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May 23, 2003

VIA HAND DELIVERY

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Ms. Pat Brady
Division of Regulatory Oversight
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Service Management Systems, Inc.; PSC Docket No. 020091-WS
Application for TMOB
Our File No. 36082.01

Dear Pat:

As a follow up to our recent conversations, I am writing you to provide you with an explanation of the reasoning behind the original issuance of the Quit Claim Deed for the utility property in the above-reference case.

The predecessor to IRD Osprey, LLC, which owned the stock of Service Management Systems, Inc., was Aquarina Developments, Inc. That entity transferred the utility land to Service Management Systems, Inc., a wholly owned subsidiary. The Commission reviewed that transfer by Quit Claim Deed several years ago during the course of a prior transfer proceeding. No issue was raised by the Commission with that transfer.

Having not represented this prior owner, I can only assume why this was done between parent and subsidiary through a Quit Claim rather than a Warranty Deed. I have been told that such a transaction relieves the transferor of some or all intangible taxes and/or documentary stamp taxes required with use of a Warranty Deed.

Now, in the instant case, the staff has raised concern with the fact that prior transfer by Quit Claim Deed is the evidence of ownership by the current owner, Service Management Systems, Inc. which is now controlled by a new entity. Because the property was transferred to Service Management Systems, Inc. several years ago by that Quit Claim Deed the property was not the subject of the overall title insurance taken out for the development purchased by IRD Osprey, LLC which is the purchaser of the stock of Service Management Systems in this proceeding currently pending before the PSC. In addition, because that property was already in the hands of Service Management Systems, Inc. IRD Osprey could not transfer it again by Warranty Deed to Service Management Systems as the staff had requested. Neither could IRD Osprey go back to the original developer and ask them to provide a transfer by Warranty Deed because not only do they no longer have an interest in the property, but they had already transferred that property to Service Management System, Inc. several years ago by Quit Claim. Therefore, no one is in a

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May 23, 2003
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position to provide a Warranty Deed for this property other than Service Management Systems, Inc. should it choose to do so for some reason in the future.

Instead, in order to try and appease the staff's concerns on the current transfer of majority organizational control proceeding we have taken out a new title insurance policy on the utility land the commitment for which was forwarded to you yesterday.

I trust that the above explanation adequately outlines the circumstances underlying the previous transfer by Quit Claim Deed, the inability of the entity to provide a Warranty Deed at this time, and the issuance of the title insurance policy.

Should you have any further questions in this regard, please let me know.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For The Firm

FMD\tms

cc: Adrienne Vining, Esq.
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