

GRAY, HARRIS & ROBINSON

PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW
SUITE 1400
301 EAST PINE STREET
POST OFFICE BOX 3068

ORLANDO, FLORIDA 32802-3068

TELEPHONE 407-843-8880
FAX 407-244-5690
WEBSITE: www.ghrlaw.com

ORIGINAL

WRITER'S DIRECT DIAL
407/843-8880

W. Christopher Browder, Esquire

E-MAIL ADDRESS
cbrowder@ghrlaw.com

April 16, 2001

Our File No: 40200-1

Director, Division of Records and Recording
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Via Federal Express

010506-WU

REPORTING AND RECORDS
APR 17 AM 11:23
FPSC

Re: Application for Transfer to Governmental Authority - A.P. Utilities, Inc.

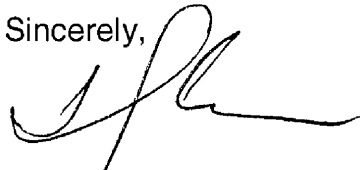
Dear Records and Recording Division:

Attached is the original and one (1) copy of the A.P. Utilities, Inc. Application for Transfer to Governmental Authority. Please note that Exhibit D will be filed at a later date.

Per April 11 and 13, 2001 phone conversations between Mary DeLancett, paralegal with our firm and Stephanie Clapp of the FPSC, it was confirmed:

- no application filing fee is required,
- only an original and one (1) copy of application need to be filed with the FPSC, and
- Exhibit D could be filed after the proposed April 19, 2001 Marion County/A.P. Utilities, Inc. purchase and sale closing date.

If you have any questions regarding the submittal of this A.P. Utilities, Inc. Application for Transfer to Governmental Authority, do not hesitate to contact either me (407/843-8880, ext 6248) or Mary DeLancett (407/418-6541) immediately.

Sincerely,


W. Christopher Browder, Esquire

Attachments: Original & 1 copy - Application for Transfer to Governmental Authority

cc: Stephanie Clapp, FPSC (w/out attachment)
Marion County Utilities Director (w/attachment)
Philip D. Woods - A.P. Utilities, Inc. (w/attachment)



DOCUMENT NUMBER-DATE

04677 APR 17 2001

CLERMONT

LAKELAND

MELBOURNE

TALLAHASSEE

FPSC-RECORDS/REPORTING

The name, address and telephone number of a representative of the utility to contact concerning this application:

Philip D. Woods (352) 694-7474
Name Phone No.

3925 S.E. 45 Court, Suite E
Street address

Ocala Florida 34480
City State Zip Code

- C) The full name, address and telephone number of the governmental authority:

Marion County Utilities
Name of utility

(352) 687-1856 (352) 687-8900
Phone No. Fax No.

463 Emerald Road
Office street address

Ocala Florida 34472
City State Zip Code

P.O. Box 7160 Ocala, Florida 34472
Mailing address if different from street address

N/A
Internet address if applicable

- D) The name, address and telephone number of a representative of the governmental authority to contact concerning this application:

Vince Riccobono, Utility Director (352) 687-1856
Name Phone No.

463 Emerald Road (Fed-Ex) P.O. Box 7160 (U.S. Mail)
Street address

Ocala Florida 34472
City State Zip Code

PART II FINANCIAL INFORMATION

- A) Exhibit A - A copy of the contract pursuant to Rules 25-30.037(4)(c) and (d), Florida Administrative Code.
- B) Exhibit B - A statement regarding the disposition of customer deposits and the accumulated interest thereon.
- C) Exhibit C - A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.
- D) Exhibit D - A statement that the buyer (governmental authority) obtained from the utility or the Commission the utility's most recent available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction. [Exhibit D to be filed at a later date.]
- E) Indicate the date on which the buyer proposes to take official action to acquire the utility:
 April 19, 2001 .

If only a portion of the utility's facilities is being transferred, a revised territory description and map of the utility's remaining territory must be provided, as discussed in PART III, below.

IF THE UTILITY'S ENTIRE FACILITIES ARE BEING TRANSFERRED, PLEASE DISREGARD PART III OF THIS APPLICATION FORM.

PART III CERTIFICATION

A) **TERRITORY DESCRIPTION**

Exhibit - An accurate description of the utility's revised territory. If the water and wastewater territory is different, provide separate descriptions.

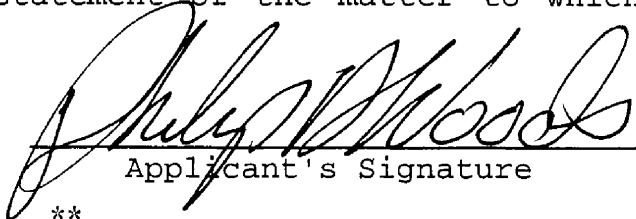
Note: Use the Survey of Public Lands method (township, range, section, and quarter section), if possible, or a metes and bounds description. Give the subdivision or project name. The description should NOT refer to land grants or plat books, but may use geographic boundaries (i.e., road right-of-ways, railroads, rivers, creeks, etc). The object is to make the description as brief, but as accurate as possible.

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PART IV AFFIDAVIT

I Philip D. Woods (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:



Applicant's Signature

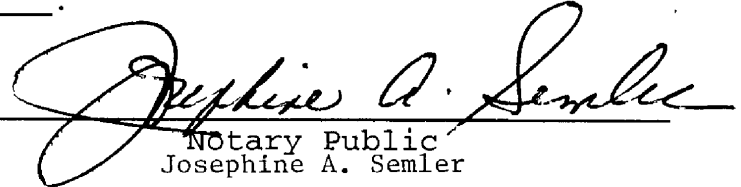
** Philip D. Woods

Applicant's Name (Typed)

President

Applicant's Title*

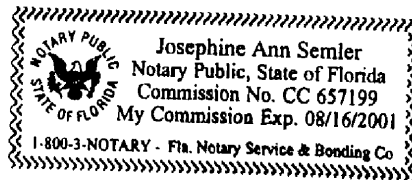
Subscribed and sworn to before me this 12th
of APRIL 2001.



Notary Public
Josephine A. Semler

**Personally known to me.

* 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.



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FLORIDA PUBLIC SERVICE COMMISSION

INSTRUCTIONS FOR PREPARATION OF TERRITORY DESCRIPTION AND MAP

An accurate description of the territory served or proposed to be served is essential. The noticing requirement in Rule 25-30, Florida Administrative Code, and the territory description requirement for each of the certification applications require the territory to be described using township, range and land sections. Failure to use the required format will cause your application to be delayed and may resulting in your having to renotice. The following information is provided to assist you in preparing a correct legal description and plotting that territory on the service territory map.

TERRITORY DESCRIPTION

The territory description must contain the following:

- 1) A reference to a township(s), range(s), land section(s) and county.
- 2) A complete and accurate description of the territory served or proposed to be served. There are two acceptable formats which may be used.
 - a) Sections - If the territory includes complete sections, the description may only include the township, range, and section reference. If the territory includes partial sections, the description shall either identify the subsections included or excluded.
 - b) Metes and Bounds - A point of beginning which is referenced from either a section corner or a subsection corner, such as a quarter corner. The perimeter shall be described by traversing the proposed territory and closing at the point of beginning. Also, the description shall include all bearings and distances necessary to provide a continuous description.
- 3) References to interstates, state roads, and major bodies of water are acceptable.
- 4) References to government lots, local streets, recorded plats or lots, tracts, or other recorded instruments are not acceptable.

Acceptable territory description formats are shown in the attached Examples 1 and 2.

Territory maps are required in the Florida Administrative Code rules related to applications for original certificates, amendments, grandfather certificates, and in transfers to a governmental agency where only a portion of the territory is transferred. The map is used by staff to verify the location of the existing or proposed territory. The territory maps should not be confused with the system depiction map which is used to locate existing or proposed service lines and facilities.

TERRITORY MAP

The territory map shall contain the following:

- 1) Territory shall be plotted on a Department of Transportation Map, County tax assessor map or any other map with a scale of 1"= 200 ft. or 1" = 400 ft.
- 2) Township, range, section, and county.
- 3) An accurate depiction of the existing or proposed territory. The map should clearly distinguish the existing versus the proposed territory.

An example of a acceptable territory map is attached as Example 3.

FORMAT TO BE FOLLOWED IN PREPARING TERRITORY DESCRIPTIONS.
EXAMPLE 1 IS PREFERRED OVER METES AND BOUNDS IN EXAMPLE 2.

EXAMPLE 1

Township 26 South, Range 29 East, Osceola
County, Florida

Section 18

The South 1/2 of the Southeast 1/4 and the
South 1/2 of the North 1/2 of the Southeast
1/4 of said Section 18

also

The East 1/2 of the Southeast 1/4 of the South
West 1/4 and the Southeast 1/4 of the
Northeast 1/4 of the Southwest 1/4 of said
Section 18

Section 19

The North 1/2 of the Northeast 1/4 and the
North 1/2 of the South 1/2 of the Northeast
1/4 of said Section 19

also

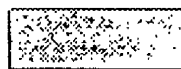
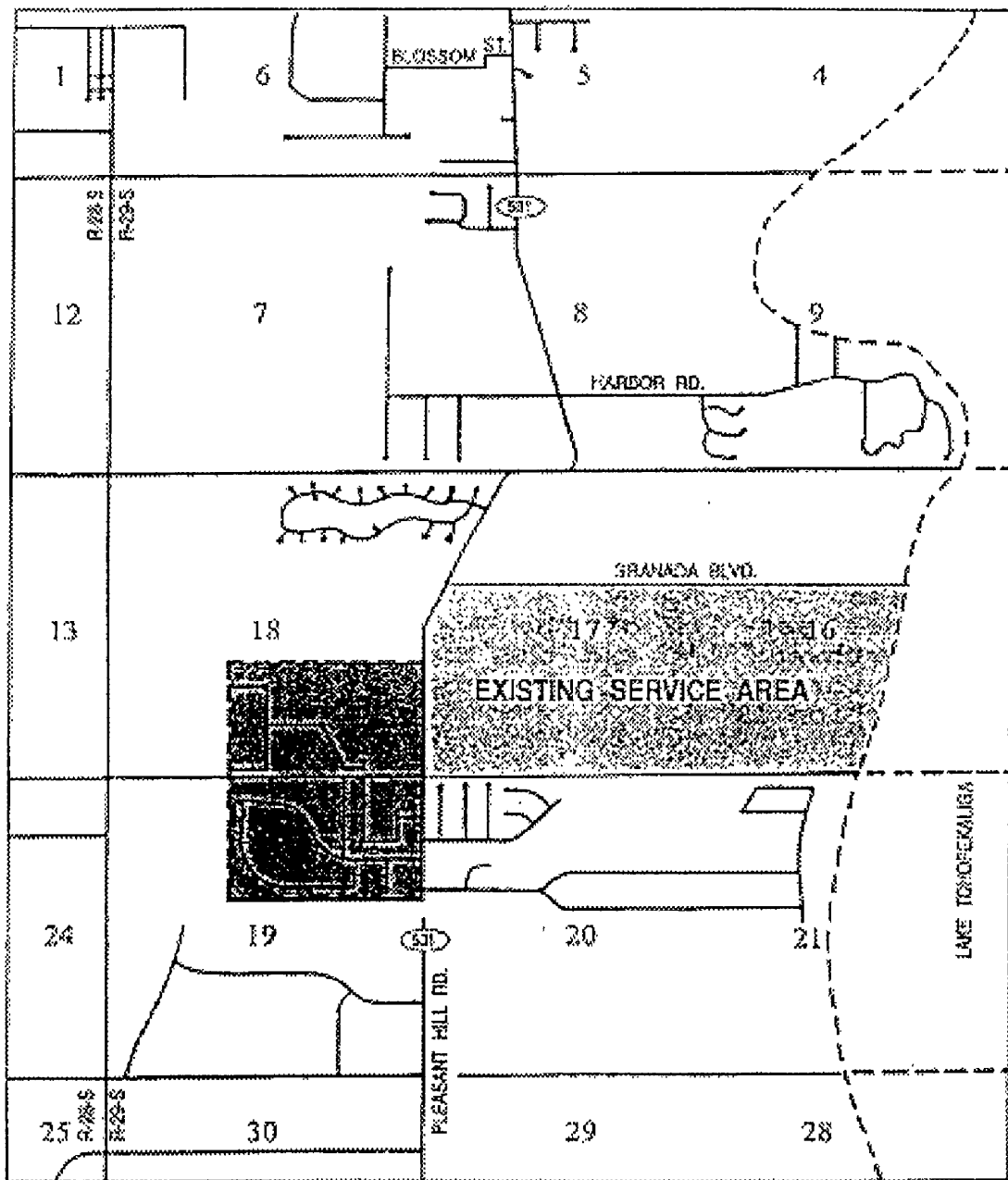
The East 1/2 of the Northeast 1/4 of the
Northwest 1/4 and the Northeast 1/4 of the
Southeast 1/4 of the Northwest 1/4 of said
Section 19

EXAMPLE 2

A portion of Section 18 and 19, Township 26
South, Range 29 East, Osceola County Florida;
being more particularly described as follows:
Commencing at the SE corner of Section 18,
this point also being the Point of Beginning;
thence run due south along the east line of
Section 19 a distance of 1980 feet to a point;
thence run due west a distance of 2706 feet to
a point; thence run due north a distance of
3960 feet to a point; thence run due east a
distance of 2706 feet to a point of east line
of Section 18; thence run due south along the
east line of Section 18 a distance of 1980
feet to the Point of Beginning.

EXAMPLE 3

TOWNSHIP 26 SOUTH, RANGE 29 EAST, OSCEOLA COUNTY, FLORIDA



EXISTING SERVICE AREA



PROPOSED SERVICE AREA

CHAPTER 25-9.009, F.A.C.
NUMBERING AND GENERAL DATA REQUIRED FOR EACH SHEET

The numbering and general data required by this rule and listed below shall appear on each sheet in the rate book excepting the front and back covers and the individual sheets of special contracts.

(1) Every sheet (or page) in the rate book shall be numbered. While any system which provides for an orderly arrangement of the tariff is acceptable, it is suggested that, in the interest of uniformity, all utilities give consideration to the following recommended procedures:

(a) Those utilities subject to Rule 25-9.007 should employ a decimal system of numbering, so that any new or additional material may be inserted in the logical place in the proper section of the tariff.

(b) Telephone and telegraph utilities covered by Rule 25-9.008 should continue the presently effective section and sheet numbering system which is uniformly employed by all such utilities, the size and construction of whose tariffs require such division.

(c) Utilities of any classification, the size of whose tariffs are limited to relatively few pages, may, at their option, employ a simple consecutive sheet numbering system.

(2) Each sheet shall bear the name of the utility, which shall appear in the upper left-hand corner of the sheet.

(3) The FIRST issue of each sheet in the rate book shall be marked "Original Sheet" in the upper right-hand corner of the sheet. As an example:

Original Sheet No. 1., or, Original Sheet No. 5.2.

(4) Revised sheets in the rate book shall be marked with the serial number of the revision in the upper right-hand corner and the number of the sheet it replaces. As an example:

First Revised Sheet No. 1
Cancels Original Sheet No. 1
or
Fourth Revised Sheet No. 5.2
Cancels Third Revised Sheet No. 5.2

(5) At the bottom of each sheet shall appear the name and title of the issuing officer of the utility.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05, 367.041, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.09.

