

Robert L. Underwood, III*
Carl A. Bertoch †, Of Counsel

Anne Underwood ‡

* Licensed in D.C. and Florida only

† Licensed in Florida & Ohio only

‡ Non Lawyer

Appl for transfer
of Cert No 495-S
from Sandalhaven
Utility, Inc. to
CHP Utility, Inc.
in Charlotte County,
and for exemption from
FPSC regulation.

FILE COPY

1250 24th Street, N.W. Suite 300
Washington, D.C. 20037
Tel: (202) 835-1684/Fax: (202) 466-3079

537 East Park Avenue
Tallahassee, FL 32301
Tel: (904) 224-7040/Fax: (904) 224-2406

Fax: (800) 386-7089
Raleigh: (800) 686-1615
Raleigh Fax: (919) 781-9663
Voice Mail: (919) 990-2662
Mobile: (407) 341-1565

March 15, 1997

Florida Public Service Commission
Director, Division of Records & Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

970380-54
Check received with filing and
forwarded to Fiscal for deposit.
Fiscal to forward a copy of check
to FLAR with proof of deposit.
initials of person who forwarded check:
[Signature]

Re: Application for Transfer of Certificate 495-S from Sandalhaven Utility, Inc. to CHP Utility, Inc. and Application for Nonprofit Association Exemption

Dear Commissioner:

Enclosed please find the above referenced Applications and supporting materials for Sandalhaven Utility, Inc., a Florida corporation and for CHP Utility, Inc., a Florida Not-for-Profit corporation. Due to the nature of the application, a transfer to a member controlled entity, I request a meeting with Commission Staff to assure that we are following the proper procedures for the combined transfer and exemption.

ACK _____ The course of action contemplated by these applications is based on the belief that a
AFA _____ member controlled entity can more economically provide the wastewater services to the
APP _____ customers through savings in professional, regulatory, and tax costs. We believe that this can be
CAF _____ accomplished while still providing a fair economic return to the owners who developed the
CMU _____ system.

CTR _____ The completion of this transfer, and thereby Application, has been complicated by
EAG _____ significant shareholder disagreement and reluctance to proceed with business of the Utility (e.g.
LEG _____ recently completed retention ponds-now completed). Further, conflicts with the regulatory
LIN _____ accountant relating to fees and completion of work have at times made the filings problematic.
OPC _____ Also, the controversy relating to personal property taxes with Charlotte County have created a
RCH _____ financial strain on the Utility. For all of these reasons and the uncertainty of "going forward", it
SEC _____ has created a difficult environment to proceed with this application.

WAS _____
OTH _____

DOCUMENT NUMBER-DATE

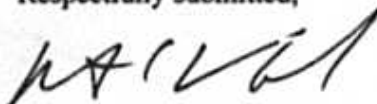
03176 MAR 26 97

FPSC-RECORDS/REPORTING

As reflected in the attached documents, the Utility System was sold to the Not-for-Profit entity on December 30, 1996 with the condition that the process be approved by the Public Service Commission. The intent was to put legal title to the assets into the Not-for-Profit entity as of January 1, 1997 in order to obtain personal property tax exemption (and thereby reduce costs) on that date. Equitable title to the Utility System continues to be with the certificate holder.

As requested above, I would like to meet with Commission Staff to discuss these Applications and to identify the specific items that need to be accomplished. Please contact me at 537 East Park Avenue, Tallahassee, Florida 32310 (telephone # (904)224-7040/FAX # (904)224-2406)

Respectfully submitted,



Robert L. Underwood

Enclosures(1 original, 5 copies):

Application for Nonprofit Association Exemption and Exhibits
Application for Transfer of Certificate and Exhibits
Check in the amount of \$1500

**ROBERT L. UNDERWOOD
LAW OFFICES**

Robert L. Underwood, III*
Carl A. Bertoch †, Of Counsel

Anne Underwood ‡

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- ‡ Non Lawyer

DEPOSIT DATE
D489 MAR 26 1997

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Pager: (800)386-7089
Raleigh: (800) 686-1615
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Voice Mail (919)990-2662
Mobile: (407)341-1565

March 15, 1997

97C 351 - SU

Florida Public Service Commission
Director, Division of Records & Reporting
2540 Shumard Oak Boulevard
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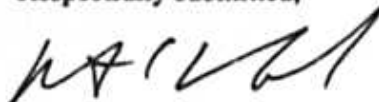
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RECEIVED
MAR 26 2 01 PM '97
PUBLIC RECORDS
HALL COUNTY

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'R. Underwood', with a stylized flourish at the end.

Robert L. Underwood

Enclosures (1 original, 5 copies):

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Application for Transfer of Certificate and Exhibits
Check in the amount of \$1500

ROBERT L. UNDERWOOD
LAW OFFICES

Robert L. Underwood, III*
Carl A. Bertoch †, Of Counsel

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‡ Non Lawyer

DEPOSIT

DATE

D 4 8 9

MAR 26 1997

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March 15, 1997

97C 350 *[Signature]*

Florida Public Service Commission
Director, Division of Records & Reporting
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Tallahassee, Florida 32399

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SANDALHAVEN UTILITY, INC.

PHONE 813 697-5001
6800 PLACIDA RD
ENGLEWOOD, FL 34224

4185

PAY
TO THE
ORDER OF

Public Service Commission

12-31-96

\$ 1500⁰⁰

Fifteen hundred and ⁰⁰/₁₀₀

DOLLARS

ENGLEWOOD
BANK
2000 Florida St., P.O. Box 1007
Englewood, Florida 34224-0007
Member's Checking Office

FOR Application Fee

[Signature]

APPLICATION FOR NONPROFIT ASSOCIATION EXEMPTION

6. Attached are the articles of incorporation as filed with the Secretary of State and bylaws which clearly show the requirements for membership, that the members' voting rights are one vote per unit of ownership and the circumstances under which control of the corporation passes to the non-developer members. Control of the corporation must pass: 1) at 51 percent ownership by the non-developer members or 2) at some greater percentage delimited by a time period not to exceed 5 years from the date of incorporation.

Exhibit 1 & 2

7. Attached is proof of ownership of the utility facilities and the land upon which the facilities will be located or other proof of the applicant's right to continued use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost effective alternative.

Exhibit 3

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 servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in Section 775.082, S. 775.083, or S. 775.084.

Robert L. Underwood

(Applicant please print or type)

3/15/97

(Date)

RA/VII

(Signature)

Attorney

(Title)

When you finish filling out the application, the original and two copies of the application, Articles of Incorporation, Bylaws and proof of ownership should be mailed to: Director, Division of Records and Reporting, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399-0850.



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

December 31, 1996

CARL A. BERTOCH, P.A.
537 E. PARK AVENUE
TALLAHASSEE, FL

Re: Document Number N96000001933

The Articles of Amendment to the Articles of Incorporation of FIDDLER'S GREEN UTILITY, INC. which changed its name to CHP UTILITY, INC., a Florida corporation, were filed on December 30, 1996.

Should you have any questions regarding this matter, please telephone (904) 487-6050, the Amendment Filing Section.

Karen Gibson
Corporate Specialist
Division of Corporations

Letter Number: 196A00057760

APPLICATION FOR NONPROFIT ASSOCIATION EXEMPTION

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Robert L. Underwood

(Applicant please print or type)

3/15/97
(Date)

RA/LL
(Signature)

Attorney
(Title)

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APPLICATION FOR NONPROFIT ASSOCIATION EXEMPTION
SECTION 367.022(7), FLORIDA STATUTES
RULE 25-30.060(3)(g), FLORIDA ADMINISTRATIVE CODE

NAME OF SYSTEM: CHP UTILITY, INC.

PHYSICAL ADDRESS OF SYSTEM: 6800 PLACIDA ROAD

ENGLEWOOD, FLORIDA 34224

MAILING ADDRESS (IF DIFFERENT): _____

COUNTY: CHARLOTTE

PRIMARY CONTACT PERSON:

NAME: ROBERT L. UNDERWOOD

ADDRESS: 537 EAST PARK AVENUE

TALLAHASSEE, FLORIDA 32301

PHONE #: 904-224-7040

NATURE OF APPLICANT'S BUSINESS ORGANIZATION: (CORPORATION,
PARTNERSHIP, SOLE PROPRIETOR, ETC.) Not-for-Profit Corporation

I believe this system to be exempt from the regulation of the
Florida Public Service Commission pursuant to Section 367.022(7),
Florida Statutes, for the following reasons:

1. The corporation, association, or cooperative is nonprofit.
2. Service will be provided solely to members who own and control it.
3. The system provides (CHOOSE THE ONE THAT IS APPLICABLE):
Water only _____
Wastewater only X
Both _____
4. S&F UTILITY MANAGEMENT, INC., ENGLEWOOD, FLORIDA will do the
billing for such service.
5. The service area is located at: _____

CHARLOTTE COUNTY, FLORIDA CERTIFICATE # 95-S



FLORIDA DEPARTMENT OF STATE
Sandra B. Mortham
Secretary of State

December 31, 1996

CARL A. BERTOCH, P.A.
537 E. PARK AVENUE
TALLAHASSEE, FL

Re: Document Number N96000001933

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Should you have any questions regarding this matter, please telephone (904) 487-6050, the Amendment Filing Section.

Karen Gibson
Corporate Specialist
Division of Corporations

Letter Number: 196A00057760

ARTICLES OF AMENDMENT
OF
FIDDLER'S GREEN UTILITY, INC.

DEC 30 PM 2:16
FIDDLER'S GREEN UTILITY, INC.
TALLAHASSEE, FLORIDA

The following provisions of the Articles of Incorporation of FIDDLER'S GREEN UTILITY, INC., a Florida Not-for-Profit Corporation, filed in Tallahassee on April 10, 1996, be and they hereby are amended in the following particulars:

Article I be and hereby is amended to read as follows:

ARTICLE I
NAME

The name of the corporation shall be CHP UTILITY, INC., which shall be hereinafter referred to as "the Corporation".

Article XVI is created hereby and is to read as follows:

ARTICLE XVI
AD VALOREM TAXATION EXEMPTION

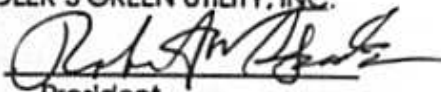
The Corporation shall be organized and operated in a manner so that the Corporation qualifies for the ad valorem taxation exemption described in Section 196.2001, Florida Statutes, as that section shall be amended from time to time and to the extent that Section 196.2001 shall require, the ownership of the Corporation and, or the utility assets of the Corporation shall be transferred to the county in which the Company conducts its business upon retirement of all outstanding indebtedness of the Company.

The foregoing amendments were approved in a manner provided in Chapter 617, Florida Statutes, on the 27TH day of DECEMBER, 1996 and there are no members entitled to vote as stated in Article IX of the Articles of Incorporation.

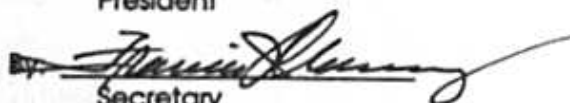
IN WITNESS WHEREOF the undersigned President and Secretary of this corporation have executed the Articles of Amendment this 27TH day of DECEMBER, 1996.

FIDDLER'S GREEN UTILITY, INC.

By:


President

By:


Secretary

CERTIFICATE DESIGNATING PLACE OF BUSINESS OR DOMICILE FOR THE SERVICE OF
PROCESS WITHIN FLORIDA, NAMING AGENT UPON WHOM PROCESS MAY BE SERVED

IN COMPLIANCE WITH SECTION 617.0501 FLORIDA STATUTES, THE FOLLOWING IS
SUBMITTED:

That FIDDLER'S GREEN UTILITY, INC. desiring to organize or qualify under the laws of the
State of Florida, with its principal place of business at Englewood, Charlotte County,
Florida, has named as its agent ROBERT L. UNDERWOOD, located at 537 East Park
Avenue, Tallahassee, FL 32301, to accept service of process within Florida.

Having been named to accept service of process for the above-stated corporation, at
the place designated in this Certificate, I hereby agree to act in this capacity, and I
further agree to comply with the provisions of all Statutes relative to the proper and
complete performance of my duties.

DATED this 21st day of DECEMBER, 1996.



Robert L. Underwood, III
Registered Agent

This Instrument Prepared by:
Robert L. Underwood, III
Carl A. Bertoch, P.A.
537 East Park Avenue
Tallahassee, Florida 32301

STATE OF FLORIDA

COUNTY OF CHARLOTTE

)
)ss
)

The foregoing instrument was acknowledged before me this 27th day of December 1996, by Robert Spade, Francis Clancy, and Robert L. Underwood, (Registered Agent), Fiddler's Green Utility, Inc., who are personally known to me and executed the foregoing instrument on behalf of the corporation.

Era Lucille Fountain
Signature

ERA Lucille Fountain
Type or Print Name

(NOTARY SEAL)
Commission Expires:

NOTARY PUBLIC, STATE OF Florida

Commission Number CE 529457

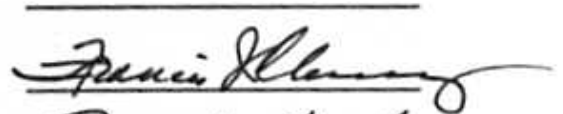

My Commission Expires:



ERA LUCILLE FOUNTAIN
COMMISSION # CC 529457
EXPIRES MAR 08, 2000
BONDED THRU
ATLANTIC BONDING CO., INC.

WAIVER OF NOTICE OF SPECIAL MEETING
OF DIRECTORS OF
FIDDLER'S GREEN UTILITY, INC..

The undersigned, being the Directors of Fiddler's Green Utility, Inc. A Not-For-Profit corporation organized under the laws of the State of Florida, do hereby waive all the statutory requirements as to notice of the time, place and purpose of the special meeting of the Directors of said corporation for the purpose of considering an amendment to the Articles of Incorporation and the publication thereof and consent that the meeting shall be held at the offices of the corporation on the 21st day of December, 1996 at 12:00 noon of that day, and consent to the transaction of any and all business that may properly come before said meeting.

MINUTES OF SPECIAL MEETING OF

BOARD OF DIRECTORS

OF

FIDDLER'S GREEN UTILITY, INC.

The special meeting of the directors of the above captioned corporation was held on the date, time and at the place set forth in the written waiver of notice signed by all the Directors, fixing such time and place, and prefixed to the minutes of this meeting.

The meeting was called to order by the President who stated that a quorum of Directors was present for the conduct of the business before the meeting. The Secretary thereupon presented and read the Waiver of Notice to the Meeting duly signed by the Directors, which was ordered to be made a part of the minutes of this meeting.

The President then stated that the Board of Directors had the power to Amend the Articles pursuant to the power vested them in Article XII of the Articles of Incorporation. A copy of the plan was submitted to be made a part of the minutes.

Upon motion duly made, seconded and carried by the required majority, it was


RESOLVED, that the corporation adopt the Amendment to the Articles of Incorporation presented to this meeting.

RESOLVED, that the President and Secretary be and they hereby are authorized and directed to execute Articles of Amendment, a copy of which document is attached to and made part of these minutes, and to have said document filed in the offices of the Secretary of State in Tallahassee, Florida.

RESOLVED, that the President and Secretary be and they hereby are authorized and directed to pay any and all legal and other fees and costs and to

take all action and execute any further documents that may be necessary to effectuate and implement the proposed merger.

There being no further business, it was on motion duly made, seconded and carried, adjourned.


Director


Director

Director

Certification by Corporate Secretary

I hereby certify that the foregoing is the resolution passed by the Directors on the date shown, and I further certify that said resolution is still in full force and effect and has not been revoked.



DATED: 12/26/96



FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham
Secretary of State

April 10, 1996

CARL A. BERTOCH, P.A.
537 EAST PARK AVE.
TALLAHASSEE, FL 32301

The Articles of Incorporation for FIDDLER'S GREEN UTILITY, INC. were filed on April 10, 1996 and assigned document number N96000001933. Please refer to this number whenever corresponding with this office regarding the above corporation. The certification you requested is enclosed.

PLEASE NOTE: COMPLIANCE WITH THE FOLLOWING PROCEDURES IS ESSENTIAL TO MAINTAINING YOUR CORPORATE STATUS. FAILURE TO DO SO MAY RESULT IN DISSOLUTION OF YOUR CORPORATION.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THIS OFFICE BETWEEN JANUARY 1 AND MAY 1 OF EACH YEAR BEGINNING WITH THE CALENDAR YEAR FOLLOWING THE YEAR OF THE FILING DATE NOTED ABOVE AND EACH YEAR THEREAFTER. FAILURE TO FILE THE ANNUAL REPORT ON TIME MAY RESULT IN ADMINISTRATIVE DISSOLUTION OF YOUR CORPORATION.

A FEDERAL EMPLOYER IDENTIFICATION (FEI) NUMBER MUST BE SHOWN ON THE ANNUAL REPORT FORM PRIOR TO ITS FILING WITH THIS OFFICE. CONTACT THE INTERNAL REVENUE SERVICE TO RECEIVE THE FEI NUMBER IN TIME TO FILE THE ANNUAL REPORT AT 1-800-829-3676 AND REQUEST FORM SS-4.

SHOULD YOUR CORPORATE MAILING ADDRESS CHANGE, YOU MUST NOTIFY THIS OFFICE IN WRITING, TO INSURE IMPORTANT MAILINGS SUCH AS THE ANNUAL REPORT NOTICES REACH YOU.

Should you have any questions regarding corporations, please contact this office at the address given below.

Sheldon Bream, Document Specialist
New Filings Section

Letter Number: 996A00016541

State of Florida



Department of State

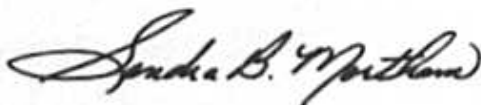
I certify the attached is a true and correct copy of the Articles of Incorporation of FIDDLER'S GREEN UTILITY, INC., a Florida corporation, filed on April 10, 1996, as shown by the records of this office.

The document number of this corporation is N96000001933.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capitol, this the
Tenth day of April, 1996



CR2EO22 (2-95)

A handwritten signature in cursive script, reading "Sandra B. Northam".

Sandra B. Northam
Secretary of State

**ARTICLES OF INCORPORATION
OF**

FIDDLER'S GREEN UTILITY, INC.
A Not-for-Profit Corporation

FILED
96 APR 10 PM 3:41
CLERK OF DISTRICT COURT
JACKSONVILLE, FLORIDA

The undersigned Incorporator, desiring to form a corporation not for profit under Chapter 617, Florida Statutes (1993), hereby adopts the following Articles of Incorporation:

**ARTICLE I
NAME**

The name of the corporation shall be **FIDDLER'S GREEN UTILITY, INC.**, which shall be hereinafter referred to as "the Corporation".

**ARTICLE II
DURATION**

The Corporation shall have perpetual existence unless sooner dissolved by law.

**ARTICLE III
PURPOSE**

The purpose of this corporation is to engage in any activity or business permitted under the laws of the United States and Florida, particularly Chapter 617, Florida Statutes (1993).

**ARTICLE IV
MEMBERSHIP**

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

ARTICLE V
BOARD OF DIRECTORS

5.1 Management by Directors. The business and affairs of the Corporation shall be managed and conducted by its Board of Directors and shall be elected pursuant to Article III of the Bylaws of the Corporation. Except for the initial Board of Directors described in Article 5.2 below, the Board shall consist of five members.

5.2 Original Board of Directors. The names and addresses of the initial Board of Directors of the Corporation, who shall hold office until the first annual meeting of Members and thereafter until qualified successors are duly elected and have taken office, shall be as follows:

Robert W. Spade
6800 Placida Road
Englewood, Florida 34224

Dean Beckstead
7092 Placida Road
Cape Haze, Florida 33946

Frank Clancy
11 Amberjack Terrace
Cape Haze, Florida 33946

ARTICLE VI
OFFICERS

6.1 Officers Provided For. The Corporation shall have a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time elect.

6.2 Election and Appointment of Officers. The officers of the Corporation shall be elected by the Board of Directors in the manner set forth in Article V of the Bylaws of the Corporation.

6.3 First Officers. The names and addresses of the first officers of the Corporation who shall hold office until the first annual meeting of directors and thereafter until successors are duly elected and have taken office, shall be as follows:

President: Robert Spade
6800 Placida Road
Englewood, FL 34224

Secretary: Frank Clancy
11 Amberjack Terrace
Cape Haze, Florida 33946

ARTICLE VII
MEMBERS

7.1 The members of the Corporation shall consist of all of the record subscribers to utility services of the Corporation from time to time, and after any termination of the Corporation, shall also consist of those who were members at the time of such termination, and their successors and assigns.

7.2 Unless approved by the Board of Directors in advance, the share of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner.

7.3 On all matters upon which the membership shall be entitled to vote, there shall be only one (1) vote for each member, which vote shall be exercised or cast in the manner provided by the Bylaws.

7.4 The Bylaws shall provide for an annual meeting of members, and may make provisions for regular and special meetings of members other than the annual meeting.

ARTICLE VIII
BYLAWS

The Board of Directors shall adopt Bylaws consistent with these Articles of Incorporation. Such Bylaws may be altered, amended or repealed by the membership in the manner set forth in the Bylaws.

ARTICLE IX
AMENDMENTS

8.1 Amendments to these Articles of Incorporation may be proposed by a majority of the Board of Directors of the Corporation and approved in the manner provided in Chapter 617, Florida Statutes (1993).

8.2 Notice of a proposed amendment shall be included in the notice of the meeting at which such amendment is to be considered and shall otherwise be given in the time and manner provided in Chapter 617, Florida Statutes (1993).

8.3 In case of any conflict between these Articles of Incorporation and the Bylaws, these Articles shall control.

ARTICLE X INCORPORATOR

The name and address of the person signing these Articles of Incorporation is:

Robert L. Underwood, III
537 East Park Avenue
Tallahassee Florida 32301

ARTICLE XI INDEMNIFICATION

10.1 The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director, employee, officer or agent of the Corporation, against expenses (including attorney fees and appellate attorney fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding unless (a) it is determined by a court of competent jurisdiction, after all available appeals have been exhausted or not pursued by the proposed indemnitee, that he did not act in good faith or in a manner he reasonably believed to be not in, or opposed to, the best interest of the Corporation, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe his conduct was unlawful, and (b) such court further determines specifically that indemnification should be denied. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith or did act in a manner which he believed to be not in or opposed to the best interest of the Corporation, and with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

10.2 To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 10.1 above or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney fees and appellate attorney fees) actually incurred by him in connection therewith.

10.3 Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding through all available appeals upon receipt of an undertaking by or on behalf of the directors, officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

10.4 The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaw, agreement, vote of Members or otherwise, both as to action in his official capacity while holding such office or otherwise, and shall continue as to a person who has ceased to be director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

10.5 The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of

the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

10.6 The provisions of this Article XI shall not be amended.

ARTICLE XII

SPECIAL BOARD OF DIRECTOR POWER

The Corporation, by majority vote of the Directors, shall have the absolute authority, without vote of the members, to acquire, sell to, merge the Corporation and/ or the utility systems operated by the Corporation with another utility company or system that has facilities or operations within Charlotte County, Florida.

ARTICLE XIII

TAX STATUS

The Corporation shall be organized and operated in a manner so that the Corporation qualifies as an organization described in Section 501(c)(12) of the Internal Revenue Code, Title 26, United States Code.

ARTICLE XIV

DISOLUTION EVENTS

In the event of dissolution or liquidation, either voluntarily or pursuant to order of a court of competent jurisdiction, and after the payment of all outstanding liabilities, each member shall be repaid capital credits without priority on a pro rata basis to the extent assets are available to make such payments. To the extent that assets remain following payment of all outstanding liabilities and capital credits, distribution shall be made without priority to the members and former members in the proportion which the patronage of each member or former member from the date of incorporation bears to the total patronage of all members from and after such date, to the date of such dissolution. A plan of distribution of excess capital prior to dissolution shall be set forth in the corporation's By-Laws.

ARTICLE XV
INITIAL REGISTERED OFFICE AND AGENT

The street address and mailing address of the principal office of the Corporation is 6800 Placida Road
Charlotte County, Florida. The initial registered agent of this corporation is Robert L. Underwood, III,
whose mailing address is Carl A. Bertoch, P.A., 537 East Park Avenue, Tallahassee, Florida 32301.

IN WITNESS WHEREOF, the undersigned Incorporator has executed these Articles of Incorporation on
the 8th day of April, 1996.


Robert L. Underwood, III

This Instrument Prepared by:
Robert L. Underwood, III
Carl A. Bertoch, P.A.
537 East Park Avenue
Tallahassee, Florida 32301

CERTIFICATE DESIGNATING PLACE OF BUSINESS OR DOMICILE FOR THE SERVICE OF
PROCESS WITHIN FLORIDA, NAMING AGENT UPON WHOM PROCESS MAY BE SERVED

IN COMPLIANCE WITH SECTION 617.0501, FLORIDA STATUTES, THE FOLLOWING IS
SUBMITTED:

That **FIDDLER'S GREEN UTILITY, INC.**, desiring to organize or qualify under the laws of the State of
Florida, with its principal place of business at 6800 Placida Road, Englewood, Charlotte County, Florida,
has named as its agent **ROBERT L. UNDERWOOD**, located at 537 East Park Avenue, Tallahassee, FL
32301, to accept service of process within Florida.

Having been named to accept service of process for the above-stated corporation, at the place designated in
this Certificate, I hereby agree to act in this capacity, and I further agree to comply with the provisions of all
Statutes relative to the proper and complete performance of my duties.

DATED this 8th day of April, 1996.



Robert L. Underwood, III
Registered Agent

FILED
96 APR 10 PM 3:41
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

This Instrument Prepared by:
Robert L. Underwood, III
Carl A. Bertoch, P.A.
537 East Park Avenue
Tallahassee, Florida 32301

ERA1B/T2

BY-LAWS
OF
CHP UTILITY, INC.

ARTICLE I

GENERAL PURPOSES

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

ARTICLE II

NAME AND LOCATION

SECTION 1: The name of this Corporation is CHP Utility, Inc.

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

ARTICLE III

SEAL

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

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

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

ARTICLE IV

FISCAL YEAR

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

ARTICLE V

MEMBERSHIP

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

SECTION 2: Each connection for the services rendered by the Corporation, or upon the signing of a contract for service hookups to be completed in the future, shall entitle the subscriber for such connection to one membership certificate for each service connection.

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

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

ARTICLE VI

MEMBERSHIP CERTIFICATES

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

SECTION 2: A membership certificate shall be a copy of the Application for Service that has been accepted by the Corporation and that shall have the following statements affixed thereto:

"Membership Certificate
In
CHP Utility, Inc.

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

This is to certify that _____ Address: _____
is a member of CHP Utility, Inc. and is entitled to its services
at the foregoing address subject to the provisions of the Charter, by-laws,
and Rules and Regulations of the Corporation.

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

Transfers of membership certificates shall be made only upon the books
of the Corporation, only to persons eligible to become members, only

with the approval of the Board of Directors and only when the member transferring is free from indebtedness to the Corporation, all as more fully set forth in the Charter and By-Laws of the Corporation.

Each member of this Corporation shall be entitled to one vote at the meeting of the members. Every member upon becoming a member of this Corporation agrees to sign such agreement for the purchase of wastewater collection service from the Corporation.

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

Secretary

President

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

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

SECTION 5: Certificates not surrendered by members upon termination of membership in the Corporation shall be declared void by the Board of Directors, and upon adoption of such a resolution by the Board, the Secretary shall so note on the books of the Corporation and

thereafter such membership certificate shall be void. Lost certificates may be reissued upon direction and upon such conditions as the Board of Directors may determine.

ARTICLE VII

MEETINGS OF MEMBERS

SECTION 1: The annual meeting of the members of this Corporation shall be held at Little Gasparilla Island, Florida, on Thursday, the Third Week of May of each year, if not a legal holiday, or if a legal holiday, on the next business day following. The place and time of the annual meeting may be changed by the Board of Directors giving notice thereof to each member not less than ten days in advance thereof.

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

SECTION 3: Notice of any special meeting of members of the Corporation may be given by notice, not less than three nor more than thirty days prior to the meeting. Such a notice shall state the day and hour, place and purpose of the special meeting. No notice of the annual meeting shall be required.

SECTION 4: Each member shall have only one vote upon each matter submitted to a vote at a meeting of the members and the vote of each member shall be equal to that of every other member. Voting by proxy shall be permitted. The members present, in person or by proxy, shall constitute a quorum for the transaction of any business.

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

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

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

ARTICLE VIII

DIRECTORS AND OFFICERS

SECTION 1: The business and affairs of the Corporation shall be managed by the Board of Directors. The Board of Directors of this Corporation shall consist of five members except the initial Board shall be three. At each annual meeting, the members of the Corporation shall elect for a term of one year, the number of directors whose terms of office have expired. Except for the first Board of Directors that will serve until a Board is elected by the members, no person shall be eligible to become or remain a Director of the Corporation who:

(a) is not a member of the Corporation;

(b) is a relative of a Director. "Relative" here shall mean an individual who is related to another Director as father, mother, son, daughter, brother, sister, uncle, aunt, first cousins,

nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother or half sister. Directors who are relatives, as defined herein, at the time this By-Law is enacted, shall be entitled to remain in office for the balance of the terms.

A person who is an officer, trustee, general partner or managing member of a legal entity that is a member shall be eligible to be a Director.

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

SECTION 2: The Board of Directors shall meet within ten days after the annual election of Directors and shall elect a President and Vice-President from among themselves and a Secretary and a Treasurer, each of whom shall hold office until the next annual meeting and until election and qualification of his successor unless sooner removed by death, resignation or for cause.

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

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

SECTION 5: Compensation of officers may be fixed at any regular or special meeting of the Board of Directors.

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

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

SECTION 7: Every Director and Officer of the Company shall be indemnified by the Company to the full extent permitted by law against all expenses and liabilities, including attorney's fees reasonably incurred by or imposed upon him/her, in connection with any proceedings or any settlement thereof, regardless of whether the acts leading to such proceedings occurred before or after the date of adoption of this By-Law, to which he/she may be a party or in which he/she may become involved by reason of his/her being or having been a Director or Officer at the time such expenses are incurred, except in such cases where the Director or Officer

is adjudged guilty of willful misfeasance or malfeasance in the performance of his/her duties; provided, that all settlements must be approved by the Board of Directors as being in the best interests of the Corporation.

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

ARTICLE IX

DUTIES OF DIRECTORS

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

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

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

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

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

E. To cause at least once each year, financial statements to be prepared for the Corporation by a certified public accountant. The report prepared by such accountant shall be submitted to the members of the Corporation at their annual meeting, together with a proposed budget for the ensuing year. Copies of such financial statements shall be submitted to any parties as may be required by other agreements.

F. To fix the charges, rates and connection fees, to be paid by each member for services rendered by the Corporation to him, the type of payment and the manner of collection, provided, however, that no rate shall be set for non-residential members that exceeds the residential rate by ten percent.

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

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

protected by an agency of the United States of America, such as the Federal Deposit Insurance Corporation or similar agency.

I. To acquire, sell, merge the Corporation, or the utility systems operated by the Corporation, with another utility company or system that has facilities or operations within Charlotte County, Florida.

ARTICLE X

DUTIES OF OFFICERS

SECTION 1: Duties of President: The President shall preside over all meetings of the Corporation and the Board of Directors, call special meetings of the members and of the Board of Directors, perform all acts and duties usually performed by an executive and presiding officer, and sign all memberships certificates and such other papers of the Corporation as he may be authorized or directed to sign by the Board of Directors, provided the Board of Directors may authorize any person to sign any or all checks, contracts and other instruments in writing on behalf of the Corporation. The President shall perform such other duties as may be prescribed by the Board of Directors.

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

SECTION 3: Duties of the Secretary: The Secretary shall keep a complete record of all meetings of the Corporation and of the Board of Directors and shall have general charge and supervision of the books and records of the Corporation. He shall sign all membership

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

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

SECTION 5. Nothing herein shall prevent a person from holding more than one office in the Corporation.

ARTICLE XI

BENEFITS AND DUTIES OF MEMBERS

SECTION 1: The Corporation will install, maintain and operate a main collection pipe line or lines to the plant from the property line of each member qualifying for wastewater service from the Corporation for each membership certificate held by such member. The cost of the service line from its main collection line or lines, shall be paid by the Corporation. While the member will pay a fee for connecting the line, the Corporation will retain title to the line. The Corporation will also purchase and install a cut-off valve to be owned and maintained by the

Corporation and to be installed on some portion of the service line owned by the Corporation. The Corporation shall have the sole and exclusive right to use such cut-off valve to turn it on and off.

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

SECTION 3: In the event the total wastewater collection capacity shall be insufficient to meet all of the needs of the members , the Corporation may pro-rate the wastewater service available among the various members on such basis as is deemed equitable by the Board of Directors, provided, however, that if at any time the total wastewater service be insufficient to meet all of the needs of all of the members, the Corporation must first satisfy all of the members for domestic purposes and must also satisfy all of the needs of all of the members for any wastewater on the basis of no discrimination between non-residential and residential use.

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

SECTION 5: The Corporation may install, buy, maintain, supervise and operate one or more utility plants within the CHP Utility, Inc. franchise area in a lawful manner. Each member shall be entitled to purchase wastewater service from the Corporation, pursuant to such

agreements as may, from time to time, be provided and required by the Corporation; subject, however, to availability, proximity to utility facilities, the provisions of these By-Laws and such Rules and Regulations as may be prescribed by the Board of Directors.

ARTICLE XII

NOT-FOR-PROFIT CORPORATION

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

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

The Corporation is obligated to pay by credits to a capital account for each member, all such amounts in excess of operating costs and expenses. The books and records of the Corporation shall be set up and kept in such a manner that, at the end of each fiscal year, the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Corporation shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so

credited to his account; provided that individual notices of such amounts furnished by each member shall not be required if the Corporation notifies all members of the aggregate amount of such excess and provides a clear explanation of how each member may compute and determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Corporation corresponding amounts for capital. To the extent that no excess amounts exist, there is no obligation to maintain capital accounts.

SECTION 3. All amounts received by the Corporation from its operations on or prior to April 10, 1996, in excess of costs and expenses (including reserves) and not used to offset losses prior years shall be allocated equally to the members as of April 10, 1996, and any amount so allocated shall be credited to the capital accounts of such members.

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

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

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

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

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

ARTICLE XIII
DISTRIBUTION OF SURPLUS FUNDS UPON DISSOLUTION

SECTION 1: Upon the corporation's dissolution, after (a) All debts and liabilities of the Corporation shall have been paid, and (b) All capital furnished through patronage shall have been retired as provided in these By-Laws, the remaining property and assets of the Corporation shall be distributed without priority among the members and former members in the proportion which the patronage of each member or former member from and after April 10, 1996, bears to the total patronage of all members and former members from and after such date, to the date of such dissolution; provided that before making such distribution, if any gain is realized upon dissolution from the sale of any appreciated asset, such gain shall be distributed to all persons who were members during the period the asset was owned by the Corporation in the proportion each such member's patronage bears to the total patronage of all members during such period. The provisions in this Article are subject to the requirements of Section 196.2001, Florida Statutes.

ARTICLE XIV
AMENDMENTS TO BY-LAWS

SECTION 1: These By-Laws may be repealed or amended by a vote of a majority of the members present at any regular meeting of the Corporation, at which a quorum is present, or at any special meeting of the Corporation called for that purpose, notice of which was given in advance of such meeting. These By-Laws may also be amended or repealed at any meeting of the Board of Directors by the affirmative vote of not less than a majority of the Directors present at a meeting at which a quorum is present, provided notice of such meeting (unless waived by consent) containing a copy of the proposed amendment shall have been given to the Directors not less than five nor more than ninety days prior thereto; provided, however, that the Board of Directors shall not have the power to alter, amend, or repeal provisions of these By-Laws or adopt new By-Law provisions directly relating to the election of the Board of Directors. Any

By-Law provision adopted by the Board of Directors may be altered, amended or repealed and new provisions adopted by the members in the manner set forth above. The members may prescribe that any By-Law provisions adopted by them shall not be altered, amended or repealed by the Board of Directors.

COPY

IMAGED
SG

Return to
Name Robert L. Underwood, Esq.
Carl A. Bertoch, P.A.
Address 517 East Park Avenue
Tallahassee, FL 32301

Property Appraiser's
Parcel Identification No. _____

This instrument prepared by
Name Robert L. Underwood, III
Carl A. Bertoch, P.A.
Address 517 East Park Avenue
Tallahassee, FL 32301

Grantee ID No. 59-3387941

Grantor ID No. 59-2317658

SPACE ABOVE THIS LINE FOR RECORDING DATA

WARRANTY DEED
(STATUTORY FORM - SECTION 689.02, F.S.)

THIS INDENTURE, made this 27th day of December, 1996, Between **SANDALHAVEN UTILITY, INC.**, a Florida Corporation, of the County of Charlotte, State of Florida, Grantor*, and **CHP UTILITY INC.**, a Florida Not-for-Profit Corporation whose address is 6800 Placida Road, Cape Haze, of the County of Charlotte, State of Florida, Grantee*,

WITNESSETH that said Grantor, for and in consideration of the sum of Ten (\$10.00) Dollars, and other good and valuable considerations to said Grantor in hand paid by said Grantee, the receipt whereof is hereby acknowledged, has granted, bargained and sold to the said Grantee, and Grantee's heirs and assigns forever, the following described land, situate, lying and being in Charlotte County, Florida, to wit:

Legal Description See Exhibit "A"

And the Grantor does hereby fully warrant the title to said land and will defend the same against the lawful claims of all persons whomsoever.

Doc Stamps
Recorded: 12/31/96 19:26:29
RECORDED: 12/31/96 19:26:29
CLERK OF THE CIRCUIT COURT - CHARLOTTE COUNTY
BARBARA T. SCOTT, CLERK

"Grantor" and "Grantee" are used for singular or plural, as context requires.
In Witness Whereof, Grantor has hereunto set Grantor's hand and seal the day and year first above written.

