

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for transfer
of facilities and Certificates
Nos. 616-W and 530-S from
Labrador Services, Inc. to
Labrador Utilities, Inc. in
Pasco County.

DOCKET NO. 020484-WS
ORDER NO. PSC-03-0638-PAA-WS
ISSUED: May 27, 2003

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER APPROVING TRANSFER OF FACILITIES AND CERTIFICATES
NOS. 616-W AND 530-S, AND CONTINUING THE UTILITY'S
EXISTING RATES AND CHARGES
AND
NOTICE OF PROPOSED AGENCY ACTION ORDER ESTABLISHING
RATE BASE FOR THE PURPOSE OF TRANSFER AND DECLINING
TO INCLUDE A NEGATIVE ACQUISITION ADJUSTMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed herein establishing rate base
for the purpose of transfer and declining to include a negative
acquisition adjustment is preliminary in nature and will become
final unless a person whose interests are substantially affected
files a petition for a formal proceeding, pursuant to Rule 25-
22.029, Florida Administrative Code.

BACKGROUND

Labrador Services, Inc. (Labrador, utility) is a Class C water
and wastewater utility located approximately one mile east of the
City of Zephyrhills in Pasco County. Water consumption is

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regulated by the Southwest Florida Water Management District (SWFWMD), but the utility's service territory is not in a water use caution area. The area is built out with service provided to 894 lots in Forest Lake Estates Mobile Home Park (MH Park) and 274 lots in Forest Lakes R.V. Resort (RV Resort). Based on its 2001 annual report on file with this Commission, the utility's total revenues are \$182,825 with a total net operating loss of \$191,316.

We granted original Certificates Nos. 616-W and 530-S to Labrador by Order No. PSC-01-1483-PAA-WS, issued July 16, 2001, in Docket No. 000545-WS. Prior to that time, Labrador was an exempt entity.

We have jurisdiction over this matter pursuant to Section 367.071, Florida Statutes.

TRANSFER OF FACILITIES AND CERTIFICATES

On April 2, 2002, Labrador entered into a Purchase and Sale Agreement (sales contract) with Utilities, Inc. (UI). The sales contract closed on May 31, 2002, which is the date of transfer of facilities. The transfer was made contingent upon our approval in compliance with Section 367.071(1), Florida Statutes. Prior to the closing, UI assigned the utility assets to Labrador Utilities, Inc. (LUI), a wholly-owned Florida subsidiary of UI. On June 4, 2002, an application was filed for authority to transfer Labrador's facilities and certificates to LUI which resulted in this docket.

The application as filed and amended is in compliance with the governing statute, Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules pertaining to an application for the sale, assignment, or transfer of a certificate of authorization. The application contained the correct filing fee pursuant to Rule 25-30.020, Florida Administrative Code. The applicant also returned Certificates Nos. 616-W and 530-S for modification as required by Rule 25-30.037(2)(t), Florida Administrative Code. The territory being transferred is described in Attachment A.

Noticing - Pursuant to Rule 25-30.030, Florida Administrative Code, the application contained the requisite proof of noticing.

No objections to the application were received by this Commission and the time for filing such has expired.

Sales Contract and Financing - As required by Rule 25-30.037(2)(g), (h), (i), and (k), Florida Administrative Code, the application contained a copy of the sales contract and a description of financing. As noted, the asset purchase agreement was between Labrador, as the seller, and UI, as the buyer, with UI assigning its interest to LUI, a wholly-owned Florida utility subsidiary of UI. UI financed the purchase with its equity. As such, there are no unrelated entities upon which LUI is relying for financing. Since the utility is built out, there are no guaranteed revenue contracts, developer agreements, customer advances, debt of the utility, or leases that must be disposed of in association with the transfer of the utility facilities. In addition, there are no customer deposits.

The purchase price at the closing on May 31, 2002, was a minimum amount of \$425,000. The final purchase price is dependent upon the dollar amount of rate base established subsequently in this Order. For rate base in excess of \$425,000, the sales contract provides for a dollar for dollar increase in the purchase price up to \$750,000. For rate base in excess of \$750,000, the sales contract provides for a fifty cents per dollar increase in the purchase price, up to a total maximum purchase price of \$800,000.

