, own all pipes and appurtenances to the point of delivery unless otherwise agreed. The pipes and appurtenances inside the point of delivery shall belong to the Association, and all such facilities inside the point of delivery shall be operated and maintained by Contract Operator as an agent of the Association.

(b). "Property." The area or parcel of land described in Exhibit "A" by legal description and sketch.

(c). "Service." The readiness and ability on the part of the Service Company to furnish and maintain bulk water and bulk sewer service to the point of delivery (pursuant to applicable rules and regulations of applicable regulatory agencies).

3. Bulk Service. Service Company agrees to furnish water and sewer services to the Property at the point of delivery which is located as follows:

a) Water point of delivery - At a location to be mutually agreed by the parties which location shall be at or near the Duval County line but located in St. Johns County.

b) Sewer point of delivery - At a location to be mutually agreed by the parties which location shall be at or near the Duval County line but located in St. Johns County (collectively referred to herein as "Points of Delivery").

Developer, has, at its sole cost and expense, extended such lines and constructed such facilities as necessary to connect the water distribution and sewer collection systems to the existing water and sewer system of Service Company at the Points of Delivery. Immediately upon execution of this Agreement, the Company shall purchase the bulk meter and Developer shall install the bulk meter at said Points of Delivery, the size and make of which is to be determined by Service Company in its sole discretion, based on industry standards.

4. Construction of On-Site System. In order to induce Service Company to provide to the Property as contemplated herein, bulk water and bulk sewer service, Developer has agreed to pay for the construction of any on-site water distribution and sewage collection systems (also referred to as "On-Site System" or "facilities") on its Property, and all facilities necessary to extend its internal on-site water distribution and sewage collection systems to the existing facilities of Service Company.

Developer constructed the water distribution and sewage collection system on the Property for the purpose of serving lots therein. The construction was in accordance with drawings, plans and specifications prepared at Developer's sole cost and expense and has been approved by Service Company. Developer was and is solely responsible for obtaining the necessary permits to construct the water distribution and sewage collection system.

5. Conveyance of Duval County Portion of the On-Site System. By this Agreement, Developer transfers all facilities located within the Property to the Association. The Association shall remain owner and operator of the on-site internal distribution and collection facilities within the Property past the Points of Delivery unless Service Company, its successors, or assigns, demands transfer of all such on-site facilities under paragraph 6 herein. The Association shall transfer to Contract Operator and Service Company any and all easements, rights-of-way, or other property rights free and clear of any encumbrances, which may be necessary to operate the on-site systems, and Service Company shall be entitled to conveyance of such further property rights necessary to operate these on-site systems at the time of any future conveyance of those facilities to Service Company upon demand for conveyance under this Agreement.

6. Association to be Owner and Operator of On-Site Systems. Because the Service Company is providing the Association with bulk water and wastewater service under the terms of this Agreement, the Association shall remain owner and operator of record of the internal distribution and collection facilities on Association's side of the Points of Delivery. However, Association, Contract Operator, and Service Company agree that Service Company, its successors, or assigns may at any time demand transfer of all such on-site facilities described herein and located within the Property. Upon such demand, Association will be obligated to provide

Service Company, its successors, or assigns, with appropriate Bills of Sale within sixty (60) days of the date of such written demand for conveyance. Prior to the date of this Agreement the Developer has delivered to Service Company all original invoices evidencing the cost of the on-site system, release of liens for all such invoices, as-built plans and shop drawings. At the time of such conveyance, the Association and Contract Operator shall release their interests in all O & M Manuals to Service Company. Association, and/or Contract Operators, their successors, or assigns shall further convey to Service Company any and all easements, rights-of-way, or other property rights free and clear of any encumbrances, which may be reasonably necessary to own and operate the on-site system, upon demand for conveyance under this sub-section.

Association shall record a notice of the requirements of this sub-section in the public records of St. Johns County, Florida. Such notice shall include language to inform any and all future owners that the requirements of this subsection are to run with any transfer of the underlying facilities and shall be prepared by Service Company.

Upon demand for transfer, Association shall convey to Service Company all on-site water and sewer lines, services, laterals, meters, mains, lift stations, and appurtenant facilities from the current point of delivery as defined hereunder to the point of delivery at each individual lot (collectively referred to as "components" or "on-site system") on the property with any contractual guarantees relating thereto, which are in the possession of the Association.

7. Inspection and Approval of On-Site Facilities. The On-Site System has been constructed in compliance with all regulatory requirements and the specifications and requirements of Service Company. Service Company has inspected the On-Site System constructed by Developer prior to date of this Agreement. Service Company has specified and Developer has

corrected those facilities in order to meet industry standards or to make those facilities compatible with those of Service Company, as a precondition of allowing the connection of On-Site System to Service Company. Service Company has reviewed all plans and specifications for construction of facilities necessary for interconnection of On-Site System to those of Service Company prior to their construction and has approved such design specifications as well as inspected those facilities during construction. Service Company has approved On-Site System, including design, construction, sizing and materials utilized in piping, meters, valves, etc., prior to the execution of this Agreement and in connection with allowing connection of those facilities constructed by Developer to the facilities of the Service Company.