Signed, sealed and delivered in our presence:

Witnesses:

SANDALHAVEN UTILITY, INC

Francis J. Clancy
Francis J. Clancy
(Print Name)
Robert L. Underwood
Robert L. Underwood
(Print Name)

By Robert W. Spade
ROBERT SPADE
(Print Name)
In PRESIDENT

STATE OF FLORIDA)
COUNTY OF CHARLOTTE) SS

The foregoing instrument was acknowledged before me this 31 day of Dec,
1996 by ROBERT SPADE President of SANDALHAVEN UTILITY, INC., who is
personally known to me or who has produced _____ as identification,
and executed the foregoing instrument on behalf of the corporation

(NOTARY SEAL)
Commission Expires



Sharon L. Taylor
Signature
SHARON L. TAYLOR
MY COMMISSION # CC 304000
EXPIRES: July 24, 1999
Type or Print Name
NOTARY PUBLIC, STATE OF _____
Commission Number _____

EXHIBIT A

Commence at the NE corner of Sec. 28, Twp. 41 S., Rge. 20E; thence S 0° 03' 10" W, 1002.71 feet; thence N 89° 36' 30" W, 1285.26 feet; thence S 00° 55' 00" W, 2602.74 feet to a P.C. of a curve to the left having a central angle of 90° 40' 40" and a radius point lying S 89° 05' 00" E, a radius of 25.00 feet; thence SE ly along the arc of said curve, 39.57 feet; thence S 89° 45' 40" E, 1153.53 feet to the Point of Beginning; thence continue S 89° 45' 40" E, 110.00 feet to a P.C. of a curve to the right having a central angle 62° 03' 08" and a radius of 427.34 feet; thence south easterly along the arc of the curve 462.31 feet; thence S 67° 00' 00" W 369.61 feet; thence N 00° 02' 07" E, 262.89 feet; thence N 89° 45' 40" W, 146.94 feet; thence N 00° 14' 20" E, 110.01 feet to the Point of Beginning: containing 2.15 acres more or less.

**APPLICATION FOR SALE, ASSIGNMENT OR TRANSFER
OF CERTIFICATE OR FACILITIES
PURSUANT TO SECTION 367.071, FLORIDA STATUTES**

TO: Director, Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

The undersigned hereby makes application for the sale, assignment or transfer of (all) or (part) of Water Certificate No. _____ and/or Sewer Certificate No. 495-S or facilities in Charlotte County, Florida, and submits the following information:

PART I APPLICANT INFORMATION

- A) The full name (as it appears on the certificate), address and telephone number of the seller:

SANDALHAVEN UTILITY, INC. (941)697-5001 ()

Name of seller Phone No.

6800 PLACIDA ROAD
Office street address

ENGLEWOOD	FLORIDA	34224
City	State	Zip Code

N/A

Mailing address if different from above

- B) The full name (as it will appear on the certificate), address and telephone number of the buyer:

CHP UTILITY, INC. (941) 697-5001 ()
Name of buyer Phone No.

(temporary)
6800 PLACIDA ROAD
Office street address

ENGLEWOOD FLORIDA 34224
City State Zip Code

Mailing address if different from above

PART II FINANCIAL AND TECHNICAL INFORMATION

- see Nonprofit Application
- A) Exhibit _____ - A statement indicating how the transfer is in the public interest, including a summary of the buyer's experience in water and/or wastewater utility operations, a showing of the buyer's financial ability to provide service and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters.
- B) List the names and locations of other water and/or wastewater utilities owned by the buyer and PSC certificate numbers, if any.

N/A

- C) Exhibit A - A copy of the contract for sale and all auxiliary or supplemental agreements, which shall include, if applicable:
- 1) Purchase price and terms of payment;
 - 2) A list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of nonregulated operations or entities.
 - 3) A description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, assumption of obligations.

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

- 1) Customer deposits and interest thereon;
- 2) Any guaranteed revenue contracts;
- 3) Developer agreements;
- 4) Customer advances;
- 5) Debt of the utility; and
- 6) Leases.

**APPLICATION FOR SALE, ASSIGNMENT OR TRANSFER
OF CERTIFICATE OR FACILITIES
PURSUANT TO SECTION 367.071, FLORIDA STATUTES**

TO: Director, Division of Records and Reporting
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PART I APPLICANT INFORMATION

- A) The full name (as it appears on the certificate), address and telephone number of the seller:

SANDALHAVEN UTILITY, INC. (941)697-5001 ()

Name of seller	Phone No.

6800 PLACIDA ROAD
Office street address

ENGLEWOOD	FLORIDA	34224
City	State	Zip Code

N/A

Mailing address if different from above

- B) The full name (as it will appear on the certificate), address and telephone number of the buyer:

CHP UTILITY, INC. (941) 697-5001 ()
Name of buyer Phone No.

6800 PLACIDA ROAD (temporary)
Office street address

ENGLEWOOD FLORIDA 34224
City State Zip Code

Mailing address if different from above

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

ROBERT L. UNDERWOOD (904) 224-7040 ()
Name Phone No.

537 EAST PARK AVENUE
Street address

TALLAHASSEE FLORIDA 32301
City State Zip Code

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

Corporation Partnership Sole Proprietorship

Other FLORIDA NOT-FOR-PROFIT
(specify)

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

APRIL 10, 1996 Florida

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

INITIAL: ROBERT W. SPADE(President/Director)6800 Placida Rd.Englewood,FL

DEAN BECKSTEAD(Director) 7092 Placida Rd. Cape Haze. FL

FRANK CLANCY(Director/Secretary)11 Amberjack Terrace Cape Haze,FL

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

N/A

PART II FINANCIAL AND TECHNICAL INFORMATION

- see Nonprofit Application
- A) Exhibit _____ - A statement indicating how the transfer is in the public interest, including a summary of the buyer's experience in water and/or wastewater utility operations, a showing of the buyer's financial ability to provide service and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters.
- B) List the names and locations of other water and/or wastewater utilities owned by the buyer and PSC certificate numbers, if any.

N/A

- C) Exhibit A - A copy of the contract for sale and all auxiliary or supplemental agreements, which shall include, if applicable:
- 1) Purchase price and terms of payment;
 - 2) A list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of nonregulated operations or entities.
 - 3) A description of all consideration between the parties, for example, promised salaries, retainer fees, stock, stock options, assumption of obligations.

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

- 1) Customer deposits and interest thereon;
- 2) Any guaranteed revenue contracts;
- 3) Developer agreements;
- 4) Customer advances;
- 5) Debt of the utility; and
- 6) Leases.

- D) Exhibit C - A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.
- E) Exhibit D - A statement describing the financing the purchase.
- F) Exhibit N/A - A list of all entities upon which the applicant is relying to provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility.
- G) Exhibit B - The proposed net book value of the system as of the date of the proposed transfer. If rate base (or net book value) has been established previously by this Commission, state the Order No. and date issued. PSC-95-0678-FOF-SV Identify all adjustments made to update this rate base (or net book value) to the date of the proposed transfer.
- H) Exhibit E&H - A statement setting forth the reasons for the inclusion of an acquisition adjustment, if one is requested. (An acquisition adjustment results when the purchase price of the utility differs from the original cost calculation.)
- I) The full name, address and telephone number of the person who has possession of the books and records of the seller:

ROBERT SPADE (941)697-5001 ()
 Name Phone No.
6800 PLACIDA ROAD
 Street address
ENGLEWOOD FLORIDA 34224
 City State Zip Code

- J) Exhibit N/A - If the books and records of the seller are not available for inspection by the Commission or are not adequate for purposes of establishing the net book value of the system, a statement by the buyer that a good faith, extensive effort has been made to obtain such books and records for inspection by the Commission and detailing the steps taken to obtain the books and records.

- K) Exhibit G - A statement from the buyer that is has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established, or rate base was last established by the Commission or, if the tax returns have not been obtained, a statement from the buyer detailing the steps taken to obtain the returns.
- L) Exhibit F - A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection (DEP) or, if the system is in need of repair or improvement, has any outstanding Notice of Violation of any standard set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a list of the improvements and repairs needed and the approximate cost to make them, a list of the action taken by the utility with regard to the violation, a copy of the Notice of Violation(s), a copy of the consent order and a list of the improvements and repairs consented to and the approximate cost to make them.

PART III NOTICE OF ACTUAL APPLICATION

- A) Exhibit Not filed at this date - An affidavit that the notice of actual application was given in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, by regular mail to the following: the governing body of the municipality, county, or counties in which the system or the territory proposed to be served is located; the privately owned water and wastewater utilities that hold a certificate granted by the Public Service Commission and that are located within the county in which the utility or the territory proposed to be served is located, if any portion of the proposed territory is within one mile of a county boundary, the utility shall notice the privately owned utilities located in the bordering counties and holding a certificate granted by the Commission; the regional planning council; the Office of Public Counsel; the Public Service Commission's Director of Records and Reporting; the appropriate regional office of the Department of Environmental Protection; and the appropriate water management district. Copies of the Notice and a list of entities noticed shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

- B) ^{Not filed at this date} Exhibit _____ - An affidavit that the notice of actual application was given in accordance with Rule 25-30.030, Florida Administrative Code, by regular mail or personal delivery to each customer of the system being transferred. A copy of the Notice shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.
- C) ^{Not filed at this date} Exhibit _____ - Immediately upon completion of publication, an affidavit that the notice of actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code. A copy of the proof of publication shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

PART IV FILING FEE

Indicate the filing fee enclosed with the application:
\$1500.00 (one fee for water
and one for wastewater)

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

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

PART IV FILING FEE

Indicate the filing fee enclosed with the application:

_____ (for water) and \$1500.00 (for
wastewater).

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

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

PART V OTHER

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

PART VI AFFIDAVIT

I ROBERT W. SPADE (applicant) do solemnly swear or affirm that the facts stated in the foregoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitute a complete statement of the matter to which it relates.

BY:

Robert W. Spade
Applicant's Signature

ROBERT W. SPADE
Applicant's Name (Typed)

PRESIDENT
Applicant's Title *

Subscribed and sworn to before me this 14th
of March 1997.



ERA LUCILLE FOUNTAIN
COMMISSION # DC 529457
EXPIRES MAR 08, 2000
BONDED THRU
ATLANTIC BONDING CO., INC.

Era Lucille Fountain
Notary Public

* If the applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If the applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

**UTILITY SYSTEM ASSET
PURCHASE AND SALE AGREEMENT**



By and Between

CHP UTILITY, INC.

and

SANDALHAVEN UTILITY, INC.



ADOPTED December 27, 1996

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**UTILITY SYSTEM ASSET
PURCHASE AND SALE AGREEMENT**

THIS AGREEMENT is made and entered into as of this 27th day of December, 1996 by and between CHP UTILITY, INC. ("CHP"), a Florida Not-for-Profit corporation and SANDALHAVEN UTILITY, INC. (SANDALHAVEN").

WITNESSETH:

WHEREAS, SANDALHAVEN owns and operates a sanitary wastewater treatment, collection and disposal system which provides service to unincorporated portions of Charlotte County, Florida; and

WHEREAS, CHP was created to provide wastewater infrastructure and service; and

WHEREAS, upon acquisition of the assets of SANDALHAVEN, CHP has the ability and authority to provide wastewater service to SANDALHAVEN'S service area; and

WHEREAS, CHP desires to purchase all or substantially all of the assets of SANDALHAVEN and SANDALHAVEN is willing to sell those assets to CHP;

NOW THEREFORE, in consideration of the mutual promises, covenants, representations and agreements contained herein, together with n\$10.00 and other good and valuable considerations exchanged among the parties, the parties to this agreement do undertake, promise and agree for themselves, their permitted successors and assigns as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. DEFINITIONS. As used in this agreement, the following terms shall have the meanings as defined unless the context requires otherwise:

"AGREEMENT" means this Utility System Asset Purchase and Sale Agreement, including any amendments and supplements hereto executed and delivered in accordance with the terms hereof.

"BOARD" means the Board of Directors of CHP UTILITY, INC.

"CHP" means the CHI UTILITY, INC., a Florida Not-for-Profit corporation.

"EASEMENTS" mean all rights, privileges, easements, licenses, prescriptive rights, rights-of-ways and rights to use public and private roads, highways, streets, and other areas owned or used by SANDALHAVEN. In connection with the construction, reconstruction, installation, expansion, maintenance and operation of the utility system and the Purchased Assets.

"PURCHASED ASSETS" means all or substantially all of the assets of SANDALHAVEN as described and referenced in Section 3.02(A) hereof.

"SANDALHAVEN" means SANDALHAVEN UTILITY, INC. a Florida corporation.

SECTION 1.02 CONSTRUCTION AND INTERPRETATION

- (A) Words that indicate a singular number shall include the plural in each case and vice versa and words that import a person shall include firms and corporation.
- (B) The terms "herein", "hereunder", "hereby", "hereof" and any similar terms shall refer to this Agreement; the term "heretofore" shall mean before the date of execution of this Agreement; and the term "hereafter" shall mean after the initial date of execution of this Agreement.
- (C) Words that reference only one gender shall include all genders.
- (D) This Agreement shall be construed as resulting from joint negotiation and authorship. No part of this Agreement shall be construed as the produce of any one of the parties hereto.

SECTION 1.03 INCORPORATION. The appendices hereto and each of the documents referred to therein are incorporated herein and made a part hereof in their entirety by reference.

SECTION 1.04 SECTION HEADINGS. Any headings preceding the texts of the several Articles and Sections in this Agreement and any table of contents or marginal notes appended to copies hereof, shall be solely for the convenience of reference and shall neither constitute a part of this Agreement nor affect its meaning, construction or effect.

ARTICLE II

REPRESENTATIONS

SECTION 2.01 REPRESENTATIONS OF CHP. CHP makes the following representations:

- (A) CHP is duly organized and validly existing as a not-for-profit corporation of the State of Florida

B) CHP has full power and authority to enter into the transactions contemplated by this Agreement.

(C) CHP has fulfilled and complied with all legal requirements including, but not limited to, the provisions of the laws of the State of Florida material to the performance of its obligations under this Agreement. The Board has duly authorized the execution and delivery of this Agreement and assuming the due authorization, execution and delivery by other parties hereto, this Agreement constitutes a valid and legally binding obligation of CHP, enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(D) To the best of CHP's knowledge and belief after due inquiry, the authorization, execution and delivery of this Agreement and the compliance by CHP with the provisions hereof will not conflict with or constitute a material breach of default under, any existing law, court or administrative regulation, decree, order, or any provision of the Constitution, or the laws of the State of Florida relating to CHP or its affairs, or any ordinance, resolution, agreement, lease, bond indenture, or other instrument to which CHP is subject or by which it is bound.

(E) There is no action, suit, or investigation at law or in equity before or by any court, public board or body pending, or to the best of SANDALHAVEN and CHP's knowledge and belief, wherein a favorable decision, ruling or finding would adversely affect the transactions contemplated hereby, or which, in any way, would adversely affect the validity of this Agreement or any agreement or instrument to which CHP is a party and which is contemplated for use in the consummation of the transactions contemplated hereby.

(F) CHP has not dealt with any broker, salesman or finder in connection with the transactions contemplated herein and no sales commissions or finders' fees are due or payable as a result hereof.

SECTION 2.02. REPRESENTATIONS OF SANDALHAVEN

SANDALHAVEN makes the following representations:

(A) SANDALHAVEN is a corporation duly organized, validly existing in and in good standing in the State of Florida, authorized to do business in the State, and has all requisite corporate power and authority to enter into and fully perform this Agreement.

(B) All necessary corporate action on the part of SANDALHAVEN relating to the authorization of SANDALHAVEN'S execution and delivery of this Agreement and SANDALHAVEN'S performance of their duties and obligations contained herein shall have been duly taken, and this Agreement will be valid and enforceable against SANDALHAVEN in accordance with its terms, except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with the general principles of equity. As an inducement for CHP to execute this Agreement, all of the shareholders and directors of SANDALHAVEN shall execute the Joint Action of Directors and Shareholders attached hereto as Appendix N.

(C) There are no actions, suits, or proceedings pending or, to the knowledge and belief of SANDALHAVEN, threatened against or affecting SANDALHAVEN at law or in equity or before any federal, state, municipal, or other governmental department, commission, board, bureau, agency or instrumentality wherein any favorable decision, ruling or finding would adversely affect the transactions contemplated hereby or which in any way would adversely affect the validity of this Agreement or other agreements or instruments to which SANDALHAVEN is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby.

(D) To the best of SANDALHAVEN'S knowledge and belief and after due inquiry, neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated, nor compliance with the terms and provisions of such instruments will violate the provisions of any applicable law or any applicable order or regulation of any governmental authority achieving jurisdiction over SANDALHAVEN, and will not conflict with or result in a material breach of any terms, conditions or provisions of any agreement or instrument to which SANDALHAVEN is now a party, or constitute a default thereunder, or which may not be assigned in the ordinary course of business.

(E) SANDALHAVEN has good and marketable fee simple title to, or has control over, the Purchased Assets and, at closing, shall deliver sole and exclusive possession of the Purchased Assets to CHP free and clear of all encumbrances subject only to the title exceptions permitted hereunder to appear on an owner's title insurance policy issued thereon, none of which will prohibit or limit the use of the Purchased Assets as a publicly owned or operated utility system.

(F) CHP has not dealt with any broker, salesman or finder in connection with the transactions contemplated herein and no sales commissions or finder's fees are due or payable as a result hereof.

(G) The real property identified in Appendix A hereof represents all real property owned, used or controlled by SANDALHAVEN, in the operation of the utility system and the Purchased Assets.

(H) The Easements identified in Appendix B hereto represent all easements owned or used by SANDALHAVEN for use in connection with the construction, reconstruction, installation, expansion, maintenance and operation of the utility system and the Purchased Assets.

(I) SANDALHAVEN possesses an enforceable easement interest in each Easement shown on Appendix B hereto and has the ability to assign them to CHP at closing.

(J) Appendix C, attached hereto, is a schedule of all plans and specifications which describe SANDALHAVEN'S wastewater treatment plants and effluent disposal facilities as currently built.

(K) Appendix P, attached hereto, is a map(s) of the SANDALHAVEN wastewater system which shows all wastewater collection lines, lift stations, effluent disposal facilities, appurtenances as currently constructed and other purchased assets and is a true and correct representation thereof.

(L) Appendix D, attached hereto, is a schedule of all current or active permits, applications or documents together with effective dates and any expiration dates which

demonstrate approval of SANDALHAVEN'S treatment system by all applicable governmental authorities.

(M) Appendix E, attached hereto, is a complete inventory of all equipment, vehicles, tools, parts, laboratory equipment, office equipment and other personal property owned by SANDALHAVEN, or used by SANDALHAVEN in connection with the operation of the wastewater system.

(N) Appendix F, attached hereto, is a schedule detailing all plant, property, equipment and depreciation of the Purchased Assets.

(O) Appendix G, attached hereto, is a schedule of all operating and vendor contracts which may be assumed by CHP at closing.

(P) Appendix I, attached hereto, is a schedule of all executory reuse or effluent disposal agreements by and between SANDALHAVEN and third parties for sale or reuse of effluent.

(Q) Appendix H, attached hereto, is a schedule of all executory agreements, sometimes referred to as developer agreements, entered into by and between SANDALHAVEN and owners or developers of real property for the provision of wastewater disposal services.

(R) Appendix H, attached hereto, is a schedule, with respect to all executory agreements under which SANDALHAVEN has any continuing or outstanding wastewater service obligations, which shows the total number of (1) contractual connections; (2) connections paid for and unconnected; and (3) connections paid for but not yet connected, for which quarterly base facility charges are not being paid.

(S) Appendix L, attached hereto, is a schedule of all other agreements entered into between SANDALHAVAEN and third parties which would or might be considered to be an encumbrance upon the Purchased Assets, including without limitation, any leasehold agreements or oral agreements. Any and all oral agreements have been reduced to writing, signed by the parties, and identified by SANDALHAVEN on said schedule.

(T) Appendix J, attached hereto, is a schedule of all rates, fees and charges that SANDALHAVEN is currently authorized to impose and the authority therefore.

(U) Appendix K, attached hereto, is a schedule of any and all insurance policies currently enforceable that cover SANDALHAVEN as they may relate to the Purchased Assets. Such appendix indicates the name and address of each carrier, the policy number and the type of coverage provided.

(V) From and after the date of the execution of this Agreement, SANDALHAVEN will not, without the prior written consent of CHP, dispose of or encumber any of the Purchased Assets, with the exception of any transactions occurring in the ordinary course of SANDALHAVEN'S business.

(W) From and after the date of the execution of this Agreement, there will be no material depletion of the Purchased Assets, nor any material change in the condition of the Purchased Assets, and the wastewater system and Purchased Assets will be properly maintained within the custom and usage of the industry up until and through closing.

(X) SANDALHAVEN has not been cited nor notified, and is not, after due inquiry, aware of any violation, nor any action or intention by regulators to cite or notify SANDALHAVEN of a violation, of any governmental rule, regulation, permitting condition, or other governmental requirement of any type or nature applicable to the

ownership, maintenance, construction or operation of a wastewater system, nor is SANDALHAVEN aware of any conditions which by reason of passing of time or the giving of notice would constitute such a violation.

(Y) No employment contract exists under which SANDALHAVEN is the employers, that cannot be canceled within 30 days notice or less, and without payment of any consideration of such cancellation.

(Z) To the best of its knowledge and belief, and in reliance on the special exceptions obtained by SANDALHAVEN, and provided to CHP, the SANDALHAVEN system is located on real property which has been zoned by appropriate authorities under zoning certificates which will permit the use of such parcels for utility purposes.

(AA) To the best of its knowledge and belief after due inquiry, the real property to be conveyed to CHP hereunder is in compliance with, and SANDALHAVEN has not violated, in connection with their ownership, use, maintenance or operation of the wastewater system, applicable environmental, federal, state, county, or local laws relating to pollution or protection of the environment, including but not limited to, the Comprehensive Environmental Response Compensation and Liability Act of 1980 as amended by the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, or the Toxic Substance Control Act. SANDALHAVEN has not authorized the placing or depositing of hazardous substances on the real estate to be conveyed to CHP except, if at all, in accordance with applicable law, and SANDALHAVEN has no actual knowledge of any hazardous substance having been, or currently being, placed or deposited on said real property except in a lawful manner.

(BB) There are no facts known to SANDALHAVEN materially affecting the operation or value of the utility system or Purchased Assets which are not readily observable or which have not been disclosed to CHP.

ARTICLE III

PURCHASE AND SALE OF ASSETS

SECTION 3.01. PURCHASE AND SALE COVENANT. At closing, CHP shall purchase and SANDALHAVEN shall sell and convey the Purchased Assets to CHP upon terms and subject to the conditions set forth in this Agreement.

SECTION 3.02 PURCHASED ASSETS.

(A) The Purchased Assets shall include those assets, business properties, and rights both tangible and intangible, that SANDALHAVEN owns or in which it has or hereafter acquires an interest, including the following:

(1) All real property and interest, whether recorded in the public records or not, in real property owned or controlled by SANDALHAVEN or held in trust for SANDALHAVEN.

(2) All wastewater treatment plats, wells, collection, transmission, pumping, effluent and disposal facilities of every kind and description whatsoever including without limitation, all trade fixtures, leasehold improvements, lift stations,

pumps, generators, controls, tanks, collection and transmission pipes or facilities, valves, meters, service connections, irrigation and effluent disposal facilities, spare equipment and parts, and all other physical facilities and property installations used for the operation of the wastewater system by SANDALHAVEN, together with an assignment of all third party warranties currently in effect that relate to completed or in progress construction and all potable water system and related costs.

(3) SANDALHAVEN's inventory, including all equipment, vehicles, tools, parts, laboratory equipment, and other personal property owned or used by SANDALHAVEN in connection with the operation of the wastewater system more particularly described, but not limited to those described in Appendix F of this Agreement.

(4) All easements and other rights in favor of SANDALHAVEN including but not limited to, the Easements more particularly described in Appendix B of this Agreement, and all other rights, privileges, easements, licenses, prescriptive rights, right-of-ways, permits, leaseholds, grants, consents, immunities and rights to use public and private roads and other areas owned by SANDALHAVEN for the construction, reconstruction, maintenance and operation of the wastewater treatment, collection, transmission and disposal system. Upon closing, this agreement shall operate as an assignment of all such rights however, at CHP'S request, SANDALHAVEN shall execute written assignments of such rights.

(5) All current customer records and supplier lists, as-built surveys and water and sewer plans, engineering and other drawings, designs, blueprints, plans and specifications, annual reports filed with the PSC for the past two(2) years, sewer system monthly operating reports for the past two(2) years, maintenance manuals, operating manuals and 1995 and 1996 operating budgets.

(6) All necessary regulatory approvals subject to all conditions, limitations or restrictions contained therein; all existing permits and other governmental authorizations and approvals of any kind necessary to construct, operate, expand and maintain the utility system according to all governmental requirements, as more specifically described in Appendix E to this Agreement.

(7) Rights and obligations of SANDALHAVEN under existing agreements and contracts, limited to those described in Appendices H, K, and L, which CHP shall assume at closing, except those obligations which are specifically excluded elsewhere herein.

(8) All choices in action, which specifically relate to the assets purchased from SANDALHAVEN, including but not limited to, warranty claims, claims for damages, the rights to sue for any past infringements, or other causes of action relating to the assets purchased from SANDALHAVEN. This provision does not include, however, personal claims of SANDALHAVEN.

(9) All cash or accounts which represent customer service security deposits or other advance deposits and/or payments which are or may be subject to refund to customers, developers, or others, exclusive of any interim rate escrows.

(10) All computer records and use of all computer software which is or was used in the operations of SANDALHAVEN for billing or customer record keeping purposes. the use of the software is for recovery of data stored in computers, once the

data has been transferred to CHP'S computers, CHP will return all software owned by SANDALHAVEN.

(11) All accounts receivable of SANDALHAVEN, listed in Appendix O.

(B) The Purchased Assets do not and shall not include the Excluded Assets.

SECTION 3.03. PURCHASE PRICE.

(A) The purchase price shall be Seven Hundred Thirty-Three Thousand Dollars(\$733,000) payable by a promissory note secured by a mortgage on the property at closing, subject to the adjustments and prorations as provided for herein.

(B) The terms of the note is payable as follows:

Note to SANDALHAVEN UTILITY, INC. in the principal sum of Seven Hundred Thirty-Three Thousand Dollars(\$733,000) together with interest at the rate of seven and one-half percent(7.5%) per annum until maturity in monthly payments for a period of thirty years with a balloon payment in five years.

ARTICLE IV

CONDITIONS PRECEDENT TO CLOSING

SECTION 4.01 ENVIRONMENTAL AUDIT.

(A) CHP shall have the right to cause a Phase I environmental audit of the real property to be conveyed hereunder. And such environmental audit, together with a written declaration from an environmental audit, together with a written declaration from an environmental consultant acceptable to SANDALHAVEN shall reasonably verify that the real property and other facilities to be conveyed hereunder are in compliance with all applicable state and federal environmental laws, and that the facilities and property surrounding the facilities are free of significant environmental hazards/contamination.

SECTION 4.02 SURVEY.

Within ten(10) days after entering into this Agreement, CHP shall have the right to order a survey of all property being insured by the title insurance policies hereunder. The cost of the survey shall be CHP'S expense. the survey shall be (A) received not less than thirty-five(35) days prior to closing and updated thereafter as required by the title insurer; (B) be satisfactory and sufficient to the title insurer to delete the standard exemptions of title insurance coverage concerning encroachments, overlays, boundary line disputes or any other adverse matter which would be disclosed by an accurate survey; (C) be certified as of the current date to CHP, SANDALHAVEN, the title insurer or any other parties requested by CHP'S counsel; and (D) show the location of all improvements and easements.

SECTION 4.03. TITLE INSURANCE.

(A) Within ten(10) days after entering into this Agreement, CHP shall have the right to order a commitment for owner's title insurance policy in the amount of the total purchase price herein. the title insurance commitment shall be delivered to CHP with a copy to SANDALHAVEN, not less than ten(10) days prior to closing. And

encumbrances or defects in title must be removed from said commitment prior to closing and the subsequent title insurance policy issued free and clear of encumbrances, title defects or materialman's liens, created or potentially created by SANDALHAVEN, with the exception of (a) taxes for the current year which are not yet due and payable, (b) any permitted title exceptions reflected in the schedule attached hereto as Appendix L, and (c) any encumbrance of or created by CHP including any instruments evidencing debt executed by CHP at closing.

(B) The insured estate or interests shall consist of all real property identified in Appendix A hereof.

(C) At closing, the owner's title insurance policy shall show marketable title to the insured estate or interests vested in CHP. All charges for the issuance of the owner's title insurance commitment shall be CHP'S expense.

(D) CHP shall select a title insurer willing to issue the owner's title insurance policy and a Florida Endorsement Form 9 for a premium which shall not exceed the minimum rate promulgated by the Florida Insurance Commissioner. This premium shall be CHP'S expense.

(E) Marketable title shall be determined according to applicable Title Standards adopted by authority of the Florida Bar and in accordance with law. CHP shall have five(5) days from receiving the title commitment to examine it. If title is found defective, CHP shall thereafter within three(3) days, notify SANDALHAVEN in writing specifying the defects. If the defects render the title unmarketable, SANDALHAVEN will have sixty(60) days from receipt of notice within which to remove the defects and the closing shall be extended, if necessary, failing which CHP shall have the option of either (1) accepting the title as it then is together with a reduction in the purchase price agreed upon by the parties, or (2- canceling this Agreement, thereupon CHP and SANDALHAVEN shall release one another of all further obligations hereunder. SANDALHAVEN shall, if title is found unmarketable, use diligent effort to correct defects in the title within the time provided; however, SANDALHAVEN shall not be required to bring any necessary suits in its efforts to correct the defects.

ARTICLE V

CLOSING PROCEDURES

SECTION 5.01 CLOSING DATE AND PLACE.

(A) SANDALHAVEN shall furnish at closing a certificate reaffirming SANDALHAVEN'S representations and warranties hereunder, a non-foreign affidavit, a no-lien affidavit, a "gap" affidavit, the warranty deed, and the Quit Claim Deed, Bill of Sale and Assignment, all in substantially the form attached hereto as Appendix M. SANDALHAVEN shall also furnish at closing any necessary assignments, estoppel letters and any corrective instruments as well as enter into a transfer, assignment and assumptions agreement, and any other agreement required to complete the transaction.

(B) CHP shall furnish at closing the closing statement, a certificate reaffirming CHP'S representations and warranties hereunder and enter into a transfer, assignment and assumption agreement and any other agreement required to complete the transaction .

(C) From time to time after closing, each party shall, upon request of the other, execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers or other documentation for (1) confirming or correcting title in the name of CHP or perfecting undisputed possession by CHP of any or all of the Purchased Assets, or (2) otherwise fulfilling the obligations of the parties hereunder.

(D) Subject to Article VII of this Purchase and Sale Agreement, the closing shall be on December 30, 1996.

SECTION 5.02. RECORDING FEES AND DOCUMENTARY TAXES.

SANDALHAVEN will be responsible for and pay all documentary stamp taxes required by Section 201.01, Florida Statutes, for any deed that relates to the real property conveyed from SANDALHAVEN to CHP and any recording fees to record the deed and any other instruments necessary to deliver marketable title to CHP. As evidence of payment, SANDALHAVEN shall execute at closing a Florida Department of revenue Form DR-219.

SECTION 5.03. PROPERTY TAXES. Taxes on the purchased Assets shall be prorated as of the day of closing and, if necessary, SANDALHAVEN shall escrow with the Charlotte county tax Collector such prorated taxes in accordance with Section 196.295, Florida Statutes.

SECTION 5.04. ACCOUNTS RECEIVABLE/ACCOUNTS PAYABLE.

(A) Sewer service accounts receivable (for which service has already been provided by SANDALHAVEN) due SANDALHAVEN and all unbilled revenue earned for wastewater service as of the date of closing, shall be credited to CHP at closing. SANDALHAVEN shall furnish to CHP ten(10) days prior to closing, a listing of its accounts receivable and unbilled revenue, by customer and individual accounts. "Accounts receivable" does not include promissory notes.

(B) CHP shall pay all nonrecurring accounts payable due for the period covered by the accounts receivable and unbilled revenue earned.

(C) Closing may occur during the normal billing cycle of SANDALHAVEN. CHP shall be entitled to all revenue collected and derived from the utility system and Purchased Assets from the date of this Agreement forward.

SECTION 5.05. CONNECTION CHARGES.

(A) Sums held or collected by SANDALHAVEN including cash connection charges or charges due to SANDALHAVEN by virtue of developer notes, capital cost recovery charges and tax gross-up amounts, imposed for sewer service which has been provided prior to the date of closing, shall remain SANDALHAVEN'S sole and separate property with no claim of CHP therefore, including but not limited to, the notes receivable due SANDALHAVEN from Developers and other customers.

(B) Sums held or collected by SANDALHAVEN, including cash connection charges or charges due to SANDALHAVEN, by virtue of developer notes, capital cost recovery charges and tax gross-up amounts, for which SANDALHAVEN installed collection system lines abutting the property of each customer who has not yet connected to the utility system or extended transmission mains available for connection to developer's on-site collection system when constructed, in which the eventual connection will not create any additional expense to CHP, shall also remain SANDALHAVEN'S sole and separate property with no claim of CHP'S therefor.

(C) Sums held or collected by SANDALHAVEN, including connection charges, capital cost recovery charges and tax gross-up amounts for which off-site lines have not been installed or abut the customer's property, shall remain SANDALHAVEN'S sole and separate property with no claim of CHP therefore.

SECTION 5.06. PROFESSIONAL FEES; COSTS. Each party shall be responsible for securing its own counsel for representation during the negotiation and closing of this Agreement; unless otherwise specified herein, and each party shall be responsible for the payment of the fees of its own attorneys, bankers, engineers, accountants and other professional advisors or consultants in connection therewith.

SECTION 5.07. RISK OF LOSS. At all times prior to and through the day of closing, SANDALHAVEN, shall maintain adequate fire and extended insurance coverage for the cost of any repairs to the Purchased Assets that may be required by casualty damage. The risk of loss during the said period of time shall fall upon SANDALHAVEN. The risk of loss shall pass to CHP at closing.

SECTION 5.08. PROCEEDS OF SALE; CLOSING PROCEDURE.

(A) SANDALHAVEN shall provide the following documents effecting the transfer of the Purchased Assets to CHP'S counsel at least ten(10) days prior to closing; however, these documents shall be executed and delivered at closing:

- (1) Warranty deed, with full warranties of title, for the conveyance of all real property to be conveyed hereunder;
- (2) Conveyance instruments for all easements;
- (3) A transfer, assignment and assumption agreement covering all other interests in the Purchased Assets, together with a general assignment of all contracts, agreements, permits and approvals as provided for herein;
- (4) Bill of Sale or other documents of assignments and transfer, with full warranties of title, to all Purchased Assets;
- (5) Any affidavits, certificates, estoppel certificates or corrective instrument necessary to close; and
- (6) A list of all original permits, governmental authorizations and approvals to be delivered at closing.

ARTICLE VI

GENERAL PROVISIONS

SECTION 6.01. INDUCEMENT FOR CHP TO EXECUTE. At closing all of SANDALHAVEN shareholders and directors shall execute a Joint Action of Shareholders and Directors in substantially the form attached hereto as Appendix N.

SECTION 6.02. RIGHT TO ENTER. Prior to closing, CHP'S personnel, administrator or consultants shall have the right, at any reasonable time, upon prior notice, to enter upon SANDALHAVEN'S property to inspect the wastewater system and the Purchased Assets, to familiarize itself with day-to-day operations, to review the operational practices of SANDALHAVEN, and to ensure compliance with any and all federal and state regulatory requirements.

SECTION 6.03. EMPLOYMENT PREFERENCE. To the extent that CHP may lawfully do so and to the extent that CHP has any position available, CHP will use its best efforts to grant a preference in hiring to any non-management employment qualification and pre-employment screening criteria. All employment resulting from this Section shall be at will.

SECTION 6.04. CONDUCT BETWEEN EXECUTION AND CLOSING.

(A) Upon the execution of this Agreement, SANDALHAVEN shall continue to provide wastewater treatment to its current customers in the ordinary and usual manner.

(B) SANDALHAVEN shall prudently maintain the wastewater system to ensure its proper operation until conveyance.

(C) From and after the date of the execution of this Agreement, SANDALHAVEN shall not, without prior written consent of CHP dispose of or encumber any of the Purchased Assets, except any transactions that occur in the ordinary course of SANDALHAVEN'S business.

(D) From and after the date of the execution of this Agreement, SANDALHAVEN shall not, without prior written consent of CHP, enter into or modify (1) any effluent reuse or disposal agreements, or; (2) enter into or modify any developer or sewer service agreement. Notwithstanding anything to the contrary set forth herein, SANDALHAVEN need not obtain CHP'S approval to enter developer or sewer service agreements that (a) individually do not commit sewer capacity in excess of one(1) equivalent residential connections or (b) in the aggregate do not commit sewer capacity in excess of five(5) equivalent residential connections.

SECTION 6.05. TIME IS OF THE ESSENCE. Time is of the essence in this Agreement. Time periods specified in this Agreement shall expire at midnight on the date stated unless the parties agree in writing to a different date or time. Any time period provided for herein which ends on Saturday, Sunday, or a legal holiday shall extend to 5:00 P.M. on the next business day.

SECTION 6.06. APPLICABLE LAW; JURISDICTION AND VENUE.

(A) This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

(B) The parties to this Agreement expressly consent to the jurisdiction of and agree to suit in any court of general jurisdiction in the State of Florida, whether state, local or federal, and further agree that venue shall lie in Charlotte County, Florida.

SECTION 6.07. FAILURE OF PERFORMANCE.

(A) A breach of this Agreement shall mean a material failure to comply with any of the provisions of this Agreement. If any party breaches any obligations herein, then, upon receipt of written notice by the non-breaching party, the breaching party shall proceed diligently and in good faith to take all reasonable actions to cure such breach and shall continue to take all such actions until such breach is cured.

(B) If, for any reason other than the failure of SANDALHAVEN to make title to the real property to be conveyed hereunder marketable after diligent effort, SANDALHAVEN fails, neglects or refuses to perform this Agreement, CHP may seek specific performance without thereby waiving any action for damages resulting from SANDALHAVEN'S breach.

