

LAW OFFICES  
**ROSE, SUNDSTROM & BENTLEY, LLP** **ORIGINAL**  
2548 BLAIRSTONE PINES DRIVE  
TALLAHASSEE, FLORIDA 32301

CHRIS H. BENTLEY, PA  
ROBERT C. BRANNAN  
DAVID F. CHESTER  
F. MARSHALL DETERING  
JOHN R. JENKINS, PA  
STEVEN T. MINDLIN, PA  
DARIN L. SHIPPY  
WILLIAM E. SUNDSTROM, PA  
DIANE D. TREMBOR, PA  
JOHN L. WHARTON  
ROBERT M. C. ROSE, Of Counsel  
WAYNE L. SCHEERLIN, Of Counsel

(850) 877-6555  
FAX (850) 656-4029  
www.rsblaw.com

REPLY TO ALTAMONTE SPRINGS

CENTRAL FLORIDA OFFICE  
600 S. NORTH LAKE BLVD., SUITE 160  
ALTAMONTE SPRINGS, FLORIDA 32701  
(407) 830-6331  
FAX (407) 830-8522

MARTIN S. FRIEDMAN, PA  
VALERIE L. LORD, Of Counsel  
(LICENSED IN TEXAS ONLY)

October 13, 2003

**HAND DELIVERY**

Ms. Blanca Bayo  
Commission Clerk and Administrative Services Director  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

030986-WS

Re: Application by Little Sumter Utility Company for acknowledgment of sale of land and facilities to the Village Center Community Development District and Cancellation of Certificate Nos. 500-S and 580-W  
Our File No.: 30059.03

Dear Ms. Bayo:

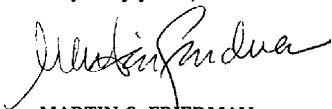
Enclosed for filing on behalf of Little Sumter Utility Company is an original and five copies of its Application of Transfer of Land and Facilities to the Village Center Community Development District and Cancellation of Certificate Nos. 580-W and 500-W.

Thank you for your assistance with this filing.

Very truly yours,

RECEIVED & FILED

msf  
FPSC-BUREAU OF RECORDS

  
MARTIN S. FRIEDMAN  
For the Firm

MSF:dmp  
Enclosure

cc: Mr. John Wise (w/enclosure)

DOCUMENT NUMBER-DATE

10014 OCT 14 8

FPSC-COMMISSION CLERK

RECEIVED FPSC  
OCT 14 PM 12:37  
COMMISSION  
CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

IN RE: Application by Little Sumter Utility  
Company for acknowledgment of sale of  
land and facilities to the Village Center  
Community Development District and  
Cancellation of Certificate Nos. 500-S  
and 580-W

---

DOCKET NO.: 630986-W5

**APPLICATION FOR ACKNOWLEDGMENT OF SALE OF LAND AND  
FACILITIES TO THE VILLAGE CENTER COMMUNITY DEVELOPMENT  
DISTRICT AND CANCELLATION OF CERTIFICATE NOS. 500-S AND 580-W**

Applicant, LITTLE SUMTER UTILITY COMPANY ("Utility") by and through its undersigned attorneys and pursuant to Section 367.071 (4) (a), Florida Statutes, and Rule 25-30-038 (4), Florida Administrative Code, hereby files this Application for acknowledgment of sale of the utility's land and facilities to the Village Center Community Development District ("District"), and in support thereof states:

1. The name, address and telephone number of the Utility is:

Little Sumter Utility Company  
1100 Main Street  
The Villages, FL 32159  
PHONE: (352) 753-2270

2. The name, address and telephone number of the representative of the Utility to contact concerning this Application is:

Martin S. Friedman, Esquire  
Rose, Sundstrom & Bentley, LLP  
600 S. North Lake Boulevard  
Suite 160  
Altamonte Springs, FL 32701  
PHONE: (407) 830-6331  
[mfriedman@rsbattorneys.com](mailto:mfriedman@rsbattorneys.com)

DOCKET NO. SUMTER DIST  
10014 OCT 14 8  
FPSC-COMMISSION CLERK

3. The name, address and telephone number of the District is:

Village Center Community Development District  
3231 Wedgewood Lane  
The Villages, FL 32162  
PHONE: (352) 753-4508

4. The name, address and telephone number of the representative of the District to contact concerning this Application is:

Randall Thornton, Esquire  
Post Office Box 58  
Lake Panasofkee, FL 33538-0058  
PHONE: (352) 793-4040  
RTHORNTON@SUM.NET

5. On September 17, 2003, the Utility and District entered into an Agreement for Purchase and Sale ("Agreement") by which the District purchased the wastewater and water land and facilities of the Utility. A copy of the Agreement is attached hereto as Exhibit "A".

6. The Agreement was specifically made contingent upon approval by the Commission (Paragraph 12C); and pursuant to Section 367.071, Florida Statutes, the sale was closed on October 1, 2003, and the District took over operation on that date.

7. The District is a "governmental authority" and is subject to approval "as a matter of right" pursuant to Section 367.071 (4) (a), Florida Statutes.<sup>1</sup>

8. Although the Utility was authorized to collect customer deposits, it chose not to do so. Thus, there are no customer deposits of which to dispose.

---

<sup>1</sup> In Order No. PSC-94-0274-FOF-WS, this Commission acknowledged that this District was entitled to a transfer as a matter of right.

9. The Utility has no outstanding regulatory assessment fees or fines. Simultaneously with the filing of this Application, the Utility filed Regulatory Assessment Fee Reports and paid the regulatory assessment fees for 2003 through the date of closing. Copies of those Reports are attached hereto as Exhibit "B".

10. The only current open docket is Docket No. 021238 which required the Utility to escrow gallonage revenue collected from second tier rate in excess of the gallonage revenue requirement. The Utility has been approved to withdraw up to \$1,539,000 as funds become available in the escrow account to fund a reuse project. There are not sufficient funds in the escrow account to fully fund this project.

11. A public hearing was held on September 17, 2003, pursuant to Section 190.0125, Florida Statutes, at which time the District considered, among other things, the most recent available income and expense statement, balance sheet, and statement of rate base for regulatory purposes and contributions-in-aid-of-construction. Attached hereto as Exhibit "C" is verification of the compliance with Section 367.071 (4)(a), F.S.

12. The District took formal action on September 17, 2003, to acquire the assets of the Utility.

13. The Utility's original Certificate Nos. 500-S and 580-W were filed in Docket No. 020909 in connection with a Certificate Amendment and the Utility has no record of them having been returned.

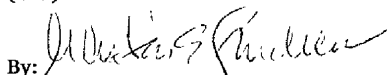
WHEREFORE, Applicant, LITTLE SUMTER UTILITY COMPANY, requests this

Commission grant the Utility's Application, acknowledge the sale to the Utility's assets to the District, and cancel Certificate Nos. 500-S and 580-W.

Respectfully submitted on this 14th day of October, 2003, by:

ROSE, SUNDSTROM & BENTLEY, LLP  
600 S. North Lake Boulevard  
Suite 160  
Altamonte Springs, Florida 32701  
(407) 830-6331  
(407) 830-8522 Fax

By:

  
\_\_\_\_\_  
MARTIN S. FRIEDMAN

**EXHIBIT “A”**

**[AGREEMENT FOR PURCHASE AND SALE]**

## AGREEMENT FOR PURCHASE AND SALE

THIS AGREEMENT ("Agreement") is made this 17<sup>th</sup> day of September, 2003, by and between **LITTLE SUMTER UTILITY COMPANY**, a Florida corporation (hereinafter called the "Seller") whose address is 1100 Main Street, The Villages, Florida 32159, and **VILLAGE CENTER COMMUNITY DEVELOPMENT DISTRICT**, a community development district created pursuant to Chapter 190, Florida Statutes, as amended (hereinafter called the "Purchaser") whose address is 3231 Wedgewood Lane, The Villages, Florida 32162.