8. Agreement to Serve. Upon the completion of construction of the On-Site System by Developer, or an appropriate phase thereof, in compliance with the terms and conditions of this Agreement, Service Company will allow connection or oversee the connection of water distribution and sewer collection facilities installed by Developer to the Points of Delivery in accordance with the terms and intent of this Agreement. Such connection shall at all times be in accordance with rules, regulations, and orders of the applicable governmental authorities. Service Company agrees that once it provides bulk water and bulk sewer service to the point of delivery and Developer or others have connected water and sewer installations to its system, thereafter Service Company will continuously provide, at its cost and expense, but in accordance with the other provisions of this Agreement, including rules and regulations and rate schedules, bulk water and bulk sewer service to the Association in a manner to conform with all the requirements of the applicable governmental authority having jurisdiction over the operations of Service Company.

9. Application for Service. Service Company will be providing bulk service, and as such, the internal facilities of On-Site System will be owned by Association, its successors or assigns. Contract Operator agrees to operate and maintain the internal facilities of the On-Site System on behalf of the Association. In order to ensure the continued integrity of the Service Company's system and to allow Service Company to properly operate and maintain the water and sewer systems, Association, its successors, or assigns (including Contract Operator) shall not approve service for any owner of any parcel of property or any occupant of any residence, building, or unit located on Association's side of the bulk meter nor approve connection to any customer installation to the facilities of Association, until Service Company receives and approves the standard application described below.

A standard application for service must be provided to and approved by Service Company, by any customer wishing to connect to the system owned by Association as a precondition of service to any such customer. The Service Company shall provide the billing and collection services of the individual customers on behalf of the Association and shall apply Service Company's standard rates and charges to the individuals receiving service from Service Company and through Association's system. Contract Operator and Service Company shall, in all respects, treat all customers on Association's system in the same manner as customers receiving service directly through Service Company owned facilities. All such customers receiving service through Association's system shall also be subject to all the rules and regulations to which all other customers are subject.

Association recognizes that service may be discontinued to either Association or individual customers receiving service through Association's system if applicable rates, fees and

charges as assessed by Service Company are not paid by the customer in a timely manner after written assessment of such rates, fees or charges by Service Company or Contract Operator. Contract Operator agrees to undertake in any such turn off or reconnection of such individual customers in accordance with Service Company's standard policies and applicable rules directed by Service Company. Service Company recognizes and agrees that Service Company will be responsible for payment for and installation of the bulk meters to be located at the Points of Delivery as described herein in accordance with specifications and requirements as determined by the Service Company.

10. Bulk Service Rate. It is acknowledged that upon execution of this Agreement the Service Company will file a request to amend its tariff to provide a rate for bulk service. It is further agreed that such bulk service rate shall be based upon multiples of the standard base facility charges and gallonage charges currently reflected in the Utility's general service tariff, the derivation of which is outlined as follows:

(a) Base Charge - The base charge imposed each month for both water and sewer service shall be the applicable base facility charge for one equivalent residential connection times the number of equivalent residential connections that exist during that month, or any portion of that month, behind the bulk service meter. The calculation of the number of ERCs in the appropriate base charge shall be in accordance with standard Utility practice and regulatory approval as interpreted by Service Company.

(b) Gallonage Charge - The gallonage charge imposed shall be based upon application of the residential service charge per thousand gallons as contained in the Utility's residential service tariff multiplied by the number of gallons of water which have passed through the bulk service meter during any given month for both water and sewer service. If the gallons recorded at the bulk meter in any given billing cycle exceed the sum of the residential sewer gallonage caps for the individuals receiving service behind the bulk meter, then the sum of those caps shall be applied to the bulk service charge, such that no gallonage charges for sewer are imposed above the sum of those caps.

Service Company shall be responsible for filing an Application with St. John's County for approval of this bulk rate and for processing that Application through to approval, all at its cost and expense. All parties agree to support that Application in its entirety including the proposed rate and all aspects of this bulk service arrangement. Service Company shall be responsible for obtaining and shall obtain all necessary regulatory approvals for such rate. Upon receipt of such approvals, Service Company shall operate the Utility System in accordance with all such governmental approvals.

