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(LICENSED IN NEW YORK ONLY)

December 5, 2008

VIA HAND DELIVERY

Ms. Ann Cole  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Laniger Enterprises of America, Inc.;;  
Application for Transfer of Facilities to Governmental Authority  
Our File No.: 30070.06

Dear Ms. Cole:

Enclosed for filing please find an original and seven (7) copies of an Application for Transfer of Facilities to a Governmental Authority. Also enclosed is a check for \$3,000 for the filing fees for water and wastewater service. Should you have any questions regarding this matter, please feel free to contact me.

Sincerely,

  
John R. Jenkins  
For the Firm

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RCP \_\_\_\_\_ ec: Mr. Reginald J. Burge (w/o enclosures)  
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SGA \_\_\_\_\_ Mr. John Polley (w/o enclosures)  
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DOCUMENT NUMBER-DATE

11287 DEC-5 8

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for Transfer of )  
Water and Wastewater Facilities of )  
Laniger Enterprises of America, Inc. )  
to Martin County )  
\_\_\_\_\_ )

DOCKET NO.

APPLICATION FOR TRANSFER OF FACILITIES TO A GOVERNMENTAL  
AUTHORITY

Applicant, Laniger Enterprises of America, Inc. ("Laniger") or ("Applicant"), pursuant to § 367.071, Fla. Stat., files this Application for Transfer of Facilities to a Governmental Authority and in support thereof states as follows:

1. Laniger operates under Water Certificate No. 362 -W and Wastewater Certificate No. 317-S in Martin County, Florida.
2. The name and address of Laniger and its authorized representative, for purposes of this application, are:

Laniger Enterprises of America, Inc.  
1662 NE Dixie Highway  
Jensen Beach, FL 34957

Authorized Representatives:  
John R. Jenkins, Esq.  
Kyle L. Kemper, Esq.  
Rose, Sundstrom, & Bentley, LLP  
2548 Blairstone Pines Dr.  
Tallahassee, Florida 32301  
850-877-6555  
850-656-4029  
[jjenkins@rsbattorneys.com](mailto:jjenkins@rsbattorneys.com)  
[kkemper@rsbattorneys.com](mailto:kkemper@rsbattorneys.com)

DOCUMENT NUMBER-DATE

11287 DEC -5 8

3. The name and address of Martin County and its authorized representative, for purposes of this application, are:

Martin County Utilities  
2203 S. East Ocean Blvd  
Stuart, Florida 34996

Authorized Representatives:

Stephen Fry, Esq.  
Martin County Attorney  
2401 SE Monterey Rd.  
Stuart, Florida 34996  
772-288-5925  
[sfry@martin.fl.us](mailto:sfry@martin.fl.us)

John Polley  
Environmental Services Director  
2203 SE Ocean Blvd  
Stuart, Florida 34996  
772-221-1442  
[jpolley@martin.fl.us](mailto:jpolley@martin.fl.us)

4. On December 2, 2008, Martin County conducted a public hearing in accordance with § 125.3401, Fla. Stat., in which it considered (a) the most recent available income and expense statements for Laniger; (b) the most recent available balance sheet for Laniger, listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon; (c) a statement of the existing rate base of Laniger for regulatory purposes; (d) the physical condition of Laniger's facilities being purchased; (e) the reasonableness of the purchase price and terms; (f) the impact of the purchase on utility customers, both positive and negative; (g) any additional investment required and the ability and willingness of Martin County to make that investment; (h) the alternatives to the purchase and the potential impact on Laniger's customers if the purchase is not made; and (i) the ability of Martin County to provide and maintain high-quality and cost-effective utility service.

5. On December 2, 2008, Martin County found the transaction to be in the public interest and adopted a Resolution. A copy of which is attached hereto as Exhibit "A." An executed copy of the Resolution will be filed upon receipt from Martin County.

6. A copy of the Water and Sewer System Asset Purchase and Sale Agreement dated November 3, 2008 between Martin County and Laniger Enterprises of America, Inc, is attached hereto as Exhibit "B."

7. The transaction is scheduled to close on or before December 16, 2008.

8. This Application must be approved as a matter of right as a sale to a governmental authority pursuant to § 367.071(4)(a), Fla. Stat.

9. Subsequent to the closing of this transaction, Laniger will retain no assets that would constitute a system providing or proposing to provide water or wastewater service to the public for compensation.

10. Martin County obtained from Laniger it's most recent available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction.

11. Pursuant to the Agreement, and immediately prior to closing this transaction, Laniger will submit a final bill to its customers and will receive a credit for its accounts receivable at closing. Martin County will subsequently collect such receivables. There are no customer deposits.

12. There are no fines owed relative to Laniger's water or wastewater facilities. Laniger will pay any and all outstanding regulatory assessment fees and file a final Regulatory Assessment Fee Return with the Division of Administration of this Commission within the time period required by the rules of this Commission.

13. Laniger cannot currently locate original Water Certificate 362-W and Wastewater Certificate 317-S for cancellation, but is undertaking a diligent search for the certificates.

14. Pursuant to Rule 25-30.020, Florida Administrative Code, a filing fee of \$1,500 for water service and \$1,500 for wastewater service is filed herewith.

WHEREFORE, Laniger respectfully requests that this Commission approve the transfer of its water and wastewater facilities to Martin County as a matter of right, and cancel the water and wastewater certificates of Laniger.

ROSE, SUNDSTROM, & BENTLEY, LLP  
2548 Blirstone Pines Drive  
Tallahassee, Florida 32301  
(850) 877-6555



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John R. Jenkins, Esq.  
Attorney for Laniger Enterprises of America, Inc.

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
MARTIN COUNTY, FLORIDA

RESOLUTION NO. \_\_\_\_\_

ACQUISITION OF THE WATER AND SEWER SYSTEM ASSET FROM  
LANIGER ENTERPRISES OF AMERICA, INC.

WHEREAS, the Martin County Board of County Commissioners has entered into an Agreement to Purchase the Water and Sewer System Asset owned by Laniger Enterprises of American, Inc., a Florida corporation ("Laniger"); and

WHEREAS, under the Agreement, the deadline for the County's right to terminate the Agreement without penalty is December 3, 2008; and

WHEREAS, staff is proceeding with the due diligence on the purchase; and

WHEREAS, pursuant to the requirements of Section 125.3401, Florida Statutes, the Board of County Commissioners conducted a public hearing on December 2, 2008 to determine if the purchase of the Water and Sewer System Asset from Laniger meets the criteria of Section 125.3401 and is in the public interest; and

WHEREAS, the Board of County Commissioners has heard the comments of the public and considered the consultant's report and statement and recommendations of staff;

NOW, THEREFORE, BE IT RESOLVED BY THE MARTIN COUNTY BOARD OF COUNTY COMMISSIONERS, that:

Pursuant to the consultant's report and statement prepared by Public Resources Management Group, Inc. that finds that the requirements of Section 125.3401, Florida Statutes have been met, the Martin County Board of County Commissioners hereby adopts the findings of the report and statement and hereby incorporates the report and statement as Exhibit "A" to this resolution and further finds that acquisition of the Water and Sewer System Asset from Laniger Enterprises of America, Inc. is in the public interest.

DULY PASSED AND ADOPTED THIS 2<sup>nd</sup> DAY OF DECEMBER, 2008.

ATTEST:

BOARD OF COUNTY COMMISSIONERS  
MARTIN COUNTY, FLORIDA

\_\_\_\_\_  
MARSHA EWING, CLERK

\_\_\_\_\_  
CHAIRMAN

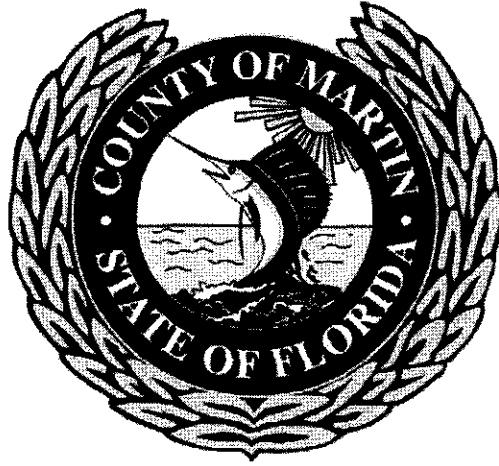
APPROVED AS TO FORM AND CORRECTNESS:

\_\_\_\_\_  
STEPHEN FRY, COUNTY ATTORNEY

# **EXHIBIT A**

A report prepared by the County's consultant, Rob Ori of Public Resources Management Group, Inc. addressing the requirements of Section 125.3401, Florida Statutes.

**PUBLIC BRIEFING DOCUMENT  
CHAPTER 125.3401, FLORIDA STATUTES**



**ACQUISITION OF THE  
WATER AND WASTEWATER FACILITIES  
OF THE LANIGER ENTERPRISES  
OF AMERICA INC., UTILITY SYSTEM**

**Prepared for  
MARTIN COUNTY, FLORIDA**

**November 2008**



**Public Resources Management Group, Inc.**  
*Utility, Rate, Financial and Management Consultants*



**PUBLIC BRIEFING DOCUMENT  
CHAPTER 125.3401, FLORIDA STATUTES**

**ACQUISITION OF THE LANIGER OF AMERICA INC. UTILITY SYSTEM**

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Appendix A Laniger Enterprises of America, Inc. Utility Financial Evaluation Report  
Prepared by Public Resources Management Group, Inc. Dated October 17, 2008

**PUBLIC BRIEFING DOCUMENT  
CHAPTER 125.3401, FLORIDA STATUTES**

**ACQUISITION OF THE LANIGER OF AMERICA INC. UTILITY SYSTEM**

**LIST OF TABLES**

<b>Table No.</b>	<b>Description</b>
2-1	Available Income and Expense Statement for the Laniger System
3-1	Available Balance Sheet for the Laniger System
4-1	Estimated Rate Base for the Laniger System

# SECTION 1 BACKGROUND

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## SECTION 1

### BACKGROUND

#### 1.1 SYSTEM BACKGROUND

The Laniger Enterprises of America, Inc. ("Laniger" or the "Owner") water and wastewater utility system (the "System") is a privately owned and operated utility system providing water and wastewater service located in north Martin County. The Laniger system currently serves approximately 141 water customers and 273 equivalent residential connections ("ERCs")<sup>[1]</sup> and 114 wastewater customers and 318 ERCs consisting primarily of single-family residential homes, and several condominium apartment complexes. The wastewater customers served also include two wastewater-only customers consisting of residential units, pool facilities, and the recreation areas of a condominium association.

The Laniger water utility system consists of a 0.200 million-gallon per day (MGD) water treatment plant which is comprised of two (2) raw water wells, three (3) high service pumps, a chlorination system, an 88,000-gallon ground storage tank, a 10,000-gallon hydropneumatic tank and water distribution and metering facilities. Laniger reports that the water distribution system consists of approximately 5,847 linear feet of polyvinyl chloride (PVC) water mains ranging in size from 1.5" to 8" and 120 feet of 8" diameter cast iron water mains (exclusive of service lines to the individual properties). During the Calendar Year 2007, Laniger reported that the finished (treated) water produced by the System was approximately 0.058 MGD.

The Laniger wastewater utility system consists of a 0.099 MGD wastewater treatment plant with effluent being disposed by on-site percolation ponds. The wastewater collection system consists of approximately 12,441 linear feet of force and collecting mains ranging in size from 2.5" to 8" (exclusive of sewer laterals to individual properties). The wastewater collection system also consists of five lift stations and 29 manholes strategically located for access to the gravity sewer system. During the Calendar Year 2007, Laniger reported that the sewage treated by the wastewater system was approximately 0.078 MGD, which is higher than the daily amount of water produced (due to service to the wastewater-only customers).

The existing rates for the Laniger System were approved by the Florida Public Service Commission (the "FPSC") and became effective on January 13, 2008 pursuant to an automatic price index rate filing. The System currently has two classes of customers for rate application purposes. The commercial class has been designated as general service and is applicable to all service except residential. The residential service class includes separate rates for individually metered private residences and apartments and master metered residential customers. The residential service class includes separate wastewater rates for the following wastewater-only

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<sup>[1]</sup> For the purposes of this representation, ERCs for multi-family residential accounts were determined using an equivalent factor of 0.5 per dwelling unit consistent with the County's Resolution No. 2001-9.26. ERCs for single-family residential and non-residential services were determined by applying meter equivalent factors based on meter capacity information published by the American Water Works Association ("AWWA") to the individual meter sizes served by the System for those classes of customers.

customers: the Palm Circle Service Area (metered usage rate) and the River Club Service Area (flat rates). The current rates for service are generally higher than the comparable existing rates for service from the County's Utility System.

This transaction would allow for the Laniger system to be integrated with the County's existing water and wastewater system and would allow the system to be regulated by the Board of County Commissioners. The transaction would provide benefit to the constituents of the development due to i) the availability of long-term, reliable water supply; ii) the ability to meet future regulations regarding the provision of wastewater service; iii) would allow for the continuity of service (going concern); and iv) would provide rate relief to the Laniger customers once the County monthly rates were charged. The transaction will not affect the existing customers of the County's utility system since the determination of the acquisition price was predicated on a "stand alone" basis whereby the anticipated revenues derived from the customers of the Laniger system and contributions received from other County Departments for stormwater management purposes would fully support the increased operations costs required to service customers of the Laniger system, connection costs and facility improvements, and acquisition costs. As such, the transaction is not anticipated to compromise the ability of the County's utility system to meet the rate covenant requirements of the Bond Resolution adopted by Martin County which authorized the issuance of the outstanding utility revenue bonds.

## **1.2 REQUIREMENTS OF CHAPTER 125.3401, FLORIDA STATUTES**

Any potential utility transaction that results in the transfer of utility ownership from one entity to another is governed by Section 125.3401 of the Florida Statutes that state:

125.3401 Purchase, sale, or privatization of water, sewer, or wastewater reuse utility by county.

No county may purchase or sell a water, sewer, or wastewater reuse utility that provides service to the public for compensation, or enter into a wastewater facility privatization contract for a wastewater facility, until the governing body of the county has held a public hearing on the purchase, sale, or wastewater facility privatization contract and made a determination that the purchase, sale, or wastewater facility privatization contract is in the public interest. In determining if the purchase, sale, or wastewater facility privatization contract is in the public interest, the county shall consider, at a minimum, the following:

- (1) The most recent available income and expense statement for the utility;
- (2) The most recent available balance sheet for the utility, listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon;
- (3) A statement of the existing rate base of the utility for regulatory purposes;
- (4) The physical condition of the utility facilities being purchased, sold, or subject to a wastewater facility privatization contract;

- (5) The reasonableness of the purchase, sales, or wastewater facility privatization contract price and terms;
- (6) The impacts of the purchase, sale, or wastewater facility privatization contract on utility customers, both positive and negative;
- (7)
  - (a) Any additional investment required and the ability and willingness of the purchaser, or the private firm under a wastewater facility privatization contract, to make that investment, whether the purchaser is the county or the entity purchasing the utility from the county;
  - (b) In the case of a wastewater facility privatization contract, the terms and conditions on which the private firm will provide capital investment and financing or a combination thereof for contemplated capital replacements, additions, expansions, and repairs. The county shall give significant weight to these criteria.
- (8) The alternatives to the purchase, sale, or wastewater facility privatization contract, and the potential impact on utility customers if the purchase, sale, or wastewater facility privatization contract is not made; and
- (9)
  - (a) The ability of the purchaser or the private firm under a wastewater facility privatization contract to provide and maintain high-quality and cost-effective utility service, whether the purchaser is the county or the entity purchasing the utility from the county.
  - (b) In the case of a wastewater facility privatization contract, the county shall give significant weight to the technical expertise and experience of the private firm in carrying out the obligations specified in the wastewater facility privatization contract.
- (10) All moneys paid by a private firm to a county pursuant to a wastewater facility privatization contract shall be used for the purpose of reducing or offsetting property taxes, wastewater service rates, or debt reduction or making infrastructure improvements or capital asset expenditures or other public purpose; provided, however, nothing herein shall preclude the county from using all or part of the moneys for the purpose of the county's qualification for relief from the repayment of federal grant awards associated with the wastewater system as may be required by federal law or regulation.

The county shall prepare a statement showing that the purchase, sale or wastewater facility privatization contract is in the public interest, including a summary of the purchaser's experience in water, sewer and wastewater reuse utility operation and a showing of the financial ability to provide the service, whether the purchaser is the county or the entity purchasing the utility from the county. The remainder of this document provides a summary of the above considerations.

**SECTION 2**  
**INCOME AND EXPENSE STATEMENTS**

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## SECTION 2

### INCOME AND EXPENSE STATEMENTS

125.3401(1) The most recent available income and expense statement for the Utility.

The operations of the Laniger water and wastewater utility system are regulated by the Florida Public Service Commission (FPSC), and therefore, are required to account for these systems separately and annually file an Income and Expense Statement. The most recent Income and Expense Statement for Laniger Enterprises of America, Inc. was filed in the Annual Report to the Florida Public Service Commission for the year ended December 31, 2007 (the "2007 Annual Report") and was considered by the County in its evaluation of the System. The most recent available increase and expense statement that reports the revenues and expenses for Laniger during this period are summarized on Table 2-1.

(Remainder of page intentionally left blank)



**Table 2-1  
Martin County, Florida**

**Laniger Enterprises of America, Inc. Utility System**

**Available Income and Expense Statement for the Laniger System**

Line No.		Amount (1)
	<b>Operating Revenues:</b>	
1	Water Sales Revenues	\$ 153,103
2	Wastewater Sales Revenues	<u>138,136</u>
3	Total Operating Revenues	\$ 291,239
	<b>Operating Expenses:</b>	
4	Water	\$ 124,422
5	Wastewater	<u>123,073</u>
6	Total Operating Expenses	\$ 247,495
7	Net Operating Revenues of the Utility	\$ 43,744
8	Percent of Operating Revenues	15.02%

Footnotes:

- (1) Amounts derived from the year ended December 31, 2007 Annual Report filed with the Florida Public Service Commission; see attached information from such report for reference.

UTILITY NAME: Laniger Enterprises of America, Inc.

YEAR OF REPORT  
December 31, 2007

INCOME STATEMENT

Account Name	Ref. Page	Water	Wastewater	Other	Total Company
<b>Gross Revenue:</b>					
Residential		\$ 6,305	\$ 34,107	\$	\$ 40,412
Commercial		7,589	2,397		9,986
Industrial					
Multiple Family		106,368	101,632		208,000
Guaranteed Revenues					
Other (Specify) Irrigation		32,841			32,841
<b>Total Gross Revenue</b>		<b>\$ 153,103</b>	<b>\$ 138,136</b>	<b>\$</b>	<b>\$ 291,239</b>
<b>Operation Expense (Must tie to pages W-3 and S-3)</b>					
	W-3				
	S-3	\$ 124,422	\$ 123,073	\$	\$ 247,495
Depreciation Expense	F-5	3,944	3,679		7,623
CIAC Amortization Expense	F-8	<27>	0		<27>
Taxes Other Than Income	F-7	8,398	12,002		20,400
Income Taxes	F-7	0	0		0
<b>Total Operating Expense</b>		<b>\$ 136,737</b>	<b>138,754</b>		<b>\$ 275,491</b>
<b>Net Operating Income (Loss)</b>		<b>\$ 16,366</b>	<b>\$ &lt;618&gt;</b>	<b>\$</b>	<b>\$ 15,748</b>
<b>Other Income:</b>					
Nonutility Income		\$	\$	\$	\$
<b>Other Deductions:</b>					
Miscellaneous Nonutility Expenses		\$	\$	\$	\$
Interest Expense		26,430	26,430		52,860
Bad Debts		985	984		1,969
<b>Net Income (Loss)</b>		<b>\$ &lt;11,049&gt;</b>	<b>\$ &lt;28,032&gt;</b>	<b>\$</b>	<b>\$ &lt;39,081&gt;</b>

F-3

UTILITY NAME: Laniger Enterprises of America, Inc.

YEAR OF REPORT  
DECEMBER 31, 2007

**WATER OPERATION AND MAINTENANCE EXPENSE**

Acct. No.	Account Name	Amount
601	Salaries and Wages - Employees	\$
603	Salaries and Wages - Officers, Directors, and Majority Stockholders	33,000
604	Employee Pensions and Benefits	2,862
610	Purchased Water	
615	Purchased Power	4,647
616	Fuel for Power Production	
618	Chemicals	1,215
620	Materials and Supplies	9,004
630	Contractual Services:	
	Billing	
	Professional	13,773
	Testing	8,510
	Other	
640	Rents	5,400
650	Transportation Expense	4,325
655	Insurance Expense	1,068
665	Regulatory Commission Expenses (Amortized Rate Case Expense)	
670	Bad Debt Expense	
675	Miscellaneous Expenses	40,618
	Total Water Operation And Maintenance Expense	\$ 124,422 *

\* This amount should tie to Sheet F-3.

WASTEWATER OPERATION AND MAINTENANCE EXPENSE

Acct. No.	Account Name	Amount
701	Salaries and Wages - Employees	\$
703	Salaries and Wages - Officers, Directors, and Majority Stockholders	33,000
704	Employee Pensions and Benefits	2,862
710	Purchased Wastewater Treatment	
711	Sludge Removal Expense	3,831
715	Purchased Power	12,073
716	Fuel for Power Production	
718	Chemicals	1,140
720	Materials and Supplies	5,601
730	Contractual Services:	
	Billing	
	Professional	14,230
	Testing	4,310
	Other	
740	Rents	5,400
750	Transportation Expense	
755	Insurance Expense	4,782
765	Regulatory Commission Expenses (Amortized Rate Case Expense)	
770	Bad Debt Expense	
775	Miscellaneous Expenses	
		35,844
	Total Wastewater Operation And Maintenance Expense	\$ 123,073 *

\* This amount should tie to Sheet F-3.

**SECTION 3**  
**BALANCE SHEET**

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### SECTION 3

#### BALANCE SHEET

125.3401(2) The most recent available balance sheet for the utility, listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and accumulated depreciation thereon.

Presented on Table 3-1 is the balance sheet of the Laniger System as provided in the 2007 Annual Report filed with the Florida Public Service Commission (FPSC). As can be seen on Table 3-1, Laniger reports that the original utility plant investment based on the original cost of when such plant was placed into service is approximately \$1,298,000; the net plant-in-service (original cost less accumulated depreciation) as reported by Laniger was approximately \$777,000. It should be noted that the replacement cost of the utility plant-in-service is expected to be higher than the original cost of such facilities.

(Remainder of page intentionally left blank)

**Table 3-1  
Martin County, Florida**

**Laniger Enterprises of America, Inc. Utility System**

**Available Balance Sheet for the Laniger System**

Line No.		Amount (1)
	<b>Assets:</b>	
1	Utility Plant in Service	\$ 1,297,898
2	Accumulated Depreciation and Amortization	521,148
3	Net Utility Plant	\$ 776,750
4	Cash	2,841
5	Customer Accounts Receivable	22,765
6	Other Assets	-
7	Negative Acquisition Adjustment	(95,317)
8	Total Assets	\$ 707,039
	<b>Liabilities and Capital:</b>	
9	Common Stock Issued	\$ 3,000
10	Preferred Stock Issue	-
11	Other Paid in Capital	371,439
12	Retained Earnings	(609,705)
13	Proprietary Capital (Proprietary and partnership only) Treasury Stock	(281,537)
14	Total Capital	\$ (516,803)
15	Long Term Debt	509,734
16	Accounts Payable	214,019
17	Notes Payable	-
18	Customer Deposits	100
19	Accrued Taxes	-
20	Owed to Burge Trust	66,563
21	Owed to related parties	425,384
22	Cash overdraft	-
23	Advances for Construction	-
24	Contributions in Aid of Construction - Net	8,042
25	Total Liabilities	\$ 1,223,842
26	Total Liabilities and Capital	\$ 707,039

Footnotes:

- (1) Amounts derived from the year ended December 31, 2007 Annual Report filed with the Florida Public Service Commission; see attached information from such report for reference.

UTILITY NAME: Laniger Enterprises of America, Inc.

<b>YEAR OF REPORT</b> <b>DECEMBER 31, 2007</b>
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**COMPARATIVE BALANCE SHEET**

ACCOUNT NAME	Reference Page	Current Year	Previous Year
<b>Assets:</b>			
Utility Plant in Service (101-105) -----	F-5,W-1,S-1	\$ 1,297,898	\$ 1,262,184
Accumulated Depreciation and Amortization (108) -----	F-5,W-2,S-2	521,148	513,525
Net Utility Plant -----		\$ 776,750	\$ 748,659
Cash -----		2,841	
Customer Accounts Receivable (141) -----		22,765	17,897
Other Assets (Specify): -----			
Negative Acquisition Adjustment -----		<95,317>	<95,317>
<b>Total Assets</b> -----		<b>\$ 707,039</b>	<b>\$ 671,239</b>
<b>Liabilities and Capital:</b>			
Common Stock Issued (201) -----	F-6	3,000	3,000
Preferred Stock Issued (204) -----	F-6		
Other Paid in Capital (211) -----		371,439	371,439
Retained Earnings (215) -----	F-6	<609,705>	<570,624>
Proprietary Capital (Proprietary and partnership only) (218) ----- Treasury Stock	F-6	<281,537>	<281,537>
Total Capital -----		\$ <516,803>	\$ <477,722>
Long Term Debt (224) -----	F-6	\$ 509,734	\$ 513,838
Accounts Payable (231) -----		214,019	270,219
Notes Payable (232) -----			
Customer Deposits (235) -----		100	
Accrued Taxes (236) -----			
Other Liabilities (Specify) -----			
Owed to Burge Trust -----		66,563	66,536
Owed to related parties -----		425,384	265,892
Cash overdraft -----		0	23,926
Advances for Construction -----			
Contributions in Aid of Construction - Net (271-272) -----	F-8	8,042	8,523
<b>Total Liabilities and Capital</b> -----		<b>\$ 707,039</b>	<b>\$ 617,239</b>



**SECTION 4**  
**STATEMENT OF EXISTING RATE BASE**

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## SECTION 4

### STATEMENT OF EXISTING RATE BASE

125.3401(3) A statement of the existing rate base of the utility for regulatory purposes.

Generally speaking, the rate base of a utility company represents the depreciated cost to the utility company of the plant and facilities financed by the owners of the utility which is used to provide service to the public. Specifically, rate base of a utility includes gross plant in service, less accumulated depreciation and net contributed capital and/or plant, an allowance for working capital, materials and supplies inventory, and certain other financial considerations. The concept of rate base essentially deals with the establishment of rates for a privately-owned utility which is regulated by the Florida Public Service Commission (FPSC) (for private utilities operated in Martin County). The rate base represents the level of equity investment of the utility system by the owners of such private utility for which they are allowed to earn a rate of return. The estimated rate base for the Laniger System for the year ended December 31, 2007 is shown on Table 4-1 and is based on information provided in the annual report filed with the FPSC.

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**Table 4-1  
Martin County, Florida**

**Laniger Enterprises of America, Inc. Utility System**

**Estimated Rate Base for the Laniger System**

Line No.		Amount (1)
	Utility Plant in Service	
1	Gross Utility Plant (2)	\$ 1,297,898
2	Accumulated Depreciation (2)	<u>(521,148)</u>
3	Net Utility Plant	776,750
4	Add: Allowance for Working Capital (3)	30,937
5	Less: Net Contributions-in-aid-of-construction (4)	(8,042)
6	Estimated Utility Rate Base	<u><u>\$ 799,645</u></u>

Footnotes:

- (1) Amounts derived from information contained in the year ended December 31, 2007 Annual Report filed with the Florida Public Service Commission.
- (2) Reference Section 3 of document.
- (3) Based on 45 days (1/8th rule) of operating expenses as recognized by the Florida Public Service Commission in the establishment of rates.
- (4) Reflects property and/or cash contributions received by Laniger; such amounts serve to reduce the rate base since it represents cost free capital to Laniger.