### RECITALS

1. The Seller owns and operates a water treatment and distribution system (hereinafter "Water System") and a wastewater collection, treatment and disposal system (hereinafter "Wastewater System") (hereinafter jointly referred to as "Utility System").
2. The Utility System was developed for purposes of providing potable water and wastewater treatment services to a portion of the mixed-use development commonly referred to as The Villages located in portions of unincorporated Sumter and Marion Counties in Florida.
3. The sale and acquisition of the entire Utility System other than the Excluded Assets has been determined by each party hereto to be in its best interest. The Purchaser is willing to purchase the Utility System, and the Seller is willing to sell same to the Purchaser upon the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the premises and of the covenants and agreements herein contained, Seller and Purchaser hereby agree as follows:

1. **FURNISHING OF DOCUMENTS.** Exhibits B, C, D, E, J, and N shall be attached upon execution of this Agreement. Within thirty (30) days from the date of this Agreement, but not later than ten (10) days before closing, Seller will make available to Purchaser for inspection on Seller's premises Exhibits A, F, G, H, I, K, L, M, O, P, and Q. At closing, Seller will provide Purchaser with an updated Exhibit Q, accurate as of the day of closing. On or before closing, Seller will provide Purchaser with Exhibit R and Exhibit S in accordance with the provisions of this Agreement.

Exhibit A: Plans and specifications showing the wastewater treatment plant ("WWTP") and the water treatment plants of the Utility System as now constructed (as-built), together with a map showing the water distribution lines, wastewater collection lines and lift stations and appurtenances as now constructed, and all other facilities constituting the Utility System.

Exhibit B: A schedule and copies of all active agreements, hereinafter referred to as "Developers Agreements," assumed by or executed between Seller and owners and developers of property regarding water service, wastewater service, capacity reservation, or similar related matters, including a listing of any prepaid connection fees.

Exhibit C: A schedule and copies of all other agreements assumed by or entered into between Seller and other parties which would or might be considered to be an encumbrance upon the Purchased Assets (as defined herein).

Exhibit D: A legal description of all of the real estate owned by Seller (the "Real Property") in connection with the operation of the Utility System whereupon all water treatment plants, wells, and wastewater treatment facilities and lift stations are located, including all buildings, tanks and other improvements located thereon, together with any prior title insurance policies and existing surveys in connection with such real estate and copies of the title exceptions referenced therein.

Exhibit E: A copy of all private easements and rights-of-way owned and used by Seller for the construction, operation and maintenance of the Utility System, which are transferable to Purchaser. Easements located or shown in recorded plats and rights to locate lines in dedicated public rights-of-way need not be included in this exhibit.

Exhibit F: Inventory of all equipment, vehicles, tools, parts, laboratory equipment, office equipment, unset or reserved meters, and other personal property located on or used in connection with the property being acquired by Purchaser pursuant to this Agreement, together with a schedule showing the nature of the ownership or use rights thereof of Seller. With respect to this personal property, Seller represents that same will not be depleted prior to the closing (as defined herein) except in the normal and ordinary course of the operations of the Utility System by Seller and



replacements and additions thereto will be acquired by Seller prior to closing in the normal and ordinary course of the operations of the Utility System by Seller.

Exhibit G: Schedule of rates, fees and charges and a copy of all Tariffs in effect at the time of this Agreement.

Exhibit H: Copies of current or active permits, licenses, approvals, applications or other documents, together with effective dates and expiration dates (if any) demonstrating approval of the facilities of the Utility System by all applicable governmental authorities, including, but not limited to: (a) Florida Department of Environmental Protection or the regulatory predecessor, (b) Southwest Florida Water Management District and St. Johns Regional Water Management District, (c) U.S. Army Corps of Engineers, (d) United States Environmental Protection Agency, (e) Sumter County Health Department, and (f) Marion and Sumter Counties.

Exhibit I: A list of customer deposits by name and account number, setting forth the amount of each individual deposit and the aggregate total thereof.

Exhibit J: Map on which there is outlined the service area to be conveyed (hereafter "Service Area").

Exhibit K: Plans and Specifications of the wastewater treatment plant expansion ("WWTP Expansion Plans") under construction as of the date of the Agreement.

Exhibit L: A schedule of all existing warranties by third parties respecting equipment, and completed or in progress construction work.

Exhibit M: Definitive list of "Excluded Assets".

Exhibit N: Definitive list of all operating and vendor contracts to be assumed by Purchaser.

Exhibit O: List of items or expenses to be prorated at closing, if any.

Exhibit P: A copy of the Ordinances creating the Purchaser and all amendments thereto and copies of all existing Interlocal Agreements related to the Utility System between the Purchaser and Marion County, and between the Purchaser and Sumter County, together with copies of any amendments to such agreements to be executed before closing.

Exhibit Q: Listing of all accounts receivable of the Seller generated from the delivery of utility services, including separate listings for both billed and unbilled services.

Exhibit R: A certification of the cost to complete the WWTP Expansion in accordance with the WWTP Expansion Plans prepared by Purchaser's engineers no earlier than five (5) days prior to the date of closing.

Exhibit S: A certification by the Purchaser's Engineers in accordance with Section 5.

The Purchaser shall have ten (10) days from the date of its receipt of each such exhibit for its review thereof and within which to either approve or disapprove of same. Should Purchaser fail to advise Seller in writing of its disapproval of any such exhibit and the specific reasons therefore, within said ten (10) days, then for all purposes hereof, Purchaser shall be deemed to have approved same. Should Purchaser advise Seller within said ten (10) days as aforedescribed of its disapproval of any such exhibit, then in such event, the Seller shall have sixty (60) days within which to cure the basis for disapproval. If the basis for the disapproval cannot be cured, then the parties shall be released of any further obligation to each other arising hereunder. With respect to plans and maps, reproducible will be furnished if available, and if not, copies of same will be acceptable by Purchaser, and will be provided at closing.

**2. COVENANT TO SELL AND PURCHASE AND DESCRIPTION OF PURCHASED ASSETS.** The Purchaser hereby offers to buy, and the Seller hereby agrees to sell, the Purchased Assets of the Seller to the Purchaser for the Purchase Price and upon the terms, and subject to the conditions and other provisions hereof.

A. The term "Purchased Assets" shall be used to designate all of the assets, business properties and rights, both tangible and intangible, which Seller owns or in which it has an interest regarding the Utility System (but shall not include the "Excluded Assets" described herein or described in Exhibit M hereof), all of which are being purchased hereunder by Purchaser and which include, but are not limited to, the following:

(1) The real estate owned by Seller described in Exhibit D and all buildings and improvements owned by Seller located thereon.

(2) All easements, licenses and rights-of-way and consents owned by Seller for the construction, operation and maintenance of the Utility System within the Service Area depicted in Exhibit I.

(3) All water treatment plants, water supply and distribution facilities, wastewater treatment plants, and collection facilities of every kind and description whatsoever located within the Service Area depicted in Exhibit I, including, but not limited to lift stations, transmission mains, distribution mains, supply pipes, collection pipes, or facilities, valves, meters, meter boxes, service connections and all other physical facilities and property installations in use in connection with the Utility System operated by the Seller under the auspices of Little Sunter Utility Company.

(4) All certificates, immunities, privileges, permits, licenses, license rights, easements, consents, grants, ordinances, leaseholds, rights-of-way and all rights to construct, maintain and operate plants and systems for the procuring, distribution and transmission of water and for the collection and treatment of wastewater and every right of every character whatever in connection therewith associated with the Purchased Assets in the Service Area depicted in Exhibit I. All agencies for the supply of water to the Utility System or others; all water rights, flowage rights and riparian rights, and all renewals, extensions, additions or modifications of any of the foregoing associated with the Service Area Depicted in Exhibit I. Upon closing, this Agreement shall operate as an assignment of all such rights, however, at Purchaser's request, Seller shall execute written assignments of such rights. The parties shall cooperate in applying for and obtaining transfer of all such rights requiring regulatory approval or notice.

(5) The items of inventory described in Exhibit F, together with additions and replacements thereto.

(6) All past and current customer records, prints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals, and other information reasonably required by Purchaser which are in possession of Seller and its agents (but not correspondence with

its attorneys or attorney work product) on the Closing Date pertaining to the operation of the Utility System.

(7) One (1) set of record drawings, including as-built drawings where available, showing all facilities of the Utility System. Such drawings shall also include any original tracings and sepia's where same is in possession of Seller.

(8) All rights of Seller under the Developers' Agreements described in Exhibit B.