CHAPTER 25-9.010, F.A.C.
NUMBERING OF SUPPLEMENTS AND ADDITIONS

(1) When new or additional service classifications or rate schedules are to be established, the sheets containing such classifications or schedules shall follow the last sheets in the rate schedules section of the appropriate classification and be given the next consecutive sheet number or numbers. Letter suffixes shall not be used in numbering service classifications or rate schedules.

(2) When revisions or additions to existing schedules or sheets require more space, one or more sheets shall be issued to which the same sheet number shall be given with a letter suffix; for example, if changes be made in Original Sheet No. 5.2 and more than one sheet is required to show the changed or new matter, the new sheet shall be issued as First Revised Sheet No. 5.2-A, etc.

Specific Authority: 364.20, 366.05(1), 367.121, F.S.

Law Implemented: 364.04, 366.05, F.S.

History: Repromulgated 1/8/75, 10/22/75, formerly 25-9.10.

NAME OF COMPANY _____

WATER TARIFF

TERRITORY SERVED

CERTIFICATE NUMBER -

COUNTY -

COMMISSION ORDER(S) APPROVING TERRITORY SERVED -

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
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ISSUING OFFICER

TITLE

NAME OF COMPANY _____

WATER TARIFF

DESCRIPTION OF TERRITORY SERVED

ISSUING OFFICER

TITLE

NAME OF COMPANY _____

WASTEWATER TARIFF

TERRITORY SERVED

CERTIFICATE NUMBER -

COUNTY -

COMMISSION ORDER(s) APPROVING TERRITORY SERVED -

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
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ISSUING OFFICER

TITLE

NAME OF COMPANY _____

WASTEWATER TARIFF

DESCRIPTION OF TERRITORY SERVED

ISSUING OFFICER

TITLE

**SECTION 367.071, FLORIDA STATUTES
SALE, ASSIGNMENT, OR TRANSFER OF CERTIFICATE OF
AUTHORIZATION, FACILITIES, OR CONTROL**

(1) No utility shall sell, assign, or transfer its certificate of authorization, facilities or any portion thereof, or majority organizational control without determination and approval of the commission that the proposed sale, assignment, or transfer is in the public interest and that the buyer, assignee, or transferee will fulfill the commitments, obligations, and representations of the utility.

(2) The commission may impose a penalty pursuant to s. 367.161 when a transfer occurs prior to approval by the commission. The transferor remains liable for any outstanding regulatory assessment fees, fines, or refunds of the utility.

(3) An application for proposed sale, assignment, or transfer shall be accompanied by a fee as provided by s. 367.145. No fee is required to be paid by a governmental authority that is the buyer, assignee, or transferee.

(4) An application shall be disposed of as provided in s. 367.045, except that:

(a) The sale of facilities, in whole or part, to a governmental authority shall be approved as a matter of right; however, the governmental authority shall, prior to taking any official action, obtain from the utility or commission with respect to the facilities to be sold the most recent available income and expense statement, balance sheet, and statement of rate base for regulatory purposes and contributions-in-aid-of-construction. Any request for rate relief pending before the commission at the time of sale is deemed to have been withdrawn. Interim rates, if previously approved by the commission, must be discontinued, and any money collected pursuant to interim rate relief must be refunded to the customers of the utility with interest.

(b) When paragraph (a) does not apply, the commission shall amend the certificate of authorization as necessary to reflect the change resulting from the sale, assignment, or transfer.

(5) The commission by order may establish the rate base for a utility or its facilities or property when the commission approves a sale, assignment, or transfer thereof, except for any sale, assignment, or transfer to a governmental authority.

(6) Any person, company, or organization that obtains ownership or control over any system, or part thereof, through foreclosure of a mortgage or other encumbrance, shall continue

service without interruption and may not remove or dismantle any portion of the system previously dedicated to public use which would impair the ability to provide service, without the express approval of the commission. This provision may be enforced by an injunction issued by a court of competent jurisdiction.

History.-

s. 1, ch. 71-278; s. 3, ch. 76-168; s. 1, ch. 77-457; ss. 9, 25, 26, ch. 80-99; ss. 2, 3, ch. 81-318; ss. 7, 15, ch. 82-25; ss. 6, 26, 27, ch. 89-353; s. 2, ch. 90-166; s. 4, ch. 91-429.

CHAPTER 25-30.037, F.A.C.
APPLICATION FOR AUTHORITY TO TRANSFER

(4) Each application for transfer of certificate of authorization, facilities, or any portion thereof, or majority organizational control to a governmental authority shall contain the following information:

- (a) the name and address of the utility and its authorized representative;
- (b) the name of the governmental authority and the name and address of its authorized representative;
- (c) a copy of the contract or other document transferring the utility system to the governmental authority;
- (d) a list of any utility assets not transferred to the governmental authority if such remaining assets constitute a system providing or proposing to provide water or wastewater service to the public for compensation;
- (e) a statement that the governmental authority obtained, from the utility or Commission, the most recent available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction;
- (f) the date on which the governmental authority proposes to take official action to acquire the utility;
- (g) a statement describing the disposition of customer deposits and interest thereon; and
- (h) a statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.

(5) If a utility is transferring a portion of its facilities to a governmental agency, it must provide the following additional information:

- (a) a description of the remaining territory using township, range, and section references;
- (b) one copy of the official county tax assessment map, or other map, showing township, range, and section with a scale such as 1"=200' or 1"=400', with the remaining territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning.

(c) the original and two copies of sample tariff sheets reflecting the remaining territory.

(6) Upon its receipt of items required in (4)(a), (b), (c), (d), (e) and (f), the Commission will issue an order acknowledging that the facilities or any portion thereof have been acquired by the governmental authority.

(7) Upon receipt of the items required in (4)(g) and (h) and, if applicable, (5)(a), (b), and (c), and upon the completion of all pending proceedings before the Commission, the utility's certificate will be amended or cancelled. Amendment or cancellation of the certificate shall not affect the utility's obligation pursuant to Rule 25-30.120, F.A.C., Regulatory Assessment Fees.

Specific Authority: 367.121, F.S.

Law Implemented: 367.071 F.S.

History: New 1/27/91, Amended 11/30/93.

WATER SYSTEM REGULATORY ASSESSMENT FEE RETURN

STATUS:

_____ Actual Return
 _____ Estimated Return

Florida Public Service Commission
 (See Filing Instructions on Back of Form)

FOR PSC USE ONLY	
Check # _____	
\$ _____	060400 00300
\$ _____	P 060400 00401
\$ _____	I
Postmark Date _____	
Initials of Preparer _____	

PERIOD COVERED:
 3 ~

1~

Please Complete Below If Address Has Changed

(SYSTEM'S NAME)	(ADDRESS)	(CITY/STATE)	(ZIP)
Florida Public Service Commission Certificate			
WATER OPERATING REVENUES:			
1. Unmetered Water Revenues (460)	\$ _____	\$ _____	\$ _____
MEASURED WATER REVENUES			
2. Residential Revenues (461.1)	_____	_____	_____
3. Commercial Revenues (461.2)	_____	_____	_____
4. Industrial Revenues (461.3)	_____	_____	_____
5. Revenues from Public Authorities (461.4)	_____	_____	_____
6. Multiple Family Dwelling Revenues (461.5)	_____	_____	_____
7. TOTAL METERED SALES	\$ _____	\$ _____	\$ _____
FIRE PROTECTION REVENUES			
8. Public Fire Protection (462.1)	_____	_____	_____
9. Private Fire Protection (462.2)	_____	_____	_____
10. TOTAL FIRE PROTECTION REVENUE	\$ _____	\$ _____	\$ _____
11. Other Sales to Public Authorities (464)	_____	_____	_____
12. Sales to Irrigation Customers (465)	_____	_____	_____
13. SALES FOR RESALE (466)	_____	_____	_____
14. Interdepartmental Sales (467)	_____	_____	_____
15. TOTAL WATER SALES (Lines 1+7+10+11+12+13+14)	_____	_____	_____
OTHER WATER REVENUES			
16. Guaranteed Revenues (Include Revenues from A.F.P.I. Charges) (469)	_____	_____	_____
17. Forfeited Discounts (470)	_____	_____	_____
18. Miscellaneous Service Revenues (471)	_____	_____	_____
19. Rents From Water Property (472)	_____	_____	_____
20. Interdepartmental Rents (473)	_____	_____	_____
21. Other Water Revenues (474) Describe:	_____	_____	_____
22. TOTAL OTHER WATER REVENUES (Lines 16+17+18+19+20+21)	\$ _____	\$ _____	\$ _____
23. TOTAL WATER OPERATING REVENUES* (Lines 15+22)	\$ _____	\$ _____	\$ _____
24. LESS: Expense for Purchased Water From FPSC-Regulated Utility	(_____)	(_____)	(_____)
25. NET WATER OPERATING REVENUES (Line 23 Less Line 24)	_____	_____	_____
26. Regulatory Assessment Fee Due - (Multiply Line 25 by 0.045)	_____	_____	_____
27. LESS: Approved Prior-Period Credit	_____	(_____)	_____
28. NET REGULATORY ASSESSMENT FEE (Line 26 Less Line 27)	_____	\$ _____	_____
29. Penalty for Late Payment	_____	_____	_____
30. Interest for Late Payment	_____	_____	_____
31. TOTAL AMOUNT DUE	_____	\$ _____	_____

*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 system, have read the foregoing. Under penalties of perjury, I declare that, to the best of my knowledge and belief the above is a true and correct statement of gross revenues derived from intrastate business for the period indicated.

 (Signature of System Official)

 (Title)

 (Date)

 Telephone Number (_____)

 F.E.I. No.

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

1. **WHO MUST FILE:** Each regulated utility under the jurisdiction of the Public Service Commission (Commission) for any part of the 12-month period, January 1 through December 31, preceding the due date as reflected in the following paragraph.
2. **WHEN TO FILE:** To avoid payment of penalties and interest, this Regulatory Assessment Fee Return form must be filed on or before March 31 for the report period, January 1 through December 31. (When March 31 falls on a Sunday, remittance may be made on April 1 without penalty).
3. **FEES:** Each Commission-regulated system shall pay the presently established percentage of its gross operating revenues derived from intrastate business as indicated on Line 26 on the reverse side. (Gross Operating Revenues are defined as the total revenues before expenses.) To assure an accurate recording of your fee payment, it is most important that you identify each certificate number in the appropriate space.
4. **FAILURE TO FILE BY DUE DATE:** Failure to file a return by the established due date will result in a penalty being added to the amount of fee due, 5% for each 30 days or fraction thereof, not to exceed a total penalty of 25% (Line 29). In addition, interest shall be added in the amount of 1% for each 30 days or fraction thereof, not to exceed a total of 12% per year (Line 30).
5. **EXTENSION:** A system, for good cause shown in a written request, may be granted an extension for a period not to exceed 30 days. Such request should be made by filing the enclosed *Request for Extension to File Regulatory Assessment Fee Return* form (PSC/ADM-124), in sufficient time to allow Commission action prior to the normal due date. If an extension is granted, a charge shall be added to the amount due:

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

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

6. **AUTHORITY:** The authority to collect regulatory assessment fees is granted to the Commission by Section 350.113 and 367.145, Florida Statutes.
7. **REGULATORY ASSESSMENT FEE DUE:** Amounts are due and payable to the Commission by March 31. If there are no revenues *OR* if revenues are insufficient to generate a minimum annual fee, remit the minimum fee. A Regulatory Assessment Fee Return must be completed, signed, and filed even if there are no revenues to report or if the minimum amount is due.
8. **FEE ADJUSTMENTS:** Computation errors and/or differences in gross operating revenues reported for regulatory assessment fee purposes and those reported in the annual report may cause adjustments to amounts paid to the Commission. You will be notified as to the amount and reason for any adjustment. Penalty and interest charges may be applicable to additional amounts owed the Commission by reason of the adjustment.
9. **MAILING INSTRUCTIONS:** Please complete this form, make a copy for your files, and return the original in the enclosed preaddressed envelope. Use of this envelope should assure a more accurate and expeditious recording of your payment. However, if you are unable to use the envelope, please address your remittance as follows:

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

ATTENTION: Fiscal Services

10. **ADDITIONAL ASSISTANCE:** If you need additional information or assistance in preparing your Regulatory Assessment Fee Return, please contact the Division of Water & Wastewater at (904) 413-6900 or at the above-referenced address, changing the Attention Line.

**MARION COUNTY, FLORIDA/
AP UTILITIES, INC.
WATER SYSTEM
PURCHASE AND SALE AGREEMENT**

CERTIFIED A TRUE COPY
DAVID R. ELSPERMAN
BY: *Marion Pauley* DG

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SCHEDULE OF EXHIBITS

<u>EXHIBIT NO.</u>	<u>TITLE</u>
1	Legal Description of Real Property and Easements of the Utility
2	Assets including Plant, Inventory and Other Tangible Personalty and Fixtures
3	Certificates/Permits/Licenses/Governmental Approvals
4	Certificated Service Areas
5	List of Existing System Developer Contracts, Service Contracts, and Vendor Agreements

**MARION COUNTY, FLORIDA/
AP UTILITIES, INC.
WATER SYSTEM
PURCHASE AND SALE AGREEMENT**

THIS AGREEMENT is made and entered into this 12th day of January, 1999, by and between the **MARION COUNTY**, a political subdivision of the State of Florida ("COUNTY"), and **AP UTILITIES, INC.**, a Florida corporation ("UTILITY").

RECITALS

1. UTILITY is the owner of certain water production, storage, treatment, transmission, and distribution systems; (hereinafter the "Water System(s)" or the "System(s)"), known as the Peppertree-Evergreen Water System, the South Oak Water System, the Raven Hill Water System and the South Ocala Industrial Park Water System, all of which are located primarily within the boundaries of MARION COUNTY, FLORIDA.

2. Pursuant to its governmental powers under Chapters 125, and 153, Florida Statutes, and other applicable laws, the COUNTY is authorized to preserve and enhance present advantages, encourage the most appropriate use of land, water and resources, consistent with public interest, facilitate the adequate and efficient provision of water and sewerage facilities, and conserve, develop, utilize, and protect natural resources within its jurisdiction.

3. The parties have negotiated in good faith and are empowered to be bound by the terms and conditions set forth in this Agreement.

ACCORDINGLY, in consideration of the above Recitals and benefits to be derived from the mutual observation of the covenants contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

SECTION 1. RECITALS. The foregoing Recitals are true and correct, and form a material part of this Agreement.

SECTION 2. DEFINITIONS. The COUNTY and UTILITY agree that in construing this Agreement, the following words, phrases, and terms shall have the following meanings unless the context requires otherwise:

2.1. "Additional Stock" shall have the meaning given to such term in Subsection 10.1.

2.2. "Closing Date" shall mean the date as set forth in Section 14 on which the purchase and sale of the Purchased Assets is finalized and title to all such Purchased Assets pass from UTILITY to COUNTY.

2.3. "Commitment" shall mean the title commitment to be obtained by COUNTY with respect to the Property purchased by COUNTY under this Agreement.