UTILITY NAME Laniger Enterprises of America, Inc.

YEAR OF REPORT  
December 31, 2007

GROSS UTILITY PLANT

Plant Accounts: (101 - 107) inclusive	Water	Wastewater	Plant other Than Reporting Systems	Total
Utility Plant In Service (101)	\$ 466,745	\$ 795,439	\$ _____	\$ 1,262,184
Construction Work in Progress (105) _____	6,178	29,536	_____	35,714
Other (Specify) _____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total Utility Plant _____	\$ 472,923	\$ 824,975	\$ _____	\$ 1,297,898

ACCUMULATED DEPRECIATION (A/D) AND AMORTIZATION OF UTILITY PLANT

Account 108	Water	Wastewater	Other Than Reporting Systems	Total
Balance First of Year _____	\$ 176,263	\$ 337,262	\$ _____	\$ 513,525
<b>Add Credits During Year:</b>				
Accruals charged to depreciation account _____	\$ 3,944	\$ 3,679	\$ _____	\$ 7,623
Salvage _____	_____	_____	_____	_____
Other Credits (specify) _____	_____	_____	_____	_____
Total Credits _____	\$ 180,207	\$ 340,941	\$ _____	\$ 521,148
<b>Deduct Debits During Year:</b>				
Book cost of plant retired _____	\$ _____	\$ _____	\$ _____	\$ _____
Cost of removal _____	_____	_____	_____	_____
Other debits (specify) _____	_____	_____	_____	_____
Total Debits _____	\$ _____	\$ _____	\$ _____	\$ _____
Balance End of Year _____	\$ 180,207	\$ 340,941	\$ _____	\$ 521,148

F-5

**SECTION 5**  
**PHYSICAL CONDITION OF THE UTILITY**  
**FACILITIES**

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## SECTION 5

### PHYSICAL CONDITION OF THE UTILITY FACILITIES

125.3401(4) The physical condition of the utility facilities being purchased or sold.

Since the water treatment and wastewater treatment and effluent disposal facilities will not be utilized by the County subsequent to the acquisition (which requires the connection of the Laniger System service area to the County water and wastewater system), the County has no opinion on the condition of these facilities. Also, the Purchase and Sale Agreement requires the seller to decommission the water treatment facilities as part of the provisions of the sale and transfer of the system to the County; the County's Office of Water Quality will be responsible for the decommissioning of the wastewater treatment plant since the plant site is anticipated to be used for stormwater management purposes.

Based on a review of the 2007 Annual Report, discussions with representatives of Laniger, recognition of the materials used for the respective water and wastewater conveyance facilities, and the assumed in-service date of the facilities (1978), the County Utilities Department considers the facilities to be of average condition consistent with the overall age of the facilities.

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**SECTION 6**  
**REASONABLENESS OF PURCHASE PRICE AND**  
**TERMS**

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## SECTION 6

### REASONABLENESS OF PURCHASE PRICE AND TERMS

125.3401(5) The reasonableness of purchase or sales price and terms.

Based on the review of the utility assets which would convey to the County's Utilities Department and to the Office of Water Quality from the seller of the Laniger system as a result of the transaction, and the proposed acquisition payment terms of the seller, the County is of the general opinion of the following:

- (1) The acquisition price for the water distribution and wastewater collection and treatment assets of the Laniger System facilities of \$1,400,000 is a reasonable proposal. This transaction price was based on an analysis of the debt capacity (net present value assuming a constant contribution margin) supported by the Laniger System's net income projected for calendar year 2009 assuming i) the application of the existing Martin County utility rates; ii) the estimated incremental cost to operate and maintain the System; iii) the estimated costs to interconnect the two systems to the County System; and iv) the estimated contribution of \$400,000 from the County's Engineering Department associated with the stormwater management program that will reduce the overall funding of certain capital costs associated with the transaction. The determination of the price for the transaction was based on a report dated October 17, 2008 as prepared by Public Resources Management Group, Inc. (PRMG, the County's Rate Consultant) as contained in Appendix A to this Briefing Document. A primary valuation premise was to present an acquisition program which would "stand alone" relative to the net revenues produced from the system and to maintain an overall "revenue neutral" position for the rate payers of Martin County after the transfer of ownership of the Laniger service area to Martin County.
- (2) The estimated value of the System as referenced in the PRMG report included as Attachment A, which recognizes the net present value of the cash flow, the cost to interconnect as well as other ancillary costs, plus the estimated fair market value for the wastewater plant site (an avoided cost to the County since a component of the transaction) exceeds the purchase price for the Laniger System.
- (3) In order to evaluate the reasonableness of the purchase price, a comparison of the sale price per ERC for this transaction with a survey of 41 other transactions for which information was readily available to PRMG was performed and is included in the PRMG report in Appendix A. The purchase price was considered comparable to the average price paid per ERC for the transactions surveyed.



**SECTION 7**  
**IMPACTS OF PURCHASE**

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## SECTION 7

### IMPACTS OF PURCHASE

125.3401(6) The impacts of the purchase or sale on utility customers, both positive and negative.

There are numerous positive impacts on the utility customers resulting from the purchase of the Laniger water and wastewater utility assets and are summarized as follows:

- (1) Public utility system ownership is expected to ensure better system management (performance of ongoing maintenance according to adopted standards, improved funds management [funding for future repairs and asset replacement], local rate regulation, etc.). Laniger Enterprises of America, Inc. is a business operating for profit. Because they are operating for profit, the cost of facilities maintenance can be deferred which in many instances may result in inadequate maintenance programs. Under County ownership, such maintenance and management policies will become part of the overall program of the County's existing utility system. The regulatory agencies are limited in how far it can govern how a private utility is operated and maintained. If acquired, however, all standards can be upheld by the County, ensuring better service to the community.
- (2) As a result of the acquisition of the Laniger system by Martin County, it is expected that the customers within the Laniger service area will become retail customers of the County. Furthermore, since the County will be buying all of the water distribution and wastewater collection facilities in service within the Laniger System service area, it is expected that the customers will be metered and billed according to the County's utility rate schedules. Based on information provided by the management of the Laniger System, as of December 31, there are 141 water and 114 wastewater accounts within the service area. Furthermore, for the purposes of estimating utility revenues relative to the determination of the acquisition price of the Laniger System, it was determined from available customer statistics that the average single-family residential account utilizes approximately 5,000 gallons per month of water service and the average multi-unit customer utilizes approximately 2,000 gallons per unit, from which wastewater service will ultimately be billed. It is expected that the current consolidated rate structure of the County will be applied to the customers of the Laniger System once the purchase of the utility is effectuated (i.e., at the time of interconnection of the utility systems). Assuming the average use for the residential and multi-family units as referenced above and the existing County rates for service, the average residential customer could expect to see a monthly bill as shown below:

Assumed Monthly Usage	Monthly Water and Wastewater Bill	
	Single-Family 5,000 gallons	Multi-Family [*] 2,000 gallons/unit
Laniger System Existing Rates	\$67.28	\$44.79
County System Existing Rates	<u>58.75</u>	<u>24.29</u>
Difference		
Amount	<u>\$8.53</u>	<u>\$20.50</u>
Percent of Laniger Rates	<u>12.7%</u>	<u>45.8%</u>

[\*] For the multi-family comparison, assumes the customer impact to a master-metered multifamily unit.

With regard to the customers of the County, we do not anticipate that the purchase of the Laniger System will cause the existing rates for the County to be increased.

- (3) Management policies would be more beneficial to the community under County ownership. If the County acquires the system, improvements can be made utilizing financing and the need for profit in rate collection eliminated. The County operates the utility as a separate enterprise fund, whereby the revenues of the utility fully support the operations of the utility (no general government tax monies are used for its purchase or operation).
- (4) The County will be able to better control and correct any current or future regulatory environmental impacts and provide surface, groundwater, and other environmental protection which will promote the public health, safety, and welfare of the public.
- (5) Under the County ownership, the monthly water and wastewater rates will be lower than the existing rates for the Laniger System.
- (6) Customers of the current Laniger System should receive improved local representation relative to customer service, rate regulatory issues, and overall system operations since those customers will be served and represented by Martin County.

The negative impacts associated with the proposed utility acquisition are the following:

- (1) As owners of the system, the County will have to assume responsibility for operations and maintenance of the Laniger System and ensure that all capital deficiencies are corrected in order to meet County operating standards. The County will be required to assume all the future liabilities involved in ownership of such utility system, if any, and responsibility for the application of rates and charges.

**SECTION 8**  
**ADDITIONAL INVESTMENT REQUIRED**

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## SECTION 8

### ADDITIONAL INVESTMENT REQUIRED

125.3401(7) Any additional investment required and the ability and willingness of the County to make that investment.

As documented in Section 5 regarding the current physical condition of the Laniger water and wastewater utility system, additional investment will be required to connect the Laniger System to the County System. The funding of these capital improvements were reflected in the determination of the reasonableness of the purchase price of the utility system and are summarized below:

	<u>Amount</u>
Water Distribution System County Connection [1]	\$ 22,000
Wastewater Collection System County Connection [2]	<u>400,000</u>
<b>Total Immediate Capital Investment</b>	<b><u>\$422,000</u></b>

[1] Reflects current bid received by the County to connect the County's water system with the Laniger System.

[2] Amount includes the cost of connecting to the County's wastewater system with the Laniger System as estimated by the County.

It is currently anticipated that after the acquisition of the Laniger System water distribution and wastewater collection systems and the completion of the capital improvements as described above, the utility service area will only warrant normal additional investments (e.g., ongoing renewals and replacements associated with normal operations) in order for the assets purchased to reach the useful or expectant service life. In the determination of the net present value / cash flow of the System for the determination of the reasonableness of the purchase price, an allowance equal to 7.5% of current year revenues was included in the evaluation to allow for the annual funding of ongoing renewals and replacements.

**(Remainder of page intentionally left blank)**

**SECTION 9**  
**ALTERNATIVES TO THE PURCHASE**

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## SECTION 9

### ALTERNATIVES TO THE PURCHASE

125.3401(8) The alternatives to the purchase or sale and potential impact on utility customers if the purchase or sale is not made.

There are several alternatives to the purchase of the Laniger water distribution and wastewater collection facilities by the County. These include:

- (1) No purchase.
- (2) Purchase by an investor.
- (3) Purchase by a non-profit entity.

If the County does not acquire the Laniger System water distribution and wastewater collection system, Laniger can either continue to operate the facilities, or sell to another party.

- (1) The "no purchase" option results in the following:
  - (a) Laniger would continue to be responsible for any and all plant improvements, which could result in a higher financing cost to fund such improvements, possibly leading to increased rate adjustments.
  - (b) Uncertainty regarding long-term issues such as the recovery of the cost of operations and ability to meet ever increasing treatment regulations and standards.
  - (c) Continuation of existing management and operations practices.
  - (d) Limited control over environmental concerns and issues.
- (2) To the best of our knowledge, no outside investor has offered to buy the Laniger system in a fashion that would elicit a sale. The characteristics of the system do not adequately lend itself to a purchase by a private entity. Issues such as i) the lack of material service area growth (service area generally built-out); ii) the size and type of the customer base served; and iii) the inability to expand the service territory since the County essentially surrounds this service area generally would, in most likelihood, make this transaction unattractive to a private utility or outside investor.
- (3) The "purchase by a non-profit entity" option is not viable due to the fact that no non-profit entity has offered to buy the system. Additionally, the issues discussed above relative to reasons why the purchase of the Laniger system by a private investor appear to be unreasonable would also be applicable here.

**SECTION 10**  
**STATEMENT OF QUALITY SERVICE**

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## SECTION 10

### STATEMENT OF QUALITY SERVICE

125.3401(9) The ability of the purchaser to provide and maintain high-quality and cost-effective utility service, whether the purchaser is the County or the entity purchasing the utility from the County.

In order to provide and maintain high quality and cost effective utility services, the County will institute several utility management objectives. The County, throughout the acquisition process, has engaged the professional services of a well-recognized consulting engineering firm to assist in technical areas. Moreover, the County has recognized the need to perform numerous system improvements in order to maintain and improve the quality and level of service.

The County currently operates a public water and wastewater utility system in the area adjacent to the Laniger utility service area and has consistently complied with all regulations required by various regulatory agencies and covenants dictated by financing institutions. The County has continuously provided and maintained high quality and cost effective utility services, and has kept rates for such service consistent for over seven (7) years. In addition, a renewal and replacement fund exists for the ongoing replacement of the utility plant components within the system to ensure the system continues to provide the adopted level of service to its customers. Finally, the County has consistently met the financial and rate covenants outlined in the Bond Resolution which authorized the issuance of utility revenue bonds for the funding of capital expenditures and the acquisition of other privately owned utility systems. Based on the foregoing, the management of the County's utility system is of the opinion that the County will be able to continually provide and maintain high quality and cost effective utility service required to meet the level of service standards of the utility.

**(Remainder of page intentionally left blank)**

**SECTION 11**  
**STATEMENT OF PUBLIC INTEREST**

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## SECTION 11

### STATEMENT OF PUBLIC INTEREST

*Statement of Public Interest.*

Based upon the foregoing, the Utilities Department is of the opinion that the purchase of the Laniger water and wastewater system is in the public interest and the County has the experience and the financial ability to provide the highest quality of service to the customers.

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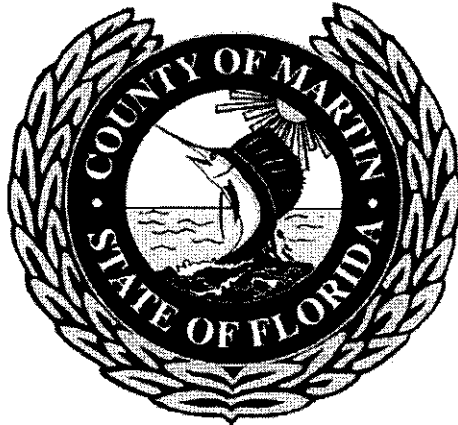
**APPENDIX A**

**LANIGER ENTERPRISES OF AMERICA INC.  
UTILITY FINANCIAL EVALUATION BY  
PUBLIC RESOURCES MANAGEMENT GROUP, INC.**

---



**MARTIN COUNTY,  
FLORIDA**



**LANIGER ENTERPRISES OF  
AMERICA INC. UTILITY  
FINANCIAL EVALUATION**

**October 17, 2008**



**Public Resources Management Group, Inc.**  
*Utility, Rate, Financial and Management Consultants*



**Public Resources Management Group, Inc.**  
*Utility, Rate, Financial and Management Consultants*

October 17, 2008

Mr. John E. Polley  
Utilities and Solid Waste Director  
Martin County Utilities  
P.O. Box 9000  
Stuart, FL 34995-9000

**Subject: Martin County – Financial Evaluation of Laniger Enterprises of America, Inc.  
(Beacon 21 System)**

Dear Mr. Polley:

Public Resources Management Group, Inc. (PRMG) is pleased to submit this technical memorandum to the Utilities and Solid Waste Department (the "Department") of Martin County (the "County") regarding the financial valuation of the water and wastewater utility facilities of the Beacon 21 System (the "System") that is currently owed and operated by Laniger Enterprises of America, Inc. ("Laniger" or the "Owners") to assist the County in the determination of a potential purchase price for acquiring the System. The System serves a portion of the County pursuant to a service area certificate approved by the Florida Public Service Commission (the "FPSC"). With respect to the financial valuation, PRMG analyzed the System using two (2) approaches, which included a i) debt capacity analysis and ii) comparable sales approach. The debt capacity approach essentially mirrors a going concern evaluation of the net cash flow of the system and assumes the maintenance of a constant revenue margin for the System and was considered the appropriate for evaluating the System. The debt capacity approach is a common method of evaluating utility purchase transactions by public entities, especially for low or not growth systems, and determines the bonding capacity that a utility system can support based on current financial conditions. For the purpose of this analysis, the debt capacity analysis is used as a proxy for the income approach (maintaining a constant revenue margin of income for valuation purposes) and identifies whether the acquired system can immediately support itself in relation to an acquisition price being paid. In addition to the debt capacity analysis, a comparable sales analysis was performed to evaluate the overall reasonableness of the purchase price based on attributes of other transactions that have occurred.

Based on the assumptions and analyses documented in the attached report, which should be read in its entirety, PRMG has estimated the debt capacity based on the net cash flow derived from the acquired System facilities before and after deductions for capital needs. As mentioned, PRMG also prepared a comparable sales analysis of the utility transactions to provide additional information to the County. With respect to the analyses reflected in this report, PRMG has estimated the debt capacity of the System, assuming anticipated operating margin under County rates and ownership (utility operations). Table 1 at the end of this letter provides a summary of the financial evaluation performed on behalf of the County. Based on our analysis, the following represents the estimated purchase amounts:

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341 NORTH MAITLAND AVENUE - SUITE 300 - MAITLAND, FL 32751

TELEPHONE: (407) 628-2600 • FAX: (407) 628-2610 • EMAIL: PRMG@PRMGinc.com

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	<u>Evaluation Results [1]</u>
<b>Debt Capacity Acquisition Values:</b>	
Assuming County Ownership / Rates [2]	
Without Deduction for Capital Improvements/Transaction Costs	\$1,255,865
With Deduction for Capital Improvements/Transaction Costs	685,631
Adjusted to Account for Acquisition of Plant Site by Office of Water Quality [3]	1,485,631
Comparable Sales	
ERC Served Basis	\$1,325,820
Net Investment Basis	1,045,185

[1] Amount shown derived from Table 1.

[2] Valuations shown reflect the debt capacity associated with the net operating margin estimated under County ownership and the anticipation of revenues collected under County rates and operating expenses under County operation; amount shown does not include any sale of property (land) associated with assets not required by the County utility system to another County department or third party

[3] Amount shown assumes the addition of the estimated fair market value of the wastewater treatment plant site of \$800,000 as provided by the County per discussions with staff.

[4] Amounts shown derived from Table 1; net investment based on original cost as delineated in the 2007 Annual Report as submitted by the Owner to the Florida Public Service Commission.

In each method, we have attempted to provide the consideration and adjustments that are typically conducted and performed in a utility purchase and sale. PRMG has utilized the approach of determining a fair and reasonable value under a typical negotiated sale. In the evaluation of the debt capacity and as shown above, consideration must be given to the fact that the County's Office of Water Quality (OWQ) is desirous of the wastewater treatment plant site which would be acquired as part of the transaction in order to construct certain stormwater facilities (the County's utility does not require the wastewater treatment plant or site; the System facilities will be interconnected with the County utility system to promote regionalization and economies). Based on our understanding that the assessed value of the land approximates \$800,000 and since OWQ would like to obtain the site, this would provide additional value to the County that should be recognized in the transaction.

It should be noted that the existing rates for water and wastewater service that are charged by the County are less than the current rates being charged by the Owners of the System. If the County were to purchase the System and implement the existing County rates, the customers of the System would receive a rate decrease. Included in the report are certain figures that compare the single family residential, multi-family residential (assuming a 16 unit customer) and the rates for River Club and Palm Circle Park (two wastewater-only customers of Laniger which are served potable water by the County) over a range of typical usage levels. As can be seen on the figures, almost all of the bills that would result at the typical usage levels under the current County rates are lower than the corresponding bills assuming the current Laniger rates. An example of the possible reduction in rates (which would vary by the amount of monthly use for a particular customer) is shown below. Assuming the average residential user of 5,000 gallons for a single-family account and 2,000 for a multi-family residential account and the existing rates for service for both utilities, the average residential customers could expect to see a rate decrease as shown below:

Mr. John E. Polley  
 Martin County Utilities  
 October 17, 2008  
 Page 3

Assumed Monthly Usage	Monthly Bill	
	Single-Family 5,000 gallons	Multi-Family [*] 2,000 gallons/unit
Laniger System Existing Rates	\$67.28	\$44.79
County System Existing Rates	<u>58.75</u>	<u>24.29</u>
Difference		
Amount	<u>\$8.53</u>	<u>\$20.50</u>
Percent of Laniger Rates	<u>12.7%</u>	<u>45.8%</u>

[\*] For the multi-family comparison, assumes the customer impact to a master-metered multifamily unit.

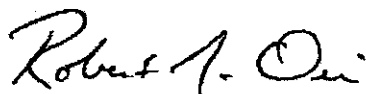
Therefore, assuming the imposition of the existing County rates, which was the assumption in the financial evaluation, the current customers of the Laniger System would also experience a rate decrease in addition to the other benefits received from County ownership (e.g., long-term reliable water resources from a regional system).

Based on preliminary negotiations with the Owner by the County, the Owner considers that a purchase price of \$1,400,000 for the utility plant assets (exclusive of the water plant site but inclusive of the wastewater plant site) and the service area of the System is reasonable and has offered the System for such amount. Based on the analyses prepared in this report and the assumption that the County will avoid the need to purchase like-kind property for certain stormwater needs, we believe that the price is reasonable and supported by the financial components of the transaction.

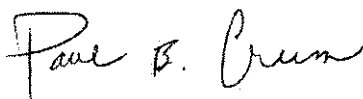
We appreciate the opportunity to assist the County with its evaluation and acquisition of the facilities that comprise the System.

Very truly yours,

**Public Resources Management Group, Inc.**



Robert J. Ori  
 President



Paul B. Crum  
 Rate Analyst

RJO/dlm  
 Attachments



**MARTIN COUNTY, FLORIDA  
LANIGER ENTERPRISES OF AMERICA, INC  
UTILITY FINANCIAL VALUATION**

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**MARTIN COUNTY, FLORIDA  
LANIGER ENTERPRISES OF AMERICA, INC.  
UTILITY FINANCIAL VALUATION**

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**MARTIN COUNTY, FLORIDA**  
**LANIGER ENTERPRISES OF AMERICA, INC.**  
**UTILITY FINANCIAL VALUATION**

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**MARTIN COUNTY, FLORIDA**  
**LANIGER ENTERPRISES OF AMERICA, INC.**  
**UTILITY FINANCIAL VALUATION**

**GENERAL**

The Laniger Enterprises of America, Inc. ("Laniger" or the "Owner") water and wastewater utility system (the "System") is a privately-owned and operated utility system providing service in the northern portion of Martin County. The System is currently located within the utility service area of Martin County (the "County"). The System presently serves approximately 141 water and 114 wastewater customers consisting primarily of single-family residential homes, several condominium apartment complexes, and two wastewater-only customers consisting of residential units, pool facilities, and recreation areas of a condominium association. The rates for the utility are regulated by the Florida Public Service Commission (FPSC) and the utility has the exclusive right to operate within a service area as certified by the FPSC. Laniger offered to sell the utility to the County on two previous occasions during 1996 and 2005 (collectively the "Initial Offers"). The System was not purchased by the County and during 2008; Laniger re-approached the County with a general offer to sell the System and service area to the County (the "Current Offer"). Based on information as initially contained in both the Initial and Current Offers by Laniger and based on previous discussions and meetings held with the owners of the utility, we understand that the primary reasons for the desire to sell the utility assets to the County included the following:

1. The need to construct specific on-site capital improvements for the system which could be avoided if interconnection to the County system occurred;
2. Increased regulations regarding the operations of the utility system which are becoming more difficult for the owners to comply;
3. Long-term water and wastewater reliability of service; and
4. The desire of the owners to simply "get out of the business."

As a result of the receipt of the Current Offer from Laniger and recognizing the goals and objectives of the County as it relates to the consolidation of water and wastewater facilities and providing service on a regionalized basis which promote economies of scale, the Utilities and Solid Waste Department (the "Department") of the County requested that Public Resources Management Group, Inc. (PRMG) assist the County in its financial review of the Laniger System.

(Remainder of page intentionally left blank)

In order to assist the County in its review of the System and the purchase price as reflected by Laniger in the Current Offer, PRMG conducted the following analyses:

1. Develop a preliminary valuation of the Laniger System from a financial perspective utilizing the debt capacity method;
2. Develop a comparison of the Laniger offer with other utility transactions for a general reasonableness evaluation; and
3. Present our findings and observations in a report for consideration by the utility staff and potentially by the Board of County Commissioners.

The remainder of this report documents the analyses prepared by PRMG for consideration and use by the County. Specifically the report includes a discussion of the current debt capacity under County ownership, operation and rates which provides an estimate of the net present value of the net revenues of the system assuming a constant revenue margin, as well as a general discussion or comparison of the analysis of the utility offer as it relates to the service area (equivalent residential connections) and net plant-in-service (current plant investment).

### SERVICE AREA CHARACTERISTICS

The service area for the Laniger utility system is comprised primarily of service to metered residential accounts (primarily master-metered units) (primarily master-metered units). The most current and available detailed customer statistics recognized within this analysis reflects the use of adjusted sales and customer accounts reported for the calendar year 2004. The minor adjustments made to the calendar year 2004 customer statistics include the addition of three (3) single-family residential customer accounts, reflecting the reported growth in customer accounts within the recently completed calendar year 2007 Annual Report. For purposes of this analysis the use of the adjusted calendar year 2004 customer statistics was considered reasonable and characteristic of anticipated and future customer usage characteristics. As of December 31, 2007, the utility provided service to an average of approximately 141 water and 114 wastewater accounts which is summarized in the table below:

	Year End Accounts	ERCs [1]	Annual Billed Consumption [2]
Individually Metered Residential	81	111.0	3,598,362
Multi-Family Residential	35	86.0	5,102,210
Irrigation Service	20	60.0	8,424,160
Commercial	<u>5</u>	<u>16.5</u>	<u>2,680,470</u>
Totals	<u>141</u>	<u>273.5</u>	<u>19,805,202</u>

*Table continued on following page.*

**Wastewater Customer Statistics [1]**

	Year End Accounts	ERCs [1]	Annual Billed Flow [2]
Individually Metered Residential	80	107.0	3,318,750
Multi-Family Residential [3]	38	208.0	15,840,437
Commercial	<u>2</u>	<u>3.5</u>	<u>23,920</u>
<b>Totals</b>	<u>117</u>	<u>318.5</u>	<u>19,183,107</u>

[1] Amounts shown reflect detailed customer statistics as provided for the Calendar Year 2004 and were adjusted to reflect the current number of customer accounts being served by Laniger based on discussions with Laniger. In addition, the Equivalent Residential Connections (ERC) were based upon i) meter equivalents based on the size of the meter or ii) number of units severed adjusted by the unit factor, all in accordance with the County's Rate Resolution.

[2] Amounts shown based on billed water consumption and wastewater flow for the calendar year 2004 as reported by Laniger; amounts assumed to be representative of 2007 consumption / flow for the purposes of this report.

[3] Amounts shown including wastewater-only accounts under Laniger rates that will be considered as a Multi-Family Residential Customer upon transfer of the System to the County (County currently serves potable water to this account).

As can be seen from the tables above, the customer base of the current Laniger System is essentially residential-oriented. Generally, all water customers (with the exception of irrigation service) also receive wastewater service. In addition, the System currently provides service to two wastewater-only customers that comprise a significant portion of the residential customers served. These two customers account for approximately 35% of the reported System rate revenues as shown below:

	Accounts	ERCs	Billed Wastewater (Gallons)	Estimated Revenues
River Club	1	94	5,132,700	\$62,830
Palm Circle	<u>1</u>	<u>28</u>	<u>5,641,187</u>	<u>39,732</u>
<b>Totals</b>	<u>2</u>	<u>122</u>	<u>10,773,887</u>	<u>\$102,562</u>
System Revenues (From Bills)				\$291,239
Percent of Total System Revenues				<u>35.2%</u>

With respect to the wastewater system, a review of the historic 2004 billing registers provided by Laniger revealed that most all of the individually metered residential customers and the master-metered residential accounts also receive water service from the utility system. As previously mentioned, essentially all of the domestic water users of the utility (with the exception of irrigation service which is considered as water-only service) receive wastewater service. It is expected that any expansion of the utility system associated with any increased development by the owners of Laniger would continue the trend of having both water and wastewater service being available to the utility customers.