(C) If either party breaches this Agreement, the injured party may seek damages or specific performance to the extent allowed by law, however, neither party waives its rights, privileges, or immunities.

SECTION 6.08. NOTICE.

(A) All notice, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, to the parties at the following addresses:

TO CHP: FRANK CLANCY
6800 PLACIDA ROAD
CAPE HAZE, FL. 33946

With a copy to: ROBERT L. UNDERWOOD
537 EAST PARK AVENUE
TALLAHASSEE, FL 32301

TO SANDALHAVEN: ROBERT SPADE
6800 PLACIDA ROAD
CAPE HAZE, FL 33946

With a copy to: ROBERT L. UNDERWOOD
537 EAST PARK AVENUE
TALLAHASSEE, FL 32301

(B) Any written notice given to one person in subsection (A) of this Section shall also be copied and provided to all other persons identified in subsection(A).

(C) The parties may, by notice in writing given to the others, designate any future or different addresses to which the subsequent notices, certificates or other communications shall be sent. Any notice shall be deemed given on the date such notice is delivered by hand or by facsimile transmission or five(5) days after the date mailed.

SECTION 6.09. ASSIGNMENT. SANDALHAVEN shall have the power or authority to assign this agreement or any part hereof at or prior to closing in anticipation of dissolution or winding up of the affairs of the corporation, however, this Agreement shall be binding upon all assigns.

SECTION 6.10. AMENDMENTS AND WAIVERS. No amendment, supplement, modification or waiver of this Agreement shall be binding unless executed in writing by all parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision of this Agreement, whether or not similar, unless otherwise expressly provided.

SECTION 6.11. TERMS READ IN CONCERT WITH AGREEMENT.

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

SECTION 6.12. AGREEMENT TO BENEFIT ONLY PARTIES HERETO.

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

SECTION 6.13. EXECUTION OF ADDITIONAL DOCUMENTS.

Each party will, at any time and from time to time, after the closing hereof, upon reasonable request to 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 hereto. Good faith is a specific condition of this Agreement.

SECTION 6.14. ENTIRE AGREEMENT.

This Agreement is the entire agreement between the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions of the agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. Upon execution by all parties, CHP shall provide SANDALHAVEN three(3)

complete certified copies of this Agreement, together with copies of all appendices hereto.

ARTICLE VII

CONDITION TO CLOSING

As a condition to closing of this Purchase and Sale Agreement, CHP and SANDALHAVEN shall obtain any and all approvals required by the Public Service Commission, State of Florida. Legal title to purchased assets shall be conveyed at closing so that CHP, a Florida Not-for-Profit corporation, shall hold legal title as of January 1, 1997. All documents required by this closing shall be prepared in the manner to accomplish the transfer of legal title as of December 30, 1996, but also recognizing this condition to final closing of the purchase and sale.

IN WITNESS WHEREOF, SANDALHAVEN UTILITY, INC. AND CHP UTILITY, INC. have caused this Agreement to be duly executed and entered into on the date first above written.

(SEAL)
ATTEST:

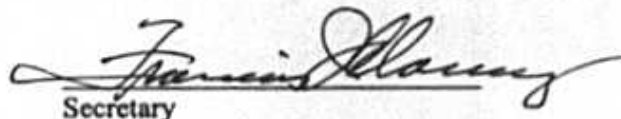
SANDALHAVEN UTILITY, INC.


Secretary

By: 
President

(SEAL)

CHP UTILITY, INC.


Secretary

By: 
President

SANDALHAVEN UTILITY, INC./CHP UTILITY, INC.

SCHEDULE OF ASSETS SOLD

LAND	\$ 70,000
DEPOSITS(customers)	3,000
EASEMENTS	60,000
PERMITS & ENGINEERING	80,000
FRANCHISE	45,000
CIAC (12/27/96)	100,000
PLANT & LINES	380,000
ACCOUNTS RECEIVABLE AND UNBILLED REVENUE(customers) (Net of Accounts Payable)	15,000
LAND IMPROVEMENTS	100,000
BUILDING/STRUCTURE	<u>42,000</u>
	\$ 895,000

LESS: CAPACITY RESERVATION

	<u>Reservation #</u>	
Lemon Bay	34	@1250
Cape Haze Marina	67	@1020
Shamrock Shores	20	@1250
Charlotte Harbor		
Land Co.	6	@1020
Golden Tee II	31	@1020

(\$ 162,000)

NET CONSIDERATION

\$ 733,000

CLASS "C"
WATER AND/OR WASTEWATER UTILITIES
(Gross Revenue of Less Than \$150,000 Each)

ANNUAL REPORT

SU737
Sandalhaven Utility, Inc.
6800 Placida Road
Englewood, FL 34224-8708

08

1495-3
Certificate Number(s)

Submitted To The
STATE OF FLORIDA



PUBLIC SERVICE COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 1996

GENERAL INSTRUCTIONS

1. Prepare this report in conformity with the 1984 National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts for Water and Wastewater Utilities as adopted by Rule 25-30.115 (1), Florida Administrative Code.
2. Interpret all accounting words and phrases in accordance with the Uniform System of Accounts (USOA). Commission Rules and the definitions on next page.
3. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
4. For any question, section, or page which is not applicable to the respondent enter the words "Not Applicable." Do not omit any pages.
5. Where dates are called for, the month and day should be stated as well as the year.
6. All schedules requiring dollar entries should be rounded to the nearest dollar.
7. Complete this report by means which result in a permanent record. You may use permanent ink or a typewriter. Do not use a pencil.
8. If there is not enough room on any schedule, an additional page or pages may be added provided the format of the added schedule matches the format of the schedule in the report. Additional pages should reference the appropriate schedules, state the name of the utility, and state the year of the report.
9. If it is necessary or desirable to insert additional statements for the purpose of further explanation of schedules, such statements should be made at the bottom of the page or on an additional page. Any additional pages should state the name of the utility and the year of the report, and reference the appropriate schedule.
10. The utility shall file the original and two copies of the report with the Commission at the address below, and keep a copy for itself. Pursuant to Rule 25-30.110 (3), Florida Administrative Code, the utility must submit the report by March 31 for the preceeding year ending December 31.

Florida Public Service Commission
Division of Water and Wastewater
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

11. Pursuant to Rule 25-30.110 (7) (a), Florida Administrative Code, any utility that fails to file its annual report or extension on or before March 31, or within the time specified by any extension approved in writing by the Division of Water and Wastewater, shall be subject to a penalty. The penalty shall be based on the number of calendar days elapsed from March 31, or from an approved extended filing date, until the date of filing. The date of filing shall be included in the days elapsed.

GENERAL DEFINITIONS

ADVANCES FOR CONSTRUCTION - This account shall include advances by or in behalf of customers for construction which are to be refunded either wholly or in part. (USOA)

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC) - This account shall include concurrent credits for allowance for funds used during construction based upon the net cost of funds used for construction purposes and a reasonable rate upon other funds when so used. Appropriate regulatory approval shall be obtained for "a reasonable rate". (USOA)

AMORTIZATION - The gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. (USOA)

CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC) - Any amount or item of money, services, or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, and which is utilized to offset the acquisition, improvement, or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public. (Section 367.021 (3), Florida Statutes)

CONSTRUCTION WORK IN PROGRESS (CWIP) - This account shall include the cost of water or wastewater plant in process of construction, but not yet ready for services. (USOA)

DEPRECIATION - The loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in the current operation and against which the utility is not protected by insurance. (Rule 25-30.140 (I), Florida Administrative Code)

EFFLUENT REUSE - The use of wastewater after the treatment process, generally for reuse as irrigation water or for in plant use. (Section 367.021 (6), Florida Statutes)

EQUIVALENT RESIDENTIAL CONNECTION (ERC) - (WATER) - (Rule 25-30.515 (8), Florida Administrative Code.)

- (a) 350 gallons per day;
- (b) The number of gallons a utility demonstrates in the average daily flow for a single family unit; or
- (c) The number of gallons which has been approved by the DEP for a single family residential unit.

EQUIVALENT RESIDENTIAL CONNECTION (ERC) - (WASTEWATER) - Industry standard of 80% of Water ERC or 280 gallons per day for residential use.

GUARANTEED REVENUE CHARGE - A charge designed to cover the utility's costs including, but not limited to the cost of the operation, maintenance, depreciation, and any taxes, and to provide a reasonable return to the utility for facilities, a portion of which may not be used and useful to the utility or its existing customers. (Rule 25-30.515 (9), Florida Administrative Code)

LONG TERM DEBT - All Notes, Conditional Sales Contracts, or other evidences of indebtedness payable more than one year from date of issue. (USOA)

PROPRIETARY CAPITAL (For proprietorships and partnerships only) - The investment of a sole proprietor, or partners, in an unincorporated utility. (USOA)

RETAINED EARNINGS - This account reflects corporate earnings retained in the business. Credits would include net income or accounting adjustments associated with correction of errors attributable to a prior period. Charges to this account would include net losses, accounting adjustments associated with correction of errors attributable to a prior period or dividends. (USOA)

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FINANCIAL SECTION

REPORT OF

SANDALHAVEN UTILITY, INC.

(Exact name of utility)

6800 Placida Road
Englewood, Florida 34224
(Address)Charlotte
(County)

Telephone Number: (941) 697-5001

Date Utility First Organized: 6-29-83

Check the business entity of the utility as filed with the Internal Revenue Service:

☐ Individual ☐ Partnership ☐ Sub Chapter S ☒ 1120 Corporation

Location where books and records are located: 6800 Placida Road, Englewood, Florida 34224

CONTACTS

Name	Title	Principal Business Address	Salary Charged Utility
Person to send correspondence: Robert W. Spade	President	6800 Placida Road Englewood, Florida 34224	XXXXXXXXXXXX
Person who prepared this report: Regulatory Consultants, Inc.	Consultant	401 Interstate Blvd. Sarasota, Florida 34240	XXXXXXXXXXXX
Officers and Managers: Robert W. Spade	President	Englewood, Florida	\$ None
David A. Spade	Vice President	Englewood, Florida	\$ None
Kelly E. Sais	Secretary	Cape Haze, Florida	\$ None

Report every corporation or person owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility:

Name	Percent Ownership in Utility	Principal Business Address	Salary Charged Utility
Robert W. Spade	82.47%	Englewood, Florida	\$ None
Wen Y. Chung	7.22%	Sarasota, Florida	\$ None
Dean Beckstead	10.31%	Englewood, Florida	\$ None

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

INCOME STATEMENT

Account Name	Ref. Page	Water	Sewer	Other	Total
Gross Revenue:					
Residential		\$ N/A	\$ 126,451	\$	\$ 126,451
Commercial			9,297		9,297
Industrial			26,170		26,170
Multiple Family					
Guaranteed Revenues					
Other (Specify)					
Total Gross Revenue		\$ 0	\$ 161,918	\$ 0	\$ 161,918
Operation Expense (Must tie to Pages W-3 and S-3)	W-3 S-3	\$ N/A	\$ 182,954	\$	\$ 182,954
Depreciation Expense	F-5		36,523		36,523
Amortization of Acq. Adj.			3,144		3,144
Amortization Expense			(37,785)		(37,785)
Taxes Other Than Income	F-7		18,331		18,331
Income Taxes	F-7				
Total Operating Expense		\$ 0	\$ 203,167	\$ 0	\$ 203,167
Net Operating Income (Loss)		\$ 0	\$ (41,249)	\$ 0	\$ (41,249)
Other Income:					
Interest Income		\$	\$ 209	\$	\$ 209
Gain on Sale of Assets			688,093		688,093
Other Deductions:					
Misc. Non-Util. Expense		\$	\$ (367)	\$	\$ (367)
Interest Expense			(3,575)		(3,575)
Amortization-Debt Cost					
Net Income (Loss)		\$ 0	\$ 643,111	\$ 0	\$ 643,111

COMPARATIVE BALANCE SHEET

Account Name	Reference Page	Current Year	Previous Year
ASSETS			
Utility Plant In Service (101-105)	F-5,W-1,S-1	\$ 0	\$ 1,430,148
Accumulated Depreciation and Amortization (108)	F-5,W-2,S-2	0	(413,450)
Net Utility Plant		\$ 0	\$ 1,016,698
Cash - (See Liability Section)		0	30,291
Customer Accounts Receivable (141)		1,704	2,494
Other Assets (Specify):			
Security Deposits		2,845	2,845
A/R - Associated Companies		72,393	141,480
N/R - Cape Haze Utility		733,000	0
Deferred Loan Costs (Net)		0	367
Deferred Major Maintenance (Net)		0	25,020
Deferred Permit Costs		0	6,045
TOTAL ASSETS		\$ 809,941	\$ 1,225,240
LIABILITIES AND CAPITAL			
Common Stock Issued (201)	F-6	\$ 100	\$ 100
Treasury Stock Issued (204)	F-6	(40,000)	(40,000)
Other Paid In Capital (211)		80,740	80,740
Accumulated Deficit (215)	F-6	626,427	(16,684)
Proprietary Capital (Proprietary & partnership only) (2)	F-6		
Total Capital		\$ 667,267	\$ 24,156
Long-Term Debt (224)	F-6	\$ 0	\$ 62,236
Cash Account Overdraft Payable		5,387	
Accounts Payable (231)		91,064	47,209
Notes Payable (232)		0	0
Customer Deposits (235)		0	
Accrued Taxes (236)	F-7	18,165	34,585
Other Liabilities (Specify):			
Inter-Company Accounts Payable		0	29,630
CIAC Tax Gross-up Payable		28,059	28,059
Advances For Construction			
Contributions In Aid Of Construction - Net (271-272)	F-8	0	999,365
TOTAL LIABILITIES AND CAPITAL		\$ 809,942	\$ 1,225,240

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

GROSS UTILITY PLANT

Plant Accounts (101-107) Inclusive	Water	Sewer	W & S Other Than Reporting Systems	Total
Utility Plant In Service (101)	\$ N/A	\$ 0	\$ N/A	\$ 0
Construction Work In Progress (105)		0		0
Other (Specify): Plant Acquisition Adjustment		0		0
Total Utility Plant	\$ 0	\$ 0	\$ 0	\$ 0

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Account 108	Water	Sewer	Amortization of Acquisition Adjustment	Total
BALANCE FIRST OF YEAR	\$ N/A	\$ 374,158	\$ 39,294	\$ 413,450
Add Credits During Year:				
Accruals charged to depreciation account	\$ 0	\$ 36,523	\$	\$ 36,523
Amortization of Acquisition Adjustment			3,144	3,144
Other credits (specify):				0
Total Credits	\$ 0	\$ 36,523	\$ 3,144	\$ 39,667
Deduct Debits During Year:				
Book cost of plant retired	\$	\$ 0	\$	\$ 0
Utility Plant Sold		410,679	42,437	453,116
Other debits (specify):				0
Total Debits	\$ 0	\$ 410,679	\$ 42,437	\$ 453,116
BALANCE END OF YEAR	\$ 0	\$ 0	\$ 0	\$ 0

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

CAPITAL STOCK (201 - 204)

	Common Stock	Preferred Stock
Par or stated value per share	\$ 1.00	\$
Shares authorized	100	
Shares issued and outstanding	100	
Total par value of stock issued	\$ 100	\$
Dividends declared per share for year	None	

RETAINED EARNINGS (215)

	Appropriated	Un- Appropriated
Balance First of Year	\$	\$ (16,684)
Changes during the year (specify): 1996 Net Income (Loss)		613,111
Balance End of Year	\$ 0	\$ 626,427

PROPRIETARY CAPITAL (218)

	Proprietor Or Partner	Partner
Balance First of Year	\$ N/A	\$ N/A
Changes during the year (specify):		
Balance End of Year	\$ 0	\$ 0

LONG TERM DEBT (224)

Description of Obligation (Including Nominal Date of Issue & Date of Maturity)	Interest Rate/Payments	Principal Per Balance Sheet Date
First Union National Bank Note was paid in full in May 1996		\$ 0
Total		\$ 0

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

TAXES ACCRUED (236)

(a)	Water (b)	Sewer (c)	Other (d)	Total (e)
Balance First of Year	\$	\$ 34,585	\$	\$ 34,585
Accruals charged:				
State ad valorem tax	\$	\$	\$	\$
Personal property tax		10,879		10,879
Real Estate tax		0		0
FPSC Fees		7,286		7,286
Other (Specify):				
Corporate State Tax		166		166
Total Taxes Accrued (408's)	\$ 0	\$ 18,331	\$ 0	\$ 18,331
Taxes Paid:				
State ad valorem tax	\$	\$	\$	\$
Personal property tax		26,988		26,988
Real Estate tax (Adjustment)		600		600
FPSC Fees		6,997		6,997
Other (Specify):				
Corporate State Tax		166		166
Total Taxes Paid	\$ 0	\$ 34,751	\$ 0	\$ 34,751
Balance End of Year	\$ 0	\$ 18,165	\$ 0	\$ 18,165

PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES

Report all information concerning rate, management, construction, advertising, labor relations, public relations, or other similar professional services rendered the respondent for which aggregate payments during the year to any corporation, partnership, individual, or organization of any kind whatever, amounting to \$500 or more.

Name of Recipient	Amount	Description of Service
AM Engineering	\$ 2,258	Engineering Services
American Lawn Service	\$ 3,875	Mowing Ponds
Avatar Utility Consultants, Inc.	\$ 5,953	Customer Billing
D. Spade	\$ 12,000	Field Operations
Dent & Cook, P.A.	\$ 1,871	Legal Services
Fiddler's Green Realty	\$ 32,512	Admin. Fee & Rent
J & J Baker	\$ 4,340	Sludge Hauling
Regulatory Consultants, Inc.	\$ 2,000	Rate & Reg. consulting, Monthly Acctg., Annual Report, TTP, FPSC reports
Robert Lee Underwood	\$ 6,000	Consultant
Sanders Laboratories	\$ 3,954	Lab Analysis
Sea Breeze Septic Tank Service	\$ 600	Sludge Hauling
Southwest Water & Waste	\$ 12,230	Plant Operation & Lab Analysis

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

CONTRIBUTIONS IN AID OF CONSTRUCTION

(a)	Water (b)	Sewer (c)	Total (d)
Balance First of Year - CIAC	\$ N/A	\$ 1,334,908	\$ 1,334,908
Add credits during year :			
Capacity Fees Collected (Below)	0	18,820	18,820
Total Additions	\$ 0	\$ 18,820	\$ 18,820
Deduct debits during year:			
Contributed Plant Sold		(696,872)	(696,872)
Capacity Fees Sold		(656,856)	(656,856)
Total Deductions	\$ 0	\$ (1,353,728)	\$ (1,353,728)
Balance End of Year - CIAC	0	0	0
Less Accumulated Amortization		0	0
NET CIAC	\$ 0	\$ 0	\$ 0

ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)

Report below all developers or contractors agreements from which cash or property was received during the year.			Indicate "Cash" or "Property"	Water	Sewer
Sub-total				\$ 0	\$ 0
Report below all capacity charges, main extension charges and customer connections charges received during the year.					
Description of Charge	Number of Connections	Charge per Connection			
Capacity Fees	16	\$ 1,020		\$ 0	\$ 16,320
Capacity Fees	2	\$ 1,250			2,500
Total Credits During Year				\$ 0	\$ 18,820

ACCUMULATED AMORTIZATION OF CIAC

	Water	Wastewater	Total
Balance First of Year - Accum. Amort.	\$ N/A	\$ 335,543	\$ 335,543
Add debits during year :			
1996 Amortization Income		37,785	37,785
Deduct credits during year:			
Contributed Plant Sold		373,328	373,328
Balance End of Year - Accum. Amort.	N/A	0	0

**** COMPLETION OF SCHEDULE ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR ****

UTILITY NAME: Sandalhaven Utility, Inc.

**YEAR OF REPORT
DECEMBER 31, 1996**

SCHEDULE 'A'

SCHEDULE OF COST OF CAPITAL USED FOR AFUDC CALCULATION (2)

Class of Capital (a)	Dollar Amount (1) (b)	Percentage of Capital (c)	Actual Cost Rates (d)	Weighted Cost [c x d] (e)
Common Equity	\$	%	%	%
Preferred Stock		%	%	%
Long Term Debt		%	%	%
Customer Deposits		%	%	%
Tax Credits - Zero Cost		%	%	%
Tax Credits - Weighted Cost		NOT APPLICABLE	%	%
Deferred Income Taxes		%	%	%
Other (Explain)		%	%	%
Total	\$	%		%

(1) Should equal amounts on Schedule B, Column (f), Page F-25.

(2) Must be calculated using the same methodology used to calculate AFUDC rate approved by the Commission.

APPROVED AFUDC RATE

Current Commission approved AFUDC rate:	None	%
Commission order approving AFUDC rate:	None	

**** COMPLETION OF SCHEDULE ONLY REQUIRED IF AFUDC WAS CHARGED DURING YEAR ****

UTILITY NAME: Sandalhaven Utility, Inc.

**YEAR OF REPORT
DECEMBER 31, 1996**

SCHEDULE 'B'

SCHEDULE OF CAPITAL STRUCTURE ADJUSTMENTS

Class of Capital (a)	Per Book Balance (b)	Non- utility Adjust. (c)	Non- juris. Adjust. (d)	Other (1) Adjust. (e)	Capital Structure Used for AFUDC Calculation (f)
Common Equity	\$	\$	\$	\$	\$
Preferred Stock					
Long Term Debt					
Customer Deposits					
Tax Credits-Zero Cost					
Tax Credits-Weighted					
Cost of Capital					
Deferred Income Taxes					
Other (Explain)					
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

NOT APPLICABLE

(1) Explain below all adjustments made in Column (e):

**WATER
OPERATING
SECTION**

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

WATER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization	\$	\$	\$	0
302	Franchises				0
303	Land and Land Rights				0
304	Structures and Improvements				0
305	Collecting and Impounding Reservoirs				0
306	Lake River and Other Intakes				0
307	Wells and Springs				0
308	Infiltration Galleries and Tunnels		NOT APPLICABLE		0
309	Supply Mains				0
310	Power Generation Equipment				0
311	Pumping Equipment				0
320	Water Treatment Equipment				0
330	Distribution Reservoirs and Standpipes				0
331	Transmission and Distribution Mains				0
333	Services				0
334	Meters and Meter Installations				0
335	Hydrants				0
339	Other Plant and Miscellaneous Equipment				0
340	Office Furniture and Equipment				0
341	Transportation Equipment				0
342	Stores Equipment				0
343	Tools, Shop and Garage Equipment				0
344	Laboratory Equipment				0
345	Power Operated Equipment				0
346	Communication Equipment				0
347	Miscellaneous Equipment				0
348	Other Tangible Plant				0
	Total Water Plant	\$ 0	\$ 0	\$ 0	\$ 0

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER

AC No. (a)	Account (b)	Avg. Serv. Life in Yrs (c)	Avg. Salv. In % (d)	Deprec. Rate Applied (e)	Accum. Deprec. Balance Prev. Yr. (f)	Debits (g)	Credits (h)	Accum. Deprec. Balance This Yr. (i)
304	Structures & Improvements			%	\$	\$		\$
305	Collecting & Impounding Reservoirs			%				0
306	Lake River & Other Intakes			%				0
307	Well & Springs			%				0
308	Infiltration Galleries & Tunnels			%				0
309	Supply Mains			%				0
310	Power Generating Equipment			%				0
311	Pumping Equipment			%				0
320	Water Treatment Equipment			%				0
330	Distribution Reservoirs & Standpipes			%				0
331	Transmission. & Distribution Mains			%				0
333	Services			%				0
334	Meters and Meter Installations			%				0
335	Hydrants			%				0
339	Other Plant and Miscellaneous Equip.			%				0
340	Office Furniture and Equipment							
341	Transportation Equipment							0
342	Stores Equipment							0
343	Tools, Shop and Garage Equipment							0
344	Laboratory Equipment							0
345	Power Operated Equipment							0
346	Communication Equipment							0
347	Miscellaneous Equipment							0
348	Other Tangible Plant							0
	Totals				\$	\$	\$	\$
	Franchise and Consents			%	\$	\$	\$	
	TOTAL ACCUMULATED DEPRECIATION				\$	\$	\$	\$

NOT APPLICABLE

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

WATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
601	Salaries and Wages - Employees	\$
603	Salaries and Wages - Officers, Directors, and Majority Stockholders	
604	Employee Pensions and Benefits	
610	Purchased Water	
615	Purchased Power	
616	Fuel for Power Production	
618	Chemicals	
620	Materials and Supplies	
630	Contractual Services	
640	Rents	
650	Transportation Expense	
655	Insurance Expense	
665	Regulatory Commission Expenses	
670	Bad Debt Expense	
675	Miscellaneous Expenses	
	Total Water Operation And Maintenance Expense	\$ 0

**NOT
APPLICABLE**

WATER CUSTOMERS

Description (a)	Types of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Yr. (d)	End of Yr. (e)	
Metered Customers:					
5/8"	D	1.0			0
3/4"	D	1.5			0
1"	D	2.5			0
1 - 1/2"	D, T	5.0			0
2"	D, C, T	8.0			0
3"	D	15.0	NOT APPLICABLE		0
3"	C	16.0			0
3"	T	17.5			0
4"	D, C	25.0			0
4"	T	30.0			0
6"	D, C	50.0			0
6"	T	62.5			0
Other (Specify):					
	Unmetered Customers				0
			Total Customers		
			0	0	0

** D = Displacement
C = Compound
T = Turbine

UTILITY NAME: Sandalhaven Utility, Inc.

SYSTEM NAME: Sandalhaven Utility, Inc

YEAR OF REPORT
DECEMBER 31, 1996

	WATER PURCHASED FOR REALE (Omit 000's) (b)	FINISHED WATER FROM WELLS (Omit 000's) (c)	LOSS THROUGH LINE FLUSHING (Omit 000's) (d)	TOTAL WATER PUMPED & PURCHASED (Omit 000's) (e)	WATER SOLD TO CUSTOMERS (Omit 000's) (f)
January					
February					
March					
April					
May					
June					
July			NOT APPLICABLE		
August					
September					
October					
November					
December					
Total for Year	0.0	0.0	0.0	0.0	0.0

If water is purchased for resale. indicate the following:

Vendor: _____

Point of delivery: _____

If water is sold to other water utilities for redistribution, list names of such utilities below:

Kind of Pipe (Cast Iron, Coated Steel)	Diameter or Pipe	First of Year	Additions	Removed or Abandoned	End of Year

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

SYSTEM NAME: Sandalhaven Utility, Inc.

WELLS AND WELL PUMPS

(a)	(b)	(c)	(d)	(e)
Year Constructed Types of Well Construction and Casing Depth of Wells Diameters of Wells Pump - GPM Motor - HP Yields of Wells in GPD Auxiliary Power		<u>NOT APPLICABLE</u>		

RESERVOIRS

(a)	(b)	(c)	(d)	(e)
Description (steel, concrete or pneumatic) Capacity of Tank Ground or Elevated		<u>NOT APPLICABLE</u>		

HIGH SERVICE PUMPING

(a)	(b)	(c)	(d)	(e)
Motors				
Manufacturer Type Rated Horsepower		<u>NOT APPLICABLE</u>		
Pumps				
Manufacturer Type Capacity in GPM Average Number Of Hours Operated Per Day Auxiliary Power		<u>NOT APPLICABLE</u>		

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

SOURCE OF SUPPLY

List for each source of supply:	
Gals. per day of source Type of source	<u>NOT APPLICABLE</u>

WATER TREATMENT FACILITIES

List for each water treatment facility:	
Type Make Gals. per day capacity Method of measurement	<u>NOT APPLICABLE</u>

OTHER WATER SYSTEM INFORMATION

Furnish information below for each system not physically connected with another facility. A separate page should be supplied where necessary.	
1. Present ERC's * now being served:	
2. Present ERC's * that system can efficiently served:	
3. Estimated annual increase in ERC's *	
4. List fire fighting facilities and capacities:	
5. List percent of certificated area where service connections are installed (total for each county):	
6. What is the current need for system upgrading and/or expansion?	
7. What are plans for future system upgrading and/or expansion?	
8. Have questions 6 and 7 been discussed with an engineer (if so, state name and address).	
9. Have questions 6 and 7 been discussed with appropriate state sanitary engineering office.	

* ERC = (Total Gallons Sold / 365 days) / 350 Gallons Per Day

**WASTEWATER
OPERATING
SECTION**

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

SEWER UTILITY PLANT ACCOUNTS

Acct. No. (a)	Account name (b)	Previous Year (c)	Additions (d)	Sold Plant (e)	Current Year (f)
351	Organization	\$ 17,021	\$	\$ (17,021)	\$ 0
352	Franchises	12,478		(12,478)	0
353	Land and Land Rights	225,000		(225,000)	0
354	Structures and Improvements	200,843	48,275	(249,118)	0
360	Collection Sewers - Force	63,249		(63,249)	0
361	Collection Sewers - Gravity	348,153		(348,153)	0
362	Special Collecting Structures (Manholes)	100,665		(100,665)	0
363	Services to Customers	51,373		(51,373)	0
364	Flow Measuring Devices			0	0
365	Flow Measuring Installations			0	0
370	Receiving Wells			0	0
371	Pumping Equipment	232,182		(232,182)	0
380	Treatment and Disposal Equipment	94,306		(94,306)	0
381	Plant Sewers			0	0
382	Outfall Sewer Lines			0	0
389	Other Plant and Misc. Equipment			0	0
390	Office Furniture and Equipment			0	0
391	Transportation Equipment			0	0
392	Stores Equipment			0	0
393	Tools, Shop and Garage Equipment			0	0
394	Laboratory Equipment			0	0
395	Power Operated Equipment			0	0
396	Communication Equipment			0	0
397	Miscellaneous Equipment			0	0
398	Other Tangible Plant			0	0
	Total Sewer Plant	\$ 1,345,270	\$ 48,275	\$ (1,393,545)	\$ 0
	Acquisition Adjustment	84,878		(84,878)	0
	Total Adjusted Sewer Plant	\$ 1,430,148	\$ 48,275	\$ (1,478,423)	\$ 0

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - SEWER

A/C No. (a)	Account (b)	Avg. Serv Life (Yrs) (c)	Avg. Salv In % (d)	Deprec. Rate Applied (e)	Accum. Deprec. Balance Prev. Yr. (f)	Sold Utility Plant (g)	Credits (h)	Accum. Deprec. Balance This Yr (i)
354	Structures & improvements	27		3.7 %	\$ 73,265	\$ (81,598)	\$ 8,333	\$ 0
360	Collection Sewers-Force	35		2.9 %	16,921	(18,728)	1,807	0
361	Collection Sewers-Gravity	35		2.9 %	101,493	(111,440)	9,947	0
362	Special Collecting Structures				31,614	(34,490)	2,876	0
363	Services to Customers	35		3.0 %	16,126	(17,594)	1,468	0
364	Flow Measuring Devices				0			0
365	Flow Measuring Installations				0			0
370	Receiving Wells				0			0
371	Pumping Equipment	27		3.7 %	81,870	(90,469)	8,599	0
380	Treatment and Disposal Equipment	27		3.7 %	23,368	(26,861)	3,493	0
381	Plant Sewers				0			0
382	Outfall Sewer Lines				0			0
389	Other Plant and Miscellaneous Equip.				0			0
390	Office Furniture and Equipment				0			0
392	Transportation Equipment				0			0
393	Stores Equipment				0			0
393	Tools, Shop and Garage Equipment				0			0
394	Laboratory Equipment				0			0
395	Power Operated Equipment				0			0
396	Communication Equipment				0			0
397	Miscellaneous Equipment				0			0
398	Other Tangible Plant	10		0 %	29,499	(29,499)	0	0
					\$ 374,156	\$ (410,679)	\$ 36,523	\$ 0
	Acquisition Adjustment	27		3.7 %	39,293	(42,437)	3,144	0
	Total				\$ 413,449	\$ (453,116)	\$ 39,667	\$ 0

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

SEWER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
701	Salaries and Wages - Employees	\$
703	Salaries and Wages - Officers & Directors	
704	Employee Pensions and Benefits	
710	Purchased Sewage Treatment	
711	Sludge Removal Expense	5,715
715	Purchased Power	9,736
716	Fuel for Power Production	
718	Chemicals	3,965
720	Materials and Supplies	975
730	Contractual Services	149,768
740	Rents	
750	Transportation Expense	529
755	Insurance Expense	2,105
765	Regulatory Commission Expenses	
770	Bad Debt Expense	
775	Miscellaneous Expenses	10,162
	Total Sewer Operation and Maintenance Expense	\$ 182,954

WASTEWATER CUSTOMERS

Description (a)	Types of Meter ** (b)	Equivalent Factor (c)	Number of Active Customers		Total Number of Meter Equivalents (c x e) (f)
			Start of Yr. (d)	End of Yr. (e)	
Metered Customers:					
5/8"	D	1.0	613	618	618
3/4"	D	1.5			0
1"	D	2.5	1	1	2.5
1 - 1/2"	D, T	5.0			0
2"	D, C, T	8.0	2	2	16
3"	D	15.0	2	2	30
3"	C	16.0			0
3"	T	17.5			0
4"	D, C	25.0			0
4"	T	30.0			0
6"	D, C	50.0			0
6"	T	62.5			0
Other (Specify):					
	Unmetered Customers				0
** D = Displacement C = Compound T = Turbine	Total Customers		618	623	666.5

PUMPING EQUIPMENT

Lift station number	SEE ATTACHED (Page S-5a)
Make or type and nameplate data of pump	
Year installed	
Rated capacity	
Size	
Power:	
Electric	
Mechanical	
Nameplate data of motor	

SERVICE CONNECTIONS

Size (inches)	4" & 6"			
Type (PVC, VCP, etc.)	PVC/Clay			
Average length	50' & 70'			
Number of active service connections:				
Beginning of year	2,224			
Added during year	0			
Plant Sold during year	(2,224)			
End of year	0			
Give full particulars concerning inactive connections:				

COLLECTION, FORCE MAINS AND MANHOLES

Collection and Force Mains	Collection Mains		Force Mains	
Size (inches)	8"		4"	
Type of main	PVC/Clay		PVC	
Length of main (nearest foot):				
Beginning of year	29,226		16,527	
Added during year	0		0	
Retired during year	(29,226)		(16,527)	
End of year	0			
Manholes				
Size	3'			
Type	Concrete			
Number of Manholes:				
Beginning of year	126			
Added during year	0			
Retired during year	(126)			
End of year	0			

UTILITY NAME: Sandalhaven Utility, Inc.
SYSTEM NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

TREATMENT PLANT

Manufacturer	U.S.Mechanical, Inc.		
Type	Extended Aeration		
"Steel" or "Concrete"	Steel		
Total Capacity	150,000 GPD		
Average Daily Flow	0		
Effluent Disposal	Perc. Pond		
Total Gallons of Sewage Treated	0		

MASTER LIFT STATION PUMPS

Manufacturer	
Capacity	
Motor : Manufactor	SEE
Manufactor	ATTACHED
Horsepower	(Page S-5a)
Power (Electric or Mechanical)	

PUMPING WASTEWATER STATISTICS

Months	Gallons of Treated Wastewater	Effluent Reuse Gallons to Customers	Effluent Gallons Disposed of on site
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			
Total for Year			
If Wastewater Treatment is purchased, indicate the vendor: _____			

UTILITY NAME: Sandalhaven Utility, Inc.
SYSTEM NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

PUMPING EQUIPMENT

#1	Master
Pumps 1 & 2 U.S. Mechanical 5 hp 230 volts 3c 1800 RPM 21 AMPS Myers 4V50M423 210 GPM @ 35' head (TDH) 13' Diameter 6' Wide	
#2	
Pumps 1 & 2 U.S. Mechanical 1 hp 230 volts 1c 1750 RPM 6 AMPS Liberty D4462 LE 20A 120 GPM @ 18' head 12' Diameter 6' Wide	
#3	
Pumps 1 & 2 2 hp 230 volts 3c 1750 RPM 7 AMPS Hydromatic 14619 26200 HS 120 GPM @ 21' TDH 16' Diameter 6' Wide	
#4	
Pumps 1 & 2 1 1/2 hp 230 volts 3c 1725 RPM 10.6 AMPS Peebody Barnes SE-153 38135-878 130 GPM @ 14' TDH 9'6" Long 3'3" Wide 14' Deep	
#5	
Pumps 1 & 2 7 1/2 hp 240 volts 3c 1750 RPM 28 AMPS Myers 6VC 18812A092 240 GPM @ 47' TDH 8' Wide 20'6" Deep	

UTILITY NAME: Sandalhaven Utility, Inc.
SYSTEM NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

OTHER SEWER SYSTEM INFORMATION

Furnish information below for each system not physically connected with another facility. A separate page should be supplied where necessary.

1. Present number of ERC's * being served
2. Maximum ERC's ** that system can efficiently serve
3. Present system connection capacity (in ERC's) using existing lines
4. Future connection capacity (in ERC's) upon service area buildout
5. Estimated annual increase in ERC's *
6. State any plans and estimated completion dates for any enlargements of this system.
7. List percent of certificated area where service connections are installed (total for each county)
8. If present systems do not meet the requirements of DEP Rule 62-4, Florida Administrative Code, submit the following:
 - a. Evaluation of the present plant or plants in regard to meeting the DER's rules.
 - b. Plans for funding and construction of the required upgrading.
 - c. Have these plans been coordinated with the DER?
 - d. Do they concur?
 - e. When will construction begin?
9. Do you discharge effluent to surface waters?
10. Department of Environmental Protection ID # _____
Water Management District ID # _____

* $ERC = (Total\ Gallons\ Treated / 365\ days) / 280\ Gallons\ Per\ Day$
Note: Total Gallons Treated includes both sewage treated and purchased sewage treatment

** Total Plant Capacity / 280 gallons

UTILITY NAME: Sandalhaven Utility, Inc.

YEAR OF REPORT
DECEMBER 31, 1996

CERTIFICATION OF ANNUAL REPORT

I HEREBY CERTIFY, to the best of my knowledge and belief:

YES ☒ NO ☐

1. The utility is in substantial compliance with the Uniform System of Accounts prescribed by the Florida Public Service Commission.