2.4. "Connection Charges" shall have the meaning given to such term in Subsection 11.4.

2.5. "COUNTY" means Marion County, a political subdivision of the State of Florida.

2.6. "Easements" means those rights, privileges, easements, licenses, prescriptive rights, rights-of-ways, and rights to use public and private roads, highways, streets, and other areas owned and/or used by the UTILITY in connection with the construction, reconstruction, installation, maintenance and operation of the Systems which are to be purchased by COUNTY as part of the Purchased Assets.

2.7. "ERC" means an equivalent residential connections to the Systems.

2.8. "Permitted Exceptions" those permitted exceptions to or conditions upon fee simple title to the Property sold to COUNTY which are listed in Subsection 6.1.

2.9. "Property" or "Properties" means real property and interests therein held by UTILITY in association with one or more of the Systems described in Exhibit "1" to this Agreement which will form part of the Purchased Assets being sold by UTILITY to COUNTY pursuant to this Agreement.

2.10. "Purchased Assets" means all that real, personal and intangible property which forms the Systems as further delineated in Section 3 and Exhibits 1 and 2 to this Agreement which are to be sold by UTILITY to COUNTY pursuant to this Agreement.

2.11. "UTILITY" means AP UTILITIES, INC., a Florida corporation which currently owns the Systems and Purchased Assets.

2.12. "Water Systems" or "Systems" means the entire water production, storage, treatment, transmission, and distribution system (including consumable items) currently owned and utilized by UTILITY in its water processing and distribution facilities known as Peppertree-Evergreen Water System, the South Oak Water System, the Raven Hill Water System and the South Ocala Industrial Park Water System all of which form the basis of the Purchased Assets.

SECTION 3. PURCHASE AND SALE OF WATER SYSTEMS. The UTILITY, pursuant to the circumstances noted in the Recitals above, agrees to sell and the COUNTY agrees to buy one or more of the Systems, consisting of all real, personal and mixed property used or held for use in connection with the Systems, hereinafter referred to as the "Purchased Assets." The Purchased Assets shall not include any cash derived from the monthly rates of the UTILITY received by the UTILITY with respect to each System, except as set forth in this Agreement. Any outstanding debt or liability of UTILITY related to the Systems or Purchased Assets existing on or before the Closing Date, as defined below, shall remain the sole responsibility of UTILITY and shall not be assumed by COUNTY as part of the purchase of the Purchased Assets. The COUNTY shall provide the UTILITY with written notice no later than thirty (30) days prior to the Closing Date of its election to purchase one, two, three or all four of the Systems and which of the Systems (if not all four) which will be purchased.

SECTION 4. PURCHASED ASSETS. On the Closing Date, as defined below, UTILITY shall sell, assign, transfer, convey and deliver to COUNTY, and COUNTY shall purchase, accept and pay for all of the right, title and interest, in and to the following Purchased Assets, which are described with specificity in Exhibits "1" and "2" attached hereto and made a part hereof:

4.1. Real Property. All real property and interests in real property (the "Property"), owned by the UTILITY in association with each System, as described in Exhibit "1" hereof, whereupon all water production, storage, treatment, transmission, and distribution facilities and all other water facilities are located.

4.2. Plant and Other Facilities. The following assets for each of the Systems owned by the UTILITY and more specifically described in Exhibit "2" hereof: all water production, treatment plant, storage, treatment, transmission, distribution, pumping, and other water facilities of every kind and description whatsoever including without limitation, all trade fixtures, leasehold improvements, pumps, generators, controls, transmission pipes or facilities, valves, meters, water service connections, and all other water physical facilities and property installations in use in connection with the operation of the Systems by the UTILITY.

4.3. Equipment. Inventory of all personal property owned by the UTILITY and located on the Properties and/or utilized by the UTILITY exclusively in connection with the operation of the Systems, as more particularly described in Exhibit "2" hereof.

4.4. Other Rights. All rights, privileges, easements, licenses, prescriptive rights, rights-of-ways, and rights to use public and private roads, highways, streets, and other areas owned and/or used by the UTILITY in connection with the construction, reconstruction, installation, maintenance and operation of the Systems and the Purchased Assets (collectively referred to as the "Easements"). The Easements are more particularly described in Exhibit "1" hereof.

4.5. Customer Records and Supplier Lists. All current customer records and supplier lists, as-built drawings, as-built surveys and water plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, accounting and customer records, customer service agreements or other agreements for the provision of service by the Utility, System operation and maintenance records and all reproducible documents, mylars, sepias, and other original documents used or held for use with the Systems and all other information and business records in the possession of the UTILITY that relate to the operation and maintenance of the Systems. The UTILITY may make copies of its books and records, at its expense, before transferring the original or copies of the books and records to the COUNTY. The COUNTY agrees that the UTILITY may have access to said records pursuant to the Public Records Act.

4.6. Certificates, Permits, and Approvals. Subject to all necessary regulatory approvals and to all conditions, limitations or restrictions contained therein, all existing original certificates, permits, and other governmental authorizations and approvals of any kind in the possession of UTILITY necessary to operate and maintain the Systems in accordance with all governmental requirements, more specifically described in Exhibit "3," attached to and incorporated in this Agreement. UTILITY shall at its own expense prior to the Closing Date obtain any consumptive use permits necessary for the operation of the Systems and shall obtain at its own cost all governmental authorizations and approvals necessary to transfer such permit or permits to COUNTY. Certificated Service Areas and legal descriptions accurately reflecting those service areas currently certificated by the FPSC related to the Systems are attached to and incorporated in this Agreement as Exhibit "4". The COUNTY agrees to execute necessary forms required by governmental agencies to transfer and to assume UTILITY's future obligations under said permits and approvals. These certificates, permits, and approvals shall include any such certificates, permits, and approvals related to work-in-progress, if any.

4.7. Customer Deposits. Cash to be paid by cashier's check or wire transfer in an amount which represents the customers' water and sewer service security deposits and accrued interest held by the UTILITY with respect to each of the Systems. In consideration for the transfer by the UTILITY of these customers' deposits to the COUNTY, the COUNTY agrees to continue to provide utility services to those customers for which a deposit is held and, to the extent consistent with § 768.28, Florida Statutes, to indemnify and hold the UTILITY harmless for any claims, actions, expenses or damages, including costs and attorneys' fees at trial and/or appeal, to which UTILITY may be exposed in the future as a result of the transfer of such customer deposits.

SECTION 5. PURCHASE PRICE AND PAYMENT. The COUNTY agrees to pay to UTILITY on the Closing Date, and the UTILITY agrees to accept as the total Purchase Prices for all Systems purchased, subject to adjustments as provided herein, the following amounts:

- (1) Peppertree-Evergreen Water System - ONE HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS (\$165,000.00).
- (2) South Oak Water System - TWO HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS (\$230,000.00).
- (3) Raven Hill Water System - ONE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS (\$180,000.00).
- (4) South Ocala Industrial Park Water System - SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$7,500.00).

Said Purchase Price for each System purchased shall be totaled and paid as one payment at Closing in federal or other immediately available funds by wire transfer to a bank and bank account designated by the UTILITY. Prior to Closing, the UTILITY shall deliver wiring instructions to the COUNTY. No deposit or down payment shall be required of COUNTY and no escrow account will be established for latent defects associated with the Purchased Assets. Adjustments to the Purchase Price (if any) for each System shall be determined a total aggregate adjustment made to the aggregate Purchase Price to be paid by COUNTY under this Section 5 for the Systems.

SECTION 6. TITLE. The UTILITY shall provide the COUNTY with free and clear title to all Properties and Purchased Assets on or before the Closing Date. The COUNTY shall have until fourteen (14) days prior to the Closing Date to obtain a title commitment (the "Commitment") for each of the Properties described on Exhibit "1" which COUNTY elects to purchase. The cost of the title search fee for the Commitment regardless of whether or not the closing occurs shall be paid by the COUNTY. Gray, Harris & Robinson, P.A., shall issue the Commitment for an Owner's ALTA Form B marketability policy in favor of the COUNTY in an amount and from a title company as determined by the COUNTY in its sole discretion. The COUNTY shall bear the cost of the title insurance policies.

6.1. Exceptions to Title. The Commitment shall show the UTILITY to be (i) vested with fee simple title to the applicable Properties shown on Exhibit "1" and (ii) vested with valid easement interests for the applicable Properties described on Exhibit "1," subject to following (the "Permitted Exceptions"):

(1) Ad valorem real estate taxes and assessments for the year 1999 and subsequent years;

(2) Restrictions set out in the recorded plats of subdivisions covered by the Systems;

(3) Easements for utilities and drainage set out in such recorded plats of subdivisions; provided, however, that none of the restrictions or easements set out in such recorded plats of subdivisions shall prevent, hinder or restrict the present use of any Property;

(4) Restrictions of record (except liens, encumbrances, or mortgages) that do not impair, restrict, or inhibit the present use of or improvement to the property as permitted by applicable zoning and land use regulations presently in effect and that are not coupled with a forfeiture or reversionary provision; and

(5) All laws, ordinances, and governmental regulations, including, but not limited to, all applicable building, zoning, land use and environmental ordinances, regulations, restrictions, prohibitions and other requirements, none of which will prevent or hinder the present use of any Property.

6.2. Status of Title. The COUNTY shall have ten (10) working days from receipt of the Commitment within which to examine same. If the COUNTY finds title, as shown on the Commitment, to be defective (i.e., matters which render title unmarketable in accordance with the title standards adopted by the Florida Bar and are not Permitted Exceptions), the COUNTY shall, no later than the expiration of such ten (10) day period, notify the UTILITY in writing specifying the defect(s), provided that if the COUNTY fails to give the UTILITY written notice of defect(s) before the expiration of said ten (10) day period, the defects shown in any Commitment shall, anything in this Agreement notwithstanding, be deemed to be waived as title objections to closing this transaction and the UTILITY shall be under no obligation whatsoever to take any corrective action with respect to same nor to warrant title to same in its statutory warranty deed of conveyance. If the COUNTY has given the UTILITY timely written notice of defect(s) and the defect(s) render the title other than as required by this Agreement, the UTILITY shall use its reasonable efforts to cause such defects to be cured by the Closing Date; provided, however, that except with respect to those Florida Public Service Commission assessment fees, penalties, interest and liens listed in Subsection 7.16 which shall be fully discharged prior to the Closing Date, in no event shall the UTILITY be required to bring suit or to expend any sum in excess of \$1000.00 in the aggregate per System to cure title defects, exclusive of mortgages or other monetary liens against that Property which are in liquidated amount and/or the UTILITY has the obligation to discharge on or before Closing under the terms of this Agreement. In the event that the Florida Public Service Commission assessment fees, penalties, interest and liens listed in Subsection 7.16 and any other defects which are timely raised cannot be cured prior to the Closing Date by UTILITY after exercising all reasonable efforts, then, in that event, the COUNTY shall have the right to purchase that Property in its then existing condition of title with a reduction in Purchase Price of no more than one thousand dollars (\$1,000) based upon the cost to cure the title defect of the Purchased Assets, or to elect to refrain from the purchase of that System or to rescind and terminate this Agreement without liability by either party to the other. Notice of such election not to purchase a particular system or to rescind and terminate this

Agreement shall be given by the COUNTY to the UTILITY, in writing, as contemplated in this Agreement, within the time herein prescribed.

6.3. Deletion of Standard Exceptions. UTILITY will execute at or prior to Closing, in favor of the title insurance company, the standard form mechanic's lien affidavit and "Gap" affidavit with respect to each System to allow the title company to delete all standard exceptions addressed by such affidavits. Prior to Closing, the surveys shall be updated as reasonably requested by the title company or COUNTY so that the survey exception may be deleted.

SECTION 7. REPRESENTATIONS AND WARRANTIES OF UTILITY. The UTILITY represents and warrants to COUNTY that, as of the Closing Date:

7.1. Organization, Standing And Power. The UTILITY is a corporation, duly organized, validly existing, and in good standing under the laws of the State of Florida. The UTILITY has all requisite power and authority to own and lease its properties and the Systems, and to conduct its businesses as it is currently being conducted.

7.2. Authority for Agreement. The UTILITY has the power and authority to execute and deliver this Agreement and to carry out its obligations hereunder. This Agreement has been duly authorized by all action required to be taken by the UTILITY, has been duly executed and delivered by the UTILITY, and constitutes a valid and binding obligation of the UTILITY, enforceable in accordance with its terms.

7.3. Good and Marketable Title. Subject to the Permitted Exceptions, the UTILITY has good and marketable title to the Purchased Assets. Notwithstanding anything contained herein to the contrary, the Properties shown on Exhibit "1" as easement parcels are not subject to the fee simple ownership requirements as set forth in Subsection 6.1 hereof. The UTILITY shall transfer, convey and assign to the COUNTY at Closing an enforceable easement interest for each of the easement parcels shown on Exhibit "1" so that the present use of the easement parcels may be continued by the COUNTY for the operation of the Systems. The easement interests shown on Exhibit "1" conveyed to the COUNTY shall not be subordinate to any superior interests which could result in the COUNTY losing the right to use the easement parcel for utility purposes. Any such superior interests shall be deemed a title defect under Subsection 6.2 hereof and shall be cured by UTILITY as set forth in that subsection. At Closing, the UTILITY shall assign to the COUNTY all of its easement interests in the Properties purchased regardless of whether such easement is listed on Exhibit "1."

7.4. No Liens or Encumbrances. Except as otherwise specifically set forth in this Agreement or as may be released prior to the Closing Date, there are no mortgages, liens, claims or encumbrances of any type or nature upon or against the Purchased Assets including, but not limited to, mortgages, financing statements, or security instruments filed

under the Uniform Commercial Code either in the county where the Properties are located or with the Secretary of State.

7.5. Litigation. There are no actions, suits, or proceedings at law or in equity, pending against the UTILITY before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect any of the Systems or any of the Purchased Assets or the UTILITY's right and ability to make and perform this Agreement; nor is the UTILITY aware of any facts which to its knowledge are likely to result in any such action, suit or proceeding. The UTILITY is not in default with respect to any order or decree of any court or of any administrative or governmental agency or instrumentality affecting any of the Systems or any of the Purchased Assets. The UTILITY agrees and warrants that it shall have a continuing duty to disclose up to and including the Closing Date the existence and nature of all pending judicial or administrative suits, actions, proceedings, and orders which in any way relate to the operation of any of the Systems and the UTILITY shall be solely responsible for the defense or settlement of any such suit, action, proceeding or order.

7.6. Leases. None of the Purchased Assets are subject to any interest of any lessor or lessee.

7.7. No Governmental Violations. The UTILITY is not aware and has not been notified of the existence of any violations of any governmental rules, regulations, permitting conditions or other governmental requirements applicable to the ownership, maintenance or operation of any of the Systems.

7.8. No Record Violations. The UTILITY is not aware and has not been notified of any restrictions or conditions of record which would affect the use of any of the Systems on the Properties set described in Exhibit "1".

