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Ruth Nettles

From:	Marsha Rule [marsha@reuphlaw.com]
Sent:	Friday, May 30, 2008 2:01 PM
То:	Filings@psc.state.fl.us
Cc:	Roxanne Levingston
Subject:	Docket No. 080183-WU
Attachments	: 05 30 2008 Letter to Patti Daniel.pdf

The full name, address, telephone number, and e-mail address of the person responsible for the electronic filing: MARSHA E. RULE Rutledge, Ecenia, Purnell & Hoffman, P. A. Post Office Box 551 Tallahassee, Florida 32302-0551 (850) 681-6788 marsha@reuphlaw.com

The docket number and title of docket: Docket No. 080183-WU Joint Application for approval of transfer of Tamiami Village Water Company, Inc.'s water system and Certificate No. 388-W in Lee County to Ni Florida, LLC

The name of the parties on whose behalf the document is filed: Ni Florida, LLC The total number of pages in the attached document: 13

A brief but complete description of each attached document. Letter from Ni Florida to Patti Daniel dated May 30, 2008

Marsha Rule, Esq.

Rutledge, Ecenia & Purnell, P.A. 215 S. Monroe St., Suite 420 Tallahassee, FL 32301 marsha@reuphlaw.com 850.681.6788 phone 850.681.6515 fax

> 0 4 6 2 7 MAY 30 8 FPSC-COMMISSION CLERK



May 30, 2008

Patti Daniel Public Utilities Supervisor Florida Public Service Commission Bureau of Certification, Economics & Tariffs Capital Circle Office Center 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

RE: Docket No. 080183-WU, Joint Application for approval of transfer of Tamiami Village Water Company, Inc.'s water system and Certificate No. 388-W in Lee County to Ni Fiorida, LLC

Dear Ms. Daniel:

Ni Florida, LLC (Ni Florida) is pleased to submit the following response to your letter dated May 7, 2008, in which you advised that Ni Florida's transfer application was not deficient, and requested additional information.

1. Purchase Price. The three generally accepted methods to evaluate the market value of a business are 1) the Replacement Cost Method, (2) Historical Cost, and (3) the Income Approach. Depending on the age of the system, Ni Florida evaluates its acquisitions using a combination of the Income and Cost approaches to determine what price it will pay for a system. Rate base has not been established in over 10 years, therefore items that have been expensed for tax purposes may need to be reviewed to determine if they should have been more appropriately capitalized from a regulatory perspective. More importantly, Tamlami's water distribution system was built in the early 1980's, and as such, is close to being fully depreciated.

As a result we believe that the current rate base does not reflect an accurate market value for the utility. This suggests that an income statement approach is a more appropriate method to price the system. Water revenue for 2007 was \$208,744. Tamiami recently implemented an indexed rate increase. Projected revenue with current rates for the twelve months after acquisition is approximately \$245,000. Using the projected future revenues as a basis, Tamiami's utility assets would be acquired at approximately 3 times revenue, which is not inconsistent for utility acquisitions in the state by the Florida Governmental Utility Authority (FGUA) and others.

10913 Metronome Drive • Houston, Texa 999445 NT NUMBER-DATE (713) 574-5952 • Fax: (713) 647-0277 04627 MAY 30 8

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In addition, NI Florida found the Tamiami system attractive because:

- It is an older system that most likely will need and benefit from future capital improvements. Ni
 Florida is committed to providing the highest possible service and pledges to maintain the
 system at or above its current standards.
- b. Our due diligence suggests that some of the customers would welcome experienced, professional service and management of the system, which we are committed to provide.
- c. We believe the system is located in an attractive area of the state with future growth potential and Ni Florida is currently in acquisition negotiations with other companies in the Fort Myers area.
- d. The system is easy to operate and has existing reasonable rates.

As noted in our application, NI Florida does not, at this time, seek an acquisition adjustment to rate base or expenses as a result of its payment of the agreed-upon purchase price to Tamami for acquisition of its water distribution system.

2. Financial Ability. As of April 30, 2008, Ni Capital Management, LLC (Ni Management) has approximately \$14,000,000 of cash available for investment and operational purposes (see Exhibit A). Ni Florida acquired the assets of Hudson Utilities, Inc. on May 5, 2008, for approximately \$5.6 million; leaving \$8.4 million to support future operations and investment. Ni Management is majority owned by a private equity firm named MetalMark Capital LLC (MetalMark). MetalMark receives Its funds from institutional investors and has numerous investments in several different industries. As a result, it is MetalMark's policy not to provide financial information on itself or any of its other investments; nor does MetalMark get involved in the day-to-day financial or operational management of its companies. Having said that, all potential investments by NI Management are reviewed in great detail by MetalMark. All issues relating to the proposed acquisition are evaluated before MetalMark commits to an acquisition, including but not limited to: (1) rates and potential revenue, (2) future capital expenditures, (3) operations, and (4) existing rate base. Ni Management is currently working under an existing funding agreement with MetalMark that provides for future contributions far in excess of the money currently being held by Ni Management. While we are not at liberty to disclose such commitment, we are confident that Ni Management will continue to receive additional contributions on an as needed basis for the foreseeable future. MetalMark also receives monthly financials and receives ongoing operations updates via regularly scheduled board meetings.

3. Technical Ability. The 19 employees of Ni Management have over 162 years of experience managing and operating water and wastewater utilities, and over 73 years of other utility experience, for a combined total In excess of 235 years. Ni Florida has selected Florida Utility Group Holdings, LLC ("FUGH") as its contract operator for Tamiami Village Water Company, Inc. FUGH operates more than 120 water and wastewater systems, serving approximately 47,200 customers throughout Florida, and is experienced and knowledgeable regarding compliance with Florida regulatory requirements. The utilities operated range in size from 50 to 1,500 connections per system. See Exhibit B for Ni Management Experience and FUGH organizational charts.