(9) The accounts receivable of the Seller as described in Exhibit Q and those items described in Exhibits A, D, E, H, I, J, K, L and N

B. Excluded Assets;

(1) Cash, bank accounts, or deposits of any kind of Seller which are Seller's sole property and are not subject to refund to customers, including developers or others.

(2) Escrow and other provisions made by Seller, Seller's predecessor in interest, or Seller's utility manager for payment of federal and state income taxes. As Seller or its agent remains responsible for filing and satisfying income tax obligations, such escrow or other funds held by the Seller or its agent shall remain with the Seller or its agent after closing.

(3) Such other equipment which is not utilized in the operation and maintenance of the Utility System in the Service Area and listed on Exhibit M hereof.

(4) All notes receivable of Seller provided, however, that, except as otherwise specifically provided for herein, Seller shall remain obligated to pay all accounts payable and other payables of Seller incurred or accrued prior to the closing.

(5) The name and the legal entity, Little Sumner Utility Company.

(6) The right of the Seller to continue to receive charges in aid of construction, main extension charges, and similar system development charges for the construction and development of the Utility System (the "System Development Charges") until the Available Capacity in the WWTP constructed by the Seller and not paid for by the Purchaser pursuant to this Agreement is fully purchased by users.

(7) Reserve Accounts and other amounts held pursuant to Seller's previous bond issues.

(8) Prepaid insurance.

3. **CONDITION OF PURCHASED ASSETS AT CLOSING.** Purchaser shall have a period of ten (10) days from the date of this Agreement to make its own investigations of the Purchased Assets. Seller shall afford Purchaser and its agents, employees and consultants full access to all of Seller's property, data and records relating to the Purchased Assets and the purchase and sale contemplated herein. Seller shall assign to Purchaser at closing all of its right, title and interest it may have in all engineering and architectural specifications, engineering studies, planning documents, tests, licenses and permits (if assignable), investigations and surveys relating to the Purchased Assets (hereinafter referred to as the "Planning Documents") it may have, but such assignment shall be with the express reservation that the Seller shall have no responsibility to the Purchaser for the accuracy or correctness for any of the matters contained therein. Seller shall endeavor to obtain from each professional responsible for preparing the Planning Documents an acknowledgment and consent to such assignment. Purchaser shall not assume or be obligated to pay any sums due for services rendered prior to the date of closing hereunder or to the service agreements entered into by Seller with respect to the Planning Documents which are not expressly assumed by Purchaser pursuant to this Agreement. Likewise, as to leased property, easements, or other property and assets that the Seller is now utilizing and the Purchaser intends to continue such use, all rights therein shall be transferred to the Purchaser as is and where is without representation or warranty, express or implied, as to the condition, location, or fitness of purpose of such leased property, easement, or other properties and assets.

4. **PURCHASE PRICE: PAYMENT.** The parties agree that the Purchase Price for the Assets shall not be greater than \$86,400,000.00 ("Purchase Price"), payable solely from the proceeds of the Purchaser's Utility Revenue Bonds ("Bonds"), when and if issued and as otherwise provided under the Trust Indenture securing the Bonds. In addition, Seller shall be due System Development Charges as provided in Section 5 hereof and in accordance with Section 7.04(2) of that certain Trust

Indenture dated as of October 1, 1998 (the "Trust Indenture") securing the Bonds. The Seller hereby directs Purchaser to wire \$24,000,000.00 to Wachovia Bank, National Association, or such greater or lesser sum as is necessary, on the date of delivery of the Bonds to assist in the defeasance of all of Seller's outstanding debt encumbering the Purchased Assets.

5. **RESERVATION OF AVAILABLE WWTP CAPACITY.** Purchaser and Seller acknowledge and agree that the valuation of the Utility System resulting in the Purchase Price does not contain any value allocation for the Available WWTP Capacity pursuant to the WWTP Expansion currently underway. In consideration of the Seller depositing with the Trustee the estimated cost to complete the WWTP Expansion, and in consideration of the Available WWTP Capacity not purchased pursuant to this sale, Purchaser and Seller agree that until such time as all of the Available WWTP Capacity has been purchased by users, the Seller shall be entitled to receive the System Development Charges in accordance with Section 7.04(2) of the Trust Indenture. If the initial sum deposited with the Trustee for the completion of the WWTP Expansion is insufficient to complete the expansion in accordance with the WWTP Expansion Plans set forth in Exhibit K (other than changes requested by Purchaser), then Seller shall immediately deposit with the Trustee such additional sums to complete the WWTP Expansion in accordance with the WWTP Expansion Plans.

A. Certification of the Available WWTP Capacity. At least five (5) days before closing, the Purchaser's engineers shall deliver to the Purchaser and the Seller, a certification as of September 1, 2003 setting forth:

(1) the Total WWTP Capacity after completion of the WWTP Expansion described in the WWTP Expansion Plans, stated in Equivalent Residential Connections ("ERCs"),

(2) the current Utilized WWTP Capacity, which is defined as the sum of:

(a) the number of ERCs as of September 1, 2003, based upon actual annual average daily flow; PLUS

(b) the actual purchased WWTP capacity, which has not yet established any flow, expressed in ERCs,

(3) the remaining Available WWTP Capacity after the WWTP Expansion set forth in the WWTP Expansion Plans expressed in ERCs, which is the difference between Sections 5.A.(1) and 5.A.(2) above (herein "Available WWTP Capacity").

For the purpose this Agreement, an ERC is defined as one hundred sixteen (116) gallons per day on an annual average daily flow basis.

B. Payment for Available WWTP Capacity. As new users are connected to the Utility System, the Purchaser shall collect System Development Charge's until such time as all of the Available WWTP Capacity has been consumed, which System Development Charges shall be due Seller pursuant to Section 4 hereof and paid to the Seller in accordance with Section 7.04(2) of the Trust Indenture.

(1) Covenant to Establish and Maintain Connection Fees. To satisfy the above obligation, Purchaser hereby covenants and agrees with Seller that it will, in accordance with and to the full extent permitted by Chapter 190, Florida Statutes and other applicable rules of law, and in compliance with the Trust Indenture, establish charges for connection to the Utility System equal to or in excess of the System Development Charges currently in place. The Seller understands and agrees that Purchaser may establish connection fees in excess of System Development Charges and that such excess amounts shall be the property of the Purchaser and shall not constitute System Development Charges payable to the Seller.

(2) Limited Obligation of Purchaser. Neither the initial purchase price nor any other amount due or to become due hereunder shall constitute a general obligation or general indebtedness of the Purchaser within the meaning of the Constitution and the laws of the State of Florida; nor do such obligations constitute either a pledge of the full faith credit of the Purchaser or a lien upon the property of the Purchaser other than the System Development Charges. Neither the Seller nor any other person shall have the right to compel the exercise of any ad valorem taxing power of the Purchaser or any other public authority or governmental body to pay any amount due or to become due hereunder, or to pay any other amounts required to be paid pursuant hereto. Any amounts required to be paid pursuant to this Agreement shall be paid solely from and shall be

secured solely by the System Development Charges derived from connection of the Utility System pledged therefor.

**6. DEVELOPER'S AGREEMENTS, RIGHTS THEREUNDER, AND SERVICE TO CUSTOMERS.**

A. Purchaser shall, at closing, assume in writing all the obligations of Seller relating to all Developers' Agreements listed on Exhibit B attached, pursuant to which the developers are entitled to certain rights and benefits.

B. Seller represents to Purchaser that it has not entered into any commitment, agreement, or obligation to provide utility service whatsoever, other than as provided in the Developers' Agreements designated as Exhibit B.

**7. SELLER'S WARRANTIES.** Seller represents and warrants as follows:

A. Seller is a Florida corporation and has all requisite power and authority to execute and consummate this Agreement.

B. The execution and performance of this Agreement has been duly authorized by Seller's Board of Directors and Shareholders.

C. From and after the date of the execution of this Agreement, Seller will not, without the prior written consent of the Purchaser, dispose of or encumber any of the Purchased Assets, with the exception of any transactions occurring in the ordinary course of Seller's business.