11. Agreement to Operate and Maintain On-Site System. In order to insure that the individuals receiving service through the Association-owned lines located within the Property receive the same service as those served through lines owned by Service Company, Contract Operator shall be responsible for operation and maintenance of Association's On-Site Systems and for reading individual meters on those lots located within the Property for billing and collection related to the individual customers and providing that information to Service Company. Contract Operator shall be responsible for billing said customers for monthly or periodic service based on the Service Company's standard tariff rates, and for collection from such customers. Contract Operator shall pay Service Company for bulk service received from Service Company from the funds collected by Contract Operator for included service. Should those monies billed to said individual customers located within the Property over any calendar year period fail to be sufficient to compensate Service Company for charges for bulk water and bulk sewer service delivered to Association during that same calendar year period, then Service Company shall bill Association, on an annual basis, for said deficit and Association shall pay the same within thirty days. Should those monies billed to said individual customers over any

calendar year period be in excess of the amount that Service Company has accrued for the provision of bulk water and bulk sewer service to Association for that same calendar year period, then Contract Operator shall retain said excess as further compensation for its agreement to operate and maintain Developer's and/or Association's system as outlined herein. To the extent any such excess charges to Association for bulk service (over individual charges) result from either line flushing, line breaks, line leaks or another reason which is not within the control of the Association, the Service Company will provide appropriate credits so that the Association is never charged for water metered and/or lost as a result of these factors beyond its control.

Association, Contract Operator, and Service Company recognize that jurisdiction over the rates and charges of Service Company is currently held by St. Johns County and may at some time be transferred to some other regulatory agency. In recognition of this fact, Service Company and Association agree that the rates and charges of the Service Company may, from time to time, be changed by such regulatory agency, and that the charges then in effect, at the time of connection of each lot, in accordance with the provisions of the regulatory agency's authority, rules, statutes and orders, and the Service Company's approved tariff and service availability policy, will be applied to Association and the customers within the Property as required or allowed by law.

12. Operation, Maintenance, and Correction of Problems Within Association's On-Site System. Service Company shall have the right at all times to inspect the Association's On-Site System to insure that proper construction, operation, and maintenance of such Association's system is being conducted by the Contract Operator. Contract Operator shall operate and maintain Association's on-site system to the extent Service Company, in its sole discretion,

deems necessary and advisable. Contract Operator shall prepare and maintain all necessary O & M Manuals. Association, its successors, or assigns, shall provide to Contract Operator such rights of ingress, egress, or such easements as are necessary so that Contract Operator will have access to the Association's on-site system for such operation and maintenance.

As further consideration for Contract Operator's agreement to operate and maintain the onsite system and read meters and remit this information to Service Company, all on behalf of the Association, the Association shall pay to Contract Operator the sum of \$1 per year for such services. All parties hereto acknowledge and agree that Contract Operator has received \$25 upon execution of this Agreement as compensation for the first 25 years of such operation and maintenance.

13. Exempt Status of Association and Contract Operator. It is the intention of this arrangement to insure that Association's ownership of, and Contract Operator's agreement to operate the facilities on the Property and located in Duval County does not constitute operation of a Utility under the jurisdiction of Section 367, Florida Statutes, but instead falls within several of the exemptions outlined under Section 367.022, Florida Statutes. It is the parties' intention that ownership of the system by Association or its successors shall be exempt from regulation under Section 367, Florida Statutes based upon its compliance with the provisions of subsections 367.022(6) and (8), and Section 367.022(7), Florida Statutes (1997). All parties will cooperate to insure that the Association or its successor continues to operate at a minimum under one of these exemptions. To the extent modifications to the arrangement are necessary in order to maintain one of the exemptions, the parties agree to make such changes to the extent practicable. To the extent the only exemption applicable is under subsection 367.022(8), Florida Statutes, the

Service Company agrees under the terms of this as a part of its responsibilities hereunder to file the annual information with the County to demonstrate such continuing qualification for exemption.

14. Costs and Attorney's Fees. In the event the Service Company, Developer, or Association is required to enforce this Agreement by court proceedings or otherwise, by instituting suit or otherwise, then the prevailing party shall be entitled to recover from the other party all costs incurred, including reasonable attorney's fees, before at trial, on appeal, in bankruptcy, or in post judgment collection.

15. Force Majeure. In the event that performance of this Agreement by any party to this Agreement is prevented or interrupted in consequence of any cause beyond the control of any party, including but not limited to acts of God or of the public enemy, war, national emergency, allocation or of other governmental restrictions upon the use or availability of materials, rationing, civil insurrection, riot, racial or civil rights disorder or demonstration, strike, embargo, flood, tidal wave, fire, explosion, bomb detonation, nuclear fallout, windstorm, hurricane, earthquake or other casualty, disaster or catastrophe, unforeseeable failure or breakdown of pumping transmission or other facilities, governmental rules or acts or orders or restrictions or regulations or requirements, acts or action of any government or public or governmental authority or commission or board or agency or agent or official or officer, the enactment of any statute or ordinance or resolution or regulation or rule or ruling or order, order or decree of judgment or restraining order or injunction of any court, said party shall not be liable for such non-performance.