4. Territory Map. Ni Florida will provide the Commission with a copy of any territory map it receives from the seller. Further, Ni Florida will provide the Commission with any particular territory map the Commission requests within 180 days of the close of this transaction. However, if substantial information is not available from the seller, current estimates from our surveyor suggest that a metes and bounds map of the service area could cost in excess of \$15,000. While Ni Florida is happy to assist the Commission, it remains cautious due to the substantial cost to create some territory maps. Ni Florida requests the Commission keep cost under consideration when making its request in order to prevent these costs from being passed on to the customer via future rate proceedings.

5. **Regulatory Assessment Fees.** As you requested, the seller's pro-rata share of the 2008 RAFs will be made payable to the Commission at the closing and NI Florida will forward such payment to the Commission with notification that the sale has closed.

If the Commission has any further questions or comments in reference to this matter please contact me at (713) 574-7755.

Sincerely,

Es Wallace

Ed Wallace President Ni Florida, LLC

CC: Caroline Klancke, Esq. Richard Redemann Pat Brady Office of Commission Clerk

NI America Consolidated Financial Statements As of and for the Four Months Ending April 30, 2008

Current Assets Cash Chasewood Bank Accounts Amegy Bank Accounts Restricted Cash Sol,053 Total Checking/Savings Other Current Assets Other Special Funds Other Special Funds Accts Rec from Customers Prepayments Total Other Current Assets Total Other Current Assets Total Other Current Assets Total Other Current Assets Total Other Special Funds Accumulated Depreciation Non-utility Property Non-utility Property Total Property and Investments Current & Accured Liabilities Current & Accured Liabilities Current & Accured Liabilities Accurent Taxes Lease Liabilities Current & Accured Liabilities Long-Term Liabilities Total Long-Term Liabilities Current & Accured Liabilities Current & Accured Liabilities Current & Accured Liabilities Long-Term Liabilities Current & Accured Liabilities Current & Accured Liabilities Long-Term Liabilities Current & Accured Liabili	Balance Sheet		Actual
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	Total Liabilities & Equity	\$	

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Exhibit A

Ni America Consolidated Financial Statements As of and for the Four Months Ending April 30, 2008

Income Statement	Actual	Budget
Revenue	\$ 31,355	\$ 34,652
Expense		
Depreciation Expense	10,136	11,648
Interest Expense	2,591	2,415
Operation and Maintenance	911,883	1,051,982
Miscellaneous Expenses	72,411	74,855
Due Diligence Expenses	152,211	259,588
Capitalized Acquisition Costs	-	-
Total Expense	 1,149,233	1,400,488
Net Ordinary Income/(Loss)	 (1,117,878)	(1,365,836)
Other Income/Expense		
Transaction Expense	-	nder
Other Income	 135,819	179,200
Net Other Income/Expense	 135,819	179,200
Net Income/(Loss)	\$ (982,060)	\$ (1,186,636)

Statement of Cash Flow

Operating	
Net Income	\$ (982,060)
Depreciation Expense	10,136
Working Capital	(392,025)
Net cash provided by (used In) Operating Activities	(1,363,948)
Investing	
Investment In/Advances to Affiliates	-
Fixed Assets	(40,941)
Other Special Deposits	(5,000)
Net cash provided by (used in) Investing Activities	(45,941)
Financing	
Amegy Bank Capital Lease	(13,951)
Member Equity	-
Capital Stock Expense	<u>.</u>
Net cash provided by (used in) Financing Activities	(13,951)
Net cash Increase (decrease) for period	(1,423,840)
Cash at beginning of period	15,378,129
Cash at end of period	\$ 13,954,289

Exhibit A

Ni America Consolidating Financial Statements As of and for the Four Months Ending April 30, 2008

Balance Sheet	NI Cap Mamt	Ni Am Og	<u>Ni Am TX</u>	Shaded Lane	<u>NI MS</u>	NIE.	Hedson Util.	<u>NI A2</u>	Nº AZ UNI	NUA	<u>NI NC</u>	NIPA	MISC	NIAM TX Dev	Silm Ms	Tetal
Cuerteni Assets																
Cash																
Chasewood Sank Accounts	s -	\$ 120,161	5 26,251	s -	S -	\$-	s -	\$.	ş	\$-	\$-	5-	ş.	\$ *	\$~	\$ 146,412
Amegy Bank Accounts	13,305,\$24	*	•	•	•	-	•	-	-	•	-	-	-	-	•	13,306,824
Restricted Cash	501.053		<u> </u>		<u> </u>	<u> </u>	<u></u>		-	<u> </u>	<u> </u>		·			501,053_
Total Checking/Savings	13,807,377	120,151	26,251	-	-	-	-	•	-	•	•	-	-	-	-	(3,954,2 89
Other Current Assets																
Other Special Funds	~		-	-	-	-	5,000	-	*	•	-	-	•	•		5,000
Accts Rec fram Customers	•	-	-	9,513	•	•	-	~	-	٠	•	-	•		•	9,513
Acets Rec front Assoc Co - Shaded Lane	~	44,175	4,199	-	-		•	-	-	-	-	-	-		(48,374)	•
Accts Rec from Assoc Co - Hudson Ublates	; ·	6,831	-	-	•		-	-	-	-	•	~	-	•	(5,801) 1	
Prepayments	14,042	29,892	•	4,141	-	-	•	· ·	-	-		-			.	48,074
Total Other Current Assets	14,041	80,855	4,199	13,755	<u> </u>	-	5,000	*		-	~		•	·	(55,175)	52,558
Total Current Assets	13,821,918	201,029	30,450	13,755			5,000	-	*	. 	-		•	-	(55,175)	14,015,976
Investment in Assoc Co N America Operating	100,000								~	~	*	-			(100,000) 2	
Investment in Utility Co Shaded Lane	266,690	-		•					-	-		-			(255,690) 3	
Advances to affiliates - Ni America Operating	3,124,682			-			-								(3,124,682) 2	
Advances to affiliates - Ni America Texas	1,452		_	28,433						_	-		_	_	(25,885) 4	
Advances to affiliates - fil Florida	3,596				-	_								-	(3,596) 4	
Advances to affiliates + fill Mississippix	963	-	-	-	-	•		-		-	-	-		•	(963) 4	
		-	*	•	•	-		•	•	-	~	-	*			
Advances to affiliates - Ni Louisiana	806	-	*	~	-	•	-	-	-	•	-	-	•		(806) 4	
Advances to affiliates - Ni Anzona	882	•	-	•	•	•	^	•	•	•	*		•	*	(\$82) 4	
Advances to affiliates - Hi NC	695		•		~	•	-	•	•	•	•	-	•	•	(695) 4	-
Advances to additates - NI PA	765	•	-	-	-	•	•	•	۲	•	•		•	-	(765) 4	
Advances to airlinates - HI SC	576	-	•	•	~	•	•	-	•	-	-	*	-	•	(576) 4	
Advances to affiliates - NI Am TX Development	26,990	•	•	-	•	•	-	·	•	~	-	-	•	•	(26,990) 4	
Advances to affiliates - NE AZ Utilities, Inc.	821	•	-	-	*	-	•	•		•	*	~	-	-	(821) 4	
Fixed Assets																
Litimy Property	•	•	~	295,205	•	*	-	-	-	•	-		-	26,503		321,609
Non-utility Property	*	127,621	-						^	*	•	-	•	-		127,62.
Accumulated Depreciation	*	(18,974)		(4,475)	•		-		-			- ,	-	•	•	(21,449)
Total Property and Investments	3,528,916	110,647	·	319.064	*	-				.	•	<u> </u>	<u>.</u>	26,503	(3,557,349)	427.78.
Total Assets			\$ 30,450	\$ 332.819	·\$-	\$ -	\$ 5,000	5-	\$ -	Ś-	\$.	5.	5-			
Total Assets Lishibita: & Double	\$ 17,350,833	\$ 311,676	\$ 30,450	\$ 332,819	\$-	\$ -	\$ 5,000	5-	\$ -	\$+.	<u>\$</u> .	<u>s-</u>	<u>\$-</u>	\$ 26,503	\$ [3,612,524]	5 14,444,757
Liabilities & Fourty			\$ 30,450	\$ 332,819	<u>\$-</u>	\$ -	\$ 5,000	5-	\$ -	<u>\$-</u>	<u>\$</u> .	<u>s.</u>	<u>\$-</u>			
Labilities & Ecuty Labilities			\$ 30,450	5 332,819	<u>\$-</u>	<u>\$</u> -	\$ 5,000	5-	<u> </u>	<u>\$-</u>	<u>\$-</u>	3-	<u>\$-</u>			
Liabilities & Equity Liabilities Current & Accrued Liabilities	\$ 17,350,333	\$ 311,676	Militalia Carren		<u> </u>					And House				<u>\$ 26,503</u>	\$ (3,612,524)	\$14,444,757
Liebilities & Equity Liebilities Current & Accrués Liabilities Accounts Payable		\$ 311,676 \$ 100,389	<u>\$ 30,450</u> \$ 4,159	<u>3</u> 332,819 5 -	<u>s-</u>	<u>s -</u>	<u>\$ 5,000</u>	<u>5-</u> \$-	\$ - \$ -	<u>\$-</u>	<u>\$-</u> 3-	<u>s-</u>	<u>\$-</u> \$-			\$ 14,444,757 \$ 104,789
Liebilities & Equity Liebilities Current & Accruée Liabilities Accounts Payable Lease Liabilities	\$ 17,350,333	\$ 311,676	Militalia Carren	\$ -	<u> </u>		s - -			And House				<u>\$ 26,503</u>	<u>\$ (3,612,524)</u> \$	\$14,444,757
Labilities & Equity Labilities Current & Accrued Labilities Accounts Payable Lease Labilities A/P to Assoc Co NI America Operating	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159	\$	\$-	\$* ~ ~		\$-	\$	S -	\$ -	.s - -	s-	<u>\$</u> 26,503 5	\$ [3.612.524] \$ [50.575] 1	\$ 104,729 40,798
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cip Mgmt	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159 1,452	\$	<u> </u>		s - -			And House				<u>\$ 26,503</u>	\$ (50,575) 1 (37,544) 4	\$ 104,729 40,798
Liabilities & Equity Liabilities Current & Accound Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co NI Am Texas	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159	\$ - 44,175	\$-	\$* ~ ~	s - -	\$-	\$	S -	\$ -	.s - -	s-	<u>\$</u> 26,503 5	\$ (50,975) 1 (37,544) 4 (4,199) 1	\$ 104,729 40,798
Liabilities & Equity Liabilities Current & Accound Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI Am Texas A/P to Assoc Co Shaded Lane	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159 1,452	\$ 44,175 4,199	\$-	\$* ~ ~	s - -	\$-	\$	S -	\$ -	.s - -	s-	<u>\$</u> 26,503 5	\$ (50,575) 1 (37,544) 4	\$ 14444,757 \$ 104,788 40,798 - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI Am Texas A/P to Assoc Co NI Am Texas A/P to Assoc Co Shado Lane Customer Deposits	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159	\$ - 44,175 4,199 3,350	\$-	\$* ~ ~	s - -	\$-	\$	S -	\$ -	.s - -	s-	<u>\$</u> 26,503 5	\$ (50,975) 1 (37,544) 4 (4,199) 1	5 14444.757 5 104.788 40,798 - - - - - - - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accrued Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI Am Texas A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159	\$ - 44,175 a,199 3,350 1.023	\$-	\$* ~ ~	s - -	\$-	\$	S -	\$ -	.s - -	s-	<u>\$</u> 26,503 5	\$ (50,975) 1 (37,544) 4 (4,199) 1	5 14444.757 5 104.788 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI Am Texas A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159	\$ - 44,175 4,199 3,350	\$-	\$* ~ ~	s - -	\$-	\$	S -	\$ -	.s - -	s-	<u>\$</u> 26,503 5	\$ (50,975) 1 (37,544) 4 (4,199) 1	5 14444.757 5 104.788 40,798 - - - - - - - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accrued Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI Am Texas A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159	\$ - 44,175 a,199 3,350 1.023	\$-	\$* ~ ~	s - -	\$-	\$	S -	\$ -	.s - -	s-	<u>\$</u> 26,503 5	\$ (50,975) 1 (37,544) 4 (4,199) 1	5 14444.757 5 104.788 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI Am Texas A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159	\$ - 44,175 - 3,350 1,023 - 25,283	\$-	\$ - - 3,596 - - - -	\$ - 5,531 - - - - - -	\$-	\$ - 821 - - -	S -	\$- - 525 - - -	\$- - 765 - - -	\$- - \$775 - - -	<u>\$</u> 26,503 5	\$ (50,975) 1 (37,544) 4 (4,199) 1	5 14444,757 5 104,788 40,798 - - - - - - - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accound Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co NI Am Texas A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes Due to Metaimark/Mike Fluzat	\$ 17,350,333	\$ 311,676 \$ 100,389	5 4,159	\$ - 44,175 - 3,350 1,023 339 -	\$-	\$* ~ ~	s - -	\$-	\$	S -	\$ -	.s - -	s-	<u>\$</u> 26,503 5	\$ (50,975) 1 (37,544) 4 (4,199) 1	5 14444,757 5 104,788 40,798 - - - - - - - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co Ni America Operating A/P to Assoc Co Ni America Cap Mgmt A/P to Assoc Co Ni America Cap Mgmt A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes Due to Metaimark/Mike Fluzat Mise Current & Accrued Liabilities	\$ 17,350,333	\$ 311,575 \$ 100,389 40,798	5 4,199	\$ - 44,175 - 3,350 1,023 - 25,283	\$- - - - - - - - - - -	\$ - - 3,596 - - - -	\$ - 5,531 - - - - - -	\$-	\$ - 821 - - -	S+ 	\$- - 525 - - -	\$- - 765 - - -	\$- - \$775 - - -	<u>\$</u> 26,993	\$ [50,575] 1 [37,544] 4 [4,399] 1 [28,433] a	\$ 12444,757 \$ 104,788 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI Am Texas A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Interest Due to Metaimark/Mike Fluzat Mise Current & Accrued Liabilities Total Current & Accrued Liabilities Total Current & Accrued Liabilities	\$ 17,350,333	\$ 311,575 \$ 100,389 40,798	5 4,199	\$ - 44,175 - 3,350 1,023 - 25,283	\$- - - - - - - - - - -	\$ - - 3,596 - - - -	\$ - 5,531 - - - - - -	\$-	\$ - 821 - - -	S+ 	\$- - 525 - - -	\$- - 765 - - -	\$- - \$775 - - -	<u>\$</u> 26,993	\$ [50,575] 1 [37,544] 4 [4,399] 1 [28,433] a	\$ 12444,757 \$ 104,788 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes Accrued Taxes Accrued Taxes Total Current & Accrued Liabilities	\$ 17,350,333	\$ 311,576 \$ 100,589 40,738	5 4,199	\$ - 44,175 - 3,350 1,023 - 25,283	\$- - - - - - - - - - -	\$ - - 3,596 - - - -	\$ - 5,531 - - - - - -	\$-	\$ - 821 - - -	S+ 	\$- - 525 - - -	\$- - 765 - - -	\$- - \$775 - - -	<u>\$</u> 26,993	\$ [50,575] 1 [37,544] 4 [4,399] 1 [28,433] a	5 104,785 5 104,788 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co Ni America Operating A/P to Assoc Co Ni America Cap Mgmt A/P to Assoc Co Ni America Cap Mgmt Customer Deposits Accrued Taxes Accrued Taxes Accrued Taxes Due to Metalinat/Mike Fluxat Mise Current & Accrued Liabilities Total Current & Accrued Liabilities Long-Term Liabilities	\$ 17,350,333	\$ 311,576 \$ 100,389 40,738	\$ 4,199 1,452 28,493 	\$ - 44,175 - 3,350 1,023 - 339 - - - - - - - - - - - - - - - -	\$- - - - - - - - - - -	\$ - - 3,596 - - - -	\$ - 5,531 - - - - - -	\$-	\$ - 821 - - -	S+ 	\$- - 525 - - - - - - - - - - - - - - - -	\$- - 765 - - -	\$- - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,990	\$ [50,575] 1 [37,544] 4 [4,399] 1 [28,433] 4 [121,152]	5 14444,757 5 104,728 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI America Cap Mg	\$ 17,350,333	\$ 311,576 \$ 100,389 40,798	\$ 4,199 	\$ 44,175 4,199 3,350 1,023 339	\$- - - - - - - - - - - - - - - - - - -	\$ - 3,596 - - - 3,596	\$ - 5,531 - - - - - - - - - - - - - - - - - - -	S	\$ - 821 -	S.	\$- - 525 - - -	S - - - - - - - - - - - - - - - - - - -	\$ - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,993	\$ [50,575] 1 [37,544] 4 [4,399] 1 [28,433] a	5 104,755 5 104,755 40,798 - - - - - - - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co Ni America Cap Mgmt A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes Accrued Interest Due to Metaimark/Mike Fuzat Mise Current & Accrued Liabilities Total Current & Accrued Liabilities Long-Term Liabilities Total Labilities Total Labilities Total Labilities Total Labilities	\$ 17.355,833 5 - - - - - - - - - - - - - -	\$ 311,576 \$ 100,589 40,738	\$ 4,199 1,452 28,493 	\$ - 44,175 - 3,350 1,023 - 339 - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	\$ - 3,596 - - - 3,596	\$ - 5,531 - - - - - - - - - - - - - - - - - - -	S	\$ 	S.	\$- - 525 - - - - - - - - - - - - - - - -	S - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,990	\$ (50,975) 1 (37,564) 4 (6,199) 1 (28,423) 4 (121,152) (121,152) (123,152)	5 12444,757 5 124,785 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co Shaded Lab A/P to Assoc Co Shaded Labilities Customer Deposits Accrued Taxes Accrued Taxes Due to Metamark/Mike Fusat Mise Current & Accrued Liabilities Total Current & Accrued Liabilities Long-Term Liabilities Total Liabilities Total Liabilities Equity Member Equity	\$ 17,350,333	\$ 311,576 \$ 100,389 40,738	\$ 4,199 1,452 28,493 	\$ - 44,175 - 3,350 1,023 339 - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	\$ - 3,596 - - - 3,596	\$ - 5,531 - - - - - - - - - - - - - - - - - - -	S	\$ 	S.	\$- - 525 - - - - - - - - - - - - - - - -	S - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,990	\$ (50,9754) 1 (37,544) 4 (4,199) 1 (28,439) 4 (121,152) (121,152) (121,152) (121,152) (3,224,682) 2	5 104,755 5 104,755 40,798 - - - - - - - - - - - - -
Labilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Labilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes Accrued Taxes Due to Metamark/Mike Fusat Mise Current & Accrued Liabilities Total Current & Accrued Liabilities Long-Term Uabilities Long-Term Liabilities Total Labilities Equity Member Equity Other Paid-In Capital	\$ 17,350,833 5 - - - - - - - - - - - - - -	\$ 311,576 \$ 100,589 40,738	5 4,199 1,452 28,433 	\$ 44,175 4,199 3,350 1,023 239 73,273 73,273 78,375	\$- - - - - - - - - - - - - - - - - - -	\$ - 3,596 - - - 3,596	\$ - 5,531 - - - - - - - - - - - - - - - - - - -	S	\$ 	S.	\$- - 525 - - - - - - - - - - - - - - - -	S - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,990	\$ (50,975) 1 (37,564) 4 (6,199) 1 (28,423) 4 (121,152) (121,152) (123,152)	5 12444,757 5 12444,757 5 12444,757 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lesse Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI America Cap Mgmt Lesse Carrent & Accrued Liabilities Total Current & Accrued Liabilities Total Current & Accrued Liabilities Total Liabilities Equity Member Equity Other Paid-In Capital Capital Stock Expense	\$ 17,350,833 5 - - - - - - - - - - - - - -	\$ 311,576 \$ 100,589 40,738	\$ 4,159 1,452 28,493	\$ - 44,175 - .199 - .3,350 1.023 - .335 - .25,283 - .73,375 - .256,690	\$- - - - - - - - - - - - - - - - - - -	\$ - - - - - - - - - - - - - - - - - - -	\$ - 5,531 - - - - - - - - - - - - - - - - - - -	S	\$ 	S.	\$- - 525 - - - - - - - - - - - - - - - -	S - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,990	\$ (50,9754) 1 (37,544) 4 (4,199) 1 (28,439) 4 (121,152) (121,152) (121,152) (121,152) (3,224,682) 2	5 12444,757 5 12444,757 5 12444,757 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co NI America Cap Mgmt A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes Accrued Interest Due to Metalmark/Mike Puzat Mise Current & Accrued Liabilities Total Current & Accrued Liabilities Long-Term Liabilities Long-Term Liabilities Total Liabilities Equity Member Equity Other Paid-In Capital Capital Stock Expense Retained Earnings	\$ 17,350,833 \$ - - - - - - - - - - - - - -	\$ 311,576 \$ 100,589 40,798	\$ 4,159 1,452 28,633 - - - - - - - - - - - - - - - - - -	\$ 44,175 4,199 3,350 1,023 239 73,473 73,473 78,375 266,690 809	\$- - - - - - - - - - - - - - - - - - -	\$ - - - - - - - - - - - - - - - - - - -	\$ - 5,831 - - - - - - - - - - - - - - - - - - -	\$- 3832 - - - - - - - - - - - - - - - - - - -	\$ 821 821 821 821	S- 806 - - - - - - - - - - - - - - - - - - -	\$- - 5\$\$5 - - - - - - - - - - - - - - -	S - 765 - - - 735 - - 735 - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,990 26,990 26,990 - - -	\$ (50,9754) 1 (37,544) 4 (4,199) 1 (28,439) 4 (121,152) (121,152) (121,152) (121,152) (3,224,682) 2	5 12444,757 5 124,725 40,798 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lesse Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes Due to Meteimark/Mike Fluzat Mise Ourrent & Accrued Liabilities Total Current & Accrued Liabilities Total Long-Term Liabilities Total Long-Term Liabilities Total Labilities Equity Other Paid-In Capital Capital Stock Expense Retined Earnings Net Income (Loss)	\$ 17,350,833 \$ - - - - - - - - - - - - - -	\$ 311,576 \$ 100,389 40,798 40,798	5 4,159 1,452 28,433 	\$ - 44,175 - 3,350 1,023 339 - <u>25,283</u> 73,275 - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	\$ - - - - - - - - - - - - - - - - - - -	\$ - 5,%31 - - - - - - - - - - - - - - - - - - -	S- 3332 - - - - - - - - - - - - - - - - -	\$ 	S- - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	S - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,990	\$ (50,9754) 1 (37,544) 4 (4,199) 1 (28,439) 4 (121,152) (121,152) (121,152) (121,152) (122,4682) 2 (266,690) 3	\$ 104,725 \$ 104,725 40,736 - - - - - - - - - - - - -
Liabilities & Equity Liabilities Current & Accrued Liabilities Accounts Payable Lease Liabilities A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co NI America Operating A/P to Assoc Co Shaded Lane Customer Deposits Accrued Taxes Accrued Taxes Accrued Taxes Due to Metamark/Mike Fusat Mise Current & Accrued Liabilities Total Current & Accrued Liabilities Long-Term Habilities Long-Term Liabilities Total Labilities Equity Member Equity Other Paid-In Capital Capital Stock Expanse Retained Earnings Net Income (Loss)	\$ 17,350,833 5 - - - - - - - - - - - - - -	\$ 311,576 \$ 100,389 40,798 - - - - - - - - - - - - -	5 4.1393 1.452 28,433 	\$ - 44,175 - 3,350 1,023 339 - 25,283 73,375 - - - - - - - - - - - - - - - - - - -	\$-	\$ 3,596 - - - - - - - - - - - - - - - - - - -	\$ - 5,531 - - - - - - - - - - - - - - - - - - -	\$- 3832 - - - - - - - - - - - - - - - - - - -	\$ 	S- - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	S - 765 - - - 735 - - - - - - - - - - - - - - - - - - -	\$-	<u>\$</u> 26,990	\$ (50,575) 1 (37,544) 4 (4,199) 1 (28,439) 4 (121,152) (121,152) (121,152) (3,224,682) 2 (266,690) 3 (3,491,372)	5 14.444.757 5 14.444.757 5 10.4,728 40,798 - - - - - - - - - - - - -
Lubiities & Equity Liabilities Current & Accound Liabilities Accounts Payable Lease Labilities A/P to Assoc Co Ni America Operating A/P to Assoc Co Ni America Operating A/P to Assoc Co Ni America Operating A/P to Assoc Co Shaded Labi A/P to Assoc Co Shaded Labi Customer Deposits Accrued Taxes Accrued Taxes Due to Metaimark/Mike Fluxat Mise Current & Accrued Labilities Total Stock Expense Reteined Eamings Net Income (Loss)	\$ 17,350,833 \$ - - - - - - - - - - - - - -	\$ 311,576 \$ 100,389 40,798 40,798	5 4,159 1,452 28,433 	\$ - 44,175 - 3,350 1,023 339 - <u>25,283</u> 73,275 - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	\$ - - - - - - - - - - - - - - - - - - -	\$ - 5,%31 - - - - - - - - - - - - - - - - - - -	S- 3332 - - - - - - - - - - - - - - - - -	\$ 	S- - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	S - - - - - - - - - - - - - - - - - - -	\$- - - - - - - - - - - - - - - - - - -	<u>\$</u> 26,990	\$ (50,9754) 1 (37,544) 4 (4,199) 1 (28,439) 4 (121,152) (121,152) (121,152) (121,152) (122,4682) 2 (266,690) 3	\$ 104,725 \$ 104,725 40,736 - - - - - - - - - - - - -

Ni America **Consolidating Financial Statements** As of and for the Four Months Ending April 30, 2008

Income Statement	NI Cap Mamt	Ni Am On	<u>Ni Am TX</u>	Shaded Lane	NI MS	<u>NLFL</u>	<u>Hudson Util.</u>	MAZ	<u>NI AZ UNI</u>	NEA	NINC	<u>m pa</u>	NESC	NI. Am TX Dev	Elim JEs	Total
Revenue	\$~~	\$-	s .	5 31,255	\$	s -	s -	ş -	s.	S -	s -	\$ -	5 -	s -	5.	5 31,35
Expense																
Depreciation Expense	-	6,320		3,816	•	-	-	-				-		-		.0 136
Interest Expense	-	2,540	-	51		-	-	•						-		2,591
Operation and Maintenance	18,415	350,309	2,298	28,326	200	200	1,725	•		-				-	-	9 .1,883
Miscellaneous Expenses	-	61,834	651	2,217	488	2,116	75	882	82.1	806	695	765	576	487	-	°2,413
Due Diligence Expenses		152,211	-	-	-		-	-		-	•		•	-	-	1:2,211
Capitalized Acquisition Costs	•	<u>ب</u>	-	•	-	-			•	-				• •	-	
Total Expense	18,415	1,073,714	2,859	44,410	688	2,316	1,801	382	821	206	695	765	576	487	-	1,1-9,233
Net Ordinary Income/(Loss)	(IB,415)	(1,073,714)	(2,859)	(13,056)	(683)	(2,316)	(1,801)	(882)	(821)	(805)	(695)	(765)	(576)	(487)	-	(2,17.7,878
Other Incomer Expense															,	
Transaction Expense		-	-	-	-	-	-	-	•	•	-	-		-	-	
Other Income	135,067	751	*	.*	. .	-		.4			. .	•	+		-	135,819
Net Other Income/Expense	135,067	.751	-	-	•		-	-	+		-	·			-	135,819
Net Income/(Loss)	5 116,652	\$ (1,072,958)	\$ (2,859)	\$ [13,056]	\$ (688)	\$ (2,316)	5 (1,801)	5 (382)	\$ (821)	\$ 8051	\$ (595)	\$ (765)	S (575)	5 (487)	5 .	5 (982,060
Statement of Cash Flow																
Operating																
Net Income	5 116,652	\$ (1,072,963)	\$ (2,859)	S (13,056)	S. (588)	5 (2,356)	s (1,801)	S (882)	5 (821)	5 (805)	\$ (695)	\$ (765)	\$ (576)	S (487)	š -	\$ (962,06 0
Depreciation Expense	•	6.32C	-	3,815	=	-		-	•	•	-	•	-	•		10,136
Working Capital	(345,292)	(90,419)	29,110	35,885	686	2,315	6,801	\$32	821	806	695	765	576	26.990	(63,647)	1 352,025
Net cash provided by (used in) Operating Activities	(228,639)	(1,157,062)	25,251	27,545	-	*	5,000	•	-	-	•	•	·	26,503	(63,647)	(2,363,948
Investing																
Investment In/Advances to Attiliates	(1,337,084)	•	٠	(28,433)	*-	-	-	^	-	•	•	-	•	•	1,365,517	1 -
Fixed Assets	-	(1,353)	-	(13,385)	٠	-	-	-	•		•	-	•	(26,503)	-	(* 3.9 41
Other Special Deposits					<u> </u>		(5,000)		*	*	<u> </u>	<u>. </u>			-	5,020
Net cash provided by (used in) Investing Activities	(1,337,084)	(1,253)	-	(41,518)	•	-	(5,000)	-		•	-	-	· -	(26,503)	1,365,517	25,943
Enancing																
Amegy Bank Capital Lease	*	(13,951)	-	-	-	•	•	•	-	•	•	•		-	-	(13,951
Member Equity	•	1,287,598	-	13,873	•	*'	•	•	-	•	•	•	÷	•	(1.301.871)	1
Capital Stock Expense			<u> </u>	<u> </u>	-				÷		<u> </u>	<u> </u>		<u> </u>		
Net cash provided by (used in) Financing Activides		1,274,047		13,873		*					<u> </u>	<u> </u>	-		(1,301,871)	(13,95)
Net cash increase (decrease) for period	[1,565,723]	115,632	26.251	·		·					·		<u> </u>	(G)		1.423,840
Cost at boologing of passage	16 379 600	1570														17 10 - 1 -

(0) \$ 15.378.129

\$ 13.954,285

Cash at beginning of period

Cash at end of period

15,373,500

\$ 13,807,977

5 120,161

4,529

\$ 26,251

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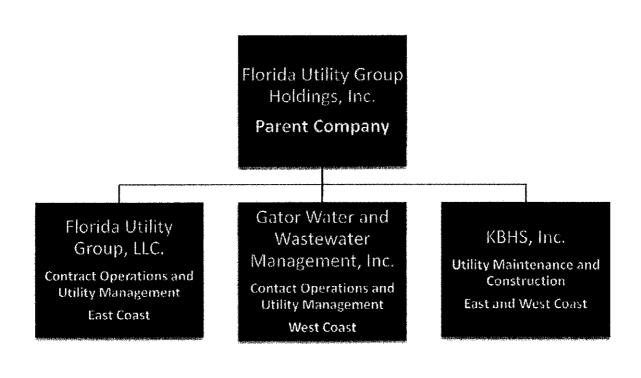
Ni America Consolidating Financial Statements As of and for the One Month Ending April 30, 2008.

Income Statement	NI Cap Memt	NI Am Do	NI Am TX	Shaded Lane	NLMS	<u>NI FL</u>	Hadson Util	NEAZ	NI AZ URI	NILA	NINC	NIPA	NLSC	NI Am TX Dev	<u>Elim JEs</u>	Iztai
Revenue	5 -	\$ -	\$ -	ş <u>9,768</u>	Ş	s -	5 -	s -	ş -	5 -	Ś -	ş.	\$ -	s -	ş -	\$ 9,768
Expense																
Depredation Expense	•	1,586	•	954	-	-	-	•		•	-	-	-		-	2,540
Interest Expense		604	-	13	•	~		-	*		~	-	-	-	-	617
Operation and Maintenance	5,409	210,733	504	4,831	•	•	•	-	-	-		-	٠	-	•	221,477
Niscellaneous Expenses		18,287	174	586	-	139	76	487	821	397	191	392	212	-		21,559
Due Dälgence Expenses	•	33,414	-	•	~	•	-	-	-	-		-	•	•	-	33,414
Capitalized Acquisition Costs	-	-	•		-	-	-			<u>,</u>				-	<u> </u>	<u> </u>
Total Expense	5,409	264,625	6?8	6,383	-	139	76		821	397	191	191	212		·	179,607
Net Ordinary Income/(Loss)	(5,409)	[264,625]	(678)	3,384	-	(139)	(76	(4 8 7)	(821)	(397)	(191)	(191)	(212)	-	•	(269,839)
Other Income/Expense																
Transaction Expense	•	•	-		-	•	-		-	•	•	-	-	-	•	*
Other Income	25,002	100	-		*					<u> </u>	-	<u> </u>	-	-	-	25,103
Net Other Income/Expense	25.002	100		<u> </u>	+	v	~				· ·	<u> </u>		~		25,103
Net Income/(Loss)	S 19,593	5 (264,524)	S (578)	\$ 3,384	\$	\$ (139)	5 (76	5 (487)	5 (821)	\$ (397)	\$(391)	\$ (191)	\$(212)	\$ -	\$ -	5 (144,737)
Statement of Cash Flow Operating										•						
Net income	\$ 19,593	5 (284,524)	\$ (578)	5 3,384	Ş ~	\$ (139)	\$ (76	\$ (487)	\$ (821)	\$.(3 97)	\$(191)	\$ (191)	\$ (212)	\$-	\$ -	5 (244,737)
Depreciation Expense	•	1,586		954	*	-	·	-	-		-	-	•	-		2,540
Working Capital	(14,043)	(15,379)	9.885	5,547	·····	. 139	75	457	821	397	191	191	212	1,153	(13,474)	1 (24.297)
Net cash provided by (used in) Operating Activities	\$,552	(278,818)	9,207	3,885	•	•	-	•	-	•	•	•	•	1,153	(18,474)	(256,495)
Investing	1000 0013															
Investment in/Advances to Affiliates	(380,334)	-	-	(9.555)	-	•	-	-	-	-	-	•	•	-	390,719	
Fixed Assets Other Special Deposits		*	*	(1,265)	•	•	-	•	<i>•</i>	•	-	•	•	(1,153)	*	(2,419)
Net cash provided by (used in) Investing Activities	(387,334)	÷		(11,151)	<u></u>		····				<u> </u>		<u> </u>	(1,153)	350,719	(2,419)
Phancing Planting Planting Planting Planting Planting	(291934)	-	•	لاخاصينية)	•	-	-	•	~	-	•	•	-	(1,333)	359,317	[2,417]
Amegy Bank Capital Lease		(3,521)		-			_		_		_	2	_			(3,521)
Member Equity	-	375,980	-	1,255			-	-	-	-		-			(377,245)	
Capital Stock Expense	-	373,300	•		-		-	-	-				-		(377,243)	• ~
Net cash previded by (used in) Financing Activities		372,458	<u> </u>	1.255				*		 ×		<u> </u>			(377,245)	(3,521)
Net cash increase (decrease) for pieriod	(275,282)	93,641	9.207						·	· <u> </u>			<u> </u>	·	1577,2431	(272,435)
Cash at beginning of period	14,183,159	26,520	17,044					nk tukunnunun	·	-		•				14,226,723
Cash at end of period	5 13,807,877	\$ 130,161	\$ 26,251	<u>š</u> .	\$	5 -	5	\$	\$	<u>\$</u> ~	\$ -	3 -	<u>š</u> -	\$ -	5	<u>\$ 13,954,289</u>

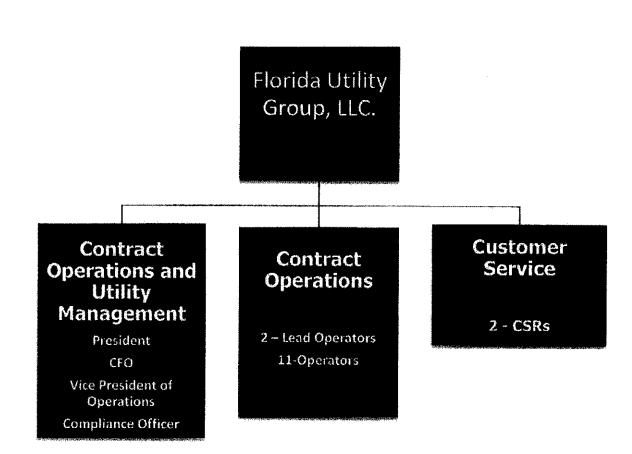
Ni Management Years Experience

Employee	Title	<u>Water &</u> Wastewater Experience	<u>Utility</u> Experience	Total
Pete Moerbeek	Chief Executive Officer	12	6	18
Ed Wallace	Chief Financial Officer	11	19	30
Mark Myers	Senior Vice President Business Development	11		11
Mike Miller	Manager Business Development	7	8	15
Andy Thomas	Vice President Due Diligence & Capital Improvements	20		20
Anthoney Wisecup	Due Diligence & Capital Improvements Coordinator	16		16
Carey Thomas	Senior Vice President Human Resources	11		11
Mike Ashfield	Director Financial Due Diligence	8		8
David Lombardi	Manager Acquisitions	5		5
Bob Haas	Vice President Operations	29		29
Craig Sherwood	Manager Operations	24		24
Benny Wilkinson	Director Financial Due Diligence	3	25	28
Nathan Johnson	Senior Financial Analyst Acquisitions & Due Diligence	1	3	4
Vicki Spitznagle	Manager Accounting	4	12	16
	Total	162	73	235

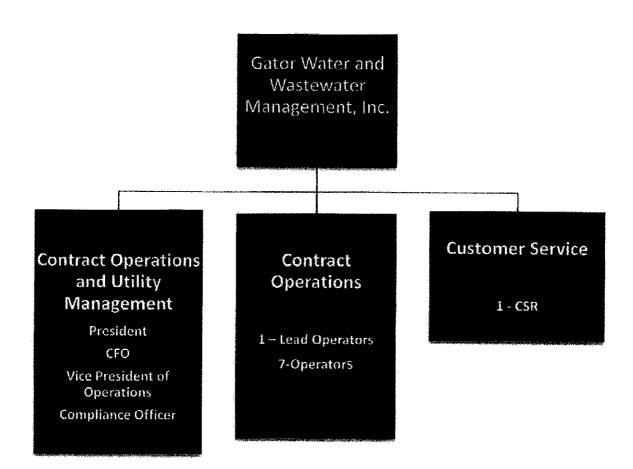
FUGH – Organizational Chart



Florida Utility Group – Organizational Chart



Gator Water and Wastewater Management – Organizational Chart



KBHS – Organizational Chart