D. The Seller will permit full examination by Purchaser's authorized representatives of the Utility System, Purchased Assets and all existing contractual obligations, physical systems, assets, real estate, rights-of-way, easements, and inventories utilized by the Seller in the ordinary course of business by the Seller. Moreover, Seller warrants and represents that there will be no material depletion of such assets of the Seller, nor any material change in the condition of said assets, from and after the date of the execution hereof, and that such facilities and assets will be properly maintained within the custom and usage of the industry up until the date of closing.



E. In the interim between the execution of this Agreement and the Closing Date, Seller shall operate and maintain the Utility System and Purchased Assets in a normal and usual manner to the end that the value of the same will not be diminished or depleted other than by normal wear and tear.

F. Seller will reasonably cooperate by opening records, providing access to records and facilities to assist in the acquainting of the Purchaser's operating and administrative personnel in the operation of the Seller.

G. The information provided to Purchaser by Seller as provided for in the exhibits hereto shall be true and correct and shall not omit any material fact necessary to make the information provided by Seller not misleading to the best of Seller's knowledge and said exhibits shall be incorporated herein by reference and made a part hereof.

H. Seller is in sole and exclusive possession of the Purchased Assets and Seller at closing shall deliver sole and exclusive possession of the Purchased Assets to Purchaser.

I. Except for Permitted Encumbrances provided for below and the requisite authorizations and consents of the applicable governmental authorities with respect to the sale and transfer of all licenses and permits to own and operate the Utility Systems, Seller has good and marketable title to the Purchased Assets.

J. Except for the Permitted Encumbrances set forth below, there are not liens, claims or encumbrances of whatever type or nature upon or against the Purchased Assets, including but not limited to, mortgages, bond indentures or financing statements or security instruments, except for those which will be extinguished at closing.

K. Seller shall perform all of the conditions to closing which shall be performed by Seller prior to closing as provided herein.

L. Seller has not been notified of the existence of any violation of any governmental rules, regulations, permitting conditions, or other governmental requirements of any type or nature applicable to the ownership, maintenance, construction or operation of the Utility System or Purchased Assets, nor of any conditions which by reason of the passing of time or the giving of

notice should constitute such a violation. Should Seller receive any notification subsequent to the execution of this Agreement, then it will provide same to Purchaser immediately upon receipt by Seller.

M. During the period of time between the date of this Agreement and the Closing Date, Seller shall maintain adequate liability insurance and fire and extended coverage insurance to cover the cost of any repairs to the Purchased Assets, plants and Utility System that may be necessitated by casualty damage. The risk of loss shall pass to the Purchaser at closing.

N. After the execution of this Agreement, Seller will not, without the written consent of Purchaser, enter into any developer agreements. Purchaser's consent shall not be unreasonably withheld or delayed.

O. Seller shall maintain the Utility System and Purchased Assets in good condition, reasonable wear and tear excepted, until closing and shall be responsible for all costs and expenses in maintaining the Utility System and the Purchased Assets in such condition.

P. Seller shall maintain its operating permits and approvals in good standing.

Q. There is, to the best of Seller's knowledge and belief, no litigation, investigation or proceeding pending or threatened against Seller, the Utility System or Purchased Assets, except for Docket No. 021238-SU, a Rate Structure Investigation before the Florida Public Service Commission addressing Conservation Funds held in an Escrow Account.

R. The transactions contemplated herein do not contravene any contractual or legal restriction contained in any document to which Seller is a party.

S. There are no actions, suits, or proceedings pending, or affecting the Utility System or Purchased Assets, at law or in equity, before any federal, state, county, municipal or government court, department, commission, board, bureau, agency or instrumentality which involves the possibility of any judgment, assessment or liability which would affect the title of the Purchaser or would be a lien on any of the Purchased Assets or revenues generated by the Utility System or would materially adversely affect the Purchaser's use and ownership of the Purchased Assets. It is agreed that this subsection one may be satisfied by the Seller's posting of an appropriate bond, suretyship

contract or other acceptable guarantee to Purchaser to cure or relieve any such lien or encumbrance that might be created prior to or after the date of closing for any of the causes mentioned herein.

**8. PERMITTED ENCUMBRANCES, TITLE INSURANCE AND SURVEYS.**

A. Good, marketable and insurable title to the real estate portion of the Purchased Assets shall be conveyed free and clear of all liens, claims and encumbrances, except for "Permitted Encumbrances" as described below. At least twenty (20) days prior to closing, Seller shall deliver to Purchaser a title insurance commitment covering the real property as described in Exhibit D from a reputable Florida licensed title insurance company, reasonably acceptable to Purchaser, showing the title to be free and clear of all liens and encumbrances except for matters appearing on the survey, that do not render title unmarketable, and the Permitted Encumbrances. Seller will execute at or prior to closing in favor of such title insurance company and Purchaser, a mechanics lien affidavit and "gap" affidavit sufficient to allow such title insurance company to delete all standard exceptions other than matters appearing on the survey. Title to the real property portion of the Purchased Assets will be conveyed to the Purchaser at closing by special warranty deed, and the personal property portion of the Purchased Assets will be conveyed by Bill of Sale accompanied by a No-Lien Affidavit executed by an appropriate officer of the Seller. After closing instruments have been recorded in the public records, Seller shall provide a title insurance policy issued on the binder. Purchaser and Seller acknowledge and agree that the value of the Utility System is based upon the revenues that the Utility System provides over and above its operating expense and that the Real Property described in Exhibit D to be insured hereunder does not include the substantial investment in the potable water distribution and wastewater collection system also being conveyed pursuant to this sale, and therefore, the parties agree that the amount of title insurance covering the Real Property described in Exhibit D shall be the replacement value of such land and improvements as certified by the Purchaser's engineer.

B. The Permitted Encumbrances shall not be deemed or construed to render Seller's title to the real estate unmarketable, and Purchaser shall not have the right to refuse to close by reason thereof. Purchaser shall notify Seller in writing no later than ten (10) days after receipt of said title

insurance commitments of any alleged defect in Seller's title to the real estate (other than the Permitted Encumbrances), such written notice to include all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the real estate (other than the Permitted Encumbrances) which, in the opinion of Purchaser's counsel, render or may render Seller's title to the real estate unmarketable or uninsurable. Any objections to title to the extent not shown on the notice furnished by Purchaser in accordance with the provisions of this section shall be deemed to have been waived by Purchaser for all purposes hereof and Purchaser shall not be entitled to any damages or other remedies. Seller shall be entitled to thirty (30) days time to eliminate any of the objections to title as set forth in Purchaser's notice. Seller shall use its best efforts to remove and cure such defects, however, Seller is not under any obligation to bring any action or proceeding in order to make title to the real estate marketable. In the event Seller shall be unable to deliver title as herein required, then Purchaser shall have only the following rights: (1) to accept whatever title Seller is able to convey without any abatement of the purchase price, or (2) to reject title and terminate this Agreement. Purchaser shall not be entitled to any other rights or remedies. If Purchaser shall reject title under Section 8.B.(2), neither party shall have any further liability whatsoever hereunder, and in this event Seller shall pay all costs of the title insurance commitments. Purchaser shall not object to title by reason of the existence of any mortgage, lien, encumbrance, covenant, restriction or other matter, provided (1) the same shall be satisfied by Seller with the payment of money by paying same at or prior to closing; (2) any mechanic's lien or other encumbrance which shall be released or record, bonded or transferred of record to substitute security posted by Seller so as to relieve the real estate from the burden thereof, and the closing shall be conditioned upon such that mechanics liens or other encumbrances being released of record, bonded, or transfer of record to substitute security by Seller; or (3) the title insurance company issuing the title insurance commitments referred to above is willing to affirmatively insure against such matter and is willing to insure against the enforcement thereof against the real estate.

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

(1) All present and future building restrictions, zoning regulations and all present and future laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the real estate and the use thereof as represented herein; provided same do not render title unmarketable and/or impair or restrict operation of the Utility System or ownership of the Purchased Assets.

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

(3) Such other matters as are permitted by the parties under the terms of this Agreement.