In the review of the revenues of the System, it was necessary to identify the usage habits of the customers to: i) identify potential revenues which would be received by the County assuming the application of the County's Utility System rates; and ii) recognize any reductions in water use associated with any changes in the price of water and wastewater service. As can be seen below and based on the historic 2004 billing information provided by Laniger, nearly 100% of the

individually metered residential accounts have water use characteristics of 10,000 gallons or less per month. Since billed water sales have not materially changed since over the past three years, PRMG believes that the current customers still have a water use characteristics similar to the 2004 characteristics which was supported by the detailed billing registers. A summary of the water use by consumption block consistent with the County's existing volumetric rate structure is shown below for the individually metered residential accounts:

<b>Individually Metered Residential Service – Bill Frequency History [1]</b>							
Consumption Blocks	Bills Rendered	Percentage of Bills Rendered	Billed Water Use Per Bill Rendered [2]		Average Monthly Use	Billed Water Consumption Per Usage Block [3]	
			Annual (000s)	Percent		(000s of gallons)	Percentage
0 to 10,000 gal.	967	99.5%	3,535	98.2%	3,656	3,578	99.4%
10,000 to 15,000 gal.	5	0.5%	63	1.8%	12,600	20	0.6%
Above 15,000 gal.	0	0.0%	0	0.0%	0	0	0.0%
<b>Totals</b>	<b><u>972</u></b>	<b><u>100.0%</u></b>	<b><u>3,598</u></b>	<b><u>100.0%</u></b>		<b><u>3,598</u></b>	<b><u>100.0%</u></b>

[1] Based on a review of billing register information of water consumption for the twelve months ended December 31, 2004 as provided by the utility; it was assumed that such billing information would still be applicable to the current customer base.

[2] Reflects total water use per bill rendered which terminated in such block.

[3] Reflects total water consumption occurring in such consumption block (for rate revenue determination purposes)

As previously mentioned, the customer usage and billing data as compiled from Laniger's billing register for the twelve months ended December 31, 2004 served as a the basis for the determination of revenues from both the Laniger System and the County's Utility System's rates relative to the debt capacity and financial evaluation. Based on a review of the Annual Reports filed with the Florida Public Service Commission for the last seven calendar years (i.e., 2001 through 2007) as reported by Laniger it was determined that the average use per customer has fluctuated. As can be seen on Table 2 at the end of this report, the average use per customer for the 2004 reporting period is very similar to the average use per customer for the 2007 reporting period, with both being the lowest average use during the seven year reporting period; thus it was assumed that the 2004 billing statistics could be relied upon for the purposes of this report.

## EXISTING RATES

With respect to Laniger, the existing rates were approved by the FPSC pursuant to an automatic price index rate filing. The existing rates for both water and wastewater service were made effective on January 13, 2008 and, therefore, have recently been adjusted by the Owners. The utility currently has two classes of customers for rate application purposes. The commercial class has been designated as general service and appears to be applicable to service uses except residential service. The residential service class includes separate rates for individually metered private residences and apartments and master metered residential customers. The residential service class also includes separate wastewater rates for the Palm Circle Service Area (metered-usage rate) which is served water from another utility (other than the County) and the River Club Service Area (flat-based rates), which is provided water services from the County. The current rates for service for the Laniger System are generally higher than the comparable existing rates for service for the County's Utility System. A comparison of the existing rates for the Laniger

System and the County for both the water and wastewater system is shown on the table below by customer class and utility system.

	<b>Existing Rates for Service</b>			
	<u>Water System</u>		<u>Wastewater System</u>	
	<u>Laniger</u>	<u>County</u>	<u>Laniger</u>	<u>County</u>
<b>Monthly Service Charge:</b>				
<b>Single-Family Residential Service</b>				
<b>Meter Size</b>				
5/8"	\$11.53 [1]	\$14.90	\$15.44	\$15.45
1"	29.35	34.20	15.44	15.45
1-1/2"	57.67	66.30	15.44	15.45
2"	92.27	104.85	15.44	15.45
<b>Multi-Family Residential (per unit when served by a master meter)</b>	<b>\$11.53</b>	<b>\$6.45</b>	<b>\$15.44 [2]</b>	<b>\$6.15</b>
<b>Commercial and Irrigation Service</b>				
<b>Meter Size</b>				
5/8"	\$11.53 [1]	\$17.35	\$15.44	\$17.80
1"	29.35	40.40	38.61	39.75
1-1/2"	57.67	78.50	77.23	76.15
2"	92.27	124.40	123.56	119.90
3"	184.51	246.70	247.15	236.55
4"	288.29	384.30	386.15	367.80
6"	578.03	766.50	772.32	732.35
8"	N/A	1,379.05	N/A	1,315.20
<b>Customer Account Charge (per bill)</b>				
This charge is applied to all bills rendered regardless of service [2]	N/A	\$2.05	N/A	\$3.20
<b>Consumption Charge:</b>				
<b>Single-Family Residential Service</b>				
0 - 10,000 gallons	\$3.80	\$1.92	\$4.27	\$3.76
10,001 - 15,000 gallons	3.80	2.62	4.27	N/A
15,001 and above	3.80	3.31	4.27	N/A
<b>Multi-Family Service (per unit)</b>				
0 - 5,000 gallons	\$3.80	\$1.92	\$5.13	\$3.76
5,001 - 7,500 gallons	3.80	2.62	5.13	3.76
7,501 and above	3.80	3.31	5.13	3.76
<b>Commercial Service - All Consumption</b>	<b>\$3.80</b>	<b>\$2.32</b>	<b>\$5.13</b>	<b>\$3.76</b>
<b>Irrigation Service</b>				
0 - 10,000 gallons	\$3.80	\$2.62	N/A	N/A
10,001 and above	3.80	3.31	N/A	N/A

[1] Represents service received from a 5/8" by 3/4" meter; service received from a full 3/4" meter is charged monthly \$17.30 for water service.

[2] The County's customer account charge is included within the identified Monthly Service charge for single-family residential and commercial service.



In the table below, monthly bills based on single-family residential rates for water and wastewater service with an average usage of 5,000 gallons of water, have been calculated using the current Laniger rates and the current County rates. As indicated, the existing rates for the Laniger System produce average bills for the combined water and wastewater service, which are approximately 14.5% above that of similar bills produced under the County Utility System rates.

<b>Single-Family Residential Use Assuming 5,000 Gallons of Monthly Utility Service</b>			
	<u>Water Service</u>	<u>Wastewater Service</u>	<u>Total</u>
Laniger System	\$30.53	\$36.75	\$67.28
County System	<u>24.50</u>	<u>34.25</u>	<u>58.75</u>
Difference	<u>\$6.03</u>	<u>\$2.50</u>	<u>\$8.53</u>
Percent to County	<u>24.6%</u>	<u>7.3%</u>	<u>14.5%</u>

In order to provide the County additional information as to the billing relationships, included on Figures 1 through 3 at the end of this report and is a graph that illustrates the typical amount billed over a range of usage levels for the single family residential class (includes water-only, wastewater-only, and a combined analysis).

In addition to the single-family residential comparison, a similar analysis summarizing the monthly bills for service to multi-family residential customers was also prepared. The analysis assumed a single-metered account serving 16 units (the most common customer for the Laniger System) with an average monthly use of 2,000 gallons per unit. As can be seen below, the existing rates for the Laniger System produce average bills for combined water and wastewater service, which are approximately 84% above that of similar bills produced under County Utility System rates.

<b>Multi-Family Residential Use Assuming 2,000 Gallons of Monthly Utility Service [*]</b>			
	<u>Water Service</u>	<u>Wastewater Service</u>	<u>Total</u>
Laniger System	\$306.08	\$410.56	\$716.64
County System	<u>166.69</u>	<u>221.92</u>	<u>388.61</u>
Difference	<u>\$139.39</u>	<u>\$188.64</u>	<u>\$328.03</u>
Percent to County	<u>83.6%</u>	<u>85.0%</u>	<u>84.4%</u>

[\*] This rate example assumes that the master-meter services 16 residential units.

In order to provide the County additional information as to the billing relationships, included on Figures 4 through 6 at the end of this report and is a graph that illustrates the typical amount billed over a range of usage levels for the master-metered residential family residential class (includes water-only, wastewater-only, and a combined analysis). Additionally, Figures 7 and 8 provide a wastewater billing comparison for the River Club and Palm Circle customers, respectively since these are the largest customers of the Laniger System and the County already

provides potable water service. As can be seen, all multi-family residential accounts will receive a downward rate adjustment under the existing County rates for service.

### EXISTING SYSTEM INVESTMENT

As previously mentioned, the Laniger System presently provides both water and wastewater service to its customers located within the service area. Tables 2 through 4 provide, among other things, a summary of the utility plant in service balances as reported by the owners to the FPSC. Based on information provided by the Laniger as reported in the 2007 Annual Report as submitted to the FPSC, the gross and net utility investment as of December 31, 2007 was as follows:

	<u>As of December 31, 2007 [*]</u>
Gross Plant in Service	\$1,297,898
Less Accumulated Description	<u>521,148</u>
Net Plant in Service	<u>\$776,750</u>

[\*] Amounts shown derived from 2007 Annual Report filed by Laniger with the Florida Public Service Commission; reference Table 4.

Additionally, since the Laniger System is a privately-owned utility, which is regulated by the FPSC, the amount of rate base of the utility is important. Specifically, the rate base represents a utility's net investment (based on original cost that the assets were placed into service) that is equity financed as opposed to contributed (cost-free capital) and represents that amount of investment that a utility is allowed to earn a return upon. The estimated rate base of the Laniger System, based upon information contained in the 2007 Annual report was estimated to be \$799,645 as follows:

	<u>As of December 31, 2007</u>
Net Plant in Service	\$776,750
Less Unamortized CAIC	<u>8,042</u>
Estimated Rate Base [1]	<u>\$799,645</u>

[1] Amounts shown do not include any allowances for working capital which is a typical component of rate base since no cash is being acquired in the transaction.

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Based on the Current Offer tendered by Laniger of \$1,400,000, as shown on Attachment A, Laniger is requesting a purchase price of approximately 1.75 times the net rate base as shown below:

Laniger Offer	\$1,400,000
Estimated Rate Base (2007)	799,645
Offer Multiple	<u>1.75</u>

**DEBT CAPACITY ANALYSIS**

In the evaluation of the feasibility regarding whether the County should purchase the Laniger System, a major consideration which should be addressed or reviewed by the County deals with whether the acquired system can support itself in relation to the acquisition price paid by the County. In other words, it is beneficial to have an understanding of the debt capacity of the system, which relates the amount of revenue contribution that is generally immediately available from the revenue stream to finance the acquisition by the County. The primary issue regarding this analysis is that the existing customers of the County Utility System are not impacted from a ratemaking or a level of service (capacity availability) standpoint.

In the development of the debt capacity analysis for the Laniger System, two separate operating scenarios were considered. These two scenarios relative to the debt capacity analysis included: i) the determination of the availability of funds assuming the current Laniger rates for water and wastewater service; and ii) the debt service capacity analysis recognizing the current rates in effect for the County’s Utility System. Table 5 at the end of this section summarizes the debt capacity analysis for each ownership or utility rate scenario. In the development of the debt capacity analyses for each scenario, an attempt was made to recognize the operations assuming public ownership (i.e., operation of the utility under the direction of the County). The primary financial difference between the scenarios was associated with the amount of revenues received from rates as well as certain assumptions regarding the expenditure levels assumed in each scenario. Essentially, the level of expenditures recognized for each scenario was generally based on the operating criteria for the utility which included: i) the debt service capacity assuming recorded Laniger operating expenses adjusted for public ownership; and ii) projected debt capacity assuming the consolidation of the Laniger System with the County’s existing Utility System. As can be seen on Table 5 at the end of this section, the estimated debt capacity for each operating scenario is as follows:

<u>Debt Capacity Scenario</u>	<u>Debt Capacity Amount [*]</u>	<u>Net of Capital/ Other Deductions</u>
Laniger Ownership / Rates	\$404,859	\$388,664
County Ownership / Rates	1,255,865	685,631

[\*] Amounts derived from Table 5; reflects net principal amount of bonds which could be available for the acquisition of the utility based on the financial assumptions recognized in this report. Amount shown does not include any recognition of the fair market value of the wastewater treatment plant site that will be acquired and used by the County’s Office of Water Quality.

In the development of the debt capacity analyses under each operating scenario, several assumptions were required. The following is a summary of the primary assumptions recognized in the debt and service capacity analysis for both utility ownership scenarios.

1. The sales revenue and operating expenses reported by the utility in the 2007 Annual Report as filed by the Owners with the Florida Public Service Commission (FPSC) served as the basis for the development of the debt capacity analysis reflecting the Laniger utility operations. Such amounts as reported in the 2007 Annual Report were assumed to be reasonable and representative of normalized operations (i.e., no extraordinary costs or non-recurring expenses have been reflected). A summary of the operating expenses by utility for the 2001 to 2007 reporting periods as filed by the Owners are shown on Tables 2 through 4 at the end of this report.
2. In order to recognize the debt capacity of the System assuming the utility rates of Laniger, it was necessary to make adjustments to the operating expenses to reflect changes in operation due to public ownership of the facilities as well as to recognize the assumed consolidation of the system with the utility system owned and operated by Martin County. The adjustments to the reported 2007 operating results are summarized below:
  - a. A reduction in salary expense was recognized to eliminate the salaries for office management and the corporate secretary, which would no longer be required under the operations of the County (i.e., the utilities management and customer service and accounting functions would be absorbed by the existing staff of the public utilities department).
  - b. A reduction in contractual services has been recognized to eliminate the cost of accounting and financial reporting (currently performed by an outside service company) which would be assumed by the existing staff of the County's Utilities Department as well as laboratory testing expense assumed to be related to the water and wastewater treatment function would also no longer be required as a result of consolidated System operations with the County.
  - c. Other miscellaneous adjustments to the Fiscal Year 2007 operating expenses as reported by Laniger have been made to sludge removal expense, chemicals, repairs and maintenance, miscellaneous, and transportation expenses based on the most recent information available.
  - d. Since the most recently reported information of Laniger made available to the Project Team was for the calendar year 2007 and the acquisition of the utility would be recognized during the beginning of Fiscal Year 2009 for the County, we have recognized a price adjustment to account for inflationary allowances on the cost of operations. This indexing of the reported 2007 operating expenses was based on the application of the Consumer Price Index to those expenses assumed to be effected by inflation. The inflationary allowance factor as reported by the Congressional Budget Office for 2008 was approximately 2.80%. This factor was applied to the allocated

operating expenses of the utility and was reflected as an increase in the revenue requirements of the system.

- e. An adjustment to reduce the reported depreciation and amortization expenses has been recognized in the analysis since this expenditure is non-cash in nature. We have recognized a renewal and replacement fund deposit equal to 7.5% of the current year revenues based on the funding policies of the County which could be considered as a depreciation expense equivalent.
  - f. Other costs associated with property taxes, regulatory assessment fees paid to the FPSC, and other miscellaneous taxes have not been recognized in the debt capacity analysis since these are expenditures, which would not be incurred under public operations.
  - g. In the development of the debt capacity analysis, we have assumed a 10% coverage requirement in order to meet the minimum rate covenant requirements associated with the County's governing Bond Resolution, which authorized the outstanding Senior Lien Bonds of the County's System. The recognition of this component of the analysis will allow additional cash flow to accrue to the benefit of the County's utility system.
3. It was assumed that the County would interconnect of the two utility systems and recognize the water production and treatment and the wastewater treatment and disposal as a component of its regional system to promote economies of scale and to eliminate small utility plants in the County. Therefore, no allowance for the operation of the existing water supply and production or wastewater treatment and effluent disposal facilities has been reflected in this analysis. The cost of decommissioning the Laniger water facilities would be a cost to be borne by Laniger.
  4. Based on discussions with the County and our understanding of the Laniger offer, the County will assume ownership of the wastewater treatment plant site which will not be required to meet the wastewater service needs of the Laniger service area upon the interconnect of the wastewater systems. Furthermore, the County's Office of Water Quality (OWQ) has expressed a desire to secure the land for certain stormwater needs of the County. Based on an appraisal performed by the County, the land has a current value of \$800,000 which provides a benefit to the transaction. For the purposes of the evaluation of the net benefit to the County (as a whole and not just to the utility system), we have assumed that i) the County utility system would not receive the wastewater plant site as part of the transaction since it is not needed to provide service and ii) OWQ would receive the land for their needs and the utility system would receive certain like kind benefits in support of the purchase (e.g., receipt of cash towards purchase of property, construction of improvements to remove land from utility service, etc, we have assumed the fair market value of the land as part of the benefit towards the payment of the cost of the Laniger System.
  5. The amount of sales revenue recognized in the debt capacity analysis assuming both the Laniger and County rates were based upon a review of the available customer billing

statistics representing the twelve months ended December 30, 2004 and was adjusted to reflect the current number of customer accounts. As previously mentioned, it was considered reasonable for purposes of this analysis to assume customer usage characteristics as reported during the calendar year 2004 for the analysis presented in this report. The determination of the utility rate revenues recognizing the current Laniger and County rates are shown on Tables 6 and 7 respectively.

6. In order to further evaluate the debt capacity of the utility system assuming the Laniger existing rates, an estimate of the additional rate revenue produced as a result of the increased development of the utility system service area should be considered. Based on a review of recent trends in customer growth as shown on Tables 2 and 3, and discussions with the County, and recognizing that until the water and wastewater facilities are decommissioned, there is a limited growth potential for the System. As such, for the purposes of this report, no additional growth in the service area was assumed.
7. With respect to the analysis of operations assuming the County ownership, a slightly different approach in the development of the debt capacity of such system was conducted. Specifically, a review of the estimated incremental expenses above or in addition to the current System's expenses was assumed. In many instances, the reported utility expenses of the Laniger System were utilized or assumed as the increment of expenses for the County's system. Several issues which need to be disclosed include the following:
  - a. With respect to the amount of incremental labor, which would be acknowledged, we have recognized the allocation of 0.10 full time equivalents (FTE) to operate and maintain the utility system. Based on discussions with the County and recognizing the interconnection of the Laniger System to the County's existing utility, no additional personnel was assumed to be required to meet the water production and treatment and wastewater treatment and disposal needs of the service area.
  - b. Since the acquisition of the utility will occur subsequent to calendar year 2007, the most recent reported year of available operating information as filed by the Owners with the FPSC, various costs which would be an incremental adjustment if the purchase was made (e.g., purchased chemicals expense) were increased by a price index factor of approximately 2.85% to recognize any inflationary allowances which would have resulted during the differences in reporting periods. This adjustment was not made relative to the operating revenues of the utility even though technically the utility could file for a price index allowance at any time with the Florida Public Service Commission to recover increased inflationary costs, which would positively impact the system. However, since a price index allowance is not expected to occur assuming County operations, no increase in sales revenues utilizing the application of an index factor was recognized in the analysis.
8. An allowance for the interconnection of the two utility systems has been reflected in the debt capacity analysis. By interconnecting the two systems, the uniform application of the County Utility System rates to both systems would result which is envisioned by County staff. Estimates provided by the County of the cost to interconnect the Laniger System

with the County Utility System was \$100,000 for the water system and \$400,000 for the wastewater system. Such amounts have been recognized as a deduction in the net available debt capacity allocable to the utility purchase.

9. In the development of the debt capacity of the net revenues of the utility assuming the various rate and growth scenarios, the assumptions used in the development of the principal amount of bonds included: i) a payment term of 20 years; ii) an average annual interest rate of 4.5%; iii) recognition of the funding of a debt service reserve fund from the use of a debt service reserve fund credit facility (surety); and iv) no capitalized interest funded from bond proceeds; and v) issuance costs equal to 3.0% of the total principal amount of bonds assumed to be issued.

Based on the above referenced assumptions, the net available for acquisition (after the payment of the cost of interconnecting the two utility systems and other expenses) based on the debt capacity analysis recognizing the County rates was estimated as follows:

	<u>Amount [1]</u>
Debt Capacity of County Revenue [2]	\$1,255,865
Less Cost of Interconnect and Other Transaction Expenses	<u>(571,355)</u>
Net Debt Capacity of Ongoing Operations	684,510
Estimated FMV of Wastewater Treatment Plant Site	<u>800,000</u>
Net Overall Value Identified	<u>\$1,485,631</u>

[1] Amounts shown derived from Table 2.

[2] Reflects revenues at existing County rates, does not assume any change in rates currently being anticipated by the County (each 1% change in rates will increase the net debt capacity of the System by approximately \$23,700).

## COMPARABLE SALES ANALYSIS

Another general approach used to evaluate the potential acquisition price for a utility system is to prepare a comparable analysis of the price paid for the acquisition of other utility systems. The comparison is based on a sales relationship to the equivalent residential units in service (a link to service use and the revenue stream) and the net investment of the acquired utility (a link to the assets being purchased). This analysis was prepared simply to provide additional information to the County as it perfects its potential offer to the Laniger System owners for the purchase of such utility system.

Tables 8A through 8E at the end of this report provide the comparable analysis for the Laniger System based on a review of 41 transactions that have recently occurred within the State of Florida. In developing the comparable analysis, PRMG did not attempt to identify any utilities that may be similar to the existing system in terms of size, facilities, or age. PRMG simply used the result of all the utility transactions available to PRMG (assumes an averaging process for the development of the comparable sales ratios). This analysis simply considered all of the utilities on a blended basis for the determination of the implied price that may be paid to a seller of a utility. As can be seen on Table 8, the values paid for a utility system vary considerably by

transaction and are based on the specifics of the transaction. As such, reliance on the comparable sales approach as a method of value should be qualified and must be based on the specifics of the transaction and the requirements between the seller and the buyer. Based on the comparable analysis as shown on Tables 8C and 8E, the implied acquisition value for the Laniger System would be as follows:

<b>Comparable Sales – Implied Purchase Price [1]</b>		
	<u>ERC Basis</u>	<u>Net Investment Basis</u>
Laniger System	<u>\$1,325,820</u>	<u>\$1,045,185</u>

[1] Amounts derived from Tables 8C and 8E.

### **CUSTOMER RATE IMPACT ANALYSIS**

A primary consideration to any regulatory board such as the Board of County Commissioners for the County’s public utilities system deals with the rate impact to both the customers in the service area territory being acquired as well as those customers presently being served by the purchasing utility. Although in many instances, benefits are received by the customer (e.g., approved levels and reliability of service, lower long-term rates, etc.), it is necessary to disclose the short-term financial impact to the customers that may be acquired. With respect to the customers of the Laniger System, it is expected that the current County rates will be applied to such customers once the purchase of the utility is effectuated; specifically upon the purchase would occur prior to the connection of the utility systems, it is our understanding the County would immediately place the current County rates into effect in order to begin the recovery of the payment for the utility services. Assuming the average residential user of 5,000 gallons for a single-family account and 2,000 for a multi-family residential account and the existing rates for service for both utilities, the average residential customers could expect to see a rate decrease as shown below:

Assumed Monthly Usage	<u>Monthly Bill</u>	
	<u>Single-Family</u> 5,000 gallons	<u>Multi-Family [*]</u> 2,000 gallons/unit
Laniger System Existing Rates	\$67.28	\$44.79
County System Existing Rates	<u>58.75</u>	<u>24.29</u>
Difference		
Amount	<u>\$8.53</u>	<u>\$20.50</u>
Percent of Laniger Rates	<u>12.7%</u>	<u>45.8%</u>

[\*] For the multi-family comparison, assumes the customer impact to a master-metered multifamily unit.

With regard to the existing customers served by the County System, PRMG does not anticipate that the purchase of the Laniger utility system will cause the rates for the existing customer of the County’s utility system to be increased or impacted. It is anticipated that the incremental revenues produced from the purchase of the utility and the merger of the utility into the County’s System will generally provide sufficient revenues to finance or repay the cost of acquisition of the utility as well as contribute sufficient funds to provide continued renewals and replacements



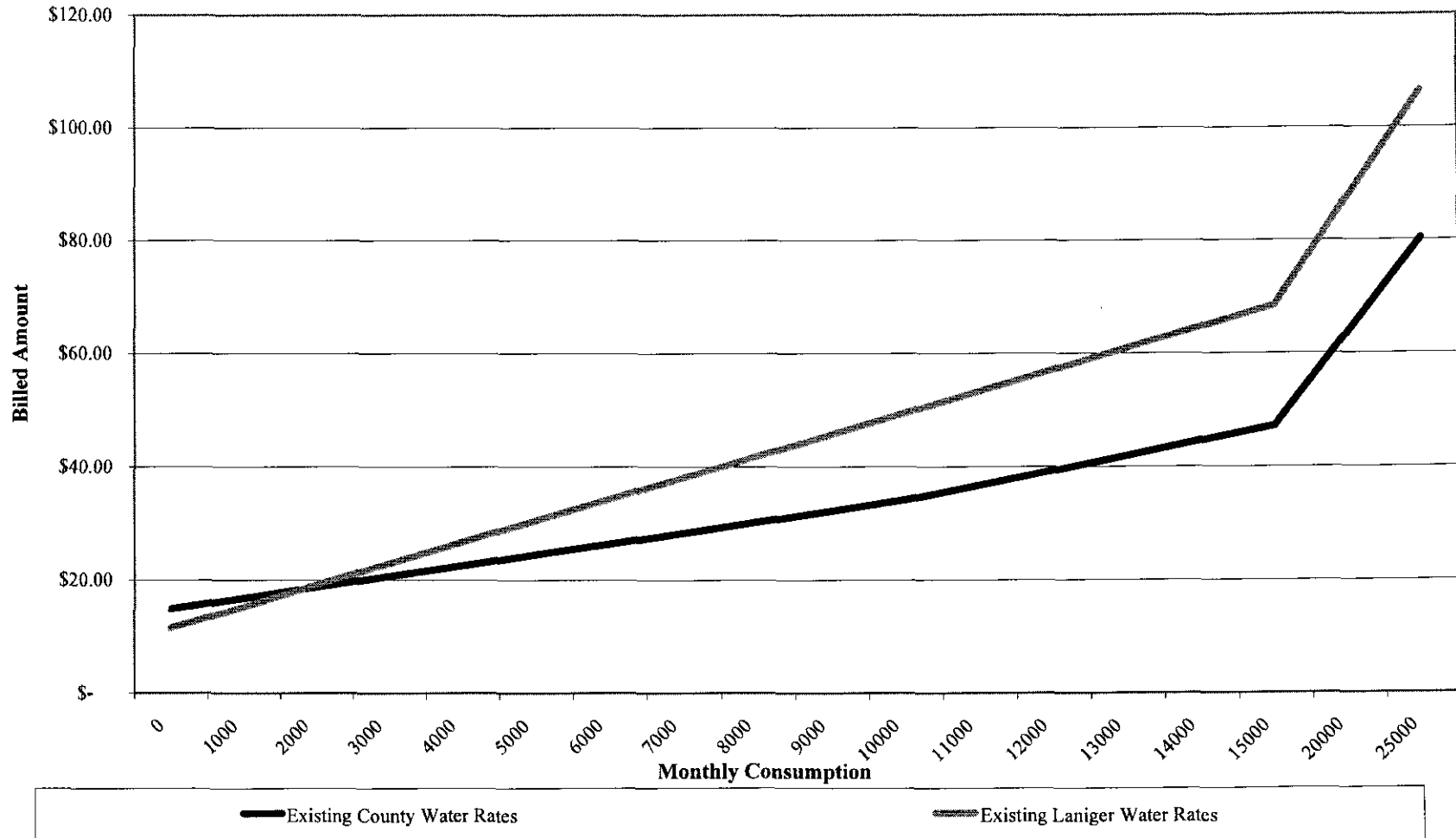
of the system and meet the allocated operating expenses associated with the daily operations of the utility. As such, no short-term rate impact is envisioned due to the utility acquisition. It should be noted, however, that based on the terms and conditions for financing the acquisition, the County expects to have a total immediate cash outlay of approximately \$1,400,000. Based on discussions with the County, there currently exist sufficient unrestricted and unappropriated funds available to meet the initial cash outlay requirements relative to the acquisition. However, this acquisition could also be funded from the issuance of a loan or debt with the proceeds being reimbursed to the utility system as required.