YES ☒ NO ☐

2. The utility is in substantial compliance with all applicable rules and orders of the Florida Public Service Commission.

YES ☒ NO ☐


3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statement of the utility.

YES ☒ NO ☐

4. The annual report fairly represents the financial condition and results of operations of the respondent for the period presented and other information and statements presented in the report as to the business affairs of the respondent are true, correct and complete for the period for which it represents.

Items Certified

1. ☒ 2. ☒ 3. ☒ 4. ☒


Signature of Chief Executive Officer of the Utility

1. ☒ 2. ☒ 3. ☒ 4. ☒


Signature of Chief Financial Officer of the Utility

- Each of the four items must be certified YES or NO. Each item need not be certified by both officers. The items being certified by the officer should be indicated in the appropriate area to the left of the signature.

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

Wastewater System Regulatory Assessment Fee Return

12.97

STATUS:

Florida Public Service Commission

(See Filing Instructions on Back of Form)

XX Actual Return
 _____ Estimated Return

PERIOD COVERED:
 01/01/1996 TO 12/31/1996

SU737
 Sandalhaven Utility, Inc.
 6800 Piacida Road
 Englewood, FL 34224-8708

FOR PSC USE ONLY

Check# _____
 \$ _____ 0604002
 000000
 \$ _____ P
 0604002
 000000
 \$ _____ I
 Postmark Date _____
 Initials of Preparer _____

Please Complete Below If Address Has Changed

(System's Name)	(Address)	(City/State)	(Zip)
Florida Public Service Commission Certificate			495 - S
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	\$ _____	\$ _____	\$ _____
MEASURED REVENUES			
8. Residential Revenues (522.1)	_____	_____	126,451.28
9. Commercial Revenues (522.2)	_____	_____	9,296.58
10. Industrial Revenues (522.3)	_____	_____	_____
11. Revenues from Public Authorities (522.4)	_____	_____	_____
12. Multiple Family Dwelling Revenues (522.5)	_____	_____	26,169.77
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)	\$ _____	\$ _____	\$ 161,917.63
OTHER WASTEWATER REVENUES			
18. Guaranteed Revenues (Include Revenues from A.F.P.I. Charges (530))	_____	_____	_____
19. Sales of Sludge (531)	_____	_____	_____
20. Forfeited Discounts (532)	_____	_____	_____
21. Rents From Wastewater Property (534)	_____	_____	_____
22. Interdepartmental Rents (535)	_____	_____	_____
23. Other Wastewater Revenues (536) Describe:	_____	_____	_____
24. TOTAL OTHER WASTEWATER REVENUES	\$ _____	\$ _____	\$ _____
(Lines 18+19+20+21+22+23)			
25. TOTAL WASTEWATER OPERATING REVENUES* (Lines 17+24)	\$ _____	\$ _____	\$ 161,917.63
26. LESS: Expense for Purchased Wastewater Treatment from FPSC-Regulated Utility	(_____)	(_____)	(_____)
27. NET WASTEWATER OPERATING REVENUES (Line 25 less Line 26)	_____	_____	161,917.63
28. Regulatory Assessment Fee Due (Multiply Line 27 by 0.045)	_____	_____	7,286.29
29. LESS: Approved Prior-Period Credit	_____	_____	_____
30. NET REGULATORY ASSESSMENT FEE (Line 28 Less Line 29)	_____	_____	7,286.29
31. Penalty for Late Payment	_____	_____	_____
32. Interest for Late Payment	_____	_____	_____
33. TOTAL AMOUNT DUE	_____	\$ _____	7,286.29

*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 servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.


 Robert W. Spade
 (Please Print Name)

PSC/WAW-17 (Rev. 6/96)

President _____ 1/31/97
 Telephone Number (941) 697-5001 (Date)
 F.E.I. No. 59-2317658

EXHIBIT C

STATEMENT-REGULATORY FEES

Sandalhaven Utility is responsible for any outstanding regulatory fees through December 31, 1996.

EXHIBIT D

STATEMENT-FINANCING

Financing provided by Seller

EXHIBIT E

STATEMENT-SELLING PRICE

Selling price determined by Appraisal plus capital improvements from date of sale.

EXHIBIT F

STATEMENT-UTILITY CONDITION

Buyer has inspected system and it appears to be in satisfactory condition and in compliance with applicable standards set by DEP.

EXHIBIT G

STATEMENT-TAX RETURN

All tax returns have been made available to Purchaser.

**THE VALUATION OF
SANDALHAVEN UTILITY, INC.**

**6800 Placida Road
Englewood, Florida 34224**

by

**CFA/CORPORATE FINANCIAL ANALYSTS
P. O. Box 125
Placida, Florida 33946-0125**

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Sampling, Suncoast Resource Mgt. Co. Employee Forms	Insert
Due Diligence Profile, Section II	Insert
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County Staff Correspondence to Investigator	Insert
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Correspondence from Sandalhaven, Supplier's Consultant, to Investigator	Insert
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A M Engineering Plant in Service less Accum. Deprec.	Insert
A M Engineering Plant Replacement Cost less Accum. Deprec.	Insert
Tax Filings, 1989 through 1994	Insert
George MacFarlane Schedule - Income Statement/Cash Flow Analysis	Insert
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Consideration	33
Data Sheet - ERC Comparative Values	Insert
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INTRODUCTION

This evaluation process was initiated with the enclosed letter addressed to former County Commissioner Richard J. Leonard.

After discussion at two subsequent County Commission meetings, the then-sitting Board voted to retain CFA/Corporate Financial Analysts to evaluate the

SANDALHAVEN UTILITY, INC.
6800 Placida Road
Englewood, Florida 34224

The County Purchase Order to CFA/Corporate Financial Analysts for the evaluation of Sandalhaven Utility, Inc. is enclosed.

May 23, 1994

Hon. Richard J. Leonard, Chairman
Charlotte County Board of Commissioners
18500 Murdock Circle
Port Charlotte, Florida 33948-1094

Dear Chairman Leonard:

Pursuant to the Board decision last Tuesday, May 17, 1994, to hire an independent analyst to evaluate the potential acquisition of Sandalhaven Utility, I submit the attached proposal of qualification and scope of work for your consideration.

Respectfully,

CFA/CORPORATE FINANCIAL ANALYSTS, INC.

By: _____
Francis J. Clancey, President

encl

CFA/CORPORATE FINANCIAL ANALYSTS, INC./FRANCIS J. CLANCEY

RE: SANDALHAVEN UTILITY

QUALIFICATIONS:

28 years investment banking experience

1966-1974: Model, Roland & Company, Inc.* as:

Senior Financial Analyst
Corporate Finance Director
Partner

1974-1994: CFA/Corporate Financial Analysts, Inc. as:

Senior Financial Analyst
General Manager, Investment Banking Division
Vice President, Director - Corporate Finance Department
President

Industries covered as Senior Financial and Securities Analyst:**

Consumer Products
Utilities
Pharmaceutical/Hospital Supply
Building Supply and Building Engineering
Leisure Time, Hotel, Restaurant, Theme Park, etc.

Companies Assisted as:

Acquisition and Evaluation Analyst
Financial Investigator - Diligence Officer
Investment Banker (Acquisition/Merger Finalization)

* Member, New York Stock Exchange, American Stock Exchange,
Boston Stock Exchange, San Francisco Stock Exchange
Offices, New York, Boston, San Francisco, London, Paris

** Member, New York Society Security Analysts, 8 years

Shearson Lehman:

BCSI Laboratories
Maxim Products Corp.
Precision Tubular Heater Corp.

V-M Industries
Vacuum Die Cast, Inc.

Merrill Lynch
Rowe & Pitman, Ltd.:

Bio Medical Sciences, Inc.

E.F. Hutton:

Harley Davidson
McGinnis Environmental Laboratories, Inc.
Foto-Smith Corp.

Model, Roland & Co., Inc.:

Parke-Davis Company
Century Laboratories, Inc.
Paid Prescriptions, Inc.
Hospital Computer Services, Inc.

CFA/Corporate Financial Analysts, Inc.:

Medical Surgical Division, Warner-Lambert, Inc.
International Auto Parts, Inc.
The Cookstone Group, Inc.
Plants For Tomorrow, Inc.
Central Florida Lands & Timber, Inc.
Tropics North, Inc.
Rotonda West Utility Corp.

The above is representative of the 175+ companies evaluated by the undersigned for acquisition/merger/divestment/investment dollar infusement.

Scope of Sandalhaven Utility Project:

Determine the financial health of the Company;

Determine the fair market value of the Company; . .

Explore the possibility of additional cash investment that may be required to operate the Company successfully, alone or as part of the County Utility System;

Explore the likelihood of a need to increase rates;

Evaluate the possibilities of increasing rates.

Fee:

As a semi-retired business analyst and citizen of Charlotte County, and considering the undertaking of a project with so many unknown consequences and dimensions, I would be willing to undertake this project on behalf of the County for:

Hourly Rate: \$100/hour

Project "Cap": I would also agree to a "cap" of "not to exceed" \$10,000 to see the proposed Sandalhaven Utility project to its finish.

Respectfully submitted,

CFA/CORPORATE FINANCIAL ANALYSTS, INC.

By _____
Francis J. Clancey, President

PURCHASE ORDER NUMBER MUST
APPEAR ON ALL INVOICES, PACKS, &
PAPERS RELATIVE TO THIS ORDER.



FORN OFFICE
CHARLOTTE COUNTY
BOARD OF COUNTY COMMISSIONERS
PURCHASING DEPARTMENT
18500 MURDOCK CIRCLE
PORT CHARLOTTE, FLORIDA 33948-1094
PHONE (813) 743-1371

PURCHASE
ORDER NO.

21692

ORDER DATE

08/22

VENDOR NUMBER: 081613

SHIP TO NUMBER: 870000

V
E
N
D
O
R

CORPORATE FINANCIAL ANALYSTS, INC.
P.O. BOX 125
PLACIDA, FL.

339460125

S
H
I
P
T
O

CHARLOTTE COUNTY UTILITIES
20101 PEACHLAND BOULEVARD
SUITE #301
PORT CHARLOTTE, FLORIDA

33954

REQUISITION	EMPL.	TERMS	F.O.B.	SHIP VIA		
24 832	BETT	NET 30 DAYS				
ITEM NO	STOCK NO.	ACCOUNT NUMBER	QUANTITY	UNIT	UNIT PRICE	TOTAL AMOUNT
	DESCRIPTION					
1		445-110000-536349-00000	1.00	EA	9999.9900	9999.99
PERS CONSULTANT SERVICES FOR THE SANDALHAVEN UTILITY PROJECT. SCOPE OF SERVICES INCLUDES: DETERMINE THE FINANCIAL HEALTH OF THE COMPANY; DETERMINE THE FAIR MARKET VALUE OF THE COMPANY; EXPLORE THE POSSIBILITY OF ADDITIONAL CASH INVESTMENT THAT MAY BE REQUIRED TO OPERATE THE COMPANY SUCCESSFULLY, ALONE OR AS PART OF THE COUNTY UTILITY SYSTEM; EXPLORE THE LIKELIHOOD OF A NEED TO INCREASE RATES & EVALUATE THE POSSIBILITIES OF INCREASING RATES. HOURLY RATE: 100.00/HOUR PROJECT CAP: NOT TO EXCEED 9,999.99						
Rec'd CFA 7-22-94					TOTAL	9999.99

Rec'd CFA 7-22-94

SALES TAX
EXEMPTION CERTIFICATE
18-00-010675-53C

FEDERAL EXCISE TAX
EXEMPTION NUMBER
59-77-0028K

Only itemized invoices
bearing our PURCHASE
ORDER NUMBER will be
approved for payment.

ALL ORDERS TO BE
SHIPPED DELIVERY PREPAID

BILL
TO:

Kimberly A. Churchill
AUTHORIZED SIGNATURE

BOARD OF COUNTY COMMISSIONERS
CHARLOTTE COUNTY PURCHASING DEPT
18500 MURDOCK CIRCLE
PORT CHARLOTTE, FLORIDA 33948-1

VENDOR'S COPY
SEE CONDITIONS ON REVERSE SIDE

GENERAL DILIGENCE DATA

In an effort to professionally investigate a Company, several ground rules must be established.

1. It is necessary to visit the Company for the purpose of general discussion in order to obtain an overview of the existing business, its management, plant, total structure, personnel, functional performance, etc. - "getting a feel for the business".

2. Establish an investigative protocol that will result in a comprehensive Due Diligence Profile.

3. Follow the profile to the letter, expanding when necessary as data flow and findings develop that would necessitate expanded investigation in specific areas.

4. Discipline one's work and thought processes against any outside influence(s) that may arise throughout the investigative period. Stay impartial!

Enclosed is the Due Diligence Profile which was established and followed.

DUE DILIGENCE PROFILE

SECTION I - DISCOVERY

A. CORPORATE HISTORY - GENERAL

1. Original Certificate of Incorporation
2. Articles of Incorporation
3. Bylaws
4. Any changes in Incorporated classification
5. Initial officers and directors
6. Any changes in officers and directors, to date; include letters and terms of service.
7. Initial Capitalization:
 - * Number of shares, Common Stock (all classes) issued;
 - * Number of shares, Preferred Stock (all classes) issued;
 - * Number of total shares authorized
 - * Number of total shares issued
 - * Status of balance of shares
8. Initial ownership by shares
9. Changes in initial ownership, to date, giving dates, number of shares, type of shares, and paid-in capital for the total shares issued.
10. Start-up Balance Sheet, identifying specifically the number of initial shares issued and the cost to the recipient of shares.
11. Total shareholder contribution to paid-in capital, to date

12. Corporate Seal
13. Minute Book - Director and Shareholder meetings, conformance to Articles of Incorporation/Bylaws.
14. Corporate Certificate of Good Standing as of third quarter 1994 date.

B. CORPORATE HISTORY - ADMINISTRATIVE

1. Insurance

- * General Liability
- * Workers' Compensation
- * Life
- * Health Plan (Individual/Group)
- * Disability
- * Certificate of Insurance for contracted services
- * Bonds posted by contracted service companies
- * Other

2. Employees

- * Officers/Directors
List title and salary
- * Management level
List title and salary
- * Full time
List title, if any, and salary
- * Part-time
- * Other (casual labor, etc.)

3. Lease/Rental/Service Agreements

- * Copies of all leases, total disclosure
- * Property, vehicle, machinery, equipment, other, including telephone, telephone system, pagers, cellular, etc., if applicable.

4. Contracts

- * Total disclosure

5. Payroll History

- * Payroll
- * Payroll taxes, 941 forms from "Day One"
- * W-4 forms (bank deposit slips to support), on record
- * W-2 forms, issued
- * 1099 forms, issued
- * INS forms, on record

6. Employee Forms

- * Employee application
- * Employment file
- * Health Benefit forms (application)
- * Health Benefit file
- * Post hiring medical questionnaire (Workers' Compensation)
- * Employee time record form
- * Vacation request form
- * Expense account - reimbursement form
- * Personal vehicle, mileage form

- * Employee Job Evaluation form
- * Employee Pay Review form
- * Employee Job Performance Warning form
- * Request for time off form for compulsory jury duty/military service
- * Termination form
- * Exit Interview form

7. Legal History

- * Full disclosure with resolution re:
 - Past litigation
 - Present/ongoing litigation
 - Pending litigation
 - Contemplated litigation

8. Please supply full data:

- * Corporate attorneys
- * Corporate public accountants
- * Corporate consultants

DUE DILIGENCE PROFILE**SECTION II - DISCOVERY****A. GENERAL ACCOUNTING**

1. Five (5) years (1989 through 1993)
Corporate Operating Statements
2. Five (5) years (1989 through 1993)
Corporate Balance Sheet with accompanying notes
3. Long-term debt - breakdown
4. Payment of long-term debt (1989-1993)
5. Payment schedule, long-term debt, 1994
and beyond
6. Accounts Receivable and Aging
7. Explanation of Receivables 120 days and over
8. Explanation of all Receivable write-offs
(1989-1993)
9. Explanation of any allowance for bad debt,
current year
10. Accounts Payable and Aging
11. Charter of Accounts
12. Itemized list and description of all tangible assets
13. Tangible assets - appraised fair market value
14. Real Estate - Legal description and location
15. Real estate - appraised fair market value:
 - a. When put in use for Utility;
 - b. When legally transferred or sold to Utility.
16. Real Estate - describe any claims or liens against
any Utility property.

17. Real Estate - title evidence
18. Rental payments - by Utility - annual, for:
 - a. Use of office space;
 - b. Use of office equipment and machinery;
 - c. Use of maintenance equipment and machinery;
 - d. Use of construction equipment and machinery;
 - e. Use of real estate for Utility purposes.
19. Loan Agreements - itemize and explain (full disclosure)
20. Federal and State tax returns (1989 through 1993)
21. Itemize and describe any Notes that have been paid off since December 31, 1992.

B. RATE CASE ACCOUNTING

1. Five (5) years' (1989 through 1993) Annual Reports
2. Rate Changes approved:
 - a. Five (5) years (1989 through 1993)
 - b. Last Rate Change, if before 1989

DUE DILIGENCE PROFILE

SECTION III - DISCOVERY

A. Sewage Treatment and Disposal Plant

1. CFA tour and inspection of plant and plant facilities.
2. General meeting to include William Keener, Director; Laurie Case, Financial Manager; Phil Boller, Utility Engineer.
3. Establish format for collection of plant related data.
4. Establish time for Charlotte County Utility staff to inspect plant and facility.
5. Collect all data requested.
6. Review inspection findings.
7. Review Sandalhaven's scheduled maintenance, general/major repair and capital improvement time tables.

P. Specific Areas of Discovery

1. History of Utility Company.
2. Franchised area of utility service.
3. Operating Permit.
4. Capacity of plant.
5. General repair - plant.
6. General repair - underground system and lift/pumping stations.
7. Number of ERC's.
8. Daily logs.
9. Maintenance Schedules.
10. FDER filings.
11. FDER inspections.
12. Sludge management/removal
 - a. Contractor
 - b. Analysis report (most recent quarter)

C. Plant and Facility Engineering

1. Engineering firm.
2. Plant site, lay-out.
3. Underground system lay-out.
4. As Builts.
5. Easements.
6. Deeds (if any).
7. Replacement Cost; work-up and support data.
8. Replacement Cost; new less depreciation.
9. Sewer viewer tapes/data (if available).
10. Rainfall data (if available).
11. Number and location of manholes.
12. Groundwater monitoring.

D. Re-Use Plans (Effluent)

1. If any.

E. County Utility Staff

1. Throughout this Section of Discovery, requests for data may be forthcoming from the County Utility Staff.

All requests for data from Staff will be handled as established in the format agreed to when Spade, Clancey, Keener, Case and Boller meet.

DUE DILIGENCE PROFILE

SECTION IV - DISCOVERY

- A. Financial Data - Outstanding Requirements
 - 1. Fixed Asset List
 - 2. Trial Balance Sheets:
 - a. 4th Quarter 1993
 - b. Year - 1992
 - c. Year - 1991
 - d. Year - 1990
 - e. Year - 1989
 - 3. Gross up, for tax
- B. Engineering Costs Data - Outstanding Requirements
 - 1. Underground System Costs
 - a. Fiddler's Green, Phase II
 - b. Island Harbor
 - c. Shamrock Shores
 - d. Eagle Preserve
 - e. Golden Tee I
 - f. Golden Tee II (Sanctuary)
 - 2. Replacement Cost new, less depreciation

DUE DILIGENCE PROFILE

SECTION V - VALUATION METHODS TO DETERMINE FAIR MARKET VALUE

A. General Accounting Methods

1. Multiple of Earnings (P/E Ratio)
 - a. Based on Earnings, averaged over 5 years
2. A Multiple of Book Value (Net Worth)
 - a. Not to exceed 2 times net worth
3. Fixed Assets at Cost
4. Total Asset Value
(Fixed Assets at cost, less depreciation plus
Current and Other Assets)
5. Last Sale of Stock, adjusted.

B. Utility Company/Rate Case Accounting Methods

1. Replacement cost new, less depreciation
2. Income Statement Comparison and Cash Flow Analysis
3. Value per ERC - Competitive
 - a. Based on recent sales.

SECTION I - DISCOVERY

FINDINGS

A. CORPORATE HISTORY - GENERAL

1. through 3. The original Certificate of Incorporation, the Articles of Incorporation, and the Bylaws have been inspected and reviewed. They are available at the corporate address location and are in good order.
4. The Corporation has changed its incorporated classification from an "S-1" corporation to a "C" corporation. The change is effective January 1995, and all filings with the United States Government are in order through July 15, 1995.

5. and 6. Initial Officers and Directors, Sandalhaven Utility, Inc.

The Boston Group - Officers and Directors unknown.

Sold at Federal auction on July 5, 1983 as regular procedure following a Court bankruptcy ruling.

Second Ownership Group, Sandalhaven Utility, Inc.

Purchased from bankruptcy. This purchase included all Utility assets and underground infrastructure.

Officers and Directors:

Mr. B. Georsky, President, Treasurer, Director
Ms. S. Georsky, Vice President, Secretary, Director

In July 1983 Fiddler's Green (SFSC Group) purchased land out of the same Federal auction from which the Georskys purchased Sandalhaven Utility. Their land purchase was for development, and subsequent to the purchase the SFSC Group formed Fiddler's Green Utility.

5. and 6. Third Ownership Group, Sandalhaven Utility, Inc.

(cont'd.)

In mid-1985, the SFSC Group purchased Sandalhaven Utility from the Georgskys and merged it into Fiddler's Green Utility, with Sandalhaven Utility, Inc. the survivor.

Sandalhaven Utility, Inc. (SFSC Group)

Officers and Directors:

Mr. R. Spade, President, Director
Mr. E. Ferguson, Director
Mr. R. Schelah, Director
Mr. D. Beckstead, Director
Mr. W. Chung, Director
Ms. K. Sais, Secretary/Treasurer

In October 1993 Mr. Schelah sold his interest in Sandalhaven Utility, Inc. The Company was the purchaser of his stock.

Current: Sandalhaven Utility, Inc.

Officers and Directors:

Mr. R. Spade, President, Director
Mr. E. Ferguson, Director
Mr. D. Beckstead, Director
Mr. W. Chung, Director
Ms. K. Sais, Secretary/Treasurer
Mr. D. Spade, Vice President, Director

7. through 10. Present ownership:

<u>Name</u>	<u>No./Shares Owned</u>	<u>% Ownership</u>
Mr. R. Spade	160	41.237
Mr. E. Ferguson	160	41.237
Mr. D. Beckstead	40	10.309
Mr. W. Chung	<u>28</u>	<u>7.217</u>
	388	100.0%

All shares are Common Stock.

There are 72 Treasury shares, purchased by the Company October 19, 1993 for \$40,000, from Mr. Schelah.¹

11. The present shareholder contribution to paid-in capital is:

Capital Stock	\$ 100
Paid in or Capital Surplus	\$80,470
Total	\$80,570

12. and 13. The Company's corporate seal is on the premises at the corporate address, as is the Directors' and Shareholders' Minute Book, containing accurate recordings of meeting procedures and Minutes taken at same.
14. A Corporate Certificate of Good Standing is enclosed. All necessary reports and filings have been made in the first and second quarters of 1995; therefore, the Corporation's Good Standing is being maintained.

FINDINGS

B. CORPORATE HISTORY - ADMINISTRATIVE

1. INSURANCE

Sandalhaven Utility, Inc. carries more than adequate insurance on the following:

Automobile(s)
Truck(s)
Workers' Compensation and Employer's Liability
General Liability
Operations Liability
Sewage Disposal Plant: General, Fire, Hazard
and Medical Liability

Sandalhaven provides life, health and disability insurance plans through its administrative company, Suncoast Resource Management, Inc. of Englewood, Florida.

¹The Schelah sale and corporate value at the time of sale, plus major acquisitions subsequent to the Schelah sale, will be covered in the "Valuation Section" under the heading "Most Recent Sale".

Certificates of Insurance for all Contract Service Companies hired by Sandalhaven Utility, Inc. are on file at the Company's office.

All major contract vendors supplying contract services, product, project labor, etc., are required by the Utility Company to produce proof of insurance and adequate performance bonding for each project. The Company adheres to this policy to the letter, and said Certificates of Insurance and Bonding are on file.

2. EMPLOYEES

Officers and Directors

Mr. R. Spade, President, Director
Mr. D. Spade, Vice President, Director
Ms. K. Sais, Secretary/Treasurer
(Additional Directors are listed in the Findings Section under the heading, "Present Ownership: Sandalhaven Utility, Inc. Officers and Directors")

In addition to the above Officers and Directors who serve on a part-time basis, the Company has:

- One (1) part-time Billing/Accounts Receivable/Payable clerk;
- From time to time, employed hourly help for specific project or maintenance work.

3. LEASE/RENTAL/SERVICE AGREEMENTS

The Utility Company leases administrative space from Fiddler's Green Realty, Inc. The space includes Sandalhaven's corporate headquarters, billing, accounts receivable, accounts payable space and corporate records and storage areas.

Any other leases or agreements are short term in nature and have no impact on the financial operations, or incur any short or long term debt liabilities to the Company.

4. **CONTRACTS/WORKING AGREEMENTS**

The Company contracts or has working agreements with:

a. **Administrative Function**

Suncoast Resource Management, Inc.
180 North Indiana Avenue
Englewood, Florida 34223

b. **Accounting Function**

1. Welker Harris & Company, CPA'S
8660-60 College Parkway
Fort Myers, Florida 33919
Ronald Harris, CPA
(Through December 31, 1994;
minimum 6-year history with Sandalhaven)

2. Michael J. Glass, CPA, P.A.
240 North Washington Boulevard, #317
Sarasota, Florida 34236
Michael J. Glass, CPA
(Commencing January 1, 1995)

c. **Legal Matters**

The Utility hires legal firms on an "as needed" basis. No firm is retained on an open retainer deposit.

d. **Utility Rate Case Consultant**

Regulatory Consultants, Inc.
401 Interstate Boulevard
Sarasota, Florida 34240
George MacFarlane, President

e. **Consulting Engineers - Surveyors**

A M Engineering, Inc.
6320 Tower Lane
Sarasota, Florida 34240

William Murchie, P.E.

f. **Waste Water Treatment**

Southwest Water and Waste
1705 Shadow Lane
Englewood, Florida 34224
Robert Offer, President

g. **Waste Water Laboratory Testing**

The Water Lab
625 North Tamiami Trail, #1
Nokomis, Florida 34275
Debra Sanders, Laboratory Director

h. **Sludge Management and Disposal**

J. J. Baker, D.E.R. Permitted, renowned throughout
Charlotte County

5. and 6. **PAYROLL HISTORY - EMPLOYEE FORMS**

Sandalhaven Utility, Inc., through its administrative management company, Suncoast Resource Management Co., maintains excellent payroll records. All employees have on file:

W-4 Form
INS Form
Resume
Job Application Form
Pay review evaluations, etc.

Suncoast also files timely 941 payroll tax deduction forms and timely supplies employees with their year-end W-2 forms.

A sampling of Suncoast Resource Management Co.'s employee data file forms are enclosed.

7. **LEGAL HISTORY**

Although involved over the years with the legal defense of several pesky, time-consuming, money-costing frivolous legal actions, that have never resulted in any major action taken

against the Company or its Management, or payment of any substantial damages by the Company or its Management. However, these combined actions wasted numerous hours of Management's time and approximately \$30,000 to \$50,000 in legal fees, which have reduced earnings in particular years and retained earnings to date.

As of August 1995, there is no legal action pending against the Company, no on-going legal action, and to the best of Management's knowledge there is no contemplated or threatened action against the Company at this time.

SECTION I - DISCOVERY

SUMMARY AND COMMENTS

SUMMARY

Sandalhaven Utility has made excellent use of several outside service companies to provide them with high quality performance in the day-to-day operation of the Company. The aggregate level of performance of the service companies far exceeds what could be achieved with full-time employees, and these functions are performed at a substantially reduced price from that which would be the case with full-time employees.

The area headed by David Spade, Plant Operations Director, is performed as well or better than most sewer utility companies in Charlotte County or our surrounding counties, where the investigator has knowledge.

Also, the billing, accounts receivable and accounts payable functions are handled very well in-house.

COMMENTS

The investigator had his "eyes opened" by the lack of chaos, particularly with the use of so many service companies, in one small operation.

SECTION II - FINDINGS

A. GENERAL ACCOUNTING

Under the heading of Section II, most items requested in the Discovery were eventually forthcoming.

Welker Harris & Company, CPA's, supplied Operating Statements, Balance Sheets and tax returns for the years 1989 through 1993.

Michael J. Glass, CPA, P.A., supplied the tax return for the year 1994.

Investigatively, it was determined:

1. Long-term debt consisted of the remaining balance on a bank note entered into approximately 10 years ago, with the proceeds of the loan being used to build the existing Sandalhaven Sewer Disposal Plant, plus the repair or replacement of pumping and plant equipment and the repair or replacement of underground force mains. The initial borrowing was approximately \$300,000. The present balance of the Note is approximately \$80,000.

The balance of the Company's long-term debt is CIAC net of amortization, approximately \$185,000.

2. The retirement of long-term debt has been as scheduled, or accelerated. This rate of repayment should continue and the amortization of existing CIAC will also continue as prescribed.
3. Accounts receivable resulting from operations are minimal, and their aging is insignificant. The Company does not allow for bad debt.

Cash contributions in Aid of Construction (CIAC Impact Fees) are kept current on an individual basis, but from time to time are paid over an extended period rather than up front, when the Utility is dealing with a multi-unit site developer.

4. In the past there have been some minor receivable write-offs.

5. Accounts payable are kept fairly current. Any lag is generally due to cash flow problems which normally resolve themselves in 60 to 90 days. No major problems were determined in this area.
6. The Company utilizes a charter of accounts, check register, Accounts Receivable and Accounts Payable, payment delinquency notification, and all of the normal accounting tools one expects to find as ongoing procedure in a financially well-managed company.
7. The tangible assets of the Company will be reviewed in detail later in this investigative report. The assets will be evaluated in Section V - "Valuation Methods to Determine Fair Market Value", under the sub-heading "Replacement Cost New/Replacement Cost New Less Depreciation".
8. Rent was paid for the property used by Sandalhaven for its plant site, holding ponds and spraying fields. In late 1993 the Company acquired this land. It has a fair market value of approximately \$225,000. There are no liens against the property per se. Deeds and title opinions have been reviewed and are on file at the corporate office.
9. For office and storage space the Company pays an annual rent of \$12,000.
10. Federal tax returns and all necessary state and regulatory filings are made professionally and timely.

B. RATE CASE ACCOUNTING

Regulatory Consultants, Inc. (George MacFarlane) supplied six (6) years of Annual Reports, 1989 through 1994.

These Annual Reports are now and have been on file with the County since their timely and professional preparation.

Present rate charges have virtually been in effect since 1984. Base rate charges and Impact Fees are substantially below the County average for sewer service (see "Summary and Comments").

SECTION II - FINDINGS

SUMMARY AND COMMENTS

SUMMARY

Sandalhaven Utility, Inc. would be regarded as a healthy company, based on all analytical procedures at hand that could be used to evaluate the past and present financial status of the Utility Company.

COMMENTS

It is rare that one has the opportunity to examine a Utility Company that is tied to a multi-faceted developer project(s) and not find evidence of the co-mingling of funds between operating entities.

SECTION III - FINDINGS

This Investigator toured and inspected the Sandalhaven Plant and facilities and reported back to the County Utility Department that evaluating the physical and operational components of the Utility Plant and system were beyond my realm of expertise.

CFA/Corporate Financial Analysts then set up a time to re-tour the Plant with Mr. William Keener, Ms. Laurie Case, and Mr. Phil Boller, P.E., Utility Engineer.

Subsequent to the above, it was decided that Mr. Boller would pull together all the necessary people from the County Utility Department so that they could meet at Sandalhaven Utility and make a determination of the Plant and related facilities from a functional and performance view.

Mr. Boller also requested significant plant and plant operational data to be supplied the County Utility Department prior to the extended personnel visit. All items requested by Mr. Boller were delivered to his office.

On September 8, 1994, County Staff, including:

Mr. Cliff Porter, Inspector
Mr. Terry Briggs, Wastewater Plant Superintendent
Mr. George Ellison, Wastewater Maintenance Superintendent
Mr. Arthur Brown, Wastewater Maintenance Foreman
Mr. James Stacy, Collection Maintenance Superintendent
Mr. Dennis Decker, Utility Systems Foreman

made a visitation to the Sandalhaven Utility facility.

Following this visit, a substantial list of additional items was requested from the Utility Company. All requested data was supplied to the County Staff over a period of weeks.

At the end of September, Mr. Boller contacted me with a detailed list of upgrades his Staff deemed necessary to bring the existing Sandalhaven system to a pristine facility. A copy of this Inter-Department Memorandum from Charlotte County Utilities is enclosed. Mr. Boller's bottomline estimated the total costs for upgrades to be \$456,935.

Mr. Boller's Memo was presented to and discussed with Mr. Robert Spade of Sandalhaven.

Mr. Spade contacted several suppliers and his engineering consultant and they went to work on necessary requirements and their estimated costs.

A sampling of cross-correspondence and faxes between Mr. Spade, his suppliers and engineering consultant is enclosed.

Since January 1995, approximately \$35,000 has been spent on immediate upgrades to the system. This followed approximately \$10,000 spent from October 31 to December 31, 1994.

The Investigator, remaining neutral but listening to all points of view, will express his conclusions in the Comments part of this Section.

Every item in Section III - Discovery, was openly reviewed and discussed between members of the Sandalhaven Utility staff and the County Utility staff.

A very small sample of particular items zeroed in on by both Sandalhaven and the County is enclosed for review. **NOTE:** Maintenance and repair is ongoing at Sandalhaven; source: Bob Offer's Memorandum to Robert Spade for forwarding to the County.

One item in Section III - Discovery was very delinquent, i.e., Sewer Franchise Map of Sandalhaven Utility highlighting:

- Sewer Plant site in relation to total area
- Lift station location
- Manhole cover location
- Gravity sewer lines and locations
- Forced mains and locations

Items on file with Sandalhaven include:

- Operating Permit for a Domestic Water Waste Facility (renewal date January 29, 1998)
- Plant Capacity - 150,000 gallons
- Number of ERC's - 735 (see enclosed)
- Daily Logs
- Maintenance Schedules
- Reuse Plans (effluent), see enclosed and update
- Maintenance History (see enclosed)
- FDER Inspection Reports
- FDER Filings
- Sludge Maintenance Removal, see enclosed
- Deeds, Easements
- As-Builts
- Plant Site Layout
- Rainfall Data
- Groundwater Monitoring

SECTION III - DISCOVERY

SUMMARY AND COMMENTS

SUMMARY

This Investigator does not support the County Utility upgrade estimate of \$456,935, nor does he support the lesser Sandalhaven estimate of \$110,000 - \$125,000 for ideal operating upgrades.

One party wants a perfect plant and system while the other party insists that nothing is perfect for more than the day it is put into use. Sandalhaven's contention is to do what is essential and if something is working well, wait until it breaks to fix it. Both sides varied greatly in individual cost factors.

One specific that this Investigator questions is the cost factors associated with the installation of RTU's and pump control modules in each lift station.

This line item cost is approximately \$72,000 for all 9 lift stations. The purchase and installation would benefit the County Utility after the sale by providing instant data in the County Plant office without onsite monitoring. This item should be an after-sale requirement, thus reducing Mr. Boller's upgrade estimate to \$384,935. From evidence that I have seen, it is also very possible that upgrade prices vary considerably between bidding vendors. I am sure some savings would be realized from competitive bidding.

COMMENTS

The Sewer Franchise Map of Sandalhaven Utility, Inc. highlighting plant location, lift stations, gravity sewer lines, forced main lines and manholes, arrived at the CFA office in mid-July 1995.

**** INTER-DEPARTMENTAL MEMORANDUM ****

CHARLOTTE COUNTY UTILITIES

To: Frank Clancy
From: Phil Boller, Utility Engineer *cf*
Date: September 27, 1994
Subject: Sandalhaven Sewer Facilities

On Thursday, September 8, 1994, some of Charlotte County Utilities' (CCU) staff visited Sandalhaven Wastewater Treatment and Collection systems. The following were in attendance:

Clif Porter
Terry Briggs
George Ellison
Arthur Brown
James Stacy
Dennis Decker

Inspector
Wastewater Plant Superintendent
Wastewater Maintenance Superintendent
Wastewater Maintenance Foreman
Collection Maintenance Superintendent
Utility Systems Foreman

Attached is their estimated costs needed for up-grading the aforementioned facilities.

If I can help you in anyway, please call me at 743-4511.