D. Within thirty (30) days prior to closing hereon, Purchaser shall, at Purchaser's expense, obtain a current survey of all the properties set out above prepared by a Florida licensed surveyor and certified no later than sixty days prior to the date hereof, which survey will be prepared in accordance with, and certified to, Purchaser, Seller and the title insurance company issuing the title insurance policy to Purchaser hereunder in accordance with the minimum detailed standards adopted by the Florida Society of Professional Land Surveyors in accordance with Florida Statutes, Section 472.027. Said survey(s) shall set forth the area contained in each parcel of property, together with all existing easements, alleys, streets and roads thereon; show any encroachments upon or exencroachments from the property; show all existing improvements constructed thereon and distances to boundary lines; specify thereon all dedicated public streets providing access to the property; and state whether the property is within any area determined by the Department of Housing and Urban Development to be floodprone under the Federal Flood Protection Act, as amended.

9. **ENVIRONMENTAL MATTERS.** Within five (5) days of execution of this Agreement, Seller shall, at its sole cost, hire a licensed environmental auditing firm, to perform a Phase I environmental audit on the real estate described in Exhibit J. Any remedial work required to be performed shall be performed by Seller at its sole cost except that if the estimate of the remedial work exceeds five (5%) percent of the purchase price, the Seller may cancel this Agreement and both parties shall be discharged from further obligations.

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

- A. Neither party shall be prohibited by decree or law from consummating the transaction.
- B. There shall not be pending or threatened on the Closing Date any legal action or proceeding which would prevent the acquisition of the Purchased Assets or operation of the Utility System or hinder the ability of Purchaser to close the transaction or pay the Purchase Price, or inhibit or restrict in any manner its use, title, or enjoyment of the Purchased Assets and Utility System.
- C. The Board of Supervisors of Purchaser shall have ratified and approved the execution of this Agreement and authorized the sale of the Purchased Assets and certified copies of the resolutions evidencing such ratifications and approval have been delivered to Seller. The provisions of Section 190.0125, Florida Statutes, shall have been complied with
- D. The Board of Directors and Shareholders of Seller shall have ratified and approved the execution of this Agreement and authorized the sale of the Purchased Assets and certified copies of the Resolutions evidencing such ratifications and approval have been delivered to the Purchaser.
- E. Purchaser assumes in writing the obligations of Seller contained in all Developer's Agreements described in Exhibit B.
- F. Both parties shall each have performed all the undertakings and obligations required to be performed by it under the terms hereof prior to or at closing.
- G. All warranties and representations herein of both parties shall be true as of the Closing Date.

H. The Utility System and the Purchased Assets shall be in good condition at the time of closing, reasonable wear and tear excepted.

I. Purchaser is successful in issuing the utility revenue bonds referenced in Section 4 hereof and funds are available for closing as set forth in said Section 4.

J. Seller shall have assigned to the Purchaser all of the permits, licenses and agreements necessary to operate the Utility System.

#### 11. CLOSING DATE AND CLOSING.

A. Provided the conditions to be performed prior to closing have been performed, this transaction shall be closed in accordance with the terms and provisions herein, on or before November 1, 2003 (the "Closing Date"), unless extended by mutual agreements of the parties.

B. At Closing:

(1) All documentary stamps, if required, on the deed of conveyance of real estate included in the Purchased Assets shall be paid by Seller.

(2) Taxes, if any, on the Purchased Assets shall be paid by the Seller in accordance with Section 196.295, Florida Statutes.

(3) Accounts receivable due Seller for unpaid utility service as of the date of closing shall belong to Seller and shall be purchased by Purchaser at closing. Seller shall furnish to Purchaser at closing a listing of its accounts receivable, by customer and individual amount. No receivables owed to Seller on account of utility service more than ninety (90) days in arrears shall be included on such list and Purchaser shall not be required to pay for such delinquent accounts.

The parties recognize that the closing may not coincide with the regular meter reading date. If that is the case, then gross revenues from utility services shall be estimated based upon the preceding month's billing and a proration of such revenues shall be made with Purchaser making payment to Seller payments for the number of days elapsed in the then current monthly billing cycle.

(4) All taxes and assessments accrued, confirmed, certified, ratified or owed by the Seller as of the date of closing shall be and remain the obligation of the Seller. All taxes and

assessments imposed or attempted to be imposed after the date of closing shall be the obligation of the Purchaser.

(5) Except as otherwise provided herein or in the Trust Indenture, sums held or collected by Purchaser for System Development Charges shall remain the Seller's property with no claim of the Purchaser therefor.

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

(7) Each party shall be responsible for its own respective closing costs.

(8) Each of the respective parties hereto shall pay the fees of its own attorneys, engineers, accountants, and other professional advisers or consultants in connection with the negotiation, preparation and execution of this Agreement and any documents associated with the closing of the sale and purchase transaction contemplated herein.

(9) All bills and accounts payable for services rendered in connection with the operation of the Utility System prior to closing shall be paid by Seller.

## 12. OTHER MISCELLANEOUS PROVISIONS.

A. Negotiation at Arm's Length. This Agreement has been negotiated fully between the parties as an arms length transaction. Both parties participated fully in the preparation of this Agreement and received the advice of counsel. In the case of a dispute concerning the interpretation of any provision of this Agreement, both parties are deemed to have drafted, chosen and selected the language, and the doubtful language will not be interpreted or construed against either party.

B. Public Records. The Seller understands and agrees that all documents of any kind provided to the Purchaser or Purchaser's staff in connection with the activities contemplated under this Agreement are public records and are treated as such in accordance with Florida law.

C. The sale of the assets pursuant to this Agreement is contingent upon approval by the Florida Public Service Commission in accordance with Section 367.071, Florida Statutes.

D. The parties hereto recognize and agree that time is of the essence in this Agreement.



E. Prior to or simultaneously with the closing hereof, each party will deliver to the other its opinion of counsel that it has the full legal authority to enter into this Agreement.

F. This writing embodies the entire agreement and understandings between the parties hereto, and there are no other agreements or understandings, oral or written, with reference to the subject matter hereof that are not merged herein and superseded hereby. No alteration, change or modification to the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto. This Agreement, regardless of where executed, shall be governed and construed according to the laws of the State of Florida. This Agreement may be executed in each of several counterpart copies, each of which shall be considered an original.

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

H. Neither Purchaser or Seller may transfer or assign this Agreement or the respective duties or obligations hereunder without obtaining the prior written consent of the other.

I. Purchaser and Seller represent and warrant each to the other that they have not dealt with either a broker, salesman, or finder in connection with any part of this transaction contemplated by this Agreement, and, insofar as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction. Further, each party shall indemnify the other against any claim or loss incurred or suffered as a result of any broker's or salesman's commission or finder's fee alleged to be payable because of any statements, acts or omissions of the indemnifying party.

J. Any notice of other document to be given hereunder by any part to the other shall be in writing and shall be delivered personally or sent by certified or registered mail, postage prepaid. If to Seller, such notice shall be addressed to Seller at:

**SELLER:**

Little Sumter Utility Company  
1100 Main Street  
The Villages, Florida 32159

**with a copy to Seller's counsel:**

McLin & Burpee P.A.  
PO Box 1299  
The Villages, Florida 32158-1299  
Attn: Steven M. Roy, Esq.

**PURCHASER:**

Village Center Community  
Development District  
3231 Wedgewood Lane  
The Villages, Florida 32162

**with a copy to Purchaser's counsel:**

Randall A. Thornton, Esq.  
P O. Box 58  
Lake Panasoffkee, Florida 33538

and the term "Seller" as used above is deemed to include the successors and assigns of Seller.

K. All salaries, if any, of employees accruing prior to the Closing Date are the responsibility of the Seller. Purchaser shall accept responsibility to said employees for accrued vacation pay or severance or for sick term benefits.

L. This Agreement may be varied, modified or altered only written instrument signed by both parties.

M. All representations and warranties heretofore made by either party to the other are merged into this Agreement.

N. The headings used are for convenience only, and the parties herein agree that they shall be disregarded in the construction of this Agreement.

O. The parties acknowledge that either shall have against the other the right to seek specific performance to compel either party to act or perform in accordance with the requirements of this Agreement. Such right of specific performance shall not, however, be the sole or exclusive remedy of each party against the other, and each party hereby preserves its rights to seek damages, which may include, among other things, actual losses, including cost of negotiation of this Agreement, and loss of profit due to the failure to close this Agreement.

P. In connection with any litigation pursuant to this Agreement, venue shall lie in Lake County, Florida.

Q. It is agreed by and between the parties hereto that all words, terms, and conditions herein contained are to be read in concert, each with the other, and that a provision contained under one heading may be construed to be equally applicable under another heading in the interpretation of this Agreement.