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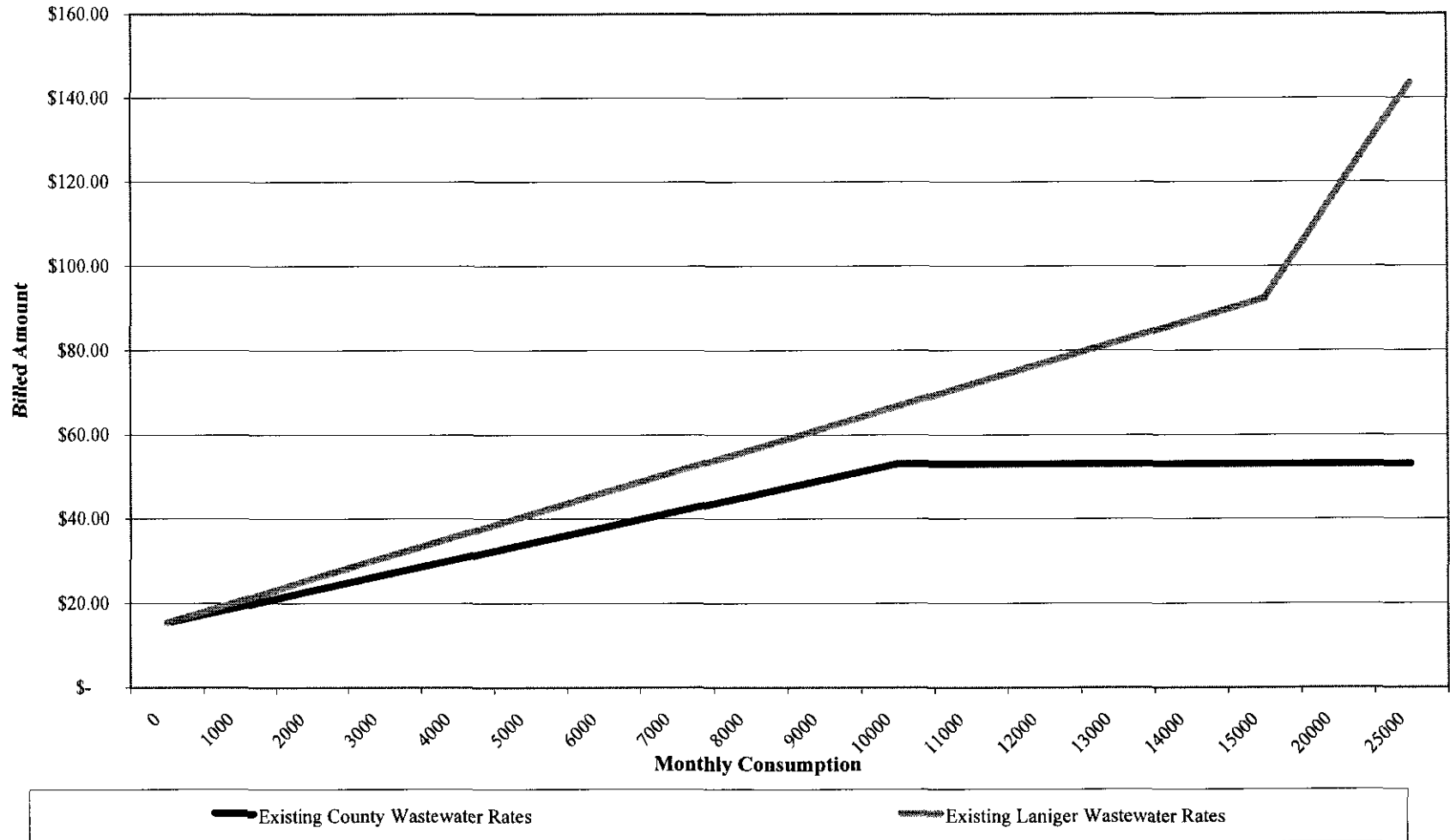


# FIGURES

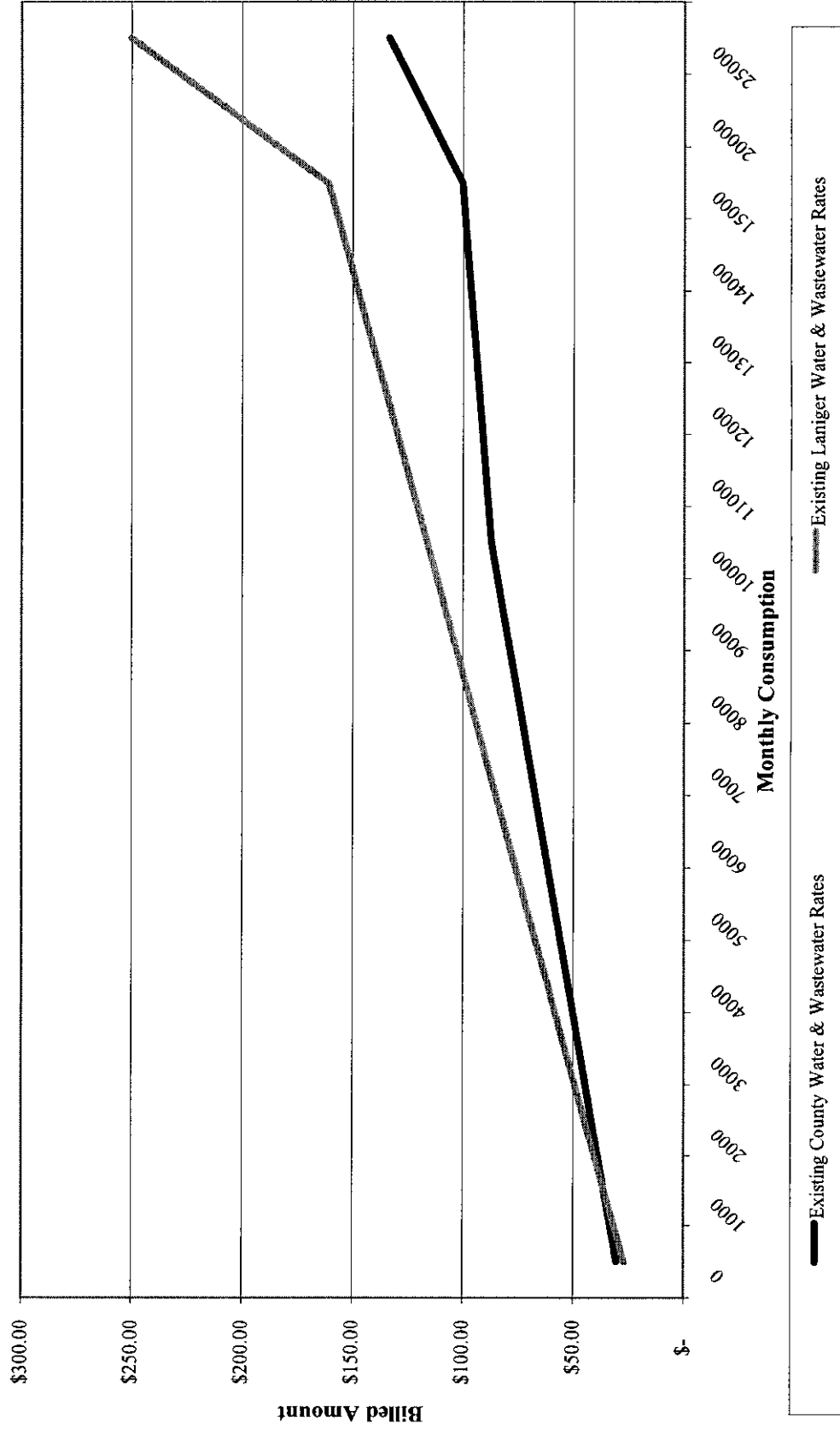
**Figure 1**  
**Comparison of Monthly Residential Water Bills**  
**Martin County and Laniger Rates**



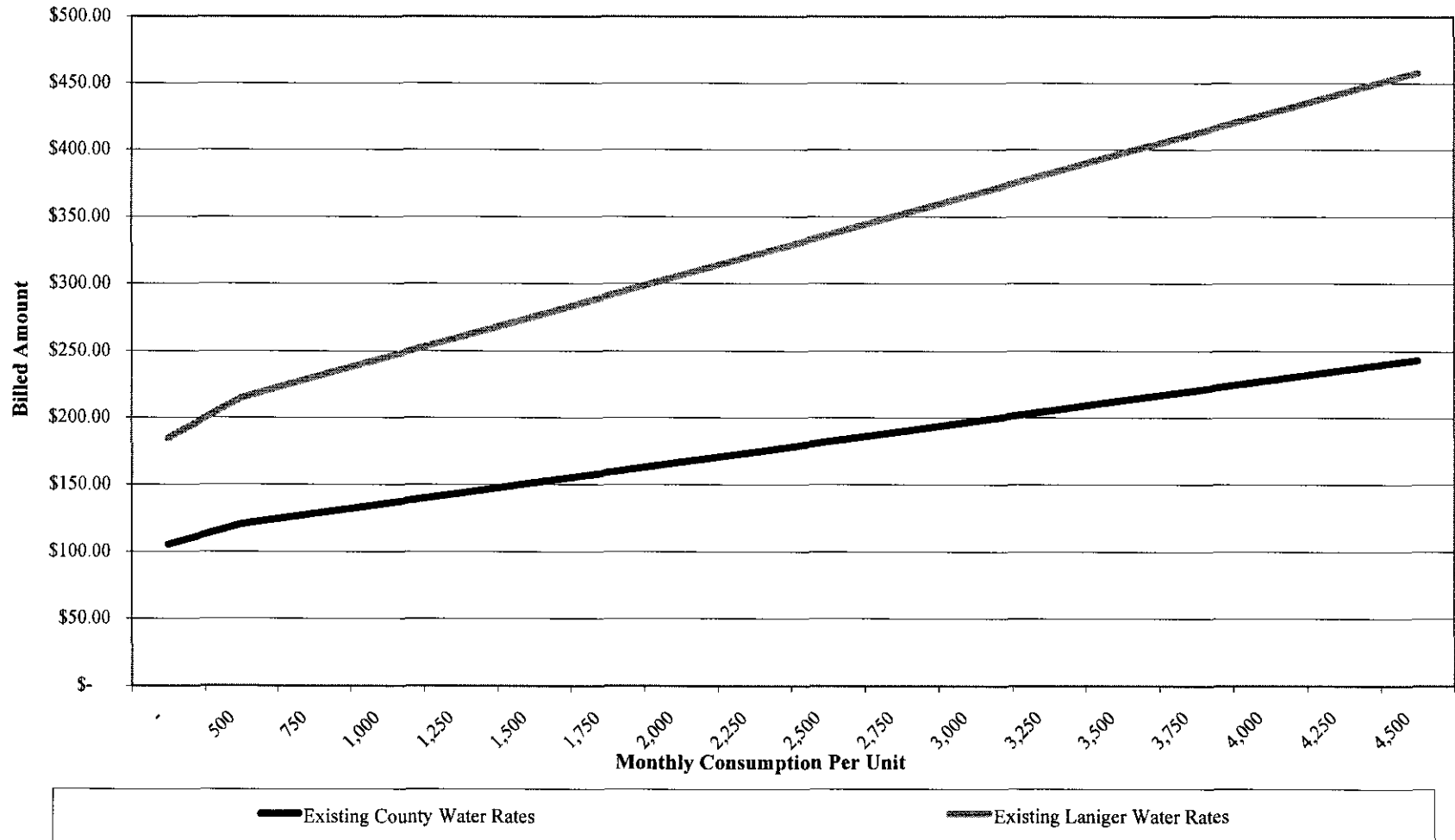
**Figure 2**  
**Comparison of Monthly Residential Wastewater Bills**  
**Martin County and Laniger Rates**



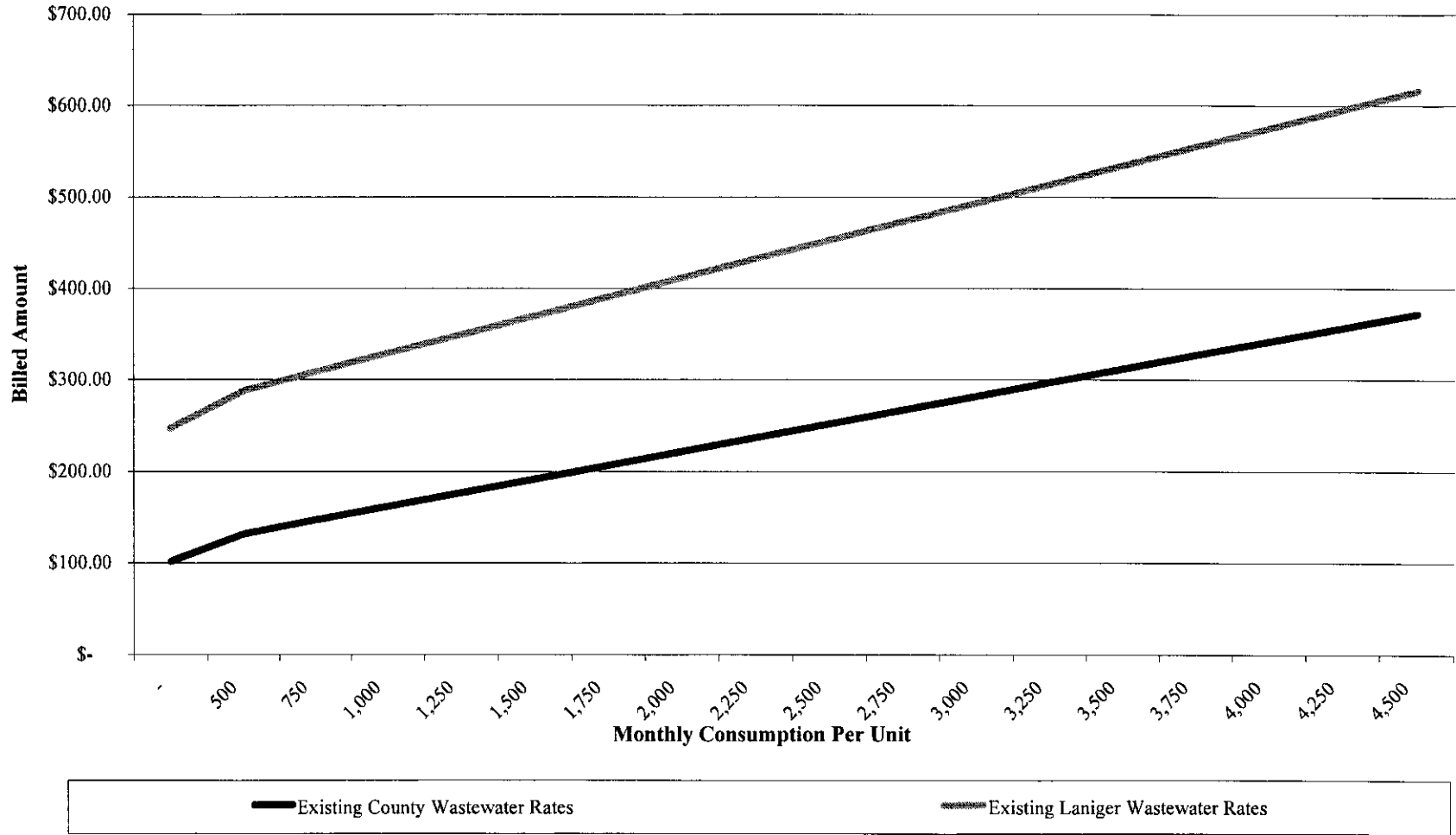
**Figure 3**  
**Comparison of Monthly Combined Water & Wastewater Residential Bills**  
**Martin County and Laniger Water and Wastewater Rates**



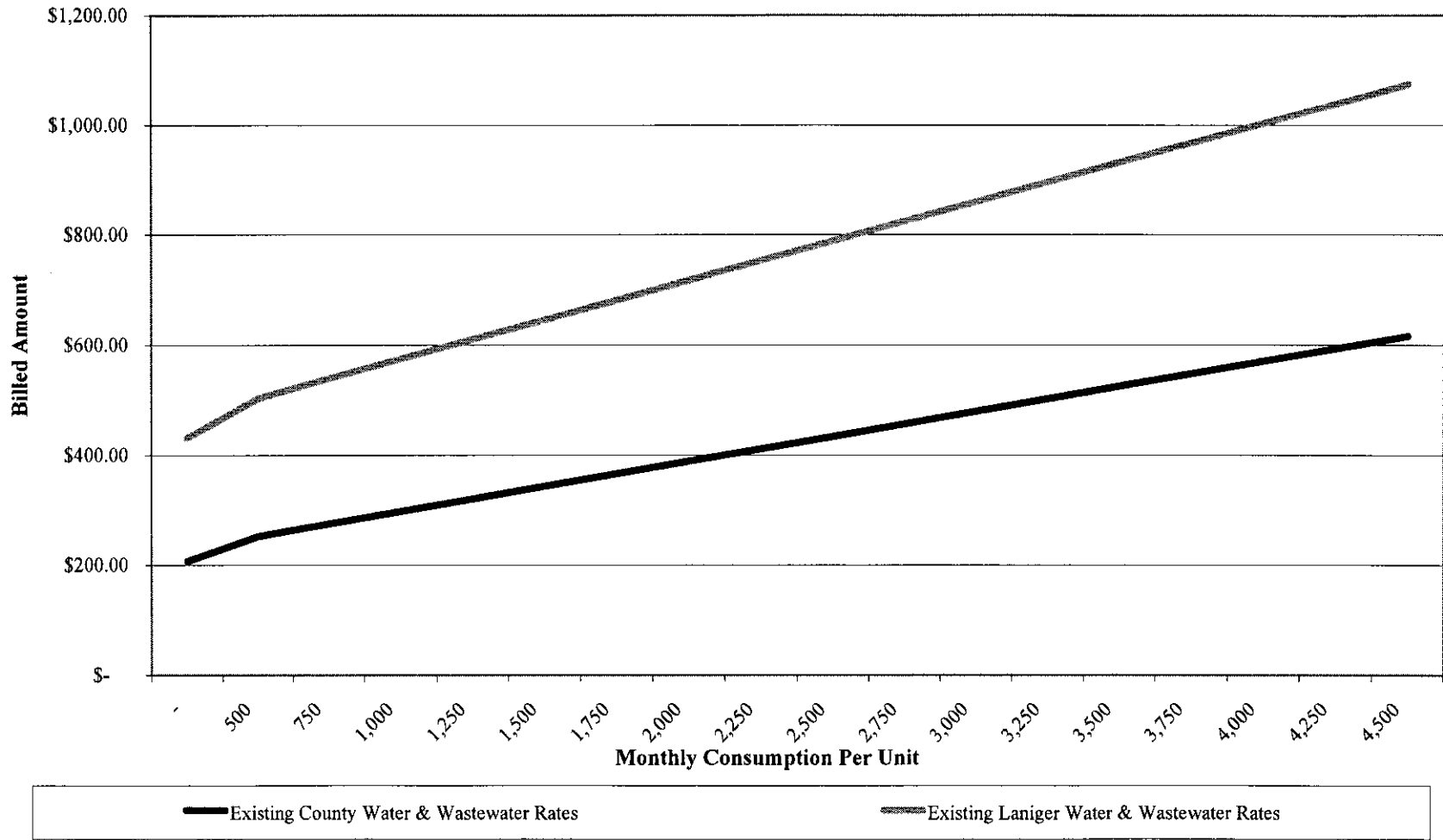
**Figure 4**  
**Comparison of Monthly Multi-Family Water Bills - 16 Units**  
**Martin County and Laniger Rates**



**Figure 5**  
**Comparison of Monthly Multi-Family Wastewater Bills - 16 Units**  
**Martin County and Laniger Rates**

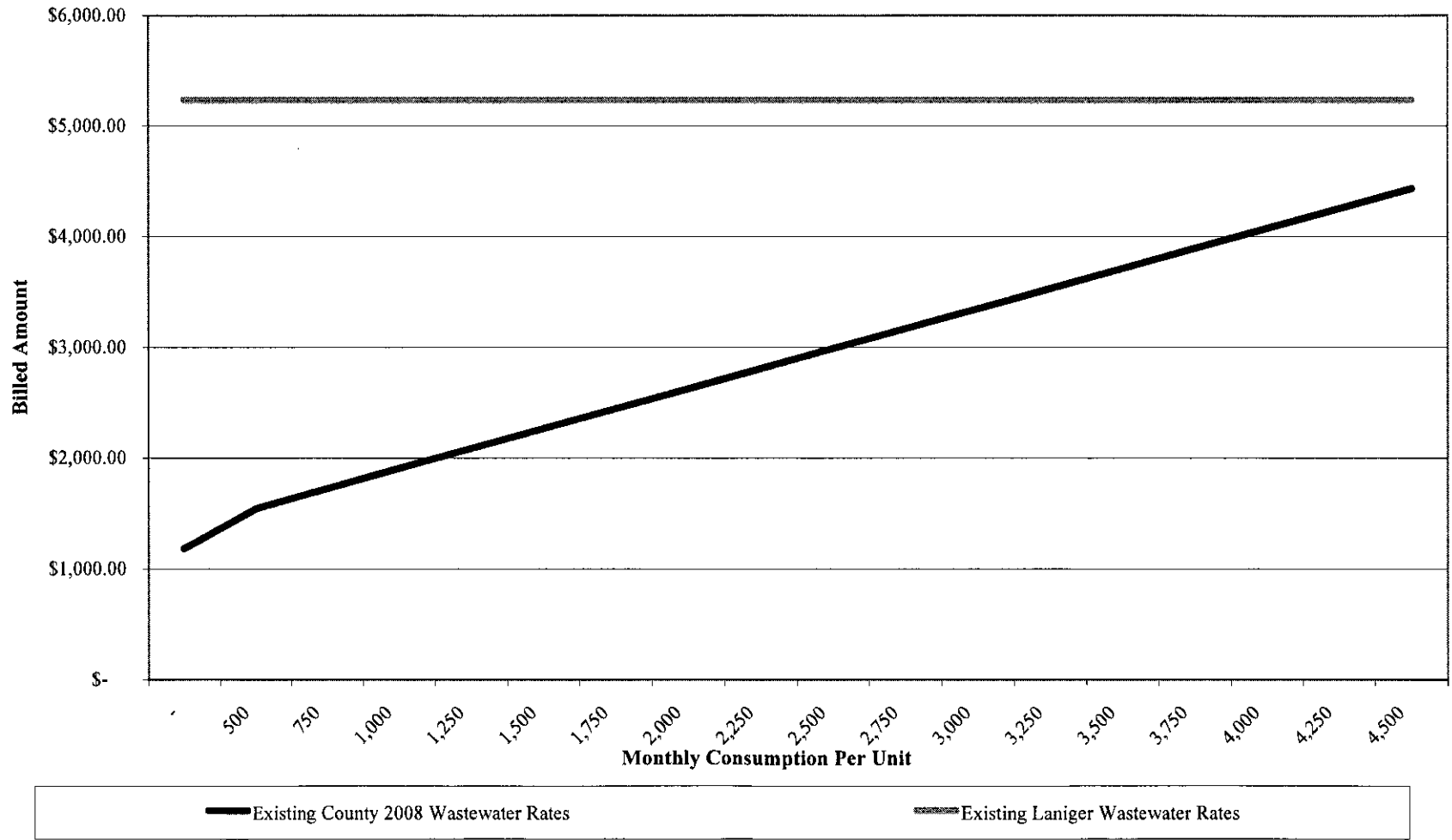


**Figure 6**  
**Comparison of Combined Monthly Multi-Family Water & Wastewater Bills - 16 Units**  
**Martin County and Laniger Water and Wastewater Rates**

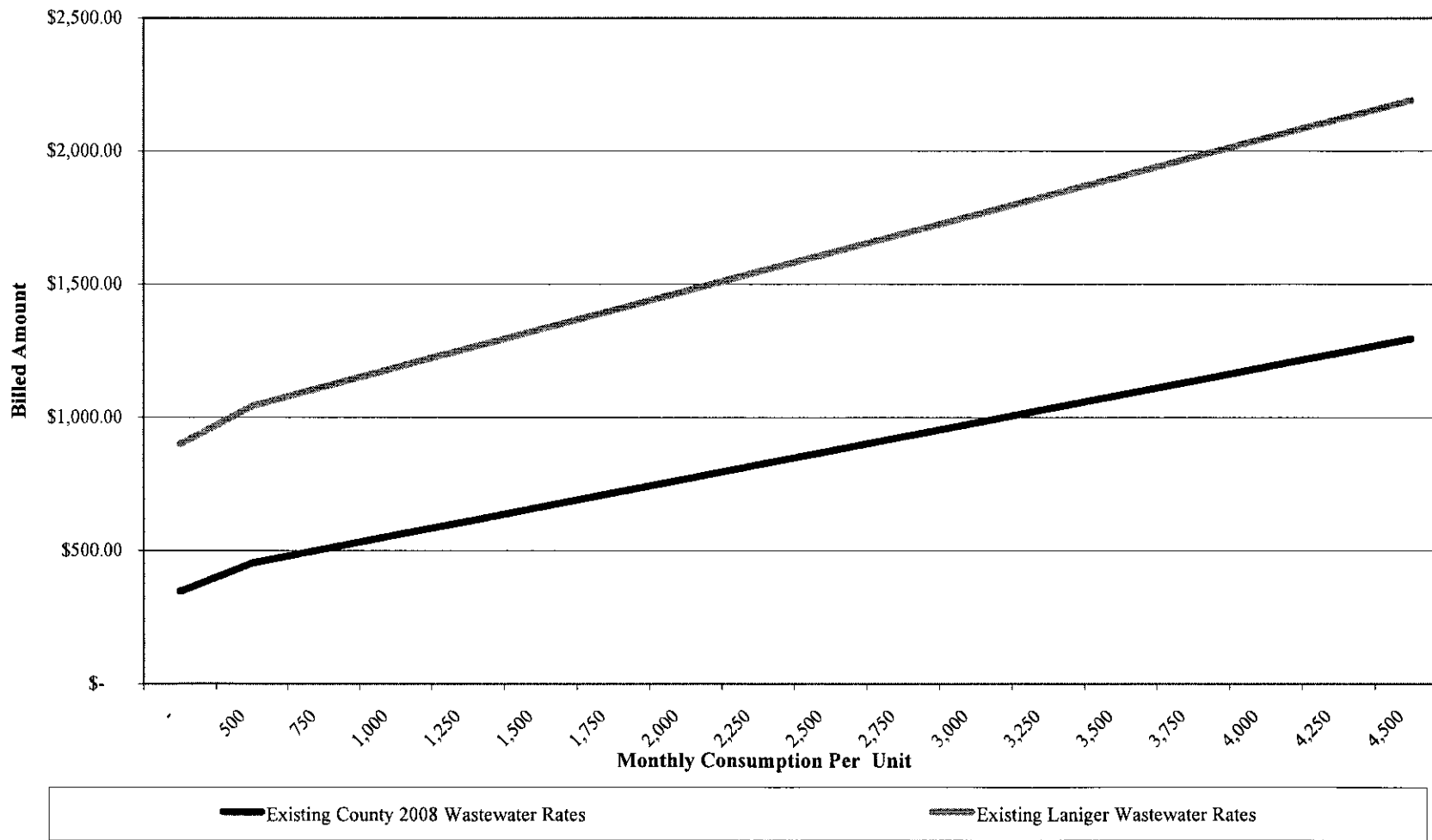




**Figure 7**  
**Comparison of Monthly Bills - River Club (192 Units - Wastewater Only)**  
**Martin County and Laniger Rates**



**Figure 8**  
**Comparison of Monthly Bills - Palm Circle Park (56 Units - Wastewater Only)**  
**Martin County and Laniger Rates**





# TABLES

Table 1

**Martin County**  
**Evaluation of Laniger Enterprises of America, Inc.**

**Evaluation Summary of Laniger Enterprises of America, Inc.**

Line No.	Description	Amount
1	Gross Utility Plant	\$ 1,262,184
2	Net Utility Plant	748,659
3	Rate Base (Estimated)	<u>779,810</u>
	Debt Capacity (Company Rates)	
4	Funding Capital Deductions / Financing Costs	\$ 388,664
5	Without Capital Deductions / Financing Costs	<u>404,859</u>
	Debt Capacity (County Rates)	
6	Funding Capital Deductions / Financing Costs	\$ 685,631
7	Without Capital Deductions / Financing Costs	1,255,865
8	Without Capital Deductions / Financing Costs / Plus FMV of Land	1,485,631
9	Comparable Sales - ERC Method	\$ 1,325,820
10	Comparable Sales - Net Investment Method	<u>1,045,185</u>
11	Number of Accounts - Water	141
12	Water ERC's (*)	273.50
13	Average Water Use Billed per Meter Equivalent (*)	6,034
14	Number of Accounts - Sewer	117
15	Sewer ERC's (*)	318.50
16	Average Sewer Billed per Meter Equivalent (*)	3,500
17	Operating Margin -Water	72.90%
18	Operating Margin - Sewer	0.89
19	Operating Margin - Combined	n/a

## Footnotes:

(\*) Estimated based on County rate structure.