CP/PRB/jrw

Attachments

cc: CHRONO/File

Sandalhaven Utility Acquisition

Recommended Upgrades to Existing System	Immediately	Within 1 Year	Within 3 Years
1 OLD Sandalhaven Phase I Mobile Home Park:			
Replacement of existing lift station and valve vault and control panel and RTU	\$60,000.00		
Relining of clay pipe in areas of infiltration.	\$216,000.00		
4000 LF at \$45.00			
Raise manhole ring and covers in green belt areas 12 x \$100	\$1,200.00		
2 Golden Tee:			
Replace main disconnect		\$350.00	
Install valve vault and piping and replace all discharge piping		\$8,000.00	
Replace wetwell lid		\$75.00	
RTU and control panel		\$10,000.00	
Seal manhole		\$100.00	
3 Wildflower Lift Station #5:			
Reline wetwell			
Replace all piping, valves and check valves	\$15,000.00		
Level controls support	\$150.00		
RTU and control panel	\$10,000.00		
Main Disconnect	\$350.00		
4 Shamrock Shore:			
Replace control panel and RTU		\$10,000.00	
Upgrade electrical conduit to code	\$400.00		
Remove/plug unknown drain line in wetwell	\$100.00		
5 Eagle Preserve Lift Station #1:			
Install main disconnect		\$350.00	
Replace damaged control panel components with RTU		\$10,000.00	
Start up by E.K.Phelps, Inc.		\$350.00	
Repairs to existing pumps estimate		\$650.00	
Electrical service		\$260.00	
6 Eagle Preserve Lift Station #2:			
Repair leak in control cabinet	\$150.00		
Install RTU		\$8,000.00	

* Nine may need replaced

Sandalhaven: Utility Acquisition

Recommended Upgrades to Existing System	Immediately	Within 1 Year	Within 3 Years
7 Palm Island Lift Station #3: Install main disconnect Replace all conduit to wetwell Install RTU and pump control module Note: Boat pump system is not to be included as part of acquisition	\$350.00 \$450.00	\$8,000.00	
8 Fiddlers Green Lift Station #1 Replace control panel and install RTU and pump control module Replace valve vault lid Replace level control hanger and pump guide rail bracket bolts	\$125.00	\$10,000.00	\$75.00
9 Fiddlers Green Lift Station #2 Install valve vault and piping Replace control panel and add RTU pump controls		\$4,500.00 \$10,000.00	
	\$304,275.00	\$80,635.00	\$75.00

Total Costs	Immediately	Within 1 Year	Within 3 Years
Sewer Plant Up-grades	\$57,750.00	\$14,200.00	\$0.00
Gravity Sewer & Lift Stations	\$304,275.00	\$80,635.00	\$75.00
Totals	\$362,025.00	\$94,835.00	\$75.00

Overall Estimated Costs for Up-grade (Grand Total)

\$456,935.00

Sandalhaven Utility Acquisition

Recommended Upgrades to Existing System	Immediately	Within 1 Year	Within 3 Years
1 Flow Equalization Basin: Install two (2) D24 difusers with piping Replace transfer piping from submersible pump to the aeration basin in tank, possible repairs	\$200.00 \$500.00		
2 Aeration Basin: Blower and silences, add louvers Replace blower building	\$1,000.00	\$3,600.00	
3 Gravity Sand Filter: Replace filter tank structure and dual media filter	\$35,000.00		
4 Chlorine Contact Chamber: Install baffles Replace injection points	\$2,000.00 \$300.00		
5 Chlorine Feed System: Chlorine bottle scales Back-up chlorine booster pump	\$500.00	\$600.00	
6 Flow Metering Box: Verification of the flow meter via the V-notch and needed alterations	\$1,500.00		
7 Three Percolation Ponds: All three (3) ponds a. Mowing of banks b. Regrade and resod c. Concrete valve collars		\$10,000.00	
8 Aerobic Digester: Repair and re-coat Install lime slurry tank and system Install residual load out valve Verify digester tank capacity Verify FDEP compliance, 17-640 and EPA 503	\$10,000.00 \$4,500.00 \$750.00 \$750.00 \$750.00		
	\$57,750.00	\$14,200.00	

SECTION IV - FINDINGS

A. FINANCIAL DATA REQUIREMENTS - OUTSTANDING

1. FIXED ASSET LIST

This appears as part of the presentation titled "Replacement Cost New/Replacement Cost New Less Depreciation" in Section V

2. TRIAL BALANCES - have been reviewed and are on file at Sandalhaven Utility.

3. GROSS UP, FOR TAX

As an S-1 Corporation, Sandalhaven Utility, Inc. collected gross up monies for tax deposit from two entities. However, S-1 Corporations were prohibited from doing same.

The collection was found by the Company's accounting firm, who notified Mr. Spade at the Sandalhaven office that he would have to refund the CIAC gross up taxes collected.

A letter to that effect is attached. Mr. Spade made payment to Lemon Bay Golf and Country Club and Sandalhaven Estates, less impact fees owed.

No additional CIAC gross up tax fees have been collected through December 31, 1994.

Beginning January 1, 1995, the Company amended its Corporate Federal Income Tax reporting from its previous S-1 Corporation status to a C-Corporation status, thus allowing it to begin collecting CIAC gross up tax.

B. ENGINEERING COST DATA REQUIREMENTS - OUTSTANDING

Replacement Cost New/Replacement Cost New Less Depreciation

This has been supplied through the combined accounting efforts and database records of Welker Harris & Co. (Ronald Harris), Regulatory Consultants, Inc. (George MacFarlane), and A M Engineering (William Murchie, P.E.).

This required extensive review on this Investigator's part, as all three service companies to Sandalhaven had different databases. By year end 1994, all was resolved and is presented in Section V in its correct context.

Underground System Costs

1. Investigation revealed the following:

Sandalhaven paid for:

- Sewer disposal plant and underground infrastructure purchased at Federal auction;
- Built a new sewer plant, 150,000 gallon capacity/day;
- Equipped the new plant;
- Paid to retire old plant;
- Paid to install new force mains;
- Paid for some lift stations, not all.

2. The underground infrastructure and some lift stations at many single-family home developments and condominium developments in the Franchised Area were paid for by the developer of the community. The developer, in turn, passed these costs on to the individual buyers, then virtually donated the infrastructure and lift station, if applicable, to the Utility for a very modest consideration.

The use of and maintenance onus was also passed on to the Utility, with a cash CIAC in the form of impact fees. Therefore, this Investigator has made several necessary adjustments in the Utility value to allow for the above. The Utility Director, Mr. Robert Spade, finally agreed to these adjustments as they appear in Section V.

SECTION IV - FINDINGS

SUMMARY AND COMMENTS

SUMMARY

The treatment of CIAC ownership and how many dollars in value can be added to a Utility's worth as the result of CIAC has been a "legal football" for at least the past five years.

For the purpose of this evaluation, the Sandalhaven Utility President and Director, Mr. Robert Spade, and this Investigator agreed that:

1. The cash CIAC was an asset of the Company. It was to be used over its amortized life by the Utility to maintain the system and, on a best efforts basis to keep base rates as constant as possible.
2. Infrastructure CIAC not owned by Sandalhaven is, in fact, truly owned by the User of the Utility; therefore, Charlotte County would not include this in its purchase price offer, if so made, to Sandalhaven Utility, Inc.

COMMENTS

In order to achieve the results in the Summary of this Section, two skilled businessmen had to tactfully reach conclusions that were consistent with existing facts and specific circumstances.

The transfers of property, easements, etc. from Developer to Sandalhaven are recorded and on file at the Utility headquarters.

The Utility has maintained its base rate of \$12.00 since 1984 and maintains its CIAC infrastructure, so that it is earning its right to the cash CIAC.



**WELKER
HARRIS
& COMPANY**

December 23, 1993

NEW DEVELOPMENTS

UPDATE

A concern of this Investigator was the expected remaining life of the present Sandalhaven sewer plant facility.

Daily flow into the plant shows increases due to:

- New users;
- Users in tourist season;
- Below ground level water infusion into weak points in the mains.

These factors could pressure the plant facility in the near future, creating a need for expansion.

On June 22nd, 1995, Sandalhaven Utility, Inc., entered into a contract with Wildflower Golf and Country Club for the delivery of a maximum of approximately 150,000 gallons of reclaimed water daily. Delivery is to commence September 30, 1995. A copy of that contract is enclosed.

This will bring the average daily stress factor on the plant and facility to 45%-50% of capacity, thus extending need or requirement for expansion out five years or more.

In the event that the County purchases Sandalhaven, this additional period would provide the County ample time to consider and plan its mid- and long-range strategy for sewage disposal on the Cape Haze Peninsula, and how to incorporate many small private utility companies into the Charlotte County Utility Department.

**CONTRACT FOR EFFLUENT BETWEEN
SANDALHAVEN UTILITY, INC.
and
WILDFLOWER GOLF AND COUNTRY CLUB**

The principals in attendance on March 13, 1995:

Gaetano Porzio, Wildflower Golf and Country Club
Robert W. Spade, Sandalhaven Utility, Inc.
Francis J. Clancey, Representative for Charlotte County's interest

1. Sandalhaven Utility will provide a minimum of 100,000 gallon lined storage pond for effluent on Sandalhaven plant property, at no cost to Wildflower. Approximate cost: \$15,000 to Sandalhaven.
2. Sandalhaven Utility will provide the pumps to allow the effluent transfer to the property line with maximum efficiency. Approximate cost to Sandalhaven: \$5,000.
3. Sandalhaven Utility will provide the necessary piping and electrical services to furnish the effluent at the property line. Approximate cost to Sandalhaven: \$5,000.
4. Sandalhaven Utility will provide the necessary engineering and permits required by the State at the plant site for assuring the effluent to the property line.
5. This contract will be in effect immediately upon signing. However, the sixty (60) month period of free effluent exchange will commence on date of first water delivery. Upon completion of the reclaimed water transmission system, Utility will have the technical capability and lawful authority to deliver, and shall deliver, to Customer at the Point of Delivery a maximum of approximately 150,000 gallons of reclaimed water daily.
6. Robert W. Spade will be permitted to reconstruct the sign presently located at the corner of Gasparilla Pines Boulevard and Placida Road to the specifications presented and attached. This restoration will be done at his expense in exchange and as part of the effluent use agreement. Gates Porzio will furnish the chlorine and turbidity monitoring equipment with the automatic diversion as offsetting costs.

It is understood that all costs and permits, including engineering, that are required for the spray effluent on the golf course property would be at the expense of Wildflower. This agreement will be in full force and effect for sixty (60) months, during which period of time no charges for rental or use of the sign would be made. The free effluent exchange will expire in sixty (60) months. After the sixty (60) months the Customer, at its sole option, may decline delivery of any amount, given the then

current needs of the Customer. The golf course will continue to receive all of the water produced by the plant at the going rates then in effect in the area, using a minimum of .07 cents per thousand gallons and a maximum of .15 cents per thousand gallons with a new agreement between the parties.

In summary, the total cost to the golf course will be the initial exchange of the monitoring equipment. There will be no operator costs and no operational costing to the golf course now or in the future.

Upon execution of the contract, both parties agree to immediately commence delivery/receipt of effluent, by Sept. 30, 1995. *Per's top 10/5/95*

Utility shall deliver to the Point of Delivery reclaimed water which meets or exceeds applicable federal, state and local regulations for slow rate land application systems on public access areas. Specifically, and in addition to any other applicable regulations, Utility shall deliver to the Point of Delivery reclaimed water which complies with the degree of treatment and disinfection required by Chapter 403 Florida Statutes, and Chapter 17-610, Florida Administrative Code.

Utility shall monitor the quality of the reclaimed water delivered to the Point of Delivery in accordance with the frequency and criteria schedule provided by federal, state, and local regulations.

DELIVERY OF RECLAIMED WATER UNDER ADVERSE CONDITIONS:

Extreme adverse weather conditions or unforeseen circumstances may require deviation from the normal delivery schedule. The Customer shall have the right to temporarily restrict the quantity of reclaimed water used in the event of adverse weather conditions or unforeseen circumstances after the Customer has used all alternate application sites for its allocation of reclaimed water. Notice to Utility of Customer's intent to temporarily restrict the use of the reclaimed water shall be in writing and shall be given two (2) days in advance. If advance notice to Utility is not practicable, the Customer shall immediately give oral notice of such intent to temporarily restrict the use of reclaimed water, followed in writing by a full description of the circumstances justifying the temporary restriction.

INDEMNIFICATION:

(a) Utility shall indemnify and hold harmless the Customer, including its officers, directors, members, employees and agents, against any and all claims, actions, suits, proceedings, costs, expenses, damages or liabilities (including attorney's fees and costs) arising out of any injury, illness or disease to persons or property alleged to have been caused directly or indirectly, in whole or in part, by the reclaimed water furnished by Utility to the Customer hereunder.

(b) The Utility shall indemnify and hold harmless Customer, its officers, directors, members, agents, representatives, servants and employees from all claims, costs, penalties, damages and expenses, (including attorney's fees) arising out of the following:

- (i) Claims related to the Utility's construction, erection, location, operation, maintenance, repair, installation, replacement or removal of any part of the system controlled by the Utility for reclaimed water disposal and reuse; and
- (ii) Claims arising out of Utility's negligence or omissions upon any areas controlled by Utility that are contained within, adjoining or abutting Customer's property, or claims arising out of Utility's negligence or omissions within an area controlled, operated or maintained by Utility.

(c) The obligation of Utility to indemnify the Customer shall be conditioned upon the compliance by the Customer with all regulatory requirements and regulations for the use of the reclaimed water from the Point of Delivery.

(d) The Customer shall hold harmless and indemnify Utility, its agents, representatives, servants and employees from all claims, costs, penalties damages and expenses (including attorney's fees), arising out of the following:

- (i) Claims related to the Customer's construction, erection, location, operation, maintenance, repair, installation, replacement or removal of any part of the on-site system controlled by the Customer for reclaimed water disposal and reuse;
- (ii) Claims arising out of Customer's negligence or omissions upon any areas controlled by Customer that are contained within, adjoining or abutting the Property, or claims arising out of Customer's negligence or omissions within an area controlled, operated or maintained by Customer;
- (iii) Claims or demands that the use of the reclaimed water by the Customer in the manner set forth in this agreement within or upon any areas controlled, operated or maintained by Customer is in violation of any applicable Statutes or regulations.

The obligation of the Customer to indemnify Utility shall be conditioned upon the compliance by Utility with all regulatory requirements and regulations for the reclaimed water.

BINDING UPON SUCCESSORS:

This Agreement shall be binding upon and shall inure to the benefit of the successors or assigns of the parties hereto.

APPLICABLE LAW:

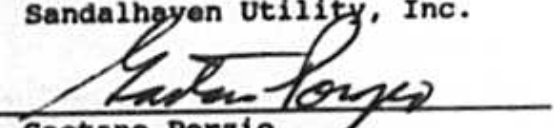
This Agreement and the provisions contained herein shall be construed, controlled and interpreted according to the laws of the State of Florida.

DATED: June 22, 1995


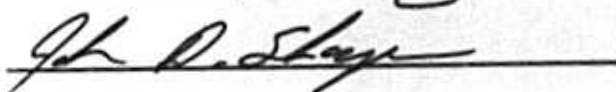
By:


Robert W. Spade, President
Sandalhaven Utility, Inc.

Accepted By:


Gaetano Porzio
Wildflower Golf and Country Club

WITNESSES:

One of 4 pages

2 years
 100k signs in 2000's
 SIZE 16' x 6' Long sign

TOULIN 6'
 2



CORPORATE

WILDFLOWER
 GOLF COURSE
 TEE TIMES 7-5 697-1200 GOLF RANGE
 OPEN TO THE PUBLIC

GROUND
 #355 DK GREEN

YELLOW LETTERING
 PMS # 127

STAINY BORDER
 4 AGENTS
 PMS # 174

HELVETICA

Size
 $\frac{1}{2} \times 1 = 1 \frac{1}{2}$

F-3

SECTION V - FINDINGS

COMPANY VALUATION

This section is divided into two parts.

PART 1: Will value Sandalhaven Utility, Inc. using the analytical formats normally applied in the acquisition/merger of stock exchange-listed companies or private companies being purchased in the free enterprise market.

Three of these valuation methods include:

Price/Earnings Ratio
Multiple of Net Worth
Acquisition of Assets (at Fair Market Value)

PART 2: Will present two valuation methods put forth by Utility Companies using Generally Accepted Regulatory Accounting Principles. This Investigator has made some exceptions to their methods, and these exceptions will be defined when they are involved.

PART I

PRICE EARNINGS RATIO

ASSUMPTIONS:

1. United States Federal Tax Reporting forms will be used as database (1120's).
2. Revenues used will be a 6-year average (1989-1994).
3. Pre-tax income used will be a 6-year average, (1989-1994).
4. The pre-tax multiple applied will be an average of small public utility companies trading on a listed exchange and the pre-tax multiple expected by a sampling of private utility companies presently being evaluated for acquisition or looking to be acquired in the near future.
5. The multiple will be expressed as a pre-tax multiple of Income (Earnings).

<u>6-Year Average Pre-Tax Income</u>	<u>Pre-Tax Multiple Applied</u>	<u>Value</u>
\$50,006	12.5	\$ 625,825

Validation

- A. Earnings multiple was established and supported by a 6-year history of pre-tax income expressed as a % of revenue.

6-year Revenue	=	\$1,102,082
6-year Pre-Tax Income (Earnings)	=	\$ 300,395
Pre-Tax Income Earned to Revenues Received	=	27%

This ability to earn in the private sector is significant, regardless of Generally Accepted Regulatory Accounting Principles.

Sandalhaven shareholders paid Federal income taxes on their proportionate ownership of these annual earnings, part of Schedule K reporting.

PART I

MULTIPLE OF NET WORTH (BOOK VALUE)

ASSUMPTIONS:

1. United States Federal Tax Reporting Forms will be used as a database (1120's).
2. Net Worth will be the combination of shareholder equity and retained earnings, year-end December 31, 1994.

Period Ending December 31, 1994

Retained Earnings	\$285,406
Capital Stock	100
Paid-In or Capital Surplus	<u>80,740</u>
Net Worth (Book Value)	\$366,246

<u>Net Worth (Book Value)</u>	<u>Multiple Applied</u>	<u>Value</u>
\$366,246	1.75	\$630,930

VALIDATION

- 1) The selling price of a small utility company generally should be in the range of 1.5 to 2.0 x Net Worth. This Investigator used an average of 1.75 x Net Worth.
- 2) Over the years payment for goodwill has been disallowed by the IRS. Without goodwill as an asset, the accounting world makes allowances for the writing up of assets (Fair Market Value/Acquisition Price of Assets) not depreciated assets, thus allowing a multiple factor to Net Worth (Book Value).

NOTE: Recent utility company sales in southwest Florida would indicate that entities are willing to pay a much greater multiple of net worth than 1.75 times.

ACQUISITION OF ASSETS AT FAIR MARKET VALUE

ASSUMPTION:

1. United States Federal Tax Reporting forms will be used as a database (1120's).
2. Assets will include:
 - Cash
 - Accounts receivable
 - Fixed assets, at cost, non-depreciated
 - Other Assets
3. Period will be at year-end 1994
4. Plus a minimal appreciation of Fixed Assets will be added for the 10-year ownership period to allow for today's Fair Market Value over cost.

Period Ending December 31, 1994

Cash	\$ 6,823	
Accounts Receivable	\$ 68,062	
Fixed Assets, at cost, non-depreciated	\$ 758,829	
Other Assets	\$ 2,845	
Minimal Appreciation of Fixed Assets	<u>\$ 113,824</u>	
TOTAL	\$ 950,383	<u>VALUE*</u>

VALIDATION

- 1) Present ownership has owned the Utility for the past 11 years.
- 2) A 15% total appreciation for the period, based on present Fixed Asset value, would not be considered reaching or excessive in its shareholder anticipation of fair play from the purchaser, relative to establishing a Fair Market Value for Fixed Assets.

*After payment of all liabilities, the shareholders would net approximately \$647,000.

SECTION V - FINDINGS

COMPANY VALUATION

PART 2

- A. Utility Plant in service Less Accumulated Depreciation
- B. Utility Plant Replacement Cost Less Accumulated Depreciation

ASSUMPTIONS

- 1) Use of schedules prepared by Mr. William Murchie, P.E., of A M Engineering as database.
- 2) Add Land Value, Franchise Cost and Plant Intangibles (they are missing from Mr. Murchie's schedules).

Land Cost/Value	\$225,000
Franchise Costs	12,478
Plant Intangibles	<u>\$ 17,021</u>
	\$254,499

A. VALUE

<u>Original Cost</u>	<u>Accum. Deprec. through 12/31/94</u>	<u>1994 Net Plant</u>
\$1,242,362	\$336,066	\$906,267
	Plus land, et al.	<u>\$254,499</u>
		<u>1994 Net Plant including Land, et al. \$1,050,766</u>

B. VALUE

<u>Replacement Cost</u>	<u>Accum. Deprec. through 12/31/94</u>	<u>RCNLD 1994 Net Plant</u>
\$1,674,123	\$508,990	\$1,165,133
	Plus Land, et al.	<u>254,499</u>
		<u>RCNLD 1994 Net Plant plus Land, et al. \$1,419,632</u>

A.1 Utility Plant in service Less Accum. Deprec.

B.1 Utility Plant Replacement Cost Less Accum. Deprec.

ASSUMPTIONS:

- 1) Use of schedules prepared by William Murchie, P.E., of A M Engineering as a database.
- 2) Add Land Value, Franchise Cost, and Plant Intangibles (they are missing from Mr. Murchie's schedules).
- 3) This Investigator has modified the Assets by the exclusion of most CIAC inground infrastructure.*

A.1 VALUE

<u>Original Cost</u>	<u>Less Accum. Deprec.</u>	<u>ASSET VALUES</u> <u>1994 Net Plant</u>
\$436,470	\$150,222	\$ 286,248
	Plus Land, et al.	<u>254,499</u>
	1994 Net Plant plus Land, et al	\$ 540,747

B.1 VALUE

<u>Replacement Cost</u>	<u>Accum. Deprec.</u> <u>through 12/31/94</u>	<u>RCNLD 1994</u> <u>Net Plant</u>
\$613,744	\$237,440	\$ 336,304
	Plus Land, et al.	<u>254,499</u>
	<u>RCNLD 1994 Net Plant</u> <u>Plus Land, et al.</u>	\$ 630,803

*The infrastructure excluded represents the CIAC Underground infrastructure not purchased for dollars by the Utility.

The underground infrastructure the Utility did pay for is included.

You can identify the excluded assets on the enclosed schedule as they have a CIAC following the itemized asset. However, the Company has maintained, repaired, replaced and/or upgraded these Assets with operational revenue or CIAC cash.

COMMENTS

The use of Generally Accepted Regulatory Accounting Principles as they apply in determining a basis for value of a Utility Plant in Service Less Accumulated Depreciation, or a Utility Plant Replacement Cost Less Accumulated Depreciation can be misleading, as in this situation.

These methods of value suggested:

Net Plant in Service - Value	\$1,050,766
Net Plant Replacement Cost - Value	\$1,419,632

As shown in the examples of value for A.1 and B.1, my position on CIAC Underground Infrastructure ownership certainly discounted the above values drastically.

A.1 and B.1 values were \$540,747 and \$630,803 respectively, by my calculations.

PART 2

Enclosed is an Income Statement Comparison and Cash Flow Analysis.

This was prepared by Rate Case Consultant George MacFarlane for Sandalhaven Utility, Inc.

Its value is important to this Investigator because it assumes:

1. \$1,000,000 of Bond indebtedness:

which could cover a purchase of	\$ 625,000
allow for added expenses before closing	50,000
allow for underwriting costs	75,000
provide a budget for Plant upgrades, if	
deemed appropriate	<u>\$ 250,000</u>
	\$1,000,000
2. It flows at a 7.5% interest rate.
This is .5 to 1.0 higher than recent bond underwriting rates for local utilities.
3. It projects only a modest increase in ERC's and, for a short period,
4. Maintains operational revenues after the first 5 years at no increases.
5. The first 5 years increased revenues are projected to be \$80,000 total, bringing operational revenues to \$216,490 annually.
6. It demonstrates that the Company's cash flow can service (pay interest) and retire (pay off) principal with a good margin of safety.
7. Its projected cash flow shows a Net Present Value of cash flow available to the Purchaser (Charlotte County) of \$606,407 on the basis of the analysis and the terms and conditions outlined in the analysis for the bond indenture.

SECTION V

LAST SALE VALUATION

OCTOBER 19, 1993

Seventy-Two (72) shares of Sandalhaven stock were, rerepurchased by the Company for Treasury Shares from Mr. Schelah.

On the basis of that purchase, the 480 shares outstanding at the time would have a cumulative value of \$255,360.

The Company's value on October 19, 1993 \$ 255,360

Assets added since October 19, 1993

Land Cost Value	\$225,000	
Capital Equipment, net	49,000	
Upgrades, net	28,000	
Water Reuse, Capital Investment	59,000	
Water Reuse Contract	<u>8,000</u>	<u>\$ 369,000</u>
		\$ 624,360

SANDHAVEN UTILITY, INC.

UTILITY PLANT IN SERVICE / ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 1994

ACCT NO.	DESCRIPTION	ACQ. YEAR	LIFE IN YEARS	ORIGINAL COST	DEPRECIATION		1994 NET PLANT	REPLACEMENT VALUE		
					1994 EXPENSE	ACCUM @ 12-31-94		REPLACEMENT COST	ACCUM DEPR @ 12-31-94	RCMLD 1994 NET PLANT
304.00	STRUCTURES & IMPROVEMENTS									
	Engineering	1996	27	27,840.00	1,020.00	8,100.00	18,720.00	34,810.04	11,839.87	22,970.17
	Slab and Piping	1996	27	50,208.00	1,801.44	18,792.87	31,415.13	63,723.33	21,241.09	42,482.23
	Wall Erection	1996	27	57,790.00	2,136.80	19,200.01	38,589.99	73,321.33	24,427.08	48,894.25
	Tanks	1996	27	4,405.00	165.19	1,405.82	2,999.18	5,569.18	1,802.08	3,767.10
	U.S. Mechanical Drive	1996	27	33,343.24	1,234.83	11,114.38	22,228.86	42,279.89	14,291.83	28,008.06
	Painting	1996	27	735.00	27.34	265.17	469.83	832.00	310.85	521.15
	Fill and Landscaping	1996	27	4,750.00	175.10	1,655.34	3,094.66	6,000.14	2,010.09	3,990.05
	Miscellaneous	1996	27	16,214.48	607.30	6,004.81	10,209.67	22,940.56	7,815.80	15,124.76
	Effluent Disposal-Widewater	1996	27	4,028.22	149.88	294.36	3,733.86	4,141.18	220.07	3,921.11
				200,943.15	7,436.84	69,328.85	131,614.30	263,870.14	83,406.31	179,463.83
305.00	COLLECTION SEWERS-FORCE									
	Sandhaven Estate-Orig.	1978	30	1,097.00	57.00	1,105.16	796.85	4,810.33	2,945.87	1,864.46
	Widewater Unit I (CIAC)	1979	30	5,900.00	157.14	2,730.00	2,770.00	10,750.25	6,305.60	4,444.65
	Harbortown Village (CIAC)	1980	30	21,181.00	605.19	9,749.39	15,431.61	27,499.21	7,462.39	20,036.82
	Fiddler's Green I	1980	30	6,328.00	177.89	1,887.44	4,440.56	8,082.12	2,485.13	5,596.99
	Fiddler's Green II (CIAC)	1980	30	900.00	25.71	218.57	681.43	1,141.11	277.13	863.98
	Eagle Preserve (OH-Site) (CIAC)	1980	30	23,570.75	616.31	3,873.39	24,444.14	32,879.40	4,227.39	28,652.01
	Eagle Preserve II (CIAC)	1981	30	6,382.00	226.77	226.21	7,158.21	9,481.81	945.19	8,536.62
				72,767.30	2,079.07	18,282.07	54,485.23	84,798.43	23,891.80	71,006.63
306.00	COLLECTIONS SEWERS-GRAVITY									
	Sandhaven Estate-Orig.	1978	30	34,038.00	972.84	18,207.31	15,830.69	63,799.19	44,872.00	18,927.19
	Widewater Unit I (CIAC)	1979	30	28,779.00	1,107.89	18,803.12	21,975.88	79,086.18	23,001.82	56,084.36
	Widewater Unit II (CIAC)	1979	30	19,407.00	689.30	7,893.59	11,513.41	39,301.39	14,441.09	24,860.30
	Widewater Cluster Phase I (CIAC)	1980	30	24,434.00	835.11	6,382.36	18,051.64	41,106.31	15,794.05	25,312.26
	Widewater Cluster Phase II (CIAC)	1981	30	7,307.00	233.34	2,805.39	4,501.61	11,287.17	4,000.86	7,286.31
	Widewater Unit III (CIAC)	1982	30	6,594.00	243.83	2,848.87	3,745.13	12,149.81	4,005.04	8,144.77
	Sandhaven Estate-Unit II (CIAC)	1983	30	3,706.00	105.17	1,170.39	2,535.61	5,070.82	1,807.43	3,263.39
	Fiddler's Green	1985	30	6,209.00	177.40	1,605.39	4,603.61	6,000.05	2,167.79	3,832.26
	Harbortown Village (CIAC)	1985	30	27,181.00	774.89	7,791.41	19,389.59	28,308.42	8,888.03	19,420.39
	Fiddler's Green II (CIAC)	1988	30	20,719.00	591.87	5,011.79	15,707.21	26,399.82	6,379.79	19,920.03
	Sandhaven Estates Phase III (CIAC)	1988	30	22,141.00	691.19	3,833.32	18,307.68	27,308.82	4,391.04	22,917.78
	Sanctuary (CIAC)	1989	30	2,871.00	82.00	306.13	2,564.87	3,308.87	434.80	2,874.07
	Eagle Preserve I (CIAC)	1989	30	26,802.00	1,817.21	4,577.46	21,224.54	40,871.89	5,387.79	35,484.10
	Golden Tee (CIAC)	1990	30	7,240.00	225.88	1,020.84	6,219.16	8,136.21	1,174.81	7,000.40
	Eagle Preserve II (CIAC)	1991	30	84,185.00	1,833.03	6,419.00	87,744.00	72,358.44	7,335.84	80,408.56
	Shenrock Shore (CIAC)	1991	30	66,115.00	1,889.00	6,911.80	69,026.20	74,499.00	7,446.80	67,052.20
				280,228.00	11,149.79	65,794.31	214,433.69	581,790.93	181,727.90	400,063.03
307.00	COLLECTIONS SEWER-MANHOLE									
	Sandhaven Estate-Orig.	1978	30	7,809.00	293.87	5,138.19	2,670.81	18,309.51	12,840.46	5,469.05
	Widewater Unit I (CIAC)	1979	30	5,007.00	145.34	2,695.10	2,311.90	9,879.00	5,310.80	4,568.20
	Widewater Unit II (CIAC)	1979	30	3,547.00	101.34	1,739.51	1,807.49	6,432.12	3,136.39	3,295.73
	Widewater Cluster Phase I (CIAC)	1980	30	11,325.00	329.89	5,194.15	6,130.85	19,037.18	6,670.89	12,366.29
	Widewater Cluster Phase II (CIAC)	1981	30	4,421.00	125.80	1,898.00	2,523.00	6,805.51	2,579.17	4,226.34
	Widewater Unit III (CIAC)	1982	30	3,345.00	92.37	1,387.48	1,957.52	4,812.77	1,790.19	3,022.58
	Sandhaven Estate-Unit II (CIAC)	1983	30	2,942.00	84.09	799.81	1,442.19	3,002.73	1,088.83	1,913.90
	Fiddler's Green	1985	30	1,895.00	56.71	604.09	1,290.91	2,578.79	795.31	1,783.48
	Harbortown Village (CIAC)	1985	30	8,305.00	239.59	2,878.06	5,426.94	10,809.42	2,854.81	7,954.61
	Fiddler's Green II (CIAC)	1988	30	7,499.00	213.39	1,812.33	5,686.67	8,464.87	2,396.81	7,068.06
	Sandhaven Estates Phase III (CIAC)	1988	30	7,540.00	204.00	1,202.00	6,338.00	8,351.06	1,463.74	7,787.32
	Sanctuary (CIAC)	1989	30	1,500.00	42.88	192.88	1,307.12	1,739.21	221.84	1,517.37
	Golden Tee (CIAC)	1990	30	3,100.00	85.37	368.57	2,731.43	2,887.51	466.88	2,420.63
	Eagle Preserve I (CIAC)	1990	30	12,300.00	382.14	1,888.14	10,411.86	14,394.00	1,889.80	12,504.20
	Eagle Preserve II (CIAC)	1991	30	16,305.00	505.39	1,838.50	16,466.50	20,708.81	2,070.89	18,637.92
	Shenrock Shore (CIAC)	1991	30	13,145.00	375.57	1,314.50	11,830.50	14,805.13	1,466.51	13,338.62
				111,879.00	3,188.58	29,888.79	82,000.21	198,418.21	48,865.34	149,552.87

SANDALHAVEN UTILITY, INC.

UTILITY PLANT IN SERVICE / ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 1994

ACCT. NO.	DESCRIPTION	ACQ. YEAR	LIFE IN YEARS	ORIGINAL COST	DEPRECIATION		1994 NET PLANT	REPLACEMENT VALUE		
					1994 EXPENSE	ACCU. @ 12-31-94		REPLACEMENT COST	ACCU. DEPR. @ 12-31-94	1994 NET PLANT
363.00 SERVICES										
	Sandalhaven Estate-Orig.	1979	35	4,780.00	138.00	2,585.33	2,184.72	11,716.44	6,315.38	5,403.06
	Wildflower Unit I (CIAC)	1979	35	4,427.00	138.48	2,062.80	2,344.10	8,894.37	4,088.88	4,806.37
	Wildflower Unit II (CIAC)	1979	35	1,328.00	37.88	558.10	737.80	2,404.86	1,088.48	1,336.10
	Wildflower Cluster Phase I (CIAC)	1980	35	3,168.00	80.51	1,316.10	1,851.80	8,338.55	2,214.04	3,115.47
	Wildflower Cluster Phase II (CIAC)	1981	35	2,757.00	79.77	1,055.17	1,691.83	4,247.13	1,840.88	2,406.25
	Wildflower Unit III (CIAC)	1982	35	2,916.00	83.31	1,040.80	1,875.20	4,191.49	1,481.35	2,670.14
	Sandalhaven Estate-Unit II (CIAC)	1983	35	2,747.00	78.48	880.80	1,848.10	3,879.06	1,298.58	2,472.48
	Fiddlers Green	1985	35	4,101.81	117.20	1,171.89	2,929.80	5,394.79	1,521.39	3,873.40
	Herberton Village (CIAC)	1985	35	4,375.00	128.00	1,167.50	3,167.50	5,879.29	1,541.52	4,137.77
	Fiddler's Green II (CIAC)	1986	35	3,180.00	80.88	772.29	2,407.71	4,591.83	879.10	3,692.74
	Eagle Preserve I (CIAC)	1989	35	7,327.00	208.48	808.18	6,387.81	8,318.80	1,089.32	7,217.88
	Eagle Preserve II (CIAC)	1991	35	14,710.00	480.30	1,471.28	13,238.72	18,888.48	1,888.88	14,811.81
	Shenrock Shores (CIAC)	1991	35	7,380.00	210.00	738.00	6,615.80	8,278.28	827.83	7,450.45
				63,048.81	1,801.20	16,825.87	47,219.94	66,414.24	26,805.79	63,807.40
371.00 LIFT STATIONS										
	Sandalhaven Estate-Orig.	1979	27	11,715.00	439.80	9,594.88	2,180.22	35,842.87	33,448.40	2,394.47
	Wildflower Unit I (CIAC)	1979	27	33,000.00	1,223.22	20,438.88	12,561.12	94,735.82	40,284.82	54,451.00
	Fiddler's Green I	1986	27	18,744.00	692.15	6,388.80	12,355.15	21,758.79	8,307.91	13,450.88
	Modifications	1986	27	4,388.00	167.74	1,875.34	2,512.66	8,888.71	1,791.47	3,747.24
	Herberton Village (CIAC)	1986	27	28,800.00	982.88	8,148.15	19,651.85	33,751.22	11,875.43	21,875.79
	Fiddler's Green II (CIAC)	1986	27	28,000.00	1,074.07	8,138.88	19,861.12	33,769.10	11,875.48	21,893.62
	Golden Tee (CIAC)	1989	27	26,800.00	1,020.37	8,941.87	20,708.13	41,088.38	8,837.75	34,188.83
	Eagle Preserve I (CIAC)	1989	27	48,164.00	1,687.38	8,894.80	33,479.20	48,221.11	7,708.82	35,517.89
	Eagle Preserve II (CIAC)	1991	27	28,800.00	1,020.37	4,821.30	21,038.70	40,182.37	8,204.84	34,947.43
	Shenrock Shores (CIAC)	1991	27	28,800.00	1,020.37	4,821.30	21,038.70	40,182.37	8,204.84	34,947.43
				287,832.00	9,819.79	77,885.04	189,898.88	358,813.22	122,884.79	236,878.80
380.00 TREATMENT & DISPOSAL PLANT										
	Sandalhaven Estate-Orig.	1979	27	88,100.00	2,524.44	38,345.33	49,754.67	167,800.34	84,888.88	72,911.46
	Fiddlers Green Plant	1986	27	41,448.00	1,535.11	14,757.20	26,690.80	53,804.84	18,130.54	34,674.11
	Blowers and Pumps	1988	27	33,758.00	1,220.66	14,280.88	19,477.12	48,784.22	18,888.88	29,795.34
	Electric	1988	27	8,103.07	320.30	2,802.18	5,300.89	7,814.18	3,388.30	4,414.88
	Plant Retirement	1989	27	(58,100.00)	(2,524.44)	(38,345.33)	(29,754.67)	(167,800.34)	(84,888.88)	(72,911.46)
	Effluent Disposal (Wildflower)	1989	27	16,141.84	671.88	1,207.84	17,130.20	18,888.88	1,000.00	17,879.10
	Plant Improvements	1989	27	38,881.20	1,342.84	2,013.88	34,867.32	37,178.88	2,088.81	35,110.29
				138,783.28	8,507.88	34,811.88	101,142.44	188,188.25	43,887.88	114,300.36
TOTAL UTILITY PLANT IN SERVICE				1,342,382.45	46,812.84	338,888.31	806,888.33	1,874,123.48	508,888.88	1,165,133.32

Federalbarrow Holdings, Inc.
Income Statement Comparison[illegible]

Income Statement Comparisons

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:																										
Residential:																										
Commercial	122,848	148,804	157,153	174,315	191,473	206,427	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	216,439	
Multi-Family	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	18,081	
Lease, of CTR-Cash	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	19,433	
Lease, of CTR-Cash	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	29,466	
Total Revenues & Credits	180,753	206,608	216,608	226,230	252,216	266,532	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	277,285	
Operations & Maintenance:																										
Single Annual Expense:																										
Depreciation	5,437	6,432	6,432	7,431	7,431	7,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	8,431	
Contractual	9,566	10,466	10,466	12,431	12,431	12,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	14,431	
Materials & Supplies	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	2,467	
Contractual Services	2,307	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	
Insurance Expense	2,365	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	2,468	
Miscellaneous Expense	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	1,515	
Total Oper. & Maint.	21,717	23,773	23,773	27,806	27,806	27,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	32,806	
Other:																										
Depreciation Expense	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	35,348	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Interest Paid (11-20)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interest Paid (11-20)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Interest Paid (11-20)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Other Expenses	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	29,990	
Net Operating Income (Loss)	40,669	51,134	51,134	77,551	77,551	77,551	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	104,965	
Lease, of CTR-Cash	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	(20,466)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	
Lease, of CTR-Cash	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,632)	(5,63				

CONSIDERATION

If the County purchases Sandalhaven, Utility, Inc. it should, on a comparative basis, be mindful of Sandalhaven's present Rate Schedules (**SEE ENCLOSED**). The Utility has:

A low	-	Base Rate
A low to average	-	Use Rate
A low	-	Impact Fee charge.