R. This Agreement shall be construed in accordance with the terms and conditions set forth in the Trust Indenture, and no term or condition contained herein shall be construed in such a manner so as to create a breach under the Trust Indenture.

S. This Agreement, and the instruments which are to be executed pursuant thereto, are for the sole benefit of the parties hereto and it is not intended that any third parties shall have any beneficial interest herein or therein, whether directly or indirectly, nor shall any third parties rely on the terms, provisions, and conditions of this Agreement or the aforesaid documents.

T. The Seller agrees that if any license or permit required for operation of the Utility System is not in full force and effect as of the date of closing that Seller:

- (1) Shall proceed promptly and at the Seller's expense to obtain issuance of such permit in the name of the Purchaser;
- (2) Shall cooperate fully with the Purchaser in providing all information required to obtain such permit;
- (3) Shall reimburse the Purchaser promptly for any cost or expense incurred by the Purchaser as a result (direct or indirect) of the failure of the Seller to obtain any required license or permit; and
- (4) Shall indemnify, defend, and hold the Purchaser harmless from and against all claims, demands, liabilities, damages, suits, actions, judgments, fines, penalties, loss, cost, and expense (including, without limitation, reasonable attorney's fees) arising or resulting from or suffered, sustained, or incurred by the Purchaser as a result (direct or indirect) of the breach of any of the obligations set forth in Section 12.S., which obligations shall survive closing.

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.

**SELLER:**

**LITTLE SUMMIT UTILITY COMPANY**

**ATTEST:**

By: 

R. Dewey Burned, Secretary

By: 

John Parker, Vice President

**PURCHASER:**

**VILLAGE CENTER COMMUNITY  
DEVELOPMENT DISTRICT**

**ATTEST:**

By: 

Print Name: GAYLE L. MOTTER

Title: SECRETARY

By: 

Print Name:

Title:

**EXHIBIT "B"**

**[REGULATORY ASSESSMENT FEE REPORTS]**

TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE

## Wastewater System Regulatory Assessment Fee Return

## STATUS.

  X   Actual Return  
       Estimated Return

## PERIOD COVERED

## Florida Public Service Commission

(See Filing Instructions on Back of Form)

WS762-02-S-R  
 LITTLE SUMTER UTILITY COMPANY  
 1100 MAIN STREET  
 THE VILLAGES, FL 32159-7719

## FOR PSC USE ONLY

Check #

\$ \_\_\_\_\_ 0604002  
 000000  
 \$ \_\_\_\_\_ P  
 0604002  
 000000  
 \$ \_\_\_\_\_ I

Postmark Date \_\_\_\_\_  
 Initials of Preparer \_\_\_\_\_

Please Complete Below If Official Mailing Address Has Changed

(System's Name)

(Address)

(City/State)

(Zip)

Florida Public Service Commission Certificate

WASTEWATER OPERATING REVENUES

## FLAT-RATE REVENUES

1. Residential Revenues (521.1)  
 2. Commercial Revenues (521.2)  
 3. Industrial Revenues (521.3)  
 4. Revenues from Public Authorities (521.4)  
 5. Multiple Family Dwelling Revenues (521.5)  
 6. Other Revenues (521.6)  
 7. TOTAL FLAT-RATE REVENUES

# 500-S # #  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$

## MEASURED REVENUES

8. Residential Revenues (522.1)  
 9. Commercial Revenues (522.2)  
 10. Industrial Revenues (522.3)  
 11. Revenues from Public Authorities (522.4)  
 12. Multiple Family Dwelling Revenues (522.5)  
 13. TOTAL MEASURED REVENUES  
 14. Revenues from Public Authorities (523)  
 15. Revenues from Other Systems (524)  
 16. Interdepartmental Revenues (525)  
 17. TOTAL (Lines 7+13+14+15+16)

1,915,093.02  
 119,602.47  
 2,034,495.49  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$

## OTHER WASTEWATER REVENUES

- Guaranteed Revenues (Include Revenues from A.F.P.I. Charges (530))  
 Sales of Sludge (531)  
 Forfeited Discounts (532)  
 Rents from Wastewater Property (534)  
 Interdepartmental Rents (535)  
 Other Wastewater Revenues (536) Describe \_\_\_\_\_

\$ \$ \$  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$  
 \$ \$ \$

## TOTAL OTHER WASTEWATER REVENUES

(Lines 18+19+20+21+22+23)

## TOTAL WASTEWATER OPERATING REVENUES\* (Lines 17+24)

LESS Expense for Purchased Wastewater Treatment from

FPSC-Regulated Utility

## NET WASTEWATER OPERATING REVENUES (Line 25 less Line 26)

Regulatory Assessment Fee Due - (Multiply Line 27 by 0.045)

LESS Approved Prior-Period Credit

## NET REGULATORY ASSESSMENT FEE (Line 28 Less Line 29)

Penalty for Late Payment

Interest for Late Payment

## TOTAL AMOUNT DUE

\$ \$ \$  
 2,034,495.49 \$ \$ \$  
 ( ) ( ) ( )  
 2,034,495.49 ( ) ( ) ( )  
 91,552.30 ( ) ( ) ( )  
 91,552.30 ( ) ( ) ( )  
 \$ 91,552.30

\*These amounts must agree with Annual Report Schedule F-3

If service was purchased from a regulated utility, please insert its name:

AS PROVIDED IN SECTION 350.113, FLORIDA STATUTES, THE MINIMUM ANNUAL FEE IS \$25

I, the undersigned owner/officer of the above-named vendor, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public agent in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

John F. Wise  
 (Signature of System Official)

(Please Print Name)

CHIEF FINANCIAL OFFICER

(Title)

Telephone Number (352) 753-6270 Fax Number (352) 753-6253

F.E.I. No. 59-3278745

FD-20-03 10-10-88 p. 2 OF 2

**FLORIDA PUBLIC SERVICE COMMISSION**  
Instructions For Filing Regulatory Assessment Fee Return  
(Wastewater System)

---

**WHO MUST FILE:** Each regulated system under the jurisdiction of the Florida Public Service Commission (Commission) for any part of the 12-month period, January 1 through December 31, preceding the due date as reflected in the following paragraph.

**WHEN TO FILE:** To avoid payment of penalties and interest, this Regulatory Assessment Fee Return form must be filed or postmarked before March 31 for the report period January 1 through December 31. However, if March 31 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee may be filed or postmarked on the next business day, without penalty.

**FEES:** Each Commission-regulated system shall pay the presently established percentage (Line 28) of its gross operating revenues derived from intrastate business. (Gross Operating Revenues are defined as the total revenues before expenses.) To assure an accurate recording of your fee payment, it is most important that you identify each certificate number in the appropriate space.

**FAILURE TO FILE BY DUE DATE:** Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 31). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 32).

**EXTENSION:** A utility, for good cause shown in a written request, may be granted an extension for a period not to exceed 30 days. Such request should be made by filing the enclosed *Request for Extension to File Regulatory Assessment Fee Return* form (PSC/ADM-124), two weeks prior to the filing date. If an extension is granted, a charge shall be added to the amount due:

- 0.75% of the fee to be remitted for an extension of 15 days or less, or
- 1.5% of the fee for an extension of 16 to 30 days.

In lieu of paying the charges outlined above, a utility may file a return and remit payment based upon estimated gross operating revenues. If such return is filed by the normal due date, the utility shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period. An automatic 30-day extension to file an actual return may be obtained by checking the "Estimated Return" space in the top left-hand corner on the reverse side.

**AUTHORITY:** The authority to collect regulatory assessment fees is granted to the Commission by Section 350.113 and 367.145, Florida Statutes.

**REGULATORY ASSESSMENT FEE DUE:** Amounts are due and payable to the Commission by March 31. If there are no revenues OR if revenues are insufficient to generate a minimum annual fee, remit the minimum fee. A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.

**FREE ADJUSTMENTS:** Computation errors and/or differences in gross operating revenues reported for regulatory assessment fee purposes and those reported in the annual report may cause adjustments to amounts paid to the Commission. You will be notified as to the amount and reason for any adjustment. Penalty and interest charges may be applicable to additional amounts owed the Commission by reason of the adjustment.