7.9. Absence of Changes. After the date of the execution of this Agreement, the UTILITY shall not:

(1) undergo any change in its condition of properties, assets, liabilities, business or operations other than changes in the ordinary course of business which are not, either in any case or in the aggregate, materially adverse to the operation of any of the Systems;

(2) acquire or dispose of any assets or properties associated with any of the Systems of material value (in excess of \$500 in the aggregate) except in the furtherance of this Agreement, except in the ordinary course of business and except with the COUNTY'S consent, which shall not be unreasonably withheld, delayed or conditioned;

(3) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative or judicial procedures or proceedings

applicable to particular permits, intentionally fail to comply with all permit requirements applicable to each System; and

(4) fail to seek or obtain any necessary permit extensions or renewals or license renewals so that said permits and licenses are valid, extended or seeking extension as of the Closing Date.

7.10. Disclosure. No representation or warranty made by the UTILITY in this Agreement contains any untrue statement of material facts or omits to state any material fact required to make the statements herein contained not misleading.

7.11. Survival of Covenants. UTILITY agrees that its representation and warranties set forth herein are true and correct as of the date of the execution hereof and shall be true and correct at the time of the Closing Date, but shall only survive for one (1) year following the Closing Date.

7.12. FIRPTA. The UTILITY is not a "foreign person" within the meaning of the United States tax laws and to which reference is made in Section 1445 (b) (2) of the Internal Revenue Code. On the Closing Date, the UTILITY shall deliver to the COUNTY a certificate to such effect.

7.13. No Violation by Virtue of Election. The execution, delivery and performance of this Agreement will not violate any provision of law, order or any court or agency of government, the Articles of Incorporation, any by-laws of the Seller, any indenture, agreement, or other instrument to which UTILITY is a party, or by which it is bound.

7.14. No CERCLA Violations. The Real Property portion of the Purchased Assets of each System have complied with, and the UTILITY has not violated during the time of UTILITY's ownership of the Real Property, in connection with the ownership, use, maintenance, or operation of any Property or the associated Purchased Assets, 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 1986, the Resource Conservation and Recovery Act, or the Toxic Substance Control Act ("Environmental Laws"). UTILITY has not authorized the placing or depositing of hazardous substances on the Real Property portion of the Purchased Assets of any System except, if at all, in accordance with the applicable Environmental Laws, and UTILITY has no knowledge of any hazardous substance having been, or currently being, placed or deposited on the Real Property portion of the Purchased Assets of any System except in accordance with such laws.

7.15. No Construction. There is no construction work in progress on the Property or Purchased Assets of any of the Systems.

7.16. Public Service Commission Fines, Penalties and Interest/Liens.

The following are the only outstanding assessment fees, penalties, interest imposed against UTILITY by Florida Public Service Commission ("FPSC"):

(1) one hundred twenty eight thousand four hundred ninety six thousand dollars and seventeen cents (US\$128,496.17) in Florida Public Service Commission ("FPSC") assessment fees, penalties, and interest imposed pursuant to FPSC Order Nos. PSC-97-0286-FOF-WU, issued March 13, 1997 (Docket No. 96141-WU); PSC-97-1556-PCO-WU, issued December 11, 1997 (Docket No. 971076-WU); and PSC-98-1005-SU-WU, issued July 24, 1998 (Docket No. 980729).

(2) FPSC liens in the amount of sixteen thousand six hundred sixty eight dollars and sixteen cents (US\$16,668.16), filed pursuant to Order No. PSC-98-1005-S-WU, issued July 24, 1998 (Docket No. 980729-WU)

All such assessment fees, penalties, and interest shall be satisfied by UTILITY and the associated liens shall be released within 5 days prior to the Closing Date.

SECTION 8. CONDUCT PENDING CLOSING. The UTILITY covenants that pending the closing:

8.1. Business Conduct. Except as otherwise consented to in writing by COUNTY, whose consent shall not be unreasonably withheld, delayed or conditioned, for the period beginning on the date of execution of this Agreement and ending on the Closing Date, UTILITY shall:

(1) operate each Systems in, and only in, the usual, regular and ordinary course and nevertheless comply with all applicable governmental requirements and law;

(2) maintain all of the material structures, equipment, permits and other tangible personal property of each System in good repair, order and condition, except for depletion, depreciation, ordinary wear and tear and damage by unavoidable casualty;

(3) keep in full force and effect insurance comparable in amount and scope of coverage to insurance now carried by it for the Systems;

(4) perform in all material respects all of its obligations under agreements, contracts and instruments relating to or affecting the properties, assets and operation of each System;

(5) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative judicial procedures or proceedings

applicable to particular permits, comply in all material respect with all statutes, laws, ordinances, rules and regulations applicable to it and to the operation of each System;

(6) promptly advise the COUNTY, in writing, of any material change which adversely affects the operation of any of the Systems; and

(7) not enter into any transaction, including without limitation, the purchase, sale or exchange of property the value of which exceeds \$5,000.00 in the aggregate, which relates to any System or take any action which reduces the value of any System by more than \$5,000.00, except in furtherance of this Agreement, or the rendering of any service to UTILITY except in the ordinary course of and pursuant to the reasonable requirements of the business of UTILITY.

(8) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative or judicial procedures or proceedings applicable to particular permits, comply with all permit requirements applicable to each of the Systems and obtain all necessary permit extensions or renewals such that said permits are valid as of the Closing Date.

(9) assist COUNTY in the transfer of all permits for each of the Systems purchased by COUNTY.

8.2. Risk of Loss. The UTILITY shall bear the risk of loss, damage or destruction of the Purchased Assets by fire or other casualty prior to and including the Closing Date. If any portion of the Purchased Assets is damaged by fire, act of God or other casualty before the Closing Date, the COUNTY shall have the option of (1) taking the Purchase Assets as is, without reduction in price, together with the UTILITY's assignment to the COUNTY of all rights under its insurance policies and all of the insurance proceeds, if any; or (2) taking the Purchased Assets, as is, with a reduction in price based upon a percentage allocation of the Purchase Price derived by comparing the net book value of the Purchased Assets destroyed to the net book value of the affected System and the UTILITY shall maintain all rights under its insurance policies and to all of the insurance proceeds.

8.3. No Transfers or Encumbrances. From and after the date of the execution of this Agreement, the UTILITY will not, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, dispose of, hypothecate, or encumber any of the Purchased Assets, with the exception of any transactions occurring in the ordinary course of UTILITY's business.

8.4. Access to Records. The UTILITY will at all times cooperate by providing reasonable access, upon prior written notice (not less than forty-eight (48) hours in advance), to their records and facilities for inspection to assist in acquainting the COUNTY'S operating and administrative personnel in the operation of each System;

provided, however, that no such inspection shall materially interfere with the operation of any System or the day to day activities of the UTILITY's personnel.

8.5. Performance of Closing Conditions. The UTILITY shall perform all of the conditions to closing which should be performed by the UTILITY prior to the Closing Date as provided herein.

8.6. Insurance. Prior to closing, the UTILITY shall maintain adequate fire and extended coverage insurance to cover the cost of any repairs to the Purchased Assets that may be required by casualty damage.

8.7. Examination and Inspection. The Systems and Purchased Assets are being offered for sale by UTILITY on an "as-is, where is" basis. The UTILITY will permit reasonable examination by the COUNTY'S authorized representatives of all existing contractual obligations, assets, real estate, rights-of-way, easements and inventories which are utilized by the UTILITY in connection with each System as well as examination and testing of physical systems of each System. No such examination or testing by the COUNTY's authorized representatives shall interfere with the UTILITY's operations of any System or the day to day operations of the UTILITY's personnel. The UTILITY shall make these assets and records available for examination by the COUNTY's authorized representatives at reasonable times and upon prior written notice (not less than forty-eight (48) hours in advance) from the COUNTY. All such facilities will be properly maintained by the UTILITY within the custom and usage of the water industry in Florida until the Closing Date. The COUNTY shall have ten (10) working days from the date on which it completes its inspection to notify the UTILITY in writing specifying any issue identified as affecting COUNTY'S decision to purchase the Purchased Assets; provided, however, that in no event shall the UTILITY be required to bring suit or to expend any sum in excess of one thousand dollars (\$1,000) in the aggregate per System to remedy issues raised by COUNTY's inspection. In the event that the UTILITY, after exercising all reasonable efforts, cannot remedy identified issues on or before five (5) business days prior to the Closing Date, then the COUNTY shall have the right to purchase the affected Property in its then existing condition with a reduction in Purchase Price based upon the cost to remedy such issues, elect not to purchase the affected Property, or to rescind and terminate this Agreement without liability by either party to the other. Notice of such election shall be given by the COUNTY to the UTILITY, in writing, on or before 5 days prior to the Closing Date .

8.8. Liability and Indemnity. Prior to the closing, the UTILITY shall maintain adequate liability insurance coverage to cover any costs, damages or liability arising from third party claims against UTILITY in association with its ownership and operation of the Properties and Systems prior to the Closing Date. UTILITY shall indemnify and hold COUNTY harmless against any such costs (including reasonable attorney's fees), damages and liability. In addition, UTILITY is solely responsible for the payment or resolution of any fines or penalties assessed against it or any System prior to the Closing

Date and UTILITY shall indemnify and hold COUNTY harmless against any such fines and penalties.

8.9. Transfer of Systems Agreements. To the extent required under the terms of such agreements, UTILITY shall seek permission from the appropriate parties to assign or transfer to COUNTY all existing agreements for each System which are necessary for the continued operation and maintenance of each such System.

8.10. Vendor Information. On or before fourteen (14) days prior to the Closing Date, UTILITY shall provide to COUNTY a complete list vendor information for each System. Such list shall delineate vendor names, product or service provided, account balance and relevant information regarding the ongoing activities of such vendors and a general description of the contract terms and conditions governing such vendor's activities.

8.11. Billing Information. On or before twenty-one (21) days prior to the Closing Date, UTILITY shall provide to COUNTY complete billing information for each System. Such billing information shall include a complete billing register of all UTILITY customers, including billing information on UTILITY water system customers and UTILITY management and technical services customers. UTILITY will work with COUNTY over the ninety day period prior to the Closing Date to complete a transition of the billing responsibilities from the UTILITY to the COUNTY by the Closing Date.

SECTION 9. REPRESENTATIONS AND WARRANTIES OF COUNTY. The COUNTY represents and warrants to the UTILITY the following:

9.1. Organization, Standing and Power of COUNTY. The COUNTY is a political subdivision of the State of Florida and has all requisite power and authority to enter into this Agreement, to own and lease real and personal property, and to carry out and perform the terms and provisions of this Agreement.

9.2. Authority for Agreement. The COUNTY has the authority and power to execute and deliver this Agreement and to carry out its obligations hereunder. The COUNTY has held or will hold all of the necessary public hearings to authorize the COUNTY's purchase of the Systems. This Agreement has been duly authorized by all municipal action required to be taken by the COUNTY, has been duly executed and delivered by the COUNTY, and constitutes a valid and legally binding obligation of the COUNTY, enforceable in accordance with its terms.

9.3. Disclosure. No representation or warranty made by the COUNTY in this Agreement contains or will contain any untrue statement of material facts or omits or will omit to state any material fact required to make the statements herein contained not misleading.

9.4. Litigation. There are no actions, suits, or proceedings at law or in equity, pending against the COUNTY before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect the COUNTY's ability to enter into and perform this Agreement. The COUNTY shall have the continuing duty to disclose up to and including the Closing Date the existence and nature of all pending judicial or administrative suits, actions, proceedings, and orders which in any way relate to its ability to perform its obligations under the Agreement.

9.5. Performance of Closing Conditions. The COUNTY shall perform all of the conditions to closing which should be performed by the COUNTY prior to the Closing Date as provided herein.

9.6. Survival of Covenants. COUNTY agrees that its representation and warranties set forth herein are true and correct as of the date of the execution hereof, shall be true and correct at the time of the Closing Date, but shall only survive for one (1) year following the Closing Date.

SECTION 10. ADDITIONAL CONDUCT PENDING CLOSING.

10.1. Inventory and Materials. On or before fourteen (14) days prior to the Closing date, UTILITY shall provide an inventory of rolling stock, moveable equipment, laboratory equipment, tools, accessories, chemicals, consumable items and other items (if any) used in the operation or maintenance of each System which are not included as part of the Purchased Assets for that System as set forth in Exhibit "2" ("Additional Stock"). COUNTY may, at its option, purchase any such Additional Stock. The purchase price of Additional Stock shall be established by agreement of the COUNTY and UTILITY prior to the Closing Date. On the Closing Date, UTILITY shall provide a written invoice for Additional Stock purchased by COUNTY and payment shall be made by COUNTY within ninety (90) days after receipt of said invoice.

10.2. Ongoing Systems Construction. No renovation or other construction activities on any System is currently anticipated to be ongoing as of the Closing Date. If any such ongoing construction or renovations are necessary for the continued operation and upkeep of a System and are not anticipated to be completed prior to the Closing Date, UTILITY shall provide COUNTY with a list of any such activities five (5) days prior to the Closing Date which delineates the System on which such activity is taking place, the details of the activity undertaken, the parties performing such activities, the percentage of the project completed and the anticipated completion date.

SECTION 11. ADJUSTMENTS AND PRORATIONS. At the time of closing, the parties covenant and agree that the following adjustments shall be made:

11.1. Real and personal property taxes for 1998 on all real and personal property which is being conveyed by the UTILITY to the COUNTY, shall be prorated as of 11:59 p.m. of the Closing Date and shall be paid by the UTILITY. The COUNTY shall not be charged with any proration of any ad valorem taxes.

11.2. Within ten (10) days after the Closing Date, the UTILITY will render bills in its name to all customers for the last month of service through the Closing Date. All rates, fees and charges for water services for each System through the Closing Date shall be the property of the UTILITY. The UTILITY shall include a written notice to each customer of all Systems that the applicable System is being transferred to the COUNTY. All rates, fees, and charges for water service after the Closing Date shall be the Property of the COUNTY. Subject to State law, COUNTY agrees to disconnect service from any customer of any System who fails to pay UTILITY amounts owed UTILITY through the Closing Date upon notification to COUNTY by UTILITY that such amounts are sixty (60) days past due.

11.3. The UTILITY shall request all of its suppliers and vendors to submit final invoices for services, materials, and supplies, including electricity for the period up to and including the Closing Date. The UTILITY shall be responsible for, and shall provide to the COUNTY, upon request, evidence of the payment of all such invoices through the Closing Date.

11.4. For those customers of each System who are connected to and receiving service (water, wastewater, or water) from the UTILITY on the Closing Date and have paid connection, plant capacity, main extension, and/or capital charges ("Connection Charges") to the UTILITY, then said Connection Charges previously paid that specifically apply to the service being received (water, wastewater, or water) shall be retained by the UTILITY. For those customers of each System who on the Closing Date are not connected to and receiving service from the UTILITY, have paid Connection Charges to the UTILITY, and to whom the UTILITY has extended completely all pipelines necessary to provide service, then the UTILITY may retain main extension charges previously paid that specifically apply to the pipelines extended (water main extension charges for water pipelines, wastewater main extension charges for wastewater pipelines), and the UTILITY shall pay to the COUNTY and the COUNTY shall receive all other Connection Charges paid by such customers. All other Connection Charges received prior to the Closing Date by the UTILITY from customers of each System who have not connected to that System, shall be deemed the property of the COUNTY, and shall be paid to the COUNTY. Nothing contained in this Agreement shall be construed to require the COUNTY to exercise the police power in the allocation of water and/or wastewater service capacity (hereby deemed to be a governmental function) other than in accordance with the COUNTY's current or future service allocation or extension rules. The COUNTY agrees to the extent consistent with § 768.28, Florida Statutes, to indemnify and hold the UTILITY harmless for any claims, actions, expenses or damages, including costs and attorneys' fees at trial and/or appeal

to which UTILITY made be exposed in the future as a result of this transfer of the Connection Charges.

11.5. All adjustments and prorations shall be calculated as of 11:59 p.m. of the Closing Date.

11.6. The amount of customer deposits being retained by UTILITY shall be credited to COUNTY against COUNTY's cash to close or shall be transferred to COUNTY by separate cashiers check. A final listing of the customer deposits by individual name and aggregate total shall be provided by the UTILITY to the COUNTY at Closing.

11.7. If applicable, rents under any lease agreement assumed by COUNTY hereunder with respect to any System shall be prorated as of the Closing Date.

11.8. The bills for electricity and other utility services for all of the Systems for the month in which this closing shall take place shall be prorated between the parties as of the Closing Date and arrangements made for the appropriate utilities to bill COUNTY for services rendered subsequent to the Closing Date.

11.9. All bills for other services, materials and supplies rendered in connection with the operation of each System prior to Closing shall be paid by UTILITY.

SECTION 12. CLOSING EXPENSES. Documentary stamps and surtax, if any, on the warranty deed to each Property and the cost of recording such warranty deeds and any other document required to consummate this transaction shall be paid by COUNTY, except for corrective instruments which must be filed to cure title defects which shall be paid by the UTILITY. The COUNTY shall also be responsible for the payment of any land surveys of the Properties or Purchased Assets necessary for the closing. Other than title insurance and the aforementioned closing costs, which shall be the sole responsibility of the COUNTY, all other closing costs or expenses shall be paid by UTILITY, including without limitation the following: costs of recording any releases, satisfactions or corrective instruments; taxes on gross receipts or regulatory assessment fees incurred as of the Closing Date; documentary stamps, if required, on the deeds of conveyance of the Properties included in the Purchased Assets. Certified, confirmed and ratified special assessments or municipal liens as of the Closing Date will be paid by the UTILITY.

SECTION 13. ENVIRONMENTAL MATTERS. The COUNTY shall have the right to perform both a Level I and Level II Environmental Audit each of the Properties, as such terms are generally understood by the environmental consulting industry in the State of Florida. These audits shall be performed at the COUNTY's expense. These environmental audits may include, but not be limited to, appropriate borings, samplings, "sniffer" tests, as well as an appropriate title search in order to determine that each of the sites are in full compliance with applicable local, state, and federal environmental and occupational health and safety statutes and regulations. If after reviewing the environmental audits, the

COUNTY reasonably determines that any portion of any Property to be conveyed hereunder is not in full compliance with applicable local, state, and federal environmental and occupational health and safety statutes and regulations, the COUNTY may elect not to acquire any such Property by giving the UTILITY written notice of its election not to acquire said lands fifteen (15) days before the Closing Date. The COUNTY, however, shall provide the UTILITY prior written notice (not less than forty-eight (48) hours in advance) of any proposed inspection of each Property, which shall take place at reasonable times and without interfering with the operation of the applicable System by the UTILITY. To the extent consistent with Section 768.28, Florida Statutes, the COUNTY shall indemnify and hold the UTILITY harmless for any claims, actions, expenses or damages, including cost and attorney's fees, at trial and appeal, which the UTILITY incurs for personal injury or property damage that occurs as a direct result of the inspection of the Properties by the COUNTY, its agents, contractors, representatives and/or employees.

SECTION 14. CLOSING. Provided that all conditions precedent to closing have, in fact, been so performed, including applying for Florida Public Service Commission approval, the place of closing shall be in Marion County at a mutually agreed location, and such closing shall occur on or before May 19, 1999 (the "Closing Date"), or at such earlier date or time as the parties mutually agree to in writing. Notwithstanding anything to the contrary, the closing of this transaction shall take place upon the delivery of the aggregate Purchase Price of all of the Systems being purchased to the UTILITY in the manner and on the date provided for in this Agreement. Immediately following the Closing Date, COUNTY shall have full right to the possession of all of the Purchased Assets wherever the same may be located.

SECTION 15. CLOSING DOCUMENTS AND PROCEDURES.

15.1. Deliveries from UTILITY. The following documents with respect to each System shall be delivered by the UTILITY to the COUNTY at least twenty (20) days prior to Closing Date but shall be executed on the Closing Date:

(1) Warranty deeds to all of the Property owned by the UTILITY as described in Exhibit "1" conveying to the COUNTY all of the UTILITY'S right, title and interest in all such property and warranting that such Property is free and clear of all liens, claims and encumbrances other than Permitted Exceptions.

(2) Instruments of conveyance, in appropriate recordable form, of all the Easements as described in Exhibit "1" conveying to the COUNTY all of its right, title and interest in all such property, together with all utility improvements thereto, and warranting that such easement rights and rights to use dedicated rights-of-way are free, or shall be made pursuant to Subsection 7.3 hereof, clear of all liens, security interests, encumbrances, leasehold interests, charges or options, covenants or restrictions other than Permitted Exceptions, as that term is defined herein;

(3) General assignment by the UTILITY of all other interests in the Property, together with a general assignment of all contracts, agreements, permits and approvals as provided for herein;

(4) Bills of sale or other documents of assignment and transfer, with full warranties of title, to all Purchased Assets other than those assets covered by Subsections 15.1(2) and 15.1(3) hereof;

(5) All business records sold to the COUNTY hereby;

(6) All permits, governmental authorizations and approvals, together with applications for or transfer approvals from any and all agencies that have issued said permits, authorizations, and approvals;

(7) Standard no-lien affidavit in a form required by the title Company as to realty and personalty insuring against any liens, claims or encumbrances upon the Purchased Assets;

(8) The customer service security deposits as of the Closing Date as described in Subsection 4.7 hereof;

(9) a "non-foreign" affidavit or certificate pursuant to Section 1445 of the Internal Revenue Code; and,

(10) Such other affidavits and acknowledgments as the title company shall reasonably request in order to cause the title company to issue the policy evidencing marketable title as contemplated herein;

(11) A corporate officer's certificate confirming that the UTILITY's warranties hereunder are true and correct as of the Closing Date;

(12) Evidence of insurance as contemplated by Section 8 hereof;

(13) Such other instruments and documents, in form approved by the COUNTY's counsel as may be reasonably required in order to transfer ownership and possession of the Purchased Assets to the COUNTY; provided that none of such documents shall result in any additional liability on the part of UTILITY not otherwise provided for in this Agreement; and,

(14) All assignments of agreements listed in Section 22 that assign the agreements to COUNTY.

(15) Evidence reasonably satisfactory to COUNTY of the full payment by UTILITY of all Florida Public Service Commission assessment fees, fines, penalties and the release of the associated liens listed in Subsection 7.16.

15.2. Deliveries from the COUNTY. On the Closing Date, the COUNTY shall pay the Purchase Price by sending a wire transfer to the account and bank identified by UTILITY or shall deliver a cashiers check in the amount due to UTILITY as provided in Section 5 of this Agreement, reduced as per this Agreement. The COUNTY shall also deliver at the preclosing meeting, the forms of an assumption of the agreements set forth in Section 22.1 of this Agreement, an assumption of the leases, permits, agreements, approvals and other interests in the Purchased Assets being assigned by the UTILITY, the gas easement, and a certified copy of a resolution of the COUNTY council approving this transaction. Said documents shall be executed on the Closing Date. The assignments and assumptions being prepared by the parties may be incorporated into one document at the convenience of the parties.

SECTION 16. [RESERVED]

SECTION 17. REVENUES AFTER CLOSING. UTILITY accounts receivable for pre-closing billed and unpaid revenues for each System will be collected by the COUNTY for the six (6) month period following the Closing Date and transferred back to UTILITY on a monthly basis as collected at no cost to UTILITY. In addition, revenues generated by each System prior to the Closing Date but not collected as well as amounts due for pre-closing services provided by UTILITY will be billed by the COUNTY during the six month period following the Closing Date and transferred to UTILITY on a monthly basis as collected at no charge to UTILITY. COUNTY shall be under no obligation to institute legal proceedings to collect any amounts due and payable to UTILITY under this Section 17, however, COUNTY shall provide reasonable assistance to UTILITY in pursuing any such claims.

SECTION 18. RESPONSIBILITY FOR PROFESSIONAL FEES AND COSTS. Each party hereto shall be responsible for its own attorneys' fees, engineering fees, accounting fees and other costs in connection with the preparation and execution of this Agreement, the closing of the transaction contemplated herein and in connection with all judicial and administrative proceedings related to the acquisition of the Systems.

SECTION 19. PUBLIC SERVICE COMMISSION APPROVAL. UTILITY shall apply for approval by the Florida Public Service Commission for transfer of the Purchased Assets from UTILITY to COUNTY. UTILITY agrees to pay all fees and costs incurred by UTILITY incident to such dealings with the Florida Public Service Commission. It is agreed that COUNTY shall apply every reasonable effort to cooperate with UTILITY to obtain approval from the Florida Public Service Commission and will render all reasonable assistance to UTILITY necessary to obtain such approval.

SECTION 20. COMMISSIONS. The UTILITY and the COUNTY each warrant to the other that the transaction contemplated by this Agreement is a direct, private transaction between the UTILITY and the COUNTY without the use of a broker or commissioned agent.

SECTION 21. FURTHER ASSURANCES. Each of the parties hereto agrees that, from time to time, upon the reasonable request of the other party and at the expense of the requesting party, without further consideration, it shall execute and deliver to the requesting party any and all further instruments, affidavits, conveyances and transfers as may be reasonably required to carry out the provisions of this Agreement.

SECTION 22. CERTAIN AGREEMENTS.

22.1. Contracts and Agreements. The COUNTY shall take title to the Purchased Assets encumbered only by those developer or service contracts, vendor contracts and other agreements binding upon UTILITY and affecting the operation and maintenance of the Systems that are listed on Exhibit "5" attached to and incorporated in this Agreement which will be assigned to and assumed by the COUNTY. Notwithstanding anything to the contrary stated in this Agreement except as provided in Subsection 22.2, the COUNTY is not assuming and has no obligation to honor any prepaid or discounted connections or customers for properties of any System that are not connected IL to that System ten (10) days prior to the Closing Date.

22.2. New Agreements. After the date of the execution of this Agreement, the UTILITY shall notify the COUNTY of all requests for developer or service agreements and the terms thereof and shall provide a copy of the proposed agreement to the COUNTY. The COUNTY shall approve or disapprove, in writing, said proposed agreement within twenty (20) days of its receipt of the proposed agreement. The COUNTY shall not unreasonably withhold, delay or condition its approval of the execution by the UTILITY of any such agreement. The COUNTY shall be required to grant its consent to proposed agreements which are consistent with UTILITY's existing FPSC-approved service availability policy for the applicable System, and which also clearly notify the prospective customer that the COUNTY is acquiring the System and identify that future terms of service after the Closing Date shall be governed by applicable ordinances and resolutions of the COUNTY. In the event the COUNTY disapproves a proposed agreement(s) which is in accordance with existing PSC approved agreements and existing FPSC-approved service availability policy, then the COUNTY shall, to the extent consistent with Section 768.28, Fla. Stat., indemnify and hold UTILITY harmless for any and all liability, claims or damages made by any person, firm, corporation, public or private, arising out of the COUNTY's refusal to approve said agreement(s). Once a proposed agreement is approved by the COUNTY, the COUNTY shall accept the terms of the approved agreement subsequent to the Closing Date in accordance with its terms. The UTILITY shall not cause any agreement to be modified after the date of the execution of this Agreement without the prior written approval of COUNTY, which approval shall not be unreasonably withheld,

delayed or conditioned. Notwithstanding anything to the contrary set forth herein, the UTILITY need not obtain the COUNTY's approval to enter into developer or service agreements that (1) individually do not commit in excess of ten (10) equivalent residential connections ("ERCs") of water service capacity, (2) individually do not involve obligations in excess of \$5,000, and (3) that in the aggregate do not commit in excess of three hundred (300) ERCs of water service capacity.

22.3. Other Agreements. Except as expressly set forth in this Agreement, the COUNTY is not assuming any other agreements to which UTILITY is a party.

SECTION 23. NOTICES; PROPER FORM. Any notices required or allowed to be delivered hereunder shall be in writing and may either be (1) hand delivered, (2) sent by recognized overnight courier (such as Federal Express) or (3) mailed by certified or registered mail, return receipt requested, in a postage prepaid envelope, and addressed to a party at the address set forth opposite the party's name below, or at such other address as the party shall have specified by written notice to the other party delivered in accordance herewith:

COUNTY: Jim Lowry, County Administrator
MARION COUNTY
601 S.E. 25th Avenue
Ocala, FL 34471-2690

with a copy to: Thomas A. Cloud, Esquire
Special Counsel
Gray, Harris & Robinson, P.A.
201 East Pine Street, Suite 1200
Post Office Box 3068
Orlando, Florida 32802-3068

UTILITY: AP Utilities
3925 S.E. 45 Court
Suite E
Ocala, Florida 34480

with a copy to: Eugene Wiechens, Esquire
Landt, Wiechens, Trow & Lapeer
P.O. Box 2045
Ocala, Florida 34478

Notices personally delivered by hand or sent by overnight courier shall be deemed given on the date of delivery and notices mailed in accordance with the foregoing shall be deemed given three (30) days after deposit in the U.S. mail.

SECTION 24. ENTIRE AGREEMENT. This instrument constitutes the entire Agreement between the parties and supersedes all previous discussions, understandings, and agreements between the parties relating to the subject matter of this Agreement. This Agreement may not be changed, altered or modified except by an instrument in writing signed by the party against whom enforcement of such change would be sought.

SECTION 25. AMENDMENT. Amendments to and waivers to the provisions of this Agreement shall be made by the parties only in writing by formal amendment.

SECTION 26. DISCLAIMER OF THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the formal parties herein, and no right or cause of action shall accrue upon or by reason hereof, to or for the benefit of any third party not a formal party hereto.

SECTION 27. BINDING EFFECT. All of the provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the legal representatives, successors and nominees of the COUNTY and the UTILITY.

SECTION 28. TIME OF THE ESSENCE. Time is hereby declared of the essence in the performance of each and every provision of this Agreement.

SECTION 29. APPLICABLE LAW. This Agreement shall be construed, controlled, and interpreted according to the laws of the State of Florida.

SECTION 30. CORROBORATION OF PAYMENTS AFTER CLOSING. In each instance in which either the UTILITY or the COUNTY is to receive money from another party after the Closing Date pursuant to the provisions of this Agreement, the party who is entitled to receive the money under the terms of this Agreement shall have the right to inspect, at its own expense, those books and records of the other party as may be necessary to corroborate the accuracy of the amount of money received by the party, within thirty (30) days of receipt of payment. In the event the party making the inspection discovers an error in payment, the party making the payment shall promptly transfer the difference in payment to the party who is entitled to payment; provided, however, that to the extent that the error in payment is ten percent (10%) or more, then the party making payment shall, in addition to paying the shortfall, reimburse to the party making the inspection the reasonable costs of the inspection.

SECTION 31. RADON GAS. RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT.

SECTION 32. MISCELLANEOUS.

32.1. All of the parties to this Agreement have participated fully in the negotiation and preparation hereof, and, accordingly, this Agreement shall not be more strictly construed against any one of the parties hereto.

32.2. Except for the provisions of Section 5, Subsection 8.8 and Subsection 15.1 (1) hereof, in the event any term or provision of this Agreement be determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

32.3. In the event of any litigation between the parties under this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and court costs at all trial and appellate levels.

32.4. In construing this Agreement, the singular shall be held to include the plural, the plural shall be held to include the singular, the use of any gender shall be held to include every other and all genders, and captions and paragraph headings shall be disregarded.

32.5. This Agreement may be executed in several counterparts, but each such counterpart shall be deemed an original, but all such counterparts will constitute only one agreement.

SECTION 33. ASSIGNMENTS. The COUNTY and UTILITY agree that this Agreement may not be assigned, in whole or in part, by either party for one (1) year following the Closing Date; provided, however, that the COUNTY may assign this Agreement in whole without the UTILITY's consent at any time to any entity that is a municipal, governmental, quasi-governmental, cooperative, or non-profit authority or corporation so long as said authority or corporation is not operated as a for-profit entity.

SECTION 34. CONDITIONS PRECEDENT TO CLOSING. The following are conditions precedent to the Closing of the purchase and sale of the System under this Agreement by the COUNTY:

(1) COUNTY shall have completed public hearings under Section 125.3401, Florida Statutes, and made a determination that the acquisition of the System is in the public interest; and,

(2) COUNTY shall have received a firm commitment of financing for the purchase of the Assets from a lender acceptable to COUNTY on terms and conditions acceptable to COUNTY on or before the Closing Date; and,

(3) agreement on an accurate metes and bounds description of the Property on or before the Closing Date; and

(4) UTILITY having obtained and transferred to COUNTY any consumptive use permits necessary to the operation of the Systems by COUNTY.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

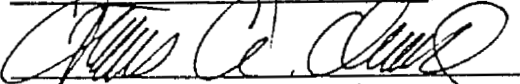
ATTEST:



David R. Ellspermann, Clerk

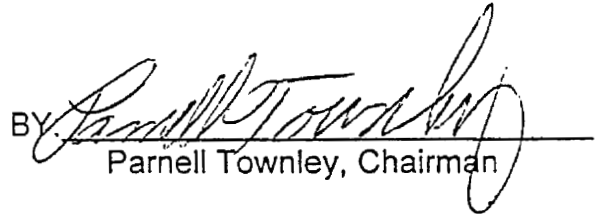
FOR THE USE AND RELIANCE
OF MARION COUNTY ONLY.
APPROVED AS TO FORM

February 3, 1999



Thomas A. Cloud, Esquire
Special Utility Counsel

**BOARD OF COUNTY COMMISSIONERS
OF MARION COUNTY, FLORIDA**

BY 
Parnell Townley, Chairman

Signed, sealed and delivered
in the presence of:

(x) Cornel Dennis

Name: JANICE HENRY

(x) Melissa Northey

Name: Melissa Northey

UTILITY:

AP UTILITIES, INC.

By: [Signature]

President

[Corporate Seal]

COUNTY OF MARION

The foregoing instrument was acknowledged before me this 2 day of Feb 1999, by Phillip Wood of AP UTILITIES, INC., a Florida corporation, on behalf of the corporation. He is personally known to me or has produced _____

PL W 320-664-52-938 as identification and did (did not) take an oath.



MARSHA L. SENGEL
MY COMMISSION # CC444940 EXPIRES
March 13, 1999
BONDED THRU TROY FAUL INSURANCE, INC.

Marsha L. Senger
Signature of Person Taking Acknowledgment

MARSHA L SENGEL
Name of Acknowledger Typed, Printed or Stamped

Title or Rank

Serial Number, if any.

EXHIBIT 1

Legal Description of Real Property and Easements of the Utility

Real Property:

- 1) Raven Hill System - PWS 3421575
Lot 4 and 5, Block F, Book 5, Page 101
- 2) South Oak System - PWS 3424088
Lot 1, Block E, Book U, Page 89
- 3) Evergreen - Peppertree Village System - PWS 3424626
Lot 8, Block C, Book V, Page 66
- 4) South Ocala Industrial Park System - PWS 3424653
Tract B South Ocala Industrial Complex X-007

Easements:

- 1) Raven Hill System - None
- 2) South Oak System - None
- 3) Evergreen - Peppertree Village System - See Attachment 1 to this Exhibit 1
- 4) South Ocala Industrial Park System - None

EASEMENT

THOSE PRESENTS:

O J. SMILEY and his wife, JOAN SMILEY, Grantors, of
 in County, Florida, for the sum of TEN DOLLARS
 other good and valuable considerations, the receipt
 ncy of which is hereby acknowledged, do, hereby,
 and set over unto MICHAEL D. BLAKE and AQUA PURE
 , Grantees, whose address is P.O. Box 1194
in F. 32654 an easement over, across and beneath
 cribed property situate in Marion County, Florida:

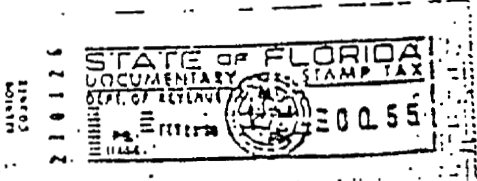
ALL RIGHTS
 RESERVED

3 feet of the South 11 chains of the N.W. 1/4
 .W. 1/4 of Section 18, Township 15 South, Range
 , except the West 50 feet thereof for road
 -way and except the South 260 feet of the West
 et thereof.

ment and privileges herein granted shall be used
 : purpose of permitting the Grantees to install,
 vice, repair, use and improve an eight inch (8")
 t an approximate depth of three feet (3) over and
 ome-described property. The water line installed
 called shall only be used for the transportation and
 water and no other materials.

ment, rights and privileges herein granted shall be
 of seventy-five years (75) from date hereof. The
 hts and privileges granted herein are exclusive and
 i covenant that they will not convey any other
 conflicting rights within the area covered by this
 rantees shall not assign nor transfer their interest
 sent without the prior express written approval of

tors retain, reserve and shall continue to enjoy the
 urface of the above property for any and all purposes
 Interfere with and prevent the use by the Grantees
 described Easement.



The Grantors acknowledge receipt of the sum of THREE THOUSAND AND NO/100 DOLLARS (\$3,000.00) and the Grantors shall be entitled to a free water hookup to their present residence. The Grantees shall restore the land to its original state prior to the installation of the above water line and repair any and all damage that may be caused to any fences or plants damaged or removed by the installation process.

TO HAVE AND TO HOLD the Easement, rights and privileges hereby granted unto MICHAEL D. BLAKE and AQUA PURE WATER COMPANY and their respective heirs, successors and assigns.

This Easement, and the rights and privileges herein granted, shall be binding upon, and inure to the benefit of, the heirs, executors, administrators, successors and assigns of each of the parties hereto.

IN WITNESS WHEREOF, the undersigned have set their hands and seals this 12th day of September, 1988.

Michael D. Blake
MICHAEL D. BLAKE

Fred J. Smiley
FRED J. SMILEY

William E. Fisher
Witness

Marcella L. Lott
Witness

Joan Smiley
JOAN SMILEY

Laura Patterson
Witness

STATE OF FLORIDA
COUNTY OF MARION

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared FRED J. SMILEY, to me known to the person described in and who executed the foregoing instrument, and he acknowledged before me that he executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 12th day of September, 1988.

William E. Fisher
NOTARY PUBLIC - State of Florida at Large

My Commission Expires

NOTARY PUBLIC STATE OF FLORIDA
BY COMMISSION EXP. APR. 18, 1992
BOBBY JAMES GENERAL L.S. CO.

STATE OF FLORIDA
COUNTY OF MARION

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared JOAN SMILEY, to me known to the person described in and who executed the foregoing instrument, and she acknowledged before me that she executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 12th day of September, 1988.

William E. Fisher
NOTARY PUBLIC - State of
Florida at Large

My Commission Expires

NOTARY PUBLIC STATE OF FLORIDA
BY COMMISSION EXP. APR. 16, 1992
BONDED UNDER GENERAL LES. ORD.

EVERGREEN - PEPPERTREE VILLAGE SYSTEM - PWS 3424626

2 - 4" WELLS
2 - 7.5 HP WELL PUMPS
2 - 10 HP BOOSTER PUMPS
1 - 12,500 GALLON GROUND LEVEL STORAGE TANK
1 - 5,000 GALLON PRESSURE TANK
1 - GENERATOR 35 KW DIESEL - AUTO START
1 - BUILDING
2 - HYPOCHLORINATOR

8" WATER MAIN PVC 4,500 LF
6" WATER MAIN PVC 4,200 LF
4" WATER MAIN PVC 7,300 LF
2" WATER MAIN PVC 9,230 LF
8" GATE VALVES 3 EA
6" GATE VALVES 9 EA
4" GATE VALVES 9 EA
2" GATE VALVES 13 EA
ACTIVE SERVICES 262
UNOCCUPIED SERVICES 20
INACTIVE SERVICE 7

SOUTH OCALA INDUSTRIAL PARK SYSTEM

1 - 4" WELL
1 - 7.5 HP PUMP
1 - 500 GALLON PRESSURE TANK
1 - HYPOCHLORINATOR

4" WATER MAIN PVC 1,200 LF
ACTIVE SERVICES 14
UNOCCUPIED SERVICES 1

EXHIBIT 2

Assets including Plant, Inventory and Other Tangible Personalty and Fixtures

A.P. UTILITIES, INC.

3925 Southeast 45th Court Suite E · Ocala, Florida 34480-7431

352/694-7474

ASSETS AND EQUIPMENT

RAVEN HILL SYSTEM

2 - 6" WELLS
1 - 30 HP PUMP
1 - 25 HP PUMP
1 - 7,500 GALLON PRESSURE TANK
1 - 5,000 GALLON PRESSURE TANK
1 - GENERATOR 75 KW NATURAL GAS - AUTO START
1 - BUILDING
1 - HYPOCHLORINATOR

6" WATER MAIN PVC 4,080 LF
4" WATER MAIN PVC 14,950 LF
2" WATER MAIN PVC 7,390 LF
6" GATE VALVES 6 EA
4" GATE VALVES 26 EA
2" GATE VALVES 20 EA
ACTIVE SERVICES 293
UNOCCUPIED SERVICES 4

SOUTH OAK SYSTEM - PWS 3424088

2 - 8" WELLS
1 - 30 HP PUMP
1 - 25 HP PUMP
1 - 10,000 GALLON PRESSURE TANKS
1 - GENERATOR 75 KW L.P. - AUTO START
1 - BUILDING
1 - HYPOCHLORINATOR
1 - AIR COMPRESSOR

8" WATER MAIN PVC 3,125 LF
6" WATER MAIN PVC 4,372 LF
4" WATER MAIN PVC 20,250 LF
3" WATER MAIN PVC 5,700 LF
2" WATER MAIN PVC 7,230 LF
8" GATE VALVES 4 EA
6" GATE VALVES 9 EA
4" GATE VALVES 17 EA
3" GATE VALVES 8 EA
2" GATE VALVES 14 EA
ACTIVE SERVICES 380
UNOCCUPIED SERVICES 38

EXHIBIT 3

Certificates/Permits/Licenses/Governmental Approvals

SANITARY SURVEY REPORT

Plant name Peppertree Village County Marion PWS ID 3424626
Plant location SE 3rd Place & SE 62 AVE Ocala, FL Phone 1
Owner name A.P. UTILITIES INC. Phone 3521694-7474
Owner address 3925 SE 45 Court Suite E Contact person Phillip Woods
This survey date 1/16/96 Last survey date 4/21/93 Last C.I. date 10/26/94

PWS TYPE

- Community
- Non-Community
- Non-Transient Non-Community

PWS STATUS

- Approved system w/ approval # & date:
WC42-229626 5-12-94
WC42-2058 10-18-82
- Unapproved system

SERVICE AREA CHARACTERISTICS:

subdivision
Food Service: Yes No

OPERATION & MAINTENANCE

Certified operator: Yes No Not required
Operators & Certification Class-Number:
Len Tabor "C" 6649

O&M Log: Yes No
Operator visiting frequency: (Required/Actual)
Hrs/day Required Actual
Days/wk Required 36 Actual 6
Non-consecutive days? _____

MORs submitted regularly: Yes No
Any missing MOR data? No Yes: _____

Number of service connections 198
Population served 693 Basis 3.5
Average day (MOR) 68,900 GPD
Maximum day (MOR) 106,000 GPD
Maximum day design capacity 216 MGD
Comments _____

RAW WATER SOURCE

- Ground (How many wells? 2)
- Surface/UDI (source _____)
- Purchased from (PWS ID _____)
- Emergency water source -
Emergency water capacity _____

AUXILIARY POWER SOURCE (on wheels)

(Required if ≥ 350 persons or > 150 service connections)
 Yes None Not required
Identify source diesel
Capacity of standby (kw) 35 Kw
Switchover: Auto Manual
Standby plan: Yes No
Hrs operated under load/mo (w/)? 4hr mo
What equipment does it operate?
 well pump(s) _____ GPM
 high service pump(s) _____ GPM
 treatment equipment _____
Does it satisfy 1/2 max-day demand? _____

TREATMENT PROCESSES IN USE

Disinfection
What additional treatment is needed?
For control of what deficiencies?

DISTRIBUTION SYSTEM

Flow measuring device:
 None meter elapsed timer N.A.
Flow meter capacity _____
Backflow prevention devices: Yes No
Cross-connections None observed
Written cross-connection program Yes
Coliform sampling plan: Yes No
Comments _____

WELL WATER SOURCE

Well number	1	2	
Year drilled	1981	1981	
Depth drilled	198'	198'	
Drilling method	Rotary	Rotary	
Type of grout	Neat Cement	Neat Cement	
Static water level	66'	66'	
Pumping water level			
Design well yield			
Test yield			
Actual yield (at distance from record location)			
Strainer			
Length (outside casing)	81'	84'	
Diameter (outside casing)	4"	4"	
Material (outside casing)	Steel	Steel	
Well contamination history	UNK	UNK	
Is inundation of well possible?	NO	NO	
6' x 6' x 4" concrete pad	Yes	Yes ⇒ minor crack	
SET	Septic tank	> 100'	> 100'
	Reuse water	—	—
BACKS	WW plumbing	> 100'	> 100'
	other sanitary hazard	None observed	None observed
PUMP	Type	Submersible	Submersible
	Manufacturer name	Sta-Rite	Sta-Rite
	Model number	—	—
	Rated capacity	95	95
	Motor HP	7.5	7.5
Well casing 12" above grade?	Yes	Yes	
Well casing sanitary seal	Yes	Yes	
Raw water sampling tap	Yes	Yes	
Above ground check valve	Yes	Yes	
Fence/housing	Yes	Yes	
Well vent protection	—	—	

COMMENTS

Fill in only when there is no record on file.

CHLORINATION (Disinfection) 2 chlorinators

Type: Gas Hypo

Make Chem Tech Capacity 30 gpd

Cl₂ feed rate _____

Avg. amount of Cl₂ gas used/day _____

Cl₂ residuals: Plant _____ Remote .6

Remote tap location _____

DPD test kit on site? _____

Injection points Before Ground Storage

Comments: _____

Chlorine Gas use Requirements	Yes	No	Comments
Dial system			
Auto-switchover			
Loss of disinfection capability alarm			
Scale			
Chained cylinders			
Reserve supply			
Aquate air-pak			
Sign of leaks			
Fresh ammonia			
Ventilation			
Room lighting			
Warning signs			
Repair kits			
Fitted wrench			
Housing/protection			
COMMENTS			

AERATION (Gases, Fe, & Mn removal)

Type _____ Capacity _____

Aerator condition _____

Bloodworm presence _____

Visible algal growth _____

Protective screen condition _____

Comments _____

STORAGE FACILITIES

(G) ground (H) hydropneumatic (E) elevated

(B) bladder (C) clearwell

Tank type/number	G	H ₁	
Capacity (gal)	12,500	5000	
Material	See below	Steel	
Gravity drain	Yes	Yes	
By-pass piping	Yes	Yes	
Pressure gauge	—	Yes	
Sight glass / level indicator	—	Yes	
Fittings for sight glass	—	—	
Protected openings	Yes	Yes	
On/Off pressure	—	40/60	
Height to bottom of elev. tank	—	—	
Height to max. water level	—	—	
Access padlocked	Yes	Yes	

COMMENTS Recommend gasket
* Polyethylene tank

HIGH SERVICE PUMPS

Pump number	H _{s1}	H _{s2}	
Type	Centrifugal	Centrifugal	
Make	Aurora	Aurora	
Model	—	—	
Capacity Gpm	150	150	
Motor HP	10	10	
Date installed	—	—	
Maintenance	—	—	

PWS ID S424626
 Dat 1-24-94

COMPLIANCE MONITORING

CONTAMINANT	PWS Screen #	# Samples Required	C > 3300			C < 3300		
			Frequency	Sample Date	Due Date	Frequency	Sample Date	Due Date
Microbiological (Bacto)	24	Sea Rule 17-650:518	monthly			monthly	12/95	1/96
Nitrate & Nitrite (as N)	30	1	annually			annually	2/29/95	9/6
Turbidity	26	1	3 years (Note 1)			3 years (Note 2)		
Inorganics	30	1	3 years (Note 1)			3 years (Note 2)	7/25/94	9/7
Radionuclides	33	(Note 4)	3 years (Note 1)			3 years (Note 2)	10/28/94	9/7
Volatile Organics	28	1	(Note 1, 5)			(Note 2, 5)	2-28-95	Annual 1/7
Pesticides & PCBs	29	(Note 6)	3 years (Note 1)			3 years (Note 2)	3/7/90	9/7
Group I VOCs	35	(Note 6)	Nono (Note 7)			Nono (Note 8)	12/1/94	O.K.
Group II VOCs	34, 36, 37	(Note 10)	3 years (Note 1)			3 years (Note 2)	7-25-94	O.K.
Asbestos	30	(Note 11)	9 years (Note 12)			9 years (Note 13)	12/19/93	O.K.
Lead and Copper		(Note 15)	3 years (Note 1)			3 years (Note 2)		
Secondary	31	1	3 years (Note 1)			3 years (Note 2)	7/25/94	O.K.
TTHM > 10,000 persons	27	1	Quarterly					

See next page for description of italicized notes.

Abbreviations used: C = community water system
NTNC = non-transient non-community
NC = non-community

NOTE 1 First year of each three year compliance period.

NOTE 2 Second year of each three year compliance period.

NOTE 3 Third year of each three year compliance period.

NOTE 4 See Rule 17-550.519, F.A.C. - Compliance shall be based on the analysis of an annual composite of four consecutive quarterly samples or the average of the analysis of four samples obtained at quarterly intervals.

NOTE 5 See Rule 17-550.515(1), F.A.C. - Each system shall take four consecutive quarterly samples during its assigned year of the first compliance period. If no contaminant is detected, the system will monitor annually during the next three year compliance period. If still no contaminants are detected, one sample shall be taken during each subsequent three year compliance period. If the initial monitoring for contaminants listed in Rule 17-550.310(2)(b), F.A.C., has been completed by December 31, 1992, and the system did not detect any contaminants, then one sample shall be taken annually beginning January 1, 1993.

NOTE 6 4 consecutive quarterly samples (credit will given for samples taken before January 1, 1993).

NOTE 7 First year of the first three year compliance period beginning January 1, 1993.

NOTE 8 Second year of the first three year compliance period beginning January 1, 1993.

NOTE 9 Third year of the first three year compliance period beginning January 1, 1993.

NOTE 10 See Rule 17-550.521(3), F.A.C. - C and NTNC systems with less than 150 service connections should notify the Department that their system is available for testing. Do not send samples to the Department. If the Department determines that the system must take samples for UOCs, it will notify the owner. The samples will be taken at the system's expense. Reference Rule 17-550.410, F.A.C.

NOTE 11 See Rule 17-550.511(4), F.A.C. - A system without asbestos-containing components, and which has no free asbestos in its source water, shall certify to the Department in writing that it is asbestos free. Certification shall satisfy subsections (1), (2), and (3) of this rule, and shall be submitted each nine-year compliance cycle during the specified year the system is required to monitor.

NOTE 12 First year of each nine year compliance period.

NOTE 13 Second year of each nine year compliance period.

NOTE 14 Third year of each nine year compliance period.

NOTE 15 Contact local DER or ACPHU, or FRWA.

MONITORING VIOLATIONS		MCL VIOLATIONS	

DEFICIENCIES: (See cover letter for recommended actions)

- ① NO Gasket on hatch.
- ② NO Sampling Plan

Inspector George Araya
Approved by Paul J. Moroni

Title Engineer Date 1/29/96
Title Environmental Manager Date 1/30/96

SANITARY SURVEY REPORT

Plant name Raven Hill S/O County Marion PWS ID 3421575
Plant location SE 26 Ct. & SE 34th Okla, FL Phone 1
Owner name A.P. Utilities Inc Phone 9041674-7474
Owner address 3925 SE 45th Ct. Suite E Contact person Philip Woods
This survey date 1/16/96 Last survey date 4/21/93 Last C.I. date 10/26/94

PWS TYPE

- Community
- Non-Community
- Non-Transient Non-Community

PWS STATUS

Approved system w/ approval # & date:
WC42-2018 - 3/27/79

Unapproved system

SERVICE AREA CHARACTERISTICS:

Residential

Food Service: Yes No

OPERATION & MAINTENANCE

Certified operator: Yes No Not required

Operators & Certification Class-Number:

Len Tabor C# 6649

O&M Log: Yes No

Operator visiting frequency: (Required/Actual)

Hrs/day Required Actual

Days/wk Required 6 Actual 6

Non-consecutive days? _____

MORs submitted regularly: Yes No

Any missing MOR data? No Yes: _____

Number of service connections 291

Population served 108 Basis 3.5

Average day (MOR) 115,500 GPD

Maximum day (MOR) 161,000 GPD

Max-day design capacity .417 MGD

Comments _____

RAW WATER SOURCE

- Ground (How many wells? 2)
- Surface/UDI (source _____)
- Purchased from (PWS ID _____)
- Emergency water source -
- Emergency water capacity _____

AUXILIARY POWER SOURCE

(Required if ≥ 350 persons or > 150 service connections)

Yes None Not required

Identify source Natural Gas

Capacity of standby (kw) 75

Switchover: Auto Manual

Standby plan: Yes No

Hrs operated under load/mo(wk)? 4hr/mo.

What equipment does it operate?

well pump(s) _____ GPM

high service pump(s) _____ GPM

treatment equipment _____

Does it satisfy 1/2 max-day demand? Yes

TREATMENT PROCESSES IN USE

Disinfection

What additional treatment is needed? _____

For control of what deficiencies? _____

DISTRIBUTION SYSTEM

Flow measuring device:

None meter elapsed timer N.A.

Flow meter capacity _____

Backflow prevention devices: Yes No

Cross-connections None observed

Written cross-connection program Yes

Coliform sampling plan: Yes No

Comments _____

GROUND WATER SOURCE

Well number	1	2		
Year drilled*	1979	1981		
Depth drilled*	221'	190'		
Drilling method*	Cable	Cable		
Type of grout*	UNK	UNK		
Static water level*				
Pumping water level*				
Design well yield*				
Test yield**				
Actual yield <small>or different than listed elsewhere*</small>				
Strainer*				
Length (outside casing)*	126'	126'		
Diameter (outside casing)	6"	6"		
Material (outside casing)	Steel	Steel		
Well contamination history	UNK	UNK		
Is inundation of well possible?	NO	NO		
x 6' x 4" concrete pad	YES	YES		
SET	Septic tank	>100	>100	
	Reuse water			
BACKS	WW plumbing	>100	>100	
	other sanitary hazard	None observed	None observed	
PUMP	Type	Submersible	Submersible	
	Manufacturer name	Sta-Rite	Sta-Rite	
	Model number			
	Rated capacity Gpm	350	230	
	Motor HP	30	25	
Well casing 12" above grade?	O.K.	O.K.		
Well casing sanitary seal	O.K.	O.K.		
Raw water sampling tap	YES	YES		
Above ground check valve	YES	YES		
Fence/housing	YES	YES		
Well vent protection	—	—		

REMARKS

* Fill in only when there is no record on file

CHLORINATION (Disinfection)

Type: Gas Hypo
 Make Chem-Tech Capacity 30 Gpd
 Cl₂ feed rate _____
 Avg. amount of Cl₂ gas used/day _____
 Cl₂ residuals: Plant _____ Remote .8
 Remote tap location _____
 DPD test kit on site? Yes
 Injection points Before P/T
 Comments: _____

Chlorine Gas use Requirements	Yes	No	Comments
Dual system			
Auto-switchover			
Loss of chlorination capability alarm			
Scale			
Chained cylinders			
Reserve supply			
Adequate air-pak			
Sign of leaks			
Fresh ammonia			
Ventilation			
Room lighting			
Warning signs			
Repair kits			
Fitted wrench			
Housing/protection			
COMMENTS			

STORAGE FACILITIES

(G) ground (H) hydropneumatic (E) elevated
 (B) bladder (C) clearwell

Tank type/number	H ₁	H ₂	
Capacity (gal)	7,500	5,000	
Material	steel	steel	
Gravity drain	Yes	Yes	
By-pass piping	Yes	Yes	
Pressure gauge	Yes	Yes	
Soft glass / level indicator	Yes	Yes	
Fittings for sight glass	—	—	
Protected openings	Yes	Yes	
On/Off pressure	40/60	40/60	
Height to bottom of elev. tank	—	—	
Height to max. water level	—	—	
Access padlocked	Yes	Yes	
COMMENTS			

AERATION (Gases, Fe, & Mn removal)

Type _____ Capacity _____
 Aerator condition _____
 Pinworm presence _____
 Visible algal growth _____
 Protective screen condition _____
 Comments _____

HIGH SERVICE PUMPS

Pump number			
Type			
Make			
Model			
Capacity			
Motor HP			
Date installed			
Maintenance			
Comments:			

PWS ID 21575
 Date 1-25-96

COMPLIANCE MONITORING								
CONTAMINANT	PWS Screen #	# Samples Required	C > 3300			C ≤ 3300		
			Frequency	Sample Date	Due Date	Frequency	Sample Date	Due Date
Microbiological (Bacte)	24	See Rule 17-550.518	monthly			monthly	12/95	O.K
Nitrate & Nitrite (as N)	30	1	annually			annually	2-28-95	96
Turbidity	26	1	3 years <i>(Note 1)</i>			3 years <i>(Note 2)</i>	/	/
Inorganics	30	1	3 years <i>(Note 1)</i>			3 years <i>(Note 2)</i>	7/21/94	97
Radionuclides	33	<i>(Note 4)</i>	3 years <i>(Note 1)</i>			3 years <i>(Note 2)</i>	7/21/94	97
Volatile Organics	28	1	<i>(Note 1,5)</i>			<i>(Note 2,5)</i>	2-28-95	O.K
Pesticides & PCBs	29	<i>(Note 6)</i>	3 years <i>(Note 1)</i>			3 years <i>(Note 2)</i>	4/9/92	1st qt 17
Group I UOCs	35	<i>(Note 6)</i>	None <i>(Note 7)</i>			None <i>(Note 8)</i>	11-28-94	97
		<i>(Note 10)</i>	-			-		
Group II UOCs	34, 36, 37	1	3 years <i>(Note 1)</i>			3 years <i>(Note 2)</i>	4/22/94	97
		<i>(Note 10)</i>	-			-		
Asbestos	30	1 <i>(Note 11)</i>	9 years <i>(Note 12)</i>			9 years <i>(Note 13)</i>	12/11/93	2001
Lead and copper		<i>(Note 15)</i>						
Secondary	31	1	3 years <i>(Note 1)</i>			3 years <i>(Note 2)</i>	7/21/94	97
TTHM > 10,000 persons	27	4	Quarterly					

See next page for description of italicized notes.

Abbreviations used: C = community water system
NTNC = non-transient non-community
NC = non-community

- NOTE 1* First year of each three year compliance period.
- NOTE 2* Second year of each three year compliance period.
- NOTE 3* Third year of each three year compliance period.
- NOTE 4* See Rule 17-550.519, F.A.C. - Compliance shall be based on the analysis of an annual composite of four consecutive quarterly samples or the average of the analysis of four samples obtained at quarterly intervals.
- NOTE 5* See Rule 17-550.515(1), F.A.C. - Each system shall take four consecutive quarterly samples during its assigned year of the first compliance period. If no contaminant is detected, the system will monitor annually during the next three year compliance period. If still no contaminants are detected, one sample shall be taken during each subsequent three year compliance period. If the initial monitoring for contaminants listed in Rule 17-550.310(2)(b), F.A.C., has been completed by December 31, 1992, and the system did not detect any contaminants, then one sample shall be taken annually beginning January 1, 1993.
- NOTE 6* 4 consecutive quarterly samples (credit will given for samples taken before January 1, 1993).
- NOTE 7* First year of the first three year compliance period beginning January 1, 1993.
- NOTE 8* Second year of the first three year compliance period beginning January 1, 1993.
- NOTE 9* Third year of the first three year compliance period beginning January 1, 1993.
- NOTE 10* See Rule 17-550.521(3), F.A.C. - C and NTNC systems with less than 150 service connections should notify the Department that their system is available for testing. Do not send samples to the Department. If the Department determines that the system must take samples for UOCs, it will notify the owner. The samples will be taken at the system's expense. Reference Rule 17-550.410, F.A.C.
- NOTE 11* See Rule 17-550.511(4), F.A.C. - A system without asbestos-containing components, and which has no free asbestos in its source water, shall certify to the Department in writing that it is asbestos free. Certification shall satisfy subsections (1), (2), and (3) of this rule, and shall be submitted each nine-year compliance cycle during the specified year the system is required to monitor.
- NOTE 12* First year of each nine year compliance period.
- NOTE 13* Second year of each nine year compliance period.
- NOTE 14* Third year of each nine year compliance period.
- NOTE 15* Contact local DER or ACPHU, or FRWA.

MONITORING VIOLATIONS		MCL VIOLATIONS	

DEFICIENCIES: (See cover letter for recommended actions)

① NO Sampling Plan

Inspector Heeze Aaway

Title Engineer

Date 1/29/96

Approved by Paul J. Monson

Title Environmental Manager

Date 1/30/96

SANITARY SURVEY REPORT

Plant name South Ocala Ind. Park County Marion PWS ID 3424633
Plant location SE 38th Place, Ocala, FL Phone 904 1694-7474
Owner name A.P. Utilities Phone 904 1694-7474
Owner address 3925 SE 45th CT Suite E Contact person Philip Woods
This survey date 1/16/96 Last survey date 4/21/93 Last C.I. date 10/26/94

PWS TYPE

- Community
 Non-Community
 Non-Transient Non-Community

PWS STATUS

- Approved system w/ approval # & date:
AS BUILT

- Unapproved system

SERVICE AREA CHARACTERISTICS:

Industrial Park

Food Service: Yes No

OPERATION & MAINTENANCE

Certified operator: Yes No Not required

Operators & Certification Class-Number:

Len Tabor "C" 6649

O&M Log: Yes No

Operator visiting frequency: (Required/Actual)

Hrs/day Required Actual

Days/wk Required 3 Actual 3

Non-consecutive days? _____

MORs submitted regularly: Yes No

Any missing MOR data? No Yes: _____

Number of service connections 13

Population served 50 Basis _____

Average day (MOR) 3,622 GPD

Maximum day (MOR) 27,000 GPD

Monthly design capacity 32,400 GPD

Comments _____

RAW WATER SOURCE

- Ground (How many wells? 1)
 Surface/UDI (source _____)
 Purchased from (PWS ID _____)
 Emergency water source -
Emergency water capacity _____

AUXILIARY POWER SOURCE

(Required if ≥ 350 persons or > 150 service connections)

- Yes None Not required

Identify source _____

Capacity of standby (kw) _____

Switchover: Auto Manual

Standby plan: Yes No

Hrs operated under load/mo(wk)? _____

What equipment does it operate?

well pump(s) _____ GPM

high service pump(s) _____ GPM

treatment equipment _____

Does it satisfy 1/2 max-day demand? _____

TREATMENT PROCESSES IN USE

Disinfection

What additional treatment is needed?

For control of what deficiencies?

DISTRIBUTION SYSTEM

Flow measuring device:

- None meter elapsed timer N.A.

Flow meter capacity _____

Backflow prevention devices: Yes No

Cross-connections None observed

Written cross-connection program Yes

Coliform sampling plan: Yes No

Comments _____

GROUND WATER SOURCE

Well number	1		
How drilled*	unk		
Depth drilled*	180'		
Drilling method*	Combo		
Type of grout*	Neat Cement		
Static water level*	42'		
Pumping water level*	—		
Design well yield*	—		
Test yield*	—		
Actual yield (or different than rated capacity)*	—		
Strainer*	—		
Length (outside casing)*	134'		
Diameter (outside casing)	4"		
Material (outside casing)	Steel		
Well contamination history	unk		
Is inundation of well possible?	NO		
6'x 6'x 4" concrete pad	Yes		
SET	Septic tank	> 100'	
	Reuse water	—	
BACKS	WW plumbing	> 100'	
	other sanitary hazard	None observed	
PUMP	Type	Submersible	
	Manufacturer name	Sta-Rite	
	Model number		
	Rated capacity (gpm)	45	
	Motor HP	3	
Well casing 12" above grade?	O.K.		
Well casing sanitary seal	O.K.		
Raw water sampling tap	Yes		
Above ground check valve	Yes		
Well enclosure/housing	Yes		
Well vent protection	—		

COMMENTS

Fill in only when there is no record on file.

CHLORINATION (Disinfection)
 Type: Gas Hypo
 Make Chem-Tech Capacity 30 Gpd
 Feed rate _____
 Avg. amount of Cl₂ gas used/day _____
 Cl₂ residuals: Plant _____ Remote 1.5
 Remote tap location _____
 DPD test kit on site? yes
 Injection points _____
 Comments: _____

Chlorine Gas use Requirements	Yes	No	Comments
Dual system			
Auto-switchover			
Loss of chlorination capability alarm			
Scale			
Chained cylinders			
Reserve supply			
Adequate air-pak			
Sign of leaks			
Fresh ammonia			
Ventilation			
Room lighting			
Warning signs			
Repair kits			
Fitted wrench			
Housing/protection			
COMMENTS			

AERATION (Gases, Fe, & Mn removal)
 Type _____ Capacity _____
 Aerator condition _____
 Bloodworm presence _____
 Visible algal growth _____
 Protective screen condition _____
 Comments _____

STORAGE FACILITIES

(G) ground (H) hydropneumatic (E) elevated
 (B) bladder (C) clearwell

Tank type/number	<u>H</u>		
Capacity (gal)	<u>1000</u>		
Material	<u>Steel</u>		
Gravity drain	<u>yes</u>		
By-pass piping	<u>yes</u>		
Pressure gauge	<u>yes</u>		
Sight glass / level indicator	<u>yes</u>		
Fittings for sight glass	<u>-</u>		
Protected openings	<u>-</u>		
On/Off pressure	<u>40/60</u>		
Height to bottom of elev. tank	<u>-</u>		
Height to max. water level	<u>-</u>		
Access padlocked	<u>yes</u>		
COMMENTS			

HIGH SERVICE PUMPS

Pump number			
Type			
Make			
Model			
Capacity			
Motor HP			
Date installed			
Maintenance			
Comments:			

PWS ID 3424653
 Date 25-76

COMPLIANCE MONITORING									
CONTAMINANT	PWS Screen #	# Samples Required	NTNC			NC			
			Frequency	Sample Date	Due Date	Frequency	Sample Date	Due Date	
Microbiological (Bacte)	24	See Rule 17-550.518	monthly	12/95	1/96	monthly (> 1000 persons)	/		
Nitrate & Nitrite (as N)	30	1	annually	2-23-95	96				quarterly (≤ 1000 persons)
Turbidity	26	1	3 years (Note 3)	/	/				annually
Inorganics	30	1	3 years (Note 3)	2-23-95	O.K	/			
Radionuclides	33	(Note 4)	3 years (Note 3)	11-10-95	O.K				
Volatile Organics	28	1	(Note 3, 5)	2-23-95	O.K				
Pesticides & PCBs	29	(Note 6)	3 years (Note 3)	2-23-95	O.K				
Group I UOCs	35	(Note 6)	None (Note 9)	7-27-93	Univer				
		(Note 10)	-						
Group II UOCs	34, 36, 37	1	3 years (Note 3)	7/27/93	Univer				
		(Note 10)	-						
Asbestos	30	1 (Note 11)	9 years (Note 14)	O.K	Univer				
Lead and copper		(Note 15)							
Secondary	31	1							
TTHM > 10,000 persons	27	4							

See next page for description of italicized notes.

Abbreviations used: C = community water system
NTNC = non-transient non-community
NC = non-community

- NOTE 1* First year of each three year compliance period.
- NOTE 2* Second year of each three year compliance period.
- NOTE 3* Third year of each three year compliance period.
- NOTE 4* See Rule 17-550.519, F.A.C. - Compliance shall be based on the analysis of an annual composite of four consecutive quarterly samples or the average of the analysis of four samples obtained at quarterly intervals.
- NOTE 5* See Rule 17-550.515(1), F.A.C. - Each system shall take four consecutive quarterly samples during its assigned year of the first compliance period. If no contaminant is detected, the system will monitor annually during the next three year compliance period. If still no contaminants are detected, one sample shall be taken during each subsequent three year compliance period. If the initial monitoring for contaminants listed in Rule 17-550.310(2)(b), F.A.C., has been completed by December 31, 1992, and the system did not detect any contaminants, then one sample shall be taken annually beginning January 1, 1993.
- NOTE 6* 4 consecutive quarterly samples (credit will given for samples taken before January 1, 1993).
- NOTE 7* First year of the first three year compliance period beginning January 1, 1993.
- NOTE 8* Second year of the first three year compliance period beginning January 1, 1993.
- NOTE 9* Third year of the first three year compliance period beginning January 1, 1993.
- NOTE 10* See Rule 17-550.521(3), F.A.C. - C and NTNC systems with less than 150 service connections should notify the Department that their system is available for testing. Do not send samples to the Department. If the Department determines that the system must take samples for UOCs, it will notify the owner. The samples will be taken at the system's expense. Reference Rule 17-550.410, F.A.C.
- NOTE 11* See Rule 17-550.511(4), F.A.C. - A system without asbestos-containing components, and which has no free asbestos in its source water, shall certify to the Department in writing that it is asbestos free. Certification shall satisfy subsections (1), (2), and (3) of this rule, and shall be submitted each nine-year compliance cycle during the specified year the system is required to monitor.
- NOTE 12* First year of each nine year compliance period.
- NOTE 13* Second year of each nine year compliance period.
- NOTE 14* Third year of each nine year compliance period.
- NOTE 15* Contact local DER or ACPHU, or FRWA.

EXHIBIT 4
Certificated Service Areas
DESCRIPTION OF RAVEN HILL SYSTEM

THIS SYSTEM LIES WITHIN PORTIONS OF SECTION 27 AND 28, TOWNSHIP 15 SOUTH, RANGE 22 EAST; FURTHER DESCRIBED HEREINAFTER AS THE NORTH ½ OF THE SE ¼ OF SECTION 28, AND COMMENCE AT THE NW CORNER OF THE SW ¼ OF SECTION 27 DEFINED AS THE POINT OF BEGINNING, THENCE RUN NORTH 89°45'31" EAST 848.76 FEET, THENCE SOUTH 00°05'02" EAST 1051.62 FEET, NORTH 89°16'11" EAST 1131.68 FEET, THENCE SOUTH 00°40'20" EAST 1529 FEET, THENCE SOUTH 89°16'11" WEST A DISTANCE 1697.92 FEET; THENCE NORTH 00°04'16" WEST 2634.67 FEET TO THE POINT OF BEGINNING.

DESCRIPTION OF SOUTH OAK SYSTEM

THIS SYSTEM LIES WITHIN PORTIONS OF SECTION 34 AND 35, TOWNSHIP 15 SOUTH, RANGE 22 EAST; FURTHER DESCRIBED AS HEREINAFTER; AS SE ¼ OF SECTION 34, AND THE SW ¼ OF SECTION 35.

DESCRIPTION OF PEPPERTREE/EVERGREEN SYSTEM

THIS SYSTEM LIES WITHIN A PORTION OF SECTION 24, TOWNSHIP 15 SOUTH, RANGE 22 EAST, AND SECTION 18, TOWNSHIP 15 SOUTH, RANGE 23 EAST, AND FURTHER DESCRIBED AS HEREINAFTER; NW ¼ OF THE SE ¼ OF SECTION 24 AND THE EAST ½ OF THE NE ¼ OF SECTION 24, AND THE NW ¼ OF THE SE ¼ OF SECTION 18, AND THE AREA DESCRIBED AS FOLLOWS: BEGIN AT THE SW CORNER OF THE N ½ OF THE SW ¼ OF SECTION 18, THENCE NORTH 00°01'32" EAST 661.76 FEET, THENCE S 88°26'24" EAST 1858.46 FEET, THENCE SOUTH 00°17'42" WEST 509.42 FEET, THENCE NORTH 88°66'31" WEST TO THE "POINT OF BEGINNING."

DESCRIPTION OF SOUTH OCALA INDUSTRIAL PARK

THIS SYSTEM LIES WITHIN A PORTION OF SECTION 35, TOWNSHIP 15 SOUTH, RANGE 22 EAST AND FURTHER DESCRIBED AS HEREINAFTER: COMMENCE AT THE SE CORNER OF THE NE ¼ OF THE NE ¼ OF SAID SECTION, THENCE SOUTH 89°27'43" WEST 679.73 FEET, THENCE NORTH 19°39'17" WEST 144.68 FEET, THENCE NORTH 24°22'10" WEST 301.50 FEET, THENCE SOUTH 64°29'05" WEST 147.33 FEET, THENCE NORTH 24°22'10" WEST 288.46 FEET, THENCE NORTH 33°53'22" EAST 424.65 FEET, THENCE SOUTH 59°32'25" EAST 363.95 FEET, THENCE SOUTH 34°21'00" WEST 111.23 FEET, THENCE SOUTH 55°39'00" EAST 404.45 FEET, THENCE NORTH 54°08'04" EAST 85.53', THENCE NORTH 55°36'51" WEST 425.83 FEET, THENCE SOUTH 00°21'00" EAST 161.16 FEET TO THE "POINT OF BEGINNING".

EXHIBIT 5

List of Existing Systems Developer Contracts, Service Contracts, and Vendor Agreements

- 1) Raven Hill System - None
- 2) South Oak System - None
- 3) Evergreen - Peppertree Village System - None
- 4) South Ocala Industrial Park System - None

EXHIBIT B

STATEMENT REGARDING DISPOSITION OF CUSTOMER DEPOSITS

Under the terms of the purchase and sale agreement between A.P. Utilities and Marion County, on the Closing Date A.P. Utilities will convey and deliver to Marion County cash to be paid by cashier's check or wire transfer in an amount which represents the customers' water and sewer service security deposits and accrued interest held by the A.P. Utilities with respect to each of the Systems. In consideration for the transfer by the A.P. Utilities of these customers' deposits to Marion County, the County agrees to continue to provide utility services to those customers for which a deposit is held and, to the extent consistent with § 768.28, Florida Statutes, to indemnify and hold the UTILITY harmless for any claims, actions, expenses or damages, including costs and attorneys' fees at trial and/or appeal, to which A.P. Utilities may be exposed in the future as a result of the transfer of such customer deposits.

EXHIBIT C

STATEMENT REGARDING DISPOSITION OF OUTSTANDING REGULATORY ASSESSMENTS

The following are the current outstanding assessment fees, penalties, interest imposed against A.P. Utilities by Florida Public Service Commission ("FPSC"):

A. one hundred twenty eight thousand four hundred ninety six thousand dollars and seventeen cents (US\$128,496.17) in Florida Public Service Commission ("FPSC") assessment fees, penalties, and interest imposed pursuant to FPSC Order Nos. PSC-97-0286-FOF-WU, issued March 13, 1997 (Docket No. 96141-WU); PSC-97-1556-PCO-WU, issued December 11, 1997 (Docket No. 971076-WU); and PSC-98-1005-SU-WU, issued July 24, 1998 (Docket No. 980729).

B. FPSC liens in the amount of sixteen thousand six hundred sixty eight dollars and sixteen cents (US\$16,668.16), filed pursuant to Order No. PSC-98-1005-S-WU, issued July 24, 1998 (Docket No. 980729-WU)

All such assessment fees, penalties, and interest shall be satisfied by A.P. Utilities and the associated liens shall be released within 5 days prior to the Closing Date.

EXHIBIT D

STATEMENT REGARDING INCOME AND EXPENSE STATEMENT

[WILL BE FILED AT A LATTER DATE]