These should be worked on by County Staff to upgrade these Rates and Fees more in keeping with Charlotte County Averages.

January 20, 1995

SEWER RATE COMPARISONS

BASED ON TARIFF RATE

	<u>CHARLOTTE COUNTY UTILITY</u>	<u>ENGLEWOOD WATER DISTRICT</u>	<u>ROTONDA WEST UTILITIES</u>	<u>SANDALHAVEN UTILITY</u>
COST PER ERC (IMPACT FEE)	.	\$2,560.00	\$2,404.49	\$1,020.00 (Condo Unit) \$1,250.00 (Single Family home)
BASE RATE	\$37.59	\$17.30	\$13.62	\$12.00**
USAGE/THOUSAND, GALLONS	\$ 2.50	\$ 2.75	\$ 3.51	\$ 2.59
CAP	10,000 gals.	10,000 gals.	10,000 gals.	8,000 gals.

SEWER BILLING CHARGES (Example)

3,000 GALLON USAGE	\$45.09	\$25.55	\$24.13	\$19.77
5,000 GALLON USAGE	\$50.09	\$31.05	\$31.15	\$24.95

* Utility did not respond

**Sandalhaven Utility, Inc. Base Rate and Usage Rate have been in place since 1984.

CONSIDERATION

If the County purchases Sandalhaven Utility, Inc. it should examine the **enclosed data sheet** that expresses some recent actual acquisition costs per ERC. A \$625,000 acquisition cost for Sandalhaven Utility was used in this example.

January 20, 1995

SEWER RATE COMPARISONS

BASED ON ACQUISITION PRICE

	<u>CHARLOTTE COUNTY UTILITY</u>	<u>ENGLEWOOD WATER DISTRICT</u>	<u>ROTONDA WEST UTILITIES</u>	<u>SANDALHAVEN UTILITY</u>
COST PER ERC	\$2,652.82	\$3,000.00	M/A	\$850.34*

*Based on Acquisition Price of \$625,000

FINAL FINDINGS - VALUE

This Investigator places a value on Sandalhaven Utility, Inc. of

\$625,000

(Operational Cold Comfort necessary 12-31-94 to date)

State of Florida



Department of State

I certify from the records of this office that SANDALHAVEN UTILITY, INC., is a corporation organized under the laws of the State of Florida, filed on June 29, 1983.

The document number of this corporation is G46810.

I further certify that said corporation has paid all fees and penalties due this office through December 31, 1994, that its most recent annual report was filed on April 29, 1994, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Twenty-eighth day of September, 1994



CR2EO22 (2-91)

A handwritten signature in cursive script, reading "Jim Smith".

Jim Smith
Secretary of State

PROFILE OF EMPLOYEE BENEFITS

- Comprehensive Medical Benefits (maximum lifetime amount - \$ 3,000,000)
- Other Hospital, Surgical, and Doctor Expenses including Maternity
- Supplemental Accident Benefit \$ 1,000.00 per accident no deductible no co-insurance.

Deductible each person \$	250.00	Maximum \$	750.00 per Family
	\$ 500.00		\$ 1,500.00 per Family
	\$ 1,000.00		\$ 3,000.00 per Family
	\$ 2,500.00		\$ 7,500.00 per Family
Co-insurance 50%-50% up to \$2,500		Maximum \$	2,500 per Family

Deductible applies each calendar year. Deductible applied during the last Quarter of the year will carry forward to the next year.

Note: Where applicable, if a Pre-Admission Review or Second Surgical Opinion is not obtained prior to confinement (other than emergency) a 50% penalty will apply.

Life Insurance

- \$30,000 for each eligible employee.
- Additional non-contributory coverage available for eligible employees and/or their qualified dependents, funded through payroll deduction.

Accidental Death and Dismemberment Insurance

- \$30,000 for each eligible employee

ELIGIBILITY

- All employees who work 30.00 or more hours per week and who were also employees of the client at the time of employee transfer are eligible for full coverage under this plan. If the employee or any of their covered dependents are under Doctors care or have consulted a Doctor in the preceding 12 months a pre-existing condition limitation will apply. There is no coverage for that pre-existing condition for a period of one year of continuous coverage under this plan. After a total of 12 months of continuous coverage that condition shall be covered as any other illness.

This is a brief outline of the benefit program provided by SRM please refer to the Policy or Benefit booklet for complete details, limitations and exclusions.

see reverse for more

SMG

SUNCOAST MANAGEMENT GROUP, INC.

NOTICE OF COMPANY RULE VIOLATION

EMPLOYEE NAME: _____ DATE: _____

EMPLOYEE NUMBER: _____ DATE: _____

ON THE ABOVE DATE, YOU WERE IN VIOLATION OF THE FOLLOWING COMPANY
RULE:

DESCRIPTION OF VIOLATION: _____

THIS IS TO ADVISE YOU THAT FURTHER INCIDENTS OF THIS NATURE WILL
RESULT IN ADDITIONAL DISCIPLINARY MEASURES, INCLUDING LOSS OF TIME,
LOSS OF PAY AND/OR DISCHARGE.

PLEASE GOVERN YOURSELF ACCORDINGLY.

SUPERVISORS SIGNATURE: _____ DATE: _____

EMPLOYEE SIGNATURE: _____ DATE: _____

EMPLOYEES COMMENTS OR REMARKS: _____

DATE RECEIVED: _____

RULE 09-85

SMG

SUNCOAST MANAGEMENT GROUP, INC.

TERMINATION NOTICE

EMPLOYEE NAME: _____

EMPLOYEE NUMBER: _____ TERMINATION DATE: _____

REASON FOR TERMINATION: _____

SUPERVISORS SIGNATURE: _____

EMPLOYEES SIGNATURE: _____

EMPLOYEE COMMENTS: _____

DATE RECEIVED: _____ TERM 09-85

=====

SMG

SUNCOAST MANAGEMENT GROUP, INC.

TERMINATION NOTICE

EMPLOYEE NAME: _____

EMPLOYEE NUMBER: _____ TERMINATION DATE: _____

REASON FOR TERMINATION: _____

SUPERVISORS SIGNATURE: _____

EMPLOYEES SIGNATURE: _____

EMPLOYEE COMMENTS: _____

DATE RECEIVED: _____ TERM 09-85

=====

EMPLOYEE STATUS CHANGE REQUEST

EMPLOYEE NAME: _____ DATE: _____

- ☐ NAME CHANGE
- ☐ ADDRESS CHANGE
- ☐ RE-HIRE (ATTACH NEW W-4)
- ☐ CHANGE OF MARITAL STATUS (ATTACH NEW W-4)
- ☐ CHANGE NO. OF EXEMPTIONS (ATTACH NEW W-4)
- ☐ CHANGE OF WORK CLASSIFICATION
- ☐ CHANGE OF PAY RATE
- ☐ CHANGE OF SALARY RATE
- ☐ OTHER

NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____ DEDUCTION CHANGES

OLD HOURLY PAY RATE: _____	DESC. OF DEDUCTION	AMOUNT
----------------------------	--------------------	--------

NEW HOURLY PAY RATE: _____	_____	_____
----------------------------	-------	-------

OLD SALARY RATE: _____	_____	_____
------------------------	-------	-------

NEW SALARY RATE: _____	_____	_____
------------------------	-------	-------

NEW CLASSIFICATION CODE: _____

DEPARTMENT CHANGE: FROM: _____ TO: _____

REHIRE DATE: _____

OTHER: _____

REMARKS: _____

SMG

SUNCOAST MANAGEMENT GROUP, INC.

PAYROLL DEDUCTION AUTHORIZATION

DATE: _____

I, _____ HEREBY AUTHORIZE MY EMPLOYER TO
DEDUCT FROM MY PAY CHECK THE AMOUNT STATED BELOW AT THE INCREMENTS
INDICATED. IN THE EVENT OF TERMINATION OF MY EMPLOYMENT, FOR ANY
REASON, THE ENTIRE AMOUNT DUE AND OWING BECOMES PAYABLE AND WILL BE
DEDUCTED FROM MY FINAL PAY CHECK.

AMOUNT: \$ _____

AMOUNT TO DEDUCTED PER PAY PERIOD: \$ _____

DATE DEDUCTIONS ARE TO START: _____

EMPLOYEES SIGNATURE: _____ DATE: _____

SUPERVISORS SIGNATURE: _____ DATE: _____

DATE RECEIVED: _____

DEDUCT 09-85



COUNTY OF CHARLOTTE

CHARLOTTE COUNTY UTILITIES

18500 Murdock Circle
Port Charlotte, FL 33948-1094
Phone: (813) 625-4164

September 12, 1994

Mr. Francis J. Clancey
P.O. Box 125
Placida, Florida 33946-0125

Re: Sandalhaven Utility Acquisition

Dear Mr. Clancey:

The following information would be most helpful to the staff of Charlotte County Utilities (CCU) before completing its evaluation of the aforementioned Utility.

1. Copies of the Florida Department of Environmental Protection permits for:
 - a. Wastewater treatment plant operations.
 - b. Reuse
 - c. Sludge Disposal
2. Reports of the potable water volumes billed to the Utilities customers (Meter readings) for the past 24 months.
3. Any available TV reports and video tapes on the gravity sewer lines.
4. As-builts for:
 - a. Wastewater Treatment Plant (including site plan).
 - b. Gravity sewer
 - c. Lift stations
 - d. Re-use lines

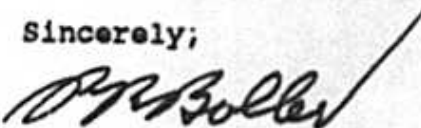
Mr. Francis J. Clancey
September 12, 1994
Page 2

5. Copies of maintenance reports, O & M manuals for:
 - a. Lift stations
 - b. Wastewater Treatment Plant
 - c. Sludge Management
6. Future re-use design plans.

In the event that the items listed above can not be furnished, please state so in writing. In order to meet dead lines set previously, please remit these items to us by Friday, September 16, 1994.

If you have any questions concerning any of this material, please call either myself or Clif Porter at 764-4511.

Sincerely;



Philip R. Boller, P.E.
Utility Engineer

CP/PRB/lms

cc: Laurie Case, Fiscal Manager
Clif Porter, Utility Inspector
CHRONO/File

SANDALHAVEN UTILITY INC.

6800 Placida Road
Englewood, FL 34224
(813) 697-5011

September 23, 1994

ITEMS TO BE GIVEN TO CHARLOTTE COUNTY ENGINEERS AND RETURNED TO
ROBERT W. SPADE FOR SANDALHAVEN UTILITY:

1. Southern Pump and Supply Operating Manual Dated 2-26-86
2. 1993/94 Repairs for Sandhaven prepared by Bob Offer dated 9-22-94,
Sludge Management, 9-22-94 and Green Belt Manholes, 9-22-94.
3. Clay Pipe breakdown by original installation marked Job #2152
4. Fiddler's Green "as builts" - Chung 5-13-85 for Tract B
5. Fiddler's Green "~~as builts~~" changes and survey - DMK 10-19-88 for Tract B
6. Shamrock Shores "as builts" - Landmark, 1-21-91
7. Complete set of underground plans on Sandalhaven Estates II
by Giffels & Webster, 5-18-89 Certified
8. Lemon Bay Golf and Country Club complete set of underground plans
by Smally, Wallford and Nalven, 4-19-89
9. Original plan for Sandalhaven's new plant as designed for placement
on Tract "C" for Bud Georskey, Morse Engineering dated 9-16-85 and
then later revised for present use.

Signed for by: Chif (Vista)

Date Received: 9-23-94

Date Returned: _____

Robert W. Spade
President

Robert W. Spade



FIDDLER'S GREEN COMMUNITY ■ 6800 PLACIDA ROAD ■ ENGLEWOOD, FL 34224 813/697-8454

FAX 813-697-3553

DATE: September 27, 1994
TO: Bill Murchie
FAX #378-3786

TOTAL NUMBER OF PAGE (S) 5 (INCLUDING TRANSMITTAL).
IF YOU DO NOT RECEIVE ALL PAGES, CALL BACK AS SOON AS POSSIBLE.

MESSAGE:

Dear Bill:

1. Copy of inter-department memo dated 9-27 to Frank Clancey attached:
 - (1) Please respond if possible on a line item basis for items in excess of \$5,000.00.
 - (2) Estimate cost of re-lining 7,000 ft of clay pipe (not 4,000 lf)
2. When did you re-calibrate the effluent gauge?
Need date to confirm to Bob Offer.
3. We need to make an on-site inspection of:
Lift Stations
General Plant
Manholes for infiltration of surface water (5:00 a.m.)

Call me so we can establish a time and date ASAP.

Sincerely,

Robert W. Spade
President, Sandalhaven Utility, Inc.



RECEIVED

5 1994

Consulting Engineers-Surveyors

6320 Tower Lane, Sarasota, FL 34240

Telephone (813) 377-9178

FAX (813) 378-3786

3 October 1994

Sandalhaven Utilities
Attn: Mr. Robert Spade
6800 Placida Road
Englewood, FL 33533

RE: 9/27/94 LETTER FROM
CHARLOTTE COUNTY UTILITIES

Dear Mr. Spade:

We have reviewed the individual comments provided by the six representatives of the Charlotte County Utilities Department following their review of the Sandalhaven system. Our review of their comments is in the same order and are as follow:

1. Flow Equalization Basin
This tank was completely reconstructed approximately three years ago and we do not believe that additional work is necessary at this time.
2. Aeration Basin
A new blower building is not necessary at this time. We are unsure as to what Charlotte County Utilities means when they suggest that louvers be added to the blowers and silencers.
3. Gravity Sand Filter
The existing sand filter was rebuilt within the past year but it will require some structural repairs to allow it to continue to perform satisfactorily. Cleaning and painting should also be performed.
4. Chlorine Contact Chamber
We agree that baffles should be installed in the chlorine contact chamber and that the injection points should be repiped.
5. Chlorine Feed System
Chlorine scales are not necessary for an existing facility and they rarely last for more than a few years in our humid climate. A back-up chlorine booster pump is not necessary, but is recommended. We believe that a shelf spare can be obtained for approximately \$300.
6. The v-notch weir needs to be replaced or the outlet pipe lowered to insure accurate flow measurement at high flows. The current weir may indicate higher peak flows than are actually occurring due to the tailwater effects.

Sandalhaven Utilities
Attn: Mr. Robert Spade
Englewood, FL 33533
3 October 1994
Page Two

7. All three ponds are normally mowed annually, and some regrading is advisable to repair erosion and allow easier maintenance. Sodding generally is not recommended due to the height of the berms and the inability to provide irrigation of the berms for maintenance of the sod. We estimate the total cost of items a,b&c to be approximately \$4,000 including some minor sodding and some hydroseeding of portions of the berms disturbed by regrading.

8. Aerobic Digester

The digester should be cleaned and repainted, but no lime slurry feed is required since the sludge from this facility presently meets Class B stabilization requirements. A load out valve is not necessary but would be a convenience for the sludge hauler. Tank capacity has already been verified, and 62-640 and Part 503 compliance have previously been demonstrated.

Collection System

1. Old Sandalhaven Phase I

I have not examined the existing lift station to see if replacement is necessary at this time, but an entirely new lift station can be constructed for approximately \$40,000 or the existing lift station and valve vault can be completely reconstructed for approximately \$25,000. A review of the monthly operating reports from the wastewater treatment plant for the past twelve months indicates a maximum infiltration and inflow rate of only approximately 10,000 to 15,000 gallons per day which is a relatively minor amount for the length of sewer in this system. It is our recommendation that all of the clay pipe areas be cleaned and televised, and that any necessary repairs be made. We estimate that the total cost to clean and televise the sewers would be approximately \$10,000 and that the total cost of repairs would be approximately \$15,000 although the extent of repairs is difficult to predict until the televising is complete. Manhole rings should be raised if they are below natural ground.

- 2.-9. Charlotte County Utilities is recommending replacing all of the control panels with new panels and telemetry systems. Although this is an admirable goal, the panels which are being replaced generally are functioning properly, and their replacement is, in many cases, a major waste of funds. These panels should remain in service and should only be upgraded as they reach the end of their useful lives. Telemetry can be added at any time but may not be necessary in a local system such as this as long as alarm lights and horns are maintained and an emergency number is posted.

Sandalhaven Utilities
Attn: Mr. Robert Spade
Englewood, FL 33533
3 October 1994
Page Three


Many of the remaining recommended repairs again are not necessary but may be postponed until other repairs to a station become necessary.

In summary, Charlotte County Utilities is not purchasing a new system but they are getting a system in generally good condition which is fully operable in its present condition. Although some investigation of condition and recommended repairs are undoubtedly necessary, complete replacement of properly functioning equipment is generally not a prudent expenditure.

Please call if you have any questions.

Very truly yours,

A M ENGINEERING, INC.



William J. Murchie, P.E.

WJM:ccg

SNDH.0000

**ENGINEERING INC.**

Consulting Engineers-Surveyors

6320 Tower Lane, Sarasota, FL 34240

Telephone (813) 377-8178

FAX (813) 378-3788

4 October 1994

Sandalhaven Utilities
Attn: Mr. Robert Spade
6800 Placida Road
Englewood, FL 33533

RE: LIFT STATION CONTROL PANELS

Dear Mr. Spade:

Enclosed is a copy of the proposal received today from G.S. Phillips Company. These are more realistic prices for lift station control panels if you have any that are in need of replacement. Installation is typically \$500-\$800 additional.

Please call if you have any questions.

Very truly yours,

A M ENGINEERING, INC.

William J. Murchie, P.E.

WJM:ccg
Enclosure

VIA FAX 813-697-3553

SNDH.0000

Frank Clancy
Copy

These control panels
represented over \$60,000
in the Counties corresponded
to you.
R/L

G.S. PHILLIPS CO.Specialty Custom Controls
Electrical Equipment Sales • Service DesignP.O. Box 6024
Lakeland, FL 33807-6024Steven Phillips
Phone: 813-644-2807**QUOTATION**

AM ENG

Project No. BUDGETDate 10/3/94

Terms _____

Prices quoted
are F.O.B. LAKELANDDelivery 5-6 Wk.

ATT: Bill M

We are pleased to quote as follows. SANDEL HAVEN

Quantity	Description	Unit Price	Total
	<u>BUDGET PRICING FOR</u>		
	<u>230V 3Ø CONTROL PANEL'S</u>		
	<u>2 - 3 HP</u>	<u>\$2480.00</u>	
	<u>7 1/2 HP</u>	<u>\$2597.00</u>	
	<u>10 HP</u>	<u>\$2843.00</u>	
* THESE ARE DEP. STYLE IN A S.S.E. WITH A G/R, MAIN & EMERG C.B. ALARM LT & HORN, PHASE MONITOR, RL, ETM, LA			

Important: Prices are good for acceptance and delivery
for 30 days only, unless such time is extended in writing.By Steven Phillips



16880 Gator Road
Fort Myers, Florida 33912-2598
Phone: (813) 267-3344
Fax: (813) 267-2407

DATE:

10/6/94

TIME

TO: FAX #

697.3553

NAME

FIDDLERS GREEN

DAVID SPADE

COMPANY

FROM:

MORGAN BROWN

TOTAL # OF PAGES: 3 INCLUDING COVER SHEET

NOTE: IF YOU DO NOT RECEIVE ALL PAGES, PLEASE CALL ME BACK AS SOON AS POSSIBLE.

COMMENTS:

10/12/94

Estimate 3600.00 + 500

D. Spade 10-12-94

MR. DAVID SPADE
FIDLER'S GREEN
6800 PLACIDA ROAD
ENGLEWOOD, FL 34224

6 OCT 94

RE: SEWER TV AND REPAIR

DEAR DAVE,

THANK YOU FOR GIVING US THE OPPORTUNITY TO QUOTE YOU PRICES
ON YOUR SANITARY SEWER SYSTEM.

THE FOLLOWING IS A BREAKDOWN OF OUR ESTIMATE TO DO THE
VARIOUS JOBS WE DISCUSSED 5 OCT 94. THE MANHOLE NUMBERS WERE
CHOSEN AT RANDOM (SEE MAP):

CLEAN AND TV THE FOLLOWING: 10-12 HR LABOR **145.00*

MH2 TO MH3 MH3 TO MH4 MH5 TO MH2 MH7 TO MH5
MH9 TO MH7 MH8 TO MH9 MH10 TO MH11 MH13 TO MH12

CLEAN AND MINI TV LATERAL MH7 TO UNIT 3029: 1.5 HR LABOR *145.00*

LOCATE BURIED MH1 AND LAMP LS TOWARD MH1 TO DETERMINE IF
LINE IS LEAKING AT PVC/CLAY CONNECTION: 1.0 HR LABOR *145.00*

REPAIR 5 LEAKS IN MH2: 2.5 HR LABOR-18 GAL GROUT-1 BONSAL

REPAIR CHIMNEY LEAK IN MH7: 1.0 HR LABOR-6 GAL GROUT-1 BONSAL

REPAIR CHIMNEY LEAK IN MH11: 1.5 HR LABOR-8 GAL GROUT- 1
BONSAL

CLEAN LIFTSTATION: 2 HR LABOR

LABOR \$135/HR GROUT \$12/GAL BONSAL \$31.50/BUCKET
MOBILIZATION \$135 (ONE HOUR)

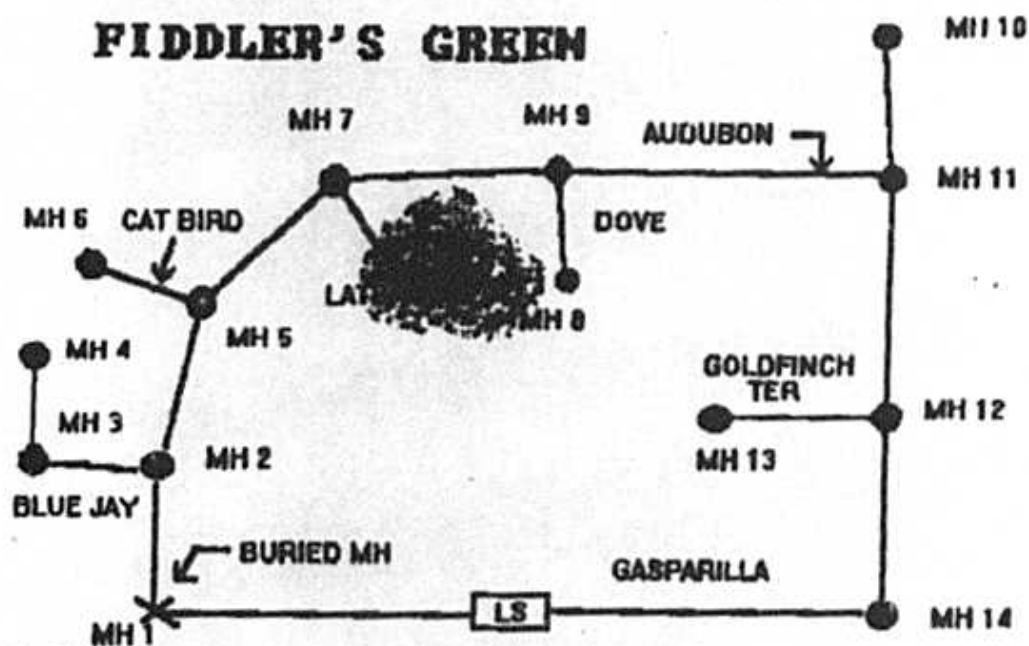
IF YOU HAVE ANY QUESTIONS PLEASE GIVE ME A CALL.

SINCERELY,

Morgan Brown
MORGAN BROWN
SEWER VIEWER, INC.

tape \$10.00 per hour

FIDDLER'S GREEN





Consulting Engineers-Survey
6320 Tower Lane, Sarasota, FL 34240 Telephone (813) 377-91
FAX (813) 378-37

6 October 1994

Sandalhaven Utilities
Attn: Mr. Robert Spade
6800 Placida Road
Englewood, FL 34224

**RE: SANDALHAVEN UTILITIES SYSTEM
RECOMMENDED SYSTEM REPAIRS**

Dear Mr. Spade:

To further expand on my letter of 3 October 1994, I have estimated that the total cost of recommended repairs to the Sandalhaven system, including the plant, lift stations, and collection system, would be approximately \$65,000. This includes approximately \$25,000 for cleaning, televising and leak sealing vitrified clay pipe, \$15,000 for rehabilitation of lift station #1, \$5,000 for miscellaneous minor lift station repairs, and \$20,000 for various plant repairs.

Please call if you need additional information or have any questions.

Very truly yours,

A M ENGINEERING, INC.

A handwritten signature in cursive script that reads 'William Murchie'.

William J. Murchie, P.E.

WJM:ccg

SNDH.0000



October 14, 1994


Sandalhaven Utilities
6800 Placida Rd.
Englewood, fl.34224

Attention: Robert Spade

Dear Mr. Spade,

We have reviewed your existing lift station that you wish to under-go remedial work. After review of the station on site and information furnished by A & M Engineering we will complete this work at an outside cost of \$25,000.00. At the completion of design documents, I am of the opinion that this estimate may be significantly reduced. We look forward to beginning this work.

Sincerely,



Frank Russell
General Manager

filename/sandalft

WHIPPO COMPANY, INC. • 2800 WORTH AVE., ENGLEWOOD, FL 34224
TELEPHONE (813) 474-8447 FAX (813) 475-2185
(WHIP)



October 18, 1994

Sandalhaven Utilities
6800 Placida Road
Englewood, FL 34224
Attn: Mr. Robert Spade

Dear Mr. Spade,

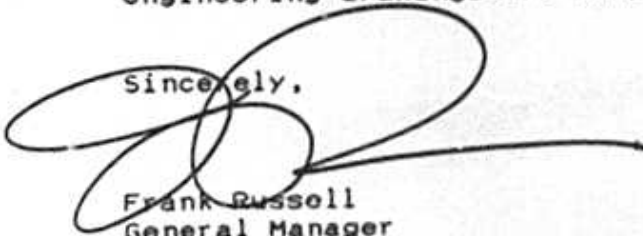
After our on site review of your waste water treatment facility and collection system, may I make the following comments.

1. We have reviewed all information, literature, etc., that you provided.
2. We have made additional on site investigations.

We are of the opinion that if all items as per Charlotte County's list of additional and remedial work to be done were completed, a state of the art facility complete with radio telemetry units (RTU) on all lift stations would result. However, the only way to correctly determine the amount, if any, of the clay pipe that has to be repaired or relined is to clean and T.V. the system. The video pictures will indicate the sections of pipe which should be replaced, relined or simply grouted and sealed. Based on our conversation, I understand you have already contacted Sewer Viewer to help make this determination. We will be happy to review the tapes to quote you a price on any necessary corrections to the clay system.

Additionally, we have reviewed the correspondence and opinions espoused by Mr. Murchie of A M Engineering of Sarasota. We agree that if the work as outlined by him were completed a functional, fully operational facility would be on line at your utility. We feel that his budget items are reasonable. These could be confirmed after engineering drawings are complete.

Sincerely,



Frank Russell
General Manager

FR/dv

WHIPPO COMPANY, INC. • 2800 WORTH AVE., ENGLEWOOD, FL 34224
TELEPHONE (813) 474-9447 FAX (813) 475-2185
(WHIP)

September 22, 1994

SANDALHAVEN UTILITY, INC.

Sludge Management from 3-1-93 to 9-22-94:

<u>Date Digester Pumped</u>	<u>Gallons</u>
4-7-93	24,000
5-25-93	12,000
7-27-93	24,000
11-4-93	24,000
12-20-93	24,000
1-14-94	24,000
2-5-94	24,000
3-11-94	24,000
4-7-94	24,000
6-23-94	24,000
8-31-94	<u>24,000</u>
Total	252,000

All sludge hauling was done by J & J Baker, and landspread at the Hudson Farms site in Charlotte County and is an approved agricultural use plan site as outlined in F.A.C. Rule 17-640.

RESIDENTIAL CUSTOMERS

<u>Number</u>	<u>Description</u>	<u>Location</u>
109	Sandalhaven Estates (Mobil Homes)	Section 2
38	Single Family Homes	Section 3
111	Wildflower Condos	Section 4-E & F
18	Shamrock Shores	North of Map
3	Eagle Preserves	West of Map
72	Fiddler's Green I Condos	Section 4-A
174	Fiddler's Green II Condos	Section 4-B
25	Golden Tee Condos	Section 4-D
5	Sanctuary at Golden Tee Condos	Section 4-C
1	Single Family Home	Palm Island Section
<u>556</u>		

ERC'S

MULTI-FAMILY CUSTOMERS

101	Christian City	Section 5
<u>28</u>	Harbortown Village	Palm Island Section
<u>129</u>		

COMMERCIAL CUSTOMERS

8	Charlotte Harbor/Wildflower C.C.	Section 4
1	Wildflower Condominium Assn.	Section 4-F
1	Fiddler's Green Asson. I Pool	Section 4-A
1	Fiddler's Green Clubhouse	Section 4-B
1	Fiddler's Green Office	Section 4-A
1	Fiddler's Green Office(C-1)	Section 4-A
5	Pix Sea Restaurant	Section 4-A
1	Golden Tee Pool	Section 4-D
1	Eagle Preserve Sales Office	West of Map
5	Lemon Bay Golf Course Clubhouse	" " "
15	Palm Island Resort	Palm Island Section
8	Harbormaster Office	" " "
1	Gulfwinds at Palm Island	" " "
1	Gulfwinds at Palm Island	" " "

556 Residential
2 Multi-Family
14 Commercial

556
129
50
735

10-17-94

SANDALHAVEN EFFLUENT DISBURSEMENT

- I. Proceed with contract and modify where necessary for Wildflower Golf Course. 8" underground pipe to pond nearest our property line is in place. We need only to install monitor and everything is ready to go.

Price to retire cost needs to be negotiated. We already spent in excess of \$8,000.00 and Gates has the monitoring equipment which we found at a wholesale price (\$4,500.00). It would cost less than \$10,000.00 to complete, mostly for lining a pond for interim storage until operator verifies acceptability. Operational cost and peak wet seasons need to be resolved.

- II. Lemon Bay Golf Course is another user who wants our effluent. We would need to install a forced main in addition to all the monitoring equipment which would cost an additional \$20,000 more than shown above. Also, we may need to dig a lake on the golf course property which "may" not add to the cost if we get the dirt for The Sanctuary.
- III. We could rent temporarily the vacant land south or west of the plant to spray airtate for peak season when flow exceeds our percolation ponds capacity.
- IV. We could purchase additional land for another percolation pond.

Robert W. Spade
President

September 22, 1994

1993 AND 1994 REPAIRS FOR SANDALHAVEN UTILITY, INC.

Compiled by Bob Offer of Southwest Water and Waste

SEWER PLANT

- 2-11-93 Installed a backflow preventor at Townhouse #4 for wash down water at the plant.
- 2-11-93 Had a valve key made for pond switchover and a valve key made for digester valves.
- 2-19-93 Started work on sand filter for reuse compliance.
- 3-25-93 Installed new 1/2 hp pump for chlorine chase water to include a Y strainer.
- 3-25-93 Work on sand filters completed and on line.
- 4-8-93 Replaced air cleaners on blowers.
- 5-17-93 Installed new check valves on blowers.
- 5-25-93 Installed new air headers for blowers.
- 9-14-93 Had pump box and boom and winch made and installed for digester.
- 10-20-93 Repaired chlorine tank leak.
- 3-28-94 Installed new ABS 1/2 hp pump in surge tank
- 5-6-94 Installed new ABS 1/2 hp pump in surge tank.
- 5-12-94 Replaced clarifier arm motor with a III phase motor and installed a computer on blower panel to control speed and time of arm function.
- 7-5-94 Levelled wier and installed a T. on the sludge return line.
- 7-9-94 Installed a new mudwell pump.

WILDFLOWER MASTER LIFT STATION

- 4-1-93 Had both pumps removed and repaired. Install two new floats Temporary pump was used.
- 9-30-93 Had East Side Pump install a 40 hp rotary phase converter which entailed removal of both pumps for modification. #1 pump required work on a bad shaft and impeller. They also installed E-Ys on the electrical conduit and replaced the alarm light.
- 1-30-94 East Side Pump installed new bearings in the roto phase motor due to overheating. They also replaced a defective capacitor.

WILDFLOWER #2 LIFT STATION

- 1-15-93 Doc's Welding reinforced the ladder.

WILDFLOWER #2 LIFT STATION (Cont'd)

- 2-2-93 Had the pipe repaired on the East side of lift station due to infiltration.
- 8-3-93 Replaced the altinator relay switch.
- 8-4-93 Had the pipe repaired on the West side of lift station due to infiltration.
- 9-28-93 Repaired light and alarm buzzer.
- 10-19-93 Installed a 3" conduit seal on panel.
- 2-28-94 Had #1 pump repaired and installed a new header pipe.
- 1-3-94 Had the wire to the lift station repaired due to damage from pipe repair.
- 1-4-94 Changed the main disconnect.

GOLDEN TEE LIFT STATION

- 4-1-93 Had #2 pump repaired.
- 5-13-93 Replaced both start and run capacitors.
- 9-28-93 Repaired alarm light and buzzer.
- 11-12-93 Emergency service call to remove both pumps for repair, and rebuilding of the starter control panel. (pumper trucks were used)
- 7-20-94 Had #2 pump removed for repair and replaced (new relays and capacitors).

FIDDLER'S GREEN MASTER LIFT STATION

- 5-22-94 Replaced altinator relay switch.

FIDDLER'S GREEN #2 LIFT STATION

- 2-27-94 Fixed the header pipe on #1 pump and installed 2 floats.

EAGLE PRESERVE MASTER LIFT STATION

- 8-3-93 Had #2 pump removed and repaired.

EAGLE PRESERVE #2 LIFT STATION

Not in use. Now power available yet.

PALM ISLAND LIFT STATION

- 6-14-94 Installed 2 new floats
- 8-19-94 Installed 1 new float.

Department of the Treasury
Internal Revenue ServiceDo not file this form unless the corporation has timely filed
Form 2553 to elect to be an S corporation.
See separate instructions.

1994

For calendar year 1994, or tax year beginning

1994, and ending

19

A Date of election as an S Corporation 09/08/83	Use IRS label. Otherwise, please print or type.	SANDALHAVEN UTILITY, INC. 6800 PLACIDA ROAD ENGLEWOOD, FL 34224	C Employer identification no. 59-2317658
B Business code no. (see Specific instructions) 4990			D Date incorporated 09/08/83
			E Total assets (see Specific instructions) 652,366.

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended returnG Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box) ☐H Enter number of shareholders in the corporation at end of the tax year ☐

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	148,446.	b Less returns and allowances	0.	1c	148,446.
	2 Cost of goods sold (Schedule A, line 8)				2	19,637.
	3 Gross profit. Subtract line 2 from line 1c				3	128,809.
	4 Net gain (loss) from Form 4787, Part II, line 20 (attach Form 4787)				4	0.
	5 Other income (loss) (see instructions) (attach schedule)				5	65,114.
	6 Total income (loss). Combine lines 3 through 5				6	193,923.
Deductions	7 Compensation of officers				7	0.
	8 Salaries and wages (less employment credits)				8	0.
	9 Repairs and maintenance				9	0.
	10 Bad debts				10	0.
	11 Rents				11	0.
	12 Taxes and licenses				12	10,758.
	13 Interest				13	11,304.
	14a Depreciation (see instructions)		14a	15,597.		
	b Depreciation claimed on Schedule A and elsewhere on return		14b	0.		
	c Subtract line 14b from line 14a				14c	15,597.
15 Depletion (Do not deduct oil and gas depletion.)				15	0.	
16 Advertising				16	0.	
17 Pension, profit-sharing, etc., plans				17	0.	
18 Employee benefit programs				18	0.	
19 Other deductions (see instructions) (attach schedule)				19	118,265.	
20 Total deductions. Add the amounts shown in the far right column for lines 7 through 19				20	155,924.	
21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6				21	37,999.	
Taxes	22					
a Excess net passive income tax (attach schedule)	22a	0.				
b Tax from Schedule D (Form 1120S)	22b	0.				
c Add lines 22a and 22b (see instructions for additional taxes)			22c	0.		
Payments	23					
a 1994 estimated tax payments and amount applied from 1993 return	23a	0.				
b Tax deposited with Form 7004	23b	0.				
c Credit for Federal tax paid on fuels (attach Form 4136)	23c	0.				
d Add lines 23a through 23c			23d	0.		
24 Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>			24	0.		
25 Tax due - If the total of lines 23d & 24 is larger than line 22d, enter amount owed. See inst. for depositary method of payment.			25	0.		
26 Overpayment - If line 23d is larger than the total of lines 22c and 24, enter amount overpaid			26	0.		
27 Enter amount of line 26 you want: Credited to 1995 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>		0.	27	0.		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I am a preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Title
Preparer's signature	Date	Preparer's social security no.
Preparer's name (for years if self-employed) and address	E.I. No.	ZIP Code

MICHAEL J. GLASS, CPA, PA
240 N. WASHINGTON BLVD. #317
SARASOTA, FL

264-86-3762

65-0094166

34236

Schedule A Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1	0.
2	Purchases	2	0.
3	Cost of labor	3	0.
4	Additional section 263A costs (see instructions) (attach schedule)	4	0.
5	Other costs (attach schedule)	5	19,637.
6	Total. Add lines 1 through 5	6	19,637.
7	Inventory at end of year	7	0.
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	19,637.