Table 2

**Martin County**  
**Evaluation of Laniger Enterprises of America, Inc.**

**Summary of Historical Operating Results - Water**

Line No	Calendar Year Ended December 31, (1)							
	2001	2002	2003	2004	2005	2006	2007	
<b>Historical Customer Data</b>								
1	Water Pumped (000's)	23,742.464	30,349.067	28,217.000	19,925.000	24,276.500	23,104.400	21,222.000
2	Water Sold to Customers (000's)	23,742.464	30,349.067	28,217.000	19,925.000	24,276.500	23,104.400	21,222.000
3	Number of Accounts (year end) (2)	138	138	138	138	141	141	141
4	Meter Equivalents (year end) (2)	271	271	271	271	274	274	274
5	Average Annual Use per Meter Equivalent (000's)	87.61	111.99	104.12	73.52	88.76	84.48	77.59
<b>Utility Plant In Service</b>								
6	Gross Utility Plant	\$ 452,560	\$ 452,560	\$ 460,371	\$ 462,583	\$ 462,583	\$ 466,745	\$ 472,923
7	Accumulated Depreciation	181,103	203,141	204,843	206,490	208,137	176,263	180,207
8	Net Utility Plant	271,457	249,419	255,528	256,093	254,446	290,482	292,716
9	Net Contributions-in-aid-of-construction	1,898	1,871	5,244	9,404	8,977	8,523	8,042
10	Estimated Utility Rate Base	\$ 279,143	\$ 257,993	\$ 264,380	\$ 261,066	\$ 261,986	\$ 296,254	\$ 300,227
<b>Operating Revenues:</b>								
11	Sales Revenue (3)	\$ 121,510	\$ 106,186	\$ 160,849	\$ 162,379	\$ 166,950	\$ 156,879	\$ 153,103
12	Other Operating Revenue	-	-	-	-	-	-	-
13	Total Operating Revenues	\$ 121,510	\$ 106,186	\$ 160,849	\$ 162,379	\$ 166,950	\$ 156,879	\$ 153,103
<b>Operating Expenses</b>								
14	Salaries and Wages - Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Salaries and Wages - Officers	-	-	-	-	-	33,000	33,000
16	Employee Pensions and Benefits	-	2,500	-	-	-	2,694	2,862
17	Purchased Water	-	-	-	-	-	-	-
18	Purchased Power	4,232	4,850	4,458	4,560	5,322	6,212	4,647
19	Fuel for Power Production	-	279	-	654	100	-	-
20	Chemicals	1,193	428	915	1,081	1,440	1,080	1,215
21	Materials and Supplies	3,279	6,457	5,393	5,098	11,252	3,863	9,004
<b>Contract Services:</b>								
22	Billing	-	18,000	-	-	-	-	-
23	Professional	48,856	20,000	82,925	84,070	91,642	43,948	13,773
24	Testing	-	4,354	-	-	-	2,682	8,510
25	Other	-	4,469	-	-	-	1,000	-
26	Repairs and Maintenance	-	-	-	-	-	-	-
27	Rents	3,240	2,520	2,870	3,000	4,500	4,500	5,400
28	Transportation Expenses	787	2,558	2,070	1,662	3,448	3,627	4,325
29	Insurance Expenses	3,683	7,372	5,979	8,179	12,177	4,344	1,068
30	Regulatory Commission Expenses	6,281	161	5	-	-	-	-
31	Bad Debt Expenses	-	-	-	-	-	-	-
32	Miscellaneous Expenses	5,120	9,615	8,154	6,709	2,256	7,412	40,618
33	Total Operating Expenses	\$ 76,671	\$ 83,563	\$ 112,769	\$ 115,013	\$ 132,137	\$ 114,362	\$ 124,422
34	Net Operating Margin	\$ 44,839	\$ 22,623	\$ 48,080	\$ 47,366	\$ 34,813	\$ 42,517	\$ 28,681
<b>Non-Operating Expenses: (4)</b>								
35	Depreciation Expense (5)	\$ 22,167	\$ 22,038	\$ 1,702	\$ 1,647	\$ 1,647	\$ 3,944	\$ 3,944
36	Contributions-in-aid-of-construction Amortization	(27)	(27)	(27)	(27)	(27)	(27)	(27)
37	Taxes other than Income Taxes	2,733	10,241	9,998	10,874	9,571	10,960	8,398
38	Income Taxes	-	-	-	-	-	-	-
39	Interest Expense	20,633	17,603	24,497	22,105	19,558	17,380	26,430
40	Total Non-Operating Expenses	\$ 45,506	\$ 49,855	\$ 36,170	\$ 34,599	\$ 30,749	\$ 32,257	\$ 38,745
41	Net Income (Loss)	\$ (667)	\$ (27,232)	\$ 11,910	\$ 12,767	\$ 4,064	\$ 10,260	\$ (10,064)
<b>Ratio Analysis:</b>								
42	Operating Margin (line 31/line 12)	63.10%	78.69%	70.11%	70.83%	79.15%	72.90%	81.27%
43	Average Rate Revenue per Year End ERC (line 10/line 4)	\$ 448.38	\$ 391.83	\$ 593.54	\$ 599.18	\$ 610.42	\$ 573.60	\$ 559.79
44	Variable Costs per 1,000 Gallons Produced (lines 17, 18 & 19/line 1)	\$ 0.23	\$ 0.18	\$ 0.19	\$ 0.32	\$ 0.28	\$ 0.32	\$ 0.28
45	Average Water Use Billed per Meter Equivalent	7,301	9,332	8,677	6,127	7,397	7,040	6,466
46	Reported Water Loss (line 1 - line 2)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
47	Average Remaining Service Life (depreciation based - years) (5)	12.25	11.32	n/a	n/a	n/a	n/a	n/a

## Footnotes:

- (1) Amounts shown derived from information contained in Annual Reports filed with the Florida Public Service Commission by the Company for calendar years represented.
- (2) Reported Accounts and Equivalent Factors in Annual Report submitted by Company to the FPSC do not appear correct (do not match billing data); Accounts and Meter equivalents were based on provided customer statistics from CY 2004 and used for every year since the system has reported essentially zero growth.
- (3) Based on review of reported revenues, appears water revenues may have been reported as sewer revenue based on trends for these revenue accounts.
- (4) Expenses classified as non-operating pursuant to the presentation of the expenses in the Annual Reports; amounts shown for informational purposes.
- (5) Depreciation accrual materially changed in 2003 with no change in reported gross or net assets; no remaining service life calculation estimated due to accrual rate being unrealistic for 2003 and 2004.

Table 3

**Martin County**  
**Evaluation of Laniger Enterprises of America, Inc.**

**Summary of Historical Operating Results - Wastewater**

Line No.	Calendar Year Ended December 31, (1)							
	2001	2002	2003	2004	2005	2006	2007	
<b>Historical Customer Data</b>								
1	Wastewater Treated (000's)	33,153,000	26,168,000	17,289,000	14,233,000	19,093,000	14,124,000	13,376,000
2	Number of Accounts (metered and unmetered) (year end) (2)	114	114	114	114	114	114	117
3	Meter Equivalents (year end) (2)	316	316	316	316	316	316	319
<b>Utility Plant In Service</b>								
4	Gross Utility Plant	\$ 715,533	\$ 715,533	\$ 786,312	\$ 812,238	\$ 813,866	\$ 795,439	\$ 824,975
5	Accumulated Depreciation	332,904	365,349	365,415	367,362	369,311	337,262	340,941
6	Net Utility Plant	382,629	350,184	420,897	444,876	444,555	458,177	484,034
7	Net Contributions-in-aid-of-construction	64,924	52,722	-	-	-	-	-
8	Estimated Utility Rate Base	\$ 330,126	\$ 316,811	\$ 439,085	\$ 464,680	\$ 465,252	\$ 483,555	\$ 499,418
<b>Operating Revenues:</b>								
9	Sales Revenue (3)	\$ 141,964	\$ 182,734	\$ 145,031	\$ 146,289	\$ 156,020	\$ 143,085	\$ 138,136
10	Other Operating Revenue	-	-	-	-	-	-	-
11	<b>Total Operating Revenues</b>	<b>\$ 141,964</b>	<b>\$ 182,734</b>	<b>\$ 145,031</b>	<b>\$ 146,289</b>	<b>\$ 156,020</b>	<b>\$ 143,085</b>	<b>\$ 138,136</b>
<b>Operating Expenses</b>								
12	Salaries and Wages - Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Salaries and Wages - Officers	-	-	-	-	-	33,000	33,000
14	Employee Pensions and Benefits	-	-	-	-	-	2,694	2,862
15	Sludge Removal Expense	1,540	6,900	2,264	4,245	2,799	-	3,831
16	Purchased Power	11,202	8,493	10,035	12,629	11,347	13,090	12,073
17	Fuel for Power Production	-	276	-	-	66	-	-
18	Chemicals	1,242	1,714	943	1,401	1,440	1,380	1,140
19	Materials and Supplies	3,187	3,448	11,748	4,827	8,800	3,368	5,601
<b>Contract Services:</b>								
20	Billing	-	-	-	-	-	-	-
21	Professional	59,155	97,073	96,929	107,779	113,499	123,578	14,230
22	Testing	-	-	-	-	-	5,204	4,310
23	Other	-	-	-	-	-	-	-
24	Repairs and Maintenance	-	-	-	-	-	-	-
25	Rents	5,760	4,680	5,030	6,000	4,500	4,500	5,400
26	Transportation Expenses	1,401	2,400	3,844	1,662	3,507	2,727	-
27	Insurance Expenses	6,625	13,691	7,732	12,597	12,281	8,474	4,782
28	Regulatory Commission Expenses	5,751	-	-	-	-	-	-
29	Bad Debt Expenses	-	-	-	-	-	-	-
30	Miscellaneous Expenses	3,506	16,117	6,980	7,289	7,337	5,012	35,844
31	<b>Total Operating Expenses</b>	<b>\$ 99,369</b>	<b>\$ 154,792</b>	<b>\$ 145,505</b>	<b>\$ 158,429</b>	<b>\$ 165,576</b>	<b>\$ 203,027</b>	<b>\$ 123,073</b>
32	<b>Net Operating Margin</b>	<b>\$ 42,595</b>	<b>\$ 27,942</b>	<b>\$ (474)</b>	<b>\$ (12,140)</b>	<b>\$ (9,556)</b>	<b>\$ (59,942)</b>	<b>\$ 15,063</b>
<b>Non-Operating Expenses: (4)</b>								
33	Depreciation Expense (5)	\$ 31,941	\$ 32,505	\$ 66	\$ 1,947	\$ 1,949	\$ 3,679	\$ 3,679
34	Contributions-in-aid-of-construction Amortization	(12,204)	(12,202)	-	-	-	-	-
35	Taxes other than Income Taxes	7,335	16,019	12,812	11,323	11,561	10,821	12,002
36	Income Taxes	-	-	-	-	-	-	-
37	Interest Expense	38,319	32,691	24,497	22,105	19,558	17,380	26,430
38	<b>Total Non-Operating Expenses</b>	<b>\$ 65,391</b>	<b>\$ 69,013</b>	<b>\$ 37,375</b>	<b>\$ 35,375</b>	<b>\$ 33,068</b>	<b>\$ 31,880</b>	<b>\$ 42,111</b>
39	<b>Net Income (Loss)</b>	<b>\$ (22,796)</b>	<b>\$ (41,071)</b>	<b>\$ (37,849)</b>	<b>\$ (47,515)</b>	<b>\$ (42,624)</b>	<b>\$ (91,822)</b>	<b>\$ (27,048)</b>
<b>Ratio Analysis:</b>								
40	Operating Margin (line 30/line 11)	70.00%	84.71%	n/a	n/a	n/a	n/a	0.89
41	Average Rate Revenue per Year End ERC (line 9/line 3)	\$ 449.25	\$ 578.27	\$ 458.96	\$ 462.94	\$ 494.52	\$ 453.52	\$ 433.71
42	Variable Costs per 1,000 Gallons Treated (lines 15, 16, 17 & 18/line 1)	\$ 0.42	\$ 0.66	\$ 0.77	\$ 1.28	\$ 0.82	\$ 1.02	\$ 1.27
43	Average Sewer Flow Treated per Meter Equiv. (line 1/line 3/12*1000)	8,743	6,901	4,559	3,753	5,043	3,731	3,500
44	Average Remaining Service Life (depreciation based - years) (5)	11.98	10.77	n/a	n/a	n/a	n/a	n/a

## Footnotes:

- (1) Amounts shown derived from information contained in Annual Reports filed with the Florida Public Service Commission by the Company for calendar years represented.
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- (5) Depreciation accrual materially changed in 2003 with no change in reported gross or net assets; no remaining service life calculation estimated due to accrual rate being unrealistic for 2003 and 2004.

Table 4

**Martin County**  
**Evaluation of Laniger Enterprises of America, Inc.**

**Summary of Historical Operating Results - Combined Water and Wastewater**

Line No.	Calendar Year Ended December 31, (1)							
	2001	2002	2003	2004	2005	2006	2007	
<b>Utility Plant In Service</b>								
1	Gross Utility Plant	\$ 1,168,093	\$ 1,168,093	\$ 1,246,683	\$ 1,274,821	\$ 1,276,449	\$ 1,262,184	\$ 1,297,898
2	Accumulated Depreciation	514,007	568,490	570,258	573,852	577,448	513,525	521,148
3	Net Utility Plant	654,086	599,603	676,425	700,969	699,001	748,659	776,750
4	Net Contributions-in-aid-of-construction	66,822	54,593	5,244	9,404	8,977	8,523	8,042
5	Estimated Utility Rate Base	\$ 609,269	\$ 574,804	\$ 703,465	\$ 725,745	\$ 727,238	\$ 779,810	\$ 799,645
<b>Operating Revenues:</b>								
6	Sales Revenue (2)	\$ 263,474	\$ 288,920	\$ 305,880	\$ 308,668	\$ 322,970	\$ 299,964	\$ 291,239
7	Other Operating Revenue	-	-	-	-	-	-	-
8	<b>Total Operating Revenues</b>	<b>\$ 263,474</b>	<b>\$ 288,920</b>	<b>\$ 305,880</b>	<b>\$ 308,668</b>	<b>\$ 322,970</b>	<b>\$ 299,964</b>	<b>\$ 291,239</b>
<b>Operating Expenses</b>								
9	Salaries and Wages - Employees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Salaries and Wages - Officers	-	-	-	-	-	66,000	66,000
11	Employee Pensions and Benefits	-	2,500	-	-	-	5,388	5,724
12	Sludge Removal Expense	1,540	6,900	2,264	4,245	2,799	-	3,831
13	Purchased Water	-	-	-	-	-	-	-
14	Purchased Power	15,434	13,343	14,493	17,189	16,669	19,302	16,720
15	Fuel for Power Production	-	555	-	654	166	-	-
16	Chemicals	2,435	2,142	1,858	2,482	2,880	2,460	2,355
17	Materials and Supplies	6,466	9,905	17,141	9,925	20,052	7,231	14,605
18	Contract Services:	-	-	-	-	-	-	-
19	Billing	-	18,000	-	-	-	-	-
20	Professional	108,011	117,073	179,854	191,849	205,141	167,526	28,003
21	Testing	-	4,354	-	-	-	7,886	12,820
22	Other	-	4,469	-	-	-	1,000	-
23	Repairs and Maintenance	-	-	-	-	-	-	-
24	Rents	9,000	7,200	7,900	9,000	9,000	9,000	10,800
25	Transportation Expenses	2,188	4,958	5,914	3,324	6,955	6,354	4,325
26	Insurance Expenses	10,308	21,063	13,711	20,776	24,458	12,818	5,850
27	Regulatory Commission Expenses	12,032	161	5	-	-	-	-
28	Bad Debt Expenses	-	-	-	-	-	-	-
29	Miscellaneous Expenses	8,626	25,732	15,134	13,998	9,593	12,424	76,462
30	<b>Total Operating Expenses</b>	<b>\$ 176,040</b>	<b>\$ 238,355</b>	<b>\$ 258,274</b>	<b>\$ 273,442</b>	<b>\$ 297,713</b>	<b>\$ 317,389</b>	<b>\$ 247,495</b>
31	<b>Net Operating Margin</b>	<b>\$ 87,434</b>	<b>\$ 50,565</b>	<b>\$ 47,606</b>	<b>\$ 35,226</b>	<b>\$ 25,257</b>	<b>\$ (17,425)</b>	<b>\$ 43,744</b>
<b>Non-Operating Expenses: (3)</b>								
32	Depreciation Expense (4)	\$ 54,108	\$ 54,543	\$ 1,768	\$ 3,594	\$ 3,596	\$ 7,623	\$ 7,623
33	Contributions-in-aid-of-construction Amortization	(12,231)	(12,229)	(27)	(27)	(27)	(27)	(27)
34	Taxes other than Income Taxes	10,068	26,260	22,810	22,197	21,132	21,781	20,400
35	Income Taxes	-	-	-	-	-	-	-
36	Interest Expense	58,952	50,294	48,994	44,210	39,116	34,760	52,860
37	<b>Total Non-Operating Expenses</b>	<b>110,897</b>	<b>118,868</b>	<b>73,545</b>	<b>69,974</b>	<b>63,817</b>	<b>64,137</b>	<b>80,856</b>
38	<b>Net Income (Loss)</b>	<b>\$ (23,463)</b>	<b>\$ (68,303)</b>	<b>\$ (25,939)</b>	<b>\$ (34,748)</b>	<b>\$ (38,560)</b>	<b>\$ (81,562)</b>	<b>\$ (37,112)</b>
<b>Ratio Analysis:</b>								
39	Operating Margin (line 29/line 8)	66.81%	82.50%	84.44%	88.59%	92.18%	n/a	84.98%

## Footnotes:

- (1) Amounts shown derived from information contained in Annual Reports filed with the Florida Public Service Commission by the Company for calendar years represented.
- (2) Based on review of reported revenues, appears water revenues may have been reported as sewer revenue based on trends for these revenue accounts.
- (3) Expenses classified as non-operating pursuant to the presentation of the expenses in the Annual Reports; amounts shown for informational purposes.
- (4) Depreciation accrual materially changed in 2003 with no change in reported gross or net assets; no remaining service life calculation estimated due to accrual rate being unrealistic for 2003 and 2004.

Table 5  
**Martin County**  
**Evaluation of Laniger Enterprises of America, Inc.**  
 7  
**Development of Debt Capacity Analysis - Test Year 2009**

Line No.	Calendar Year Ended December 31, 2007 (1)			Escalation Reference	Test Year 2009 Adjustments				
	Water	Wastewater	Total		As Escalated	Additional Adjustments	Estimated Operations Private Own.	County Adjustments	Estimated Operations County Own
Operating Revenues:									
1	\$ 153,103	\$ 138,136	\$ 291,239	Calculated	\$ 314,943	\$ -	\$ 314,943	\$ (98,800) (2)	\$ 216,143
2	-	-	-	Constant	-	-	-	-	-
3	<u>\$ 153,103</u>	<u>\$ 138,136</u>	<u>\$ 291,239</u>		<u>\$ 314,943</u>	<u>\$ -</u>	<u>\$ 314,943</u>	<u>\$ (98,800)</u>	<u>\$ 216,143</u>
Operating Expenses									
4	\$ -	\$ -	\$ -	Constant	\$ -	\$ -	\$ -	\$ 3,900 (3)	\$ 3,900
5	33,000	33,000	66,000	Constant	66,000	-	66,000	(66,000)	-
6	2,862	2,862	5,724	Constant	5,724	-	5,724	(4,278) (3)	1,446
7	-	3,831	3,831	Constant	3,831	-	3,831	1,704 (4)	5,535
8	4,647	12,073	16,720	Utilities	20,064	-	20,064	(2,136) (4)	17,928
9	-	-	-	Fuel	-	-	-	-	-
10	1,215	1,140	2,355	CPI	2,491	-	2,491	4,104 (4)	6,595
11	9,004	5,601	14,605	CPI	15,449	-	15,449	-	15,449
12	-	-	-	Constant	-	-	-	-	-
13	-	-	-	Constant	-	-	-	-	-
14	13,773	14,230	28,003	CPI	29,622	-	29,622	(21,760) (5)	7,862
15	8,510	4,310	12,820	Constant	12,820	-	12,820	(12,820) (6)	-
16	-	-	-	Constant	-	-	-	-	-
17	-	-	-	CPI	-	-	-	7,265 (4)	7,265
18	5,400	5,400	10,800	Constant	10,800	-	10,800	-	10,800
19	4,325	-	4,325	Fuel	6,488	-	6,488	(188) (4)	6,300
20	1,068	4,782	5,850	CPI	6,188	-	6,188	-	6,188
21	-	-	-	Constant	-	-	-	-	-
22	-	-	-	Constant	-	-	-	-	-
23	40,618	35,844	76,462	Margin	77,609	-	77,609	(77,609)	-
24	5.00%	-	-	Margin	-	-	-	4,463 (7)	4,463
25	<u>\$ 124,422</u>	<u>\$ 123,073</u>	<u>\$ 247,495</u>		<u>\$ 257,086</u>	<u>\$ -</u>	<u>\$ 257,086</u>	<u>\$ (163,354)</u>	<u>\$ 93,732</u>
26	\$ 28,681	\$ 15,063	\$ 43,744		\$ 57,857	\$ -	\$ 57,857	\$ 64,554	\$ 122,411
Non-Operating Expenses:									
27	\$ 3,944	\$ 3,679	\$ 7,623	Constant	\$ 7,623	\$ (7,623) (6)	\$ -	\$ -	\$ -
28	(27)	-	(27)	Constant	(27)	27 (6)	-	-	-
29	8,398	12,002	20,400	Constant	20,400	(20,400) (6)	-	-	-
30	-	-	-	Constant	-	- (6)	-	-	-
31	-	-	-	Constant	-	-	-	-	-
32	26,430	26,430	52,860	Constant	52,860	(52,860) (6)	-	-	-
33	<u>\$ 38,745</u>	<u>\$ 42,111</u>	<u>\$ 80,856</u>		<u>\$ 80,856</u>	<u>\$ (80,856)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
34	<u>\$ (10,064)</u>	<u>\$ (27,048)</u>	<u>\$ (37,112)</u>		<u>\$ (22,999)</u>	<u>\$ 80,856</u>	<u>\$ 57,857</u>	<u>\$ 64,554</u>	<u>\$ 122,411</u>
Other Deductions:									
35	Debt Coverage Allowance (% of Net Revenue)	10.00%					3,112		9,655
36	Renewal and Replacement Fund Deposit (% of Revenues)	7.50%					23,621		16,211
37	Net Available for Debt Service Payments						<u>\$ 31,124</u>		<u>\$ 96,546</u>

Footnotes on Page 2 of 2.



Table 5

Martin County  
 Evaluation of Laniger Enterprises of America, Inc.  
 Development of Debt Capacity Analysis - Fiscal Year 2009

7

Line No.	Description	Calendar Year Ended December 31, 2007 (1)	Test Year 2009 Adjustments			
			Water Wastewater	Escalation Reference	As Escalated	Estimated Operations County Own.
38	Debt Capacity of System				\$ 404,859	\$ 1,253,865
39	Interest Rate	4.50%				
40	Term (Years)	20				
Less Estimated Deductions:						
41	Cost of Bond Issuance @ % of Debt Capacity	3.00%			\$ 12,146	\$ 37,676
42	Capital Improvements/Deficiencies (Estimated)				-	100,000
43	Interconnection Costs - Water (Estimated)				-	400,000
44	Interconnection Costs - Wastewater (Estimated)				-	-
45	Dismantlement Costs (Owner Responsible)				-	-
46	Debt Service Reserve Fund-Purchase of Reserve Account Surety	1.00%			4,049	12,559
47	Estimated Acquisition/Transition Costs (Estimated)				-	20,000
48	Total Estimated Deductions				16,194	570,235
49	Sale of Land to Stormwater Department (OWQ)				-	-
50	Net Available For Utility Acquisition				\$ 388,664	\$ 683,631

Footnotes:

- (1) Amounts shown derived from Tables 2 through 4.
- (2) Amount shown derived from Table 6 and Table 7.
- (3) Reflects addition of a partial allowance of a full time equivalent (0.15 FTEs) (personnel) for the daily operation of the System.
- (4) Reflects estimates based on use of County unit costs applied to Laniger System.
- (5) Reflects estimated cost of meter reading based on County costs.
- (6) Adjustment shown to reflect removal of noncash expenses and other assumed expenses not attributable to public ownership.
- (7) Contingency estimated at 5% of other expenses.