**MAILING INSTRUCTIONS:** Please complete this form, make a copy for your files, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. However, if you are unable to use the envelope, please address your remittance as follows:

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

ATTENTION: Fiscal Services

**ADDITIONAL ASSISTANCE:** If you need additional information or assistance in preparing your Regulatory Assessment Fee Return, please contact the Division of Economic Regulation at (850) 413-6900 or at the above-referenced address, changing the Attention Line.

# LITTLE SUMTER UTILITY COMPANY

1100 Main Street  
The Villages, FL 32159

Stub 1 of 1  
Check Date. 10/10/03

NO. 00004193

352 / 753 6270

INVOICE NO	INVOICE DATE	DESCRIPTION	GROSS	DISCOUNT	AMOUNT PAID
500S	09/30/03	2003 SEWER RAF	91,552 30		91,552.30
			91,552 30		91,552.30

181294 FLORIDA PUBLIC SERVICE CO

ORIGINAL CHECK HAS A COLORED BACKGROUND PRINTED ON CHEMICAL REACTIVE PAPER - SEE BACK FOR DETAILS.

## LITTLE SUMTER UTILITY COMPANY

1100 Main Street  
The Villages, FL 32159

63-1400/631

Citizens First Bank  
1120 Main Street  
The Villages, FL 32159

NO. 00004193

181294

DATE

10/10/03

AMOUNT

\$\*\*\*\*91,552.30

PAY NINETY ONE THOUSAND FIVE HUNDRED FIFTY TWO AND 30/100 \*\*\*\*\*

TO THE ORDER OF FLORIDA PUBLIC SERVICE COMMISSION  
2540 SHUMARD OAK BLVD  
TALLAHASSEE FL 32399-7019

BY

AUTHORIZED SIGNATURE



TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE

## Water System Regulatory Assessment Fee Return

## STATUS

☒ Actual Return  
☐ Estimated Return

## PERIOD COVERED:

## Florida Public Service Commission

(See Filing Instructions on Back of Form)

WS762-02-W-R  
 LITTLE SUMTER UTILITY COMPANY  
 1100 MAIN STREET  
 THE VILLAGES, FL 32159-7719

## FOR PSC USE ONLY

Check# \_\_\_\_\_  
 \$ \_\_\_\_\_ 0604001  
 \$ \_\_\_\_\_ P 003001  
 \$ \_\_\_\_\_ 0604001  
 \$ \_\_\_\_\_ I 004010  
 Postmark Date \_\_\_\_\_  
 Initials of Preparer \_\_\_\_\_

Please Complete Below If Official Mailing Address Has Changed

(SYSTEMS NAME)	(ADDRESS)	(CITY/STATE)	(ZIP)
Florida Public Service Commission Certificate	# 580-W	#	#
<b>WATER OPERATING REVENUES:</b>	\$	\$	\$
1. Unmetered Water Revenues (460)			
<b>MEASURED WATER REVENUES</b>			
2. Residential Revenues (461.1)	1,312,692.68		
3. Commercial Revenues (461.2)	58,843.31		
4. Industrial Revenues (461.3)			
5. Revenues from Public Authorities (461.4)			
6. Multiple Family Dwelling Revenues (461.5)			
<b>TOTAL METERED SALES</b>	\$1,371,535.99	\$	\$
<b>PROTECTION REVENUES</b>			
7. Public Fire Protection (462.1)	4,226.84		
8. Private Fire Protection (462.2)			
<b>TOTAL FIRE PROTECTION REVENUE</b>	\$ 4,226.84	\$	\$
Other Sales to Public Authorities (464)			
Sales to Irrigation Customers (465)	238,994.49		
<b>SALES FOR RESALE (466)</b>			
Interdepartmental Sales (467)			
<b>TOTAL WATER SALES (Lines 1+7+10+14+12+13+14)</b>	\$1,614,757.32	\$	\$
<b>OTHER WATER REVENUES</b>			
Guaranteed Revenues (Include Revenues from A.F.P.I. Charges) (469)			
Forfeited Discounts (470)			
Miscellaneous Service Revenues (471)			
Rents from Water Property (472)			
Interdepartmental Rents (473)			
Other Water Revenues (474) Describe:			
<b>TOTAL OTHER WATER REVENUES (Lines 16+17+18+19+20+21)</b>	\$	\$	\$
<b>TOTAL WATER OPERATING REVENUES (Lines 15+22)</b>	\$1,614,757.32	\$	\$
LESS: Expense for Purchased Water from FPSC-Regulated Utility	( )	( )	( )
<b>NET WATER OPERATING REVENUES (Line 23 Less Line 24)</b>	1,614,757.32	72,664.08	
Regulatory Assessment Fee Due - (Multiply Line 25 by 0.045)			
LESS: Approved Prior-Period Credit			
<b>NET REGULATORY ASSESSMENT FEE (Line 26 Less Line 27)</b>		\$72,664.08	
Penalty for Late Payment			
Interest for Late Payment			
<b>TOTAL AMOUNT DUE</b>		\$72,664.08	

These amounts must agree with Annual Report Schedule F-3  
 If service was purchased from a regulated utility, please insert its name: \_\_\_\_\_

AS PROVIDED IN SECTION 358.113, FLORIDA STATUTES, THE MINIMUM ANNUAL FEE IS \$75

I, the undersigned owner/officer of the above-named vendor, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public utility in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

JOHN F. WISE

(Signature of System Official)

(Please Print Name)

CHIEF FINANCIAL OFFICER

(Title)

Telephone Number 352 753-6270 Fax Number 352 753-6253

F.E.L. No. 59-3278745

10.7.03

(Date)

FLORIDA PUBLIC SERVICE COMMISSION  
Instructions For Filing Regulatory Assessment Fee Return  
(Water System)

**WHO MUST FILE:** Each regulated utility under the jurisdiction of the Florida Public Service Commission (Commission) for any part of the 12-month period, January 1 through December 31, preceding the due date as reflected in the following paragraph

**WHEN TO FILE:** To avoid payment of penalties and interest, this Regulatory Assessment Fee Return form must be filed or postmarked before March 31 for the report period January 1 through December 31. However, if March 31 falls on a Saturday, Sunday, or holiday, the Regulatory Assessment Fee may be filed or postmarked on the next business day, without penalty

**FEES:** Each Commission-regulated system shall pay the presently established percentage (Line 26) of its gross operating revenues derived from intrastate business. (Gross Operating Revenues are defined as the total revenues before expenses.) To assure an accurate recording of your fee payment, it is most important that you identify each certificate number in the appropriate space

**FAILURE TO FILE BY DUE DATE:** Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 29). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 30)

**EXTENSION:** A system, for good cause shown in a written request, may be granted an extension for a period not to exceed 30 days. Such request should be made by filing the enclosed *Request for Extension to File Regulatory Assessment Fee Return* form (PSC/ADM-124), two weeks prior to the filing date. If an extension is granted, a charge shall be added to the amount due

0.75% of the fee to be remitted for an extension of 15 days or less, or

1.5% of the fee for an extension of 16 to 30 days

In lieu of paying the charges outlined above, a system may file a return and remit payment based upon estimated gross operating revenues. If such return is filed by the normal due date, the system shall be granted a 30-day extension period in which to file and remit the actual fee due without paying the above charges, provided the estimated fee payment remitted is at least 90% of the actual fee due for the period. An automatic 30-day extension to file an actual return may be obtained by checking the "Estimated Return" space in the top left-hand corner on the reverse side

**AUTHORITY:** The authority to collect regulatory assessment fees is granted to the Commission by Section 350.113 and 367.145, Florida Statutes

**REGULATORY ASSESSMENT FEE DUE:** Amounts are due and payable to the Commission by March 31. If there are no revenues OR if revenues are insufficient to generate a minimum annual fee, remit the minimum fee. A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.

**FEE ADJUSTMENTS:** Computation errors and/or differences in gross operating revenues reported for regulatory assessment fee purposes and those reported in the annual report may cause adjustments to amounts paid to the Commission. You will be notified as to the amount and reason for any adjustment. Penalty and interest charges may be applicable to additional amounts owed the Commission by reason of the adjustment.