Proof of Ownership - Rule 25-30.037(2)(q), Florida Administrative Code, requires proof that the utility owns or has provided for the continued use of the land upon which the utility facilities are located. The water and wastewater plants and spray irrigation fields are located on real property owned by Forest Lake Estates Co-op, Inc. (Co-op). The land was leased to Labrador for 99 years commencing on June 10, 1999, for \$3,500 per month with provisions for indexing based on the Consumer Price Index. According to the rule, a 99-year lease is acceptable proof of continued use of the land. As such, we previously approved the lease by Order No. PSC-01-1483-PAA-WS, which granted the utility's original certificates. For purposes of this transfer, the lease was assigned by Labrador to LUI. The application contained a copy of the executed Assignment of Lease. Subsequent to the filing, a copy of the recorded Assignment of Lease was also filed.

Annual Reports and Regulatory Assessment Fees (RAFs) - Our staff confirmed that the utility is current on annual reports and RAFs through 2001 and that there are no outstanding penalties, interest, or refunds due. Our staff also confirmed that the utility has paid its 2002 RAFs. The buyer has agreed to be responsible for filing the utility's 2002 annual report, in the time frame and manner prescribed by our rules.

Environmental Compliance - Pursuant to Rule 25-30.037(2)(p), Florida Administrative Code, the application contained a statement that, after reasonable investigation, LUI had determined the systems being acquired appeared to be in satisfactory condition and in compliance with all applicable standards set by DEP. Our staff contacted the DEP to verify there are no outstanding violations.

Technical and Financial Ability - Pursuant to Rule 25-30.037(2)(j), Florida Administrative Code, the application contained a statement indicating how the transfer is in the public interest, including a summary of the buyer's experience and showing of financial ability. The application indicates UI was formed in 1965 with the objective of acquiring small water and wastewater companies to operate and improve. By centralizing the management, accounting, billing, and data processing functions, the application indicates UI can achieve economies of scale that would be unattainable on a stand-alone basis.

The application states that UI currently serves approximately 38,000 residential and non-residential water and wastewater customers in Florida. Further, UI has approximately 35 years of experience in the water and wastewater utility industry and provides safe and reliable services to approximately 230,000 customers in 16 states. UI has operated water and wastewater utilities in Florida under Commission regulation since 1976.

With respect to UI's technical and financial ability, the application indicates UI has both the regulatory experience and financial wherewithal to ensure consistent compliance with environmental regulations. According to the application, UI's experience, through its LUI subsidiary, in operating water and wastewater utilities will benefit its customers on both a day-to-day basis as well as during emergencies. Finally, the applicant included a statement that the buyer will fulfill the commitments,

obligations, and representations of the seller with regard to utility matters.

Conclusion - Based on all the above, we find that the transfer of facilities and Certificates Nos. 616-W and 530-S from Labrador Services, Inc. to Labrador Utilities, Inc. is in the public interest, and is hereby approved. The territory to be transferred is described in Attachment A, attached hereto and incorporated by reference. The buyer shall be responsible for filing the utility's 2002 annual report in the time frame and manner prescribed by our rules.

RATE BASE

This Commission has never established rate base for Labrador's systems. Subsequent to the filing of this transfer, our staff requested an audit to establish rate base for transfer purposes as of May 31, 2002. The resulting audit report was filed November 1, 2002.

Utility Plant in Service (UPIS) - Labrador's facilities were initially constructed in 1987 by The Halprin Companies along with an adult manufactured housing community under the name of Frontier Acres. The Halprin Companies sold the manufactured housing but rented the lots. Since the cost of water and wastewater services were included non-specifically in lot rent, the development was exempt from our regulation pursuant to Section 367.022(5), Florida Statutes.

Sometime in 1989, ownership of the land and development rights was acquired by Henri Viau, who owned and operated the MH Park under the name of Forest Lake Estates, Inc. (FLE). Sometime prior to December of 1997, Mr. Viau began charging specifically for water and wastewater services, at which time the utility became subject to our regulation pursuant to Section 367.031, Florida Statutes. Unaware of the need to file for certificates of authorization, Mr. Viau operated the water and wastewater facilities in apparent violation of the statutes from at least 1997 until 2000.

In June of 1999, Mr. Viau sold the community facilities, exclusive of the utility systems, to the Co-op. The Co-op consists of the homeowners in approximately 240 of the nearly 900 lots in

the MH Park. Since the Co-op chose not to purchase the utility facilities, Mr. Viau formed Labrador and filed for certificates of authorization in May of 2000. Original water and wastewater certificates were granted to Labrador pursuant to Order No. PSC-01-1483-PAA-WS. In that order, we declined to initiate show cause proceedings for the apparent violation of Section 367.031, Florida Statutes, and continued the utility's existing flat rates until rate base could be established in a subsequent rate proceeding.

The books and records of the prior developers and many of the original cost records for The Halprin Companies, FLE, and Labrador were not available. The consulting firm hired by LUI to determine the cost basis of the undocumented plant relied upon the original cost records and tax returns that Labrador was able to produce to establish the original cost of the utility facilities. Depreciation schedules from prior tax returns were compared with available invoices to verify approximately 62% of the utility's estimated plant cost.

The following chart shows the amount of documented and undocumented plant.

<u>Basis</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Documented	\$198,164	\$ 750,874	\$ 949,038
Undocumented	<u>166,393</u>	<u>410,573</u>	<u>576,966</u>
Utility Total	\$364,557	\$1,161,447	\$1,526,004

The undocumented asset costs were based on the amounts reflected in the depreciation schedules on the prior developer's tax returns and a list of the utility's known assets. These costs were then compared with the documented cost of utility facilities constructed during other phases of the development as well as with the costs of other similar developments.

The following lists show the assets identified on the depreciation schedules of the prior owner's tax returns, but unsupported by original invoices, and the basis used to determine whether the original cost was reasonable.

WATER PLANT

<u>Year</u>	<u>Description</u>	<u>Basis</u>	<u>Amount</u>
1987	Lines--Phase 1	109 lots @ \$200	\$ 21,800
1989	Well	Consultant Experience	10,000
1989	Lines--Phase 2	111 lots @ \$260	28,860
1989	High Service Pump	Consultant Experience	5,000
1989	Lines-Phase 3	125 lots @ \$260	32,500
1994	Lines-Phases 6 & 7	201 lots @ \$300	60,300
2000	Franchise Costs	Annual Report and Commission records	<u>7,933</u>
	Water System Undocumented UPIS		\$166,393

WASTEWATER PLANT

<u>Year</u>	<u>Description</u>	<u>Basis</u>	<u>Amount</u>
1987	Lines--Phase 1	109 lots @ \$350	\$ 38,150
1987	Master Pump Station	Consultant Experience	20,000
1987	Original WWTP	Consultant Experience	20,000
1989	Lines--Phase 2	111 lots @ \$350	38,850
1989	Lines--Phase 3	125 lots @ \$350	43,750
1989	Lift Station/Mains	Consultant Experience	12,000
1994	Lines-Phases 6 & 7	201 lots @ \$480	96,480
1995	Expand Spray field	Consultant Experience	108,410
1998	Automatic Filter	Consultant Experience	25,000
2000	Franchise Costs	Annual Report and Commission records	<u>7,933</u>
	Wastewater System Undocumented UPIS		\$410,573
	Combined Undocumented UPIS		\$576,966

We have reviewed the consulting firm's method of determining the original cost of the plant items. While the consulting firm did not perform all of the steps completed in a typical original cost study, we find that the methodology used and the resulting proposed original cost for the water and wastewater systems appear reasonable and are therefore approved. Therefore, UPIS for the

water system is \$364,557 and UPIS for the wastewater system is \$1,161,447.

Land - As noted earlier, the water and wastewater plants are located on real property now owned by the Co-op. A recorded Assignment of Lease was provided with the application for 99 years commencing on June 10, 1999. Since the utility does not own the land under the utility facilities, no land is included in rate base.

Accumulated Depreciation - The utility's 2001 annual report states accumulated depreciation as \$91,599 for the water system and \$266,722 for the wastewater system. These amounts were based on the use of forty year service lives (2.5%) for all assets except Office Furniture and Equipment, and Tools, Shop and Garage Equipment, which were depreciated over fifteen years (6.67%) and Franchise Fees which were depreciated over twenty years (5.0%). The staff auditors confirmed the utility's depreciation calculations up through December 31, 2001, and then extended the amounts up to May 31, 2002. The resulting balances for accumulated depreciation were \$95,563 for the water system and \$279,054 for the wastewater system as of May 31, 2002.

We note that the majority of the prior owner's depreciation rates are lower than the recommended rates in Rule 25-30.140, Florida Administrative Code. While no adjustment to accumulated depreciation is approved in establishing rate base as of the transfer on May 31, 2002, we find that LUI shall use the average service lives guideline prescribed by Rule 25-30.140, Florida Administrative Code, for all depreciation recorded after May 31, 2002.

Contributions in Aid of Construction (CIAC) and Amortization of CIAC - There is no CIAC or amortization of CIAC recorded on the utility's books. It appears that the prior developers did not collect service availability charges nor require donated property. In addition, while the developers built and sold the manufactured housing, the lots were leased. A review of available tax returns from 1994 through 1999 appears to confirm that developers did not charge the lines to the cost of goods sold for tax purposes. Further, since the utility was built-out at the time of

certification, we did not authorize the utility to collect service availability charges on a going-forward basis.

Pursuant to Rule 25-30.570, Florida Administrative Code:

If the amount of CIAC has not been recorded on the utility's books and the utility does not submit competent substantial evidence as to the amount of CIAC, the amount of CIAC shall be imputed to be the amount of the plant costs charged to the cost of land sales for tax purposes if available, or the proportion of the cost of the facilities and plant attributable to the water transmission and distribution system and the sewage collection system.

We interpret Rule 25-30.570, Florida Administrative Code, to be a guideline for imputing CIAC when CIAC is believed to exist but has not been recorded, or creditably recorded. However, that does not appear to be the case in this instance. Therefore, we find that CIAC and amortization of CIAC shall not be imputed in determining the utility's water or wastewater rate base at the time of transfer.

Conclusion - Based upon all the above, we find that rate base for transfer purposes shall be established as of May 31, 2002, at \$268,994 for water and \$882,393 for wastewater for a combined rate base of \$1,151,387. The utility shall use the average service lives guideline prescribed by Rule 25-30.140, Florida Administrative Code, for all depreciation recorded after May 31, 2002. Schedule 1 shows the calculation of water rate base and Schedule 2 shows the calculation of wastewater rate base, attached hereto and incorporated by reference. We note that rate base for transfer purposes does not include the normal rate making calculations of used and useful adjustments or working capital.

DECLINING TO INCLUDE A NEGATIVE ACQUISITION ADJUSTMENT

An acquisition adjustment results when the purchase price differs from the original cost calculation adjusted to the time of the acquisition. As noted previously, the final purchase price will be based on the amount of rate base established by this

Commission up to a maximum total purchase price of \$800,000. The acquisition adjustment resulting from the transfer of Labrador to LUI is calculated as follows:

Purchase Price	\$ 800,000
Combined Rate Base as of May 31, 2002	\$ 1,151,387
Difference	<u>\$ (351,387)</u>

The application indicates that there is no proposal at this time for inclusion of an acquisition adjustment resulting from the transfer. Further, in the absence of extraordinary circumstances, it was the practice of this Commission at the time the transfer occurred on May 31, 2002, that the purchase of a utility at a premium or discount shall not affect the rate base calculation. We note that there do not appear to be any extraordinary circumstances such that a negative acquisition adjustment shall be made.

Since we are not aware of any extraordinary circumstances which would justify a negative adjustment under our practice at the time of the transfer, and because Rule 25-30.0371, Florida Administrative Code, was not in effect at the time of the transfer, we find that a negative acquisition adjustment shall not be included in the calculation of rate base for transfer purposes.

CONTINUING EXISTING RATES AND CHARGES

Rule 25-9.044(1), Florida Administrative Code, provides that:

In case[s] of change of ownership or control of a utility which places the operation under a different or new utility, or when its name is changed, the company which will thereafter operate the utility business must adopt and use the rates, classification and regulations of the former operating company (unless authorized to change by the commission).

The utility was in existence and charging flat rates at the time it filed for original certificates. Based upon the utility's representation that it was in the process of filing for a staff

assisted rate case, we approved the continuation of the existing flat rates at the time of certification along with the addition of our standard miscellaneous service charges. In addition, since the utility was built out at the time of certification, no service availability charges were established nor does the utility require customer deposits.

RESIDENTIAL SERVICE

<u>Monthly</u>	<u>Water Flat Rate</u>	<u>Wastewater Flat Rate</u>
MH Park, per lot	\$4.50	\$10.50
RV Resort, per lot	\$3.00	\$ 7.00

MISCELLANEOUS SERVICE CHARGES

	<u>Water</u>	<u>Wastewater</u>
Initial Connection Fee	\$15	\$15
Normal Reconnection Fee	\$15	\$15
Violation Reconnection Fee	\$15	Actual Cost
Premises Visit Fee	\$10	\$10

Pursuant to Rule 25-30.155, Florida Administrative Code, each utility shall measure water sold on the basis of metered volume sales unless we approved flat rate service arrangements for that utility. As indicated, we approved flat rate service for the utility in Order No. PSC-01-1483-PAA-WS, based upon representations that the utility was intending to file for a staff assisted rate case, which has not yet occurred.

While we are concerned about the continuation of a flat rate structure because it does not send the appropriate pricing signal to the customers, the utility is not in a water use caution area. Individual meters have been installed for all the mobile home lots and the RV Park is master-metered. In addition, the utility is showing net operating losses in excess of total revenues on its annual reports. Therefore, the utility has both the means and the need for metered volume sales.

Our staff asked the buyer's intentions with respect to the continuation of the utility's flat rate structure. According to

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the buyer, all meters are currently being read to obtain historical consumption information. It is expected that a request for rate restructuring will be filed in 2003.

Therefore, we find that existing rates and charges for Labrador Services shall be continued pursuant to Rule 25-9.144(1), Florida Administrative Code, until authorized to change by this Commission in a subsequent proceeding. The tariff sheets reflecting the current rates shall be effective for services rendered or connections made on or after the stamped approval date.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the transfer of facilities and Certificates Nos. 616-W and 530-S from Labrador Services, Inc. to Labrador Utilities, Inc., is hereby approved, with an effective date of May 31, 2002. It is further

ORDERED that the attachments and all schedules, attached hereto, are incorporated herein by reference. It is further

ORDERED that the buyer is responsible for filing the utility's 2002 annual report in the time-frame and manner prescribed by Commission rules. It is further

ORDERED that the rate base is \$268,994 for water and \$882,393 for wastewater as of May 31, 2002. It is further

ORDERED that the utility shall use the average service lives guideline prescribed by Rule 25-30.140, Florida Administrative Code, for all depreciation recorded after May 31, 2002. It is further

ORDERED that a negative acquisition adjustment shall not be included in the calculation of rate base for transfer purposes. It is further

ORDERED that the existing rates and charges for the utility shall be continued until authorized to change by this Commission in a subsequent proceeding. It is further

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ORDERED that the tariff sheets reflecting the existing rates and charges shall be effective for services rendered or connections made on or after the stamped approval date. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 27th Day of May, 2003.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Marcia Sharma
Marcia Sharma, Assistant Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

JSB

DISSENT:

Commissioner J. Terry Deason dissents from the decision in this Order not to recognize a negative acquisition adjustment in the calculation of rate base.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rate base for the purpose of transfer and declining to include a negative acquisition adjustment is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 17, 2003. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of the Commission Clerk and Administrative Services within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or

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telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of the Commission Clerk and Administrative Services and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

LABRADOR SERVICES, INC.
WATER RATE BASE
AS OF MAY 31, 2002

<u>DESCRIPTION</u>	<u>PER UTILITY</u>	<u>PER COMM. ADJUSTMENT</u>	<u>COMMISSION APPROVED</u>
UTILITY PLANT-IN-SERVICE	\$ 364,557	\$ -0-	\$ 364,557
LAND & LAND RIGHTS	-0-	-0-	-0-
CONTRIBUTIONS-IN-AID-OF- CONSTRUCTION (CIAC)	(-0-)	(-0-)	(-0-)
ACCUMULATED DEPRECIATION	(95,563)		(95,563)
AMORTIZATION OF CIAC	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
 WATER RATE BASE	 <u>\$ 268,994</u>	 <u>\$</u>	 <u>\$ 268,994</u>

SCHEDULE 2

LABRADOR SERVICES, INC.
 WASTEWATER RATE BASE
 AS OF MAY 31, 2002

<u>DESCRIPTION</u>	<u>PER UTILITY</u>	<u>PER COMM. ADJUSTMENT</u>	<u>COMMISSION'S ADJUSTMENT</u>
UTILITY PLANT-IN-SERVICE	\$ 1,161,447	\$ -0-	\$ 1,161,447
LAND & LAND RIGHTS	-0-	-0-	-0-
CONTRIBUTIONS-IN-AID-OF- CONSTRUCTION (CIAC)	(-0-)	(-0-)	(-0-)
ACCUMULATED DEPRECIATION	(279,054)		(279,054)
AMORTIZATION OF CIAC	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
WASTEWATER RATE BASE	<u>\$ 882,393</u>	<u>\$</u>	<u>\$ 882,393</u>

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ATTACHMENT A

WATER AND WASTEWATER SERVICE TERRITORY
FOR
LABRADOR SERVICES, INC.
IN
PASCO COUNTY, FLORIDA

FOREST LAKE ESTATES MOBILE HOME PARK
and
FOREST LAKES R.V. RESORT

PARCEL A:

Township 26 South, Range 22 East
Sections 5 and 8

A tract of land lying in Sections 5 & 8, Township 26 South, Range 22 East, Pasco County, Florida. BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Begin at the Southwest corner of said Section 5, also being the Northwest corner of said Section 8, thence North 00°35'43" East along the West boundary of said Section 5, a distance of 1,747.18 feet to the South right-of-way line of Frontier Drive; thence South 89°55'21" East along said right-of-way line a distance of 50.00 feet to the East right-of-way line of Frontier Boulevard; thence North 00°35'43" East along said East right-of-way line of Frontier Boulevard a distance of 690.21 feet; thence continue along said East right-of-way line North 00°36'06" East a distance of 357.18 feet to the Southerly right-of-way line of State Road 54; thence Northeasterly along said right-of-way line and a curve to the left having a radius of 5,779.58 feet, a chord bearing and distance of North 71°56'58" East 684.96 feet; thence along the arc of said curve a distance of 685.36 feet; thence continue along said right-of-way North 68°33'08" East a distance of 381.15 feet; thence continuing along said right-of-way line North 68°35'45" East a distance of 1,067.00 feet; thence South 00°01'19" West a distance of 1,096.12 feet; thence South 00°00'38" East a distance of 3,473.69 feet; thence North 89°55'55" West a distance of 2,097.29 feet to the West boundary line of said Section 8; thence North 01°04'30" East along said West boundary a distance of 1,030.84 feet to the POINT OF BEGINNING. Containing 60.05 acres.

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PARCEL B:

Township 25 South, Range 22 East
Section 32

The Southeast 1/4 of the Southwest 1/4 of said Section 32, Township 25 South, Range 22 East in Pasco County, Florida.

ALSO

The South 1/2 of the Northeast 1/4 of the Southwest 1/4 of said Section 32.

LESS

That part thereof within any railroad right-of-way.

Containing 197.00 acres.