## Table 5A

## Martin County

**Evaluation of Laniger Enterprises of America, Inc.  
Development of Escalation Factors for the Test Year 2009**

Line No.		Escalation Reference	2007 - 2009 Factor
1	Consumer Price Index	CPI	1.0578
2	Marginal Factor	Margin	1.0150
3	Utilities	Utilities	1.2000
4	Fuel	Fuel	1.5000
5	FPSC General Price Deflator	GDP	1.0555
6	Constant	Constant	1.0000



**Table 6**  
**Martin County**  
**Evaluation of Laniger Enterprises of America, Inc.**  
**Water and Sewer Revenue Models - Current Rates**

Line No.	Description	Water Billing			Sewer Billing		
		Water Rates	Determinants	Revenues	Sewer Rates	Determinants	Revenues
<b>Residential</b>							
Meter Size							
1	5/8"	\$ 11.53	953	\$ 10,988	\$ 15.44	888	\$ 13,711
2	1"	29.35	-	-	-	-	-
3	1-1/2"	57.67	-	-	-	-	-
4	2"	92.27	-	-	-	-	-
5	Total Base Charge Revenue			10,988			13,711
Volumetric Charge							
6	0 - 10,000 gallons	\$ 3.80	3,578,460	\$ 13,598	\$ 5.13	3,318,750	\$ 17,025
7	10,001 - 15,000 gallons	3.80	19,902	76	5.13	-	-
8	15,001 and above	3.80	-	-	5.13	-	-
9	Total Gallons		3,598,362			3,318,750	
10	Total Volumetric Revenue			13,674			17,025
11	Total Residential Revenue			\$ 24,662			\$ 30,736
<b>Multi-Family</b>							
12	Total Base Charge Revenue	\$ 11.53	2,080	\$ 23,982	\$ 15.44	2,080	\$ 32,115
Volumetric Charge							
13	0 - 5,000 gallons	\$ 3.80	5,059,070	\$ 19,224	\$ 5.13	5,066,550	\$ 25,991
14	5,001 - 7,500 gallons	3.80	43,140	164	5.13	-	-
15	7,501 and above	3.80	-	-	5.13	-	-
16	Total Gallons		5,102,210			5,066,550	
17	Total Volumetric Revenue			19,388			25,991
18	Total Multi-Family Revenue			\$ 43,371			\$ 58,107
<b>Irrigation</b>							
Meter Size							
19	5/8"	\$ 11.53	-	\$ -	N/A	N/A	N/A
20	1"	29.35	192	5,635	N/A	N/A	N/A
21	1-1/2"	57.67	48	2,768	N/A	N/A	N/A
22	2"	92.27	-	-	N/A	N/A	N/A
23	3"	184.51	-	-	N/A	N/A	N/A
24	4"	288.29	-	-	N/A	N/A	N/A
25	6"	578.03	-	-	N/A	N/A	N/A
26	Total Base Charge Revenue			8,403	N/A	N/A	N/A
Volumetric Charge							
27	0 - 10,000 gallons	\$ 3.80	2,147,960	\$ 8,162	N/A	N/A	N/A
28	10,001 and above	3.80	6,276,200	23,850	N/A	N/A	N/A
29	Total Gallons		8,424,160				
30	Total Volumetric Revenue			32,012	N/A	N/A	N/A
31	Total Irrigation Revenue			\$ 40,415	N/A	N/A	N/A

Table 6

**Martin County  
Evaluation of Laniger Enterprises of America, Inc.**

**Water and Sewer Revenue Models - Current Rates**

Line No.	Description	Water			Sewer		
		Water Rates	Billing Determinants	Revenues	Sewer Rates	Billing Determinants	Revenues
<b>Commercial (Pools)</b>							
Meter Size							
32	5/8"	\$ 11.53	12	\$ 138	\$ 15.44	12	\$ 185
33	1"	29.35	36	1,057	38.61	12	463
34	1-1/2"	57.67	-	-	77.23	-	-
35	2"	92.27	12	1,107	123.56	-	-
36	3"	184.51	-	-	247.15	-	-
37	4"	288.29	-	-	386.15	-	-
38	6"	578.03	-	-	772.32	-	-
39	Total Base Charge Revenue			2,302			649
Volumetric Charge							
40	All Consumption	\$ 3.80	2,680,470	\$ 10,186	\$ 5.13	23,920	\$ 123
41	Total Commercial Revenue			\$ 12,488			\$ 771
<b>Wastewater Only</b>							
River Club							
42	Units	N/A	N/A	N/A	\$ 27.27	2,304	\$ 62,830
43	Wash House	N/A	N/A	N/A	152.65	12	1,832
Palm Circle Park							
44	Flat Rate				\$ 16.06	672	\$ 10,792
45	Flat Rate Consumption (Gallons)				5.13	5,641,187	28,939
46	Total Wastewater Only Revenue						\$ 104,393
47	Total Consumption (Gallons)		19,805,202			14,050,407	
48	<b>Subtotal - Revenues</b>			\$ 120,936			\$ 194,007
49	<b>Rate Increase Recognized</b>	0.00%		-			-
50	<b>Total Water Revenue</b>			\$ 120,936			\$ 194,007
51	<b>Total Sewer Revenue</b>						\$ 194,007

Table 7

**Martin County**  
**Evaluation of Laniger Enterprises of America, Inc.**

**Water and Wastewater Revenue Based on Martin County Rates**

Line No.	Description	Water			Wastewater		
		Water Rates	Billing Determinants	Revenues	Wastewater Rates	Billing Determinants	Revenues
<b>Residential</b>							
Meter Size							
1	5/8"	\$ 14.90	688	\$ 10,251	\$ 15.45	684	\$ 10,568
2	1"	34.20	240	8,208	15.45	240	3,708
3	1-1/2"	66.30	-	-	15.45	-	-
4	2"	104.85	-	-	15.45	-	-
5	Total Base Charge Revenue			18,459			14,276
Volumetric Charge							
6	0 - 10,000 gallons	\$ 1.92	3,578,460	\$ 6,871	\$ 3.76	3,318,750	\$ 12,479
7	10,001 - 15,000 gallons	2.62	19,902	52	3.76	-	-
8	15,001 and above	3.31	-	-	3.76	-	-
9	Total Gallons		3,598,362			3,318,750	
10	Total Volumetric Revenue			6,923			12,479
11	Total Residential Revenue			\$ 25,382			\$ 26,754
<b>Multi-Family</b>							
12	Charge Per Unit	\$ 6.45	2,080	\$ 13,416	\$ 6.15	5,008 (1)	\$ 30,799
13	Customer Account Charge (Per Bill)	2.05	428	877	3.20	452 (1)	1,446
14	Total Base & Account Charges			14,293			32,246
Volumetric Charge							
15	0 - 5,000 gallons	\$ 1.92	5,059,070	\$ 9,713	\$ 3.76	15,840,437 (1)	\$ 59,560
16	5,001 - 7,500 gallons	2.62	43,140	113	3.76	-	-
17	7,501 and above	3.31	-	-	3.76	-	-
18	Total Gallons		5,102,210			15,840,437	
19	Total Volumetric Revenue			9,826			59,560
20	Total Multi-Family Revenue			\$ 24,120			\$ 91,806
<b>Irrigation</b>							
Meter Size							
21	5/8"	\$ 17.35	-	\$ -	N/A	N/A	N/A
22	1"	40.40	192	7,757	N/A	N/A	N/A
23	1-1/2"	78.50	48	3,768	N/A	N/A	N/A
24	2"	124.40	-	-	N/A	N/A	N/A
25	3"	246.70	-	-	N/A	N/A	N/A
26	4"	384.30	-	-	N/A	N/A	N/A
27	6"	766.50	-	-	N/A	N/A	N/A
28	8"	1,379.05	-	-	N/A	N/A	N/A
29	Total Base Charge Revenue			11,525		N/A	N/A
Volumetric Charge							
30	0 - 10,000 gallons	\$ 2.62	2,147,960	\$ 5,628	N/A	N/A	N/A
31	10,001 and above	3.31	6,276,200	20,774	N/A	N/A	N/A
32	Total Gallons		8,424,160				
33	Total Volumetric Revenue			26,402		N/A	N/A
34	Total Irrigation Revenue			\$ 37,927		N/A	N/A
<b>Commercial</b>							
Meter Size							
35	5/8"	\$ 17.35	12	\$ 208	\$ 17.80	12	\$ 214
36	1"	40.40	36	1,454	39.75	12	477
37	1-1/2"	78.50	-	-	76.15	-	-
38	2"	124.40	12	1,493	119.90	-	-
39	3"	246.70	-	-	236.55	-	-
40	4"	384.30	-	-	367.80	-	-
41	6"	766.50	-	-	732.35	-	-
42	8"	1,379.05	-	-	1,315.20	-	-
43	Total Base Charge Revenue			3,155			691

Footnotes on Page 2 of 2.

Table 7

**Martin County**  
**Evaluation of Laniger Enterprises of America, Inc.**

**Water and Wastewater Revenue Based on Martin County Rates**

Line No.	Description	Water			Wastewater		
		Water Rates	Billing Determinants	Revenues	Wastewater Rates	Billing Determinants	Revenues
44	Volumetric Charge All Consumption	\$ 2.32	2,680,470	\$ 6,219	\$ 3.76	23,920	\$ 90
45	Total Commercial Revenue			\$ 9,374			\$ 781
46	Total Consumption (Gallons)		19,805,202			19,183,107	
47	<b>Subtotal - Revenues</b>			\$ 96,803			\$ 119,340
48	<b>Rate Increase Recognized</b>	0.00%		-			-
49	<b>Total Water Revenue</b>			\$ 96,803			
50	<b>Total Wastewater Revenue</b>						\$ 119,340

## Footnotes:

- (1) Includes billing determinants and flows for wastewater only accounts River Club and Palm Circle Park. (for Laniger, such accounts are identified separately as a wastewater only customer based on billing statistics/rates).

Laniger Enterprises of America, Inc.  
Comparable Sales Analysis of Florida Utilities

Comparable Sales Analysis - Development of Time-Adjusted Acquisition Price

Line No.	Name of Utility (Seller)	Name of Utility (Buyer)	Year Purchased	Acquisition Price	Time Adjustment Factor [1]	Adjusted Purchase Price
1	Kingsley Service Company	Clay County	1992	\$ 22,260,000 [2]	9.34%	\$24,338,342
2	Clay Utilities Co., d/b/a South Broward Utility, Inc.	City of Sunrise	1997	12,300,000	2.52%	12,610,370
3	Ortega Utility Company	JEA (Duval County)	1998	7,180,000	3.65%	7,441,831
4	AquaSource Utilities, Inc. (Rotonda System)	Charlotte County	1998	20,300,000	3.65%	21,040,273
5	JBSCO, Inc.	Martin County	1998	695,000 [3]	3.65%	720,344
6	Gulf Utility Company	Gulf Environmental Services Inc.	1998	43,000,000	3.65%	44,568,067
7	Florida Cities Water Company - Poinciana Utilities, Inc.	Florida Governmental Utility Authority	1999	25,216,737	3.83%	26,182,538
8	Florida Cities Water Company - Sarasota System	Florida Governmental Utility Authority	1999	12,493,568	3.83%	12,972,072
9	Florida Cities Water Company - North/South Ft. Myers	Lee County	1999	128,859,183	3.83%	133,794,490
10	Jillington Creek Platation (JCP) Utilities	JEA	1999	18,856,162	3.83%	19,578,353
11	Fisherman's Cove Utilities	Martin County	1999	1,000,000	3.83%	1,038,300
12	Spruce Creek South Utilities, Inc.	Florida Water Services, Inc.	2000	7,321,236 [4]	3.68%	7,590,901
13	Pinelake Village	Martin County	2000	160,000	3.68%	165,893
14	United Water of Florida, Inc.	JEA (Duval County)	2001	219,000,000	4.51%	228,869,600
15	Regency Utilities Inc.	JEA	2001	7,718,000	4.51%	8,065,825
16	Decca Utilities	Marion County	2001	11,915,000 [5]	4.51%	12,451,969
17	Florida Public Utilities Company	City of Fernandina Beach	2003	24,355,070 [6]	4.47%	25,444,554
18	Florida Water Services, Inc. - Fox Run, Leliani Heights, and Fisherman's Haven (bundled purchase)	Martin County	2003	2,350,000	4.47%	2,455,123
19	Florida Water Services, Inc. - Beacon Hills, Woodmere, Palm Valley, Remington Forest (bundled purchase)	JEA (Duval County)	2003	25,000,000	4.47%	26,118,333
20	Florida Water Services Corporation - Palm Coast System	City of Palm Coast	2003	82,772,934	4.47%	86,475,643
21	Florida Water Services Corporation - Spring Hill System	Hernando County	2003	35,574,025	4.47%	37,165,370
22	Florida Water Services - Marco Island and Marco Shores Systems (bundled purchase)	City of Marco Island	2003	85,313,143 [7]	4.47%	89,129,484
23	Florida Water Services Corporation - Citrus	Florida Governmental Utility Authority	2003	16,548,337	4.47%	17,288,599
24	Florida Water Services Corporation - Lehigh	Florida Governmental Utility Authority	2003	34,596,839 [8]	4.47%	36,144,470
25	Realnor Hallandale Inc.	City of Bonita Springs	2003	500,034	4.47%	522,402
26	Florida Water Services Corporation	Nassau County	2003	17,200,000	4.47%	17,969,413
27	Florida Water Services Corporation	City of Groveland	2003	3,000,000	4.47%	3,134,200
28	Florida Water Services Corporation	Tohopekaliga Water Authority	2003	38,070,835	4.47%	39,773,870
29	Florida Water Services Corporation	Deltona	2003	59,478,752	4.47%	62,139,435
30	Little Sumter Utility Company	Village Center Community Development District	2003	80,837,006 [9]	4.47%	84,453,114
31	Florida Water Services Corporation	Marion County	2003	22,350,000	4.47%	23,349,790
32	Ocean City Utilities, Inc.	Flagler County	2004	1,127,582	0.64%	1,134,761
33	Burkam Enterprises, Inc. System Serving Snug Harbor	Brevard County	2005	1,595,000	-1.05%	1,578,253
34	St. Johns Service Company	St. Johns County	2006	26,800,000	-2.05%	26,251,493
35	Sky Acres Enterprises, Inc. / D.B.A Terrace Park Ventures	Pasco County	2002	10,000	4.03%	10,403
36	East Pasco Utilities	Pasco County	2003	2,850,000	4.47%	2,977,490
37	Forest Hills Utilities	Pasco County	2004	3,745,000	0.64%	3,768,843
38	Intercoastal Utilities, Inc.	St. Johns County	2007	24,500,000	-1.55%	24,119,433
39	Indian Trail Improvement District	Palm Beach County	2008	4,875,000	0.00%	4,875,000
40	Hudson Utilities Inc.	Ni America Operating LLC	2007	5,600,000	-1.55%	5,513,013
41	Tamiami Village Water Company, Inc.	Ni Florida, LLC	2008	745,000	0.00%	745,000

Footnotes on Following Page



**Laniger Enterprises of America, Inc.**  
**Comparable Sales Analysis of Florida Utilities**

**Comparable Sales Analysis - Development of Time-Adjusted Acquisition Price**

## Footnotes:

- [1] Adjustment to reflect inflationary effects upon purchase price less an allowance for depreciation of fixed assets. Inflation was based on construction cost index as published by the Engineering News Record (ENR). Index factors assume the change from June 1st of each year (midyear convention) and were determined as follows:

Fiscal Year	ENR		Less Depreciation Allowance [*]	Adjusted Percent Change
	Construction Cost Index	Percent Change		
1991	4835	67.71%	56.67%	11.04%
1992	4985	62.67%	53.33%	9.34%
1993	5210	55.64%	50.00%	5.64%
1994	5408	49.94%	46.67%	3.27%
1995	5471	48.22%	43.33%	4.89%
1996	5620	44.29%	40.00%	4.29%
1997	5826	39.19%	36.67%	2.52%
1998	5920	36.98%	33.33%	3.65%
1999	6059	33.83%	30.00%	3.83%
2000	6221	30.35%	26.67%	3.68%
2001	6343	27.84%	23.33%	4.51%
2002	6538	24.03%	20.00%	4.03%
2003	6694	21.14%	16.67%	4.47%
2004	7115	13.97%	13.33%	0.64%
2005	7443	8.95%	10.00%	-1.05%
2006	7751	4.62%	6.67%	-2.05%
2007	7967	1.78%	3.33%	-1.55%
2008	8109	0.00%	0.00%	0.00%

[\*] Assumptions For Depreciation:

Fixed Asset: Lifespan (years): 30

Annual Depreciation (%): 3.33%

- [2] Purchase Price includes \$11,500,000.00 of future Payments agreed to be paid in full upon addition of 525 ERCs from time of sale.
- [3] Purchase price included the requirement of the Seller to construct an interconnect to connect the purchased assets to the County system. Net purchase price determined as follows:

	Amount
Cash at Closing	\$ 873,670
Cost of Interconnect Required of Seller	(178,670)
<b>Net Purchase Price</b>	<b>\$ 695,000</b>

- [4] Purchase price included: i) cash payment at closing; ii) future payments for growth through 2005; and iii) a cash payment once a certain number of ERCs have been connected. Estimated purchase price determined as follows:

	Amount	Notes
Cash at Closing	\$ 5,500,480	
Present Value of Futures Payments	1,263,709	Assume 200 ERCs at \$1500 per ERC, discounted at 6%
Present Value of Future Cash Payment	557,047	At 200 ERCs per year, reach 3,300 ERCs in year 17
<b>Assumed Purchase Price of Utility</b>	<b>\$ 7,321,236</b>	

- [5] Marion County ("the County") entered into agreement with Decca to make future payments past closing based on each new additional ERC that is connected to the Utility System. The County is required to pay Decca \$500 per ERC (for all system ERCs) and make subsequent reimbursement payments of no less than \$300,000.00 per annum to an aggregate maximum of \$3,000,000.00.

- [6] Purchase price included: i) cash payment at closing; ii) future payments for growth through 2005; and iii) a cash payment once a certain number of ERCs have been connected. Estimated purchase price determined as follows:

	Amount	Notes
Cash at Closing	\$ 18,950,000	
Present Value of Futures Payments	2,212,796	Assume 300 ERCs at \$1500 per ERC for 6 years, discounted at 6%
Present Value of Final Futures Payment	3,192,274	Difference between \$7,500,000 and payments to date, discounted at 6%
<b>Assumed Purchase Price of Utility</b>	<b>\$ 24,355,070</b>	

- [7] Acquisition price does not include amount due from buyer to seller for accounts receivables. Calculation is as follows:

	Amount
Cash at Closing	\$ 86,613,143
Accounts Receivable	(1,300,000)
<b>Net Purchase Price</b>	<b>\$ 85,313,143</b>

- [8] Acquisition price does not include amount due from buyer to seller for accounts receivables. Calculation is as follows:

	Amount
Cash at Closing	\$ 35,433,538
Accounts Receivable	(836,699)
<b>Net Purchase Price</b>	<b>\$ 34,596,839</b>

- [9] \$21,206,091.90 of the Acquisition Price went to retiring the LSU Bonds. Also LSU deposited \$2,160,794.88 to the construction fund when the Series 2003 Bonds were issued.

- [10] The acquisition price is comprised of three components as follows:

Utility System	\$ 318,380
Stabilization of Certain Roadways for Infrastructure	1,400,000
Relinquishment of Existing and Future Service Area Rights	3,156,620
<b>Total</b>	<b>\$ 4,875,000</b>

**Table 8B**  
**Laniger Enterprises of America, Inc.**  
**Comparable Sales Analysis of Florida Utilities**

**Comparable Sales Analysis - Allocation of Adjusted Purchase Price**

Line No.	Name of Utility (Seller)	Name of Purchaser	System Type	Adjusted Purchase Price [1]	Net Utility Plant in Service [2]			Percent of Total		Allocated Purchase Price	
					Water	Wastewater	Total	Water	Wastewater	Water	Wastewater
1	Kingsley Service Company	Clay County	W/S	\$ 24,338,342	\$ 10,409,627	\$ 16,511,793	\$ 26,921,420	38.67%	61.33%	\$9,411,637	\$14,925,705
2	Clay Utilities Co., d/b/a South Broward Utility, Inc.	City of Sunrise	W/S	12,610,370	5,628,142	7,118,556	12,746,698	44.15%	55.85%	5,567,478	7,042,892
3	Ortega Utility Company	JEA (Duval County)	W/S	7,441,831	1,841,216	2,514,599	4,355,815	42.27%	57.73%	3,145,662	4,296,169
4	AquaSource Utilities, Inc. (Rotonda System)	Charlotte County	W/S	21,040,273	6,040,697	4,292,015	10,332,712	58.46%	41.54%	12,300,144	8,740,130
5	IBSCO, Inc.	Martin County	W/S	720,344	147,743	205,102	352,845	41.87%	58.13%	301,608	418,736
6	Gulf Utility Company	Gulf Environmental Services Inc.	W/S	44,568,067	14,582,973	12,201,473	26,784,446	54.45%	45.55%	24,267,312	20,300,754
7	Florida Cities Water Company - Poinciana Utilities, Inc.	Florida Governmental Utility Authority	W/S	26,182,538	11,487,925	25,698,063	37,185,988	30.89%	69.11%	8,087,786	18,094,752
8	Florida Cities Water Company - Sarasota System	Florida Governmental Utility Authority	W/S	12,972,072	3,564,464	9,010,844	12,575,308	28.34%	71.66%	3,676,285	9,295,787
9	Florida Cities Water Company - North/South Ft. Myers	Lee County	W/S	133,794,490	48,937,496	29,237,735	78,175,231	62.60%	37.40%	83,755,351	50,039,139
10	Wilmington Creek Plantation (JCP) Utilities	JEA	W/S	19,578,353	2,889,354	10,946,421	13,835,775	20.88%	79.12%	4,087,960	15,490,393
11	Fisherman's Cove Utilities	Martin County	W/S	1,038,300	205,766	206,428	412,194	49.92%	50.08%	518,319	519,981
12	Spruce Creek South Utilities, Inc.	Florida Water Services, Inc.	W/S	7,590,901	3,803,821	3,776,259	7,580,080	50.18%	49.82%	3,809,114	3,781,787
13	Finlake Village [3]	Martin County	W/S	165,893	126,013	246,966	372,979	33.79%	66.21%	56,055	109,838
14	United Water of Florida, Inc.	JEA (Duval County)	W/S	228,869,600	65,472,778	92,902,565	158,375,343	41.34%	58.66%	94,614,693	134,254,907
15	Regency Utilities Inc.	JEA	W/S	8,065,825	1,578,757	1,002,248	2,581,005	61.17%	38.83%	4,933,865	3,131,960
16	Decoa Utilities	Marion County	W/S	12,451,969	3,028,934	3,664,160	6,693,094	45.25%	54.75%	5,634,516	6,817,453
17	Florida Public Utilities Company	City of Fernandina Beach	W/	25,444,554	12,628,461	-	12,628,461	100.00%	0.00%	25,444,554	-
18	Florida Water Services, Inc. - Fox Run, Loliami Heights, and Fisherman's Haven (bundled purchase)	Martin County	W/S	2,455,123	808,012	744,117	1,552,129	52.06%	47.94%	1,278,137	1,176,986
19	Florida Water Services, Inc. - Beacon Hills, Woodmere, Palm Valley, Remington Forest (bundled purchase)	JEA (Duval County)	W/S	26,118,333	8,328,753	7,324,916	15,653,669	53.21%	46.79%	13,897,565	12,220,768
20	Florida Water Services Corporation - Palm Coast System	City of Palm Coast	W/S	86,475,643	40,183,812	42,285,549	82,469,161	48.73%	51.27%	42,139,581	44,336,062
21	Florida Water Services Corporation - Spring Hill System	Hernando County	W/S	37,165,370	16,266,695	12,752,212	29,018,907	56.06%	43.94%	20,834,906	16,330,463
22	Florida Water Services - Marco Island and Marco Shores Systems (bundled purchase)	City of Marco Island	W/S	89,129,484	55,824,637	19,636,613	75,461,250	73.98%	26.02%	65,937,992	23,191,492
23	Florida Water Services Corporation - Citrus	Florida Governmental Utility Authority	W/S	17,288,599	18,562,596	8,715,866	27,278,462	68.05%	31.95%	11,764,892	5,523,707
24	Florida Water Services Corporation - Lehigh	Florida Governmental Utility Authority	W/S	36,144,470	16,912,279	22,103,854	39,016,133	43.35%	56.65%	15,668,628	20,475,843
25	Realnor Hallandale Inc.	City of Bonita Springs	S	522,402	-	922,772	922,772	0.00%	100.00%	-	522,402
26	Florida Water Services Corporation	Nassau County	W/S	17,969,413	3,406,231	5,205,212	8,611,443	39.55%	60.45%	7,106,903	10,862,510
27	Florida Water Services Corporation	City of Groveland	W/S	3,134,200	558,429	775,712	1,334,141	41.86%	58.14%	1,311,976	1,822,224
28	Florida Water Services Corporation	Tohopekaliga Water Authority	W/S	39,773,870	7,981,329	11,151,305	19,132,634	41.72%	58.28%	16,593,659	23,180,212
29	Florida Water Services Corporation	Deltona	W/S	62,139,435	18,023,008	10,516,040	28,539,048	63.15%	36.85%	39,241,053	22,898,382
30	Little Sunter Utility Company [4]	Village Center Community Development District	W/S	84,453,114	13,715,781	18,338,027	32,053,808	42.79%	57.21%	36,137,488	48,315,627
31	Florida Water Services Corporation	Marion County	W/S	23,349,790	16,702,713	8,655,941	25,358,654	65.87%	34.13%	15,380,507	7,969,283
32	Ocean City Utilities, Inc.	Flagler County	W/S	1,134,761	425,998	122,772	548,770	77.63%	22.37%	880,915	253,846
33	Burkim Enterprises, Inc. System Serving Snug Harbor	Brevard County	W/S	1,578,253	302,850	97,548	400,398	75.64%	24.36%	1,193,790	384,462
34	St. Johns Service Company	St. Johns County	W/S	26,251,493	6,660,860	10,536,450	17,197,310	38.73%	61.27%	10,167,203	16,084,290
35	Sky Acres Enterprises, Inc. / D.B.A. Terrace Park Ventures	Pasco County	S	10,403	-	6,357	6,357	0.00%	100.00%	-	10,403
36	East Pasco Utilities	Pasco County	W/S	2,977,490	346,811	166,587	513,398	67.55%	32.45%	2,011,294	966,196
37	Forest Hills Utilities	Pasco County	W/S	3,768,843	259,550	329,910	589,460	44.03%	55.97%	1,659,422	2,109,422
38	Intercoastal Utilities, Inc.	St. Johns County	W/S	24,119,433	7,233,854	10,102,309	17,336,163	41.73%	58.27%	10,065,040	14,034,394
39	Indian Trail Improvement District [5]	Palm Beach County	W/S	4,875,000	1,479,495	2,219,243	3,698,738	40.00%	60.00%	1,950,000	2,925,000
40	Hydaco Utilities Inc.	Ni America Operating J.J.C.	S	5,513,013	-	4,683,677	4,683,677	0.00%	100.00%	-	5,513,013
41	Tamiami Village Water Company, Inc.	Ni Florida, LLC	W/	745,000	79,517	-	79,517	100.00%	0.00%	745,000	-

**Footnotes:**

- [1] Amounts shown derived from Table 1.
- [2] Based on information published by the respective utilities in the Annual Reports submitted to the regulatory agency and other available financial information.
- [3] Net Plant Utility calculated based on depreciated replacement cost.
- [4] \$21,206,091.90 of the Acquisition Price went to retiring the LSU Bonds. Also LSU deposited \$2,160,794.88 to the construction fund when the Series 2003 Bonds were issued.

**Laniger Enterprises of America, Inc.**  
**Comparable Sales Analysis of Florida Utilities**

**Comparable Sales Analysis - Development of Purchase Price Per ERC**

Line No.	Name of Utility (Seller)	Name of Purchaser	Water System			Wastewater System		
			Allocated Price [1]	ERCs [2]	Price/ERC	Allocated Price [1]	ERCs [2]	Price/ERC
<b>Implied Price Based on ERCs (Meter Equivalents) Served</b>								
1	Kingsley Service Company	Clay County	\$ 9,411,637	16,266	\$579	\$14,926,705	15,463	965
2	Clay Utilities Co., d/b/a South Broward Utility, Inc.	City of Sunrise	5,567,478	2,924	1,904	7,042,892	2,330	3,023
3	Ortega Utility Company	JEA (Duval County)	3,145,662	2,465	1,276	4,296,169	2,166	1,983
4	AquaSource Utilities, Inc. (Rotonda System)	Charlotte County	12,300,144	3,685	3,338	8,740,130	3,246	2,693
5	IBSCO, Inc.	Martin County	301,608	352	857	418,736	354	1,185
6	Gulf Utility Company	Gulf Environmental Services Inc.	24,267,312	8,382	2,895	20,300,754	3,826	5,306
7	Florida Cities Water Company - Poinciana Utilities, Inc.	Florida Governmental Utility Authority	8,087,786	6,461	1,252	18,094,752	6,206	2,916
8	Florida Cities Water Company - Sarasota System [3]	Florida Governmental Utility Authority	3,676,285	7,582	485	9,295,787	11,992	775
9	Florida Cities Water Company - North/South Ft. Myers	Lee County	83,755,351	26,737	3,133	50,039,139	13,303	3,761
10	Jillington Creek Plantation (JCP) Utilities	JEA	4,087,960	1,591	2,569	15,490,393	1,382	11,209
11	Fisherman's Cove Utilities	Martin County	518,319	524	989	519,981	524	992
12	Spruce Creek South Utilities, Inc.	Florida Water Services, Inc.	3,809,114	4,246	897	3,781,787	3,307	1,144
13	PineLake Village	Martin County	56,055	471	119	109,838	471	233
14	United Water of Florida, Inc.	JEA (Duval County)	94,614,693	53,929	1,754	134,254,907	38,820	3,458
15	Regency Utilities Inc.	JEA	4,933,865	1,627	3,032	3,131,960	1,352	2,317
16	Decca Utilities	Marion County	5,634,516	3,571	1,578	6,817,453	3,822	1,784
17	Florida Public Utilities Company	City of Fernandina Beach	25,444,554	8,117	3,135	-	-	-
18	Florida Water Services, Inc. - Fox Run, Leliani Heights, and Fisherman's Haven (bundled purchase)	Martin County	1,278,137	660	1,937	1,176,986	630	1,868
19	Forest (bundled purchase)	JEA (Duval County)	13,897,565	6,426	2,163	12,220,768	5,832	2,095
20	Florida Water Services Corporation - Palm Coast System	City of Palm Coast	42,139,581	27,464	1,534	44,336,062	20,147	2,201
21	Florida Water Services Corporation - Spring Hill System	Hernando County	20,834,906	34,622	602	16,330,463	8,021	2,036
22	Florida Water Services - Marco Island and Marco Shores Systems (bundled purchase)	City of Marco Island	65,937,992	16,160	4,080	23,191,492	6,109	3,796
23	Florida Water Services Corporation - Citrus	Florida Governmental Utility Authority	11,764,892	11,648	1,010	5,523,707	6,382	866
24	Florida Water Services Corporation - Lehigh	Florida Governmental Utility Authority	15,668,628	11,460	1,367	20,475,843	8,427	2,430
25	Reahor Hallandale Inc.	City of Bonita Springs	-	-	-	522,402	806	648
26	Florida Water Services Corporation	Nassau County	7,106,903	2,319	3,065	10,862,510	2,142	5,071
27	Florida Water Services Corporation	City of Groveland	1,311,976	809	1,622	1,822,224	226	8,063
28	Florida Water Services Corporation	Tohopekaliga Water Authority	16,593,659	13,149	1,262	23,180,212	8,422	2,752
29	Florida Water Services Corporation	Deltona	39,241,053	32,614	1,203	22,898,382	5,975	3,832
30	Little Sumter Utility Company [4]	Village Center Community Development District	36,137,488	10,755	3,360	48,315,627	8,854	5,457
31	Florida Water Services Corporation	Marion County	15,380,507	9,706	1,585	7,969,283	6,561	1,215
32	Ocean City Utilities, Inc.	Flagler County	880,915	571	1,543	253,846	341	746
33	Burkin Enterprises, Inc. System Serving Snug Harbor	Brevard County	1,193,790	483	2,472	384,462	483	796
34	St. Johns Service Company	St. Johns County	10,167,203	8,337	1,220	16,084,290	7,623	2,110
35	Sky Acres Enterprises, Inc. / D.B.A. Terrace Park Ventures	Pasco County	-	-	-	10,403	173	60
36	East Pasco Utilities	Pasco County	2,011,294	1,727	1,165	966,196	1,091	886
37	Forest Hills Utilities	Pasco County	1,659,422	2,394	693	2,109,422	1,204	1,752
38	Intercoastal Utilities, Inc.	St. Johns County	10,065,040	6,849	1,470	14,054,394	5,482	2,564
39	Indian Trail Improvement District	Palm Beach County	1,930,000	250	7,800	2,925,000	243	12,037
40	Hudson Utilities Inc.	Ni America Operating LLC	-	-	-	5,513,013	2,978	1,851
41	Tamiami Village Water Company, Inc.	Ni Florida, LLC	745,000	785	950	-	-	0
42	<b>Weighted Average Price per ERC</b>				<b>1,740</b>			<b>2,669</b>
43	<b>Laniger Enterprises of America, Inc. - ERC (meter equivalents)</b>			<b>274</b>			<b>319</b>	
44	<b>Implied Purchase Price per Utility System Component</b>				<b>\$ 475,777</b>			<b>\$ 850,043</b>
45	<b>Total Implied Purchase Price - Combined Utility System Component</b>							<b>\$ 1,325,820</b>

## Footnotes

- [1] Amounts derived from Table 2.
- [2] Based on information published by the respective utilities in the Annual Reports submitted to the regulatory agency and other available financial information.
- [3] The ERC calculations basis was derived by dividing base charge revenues by the base charge rate for each respective class.
- [4] \$21,206,091.90 of the Acquisition Price went to retiring the LSU Bonds. Also LSU deposited \$2,160,794.88 to the construction fund when the Series 2003 Bonds were issued.

**Table 8D**  
**Liniger Enterprises of America, Inc.**  
**Comparable Sales Analysis of Florida Utilities**

**Comparable Sales Analysis - Allocation of Unadjusted Purchase Price**

Line No.	Name of Utility (Seller)	Name of Purchaser	System Type	Acquisition Price [1]	Net Utility Plant in Service [2]			Percent of Total		Allocated Purchase Price	
					Water	Wastewater	Total	Water	Wastewater	Water	Wastewater
1	Kingsley Service Company	Clay County	W/S	\$ 22,260,000	\$ 10,409,627	\$ 16,511,793	\$ 26,921,420	38.67%	61.33%	\$8,607,942	\$13,652,058
2	Clay Utilities Co., d/b/a South Broward Utility, Inc.	City of Sunrise	W/S	12,300,000	5,628,142	7,118,556	12,746,698	44.15%	55.85%	5,430,450	6,869,550
3	Ortega Utility Company	JEA (Duval County)	W/S	7,180,000	1,841,216	2,514,599	4,355,815	42.27%	57.73%	3,034,996	4,145,014
4	AquaSource Utilities, Inc. (Rotonda System)	Charlotte County	W/S	20,300,000	6,040,697	4,292,015	10,332,712	58.46%	41.54%	11,867,380	8,432,620
5	IBSCO, Inc.	Martin County	W/S	695,000	147,743	205,102	352,845	41.87%	58.13%	290,997	404,004
6	Gulf Utility Company	Gulf Environmental Services Inc.	W/S	43,000,000	14,582,973	12,201,473	26,784,446	54.45%	45.55%	23,413,500	19,586,500
7	Florida Cities Water Company - Poinciana Utilities, Inc.	Florida Governmental Utility Authority	W/S	25,216,737	11,487,925	25,698,063	37,185,988	30.89%	69.11%	7,789,450	17,427,287
8	Florida Cities Water Company - Sarasota System	Florida Governmental Utility Authority	W/S	12,493,568	3,564,464	9,010,844	12,575,308	28.34%	71.66%	3,540,677	8,952,891
9	Florida Cities Water Company - North/South Ft. Myers	Lee County	W/S	128,859,183	48,937,496	29,237,735	78,175,231	62.60%	37.40%	80,665,849	48,193,334
10	Jillington Creek Platation (JCP) Utilities	JEA	W/S	18,856,162	2,889,354	10,946,421	13,835,775	20.88%	79.12%	3,937,167	14,918,995
11	Fisherman's Cove Utilities	Martin County	W/S	1,000,000	205,766	206,428	412,194	49.92%	50.08%	499,200	500,800
12	Spruce Creek South Utilities, Inc.	Florida Water Services, Inc.	W/S	7,321,236	3,803,821	3,776,259	7,580,080	50.18%	49.82%	3,673,796	3,647,440
13	PineLake Village [3]	Martin County	W/S	160,000	126,013	246,966	372,979	33.79%	66.21%	54,064	105,936
14	United Water of Florida, Inc.	JEA (Duval County)	W/S	219,000,000	65,472,778	92,902,565	158,375,343	41.34%	58.66%	90,534,600	128,465,400
15	Regency Utilities Inc.	JEA	W/S	7,718,000	1,578,757	1,002,248	2,581,005	61.17%	38.83%	4,721,101	2,996,899
16	Deoca Utilities	Marion County	W/S	11,915,000	3,028,934	3,664,160	6,693,094	45.25%	54.75%	5,391,538	6,523,463
17	Florida Public Utilities Company	City of Fernandina Beach	W/	24,355,070	12,628,461	-	12,628,461	100.00%	0.00%	24,355,070	-
18	Florida Water Services, Inc. - Fox Run, Letiani Heights, and Fisherman's Haven (bundled purchase)	Marion County	W/S	2,350,000	808,012	744,117	1,552,129	52.06%	47.94%	1,223,410	1,126,590
19	Florida Water Services, Inc. - Beacon Hills, Woodmere, Palm Valley, Remington Forest (bundled purchase)	JEA (Duval County)	W/S	25,000,000	8,328,753	7,324,916	15,653,669	53.21%	46.79%	13,302,500	11,697,500
20	Florida Water Services Corporation - Palm Coast System	City of Palm Coast	W/S	82,772,934	40,183,812	42,285,349	82,469,161	48.73%	51.27%	40,335,251	42,437,683
21	Florida Water Services Corporation - Spring Hill System	Hernando County	W/S	35,574,025	16,266,695	12,752,212	29,018,907	56.06%	43.94%	19,942,798	15,631,227
22	Florida Water Services - Marco Island and Marco Shores Systems (bundled purchase)	City of Marco Island	W/S	85,313,143	55,824,637	19,636,613	75,461,250	73.98%	26.02%	63,114,663	22,198,480
23	Florida Water Services Corporation - Citrus	Florida Governmental Utility Authority	W/S	16,548,337	18,562,596	8,715,866	27,278,462	68.05%	31.95%	11,261,143	5,287,194
24	Florida Water Services Corporation - Lehigh	Florida Governmental Utility Authority	W/S	34,596,839	16,912,279	22,103,854	39,016,133	43.35%	56.65%	14,997,730	19,599,109
25	Realnor Hallandale Inc.	City of Bonita Springs	S	500,034	-	922,772	922,772	0.00%	100.00%	-	500,034
26	Florida Water Services Corporation	Nassau County	W/S	17,200,000	3,406,231	5,205,212	8,611,443	39.55%	60.45%	6,802,600	10,397,400
27	Florida Water Services Corporation	City of Greenvale	W/S	3,000,000	558,429	775,712	1,334,141	41.86%	58.14%	1,255,800	1,744,200
28	Florida Water Services Corporation	Tokopisajiga Water Authority	W/S	38,070,835	7,981,329	11,151,305	19,132,634	41.72%	58.28%	15,883,152	22,187,683
29	Florida Water Services Corporation	Deltona	W/S	59,478,752	18,023,008	10,516,040	28,539,048	63.15%	36.85%	37,560,832	21,917,920
30	Little Sumter Utility Company [4]	Village Center Community Development District	W/S	80,837,006	13,715,781	18,338,027	32,053,808	42.79%	57.21%	34,590,155	46,246,851
31	Florida Water Services Corporation	Marion County	W/S	22,350,000	16,702,713	8,655,941	25,358,654	65.87%	34.13%	14,721,945	7,628,055
32	Ocean City Utilities, Inc.	Flagler County	W/S	1,127,582	425,998	122,772	548,770	73.63%	22.37%	875,342	252,240
33	Burlin Enterprises, Inc. System Serving Snug Harbor	Brevard County	W/S	1,595,000	302,850	97,548	400,398	75.64%	24.36%	1,206,458	388,542
34	St. Johns Service Company	St. Johns County	W/S	26,800,000	6,660,860	10,536,450	17,197,310	38.73%	61.27%	10,379,640	16,420,360
35	Sky Acres Enterprises, Inc. / D.B.A. Terrace Park Ventures	Pasco County	S	10,000	-	6,357	6,357	0.00%	100.00%	-	10,000
36	East Pasco Utilities	Pasco County	W/S	2,850,000	346,811	166,587	513,398	67.53%	32.45%	1,925,175	924,825
37	Forest Hills Utilities	Pasco County	W/S	3,745,000	259,550	329,910	589,460	44.03%	55.97%	1,648,924	2,096,077
38	Intercoastal Utilities, Inc.	St. Johns County	W/S	24,500,000	7,233,854	10,102,309	17,336,163	41.73%	58.27%	10,223,850	14,276,150
39	Indian Trail Improvement District [5]	Palm Beach County	W/S	4,875,000	1,479,495	2,219,243	3,698,738	40.00%	60.00%	1,950,000	2,925,000
40	Hudson Utilities Inc.	Ni America Operating LLC	S	5,600,000	-	4,683,677	4,683,677	0.00%	100.00%	-	5,600,000
41	Tamiami Village Water Company, Inc.	Ni Florida, LLC	W/	745,000	79,517	-	79,517	100.00%	0.00%	745,000	-

**Footnotes:**

[1] Amounts shown derived from Table 1.

[2] Based on information published by the respective utilities in the Annual Reports submitted to the regulatory agency and other available financial information.

[3] Net Plant Utility calculated based on depreciated replacement cost.

[4] \$21,206,091.90 of the Acquisition Price went to retiring the LSU Bonds. Also LSU deposited \$2,160,794.88 to the construction fund when the Series 2003 Bonds were issued.

Table 8E

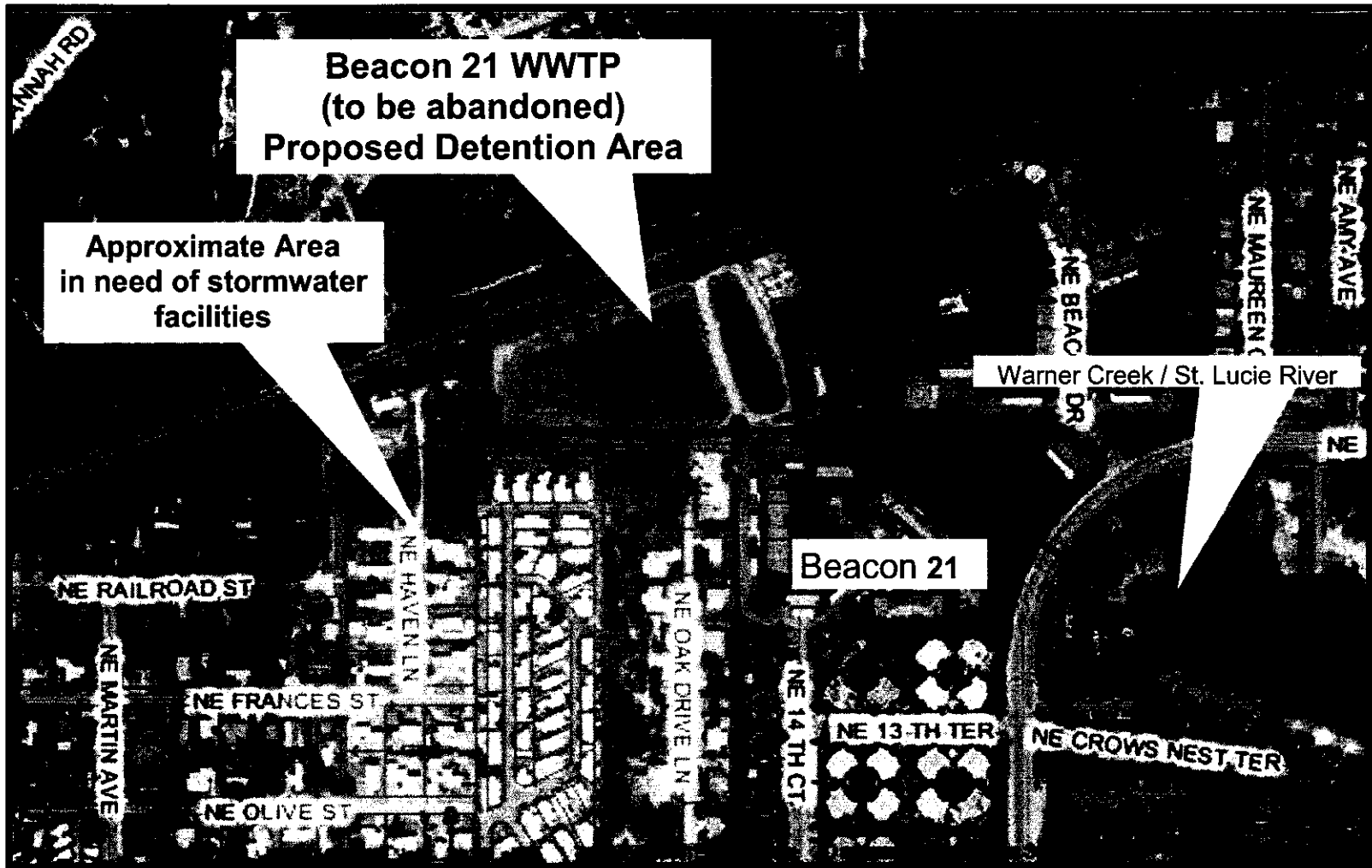
Loanier Enterprises of America, Inc.  
Comparable Sales Analysis of Florida Utilities

Comparable Sales Analysis - Development of Implied Purchase Price - Net Investment Basis

Line No.	Name of Utility (Seller)	Name of Purchaser	Water System			Wastewater System		
			Alloc. Price	Net Investment [1]	Net Invest. to Price Ratio	Alloc. Price	Net Investment [1]	Net Invest. to Price Ratio
<b>Implied Price Based on Net Investment</b>								
1	Kingsley Service Company	Clay County	\$ 8,607,942	\$ 10,409,627	82.69%	\$13,652,058	\$ 16,511,793	82.68%
2	Clay Utilities Co., d/b/a South Broward Utility, Inc.	City of Sunrise	5,430,450	5,628,142	96.49%	6,869,550	7,118,556	96.50%
3	Ortega Utility Company	JEA (Duval County)	3,034,986	1,841,216	164.84%	4,145,014	2,514,599	164.84%
4	AquaSource Utilities, Inc. (Rotonda System)	Charlotte County	11,867,380	6,040,657	196.46%	8,432,620	4,292,015	196.47%
5	JBSCO, Inc.	Marion County	290,997	147,743	196.96%	404,004	205,102	196.98%
6	Gulf Utility Company	Gulf Environmental Services Inc.	23,413,500	14,582,973	160.55%	19,586,500	12,201,473	160.53%
7	Florida Cities Water Company - Poinciana Utilities, Inc.	Florida Governmental Utility Authority	7,789,450	11,487,925	67.81%	17,427,287	25,698,063	67.82%
8	Florida Cities Water Company - Sarasota System [2]	Florida Governmental Utility Authority	3,540,677	3,564,464	99.33%	8,952,891	9,010,844	99.36%
9	Florida Cities Water Company - North/South Ft. Myers	Lee County	80,665,849	48,937,496	164.83%	48,193,334	29,237,735	164.83%
10	Jillington Creek Platation (JCP) Utilities	JEA	3,937,167	2,889,354	136.26%	14,918,995	10,946,421	136.29%
11	Fisherman's Cove Utilities	Martin County	499,200	205,766	242.61%	500,800	206,428	242.60%
12	Spruce Creek South Utilities, Inc.	Florida Water Services, Inc.	3,673,796	3,803,821	96.58%	3,647,440	3,776,259	96.59%
13	PineIsle Village	Martin County	54,064	126,013	42.90%	105,936	246,966	42.89%
14	United Water of Florida, Inc.	JEA (Duval County)	90,534,600	65,472,778	138.28%	128,465,400	92,902,565	138.28%
15	Regency Utilities Inc.	JEA	4,721,101	1,578,757	299.04%	2,996,899	1,002,248	299.02%
16	Doosa Utilities	Marion County	5,391,538	3,028,934	178.00%	6,523,463	3,664,160	178.03%
17	Florida Public Utilities Company	City of Fernandina Beach	24,355,070	12,628,461	192.86%	0	0	N/A
18	Florida Water Services, Inc. - Fox Run, Lefiani Heights, and Fisherman's Haven (bundled purchase)	Martin County	1,223,410	808,012	151.41%	1,126,590	744,117	151.40%
19	Florida Water Services, Inc. - Beacon Hills, Woodmere, Palm Valley, Remington Forest (bundled purchase)	JEA (Duval County)	13,302,500	8,328,753	159.72%	11,697,500	7,324,916	159.69%
20	Florida Water Services Corporation - Palm Coast System	City of Palm Coast	40,335,251	40,183,812	100.38%	42,437,683	42,285,349	100.36%
21	Florida Water Services Corporation - Spring Hill System	Hernando County	19,942,798	16,266,695	122.60%	15,631,227	12,752,212	122.58%
22	Florida Water Services - Marco Island and Marco Shores Systems (bundled purchase)	City of Marco Island	63,114,663	55,824,637	113.06%	22,198,480	19,636,613	113.05%
23	Florida Water Services Corporation - Citrus	Florida Governmental Utility Authority	11,261,143	18,562,596	60.67%	5,287,194	8,715,866	60.66%
24	Florida Water Services Corporation - Lehigh	Florida Governmental Utility Authority	14,997,730	16,912,279	88.68%	19,599,109	22,103,854	88.67%
25	Reznor Hallandale Inc.	City of Bonita Springs	0	0	N/A	500,034	922,772	54.19%
26	Florida Water Services Corporation	Nassau County	6,802,600	3,406,231	199.71%	10,397,400	5,205,212	199.75%
27	Florida Water Services Corporation	City of Groveland	1,255,800	558,429	224.88%	1,744,200	775,712	224.85%
28	Florida Water Services Corporation	Tohopekaliga Water Authority	15,883,152	7,981,329	199.00%	22,187,683	11,151,305	198.97%
29	Florida Water Services Corporation	Deltona	37,560,832	18,023,008	208.40%	21,917,920	10,516,040	208.42%
30	Little Sumner Utility Company	Village Center Community Development District	34,590,155	13,715,781	252.19%	46,246,851	18,338,027	252.19%
31	Florida Water Services Corporation	Marion County	14,721,945	16,702,713	88.14%	7,628,055	8,655,941	88.13%
32	Ocean City Utilities, Inc.	Flagler County	875,342	425,998	205.48%	252,240	122,772	205.45%
33	Burkin Enterprises, Inc. System Serving Snug Harbor	Brevard County	1,206,458	302,850	398.37%	388,542	97,548	398.31%
34	St. Johns Service Company	St. Johns County	10,379,640	6,660,860	155.83%	16,420,360	10,536,450	155.84%
35	Sky Acres Enterprises, Inc. / D.B.A. Terrace Park Ventures	Pasco County	0	0	N/A	10,000	6,357	157.31%
36	East Pasco Utilities	Pasco County	1,925,175	346,811	555.11%	924,825	166,587	555.16%
37	Forest Hills Utilities	Pasco County	1,648,924	259,550	635.30%	2,096,077	329,910	635.35%
38	Intracoastal Utilities, Inc.	St. Johns County	10,223,850	7,233,854	141.33%	14,276,150	10,102,309	141.32%
39	Indian Trail Improvement District [3]	Palm Beach County	1,950,000	1,479,495	131.80%	2,925,000	2,219,243	131.80%
40	Hudson Utilities Inc.	Ni America Operating LLC	0	0	N/A	5,600,000	4,683,677	119.56%
41	Tamami Village Water Company, Inc.	Ni Florida, LLC	745,000	79,517	936.91%	0	0	N/A
42	<b>Average Net Investment to Price Ratio</b>				<b>136.42%</b>			<b>133.43%</b>
43	<b>Loanier Enterprises of America, Inc. - Net Investment</b>			\$ 292,716			\$ 484,034	
44	<b>Implied Purchase Price per Utility System Component</b>				<b>\$399,329</b>			<b>\$645,856</b>
45	<b>Total Implied Price - Combined Utility System Component</b>							<b>\$ 1,045,185</b>

Footnotes:

- [1] Amounts derived from Table 2.
- [2] The ERC calculations basis was derived by dividing base charge revenues by the base charge rate for each respective class.
- [3] Assets associated with this transaction were derived from financial statements as reported within Resolution No.: 2008-0461 by Palm Beach County approving the Purchase of Indian Trails Improvement District by the County. In addition the reported net plant utility / assets were recognized as both assets of the water and wastewater system's collection / distribution (no treatment facilities), therefore for purposes of this analysis net plant utility was allocated on a 40% / 60% basis to the water and wastewater systems, respectively, reflecting that i) it was assumed that since the utility has an equal amount of water and wastewater ERCA that the water distribution and wastewater collection systems equally serve all customers of the system; and ii) that it was assumed wastewater collection systems cost 50% more than water distribution systems since it was assumed wastewater collection systems require large diameter piping than water distribution systems.