**MAILING INSTRUCTIONS:** Please complete this form, make a copy for your files, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. However, if you are unable to use the envelope, please address your remittance as follows:

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

ATTENTION: Fiscal Services

**ADDITIONAL ASSISTANCE:** If you need additional information or assistance in preparing your Regulatory Assessment Fee Return, please contact the Division of Economic Regulation at (850) 413-6900 or at the above-referenced address, changing the Attention Line

# LITTLE SUMTER UTILITY COMPANY

1100 Main Street  
The Villages, FL 32159

Stub 1 of 1

Check Date

10/10/03

NO. 00004192

J52 753 6270

INVOICE NO	INVOICE DATE	DESCRIPTION	GROSS	DISCOUNT	AMOUNT PAID
580W	09/30/03	2003 WATER RAF	72,664.08		72,664.08
			72,664.08		72,664.08

181294 FLORIDA PUBLIC SERVICE CO

ORIGINAL CHECK HAS A COLORED BACKGROUND PRINTED ON CHEMICAL REACTIVE PAPER - SEE BACK FOR DETAILS.

## LITTLE SUMTER UTILITY COMPANY

1100 Main Street  
The Villages, FL 32159

63 1400/031

Onions First Bank  
1129 Main Street  
The Villages, FL 32159

NO. 00004192

181294

DATE

10/10/03

AMOUNT

\$\*\*\*\*72,664.08

PAY SEVENTY TWO THOUSAND SIX HUNDRED SIXTY FOUR AND 08/100 \*\*\*\*\*

TO FLORIDA PUBLIC SERVICE COMMISSION  
THE 2540 SHUMARD OAK BLVD  
ORDER TALLAHASSEE FL 32399-7019  
OF

PV

AUTHORIZED SIGNATURE

**EXHIBIT "C"**



September 22, 2003

Mr. Martin Friedman, Esq.  
Rose, Sundstrom and Bentley, LLP  
2548 Blainstone Pines Drive  
Tallahassee, Florida 32301

Dear Mr. Friedman:

This letter is to provide your firm with assurance that the Village Center Community Development District did, prior to taking any official action on the acquisition of Little Sumter Utility by the Village Center District, receive from the Utility its most recent Income and Expense Statement, its current Balance Sheet, including a description of the Contributions in Aid of Construction, and its current statement of Rate Base. All of these items, along with others, were reviewed with the Board of Supervisors by Mr. Gary Moyer, District Manager, and are contained in the nine statutory points required of the district prior to acquisition of the utility. I'm including a draft of the minutes that will be approved by the Board of Supervisors at its board meeting on September 26.

I trust that this information meets the needs of your firm. If you have further questions, please feel free to contact me at 352-753-4508. Thank you for your assistance

Sincerely yours,

Peter F. Wahl  
District Administrator

Cc: Gary Moyer  
Randall Thornton, Attorney for the District  
John Wise, LSU

**MINUTES OF MEETING  
VILLAGE CENTER  
COMMUNITY DEVELOPMENT DISTRICT**

The continuation meeting, from September 5, and September 11, 2003, of the Board of Supervisors of the Village Center Community Development District was held on Wednesday, September 17, 2003, 9:00 A.M. in the District Meeting Room, 3231 Wedgewood Lane, The Villages, Florida 32162.

Present and constituting a quorum were:

Mike Killingsworth	Chairman
Mike Berning	Vice Chair
Dodd McDowell	Supervisor
Don Waggoner	Supervisor
Charlie Smith	Supervisor

Also present were:

Gary Moyer	District Manager
Randall Thornton	District Attorney
Pete Wahl	District Administrator
Monica Andersen	Deputy District Administrator
Melinda Short	Chief Financial Officer
Jean Scott	Village Center District
Ann Eppinger	Prager, McCarthy
Michael Williams	Akerman, Senterfitt & Eidson
Hank Fishkind	Fishkind & Associates
Robert Ori	Public Resources Management Group
John Wise	The Villages
Steve Roy	The Villages
Chris Cury	Star Banner

**FIRST ORDER OF BUSINESS                      Roll Call**

The Chairman called the meeting to order at 9 00 A.M. and stated the record will reflect that all Supervisors were present representing a quorum. He stated that this meeting is a continuation from the September 5 advertised meeting and September 11 continued meeting.

**SECOND ORDER OF BUSINESS -              Necessary Action on Bond Issues for Utility Revenue Bonds**

A Presentation of "Statutory Items" relating to Proposed Acquisition and construction of facilities for water supply, sewer and waste water management

Mr. Moyer reviewed the Nine Points of Statutory Items with the Board. He said, in summary, that the purchase of the utility company by the District would be in the public interest. A summary of these nine items is as follows:

1. The most recent income and expense statement for the utility. A statement of operation for the seven months ended July 31, 2003 was presented.
2. The most recent balance sheet of the utility. A balance sheet as of July 31, 2003 was presented. This balance sheet indicated assets and liabilities and the amount of contribution in aid of construction and accumulated depreciation thereon.
3. The most recent statement of rate base for regulatory purposes. A statement of rate base for regulatory purposes as of July 31, 2003 was presented.
4. The physical description of the assets was discussed. The assets were described as being in excellent condition.
5. The reasonableness of the purchase price was discussed. Two appraisal reports were obtained. The average of the two appraisals was \$86,400,000.
6. The impact of the purchase on the customers was discussed. There were no negative impacts to the customers related to the sale.
7. The amount of any additional investment was discussed. There was no additional investment to the system other than the current service plant expansion which will be funded by the seller.
8. The alternatives to the sale were discussed.

9. The ability of Village Center Community Development to provide high quality service was discussed.

B. Appraisal Reports --

1. Fishkind & Associates

Mr. Hank Fishkind reviewed the methods he used to perform his company's valuation of the purchase. He said they combined the "market approach" and the "income approach" and explained how each worked. With the income approach they valued the purchase at \$92,000,000. Using the market approach, they came up with a value of \$77,000,000. They averaged the two methods and feel that the fair market value would be \$85,000,000.

2. Public Resources Management Group

Mr. Robert Ori said his company used pretty much the same methods as Fishkind, and they allowed for renewal and replacement. Public Resource Management Group valued the utility company at \$87,800,000.

C. Discussion and Approval of Statutory Requirements and Appraisal Reports

There was no additional discussion on the "statutory items" or the two valuation reports. The Chairman asked for a motion to approve them.

<b>On MOTION by Charlie Smith, seconded by Mike Berning, with all in favor, the Board approved the Statutory Requirements and Appraisal Reports.</b>
--

D. Approval of Contract for Sale and Purchase

Randall Thornton reviewed the Contract with the Board and there were no questions.



**On MOTION by Don Waggoner, seconded by Charlie Smith, with all in favor, the Board approved the Contract for Sale and Purchase, and authorized the Chairman to sign the necessary documentation to implement the purchase.**

E. Discussion re Bond Sale: Ann Eppinger

Ms. Ann Eppinger discussed the bond sale, and said the purchase price was set at \$86,400,000. She is waiting to hear from MBIA regarding insuring the bonds and expects to receive a letter of commitment very shortly. She requested the Board to authorize the District Administrator to negotiate with MBIA and sign the necessary documentation for the bond insurance.

**On MOTION by Charlie Smith, seconded by Mike Berning, with all in favor, the Board Authorized Pete Wahl, District Administrator, to negotiate with MBIA and sign the necessary MBIA document.**

F. Approval and Adoption of Resolution No. 03-13 - A resolution Authorizing the Issuance by Village Center Community Development District of Utility Revenue Bonds: Mike Williams

Mr. Mike Williams, Akerman, Senterfitt & Eidson, reviewed the Resolution with the Board and explained what it accomplished.

**On MOTION by Charlie Smith, seconded by Don Waggoner, with all in favor, the Board adopted Resolution No. 03-13.**

**THIRD ORDER OF BUSINESS – Adjournment**

Mr. Wahl stated that it would not be necessary to continue this meeting, as the Board of Supervisors will have their regular monthly meeting on September 26 and could add any bond issues to the agenda for that meeting. He recommended adjournment.

**On MOTION by Don Waggoner, seconded by Dodd McDowell, with all in favor, the Board adjourned the meeting.**

---

Gary L. Moyer  
Secretary

---

Mike Killingsworth  
Chairman