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
 (iii) ☐ Write-down of "abnormal" goods as described in Regulations section 1.471-2(c)
 (iv) ☒ Other (specify method used and attach explanation) **NOT APPLICABLE**

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO ☐ 0.d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☐ Yes ☒ Noe Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No

If "Yes," attach explanation.

Schedule B Other Information

- 1 Check method of accounting: (a) ☐ Cash (b) ☒ Accrual (c) ☐ Other (specify) _____
- 2 Refer to the list in the instructions and state the corporation's principal:
 (a) Business activity **UTILITY** (b) Product or service **SEWER**
- 3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned. ☐ Yes ☒ No
- 4 Was the corporation a member of a controlled group subject to the provisions of section 1561? ☐ Yes ☒ No
- 5 At any time during calendar year 1994, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for Form TD F 90-22.1.) ☐ Yes ☒ No
 If "Yes," enter the name of the foreign country _____
- 6 Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 929 ☐ Yes ☒ No
- 7 Check this box if the corporation has filed or is required to file Form 8864, Application for Registration of a Tax Shelter ☐ Yes ☒ No
- 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8811, Information Return for Publicly Offered Original Issue Discount Instruments. ☐ Yes ☒ No
- 9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ☐ \$ 0.
- 10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions) ☐ Yes ☒ No

Designation of Tax Matters Person (See instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP **ROBERT W. SPADE** Identifying number of TMP **281-28-0261**
 Address of designated TMP **6800 PLACIDA ROAD**
ENGLEWOOD, FL 34224

COPY

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

(a) Pro rata share items		(b) Total amount	
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 21)	1	37,999.
	2 Net income (loss) from rental real estate activities (attach Form 9825)	2	0.
	3 a Gross income from other rental activities	3a	0.
	b Expenses from other rental activities (attach schedule)	3b	0.
	c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	0.
	4 Portfolio income (loss):		
	a Interest income	4a	107.
	b Dividend income	4b	0.
	c Royalty income	4c	0.
	d Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d	0.
e Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	4e	0.	
f Other portfolio income (loss) (attach schedule)	4f	0.	
5 Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	5	0.	
6 Other income (loss) (attach schedule)	6	0.	
Deductions	7 Charitable contributions (see instructions) (attach schedule)	7	0.
	8 Section 179 expense deduction (attach Form 4562)	8	0.
	9 Deductions related to portfolio income (loss) (see instructions) (itemize)	9	0.
	10 Other deductions (attach schedule)	10	0.
Investment Interest	11a Interest expense on investment debt	11a	0.
	b (1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1)	107.
	(2) Investment expenses included on line 9 above	11b(2)	0.
Credits	12a Credit for alcohol used as a fuel (attach Form 6478)	12a	0.
	b Low-income housing credit (see instructions):		
	(1) From partnerships to which section 42(j)(3) applies for property placed in service before 1990	12b(1)	0.
	(2) Other than on line 12b(1) for property placed in service before 1990	12b(2)	0.
	(3) From partnerships to which section 42(j)(3) applies for property placed in service after 1989	12b(3)	0.
	(4) Other than on line 12b(3) for property placed in service after 1989	12b(4)	0.
	c Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3408)	12c	0.
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	12d	0.
	e Credits related to other rental activities (see instructions)	12e	0.
	13 Other credits (see instructions)	13	0.
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1989	14a	0.
	b Adjusted gain or loss	14b	0.
	c Depletion (other than oil and gas)	14c	0.
	d (1) Gross income from oil, gas, or geothermal properties	14d(1)	0.
	(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)	0.
	e Other adjustments and tax preference items (attach schedule)	14e	0.
Foreign Taxes	15a Type of income		
	b Name of foreign country or U.S. possession		
	c Total gross income from sources outside the United States (attach schedule)	15c	0.
	d Total applicable deductions and losses (attach schedule)	15d	0.
	e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	0.
	f Reduction in taxes available for credit (attach schedule)	15f	0.
	g Other foreign tax information (attach schedule)	15g	0.
16a Total expenditures to which a section 50(c) election may apply	16a	0.	
Other	b Type of expenditures		
	17 Tax-exempt interest income	17	0.
	18 Other tax-exempt income	18	0.
	19 Nondeductible expenses	19	0.
	20 Total property distributions (including cash) other than dividends reported on line 22 below	20	0.
	21 Other items and amounts required to be reported separately to shareholders (see instructions) (attach schedule)		
	22 Total dividend distributions paid from accumulated earnings and profits	22	0.
	23 Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15a, and 16a	23	38,106.

Schedule L Balance Sheets

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		1,664.		6,823.
2a Trade notes and accounts receivable	72,941.		68,062.	
b Less allowance for bad debts	0.	72,941.	0.	68,062.
3 Inventories		0.		0.
4 U.S. Government obligations		0.		0.
5 Tax-exempt securities		0.		0.
6 Other current assets (attach schedule)		0.		14,659.
7 Loans to shareholders		0.		0.
8 Mortgage and real estate loans		0.		0.
9 Other investments (attach schedule)		0.		0.
10a Buildings and other depreciable assets	487,788.		758,829.	
b Less accumulated depreciation	0.	487,788.	215,873.	542,956.
11a Depletable assets	0.		0.	
b Less accumulated depletion	0.	0.	0.	0.
12 Land (net of any amortization)		0.		0.
13a Intangible assets (amortizable only)	17,828.		17,021.	
b Less accumulated amortization	0.	17,828.	0.	17,021.
14 Other assets (attach schedule)		2,845.		2,845.
15 Total assets		583,066.		652,366.
Liabilities and Shareholders' Equity				
16 Accounts payable		46,429.		49,687.
17 Mortgages, notes, bonds payable in less than 1 year		0.		0.
18 Other current liabilities (attach schedule)		0.		193,317.
19 Loans from shareholders		0.		0.
20 Mortgages, notes, bonds payable in 1 year or more		145,736.		83,116.
21 Other liabilities (attach schedule)		0.		0.
22 Capital stock		100.		100.
23 Paid-in or capital surplus		80,740.		80,740.
24 Retained earnings		350,061.		285,406.
25 Less cost of treasury stock		40,000.		40,000.
26 Total liabilities and shareholders' equity		583,066.		652,366.

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income (loss) per books	19,899.	5 Income recorded on books this year not included on Sch. K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a Tax-exempt interest \$	0.
SEE ATTACHED	64,692.	SEE ATTACHED	153,548.
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15a, and 18a (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15a, and 18a, not charged against book income this year (itemize):	
a Depreciation \$	122,660.	b Depreciation \$	15,597.
b Travel and entertainment \$	0.		0.
4 Add lines 1 through 3	207,251.	7 Add lines 5 and 6	169,145.
		8 Income (loss) (Schedule K, line 23). Line 4 less line 7	38,106.

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (See instructions.)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	350,061.	0.	0.
2 Ordinary income from page 1, line 21	37,999.		
3 Other additions	107.	0.	
4 Loss from page 1, line 21	0.		
5 Other reductions	(102,761)	0.	
6 Combine lines 1 through 5	285,406.	0.	0.
7 Distributions other than dividend distributions	0.	0.	0.
8 Balance at end of tax year. Subtract line 7 from line 6	285,406.	0.	0.

Depreciation and Amortization

(Including Information on Listed Property)

OMB No. 1545-0172

1994

Attachment
Sequence No. 67Department of the Treasury
Internal Revenue Service

See separate instructions. Attach this form to your return.

Name(s) shown on return

SANDALHAVEN UTILITY, INC.

Identifying number

59-2317658

Business or activity to which this form relates

FORM 1120S, PG 1, UTILITY

Part I Election to Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," complete Part V before you complete Part I.)

1	Maximum dollar limitation (If an enterprise zone business, see instructions)	1	\$ 17,500.
2	Total cost of section 179 property placed in service during the tax year (see instructions)	2	0.
3	Threshold cost of section 179 property before reduction in limitation	3	\$ 200,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less enter -0-	4	0.
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter 0. (If married filing separately, see instructions).	5	0.
(a) Description of property		(b) Cost	(c) Elected cost
6		0.	0.
7		0.	0.
7	Listed property. Enter amount from line 29	7	0.
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	0.
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	0.
10	Carryover of disallowed deduction from 1993 (see instructions)	10	0.
11	Taxable income limitation. Enter the smaller of taxable income (not less than 0) or line 9 (see instructions)	11	0.
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	0.
13	Carryover of disallowed deductions to 1995. Add lines 9 and 10, less line 12	13	0.

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service ONLY During Your 1994 Tax Year (Do Not Include Listed Property)

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
Section A—General Depreciation System (GDS) (see instructions):						
a 3-year property		0.	0			0.
b 5-year property		0.	0			0.
c 7-year property		0.	0			0.
d 10-year property		0.	0			0.
e 15-year property		0.	0			0.
f 20-year property		0.	0			0.
g Residential rental property		0.	27.5 yrs.	MM	S/L	0.
h Nonresidential real property		0.	39 yrs.	MM	S/L	0.
Section B—Alternative Depreciation System (ADS) (see instructions):						
a Class life		0.	0		S/L	0.
b 12-year		0.	12 yrs.		S/L	0.
c 40-year		0.	40 yrs.	MM	S/L	0.

Part III Other Depreciation (Do Not Include Listed Property)

16	GDS and ADS deductions for assets placed in service in tax years beginning before 1994 (see instructions)	16	15,597.
17	Property subject to section 168(f)(1) election (see instructions)	17	0.
18	ACRS and other depreciation (see instructions)	18	0.

Part IV Summary

19	Listed property. Enter amount from line 29	19	0.
20	Total. Add deductions on line 12, lines 14 and 15 in column (g), and lines 16 through 18. Enter here and on the appropriate lines of your return. (Partnerships and S corporations—see instructions)	20	15,597.
21	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs (see instructions)	21	0.

Part V Listed Property—Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 22a, 22b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See instructions for limitations for automobiles.)

22a Do you have evidence to support the business/investment use claimed?		Yes	No	22b If "Yes," is the evidence written?		Yes	No	
(a) Type of property (List vehicles first)	(b) Date placed in service	(c) Business / investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
23 Property used more than 50% in a qualified business use (see instructions):								
		0 %	0.	0.	0		0.	0.
		0 %	0.	0.	0		0.	0.
		0 %	0.	0.	0		0.	0.
24 Property used 50% or less in a qualified business use (see instructions):								
		0 %	0.	0.	0	S/L -	0.	
		0 %	0.	0.	0	S/L -	0.	
		0 %	0.	0.	0	S/L -	0.	
25 Add amounts in column (h). Enter the total here and on line 19, page 1							25	0.
26 Add amounts in column (i). Enter the total here and on line 7, page 1							26	0.

Section B—Information on Use of Vehicles - If you deduct expenses for vehicles:

- Always complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.
• If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for these vehicles.

	(a) Vehicle 1	(b) Vehicle 2	(c) Vehicle 3	(d) Vehicle 4	(e) Vehicle 5	(f) Vehicle 6
27 Total bus/investment miles driven during the yr. (DO NOT include commuting miles) ..	0.	0.	0.	0.	0.	0.
28 Total commuting miles driven during the year ..	0.	0.	0.	0.	0.	0.
29 Total other personal (non-commuting) miles driven ..	0.	0.	0.	0.	0.	0.
30 Total miles driven during the year. Add lines 27 through 29 ..	0.	0.	0.	0.	0.	0.
	Yes	No	Yes	No	Yes	No
31 Was the vehicle available for personal use during off-duty hours? ..						
32 Was the vehicle used primarily by a more than 5% owner or related person? ..						
33 Is another vehicle available for personal use? ..						

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B. Note: Section B must always be completed for vehicles used by sole proprietors, partners, or other more than 5% owners or related persons.

	Yes	No
34 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? ..		
35 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? (See instructions for vehicles used by corporate officers, directors, or 1% or more owners.) ..		
36 Do you treat all use of vehicles by employees as personal use? ..		
37 Do you provide more than five vehicles to your employees and retain the information received from your employees concerning the use of the vehicles? ..		
38 Do you meet the requirements concerning qualified automobile demonstration use (see instructions)? ..		

Note: If your answer to 34, 35, 36, 37, or 38 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
39 Amortization of costs that begins during your 1994 tax year:		0.			0.
		0.			0.
40 Amortization of costs that began before 1994 ..				40	3,144.
41 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return ..				41	3,144.

Application for Automatic Extension of Time
To File Corporation Income Tax Return

OMB No 1545-0233

Department of the Treasury
Internal Revenue ServiceEmployer Identification Number
59-2317658SANDALHAVEN UTILITY, INC.
6800 PLACIDA ROAD

ENGLEWOOD, FL 34224

Check type of return to be filed:

<input type="checkbox"/> Form 1120	<input type="checkbox"/> Form 1120-F	<input type="checkbox"/> Form 1120-L	<input type="checkbox"/> Form 1120-POL	<input checked="" type="checkbox"/> Form 1120S
<input type="checkbox"/> Form 1120-A	<input type="checkbox"/> Form 1120-FSC	<input type="checkbox"/> Form 1120-ND	<input type="checkbox"/> Form 1120-REIT	<input type="checkbox"/> Form 990-C
<input type="checkbox"/> Form 1120-SF	<input type="checkbox"/> Form 1120-H	<input type="checkbox"/> Form 1120-PC	<input type="checkbox"/> Form 1120-RIC	<input type="checkbox"/> Form 990-T

Form 1120F filers: Check here if you do not have an office or place of business in the United States ☐

1a I request an automatic 6-month extension of time (or, for certain foreign corporations, 3-month) extension of time
until 9/15, 1995, to file the income tax return of the corporation named above for ☒ calendar
year 1994 or ☐ tax year beginning , 19 , and ending , 19 .

b If this tax year is for less than 12 months, check reason:
☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

Name and address of each member of the affiliated group	Employer I.D. number	Tax period

3 Tentative tax (see instructions) 3 0.

4 Credits:

- | | | |
|---|----|-----------|
| a Overpayment credited from prior year | 4a | <u>0.</u> |
| b Estimated tax payments for the tax year | 4b | <u>0.</u> |
| c Less refund for the tax year applied for on Form 4466 | 4c | <u>0.</u> |
| d Credit from regulated investment companies | 4d | <u>0.</u> |
| e Credit for Federal tax on fuels | 4e | <u>0.</u> |
| f | 4f | <u>0.</u> |

5 Total. Add lines 4d through 4f 5 0.
6 Balance due. Subtract line 5 from line 3. Deposit this amount with a Federal Tax Deposit ("TD") Coupon
(see instructions) 6 0.

Signature. - Under penalties of perjury, I declare that I have been authorized by the corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

COPY

Myx

CPA

3/14/95

(Signature of officer or agent)

(Title)

(Date)

SUPPORTING
DETAIL

1994

Name : SANDALHAVEN UTILITY, INC.

EIN: 59-2317658

For : OTHER ASSETS

FORM 1120S, SCHEDULE L, LINE 14

	Description	Beginning of tax year	End of tax year
1	UTILITY DEPOSITS	2,845.	2,845.
2		0.	0.
3		0.	0.
4		0.	0.
5		0.	0.
6		0.	0.
7		0.	0.
8		0.	0.
9		0.	0.
10		0.	0.
11		0.	0.
12		0.	0.
13		0.	0.
14		0.	0.
15		0.	0.
16		0.	0.
17		0.	0.
18		0.	0.
19		0.	0.
20		0.	0.
	TOTAL	2,845.	2,845.

SUPPORTING
DETAIL

1994

Name : SANDALHAVEN UTILITY, INC.

EIN: 59-2317658

For : OTHER CURRENT LIABILITIES
FORM 1120S, SCHEDULE L, LINE 18

	Description	Beginning of tax year	End of tax year
1	ACCRUED PERSONAL PROPERTY TAX	0.	6,051.
2	ACCRUED REAL ESTATE TAX	0.	546.
3	ACCRUED TAXES-OTHER	0.	1,303.
4	CIAC (NET OF AMORTIZATION)	0.	185,417.
5		0.	0.
6		0.	0.
7		0.	0.
8		0.	0.
9		0.	0.
10		0.	0.
11		0.	0.
12		0.	0.
13		0.	0.
14		0.	0.
15		0.	0.
16		0.	0.
17		0.	0.
18		0.	0.
19		0.	0.
20		0.	0.
	TOTAL	0.	193,317.

INCOME SUBJECT TO TAX NOT RECORDED ON BOOKS
FORM 1120S, SCHEDULE M-1, LINE 2

Name : SANDALHAVEN UTILITY, INC.

EIN: 59-2317658

[illegible]

INCOME RECORDED ON BOOK NOT INCLUDED ON RETURN
FORM 1120S, SCHEDULE M-1, LINE 5B

FORM 1120S, SCHEDULE M-1, LINE 5B

EIN: 59-2317658

Amount

120.999.

32,549.

Q.

9.

0.

0.

0

0

$$\frac{0.}{0.}$$
$$\frac{Q_1}{Q_2}$$
Q.Q.0.Q.

Q.

Q.

0.

0.

0.

0

$$\frac{0}{0}$$

2.

153,548.

Department of Treasury
Internal Revenue Service

Do not file this form unless the corporation has timely filed

Form 2553 to elect to be an S corporation.

See separate instructions.

1993

For calendar yr. 1993, or tax yr. beg. 1993, & end.

A Date of election as an S corporation 09/08/83	Use IRS label. Otherwise, please print or type.	Name SANDALHAVEN UTILITY, INC.	Number, street, & room/suite no. 6800 PLACIDA ROAD	City/town, state, & ZIP code ENGLEWOOD FL 34224-	C Employer identification no. 59-2317658
B Business code no. (see Specific Inst.) 4990					D Date incorporated 09/08/83
					E Total assets (see Specific Inst.) 583,066

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended return

G Check this box if this S corp. is subject to the consolidated audit procedures of sec. 6241 through 6245 (see inst. before checking this box) ☐

H Enter number of shareholders in the corporation at end of the tax year ☐ 5

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income

Deductions
(See instructions for limitations.)

Tax and Payments

1a Gross recpts./sales	148,735	b Less rtns. & allowances		C sub	1c	148,735
2 Cost of goods sold (Schedule A, line 8)					2	
3 Gross profit. Subtract line 2 from line 1c					3	148,735
4 Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797)					4	
5 Other income (loss) (see instructions) (attach schedule)					5	32,913
6 Total income (loss). Combine lines 3 through 5					6	181,648
7 Compensation of officers					7	
8a Salaries and wages		b Less employment credits		C sub	8c	
9 Repairs and maintenance					9	
10 Bad debts					10	
11 Rents					11	
12 Taxes and licenses					12	10,302
13 Interest					13	14,156
14a Depreciation (see instructions)	14a					
b Depreciation claimed on Schedule A and elsewhere on return	14b					
c Subtract line 14b from line 14a					14c	
15 Depletion (Do not deduct oil and gas depletion.)					15	
16 Advertising					16	
17 Pension, profit-sharing, etc., plans					17	
18 Employee benefit programs					18	
19 Other deductions (see instructions) (attach schedule)					19	126,417
20 Total deductions. Add lines 7 through 19					20	150,875
21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6					21	30,773
22 Tax: a Excess net passive income tax (attach schedule)	22a					
b Tax from Schedule D (Form 1120S)	22b					
c Add lines 22a and 22b (see instructions for additional taxes)					22c	
23 Payments: a 1993 estimated tax payments	23a					
b Tax deposited with Form 7004	23b					
c Credit for Federal tax paid on fuels (attach Form 4136)	23c					
d Add lines 23a through 23c					23d	
24 Estimated tax penalty (see instructions). Check if Form 2220 is attached					24	
25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depositary method of payment					25	NONE
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid					26	
27 Amt. of line 26 you want: Credited to 1994 estimated tax				Refund	27	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer	Date	Title
Preparer's signature	Date	Check if self-employed <input type="checkbox"/> Preparer's SSN
Firm's name (or yours if self-employed) and address	E.I. No. 59-2025336	
WELKER HARRIS & COMPANY, CPA'S	ZIP code 33919-	
4575 VIA ROYALE, SUITE 218		
FORT MYERS FL		

Form **7004**

(Rev. October 1991)

Department of the Treasury
Internal Revenue ServiceApplication for Automatic Extension of Time
To File Corporation Income Tax ReturnOMB No. 1545-0233
Expires 10-31-94

Name of corporation

Employer identification number

Sandalhaven Utilities Inc.

59-2317658

Number, street, and room or suite no. (If a P.O. box, see instructions.)

6800 Placida Road

City or town, state, and ZIP code

Englewood

FL

34324

Check type of return to be filed:

☐ Form 1120☐ Form 1120F☐ Form 1120L☐ Form 1120-POL☒ Form 1120S☐ Form 1120-A☐ Form 1120-FSC☐ Form 1120-ND☐ Form 1120-REIT☐ Form 990-C☐ Form 1120-DF☐ Form 1120-H☐ Form 1120-PC☐ Form 1120-RIC☐ Form 990-TForm 1120F filers: Check here if you do not have an office or place of business in the United States ☐

- 1a I request an automatic 6-month extension of time until September 15, 1994 to file the income tax return of the corporation named above for ☒ calendar year 1993, or ☐ tax year beginning 19..... and ending 19.....

- b If this tax year is for less than 12 months, check reason:

☐ Initial return☐ Final return☐ Change in accounting period☐ Consolidated return to be filed

- 2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

Name and address of each member of the affiliated group	Employer identification number	Tax period

- 3 Tentative tax (see instructions).

- 4 Credits:

a Overpayment credited from prior year.

4a

b Estimated tax payments for the tax year.

4b

c Less refund for the tax year applied for on Form 4466.

4c

e Credit from regulated investment companies.

Bal

4d

4e

f Credit for Federal tax on fuels.

4f

- 5 Total. Add lines 4d through 4f.

- 6 Balance due. Subtract line 5 from line 3. Deposit this amount with a Federal Tax Deposit (FTD) Coupon (see instructions).

Signature. Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

Charles J. Hulse
(Signature of officer or agent)

CPA

(Title)

3/7/94
(Date)

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 13804A

Form 7004 (Rev. 10-91)

Schedule A Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (see instructions) (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

- (i) ☒ Cost
 (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
 (iii) ☐ Writedown of "abnormal" goods as described in Regulations section 1.471-2(c)
 (iv) ☐ Other (specify method used and attach explanation) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO ☐ Yes ☒ No

d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
 If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list in the instructions and state the corporation's principal: (a) Business activity ▶ <u>UTILITY</u> (b) Product or service ▶ <u>SEWER</u>		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned		X
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		X
5 At any time during calendar year 1993, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		X
6 Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926		X
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions)		

Designation of Tax Matters Person (See instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ **ROBERT W. SPADE**Identifying number of TMP ▶ **281-28-0261**Address of designated TMP ▶ **6800 PLACIDA ROAD
ENGLEWOOD****FL 34224**

H730 1120S12 HTP 8078

Schedule K Shareholders' Shares of Income, Credits, Deductions, etc.

		(a) Pro rata share items	(b) Total amount	
Income (Loss)	1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1 30,773	
	2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
	3a	Gross income from other rental activities	3a	
	3b	Expenses from other rental activities (attach schedule)	3b	
	3c	Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c	
	4	Portfolio income (loss):		
	4a	Interest income	4a 9,865	
	4b	Dividend income	4b	
	4c	Royalty income	4c	
	4d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d	
Deductions	4e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	4e	
	4f	Other portfolio income (loss) (attach schedule)	4f	
	5	Net gain (loss) under section 1221 (other than due to casualty or theft) (attach Form 4797)	5	
	6	Other income (loss) (attach schedule)	6	
	7	Charitable contributions (see instructions) (attach schedule)	7	
	8	Section 179 expense deduction (attach Form 4582)	8	
	9	Deductions related to portfolio income (loss) (see instructions) (itemize)	9	
	10	Other deductions (attach schedule)	10	
	Investment Interest	11a	Interest expense on investment debts	11a
		11b(1)	(1) Investment income included on lines 4a, 4b, 4c, and 4f above	11b(1) 9,865
11b(2)		(2) Investment expenses included on line 9 above	11b(2)	
Credits	12a	Credit for alcohol used as a fuel (attach Form 6478)	12a	
	12b(1)	b Low-income housing credit (see instructions):	12b(1)	
	12b(2)	(1) From partnerships to which sec. 42(j)(2) applies for property placed in service before 1990	12b(2)	
	12b(3)	(2) Other than on line 12b(1) for property placed in service before 1990	12b(3)	
	12b(4)	(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(4)	
	12b(5)	(4) Other than on line 12b(3) for property placed in service after 1989	12b(5)	
	12c	c Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12c	
	12d	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	12d	
Adjustments and Tax Preference Items	12e	e Credits related to other rental activities (see instructions)	12e	
	13	Other credits (see instructions)	13	
	14a	Depreciation adjustment on property placed in service after 1986	14a	
	14b	b Adjusted gain or loss	14b	
	14c	c Depletion (other than oil and gas)	14c	
	14d(1)	d (1) Gross income from oil, gas, or geothermal properties	14d(1)	
Foreign Taxes	14d(2)	(2) Deductions allocable to oil, gas, or geothermal properties	14d(2)	
	14e	e Other adjustments and tax preference items (attach schedule)	14e	
	15a	a Type of income ▶	15a	
	15b	b Name of foreign country or U.S. possession ▶	15b	
	15c	c Total gross income from sources outside the United States (attach schedule)	15c	
	15d	d Total allowable deductions and losses (attach schedule)	15d	
	15e	e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	
Other	15f	f Reduction in taxes available for credit (attach schedule)	15f	
	15g	g Other foreign tax information (attach schedule)	15g	
	16a	a Total expenditures to which a section 59(e) election may apply	16a	
	17	b Type of expenditures ▶	17	
	18	Tax-exempt interest income	18	
	19	Other tax-exempt income	19	
	20	Nondeductible expenses	20	
	21	Total property distributions (including cash) other than dividends reported on line 22 below	21	
	22	Other items and amounts required to be reported separately to shareholders (see instructions) (attach schedule)	22	
	23	Total dividend distributions paid from accumulated earnings and profits	23	
	23	Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15a, and 16a	40,638	

Schedule L Balance Sheets		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		24,413		1,664
2a	Trade notes and accounts receivable	331,818		72,941	
b	Less allowance for bad debts		331,818		72,941
3	Inventories				
4	U.S. Government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10a	Buildings and other depreciable assets	235,581		487,788	
b	Less accumulated depreciation		235,581		487,788
11a	Depletable assets				
b	Less accumulated depletion				
12	Land (net of any amortization)				
13a	Intangible assets (amortizable only)	13,896		17,828	
b	Less accumulated amortization	832	13,064		17,828
14	Other assets (attach schedule)		1,145		2,845
15	Total assets		606,021		583,066
Liabilities and Shareholders' Equity					
16	Accounts payable		71,823		46,429
17	Mortgages, notes, bonds payable in < 1 year				
18	Other current liabilities (attach schedule)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 yr./more		143,791		145,736
21	Other liabilities (attach schedule)				
22	Capital stock		100		100
23	Paid-in or capital surplus		80,740		80,740
24	Retained earnings		309,567		350,061
25	Less cost of treasury stock		()		(40,000)
26	Total liabilities and shareholders' equity		606,021		583,066

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1	Net income (loss) per books	9,017	5	Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2	Income included on Schedule K, lines 1 through 6, not recorded on books this year SEE SCHEDULE 32,913	32,913	a	Tax-exempt int. ... \$	25,550
3	Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16a (itemize):		b	SEE SCHEDULE 25,550	25,550
a	Depreciation ... \$ 24,258		6	Deductions included on Schedule K, lines 1 through 11a, 15e, and 16a, not charged against book income this year (itemize):	
b	Travel and entertainment ... \$		a	Depreciation ... \$	
		24,258	7	Add lines 5 and 6	25,550
c	Add lines 1 through 3	66,188		Income (loss) (Schedule K, line 23). Line 4 less line 7	40,638

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (See instructions.)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistrib. taxbl. income previously taxed
1	Balance at beginning of tax year	309,567	
2	Ordinary income from page 1, line 21	30,773	
3	Other additions	9,865	
4	Loss from page 1, line 21	()	
5	Other reductions	(144)	
6	Combine lines 1 through 5	350,061	
7	Distributions other than dividend distributions		
8	Bal. at end of tax year, Subtr. line 7 from line 6	350,061	0

SANDALHAVEN UTILITY, INC.
FORM 1120S, PAGE 1

59-2317658

LINE 5: OTHER INCOME

CONTRIBUTIONS IN AID OF CONSTRUCTION

32,913

TOTAL

32,913
=====

FORM 1120S, PAGE 1

LINE 19: OTHER DEDUCTIONS

OPERATING EXPENSES
AMORTIZATION

121,263

5,154

TOTAL

126,417
=====

SANDALHAVEN UTILITY, INC.
FORM 1120S, PAGE 4

59-2317658

SCH L, LINE 14(D): OTHER ASSETS

BEGINNING

ENDING

DEPOSITS

1,145

2,845

TOTAL

1,145

2,845

FORM 1120S, PAGE 4

SCH M-1, LN 2, ITEM 1: INCOME ON SCHEDULE K, LNS 1 TO 6

CONTRIBUTIONS IN AID OF CONSTRUCTION

32,913

TOTAL

32,913

FORM 1120S, PAGE 4

SCH M-1, LN 5, ITEM 1: INC RCRD ON BOOKS NOT ON SCH K

AMORTIZATION OF C.I.,A.C.

25,550

TOTAL

25,550

FORM 1120S, PAGE 4

SCH M-2, LINE 3(A): OTHER ADDITIONS

INTEREST INCOME

9,865

TOTAL

9,865

SANDALHAVEN UTILITY, INC.
FORM 1120S, PAGE 4

59-2317658

SCH M-2, LINE 5(A): OTHER REDUCTIONS

REGULATORY ADJUSTMENT

TOTAL

144

144

1992Department of the Treasury
Internal Revenue Service

For calendar year 1992, or tax year beginning 1992, and ending 19

See separate instructions.

A Date of election as an S corporation 9/8/83	Use IRS label. Otherwise, please print or type.	Name Sandakhan Utility, Inc.	C Employer identification number 54-2317658
B Business code no. (see Specific Instructions) 4990		Number, street, and room or suite no. (If a P.O. box, see page 8 of the instructions.) 6800 Placida, Ponce	D Date incorporated 9/8/83
		City or town, state, and ZIP code Woodward, FL 34224	E Total assets (see Specific Instructions) \$ 583,461

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended return

G Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box) ☐

H Enter number of shareholders in the corporation at end of the tax year

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	153,764	b Less returns and allowances		c Bal	1c 153,764
	2 Cost of goods sold (Schedule A, line 8)					2
	3 Gross profit. Subtract line 2 from line 1c					3 153,764
	4 Net gain (loss) from Form 4797, Part II, line 20 (attach Form 4797)					4
	5 Other income (loss) (see instructions) (attach schedule)					5
	6 Total income (loss). Combine lines 3 through 5					6 153,764
Deductions (See instructions for limitations.)	7 Compensation of officers					7
	8a Salaries and wages		b Less jobs credit			8c
	9 Repairs					9
	10 Bad debts					10
	11 Rents					11
	12 Taxes					12 9,912
	13 Interest					13 11,398
	14a Depreciation (see instructions)		14b			14c
	b Depreciation claimed on Schedule A and elsewhere on return					14b
	c Subtract line 14b from line 14a					15
	15 Depletion (Do not deduct oil and gas depletion.)					16
	16 Advertising					17
	17 Pension, profit-sharing, etc., plans					18
	18 Employee benefit programs					19 13,548
	19 Other deductions (see instructions) (attach schedule)					20 153,909
20 Total deductions. Add lines 7 through 19					21 2,145	
21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6						
Tax and Payments	22 Tax:					
	a Excess net passive income tax (attach schedule)	22a				22b
	b Tax from Schedule D (Form 1120S)	22b				22c
	c Add lines 22a and 22b (see instructions for additional taxes)					
	23 Payments:					
	a 1992 estimated tax payments	23a				23b
	b Tax deposited with Form 7004	23b				23c
	c Credit for Federal tax paid on fuels (attach Form 4136)	23c				23d
	d Add lines 23a through 23c					24
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached.					
25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depositary method of payment.					25	
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid.					26	
27 Enter amount of line 26 you want credited to 1993 estimated tax					27	

Please
Sign
Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Paid
Preparer's
Use Only

Signature of officer	Date	Title	Preparer's social security number
Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	
Firm's name (or yours if self-employed) and address	E.I. No.		ZIP code
WELKER HARRIS AND COMPANY			
4575 Via Royale, Suite 218			

For Paperwork Reduction Act Notice, see page 4 of 1992 Instructions.

Cat. No. 11510H

Form 1120S (1992)

Schedule A Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (see instructions) (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	

9a Check all methods used for valuing closing inventory:

(i) ☒ Cost

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Writedown of "subnormal" goods as described in Regulations section 1.471-2(c)

(iv) ☐ Other (specify method used and attach explanation) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970). ▶ ☐

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. 90 %

d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list in the instructions and state the corporation's principal:		
(a) Business activity ▶		
(b) Product or service ▶		
3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		<input checked="" type="checkbox"/>
4 Was the corporation a member of a controlled group subject to the provisions of section 1561?		<input checked="" type="checkbox"/>
5 At any time during calendar year 1992, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		<input checked="" type="checkbox"/>
6 Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 3520, 3520-A, or 926.		<input checked="" type="checkbox"/>
7 Check this box if the corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter. ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. ▶ <input type="checkbox"/> If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1986, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions). ▶ <input type="checkbox"/>		
11 Was this corporation in operation at the end of 1992? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
12 How many months in 1992 was this corporation in operation?		

Designation of Tax Matters Person (See instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ Robert W. Spade Identifying number of TMP ▶ 281-28-0261

Address of designated TMP ▶ 6200 Placida Road
Englewood, FL 34224

Schedule K *Sandwich Utility, Inc.* *54-2317658*
Shareholders' Shares of Income, Credits, Deductions, etc.

(a) Pro rata share items		(b) Total amount
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 21)	1 <i>145</i>
	2 Net income (loss) from rental real estate activities (attach Form 8825)	2
	3a Gross income from other rental activities	3a
	3b Expenses from other rental activities (attach schedule)	3b
	3c Net income (loss) from other rental activities. Subtract line 3b from line 3a	3c
	4 Portfolio income (loss):	4a
	a Interest income	4b
	b Dividend income	4c
	c Royalty income	4d
	d Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4e
e Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	4f	
f Other portfolio income (loss) (attach schedule)	5	
5 Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	6	
6 Other income (loss) (attach schedule)	7	
Deductions	7 Charitable contributions (see instructions) (attach schedule)	8
	8 Section 179 expense deduction (attach Form 4562)	9
	9 Deductions related to portfolio income (loss) (see instructions) (itemize)	10
	10 Other deductions (attach schedule)	11a
Investment Interest	11a Interest expense on investment debts	11b(1)
	b (1) Investment income included on lines 4a through 4f above (2) Investment expenses included on line 9 above	11b(2)
Credits	12a Credit for alcohol used as a fuel (attach Form 6478)	12a
	b Low-income housing credit (see instructions):	12b(1)
	(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(2)
	(2) Other than on line 12b(1) for property placed in service before 1990	12b(3)
	(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12b(4)
	(4) Other than on line 12b(3) for property placed in service after 1989	12c
	c Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	12d
	d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	12e
	e Credits related to other rental activities (see instructions)	13
	13 Other credits (see instructions)	14a
Adjustments and Tax Preference Items	14a Depreciation adjustment on property placed in service after 1986	14b
	b Adjusted gain or loss	14c
	c Depletion (other than oil and gas)	14d(1)
	d (1) Gross income from oil, gas, or geothermal properties	14d(2)
	(2) Deductions allocable to oil, gas, or geothermal properties	14e
	e Other adjustments and tax preference items (attach schedule)	
Foreign Taxes	15a Type of income ▶	15c
	b Name of foreign country or U.S. possession ▶	15d
	c Total gross income from sources outside the United States (attach schedule)	15e
	d Total applicable deductions and losses (attach schedule)	15f
	e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15g
	f Reduction in taxes available for credit (attach schedule)	16a
	g Other foreign tax information (attach schedule)	
Other	16a Total expenditures to which a section 59(e) election may apply	17
	b Type of expenditures ▶	18
	17 Tax-exempt interest income	19
	18 Other tax-exempt income	20
	19 Nondeductible expenses	21
	20 Total property distributions (including cash) other than dividends reported on line 22 below	22
	21 Other items and amounts required to be reported separately to shareholders (see instructions) (attach schedule)	23
	22 Total dividend distributions paid from accumulated earnings and profits	
23 Income (loss). (Required only if Schedule M-1 must be completed.) Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15e, and 16a.	<i>145</i>	

UNCLASSIFIED SCHEDULE 53

Taxpayer SANDALHAUSEN Utility, Inc.For the Year Ended 59-2317658

Address _____

Social Security No. _____

PAGE 1

Line 19 - Other Deductions

Direct Costs

54,489

Operating Expenses

69,110

Deferred Maintenance

8,999

Total

132,598

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

1991

For calendar year 1991, or tax year beginning ... 1991, and ending ... 19 ...
See separate instructions.

A Date of election as an S corporation 9/8/83	Use IRS label. Otherwise, please print or type.	Name SANDELBOROUGH Utility, Inc.	C Employer identification number 59-2317658
B Business code no. (see Specific Instructions) 1490		Number, street, and room or suite no. (If a P.O. box, see page 8 of the instructions.) 6800 PLACIDA Road	D Date incorporated 9/8/83
		City or town, state, and ZIP code EDGEWOOD, Florida 34224	E Total assets (see Specific Instructions) \$ 606,021

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Change in address (4) ☐ Amended return
G Check this box if this S corporation is subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box) ☐
H Enter number of shareholders in the corporation at end of the tax year

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales	171,769	b Less returns and allowances		c Bal	1c	171,769
	2 Cost of goods sold (Schedule A, line 8)					2	
	3 Gross profit. Subtract line 2 from line 1c					3	171,769
	4 Net gain (loss) from Form 4797, Part II, line 18 (attach Form 4797)					4	
	5 Other income (see instructions) (attach schedule)					5	
	6 Total income (loss). Combine lines 3 through 5					6	171,769
Deductions (See instructions for limitations.)	7 Compensation of officers		b Less jobs credit		c Bal	7c	
	8a Salaries and wages					8	
	9 Repairs					9	
	10 Bad debts					10	
	11 Rents					11	
	12 Taxes					12	9,486
	13 Interest					13	13,555
	14a Depreciation (see instructions)		14b			14a	
	b Depreciation claimed on Schedule A and elsewhere on return					14b	
	c Subtract line 14b from line 14a					14c	
	15 Depletion (Do not deduct oil and gas depletion.)					15	
	16 Advertising					16	
	17 Pension, profit-sharing, etc., plans					17	
	18 Employee benefit programs					18	
	19 Other deductions (attach schedule)					19	89,469
20 Total deductions. Add lines 7 through 19					20	112,510	
21 Ordinary income (loss) from trade or business activities. Subtract line 20 from line 6					21	59,259	
Tax and Payments	22 Tax:		22a			22a	
	a Excess net passive income tax (attach schedule)		22b			22b	
	b Tax from Schedule D (Form 1120S)					22c	
	c Add lines 22a and 22b (see instructions for additional taxes)					22c	
	23 Payments:		23a			23a	
	a 1991 estimated tax payments		23b			23b	
	b Tax deposited with Form 7004		23c			23c	
	c Credit for Federal tax on fuels (attach Form 4136)					23d	
	d Add lines 23a through 23c					23d	
	24 Estimated tax penalty (see page 3 of instructions). Check if Form 2220 is attached <input type="checkbox"/>					24	
25 Tax due. If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depositary method of payment					25		
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid					26		
27 Enter amount of line 26 you want credited to 1992 estimated tax					27		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer	Date	Title
Preparer's signature	Date	Preparer's social security number
Firm's name (or yours if self-employed) and address	Check if self-employed <input type="checkbox"/>	E.I. No.
WELKER HARRIS AND COMPANY		
4575 Via Royale, Suite 218	ZIP code	
Fort Myers, Florida 33919		

Schedule A Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4	Additional section 263A costs (see instructions) (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	Total. Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1.	8	

9a Check all methods used for valuing closing inventory:

(i) ☒ Cost

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Writedown of "abnormal" goods as described in Regulations section 1.471-2(c)

(iv) ☐ Other (specify method used and attach explanation) ▶

b Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970). ▶ ☐

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. %

d Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No
If "Yes," attach explanation.

Schedule B Other Information

	Yes	No
1 Check method of accounting: (a) <input type="checkbox"/> Cash (b) <input checked="" type="checkbox"/> Accrual (c) <input type="checkbox"/> Other (specify) ▶		
2 Refer to the list in the instructions and state your principal: (a) Business activity ▶ Utility (b) Product or service ▶ SEWER		
3 Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name, address, and employer identification number and (b) percentage owned.		<input checked="" type="checkbox"/>
4 Were you a member of a controlled group subject to the provisions of section 1561?		<input checked="" type="checkbox"/>
5 At any time during the tax year, did you have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.) If "Yes," enter the name of the foreign country ▶		<input checked="" type="checkbox"/>
6 Were you the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926		<input checked="" type="checkbox"/>
7 Check this box if the corporation has filed or is required to file Form 8294, Application for Registration of a Tax Shelter. ▶ <input type="checkbox"/>		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount. ▶ <input type="checkbox"/> If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 If the corporation: (a) filed its election to be an S corporation after 1980, (b) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (c) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) ▶ \$		
10 Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions). ▶ <input type="checkbox"/>		

Designation of Tax Matters Person (See instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ Robert W. Spacke Identifying number of TMP ▶ 281-28-0261

Address of designated TMP ▶ 6800 Placida Ranch
Eagle Creek, OR 97003-3333

(a) Pro rata share items		(b) Total amount	
		1	59,259
Income (Loss)	1 Ordinary income (loss) from trade or business activities (page 1, line 21)	2	
	2 Net income (loss) from rental real estate activities (attach Form 8825)	3a	
	3a Gross income from other rental activities	3b	
	b Less expenses (attach schedule)	3c	
	c Net income (loss) from other rental activities	4a	
	4 Portfolio income (loss):	4b	
	a Interest income	4c	
	b Dividend income	4d	
	c Royalty income	4e	
	d Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4f	
e Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	5		
f Other portfolio income (loss) (attach schedule)	6		
5 Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	7		
6 Other income (loss) (attach schedule)	8		
Deductions	7 Charitable contributions (see instructions) (attach list)	9	
	8 Section 179 expense deduction (attach Form 4562)	10	
Investment Interest	9 Deductions related to portfolio income (loss) (see instructions) (itemize)	11a	
	10 Other deductions (attach schedule)	11b(1)	
Credits	11a Interest expense on investment debts	11b(2)	
	b (1) Investment income included on lines 4a through 4f above	12a	
	(2) Investment expenses included on line 9 above	12b(1)	
	12a Credit for alcohol used as a fuel (attach Form 6478)	12b(2)	
	b Low-income housing credit (see instructions):	12b(3)	
	(1) From partnerships to which section 42(j)(5) applies for property placed in service before 1990	12b(4)	
	(2) Other than on line 12b(1) for property placed in service before 1990	12c	
	(3) From partnerships to which section 42(j)(5) applies for property placed in service after 1989	12d	
	(4) Other than on line 12b(3) for property placed in service after 1989	12e	
	c Qualified rehabilitation expenditures related to rental real estate activities (attach Form 3468)	13	
d Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	14a		
e Credits related to other rental activities (see instructions)	14b		
13 Other credits (see instructions)	14c		
Adjustments and Tax Preference Items	14a Accelerated depreciation of real property placed in service before 1987	14d	
	b Accelerated depreciation of leased personal property placed in service before 1987	14e(1)	
	c Depreciation adjustment on property placed in service after 1986	14e(2)	
	d Depletion (other than oil and gas)	14f	
	e (1) Gross income from oil, gas, or geothermal properties	15a	
	(2) Deductions allocable to oil, gas, or geothermal properties	15b	
f Other adjustments and tax preference items (attach schedule)	15c		
Foreign Taxes	15a Type of income ▶	15d	
	b Name of foreign country or U.S. possession ▶	15e	
	c Total gross income from sources outside the United States (attach schedule)	15f	
	d Total applicable deductions and losses (attach schedule)	15g	
	e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15h	
	f Reduction in taxes available for credit (attach schedule)	15i	
g Other foreign tax information (attach schedule)	16a		
Other	16a Total expenditures to which a section 59(e) election may apply	17	
	b Type of expenditures ▶	18	
	17 Total property distributions (including cash) other than dividends reported on line 19 below	19	
	18 Other items and amounts required to be reported separately to shareholders (see instructions) (attach schedule)	20	59,259
	19 Total dividend distributions paid from accumulated earnings and profits		
20 Income (loss) (Required only if Schedule M-1 must be completed). Combine lines 1 through 6 in column (b). From the result, subtract the sum of lines 7 through 11a, 15a, and 16a.			

Schedule L Balance Sheets

Assets	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
1 Cash		40,922		24,413
2a Trade notes and accounts receivable	280,116		331,818	
b Less allowance for bad debts		280,116		331,818
3 Inventories				
4 U.S. Government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	204,358		235,581	
b Less accumulated depreciation		204,358		235,581
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)			13,896	
b Less accumulated amortization			832	13,064
14 Other assets (attach schedule)		1,145		1,145
15 Total assets		526,541		606,021
Liabilities and Shareholders' Equity				
16 Accounts payable		39,638		71,823
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach schedule)				
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		35,755		143,791
21 Other liabilities (attach schedule)				
22 Capital stock		100		100
23 Paid-in or capital surplus		80,740		80,740
24 Retained earnings		250,308		309,567
25 Less cost of treasury stock				
26 Total liabilities and shareholders' equity		526,541		606,021

Schedule M-1 Reconciliation of Income per Books With Income per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income per books	35,570	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):	24,490	a Tax-exempt interest	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15a, and 16a (itemize):		b Depreciation	28,355
a Depreciation \$	27,554	c Additions included on Schedule K, lines 1 through 11a, 15a, and 16a, not charged against book income this year (itemize):	
b Travel and entertainment \$		d Depreciation \$	
4 Add lines 1 through 3	27,554	e Add lines 5 and 6	28,355
	27,554	f Income (loss) (Schedule K, line 20). Line 4 less line 7	59,259

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (See instructions.)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	250,308		
2 Ordinary income from page 1, line 21	59,259		
3 Other additions			
4 Loss from page 1, line 21			
5 Other reductions			
6 Combine lines 1 through 5	309,567		
7 Distributions other than dividend distributions			
8 Balance at end of tax year. Subtract line 7 from line 6	309,567		

Application for Automatic Extension of Time
To File Corporation Income Tax ReturnOMB No. 1545-0233
Expires 10-31-91

Employer identification number

Sandalhaven Utilities, Inc.

59-2317158

Number, street, and room or suite no. (If a P.O. box, see instructions)

6800 Placida Road

City or town, state, and ZIP code

Englewood

FL

34224

Check type of return to be filed:

☐ Form 1120☐ Form 1120F☐ Form 1120L☐ Form 1120-POL☒ Form 1120S☐ Form 1120-A☐ Form 1120-FSC☐ Form 1120-ND☐ Form 1120-REIT☐ Form 990-C☐ Form 1120-DP☐ Form 1120-H☐ Form 1120-PC☐ Form 1120-RIC☐ Form 990-TForm 1120F filers: Check here if you do not have an office or place of business in the United States ☐

- 1a I request an automatic 6-month extension of time until September 15, 1992, to file the income tax return of the corporation named above for ☒ calendar year 1991 or ☐ tax year beginning 19 and ending 19
- b If this tax year is for less than 12 months, check reason:

☐ Initial return☐ Final return☐ Change in accounting period☐ Consolidated return to be filed

- 2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

Name and address of each member of the affiliated group	Employer identification number	Tax period

- 3 Tentative tax (see instructions) 3 - C

4 Credits:

a Overpayment credited from prior year.

4a

b Estimated tax payments for the tax year.

4b

c Less refund for the tax year applied for on Form 4466

4c

e Credit from regulated investment companies

4d

4e

4f

f Credit for Federal tax on fuels

- 5 Total. Add lines 4d through 4f 5 - C
- 6 Balance due. Subtract line 5 from line 3. Deposit this amount with a Federal Tax Deposit (FTD) coupon (see instructions) 6 - C

Signature Under penalty of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

(Signature of officer or agent)

CPA

(Title)

3/15/92

(Date)

Taxpayer

Sandalwood Utility, Inc.

For the Year Ended

59-2317658

Address

Social Security No.

Page 1

Line 19 - Other Deductions

Direct Costs

32,952

Operating Expenses

56,517

Total

89,469

Form
1120S

U.S. Income Tax Return for S Corporation

OMB No. 1545-0150

1990Department of the Treasury
Internal Revenue ServiceFor calendar year 1990, or tax year beginning on 1/1/90 and ending 12/31/90
File separate instructions for 1990.

A Data of election as an S corporation

Use label.

Name

Number, street, apartment or suite no. (Do not use P.O. box for mail delivery.)

City or town, state, and ZIP code

C Employer identification number

Date incorporated

9/8/83

54-2317658

B Business code no. (See instructions.)

Other: please print

6800 Pharaoh

23

34224

506,591

9/8/83

54-2317658

506,591

C Check applicable boxes:

(1) Initial return

(2) Final return

(3) Change in address

(4) Amended return

(5) Check this box if this is an S corporation subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box)

Enter number of shareholders in the corporation at end of the tax year

Enter number of shareholders in the corporation at end of the tax year

Enter number of shareholders in the corporation at end of the tax year

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income

1a	Gross receipts or sales	241,750	b	Less returns and allowances		c	Net	241,750
2	Cost of goods sold (Schedule A, line 7).							
3	Gross profit (subtract line 2 from line 1c).							241,750
4	Net gain (loss) from Form 4797, Part II, line 18.							
5	Other income (see instructions) (attach schedule)							
6	Total income (loss)—Combine lines 3 through 5.							241,750

7	Compensation of officers		b	Less jobs credit		c	Net	
8a	Salaries and wages							
9	Repairs							
10	Bad debts							
11	Rents							75,649
12	Taxes							18,714
13	Interest							
14a	Depreciation (see instructions)	14a						
14b	Depreciation reported on Schedule A and elsewhere on return	14b						
15	Depletion (Do not deduct oil and gas depletion. See instructions.)							
16	Advertising							
17	Pension, profit-sharing, etc., plans							
18	Employee benefit programs							
19	Other deductions (attach schedule)							135,357
20	Total deductions—Add lines 7 through 19							161,670
21	Ordinary income (loss) from trade or business activities—Subtract line 20 from line 6							80,080

Deductions (See instructions for limitations.)

22	Tax:							
a	Excess net passive income tax (attach schedule)	22a						
b	Tax from Schedule D (Form 1120S)	22b						
c	Add lines 22a and 22b (see instructions for additional taxes)	22c						

Tax and Payments

23	Payments:							
a	1990 estimated tax payments	23a						
b	Tax deposited with Form 7004	23b						
c	Credit for Federal tax on fuels (attach Form 4136)	23c						
d	Add lines 23a through 23c	23d						
24	Enter any penalty for underpayment of estimated tax—Check <input type="checkbox"/> if Form 2220 is attached	24						
25	Tax due—If the total of lines 22c and 24 is larger than line 23d, enter amount owed. See instructions for depositary method of payment.	25						
26	Overpayment—If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26						
27	Enter amount of line 26 you wish credited to 1991 estimated tax	27						

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer

Date

Title

Paid Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐E.I. No. ☐

Preparer's social security number

Preparer's Use Only

Preparer's name (for Form 1041 and Form 1042)

Firm (if self-employed)

Address

City or town, state, and ZIP code

5475 VIA ROYALE, SUITE 218

6575 VIA ROYALE, SUITE 218

6575 VIA ROYALE, SUITE 218

6575 VIA ROYALE, SUITE 218

6575 VIA ROYALE, SUITE 218

6575 VIA ROYALE, SUITE 218

6575 VIA ROYALE, SUITE 218

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6575 VIA ROYALE, SUITE 218

6575 VIA ROYALE, SUITE 218

6575 VIA ROYALE, SUITE 218

For Paperwork Reduction Act Notice, see page 3 of instructions.

Schedule A Cost of Goods Sold (See instructions.)

1	Inventory at beginning of year	1	
2	Purchases	2	
3	Cost of labor	3	
4a	Additional section 263A costs (see instructions) (attach schedule)	4a	
4b	Other costs (attach schedule)	4b	
5	Total—Add lines 1 through 4b	5	
6	Inventory at end of year	6	
7	Cost of goods sold—Subtract line 6 from line 5. Enter here and on line 2, page 1.	7	

8a Check all methods used for valuing closing inventory:

(i) ☒ Cost

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Write-down of "subnormal" goods as described in Regulations section 1.471-2(c)

(iv) ☐ Other (specify method used and attach explanation) _____

b Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO %

d Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ Yes ☒ No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☒ No

If "Yes," attach explanation.

Additional Information Required (continued from page 1)

- I Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address, and employer identification number; and (2) percentage owned. ☒ Yes ☐ No
- J Refer to the list in the instructions and state your principal:
- (1) Business activity Utility (2) Product or service SEWER
- K Were you a member of a controlled group subject to the provisions of section 1561? ☒ Yes ☐ No
- L At any time during the tax year, did you have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.) ☒ Yes ☐ No
- If "Yes," enter the name of the foreign country _____
- M Were you the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Forms 3520, 3520-A, or 926 ☒ Yes ☐ No
- N During this tax year did you maintain any part of your accounting/tax records on a computerized system? ☒ Yes ☐ No
- O Check method of accounting: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) _____
- P Check this box if the S corporation has filed or is required to file Form 8264, Application for Registration of a Tax Shelter ☐
- Q Check this box if the corporation issued publicly offered debt instruments with original issue discount ☐
If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.
- R If the corporation: (1) filed its election to be an S corporation after 1985, (2) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation, and (3) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years (see instructions) \$
- S Check this box if the corporation had subchapter C earnings and profits at the close of the tax year (see instructions) ☐

Designation of Tax Matters Person (See instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP Robert W. Sparks Identifying number of TMP 281-28-0261

Address of designated TMP 6300 Placida Road
Englewood, N.C. 27533

		(a) Pro rata share items	(b) Total amount
Income (Loss)			
1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1	80,080
2	Net income (loss) from rental real estate activities (attach Form 8825)	2	
3a	Gross income from other rental activities	3a	
3b	Less expenses (attach schedule)	3b	
3c	Net income (loss) from other rental activities	3c	
4	Portfolio income (loss):		
a	Interest income	4a	
b	Dividend income	4b	
c	Royalty income	4c	
d	Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	4d	
e	Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	4e	
f	Other portfolio income (loss) (attach schedule)	4f	
5	Net gain (loss) under section 1231 (other than due to casualty or theft) (attach Form 4797)	5	
6	Other income (loss) (attach schedule)	6	
Deductions			
7	Charitable contributions (see instructions) (attach list)	7	
8	Section 179 expense deduction (attach Form 4562)	8	
9	Deductions related to portfolio income (loss) (see instructions) (itemize)	9	
10	Other deductions (attach schedule)	10	
Investment Interest			
11a	Interest expense on investment debts	11a	
b	(1) Investment income included on lines 4a through 4f above	11b(1)	
(2)	Investment expenses included on line 9 above	11b(2)	
12a	Credit for alcohol used as a fuel (attach Form 6478)	12a	
b	Low-income housing credit (see instructions):		
(1)	From partnerships to which section 420X(5) applies for property placed in service before 1990	12b(1)	
(2)	Other than on line 12b(1) for property placed in service before 1990	12b(2)	
(3)	From partnerships to which section 420X(5) applies for property placed in service after 1989	12b(3)	
(4)	Other than on line 12b(3) for property placed in service after 1989	12b(4)	
c	Qualified rehabilitation expenditures related to rental real estate activities (attach Form 5465)	12c	
d	Credits (other than credits shown on lines 12b and 12c) related to rental real estate activities (see instructions)	12d	
e	Credits related to other rental activities (see instructions)	12e	
13	Other credits (see instructions)	13	
Credits			
14a	Accelerated depreciation of real property placed in service before 1987	14a	
b	Accelerated depreciation of leased personal property placed in service before 1987	14b	
c	Depreciation adjustment on property placed in service after 1986	14c	
d	Depletion (other than oil and gas)	14d	
e	(1) Gross income from oil, gas, or geothermal properties	14e(1)	
(2)	Deductions allocable to oil, gas, or geothermal properties	14e(2)	
f	Other adjustments and tax preference items (attach schedule)	14f	
Adjustments and Tax Preference Items			
15a	Type of income ▶		
b	Name of foreign country or U.S. possession ▶	15c	
c	Total gross income from sources outside the U.S. (attach schedule)	15d	
d	Total applicable deductions and losses (attach schedule)	15e	
e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15f	
f	Reduction in taxes available for credit (attach schedule)	15g	
g	Other foreign tax information (attach schedule)	15h	
Foreign Taxes			
16a	Total expenditures to which a section 55(e) election may apply	16a	
b	Type of expenditures ▶	17	
17	Total property distributions (including cash) other than dividends reported on line 19 below	17	
18	Other items and amounts required to be reported separately to shareholders (see instructions) (attach schedule)	18	
19	Total dividend distributions paid from accumulated earnings and profits	19	
20	Income (loss) (Required only if Schedule M-1 must be completed.)—Combine lines 1 through 6 in column (b). From the result subtract the sum of lines 7 through 11a, 15e, and 16a	20	80,080

Schedule L Balance Sheets

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		635		40,422
2a Trade notes and accounts receivable	226,154		280,116	
b Less allowance for bad debts		226,454		280,116
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets (attach schedule)				
7 Loans to shareholders				
8 Mortgage and real estate loans				
9 Other investments (attach schedule)				
10a Buildings and other depreciable assets	403,547		204,352	
b Less accumulated depreciation		403,547		204,352
11a Depletable assets				
b Less accumulated depletion				
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)	31,494			
b Less accumulated amortization	31,494			
14 Other assets (attach schedule)		1,145		1,145
15 Total assets		631,781		526,541
Liabilities and Shareholders' Equity				
16 Accounts payable		6,640		39,632
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach schedule)		7,101		
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		167,783		155,735
21 Other liabilities (attach schedule)		211,275		
22 Capital stock		100		100
23 Paid-in or capital surplus		79,425		80,740
24 Retained earnings		154,387		250,308
25 Less cost of treasury stock		()		()
26 Total liabilities and shareholders' equity		631,781		526,541

Schedule M-1 Reconciliation of Income per Books With Income per Return (You are not required to complete this schedule if the total assets on line 15, column (d), of Schedule L are less than \$25,000.)

1 Net income per books	4,203	5 Income recorded on books this year not included on Schedule K, lines 1 through 6 (itemize):	
2 Income included on Schedule K, lines 1 through 6, not recorded on books this year (itemize):		a Tax-exempt interest \$	
Contributions - 100% Div	76,839	Contributions - 100% Div	16,632
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 11a, 15e, and 16a (itemize):		6 Deductions included on Schedule K, lines 1 through 11a, 15e, and 16a, not charged against book income this year (itemize):	
a Depreciation \$	29,076	a Depreciation \$	
b Travel and entertainment \$			
4 Total of lines 1 through 3	96,772	7 Total of lines 5 and 6	16,632
		8 Income (loss) (Schedule K, line 20)—Line 4 less line 7	80,140

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (See instructions.)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
1 Balance at beginning of tax year	154,387		
2 Ordinary income from page 1, line 21	80,080		
3 Other additions	10,841		
4 Loss from page 1, line 21	()		
5 Other reductions	()		
6 Combine lines 1 through 5	250,308		
7 Distributions other than dividend distributions			
8 Balance at end of tax year—subtract line 7 from line 6	250,308		

UNCLASSIFIED SCHEDULE 13

Taxpayer Sandra L. HARRIS Utility Trans.For the Year Ended 12/31/90

Address _____

Social Security No. 59-2317658

PAGE 1 - LINE 19 - Other Deductions
 OPERATING EXPENSES

106,446

1989 GROSS TAX CREDITS
 TOTAL OTHER DEDUCTIONS

33,911

135,357

PAGE 4 - Schedule M-2

LINE 3 - OTHER ADDITIONS

Adjustment to Accumulated Depreciation

10,841

U.S. Income Tax Return for an S Corporation

OMB No. 1545-0130

1989

For calendar 1989 or tax year beginning _____, 1989, ending _____, 19____
For Paperwork Reduction Act Notice, see page 1 of separate instructions.

A Date of election as an S Corporation

9/8/83

B Business code no. (see Specific Instructions)

4990

Use IRS label. Otherwise, please print or type.

SANDALHAVEN UTILITY, INC
6800 PLACIDA ROAD
ENGLEWOOD, FL 34224

C Employer identification no.

59-2317658

D Date incorporated

09/19/83

E Total assets (see Specific Instructions)

\$ 631,781

F Check applicable boxes: (1) Initial return (2) Final return (3) Change in address (4) Amended return

G Check this box if this is an S corporation subject to the consolidated audit procedures of sections 6241 through 6245 (see instructions before checking this box) 4

H Enter number of shareholders in the corporation at the end of the tax year. 4

Caution: Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a	Gross receipts or sales	237,636	b Less returns and allowances	c Bal	1c	237,636
	2	Cost of goods sold and/or operations (Schedule A, line 7)				2	38,761
	3	Gross profit (subtract line 2 from line 1a)				3	198,875
	4	Net gain (or loss) from Form 4797, line 18 (see instructions)				4	
	5	Other income (see instructions - attach schedule)				5	
	6	Total income (loss) - Combine lines 3, 4, and 5 and enter here				6	198,875
Deductions	7	Compensation of officers				7	
	8a	Salaries and wages		b Less jobs credit	c Bal	8a	
	9	Repairs				9	134
	10	Bad debts (see instructions)				10	
	11	Rents				11	
	12	Taxes				12	11,212
	13	Interest (see instructions)				13	22,615
	14a	Depreciation (attach Form 4562) (see instructions)	14a				
	b	Depreciation reported on Schedule A and elsewhere on return	14b				
	c	Subtract line 14b from line 14a				14c	
	15	Depletion (Do not deduct oil and gas depletion. See instructions.)				15	
	16	Advertising				16	
	17	Pension, profit-sharing, etc. plans				17	
	18	Employee benefit programs				18	
19	Other deductions (attach schedule)				19	72,483	
20	Total deductions - Add lines 7 through 19 and enter here				20	106,444	
21	Ordinary income (loss) from trade or business activities - Subtract line 20 from line 6				21	92,431	
Tax & Payments	22	Tax:					
	a	Excess net passive income tax (attach schedule)	22a				
	b	Tax from Schedule D (Form 1120S)	22b				
	c	Add lines 22a and 22b (see instructions for additional taxes)				22c	
	23	Payments:					
	a	Tax deposited with Form 7004	23a				
	b	Credit for Federal tax on fuels (attach Form 4136)	23b				
	c	Add lines 23a and 23b				23c	
	24	Tax due - If line 22c is larger than line 23c, enter amount owed. See instructions for Paying the Tax				24	
	25	Overpayment - If line 23c is larger than line 22c, enter amount overpaid				25	

Please Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

Paid

Preparer's signature _____ Date _____ Check if self-employed ☐ Preparer's social security no. 297-52-8290

Preparer's Use Only

Firm's name (or yours, if self-employed) and address
WELKER HARRIS & COMPANY CPA'S
8660-60 COLLEGE PARKWAY
FORT MYERS, FL
E.I. No. 59-2025336
ZIP Code 33919

Schedule A Cost of Goods Sold and/or Operations (See instructions for Schedule A.)

	1	2	3	4a	5	6	7
1 Inventory at beginning of year		3					
2 Purchases		3					
3 Cost of labor							
4a Additional section 263A costs (attach schedule) (see instructions)				38,761			
b Other costs (attach schedule)				38,761			
5 Total - Add lines 1 through 4b				38,761			
6 Inventory at end of year							
7 Cost of goods sold and/or operations - Subtract line 6 from line 5. Enter here and on line 2, page 1						38,761	

8a Check all methods used for valuing closing inventory:

- (i) ☒ Cost
- (ii) ☐ Lower of cost or market as described in Regulations section 1.471-4
- (iii) ☐ Withdrawal of "submerged" goods as described in Regulations section 1.471-2(c)
- (iv) ☐ Other (specify method used and attach explanation) ▶

b Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 870). ☐ b

c If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO. ☐ b

d Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the corporation? ☐ b

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ b

If "Yes," attach explanation.

Additional Information Required (continued from page 1)

1 Did you at the end of the tax year own, directly or indirectly, 50% or more of the voting stock in a domestic corporation?	Yes	No
For rules of attribution, see section 267(c). If "Yes," attach a schedule showing: (1) name, address, and employer identification number; and (2) percentage owned.		
J Refer to the listing of business activity codes at the end of the instructions for Form 1120S and state your principal business activity ▶ <u>UTILITY</u> (2) Product or service ▶ <u>SEWER</u>		
K Were you a member of a controlled group subject to the provisions of section 1561?		X
L At any time during the tax year, did you have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? (See instructions for exceptions and filing requirements for form TD F 90-22.1.)		X
M If "Yes," enter the name of the foreign country ▶		
N Were you the grantor of, or transferor to, a foreign trust which existed during the current tax year, whether or not you have any beneficial interest in it? If "Yes," you may have to file Form 5500, 5500-A, or 5500-E		X
O During this tax year did you maintain any part of your accounting/tax records on a computerized system?		X
P Check method of accounting: (1) <input type="checkbox"/> Cash (2) <input checked="" type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶		
Q Check this box if the S corporation has filed or is required to file Form 9234, Application for Registration of a Tax Shelter. <input type="checkbox"/> b		
R If so, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. If the corporation: (1) filed its election to be an S corporation after December 31, 1985, (2) was a C corporation prior to making the election, and (3) at the beginning of the tax year had net unrealized built-in gain as defined in section 1374 (d)(1), enter the net unrealized built-in gain (see instructions) ▶		

Designation of Tax Matters Person (See instructions.)

Enter below the shareholder designated as the tax matters person (TMP) for the tax year of this return:

Name of designated TMP ▶ ROBERT W. SPADE Identifying number of TMP ▶ 281-28-0261

Address of designated TMP ▶ 6800 PLACIDA ROAD
ENGLEWOOD, FL 33553

For Preparation Instructions And Notes, see instructions.

Copyright forms software only Center Press Software

Schedule K-1 Shareholder's Shares of Income, Credits, Deductions, Etc. (See Instructions.)

(a) Pre rata share items

(b) Total amount

Income (Loss) and Deductions

1	Ordinary income (loss) from trade or business activities (page 1, line 21)	1	92,431
2a	Gross income from rental real estate activities	2a	
b	Less expenses (attach schedule)	2b	
c	Net income (loss) from rental real estate activities	2c	
3a	Gross income from other rental activities	3a	
b	Less expenses (attach schedule)	3b	
c	Net income (loss) from other rental activities	3c	
4	Portfolio income (loss):		
a	Interest income	4a	
b	Dividend income	4b	9,788
c	Royalty income	4c	
d	Net short-term capital gain (loss) (Schedule D (Form 1120S))	4d	
e	Net long-term capital gain (loss) (Schedule D (Form 1120S))	4e	
f	Other portfolio income (loss) (attach schedule)	4f	
5	Net gain (loss) under section 1221 (other than due to casualty or theft) (see instructions)	5	
6	Other income (loss) (attach schedule)	6	
7	Charitable contributions (attach log)	7	
8	Section 179 expense deduction (attach Form 4562)	8	
9	Expenses related to portfolio income (loss) (attach schedule) (see instructions)	9	
10	Other deductions (attach schedule)	10	

Credits

11a	Credit for alcohol used as a fuel (attach Form 6479)	11a	
b	Low-income housing credit: (1) Partnership to which section 4200(b) applies	11b(1)	
(2) Other than on line 11b(1)		11b(2)	
c	Qualified rehabilitation expenditures related to rental real estate activities (attach schedule)	11c	
d	Credits (other than credits shown on lines 11b and 11c) related to rental real estate activities (attach schedule)	11d	
e	Credits related to other rental activities (see instructions) (attach schedule)	11e	
12	Other credits and expenditures (attach schedule)	12	

Investment Interest

13a	Interest expenses on investment debts	13a	
b	(1) Investment income included on lines 4a through 4f above	13b(1)	9,788
(2) Investment expenses included on line 8 above		13b(2)	

Adjustments and Tax Preference Items

14a	Accelerated depreciation of real property placed in service before 1987	14a	
b	Accelerated depreciation of leased personal property placed in service before 1987	14b	
c	Depreciation adjustment on property placed in service after 1986	14c	
d	Depletion (other than oil or gas)	14d	
e	(1) Gross income from oil, gas, or geothermal properties	14e(1)	
(2) Deductions allocable to oil, gas, or geothermal properties		14e(2)	
f	Other adjustments and tax preference items (attach schedule)	14f	

Foreign Taxes

15a	Type of income		
b	Name of foreign country or U.S. possession		
c	Total gross income from sources outside the U.S. (attach schedule)	15c	
d	Total applicable deductions and losses (attach schedule)	15d	
e	Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	15e	
f	Refund in taxes available for credit (attach schedule)	15f	
g	Other foreign tax information (attach schedule)	15g	

Other Items

16	Total property distributions (include g cash) other than dividends reported on line 15 below	16	
17	Other items and amounts not included on lines 1 through 16 above, that are required to be reported separately to shareholders (attach schedule)		
18	Total dividend distributions paid from accumulated earnings and profits contained in other retained earnings (line 27, Schedule L)	18	

Schedule L: Balance Sheets		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		4,389		635
2	Trade notes and accounts receivable	177,726		226,454	
a	Less allowance for bad debts		177,726		226,454
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach schedule)				
7	Loans to shareholders				
8	Mortgage and real estate loans				
9	Other investments (attach schedule)				
10	Buildings and other depreciable assets	403,547		403,547	
a	Less accumulated depreciation		403,547		403,547
11	Depletable assets				
a	Less accumulated depletion				
12	Land (net of any amortization)				
13	Intangible assets (amortizable only)	31,499		31,499	
a	Less accumulated amortization	28,923	2,576	31,499	
14	Other assets (attach schedule)		995		1,145
15	Total assets		589,233		631,781
Liabilities and Shareholders' Equity					
16	Accounts payable		6,711		6,640
17	Mortgages, notes, bonds payable in less than 1 year				7,101
18	Other current liabilities (attach schedule)				
19	Loans from shareholders				
20	Mortgages, notes, bonds payable in 1 year or more		234,484		167,783
21	Other liabilities (attach schedule)		211,275		211,275
22	Capital stock		100		100
23	Paid-in or capital surplus		79,495		79,495
24	Accumulated adjustments account	57,168		159,387	
25	Other adjustments account				
26	Shareholders' undistributed taxable income previously taxed				
27	Other retained earnings (see instructions)				
Check this box if the corporation has subchapter C earnings and profits at the close of the tax year <input type="checkbox"/> (see instructions)					
28	Total retained earnings per books - Combine amounts on lines 24 through 27, column (a) and (c) (see instructions)		57,168		159,387
29	Less cost of treasury stock				
30	Total liabilities and shareholders equity		589,233		631,781

Schedule M: Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (If Schedule L, column (c), amounts for lines 24, 25, or 28 are not the same as corresponding amounts on line 8 of Schedule M, attach a schedule explaining any differences. See instructions.)

	Accumulated adjustments account	Other adjustments account	Shareholders' undistributed taxable income previously taxed
1	Balance at beginning of year	0	0
2	Ordinary income from page 1, line 21	92431	
3	Other additions	9788	
4	Total of lines 1, 2, and 3	159387	0
5	Distributions other than dividend distributions	0	0
6	Loss from page 1, line 21	0	
7	Other reductions	0	
8	Add lines 5, 6, and 7	0	0
9	Balance at end of tax year - subtract line 8 from line 4	159387	0

FORM 1120-S

PAGE 1, LINE 19, OTHER DEDUCTIONS

ACCOUNTING & LEGAL	3,373
ADMINISTRATION	3,700
AMORTIZATION FORM 4562	2,575
FACILITY/EQUIPMENT	12,000
INSURANCE	841
MANAGEMENT FEE	14,400
OFFICE	2,822
PROFESSIONAL FEES	5,671
LAWSUIT	27,101

72,483

PAGE 2, LINE 4B, OTHER COSTS

SUPPLIES	2,390
LABOR	7,725
POWER	11,431
REPAIRS	15,083
LAB ANALYSIS	2,132

38,761

PAGE 4, SCHEDULE L, LINE 14, OTHER ASSETS
DEPOSITS

1,145

PAGE 4, SCHEDULE L, LINE 18, OTHER CURRENT LIABILITIES
ACCRUED EXPENSES

7,101

PAGE 4, SCHEDULE L, LINE 21, OTHER LIABILITIES
CONTRIBUTIONS IN AID OF CONSTRUCTION

211,275

PAGE 4, SCHEDULE M, LINE 3, OTHER ADDITIONS
INTEREST INCOME

9,788

Application for Automatic Extension of Time To File Corporation Income Tax Return

OMB No. 1545-0233
Expires 9-31-92

Name of corporation

SANDAL HAVEN Utilities Inc.

Employer identification number

59-2317658

Number and street (or P.O. box number if mail is not delivered to street address)

6800 Phacida Road

City or town, state, and ZIP code

Emeryville, CA 94624

Check type of return to be filed:

- | | | | | |
|---------------------------------------|--|---------------------------------------|---|--|
| <input type="checkbox"/> Form 1120 | <input type="checkbox"/> Form 1120F | <input type="checkbox"/> Form 1120L | <input type="checkbox"/> Form 1120-POL | <input checked="" type="checkbox"/> Form 1120S |
| <input type="checkbox"/> Form 1120-A | <input type="checkbox"/> Form 1120-FSC | <input type="checkbox"/> Form 1120-ND | <input type="checkbox"/> Form 1120-REIT | <input type="checkbox"/> Form 990-C |
| <input type="checkbox"/> Form 1120-DF | <input type="checkbox"/> Form 1120-H | <input type="checkbox"/> Form 1120-PC | <input type="checkbox"/> Form 1120-RIC | <input type="checkbox"/> Form 990-T |

Form 1120F filers: Check here ☐ if you do not have an office or place of business in the U.S.

1a I request an automatic 6-month extension of time until September 15, 1991, to file the income tax return of the corporation named above for ☒ calendar year 19 90 or ☐ tax year beginning 19 and ending 19 .

b If this tax year is for less than 12 months, check reason:

- ☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

Name and address of each member of the affiliated group	Employer identification number	Tax period

3 Tentative tax (see instructions)

3 - 0

4 Credits:

- a Overpayment credited from prior year
b Estimated tax payments for the tax year
c Less refund for the tax year applied for on Form 4466
e Credit from regulated investment companies
f Credit for Federal tax on fuels

4a					
4b					
4c	()		
4d					
4e					
4f					

5 - 0

5 Total—Add lines 4d through 4f

6 Balance due—Line 3 less line 5. Deposit this amount with a Federal Tax Deposit (FTD) Coupon (see instructions)

6 - 0

Signature.—Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief the statements made are true, correct, and complete.

[Signature]
(Signature of officer or agent)

CPA
(Title)

3/11/91
(Date)



FLORIDA
Public Service Commission

CERTIFICATE NUMBER

495 - 5

Upon consideration of the record it is hereby ORDERED
that authority be and is hereby granted to
SANDALHAYEN UTILITY, INC.

Whose principal address is
6800 Placida Road

Englewood, Florida 34224 (Charlotte County)

to provide wastewater service in accordance with
the provisions of Chapter 367, Florida Statutes, the Rules,
Regulations and Orders of this Commission in the territory de-
scribed by the Orders of this Commission.

This Certificate shall remain in force and effect until sus-
pended, cancelled or revoked by Orders of this Commis-
sion.

ORDER PSC-95-0478-FDF-SU

DOCKET 941341-SU

ORDER _____

DOCKET _____

ORDER _____

DOCKET _____

ORDER _____

DOCKET _____

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

Blanca S. Bayo
Director
Division of Records & Reporting