16. Venue and Jury Trial. In the event that the Service Company, Developer or Association is required to enforce this Agreement by court proceedings or instituting suit with regard to matters other than those regulated by St. Johns County, the parties agree that the appropriate venue for such suit shall be the courts of St. Johns County, Florida. In the event of such court proceedings or suit, both parties also agree to waive their right to a jury trial in settlement of any such disputes.

17. No Option. The submission of this Developer Agreement for examination by Developer and Association does not constitute an offer but becomes effective only upon execution thereof by Service Company.

MISCELLANEOUS PROVISIONS

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

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

WITNESSES:


DEVELOPER:


M.L. PARTNERSHIP, a Florida general partnership, by its General Partner:

Marsh Landing Venture, Ltd., a Florida limited partnership, by its General Partner:

Marsh Landing Investors, Ltd., a California limited partnership, by its Managing General Partner:

GGC Marsh Landing Inc., a Delaware corporation.

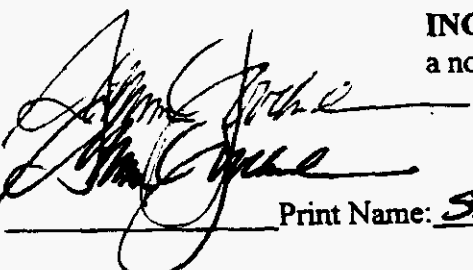
By:  Print Name: EDWIN R MIHM
EDWIN R. MIHM, Its Vice President


 [Corporate Seal]
Print Name: KAREN A. KNIGHT

WITNESSES:

ASSOCIATION:

MARSH LANDING AT SAWGRASS HOMEOWNERS ASSOCIATION VII, INC.,
a not-for-profit corporation

By:  Print Name: STEPHEN C. LOVELANT

 [Corporate Seal]
Print Name: CHARLENE TREADWELL

WITNESSES:

Kimberly G. Carmichael
Print Name: Kimberly G. Carmichael

Ann M. Winkler
Print Name: Ann M. Winkler

[Corporate Seal]

WITNESSES:

Kimberly G. Carmichael
Print Name: Kimberly G. Carmichael

Ann M. Winkler
Print Name: Ann M. Winkler

[Corporate Seal]

CONTRACT OPERATOR:

COASTAL OPERATING SERVICES, INC.,
A Florida corporation

By: *G. W. Whitmire, Jr.*
Its: President

SERVICE COMPANY:

ST. JOHNS SERVICE COMPANY,
a Florida corporation

By: *G. W. Whitmire, Jr.*
Its: President

STATE OF FLORIDA
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this
7th day of MAY, 1999, by STEPHEN C. LOVELAND PRESIDENT of Marsh Landing at Sawgrass
Homeowners Association VIII, Inc. a Florida not-for-profit corporation, on behalf of the association, who
is personally known to me or produced _____ as identification.

Karen A. Knight
Print Name: _____



Karen A Knight
My Commission CC605442
Expires December 4, 2000

N o t a r y P u b l i c ,
State of Florida
My Commission Expires:
Commission Number:

STATE OF Florida
COUNTY OF St. Johns

The foregoing instrument was acknowledged before me this 15th day of May, 1999, by _____
G.W. Whitmire Jr., the Contract Operator, who is personally known to me or produced _____ as identifica-
tion.



ELAINE H. MILLER
Notary Public, State of Florida
My comm. expires Feb. 11, 2003
Comm. No. CC 808480

Elaine H. Miller
Print Name: Elaine H. Miller

Notary Public, State of Florida
My Commission Expires:
Commission Number:

STATE OF FLORIDA
COUNTY OF ST. JOHNS

The foregoing instrument was acknowledged before me this 7th day of MAY, 1999, by Edwin R. Mihm, the Vice President of GGC Marsh Landing, Inc., a Delaware corporation, the Managing General Partner of Marsh Landing Investors, Ltd., a California limited partnership, the General Partner of Marsh Landing Venture, Ltd., a Florida limited partnership, the General Partner of M.L. Partnership, a Florida general partnership, on behalf of the partnership. He is personally known to me or produced _____ as identification.



Karen A. Knight
Print Name: _____

Notary Public, State of Florida
My Commission Expires:
Commission Number:

STATE OF Florida
COUNTY OF St. Johns

The foregoing instrument was acknowledged before me this 18th day of May, 1999, by G.W. Whitmore, Jr., the President of St. Johns Service Company, a Florida corporation, on behalf of the corporation, who is personally known to me or produced _____ as identification.



ELAINE H. MILLER
Notary Public, State of Florida
My comm. expires Feb. 11, 2003
Comm. No. CC 898490

Elaine H. Miller
Print Name: Elaine H. Miller

N o t a r y P u b l i c ,
State of Florida
My Commission Expires:
Commission Number: