



ORIGINAL
FILE COPY

April 8, 1997

Ms. Blanca Bayo
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

by Federal Express

Re: Docket No. ~~960907~~-WS -- Application for Amendment
of Certificates Nos. 306-W and 255-S in Charlotte/Lee
Counties by Southern States Utilities, Inc.

Dear Ms. Bayo:

Please find enclosed for filing in the above docket 15 copies of a
Purchase and Sale Agreement between Florida Water Service
Corporation ("Florida Water") and the Burnt Store R.O.
Association, Inc. (the "Association"). Note that only two of the
enclosed copies (the thickest two) contain the Agreement with all
exhibits and schedules attached thereto. Please forward one of
these two copies to the Legal Division and the other to and Water
& Wastewater Division for its files.

As stated in the Application for Amendment by which this
proceeding was initiated, one of the two areas which Florida Water
seeks to include in its territory is the mobile home park
currently served by the Association, an exempt entity. The
Application for Amendment explains that Florida Water will acquire
the Association's distribution facilities, but not its water
production and treatment facilities, and that an interconnect
would ensue by which Florida Water would provide the mobile home
park service. The enclosed Agreement contains the terms and
conditions for the described transaction.

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG 2 Because the Commission has treated this proceeding as a territory
amendment, the Agreement may not be considered necessary to the
LIN 3 Commission's disposition of this matter and thus filed for
information purposes only. In any event, Florida Water submits
OPC _____
RCH _____
SEC _____

DOCUMENT NUMBER-DATE

03665 APR 87

WAS Redemann
Florida Water Services Corporation / P.O. Box 609520 / Orlando, Florida 32860-9520 / Phone 407/880-0858 / Fax 407/880-8895

OTH _____
Water For Florida's Future

FPSC-RECORDS/REPORTING

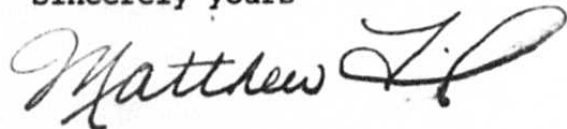
Chairman Johnson
Page 2

the enclosed in support of and part of its Application for Amendment.

If for any reason Commission approval of the Agreement is deemed necessary, Florida Water and the Association request that the Agreement be approved as expeditiously as possible either in this or another docket. Conversely, if approval is not necessary, Florida Water and the Association request a confirmation letter of such from staff as soon as possible.

If you have any questions or comments regarding the foregoing, please call me at (407) 880-0058, ext. 260.

Sincerely yours

A handwritten signature in cursive script that reads "Matthew Feil". The signature is written in dark ink and is positioned to the right of the typed name.

Matthew Feil, Esq.
Staff Attorney

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AGREEMENT FOR PURCHASE AND SALE

THIS AGREEMENT, dated this 27TH day of MARCH, 1997, by and between Burnt Store Colony RO Association, Inc. a Florida not-for-profit corporation, hereinafter referred to as "Seller," and Florida Water Services Corporation, a Florida corporation, hereinafter referred to as "Florida Water."

WHEREAS, Seller owns assets, facilities, and properties used in the transmission and distribution of water, for purposes of this agreement hereinafter referred to as the "Distribution System," and said Distribution System is used in providing water service to customers in the area known as Burnt Store Colony Mobile Home Park, located in Charlotte County, Florida; and

WHEREAS Seller and Florida Water have agreed upon a purchase and sale of said Distribution System under the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the recitals, covenants, and representations contained herein, Seller and Florida Water hereby agree as follows:

I. Purchased Assets. The term "Purchased Assets" means those properties, rights and interests of Seller which Florida Water will purchase pursuant to this Agreement. The "Purchased Assets" consist of the following:

A. An easement, subject only to those matters described in Schedule No. 10-J, for the real property known as "Burnt Store Colony Mobile Home Park," as further described on Exhibit A hereto, for the purposes of ingress and egress upon said property and for owning, operating, maintaining, repairing and replacing the Distribution System, together with accompanying joinders, consents and/or subordinations from all holders of documents evidencing encumbrances as may be reasonably required by Florida Water.

B. All easements, rights-of-way, rights, and consents granted to Seller which are or may be necessary for the proper construction, operation, maintenance repair and replacement of the Distribution System.

C. All Seller's right, title and interest in tangible and intangible personal property used or held for use by Seller in connection with the Distribution System, including, but not limited to, the following, to the extent they exist and/or are transferable:

(1) All water transmission and distribution facilities of every kind and description whatsoever, including but not limited to, lines, transmission mains, distribution mains, supply pipes, valves, service connections, and all other physical facilities and property installations used or held for use in connection with the Distribution System;

(2) Any and all certificates and authorizations (including those of the Florida Public Service Commission), permits, licenses, franchises, immunities,

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privileges, license rights, easements, consents, grants, rights-of-way, rights and interests of every character whatsoever granted by any governmental authorities and which are or may be necessary for the proper construction, operation, and maintenance of the System, along with Seller's interest in any amendments and modifications to and any pending requests concerning the aforementioned rights and properties;

(3) Any and all current customer billing records and meter books, all prints, plans, engineering drawings, reports, surveys, plats, specifications, shop drawings, equipment manuals, equipment warranties, soil reports, environmental audits, and other documentation and materials related to construction and operation of the System;

(4) All Seller's right, title and interest in agreements with customers or prospective customers of the System for the provision of water service; all right to tap-in fees, advances for construction, connection, plant or system capacity, main extension and service availability fees, guaranteed revenues, meter fees and charges and all other fees and charges; and

D. Without limiting the assets to be sold to Florida Water or the representations and warranties of the Seller, it is intended that, subject to the terms hereof, Florida Water shall acquire all of the property and assets of Seller related to the Distribution System as herein defined which exist on the closing date wherever same are located and whether or not same are specifically described above, included on Seller's financial statements or reports or identified on any exhibit or schedule attached hereto, except, however, any assets as may hereinafter be specifically excluded.

II. Inspection Period. Notwithstanding any other provision of this Agreement, Seller and Florida Water acknowledge and agree that Florida Water has a period of ten (10) days from the date of this Agreement (the "Inspection Period") within which to obtain and/or review information concerning the Purchased Assets, the Distribution System and the Burnt Store Colony Mobile Home Park property, including but not by way of limitation:

(a) the form, term and conditions of all leases, and other agreements which affect all or any portion of the property described in Exhibit "A";

(b) that the representations and warranties contained in this Agreement are true and correct;

(c) the condition of the Purchased Assets and the Distribution System; and

(d) the real property described in Exhibit "A."

III. Acceptance of Purchased Assets. Florida Water has been provided with an opportunity to inspect the Purchased Assets and the Distribution System and accepts the Purchased Assets and the Distribution System in their "AS IS" status as of the closing date. However, neither

Florida Water's failure to terminate after the Inspection Period nor its "AS IS" acceptance as provided herein shall constitute a waiver of any of Seller's representations and warranties.

IV. Excluded Assets. The properties and assets of Seller related to the System which are not being acquired by Florida Water ("Excluded Assets") are as follows: (a) fee simple title to the real property described in Exhibit "A" and (b) water source of supply and treatment facilities.

V. Purchase and Sale. Subject to the conditions and representations of this Agreement, Seller agrees to sell, convey, assign, transfer, and deliver to Florida Water, and Florida Water agrees to buy, take title to, and possession of the Purchased Assets for the total purchase price of Ten and No/100 Dollars (\$10.00). Said total purchase price shall be paid at closing.

VI. Encumbrances on Purchased Assets. Pursuant to the terms and conditions of this Agreement, Seller will transfer good and marketable title to all of the Purchased Assets to Florida Water. The Purchased Assets shall be transferred free and clear of all liabilities, obligations, liens, mortgages, option, charges and encumbrances of any kind, character, or description. Florida Water shall have the option of obtaining a title commitment at its own expense within 30 days of execution of this Agreement.

VII. Utility Obligations. Florida Water agrees to assume, accept, and discharge the commitments of Seller to provide water service within the service area(s) described on Exhibit "B." Florida Water's duties hereunder shall commence upon closing.

VIII. Seller's Liabilities. Florida Water assumes none of Seller's debt, liabilities, or other financial obligations except those as are expressly identified herein. Florida Water does not assume and shall not be liable for any expense, exposure, fine, penalty, liability, act, or obligation of any kind whatsoever imposed or required by any third party, whether known or unknown, whether contingent, liquidated or unliquidated, including any federal, state, or local authority, whether arising or accruing under contract, tort or pursuant to statute, rule, ordinance, regulation or otherwise, including any liabilities and obligations under any lease, license, agreement, and government permit acquired by Florida Water pursuant hereto, based upon, related to, or arising out of any violation of law, breach of permit obligation, breach of contract, occurrence of any tort or other event arising or accruing before or after the closing date when the operative act or omission was that of or attributable to the Seller. Seller shall remain liable for and shall pay, perform or discharge all such liabilities and obligations; provided Seller is not hereby limited in its right to contest in good faith any such liabilities or obligations.

IX. Customer Deposits. Seller represents that it has collected no water service deposits securing payment from those persons receiving water service through the Distribution System (the "Customers"). Florida Water hereby agrees that it will not demand deposits securing payment for water service from Customers after closing except those Customers: (1) who develop a poor payment history, as provided in Florida Water's Florida Public Service Commission ("FPSC") approved tariff, after closing or (2) who are not residents of Burnt Store Colony Mobile Home Park or customers of record within the service area described in Exhibit B as of closing.

X. Access to Premises and Records. Commencing on the date of this Agreement, Seller shall give Florida Water, its agents, and representatives access to all property, documents, materials, books, tax returns, and records related in any way to the Distribution System which are either in Seller's possession or which Seller has access to. Any copies of documents, materials, books and records required by Florida Water will be made at Florida Water's expense. Florida Water shall defend and indemnify Seller from and against any costs, damages, claims or liability resulting from Florida Water's inspection of Seller's property. Florida Water agrees that any information it obtains from Seller pursuant to this Agreement which Seller wishes to be kept confidential, will be kept confidential by Florida Water upon written request of Seller. In the event the Agreement is terminated without a closing, such materials will be returned to the Seller or destroyed in accordance with Seller's instructions, provided, however, that if the Agreement is terminated and any party alleged a breach thereof, all such materials may be retained by Florida Water until final determination of the dispute. By holding materials confidential, Florida Water agrees not to provide said materials to any third party absent that party's lawful authority to obtain or require said materials. When required by Seller, Florida Water and Seller agree to seek such protection against further dissemination of such confidential information by the third party as may be allowed by law.

XI. Seller's Representations and Warranties. To induce Florida Water to enter into this Agreement, Seller, to the best of Seller's knowledge, represents, warrants, and covenants as follows:

A. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. True and complete copies of Seller's articles of incorporation and bylaws are set forth in Schedule No. 10-A.

B. Seller has all right, power, and authority to enter into this Agreement and to consummate the transactions contemplated herein. The execution and delivery of the Agreement and the consummation thereof has been duly authorized by all necessary corporate action on the part of Seller. Further, the persons signing this agreement on behalf of Seller warrant that they have the authority to execute and deliver this Agreement on behalf of Seller. All necessary corporate authorizations are attached as Schedule No. 10-B.

C. Except as set forth in Schedule No. 10-C or elsewhere in this Agreement, Seller has no liability, obligation, or commitment of any kind, which is due or to become due in connection with the construction; improvement or operation of the Distribution System which may pose a basis for a lien or encumbrance on the Purchased Assets.

D. Except as set forth in Schedule No. 10-D, Seller has filed in a timely manner (taking into account all extensions of due dates) all federal, state, county, municipal and other tax returns, reports and declarations required to have been filed in connection with the Distribution System and has timely paid all tax due. "Tax" means any tax or governmental charge, impost, levy or assessment together with any related liabilities, penalties, fines, charges or additions to tax imposed by the federal, state, county or local governments or subdivisions thereof.

E. Schedule No. 10-E contains a true and complete description of all licenses, public rights of way, including those created by recorded plats, easements in gross and other rights

and interests in real property owned by Seller or in which Seller has any interest or right which are used by or held for use by Seller in operation of the Distribution System.

F. Schedule No. 10-F contains a true, correct and complete list of all governmental (federal, state, county, municipal, etc.), permit applications, permits, licenses, grants, qualifications, consents, certificates of authorization, exceptions, variances, and other authorizations, approvals and filings of Seller in connection with the Distribution System.

G. Seller has not received notice of, nor is it aware of, any actions, suits, or proceedings pending or threatened against or affecting any of the Purchased Assets, including special assessments, zoning violations, condemnation proceedings, and violation(s) of federal, state, or local environmental law or regulation in connection with the Distribution System other than as listed in Schedule 10-G. Seller also represents that it is not aware of any conditions which exist on the real property described in Exhibit A which could result in its or Florida Water's incurring any costs, expenses, damages, or penalties by reason of liability for a violation of any zoning regulation or any federal, state, or local environmental law or regulation in connection with the Distribution System other than as listed in Schedule 10-I.

H. Except as set forth in Schedule 10-H, up and through closing Seller has all the necessary and required authorizations from the Florida Department of Environmental Protection ("FDEP"), the FPSC, the pertinent water management district(s), and any other appropriate governmental agencies to operate the Distribution System.

I. Subsequent to the date of the environmental audit report provided to Florida Water by Seller, Seller has not, other than in the ordinary course of business, improperly or unlawfully stored, disposed of, spilled or otherwise released to the environment hazardous substances on or in the real property described in Exhibit A. The operation of the Distribution System complies in all material respects with all federal, state, and local environmental requirements. Florida Water has been provided with an opportunity to inspect the real property described in Exhibit "A" to satisfy itself of the existence of any environmental contamination or other potentially harmful physical condition and accepts the property in its "AS IS" condition as of the closing date.

J. Except as set forth in Schedule No. 10-I, there are no judicial, administrative, or arbitration actions, suits, proceedings or investigations pending or threatened against or affecting Seller or the Purchased Assets nor is there any finding, judgment, decree, injunction, rule or order of any court, authority or arbitrator or any settlement or conciliation agreement outstanding against or affecting the Purchased Assets.

K. Contained in Schedule No. 10-J is a list of all written agreements to which Seller is a party that affects the Purchased Assets.

L. Seller warrants that Seller has not received any prepaid tap-in fees, connection fees, hook-up charges or other fees, charges or advances from customers, builders, or developers for whom services have not been rendered.

M. Seller warrants and agrees that Seller shall, no later than ten (10) days after closing, disconnect its source of supply and treatment facilities from the Distribution System. Said disconnect shall be simultaneous with the interconnect to Florida Water's facilities so as not to cause an interruption in customer service.

XII. Representations and Warranties of Florida Water. To induce Seller to enter into this Agreement, Florida Water represents, warrants, and covenants as follows:

A. Florida Water is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida.

B. Florida Water has all right, power, and authority to enter into this Agreement and to consummate the transactions contemplated herein. The execution and delivery of the Agreement and the consummation thereof has been duly authorized by all necessary corporate action on the part of Florida Water. Further, the persons signing this agreement on behalf of Florida Water warrant that they have the authority to execute and deliver this Agreement on behalf of Florida Water.

C. The execution and delivery of this Agreement by Florida Water and consummation of the transactions therein contemplated do not and will not conflict with or result in any violation of or default under any agreement or other instrument, judgment, order, decree, statute, law, ordinance, rule, license, grant concession or regulation applicable to Florida Water.

D. No consent, approval, order, or authorization, or filing with any person or governmental authority is required to be made or received by Florida Water prior to the execution and delivery of this Agreement and consummation of the transactions therein contemplated other than the approval of the FPSC, as applicable.

E. Subsequent to closing, Florida Water shall own and operate the Distribution System in the ordinary course of business and shall, ordinary wear and tear excepted, exercise reasonable efforts to preserve the value of the Purchased Assets.

F. Subsequent to closing, Florida Water shall reasonably maintain the Distribution System and keep same in good repair, ordinary wear and tear excepted.

G. Subsequent to closing, Florida Water shall keep in full force and effect adequate insurance covering damage or casualty to the tangible and real property interests to be sold.

H. Subsequent to closing, Florida Water warrants that it shall keep the Purchased Assets free of all construction liens for non-payment by Florida Water. However, within thirty (30) days after notification by Seller, Florida Water shall have the right to cure, bond or discharge any liens imposed without any breach hereof. Florida Water also shall have the obligation to pursue in good faith legal proceedings to dispute and/or discharge any liens Florida Water believes improperly imposed without any breach hereof.

I. Florida Water warrants that any damage to the Burnt Store Colony Mobile Home Park property caused by Florida Water arising from inspection, installation, connection, construction, repair or maintenance shall be repaired by Florida Water at its expense.

XIII. Conduct of Business Prior to Closing. From the date hereof until closing, Seller shall carry on its operation of the Distribution System in the ordinary course of business and in substantially the same manner as it has heretofore and shall use all reasonable efforts to preserve intact the present financial status of the Distribution System operations and the value of the Purchased Assets, maintain the Distribution System and keep same in good repair, keep in full force and effect adequate insurance covering damage or casualty to the tangible and real property interests to be sold, and discharge and perform all of its duties and obligations as required.

XIV. Regulatory Approvals. Seller and Florida Water acknowledge that consummating this transaction (whether as an amendment or a transfer) is or may be, in whole or in part, subject to the approval of the FPSC and may be subject to the regulatory approval of other governmental authorities. The parties will apply their respective reasonable and best efforts to obtain all said approvals and will cooperate fully in pursuit thereof. Within ten days of execution of this Agreement, Florida Water will file a copy of same with the FPSC.

XV. Termination. Prior to expiration of the Inspection Period, this Agreement may be terminated by Florida Water for any reason. Prior to closing, Florida Water may also terminate the Agreement if there has been a breach of any representation, warranty, covenant or agreement by Seller as contained herein and such failure shall not have been either waived in writing by Florida Water or cured by the Seller within thirty (30) days after notification by Florida Water; or for any failure of a condition precedent to closing. Prior to closing, Seller may terminate this Agreement if there has been a breach of any representation, warranty, covenant or agreement by Florida Water as contained herein. Prior to closing, Florida Water and Seller may terminate the Agreement if a final judgment has been entered against either party restraining, prohibiting or awarding substantial damages in connection with any material part of this transaction. Notwithstanding the above, Florida Water may not terminate this Agreement after the commencement of the construction to interconnect the Distribution System with Florida Water's water transmission facilities and Seller shall not commence said construction until after the expiration of the Inspection Period.

XVI. Conditions Precedent. The conditions set forth below must be met in order for closing to take place. In the event any one of the following conditions is not met, this Agreement may be terminated as set forth herein.

A. All of the documents and materials provided pursuant to this Agreement have been received by and are acceptable to Florida Water, which consent shall not be unreasonably withheld.

B. All of the Seller's representations and warranties have been and continue to be true and correct in every material respect through the date of closing.

C. The FPSC has granted final approval of the Application for Territory Application ("Application") Florida Water has made with the FPSC and this Agreement, and said approvals conform in all material respects with and places no conditions upon the matters sought and set forth in this Agreement and the Application. Final approval will be deemed given on the date the FPSC issues a final order approving the Agreement and the Application, provided, however, that if either are contested, final approval will be deemed given either (1) when the time for the contestant's filing a notice of appeal has passed without a notice having been filed or (2) if a notice of appeal is timely filed, on a date Florida Water shall designate, in its sole discretion. As used herein, "Application" refers to the territory amendment filing Florida Water made with the FPSC on August 12, 1996, and includes any amendments and supplements thereto.

D. Any other required government approvals have been received.

E. There has been no material adverse change to the value or condition of the Purchased Assets.

F. All deliverables needed for closing have been prepared, reviewed, and approved by the parties prior to closing.

G. All instruments necessary to provide Florida Water title to the Purchased Assets as contemplated herein shall have been prepared and executed to the satisfaction of Florida Water. Such instruments may include but are not limited to joinders and consents to all mortgages and financing statements encumbering the Purchased Assets, curative instruments, and amendments to the Master Occupancy Agreement and/or Articles of Incorporation of Seller.

XVII. Closing. The closing of this transaction shall occur within twenty (20) days after the FPSC's final approval of the Application, if all other conditions precedent are fulfilled.

A. The closing shall take place in Orange County, Florida, at 1000 Color Place, Apopka, Florida, 32703.

B. At closing, Seller shall deliver to Florida Water all documents necessary to transfer title of the Purchased Assets to Florida Water as contemplated herein. Such documents shall include: an Easement as previously described herein, along with consent documents as described herein; a Bill of Sale conveying title to all tangible and intangible personal property purchased; an instrument conveying all of the Seller's right, title, and interest to all easements, rights-of-way, rights, and consents necessary for the proper construction, operation, and maintenance of the Distribution System; an Ownership Affidavit; satisfactory proof of the release of any encumbrances affecting the Purchased Assets; a list of all current water customers and their addresses; and any other documents deemed necessary by Florida Water to transfer the Purchased Assets as contemplated herein.

C. Each party shall bear its own attorney, engineering, and accounting fees related to this transaction. Each party represents that it has not engaged the services of a broker or agent for this transaction. This representation notwithstanding, Florida Water shall not be

responsible for paying a commission due any broker or agent. Florida Water shall be responsible for payment of the recording fees and documentary stamps on the Easement, and Seller will pay all documentary stamps on and recording costs for documents necessary to clear title and remove encumbrances. Florida Water shall pay the title insurance premium.

XVIII. Proration Of Taxes And Assessments. All ad valorem taxes and general assessments, including regulatory assessment fees, applicable to the purchased assets will be prorated between Seller and Florida Water as of the date of closing. Said prorations shall be made based on the current year's amounts. If closing occurs at a date when the current year's millage is not yet fixed and the current year's assessment is available, taxes will be prorated based upon such assessment and the prior year's millage. If the current year's assessment is not available, then taxes will be prorated on the prior year's tax. If there are completed improvements on the real property by January 1 of the year of closing which improvements were not in existence on January 1 of the prior year, then taxes shall be prorated based upon the prior year's millage and an equitable assessment agreed upon by the parties or, that failing, one informally given by the property appraiser. Upon request of a party, any proration based on an estimate shall be subsequently readjusted upon receipt of a bill, provided that such a request shall be noted in the closing statement. All special assessments which have been levied or certified before closing shall be paid by the Seller.

XIX. Risk of Loss. As agreed to hereinabove, Seller shall keep the Distribution System insured against damage until the date of closing. If all or any part of the System is damaged before closing and the cost of restoring the property does not exceed 5% of the value of the Purchased Assets, the cost of restoration shall be paid for by the Seller at or before closing. If restoration costs exceed 5% of the value of the Purchased Assets, Florida Water has the option of either (1) acquiring the Distribution System as is, but with either a collimate percentage reduction in the purchase price or the Seller's insurance proceeds or (2) terminating this Agreement as set forth hereinabove.

XX. Costs And Fees For Enforcement. In the event that either party to this Agreement files suit to enforce this Agreement, the prevailing party shall be entitled to recover from the other party all the prevailing party's costs, including attorneys' fees.

XXI. Remedies. If Seller breaches this Agreement, Florida Water may seek specific performance of the Agreement. If Florida Water breaches this Agreement, Seller shall have the absolute right, at its option and election, to institute appropriate proceedings to specifically enforce performance hereunder. All remedies set forth in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to either party at law, including but not limited to a judgment for money damages, in equity or otherwise, and may be enforced concurrently or from time to time.

XXII. Survival Of Representations and Warranties. All representations, warranties, and agreements made by the parties in or pursuant to this Agreement, unless otherwise specifically provided herein, shall survive the closing of this Agreement.

XXIII. Indemnification.

A. Seller agrees that from and after the closing date, it will indemnify and save Florida Water harmless from and against any and all causes of action, assessments, claims, deficiencies, costs, losses, damages, fines, and other diminution of value, together with all attorney's fees and costs based upon, resulting from, arising out of or attributable to any default under or breach of any representation, warranty, covenant or obligation of Seller under this Agreement.

B. Florida Water agrees that from and after the closing date, it will indemnify and save Seller harmless from and against any and all causes of action, assessments, claims, deficiencies, costs, losses, damages, fines, and other diminution of value, together with all attorney's fees and costs based upon, resulting from, arising out of or attributable to any default under or breach of any representation, warranty, covenant or obligation of Florida Water under this Agreement.

C. Seller and Florida Water further agree to indemnify and hold harmless each other from and against any and all claims, actions, losses, damages or expenses of any kind, including legal expenses, resulting from, arising out of, or in any way connected with the performance by either party or their privies of activities permitted by this Agreement. Such indemnity, however, does not extend to claims, damages or actions caused or contributed to by any acts, omissions, negligence or alleged negligence on the part of the party claiming a right of indemnity.

D. Seller covenants and agrees, to the extent required by law, that at its own expense and within a reasonable time after notice by Florida Water, Seller shall cure or remedy (1) any encroachment of utility facilities upon the property of others and (2) any failure or deficiency in Florida Water's right of access to utility facilities. This covenant shall apply only to utility facilities extant as of the date of closing. However, within thirty (30) days after notification by Florida Water, Seller shall have the right to pursue in good faith legal proceedings to dispute any alleged encroachment of utility facilities upon the property of others and any failure or deficiency in Florida Water's right of access to utility facilities.

XXIV. Binding Effects And Assignment. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by the respective successors in interest and assigns of the parties. Either party shall have the right to assign this Agreement provided that any assignment of the Agreement made prior to consummation of the transaction can only be effectuated if the assignor obtains a written consent from the other party, which consent shall not be unreasonably withheld.

XXV. Compliance with Applicable Laws. Florida Water agrees to exercise reasonable measures to maintain necessary and required authorizations from the FDEP, the FPSC, pertinent water management district, and other applicable government agencies for operating the Distribution System and to exercise reasonable measures to operate the Distribution System in substantial compliance with applicable governmental (federal, state, county, municipal, etc.) laws, regulations, and requirements. Without violating the aforesaid, Florida Water may undertake such reasonable measures as Florida Water deems warranted in its sole discretion to cure, correct, or remedy within

a reasonable time any alleged non-compliance with any statute, code, regulation, or requirement as to the Distribution System; such measures may include but are not limited to acceptance of a penalty or consent order. Without violating the aforesaid, Florida Water shall also have the right to pursue such reasonable legal proceedings as it deems warranted in its sole discretion to dispute any alleged non-compliance with applicable laws, regulations, or requirements.

XXVI. Connection Charges and Metering. Seller shall pay Florida Water the meter installation and initial connection (miscellaneous service) charges currently in effect as set forth in the attached Exhibit C, subject to any changes by the FPSC prior to closing. Florida Water will not assess Seller or the Customers connection, capacity or any charges other than those assessed Seller as aforesaid without the prior written approval of Seller, unless said charges are approved by the FPSC or other applicable regulatory authority. Florida Water will install meters for each point of use. Florida Water will retain ownership of all meters and meter boxes. All meters will be installed within 25 days of closing or the date the interconnect is complete, whichever is later. In consultation with the Association, Florida Water will designate those points of use to be metered, including the pool, the clubhouse, etc. Florida Water will install meters at or near any existing meter boxes to the extent practicable.

XXVII. Interconnect. Subject to receipt of the proper clearance from applicable permitting authorities, Seller shall, at its expense and no later than ten (10) days after closing or permit clearance from the FDEP for the interconnect, including but not limited to bacteria testing, whichever date is later, interconnect the Distribution System with Florida Water's water transmission facilities in accordance with plans and specifications approved by Florida Water, described on Exhibit "D." Simultaneous with said interconnect, Seller shall disconnect its water production and treatment facilities from the Distribution System.

XXVIII. Notice. All notices, requests, demands, and other communications required or allowed hereunder shall be in writing and shall be deemed delivered when (1) hand delivered to or sent by facsimile transmission to the official designated below or (2) when mailed, postage prepaid, U.S. certified or registered mail, return receipt requested, addressed to the official designated below:

FOR SELLER:

CALVIN LUSTIG, President
Burnt Store Colony RO Association, Inc.
15550 Burnt Store Road, #43
Punta Gorda, Florida 33955

with a copy to:

DAVID S. BERNSTEIN, ESQUIRE
Ruden, McClosky, Smith, Schuster & Russell, P.A.
150 Second Avenue North, Suite 1700
St. Petersburg, Florida 33701

FOR FLORIDA WATER:

CHARLES SWEAT, Vice President
Florida Water Services Corporation
P.O. Box 609520
Orlando, Florida 32860-9520

with a copy to:

BRIAN P. ARMSTRONG, General Counsel
Florida Water Services Corporation
P.O. Box 609520
Orlando, Florida 32860-9520

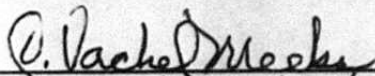
XXIX. Severability. This Agreement is intended to be performed in accordance with the law. If any provision of this Agreement is deemed invalid or unenforceable by a court of competent jurisdiction or appropriate regulatory authority, the remainder of the Agreement shall be enforced to the greatest extent possible.

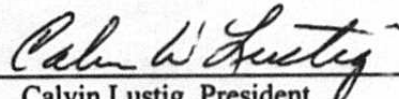
XXX. Laws & Venue. This agreement shall be governed by and interpreted consistently with the laws of the State of Florida. Venue for any action involving this Agreement shall be in Orange County, Florida.

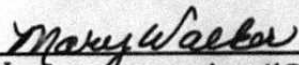
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

Witnesses:

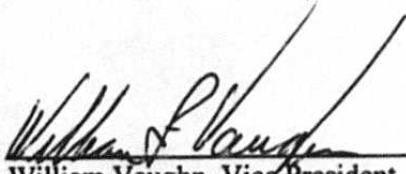
BURNT STORE COLONY RO ASSOCIATION, INC.,
A Florida Not-for-Profit Corporation


Name: C. VACHEL MEES

By: 
Calvin Lustig, President


Name: MARY WALKER

(seal)

Attest: 
William Vaughn, Vice President

FLORIDA WATER SERVICES CORPORATION,
a Florida corporation

Jeffrey Wilson
Name: Jeffrey Wilson

By: Charles L. Sweat
Charles L. Sweat, Vice President

Carlos Comacho
Name: Carlos Comacho

(seal)

Attest: Donna L. Henry
Donna L. Henry,
Assistant Secretary

STATE OF FLORIDA)
COUNTY OF _____)

BEFORE ME, the undersigned authority, personally appeared Calvin Lustig and William Vaughan, to me well known and known to me to be the individuals described in and who executed the foregoing instrument as president and vice president, respectively, of Burnt Store Colony RO Association, Inc. a Florida not-for-profit corporation, and acknowledged before me that they executed the same for the purposes therein expressed, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

WITNESS my hand and official seal this 27 day of March, 1997.

(seal)



JANET L. KOCUR
My Commission CC377489
Expires Jun. 01, 1998
Bonded by ANB
800-852-6678

Janet L. Kocur
Notary Public, State of Florida
Comm. No. _____
Expires: _____

STATE OF FLORIDA)
COUNTY OF ORANGE)


BEFORE ME, the undersigned authority, personally appeared Charles L. Sweat and Donna L. Henry, to me well known and known to me to be the individual described in and who executed the foregoing instrument as vice president and assistant secretary, respectively, of Florida Water Services Corporation, a Florida corporation, and acknowledged before me that they executed the same for the purposes therein expressed, and that the seal affixed to the foregoing instrument is the

corporate seal of said corporation, and it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

WITNESS my hand and official seal this 3rd day of April, 1997.

Joyce Reissio Helchen
Notary Public, State of Florida
Comm. No. _____
Expires: _____

(seal)

 JOYCE REISSIO HELCHEN
My Comm Exp. 7-17-98
Bonded By Service Ins
No. CC377438
 Personally Known Other I.D.