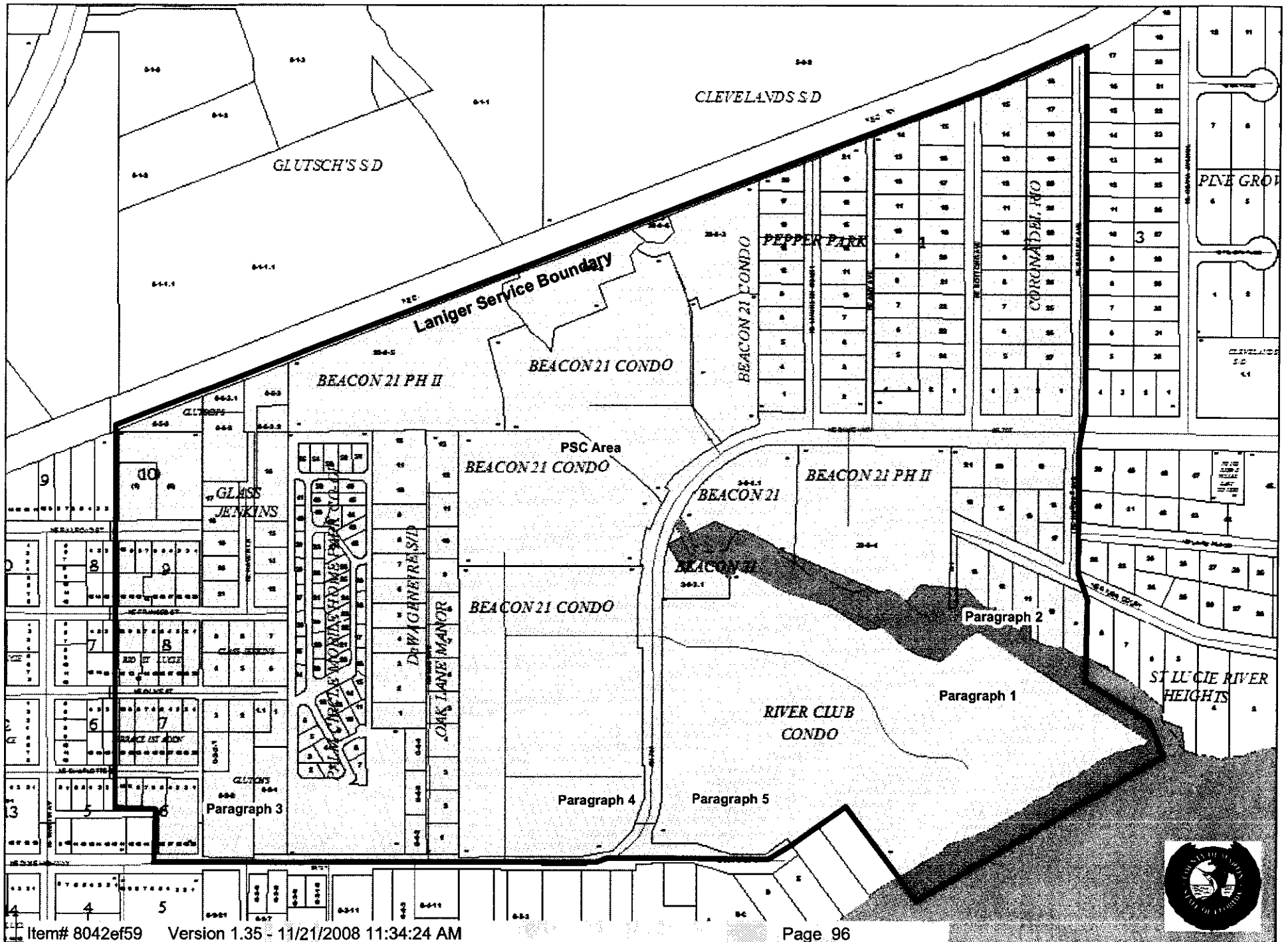
**Rio St Lucie  
Warner Creek Basin  
Proposed Retention at Beacon 21 WWTP**

# Beacon 21 Plant Property



## Legend

# Laniger Service Area





**WATER AND SEWER SYSTEM ASSET  
PURCHASE AND SALE AGREEMENT**

**THIS AGREEMENT**, is made and entered into this 3rd day of November, 2008, by and between Martin County, a political subdivision of the State of Florida ("County") and Laniger Enterprises of America, Inc., a Florida Corporation ("Laniger").

**RECITALS**

**WHEREAS**, Laniger is the owner of a water production, storage, treatment, transmission, and distribution system, and a wastewater treatment, transmission, collection and effluent disposal system (hereinafter referred to collectively as the "System"), that provide water and wastewater service to lands located in Martin County, Florida and known as Beacon 21, Palm Circle Park, and River Club; and,

**WHEREAS**, pursuant to and in accordance with its governmental powers under Chapters 125 and 163, Florida Statutes, its home rule power under Florida Law, and the Martin County Comprehensive Growth Management Plan, Martin County has determined that the purchase a portion of the System is in the public interest; and,

**WHEREAS**, the Martin County Board of County Commissioners held the public hearing and prepared the statement of public interest pursuant to Florida Statutes section 125.3401; and,

**WHEREAS**, Laniger is willing to sell portions of the System to the County and the County is willing to purchase those portions of the System on the terms and conditions set forth in this Agreement; and

**WHEREAS**, the Parties intend to connect Laniger's customers to the County's water and wastewater system; and

**WHEREAS**, the County intends to use the real property currently the site of Laniger's wastewater system as part of its stormwater retrofit project.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto agree as follows:

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

**SECTION 2. PURCHASE AND SALE OF PURCHASED ASSETS.**

2.1 On the Closing Date, as hereinafter defined, Laniger shall sell, assign, transfer, convey and deliver to the County all of its right, title and interest in and to such real and personal property hereinafter referred to as the "Purchased Assets," as more specifically set forth in **Exhibit "A"** attached hereto and by reference made a part hereof, and the County shall purchase, accept and pay for all such rights, title and interest in and to the Purchased Assets. Thereafter, the County shall have the sole right and responsibility to provide water and wastewater service to existing and future customers of the former Laniger service area as set forth in **Exhibit "B"** attached hereto and by reference made a part hereof. The County acknowledges that the Purchased Assets are being sold in an "As Is, Where Is" condition without any representations or warranties except as specifically set forth in this Agreement, and subject to the Investigation Period as set forth in Section 8. The Purchased Assets consist of:

(1) Real Property. The real property known as the Wastewater Plant site owned by Laniger in fee simple title or otherwise, the legal description for which is attached as **Exhibit "C"** (the "Property").

(2) Wastewater Plant, Wastewater and Water Lines and Other Facilities. All wastewater collection, transmission, treatment and disposal facilities of every kind and description whatsoever including without limitation, all lift stations, pumps, generators, controls, collection and transmission pipes or facilities, valves, meters, service connections, and all other water and/or wastewater service connections, and all other water and wastewater physical facilities and property installations in use in connection with the operation of the System including all wells and water transmission and distribution lines.

(3) Water Plant Site Easement. The County is specifically not purchasing the Water Plant and Water Plant Site. However, the County is purchasing an easement over the Water Plant Site as described in **Exhibit "D"**.

(4) Equipment. All equipment, tools, parts, laboratory equipment, and other personal property owned by Laniger and located on the Property and/or utilized by Laniger exclusively in connection with the operation of the System, as described on the Inventory as attached hereto as **Exhibit "E"** and made a part hereof.

(5) Other Rights. All rights, privileges, easements, licenses, prescriptive rights and rights to use private roads and other areas owned and/or used by Laniger in connection with the construction, reconstruction, installation, maintenance and operation of the System and the Purchased Assets more particularly described in **Exhibit "F"** (the "Easements"). The County recognizes that a portion of the Purchased Assets may be located within easements generally available to utility companies and that said easements are not owned by Laniger.

(6) Customer and Supplier Lists; Other Records. All current customer records and supplier lists, as-built surveys and water and sewer plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, accounting and customer records in the

possession of Laniger that relate to the operation of the System. Laniger may make copies of its books and records, at its expense, before transferring the original or (if the original is not available) copies of the books and records to the County.

(7) Permits and Approvals. All existing permits and other governmental authorizations and approvals of any kind necessary to operate and maintain the System in accordance with all governmental requirements, as more specifically described in **Exhibit "G"** to this Agreement. The County and Laniger agree to execute necessary forms required by governmental agencies to transfer said permits and approvals at Closing.

(8) Contracts. All contracts, licenses, and agreements used in connection with Laniger's ownership or use of the Purchased Assets or System and identified in **Exhibit H**". The County may, but is not obligated to, assume any or all of the foregoing.

2.2 Excluded Assets. Certain assets shall be excluded from the sale including, but not limited to, the water treatment plant, water treatment plant site, cash on hand, deposits made by Laniger with third party providers, 2006 GMC Sierra, the mower, the corporation and name: "Laniger Enterprises of America, Inc.", all as more specifically set forth in **Exhibit "I"**.

### SECTION 3. PURCHASE PRICE AND PAYMENT.

3.1 Purchase Price. The County agrees to pay Laniger on the Closing Date, and Laniger agrees to accept as the purchase price for the Purchased Assets, One Million Four Hundred Thousand Dollars (\$1,400,000.00), subject to the adjustments as contemplated herein (as so adjusted, the "Purchase Price"). The Purchase Price shall be paid at Closing by a County check or other immediately available funds by wire transfer to a bank and bank account designated by Laniger. Prior to Closing, Laniger shall deliver written wiring instructions to the County if Laniger desires a wire transfer.

3.2 Service Area Extension. Upon execution of this Agreement by both parties the County shall pay to Laniger a non-refundable payment in the amount of \$65,000 in exchange for which Laniger agrees to allow the County to extend water and wastewater service to 21 lots in an area known as Martin Avenue, and more specifically identified in **Exhibit "J"**. At closing, the County will receive a credit toward the purchase price for this payment. Regardless of whether the parties close on the acquisition contemplated by this Agreement, each acknowledges adequate consideration has been received for this service area extension and Laniger shall be entitled to retain the deposit and the County shall be entitled to retain the customers. In the event this transaction fails to close, this payment shall not be considered liquidated damages, and the parties will have such remedies as otherwise set forth herein.

3.3 Prepaid Capacity. The County agrees to accept an assignment of and assume the duties and responsibilities of Laniger pursuant to certain developer agreements identified in **Exhibit "K"** referenced herein, including that certain Wastewater Agreement dated November 20,

1998, between Palm Circle Park, Inc. and Laniger Enterprises of American, Inc. and that certain Developer Agreement dated April 7, 2007 by and between Keith Burge, as trustee of the Burge Trust ("Burge"), and Laniger, including but not limited to the duties and responsibilities to: (i) connect and provide service to 30 multifamily equivalent residential connections for water and wastewater, located in Beacon 21, without further capacity or line charges (although County may charge such miscellaneous charges as meter installation fees); and (ii) connect and provide service to 40 multifamily equivalent residential connections located in Beacon 21 upon payment to the County of not more than \$3,135 per equivalent residential connection for a cumulative total of One Hundred Twenty Five Thousand Four Hundred Dollars (\$125,400.00). Notwithstanding anything else herein to the contrary, these service requirements shall survive Closing, and may be assigned by Burge to a subsequent purchaser of the property to be served by the agreements following thirty (30) days written notice to the County, and shall continue until the 70 equivalent residential connections are served or no longer require service or until 20 years from the date of this agreement, whichever occurs first.

**3.4 Adjustments and Prorations.** At the time of Closing, the parties covenant and agree that the following adjustments shall be made:

(1) Real and personal property taxes for 2008, or a proration thereof, on all real and personal property which is being conveyed by Laniger to the County, shall be paid by Laniger and shall be deposited in escrow with the Martin County Tax Collector, pursuant to the provisions of Section 196.295, Florida Statutes.

(2) Within five days prior to the Closing Date, Laniger and County shall jointly cause the meter reading for each customer's water and/or wastewater account to be read. Laniger will final bill, to include all receivables, all their water and/or wastewater customers based on this joint meter reading and issue said bills prior to the Closing Date. Laniger will instruct their customers to make payment for this final bill to Martin County Utilities. On the Closing Date, the County will pay Laniger ninety-eight percent (98%) of the amount of such billings, less any receivables from the joint meter reading date that are more than 60 days in arrears. Based on this final billing, at Closing Laniger will assign to Martin County Utilities all outstanding receivables. Laniger shall furnish to the County, prior to the Closing, a listing of all its accounts receivable, by customer, address, outstanding balances on accounts, the age of the outstanding balances and any other customer information available as part of Laniger's customer account information.

In the event Laniger receives any payments from customers after the Closing Date for any amounts included on the final bill, Laniger shall pay all such amounts, by endorsed checks or otherwise, to the County within five (5) business days of receipt of the payment.

(3) Laniger 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. Laniger shall be responsible for, and shall provide to the County, upon request, evidence of the payment of all such invoices. Laniger shall receive a credit for prepaid goods or services which will benefit County following closing; provided such credit shall not exceed \$1,000.

(4) All adjustments and prorations shall be calculated as of 11:59 p.m. of the Closing Date. Credits and charges for the Closing Date shall belong to, and be borne by Laniger.

(5) A credit (addition) in the amount of \$7,000 to the Purchase Price based on a proration of the fee prepaid Florida East Coast Railroad for a right-of-way crossing.

**3.5 Closing Expenses.** Documentary stamps and surtax on the Deed shall be paid by Laniger, as the non-exempt party, pursuant to Florida Statute 201.01 provided that Laniger shall receive a credit (addition) to the Purchase Price in like amount at Closing. The cost of recording the Deed, the Assignment of Easements, and any other document required to consummate this transaction shall be paid by Laniger. Title commitment and title insurance costs are payable as set forth in paragraph 5.1 of this Agreement.

**3.6 Corroboration of Payments After Closing.** In each instance in which either Laniger or the County is to receive money from the other 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, or the party that received the payment shall promptly return any overpayment.

**SECTION 4. ENVIRONMENTAL DUE DILIGENCE.** Within forty-five (45) days of the date of this Agreement, County may undertake a phase one environmental audit on the Property. Such phase one audit shall be performed at County's expense. If the phase one audit shows the presence of hazardous waste (as hereafter defined) in either the soil or groundwater, or a phase two audit is recommended by the County's consultant, County may, at its sole cost and expense, cause a phase two environmental audit to be performed. If the phase two audit shows the presence of hazardous waste in either the soil or the groundwater that requires remedial action, County shall provide notice to Laniger advising of the need for such remedial action. If the estimated cost of required remedial action is, as estimated by the County's consultant, \$50,000 or less, Laniger shall take prompt action as necessary to expeditiously remediate the reported hazardous waste and provide the County with copies of all documentation verifying that all remediation has occurred and applicable regulatory requirements have been satisfied. If the estimated cost of required remedial action is greater than \$50,000, as estimated by the County's consultant, Laniger, in its sole option, shall: (i) expeditiously remediate the reported hazardous waste and provide the County with copies of all documentation verifying that all remediation has occurred and applicable regulatory requirements have been satisfied; (ii) attempt to negotiate an adjustment to the Purchase Price with County (subject to approval by the Martin County Board of County Commissioners) and proceed to Closing; or (iii) terminate this Agreement with no liability of either party to the other.

**SECTION 5. TITLE & SURVEY.**

5.1 Laniger shall convey good and marketable title to the Property by special warranty deed free of claims, liens, easements and encumbrances of record or known to Laniger, but, subject to the Permitted Exceptions, provided there exists at Closing no violation of the foregoing and none of them prevents County's intended use and development of the Property. At Closing, Laniger shall assign any and all of its interests in the Easements to the County, regardless of whether such interests are listed on **Exhibit "F"**. Such form of assignment of easements shall be satisfactory to the County.

5.2 Title Commitment. Within thirty (30) days of the date of this Agreement, County, at County Expense, shall obtain an ALTA Form B title insurance commitment, without standard exceptions (the "Commitment"), issued by a title insurance company acceptable to County (the "Title Company"), together with copies of all instruments described in Schedule B of the Commitment, and, upon Closing, an ALTA owner's policy in the amount of the Purchase Price, subject only to exceptions as stated above and including such other endorsements as the County shall reasonably require.

5.3 Exception of Title. The Commitment shall show Laniger to be (i) vested with fee simple title to the Property, and (ii) vested with valid easement interests for the Easements, including the **Exhibit "D"** Easement, subject only to the following (the "Permitted Exceptions"):

(1) Ad valorem real estate taxes and assessments for the year 2008 and subsequent years;

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

(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 intended use of the Property;

(4) Restrictions of record (except liens, encumbrances, or mortgages) that do not impair, restrict, or inhibit the intended 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 intended use of the Property.

5.4 Survey. Within thirty (30) days of the Date of this Agreement, the County shall obtain a survey (the "Survey") of the Property, at County's expense, which Survey" (1) shall have been prepared in accordance with ALTA standards by a licensed surveyor or engineer; (ii) shall

be certified to the County, the Title Company and any other person or entity designated by the County; (iii) shall be sufficient for removal of the standard survey exception from the policy of title insurance to be issued pursuant to the Commitment; and (iv) shall be in form and content acceptable to the County, including delivery of a computer disk and shall show all matters disclosed in the Commitment. If the Survey reveals encroachments on the Property or that the improvements on the Property encroach on the property of another, such encroachments shall constitute a title defect as referenced in Paragraph 5. above. Not earlier than fifteen (15) days prior to the Closing Date, the Survey shall be updated and re-certified in the manner provided above.

5.5 County shall, within forty-five (45) days from receipt of the date of this Agreement, deliver written notice to Laniger of title defects. Title shall be deemed acceptable to County if (a) County fails to deliver notice of defects within the time specified, or (b) County delivers notice and Laniger cures the defects within thirty (30) days from the receipt of notice (the "Curative Period"). Laniger shall use best efforts to cure the defects within the Curative Period, provided however, that in no event shall Laniger be required to bring suit or to expend any sum in excess of fifty thousand dollars (\$50,000.00) in the aggregate to cure title defects, exclusive of mortgages or other monetary liens against the Property which are in a liquidated amount and which Laniger has the obligation to discharge on or before Closing under the terms of this Agreement. In the event that after exercising all reasonable efforts, Laniger cannot cure title defects prior to the Closing Date, Laniger shall provide thirty (30) day written notice to County that such title defects cannot be cured prior to the Closing Date and then, in that event, the County shall have the right: (i) to extend the Curative Period for up to 90 days, or (ii) to purchase the Property in its then existing condition of title with a reduction not to exceed \$50,000 in Purchase Price based upon the cost to cure the title defect; or (iii) to rescind and terminate this Agreement without liability by either party to the other.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF LANIGER. Laniger represents and warrants to the County as of the Date of this Agreement, and as of the Closing Date, the following, with the understanding that each of the following representations and warranties are material, have been relied on by the County, and shall survive the Closing:

6.1 Organization, Standing and Power. Laniger is a corporation, duly organized, validly existing, and in good standing under the laws of the State of Florida. Laniger has all requisite power and authority to own and operate its properties, the Purchased Assets, and the System, and to conduct its business as it is currently being conducted.

6.2 Authority for Agreement. Laniger owns the Property and has the legal capacity and authority to convey the Property in accordance with this Agreement. Laniger 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 Laniger, has been duly executed and delivered by Laniger, and constitutes a valid and binding obligation of Laniger, enforceable in accordance with its terms.

6.3 Leases or Agreements. Laniger has not and will not from and after the Date of

this Agreement enter into any lease, lease renewal, option, agreement to sell or otherwise encumber the Property, except for agreements in place as of the date of this Agreement that are listed on Exhibit "H".

6.4 Violations. Laniger has not violated, has not received any notices of violation and has no knowledge of any existing facts or conditions which may result in any violations of any zoning, land use, or related codes, laws, ordinances or regulations with respect to the Property.

6.5 Material or Adverse Information. Laniger is not aware of any information or fact which would materially or adversely affect the Property or the development thereof which has not been disclosed to the Purchaser in writing; provided that Laniger has disclosed to the County that DEP has failed to timely renew its domestic wastewater facility operating permit as required by the Final Order in DOAH Case No. 05-1599 and Laniger continues to operate pursuant to its existing permit ("WWTP Permit").

6.6 No Liens or Encumbrances. To the best of Laniger's knowledge, there are no liens or encumbrances, other than those which will be released at Closing and other than the Permitted Exceptions which would affect the County's ownership or use of the Purchased Assets and there are no off-record or undisclosed legal or equitable interests in the Purchased Assets owned or claimed by any other person, firm, corporation or other entity.

6.7 Litigation. There are no actions, suits, notices of violation or proceedings at law or in equity, pending against Laniger before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect any of the Purchased Assets or Laniger's right and ability to enter into, make and perform this Agreement; nor is Laniger aware of any facts which to its knowledge are likely to result in any such action, suit or proceedings. Laniger is not in default with respect to any order or decree of any court or of any administrative or governmental agency or instrumentality affecting the System or any of the Purchased Assets. There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy (or under any other debtor relief laws) contemplated by or threatened against Laniger or the Purchased Assets which would adversely affect Laniger's interest in the Purchased Assets or the County's title to the Purchased Assets subsequent at Closing.

6.8 Customer Deposits. There are no customer deposits or monthly service prepayments with respect to the System.

6.9 Absence of Changes. After the date of the execution of this Agreement, Laniger shall not:

(1) undertake any change in its condition or 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 the System;



(2) dispose of any of the **Exhibit "E"** equipment with a cumulative value in excess of \$1,000 except with the County's consent, which shall not be unreasonably withheld;

(3) fail to seek any and all necessary permit extensions or renewals so that all such permits are valid, reissued or extended as of the Closing Date, with the exception of the WWTP Permit.

**6.10 FIRPTA.** Laniger 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, Laniger shall deliver to the County a certificate to such effect.

**6.11 Hazardous Wastes.** As of the date of this Agreement, the Purchased Assets are being operated in compliance with all environmental laws and Laniger has not disposed of any Hazardous Waste on the Property, nor has Laniger removed Hazardous Waste from the Property, except as provided by law. For purposes of this Agreement, Hazardous Waste shall include "Hazardous Wastes", "Hazardous Substances", "Hazardous Material", (as such terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Hazardous Materials Transportation Act, the Resource Conservation Recovery Act, the Toxic Substances Control Act, the Clean Air Act, as amended, the Federal Water Pollution and Control Act, as amended, or their Florida equivalents).

**6.12 Survival of Covenants, Indemnification.** Laniger agrees that all the representations and warranties set forth herein are true and correct as of the date of the execution hereof and shall survive closing. Laniger further agrees to update all representations and warranties as of the Closing Date provided that, in the event circumstances prevent Laniger from making any material representation or warranty as of the Closing Date, County shall have the option to terminate this Agreement with no further liability of either party to the other. Except to the extent caused by actions or negligence of the County, Laniger shall indemnify the County from and hold the County harmless against any and all claims, demands, costs, losses or liabilities, damages and expenses, including legal fees, paid or incurred by the County as a result of Laniger's representations or warranties being false, or Laniger's failure to adequately and timely perform any covenant.

**SECTION 7. REPRESENTATIONS AND WARRANTIES OF THE COUNTY.** The County represents and warrants to Laniger, as follows:

**7.1 Organization, Standing and Power of the County.** The County is a political subdivision of the State of Florida, validly existing under the laws of the State of Florida and has all requisite power and authority to enter into, execute and deliver this Agreement, to own and lease real and personal property, and to carry out and perform the terms and provisions of this Agreement.

**7.2 Authority for Agreement.** The County has held or will hold prior to the end of the Investigation Period, all of the necessary public hearings to authorize the County's purchase of the System pursuant to and in accordance with the terms of this Agreement. This Agreement has

been duly authorized by, and all 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.

7.3 Disclosure. No representation or warranty made by the County, to the best of the County's knowledge, in this Agreement contains or will contain any untrue statement or material facts or omits or will omit to state any material fact required to make the statements herein contained not misleading.

7.4 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 affects 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.

7.5 Survival of Covenants, Indemnification. The County agrees that its representations and warranties set forth herein are true and correct as of the date of the execution hereof and shall survive closing. County further agrees to update all representations and warranties as of the Closing Date provided that, in the event circumstances prevent County from making any representation or warranty as of the Closing Date, County shall have the option to terminate this Agreement with no further liability of either party to the other. To the extent permitted by Section 768.28, Florida Statutes, as applicable, and except to the extent caused by actions or negligence of Laniger, the County shall indemnify Laniger from and hold Laniger harmless against any and all claims, demands, costs, losses or liabilities, damages and expenses, including legal fees, paid or incurred by Laniger as a result of the County's representations or warranties being false, or the County's failure to adequately and timely perform any obligation hereunder.

## SECTION 8. INVESTIGATION PERIOD

8.1 The "Investigation Period" shall commence on the Date of this Agreement and shall expire at 5:00 p.m., Eastern time, thirty (30) days after the Date of this Agreement. As an exhibit to this Agreement, or otherwise pursuant to County's request, Laniger has delivered to County all surveys, environmental studies, any financial or operating statements specifically related to the Property, copies of any contracts that survive the Closing, and other information regarding the Property in Laniger's or its agents' possession to assist County's investigation of the Property.

8.2 During the term of this Agreement, the County shall have the right to enter the Property to conduct tests and inspect and investigate all aspects of the Property to determine whether, in the sole discretion of the County the Property is satisfactory for the County's intended use and development. County agrees to repair or replace any damage caused by County in connection with the activities listed in this paragraph 8.2.

8.3 In the event the County is not satisfied with any condition of the Property the County shall have the right to terminate this Agreement by delivering written notice (the "Termination Notice") to Laniger prior to the expiration of the Investigation Period. If a Termination Notice is delivered, the County and Laniger shall have no further obligations to each other hereunder. If the County fails to provide the Termination Notice within the time required in this paragraph 8.3, the County shall have waived its right to terminate this Agreement pursuant to this paragraph 8.3.

#### SECTION 9. DEFAULT.

9.1 In the event the County shall fail to perform any of its obligations hereunder, Laniger shall be entitled to: (i) terminate this Agreement by written notice delivered to the County at or prior to the Closing Date, and pursue all remedies available hereunder and under applicable law; (ii) obtain specific performance of the terms and conditions hereof; or (iii) waive the County's default and proceed to consummate the transaction with the County as contemplated herein, in which case an amount equal to the costs incurred by Laniger to cure any default of the County hereunder that can be cured with the payment of money shall be credited against the Purchase Price.

9.2 In the event the Laniger shall fail to perform any of its obligations hereunder, the County shall be entitled to: (i) terminate this Agreement by written notice delivered to Laniger at or prior to the Closing Date, and pursue all remedies available hereunder and under applicable law; (ii) obtain specific performance of the terms and conditions hereof; or (iii) waive the Laniger's default and proceed to consummate the transaction with Laniger as contemplated herein, in which case an amount equal to the costs incurred by the County to cure any default of Laniger hereunder that can be cured with the payment of money shall be credited against the Purchase Price.

SECTION 10. CONDUCT PENDING CLOSING. Laniger covenants that prior to the Closing Date:

10.1 Business Conduct. Except as otherwise consented to in writing by the County, whose consent shall not be unreasonably withheld, for the period beginning on the date of the execution of this Agreement and ending on the Closing Date, Laniger shall:

(1) operate the System in, and only in, the usual, regular and ordinary course and in compliance with all applicable governmental requirements and laws or, to the extent the System is out of compliance, promptly undertake such remedial action as to bring the System back into compliance; provided that, Laniger is operating its wastewater system consistent with the WWTP Permit Final Order referenced herein.

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

(3) perform in all material respects all of its obligations under any and all agreements, contracts, and instruments relating to or affecting the Purchased Asset's properties, assets and operation;

(4) promptly advise the County, in writing, of any material change which adversely affects the operation of the System;

**10.2 Risk of Loss.** Laniger 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. Until closing Laniger shall maintain insurance coverage of such type and in such amounts as it has previously in the ordinary course of business. If any portion of the Purchased Assets is damaged by fire, act of God or other casualty before the Closing Date, Laniger shall immediately notify the County and the County shall have the option of (1) proceeding to Closing and taking the Purchased Assets as is, without reduction in price, together with Laniger's assignment to the County of all rights under its insurance policies and all of the insurance proceeds, if any; 2) proceeding to Closing and taking the Purchased Assets, as is, with a reduction in Purchase 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 System and Laniger shall maintain all rights under its insurance policies and to all of the insurance proceeds; or (3) terminate this Agreement with no liability to Laniger.

**10.3 Access to Records.** Laniger 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 the System; provided, however, that no such inspection shall materially interfere with the operation of the System or the day to day activities of Laniger's personnel.

**10.4 Examination and Inspection.** Laniger shall permit reasonable examination by the County's authorized representatives of all existing contractual obligations, physical systems, assets, real estate, rights-of-way, easements and inventories which are utilized by Laniger in connection with the System. No such examination by the County's authorized representatives shall materially interfere with Laniger's operations of the System or the day to day operations of Laniger's personnel. Laniger 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. Such facilities will be properly maintained by Laniger within the custom and usage of the water and wastewater industry in Florida until the Closing Date.

## **SECTION 11. ASSIGNMENT.**

**11.1** The County and Laniger agree that this Agreement may not be assigned, in whole or in part, by Laniger and that any such attempted or purported assignment shall be void and shall be grounds for the County to terminate this Agreement without liability to Laniger. The County may assign this Agreement in whole without Laniger's consent at any time to any entity that is a municipal, governmental, quasi-governmental, cooperative, or non-profit authority or corporation. Nothing herein shall be construed as creating any personal liability on the part of any officers, or

agent of the County who may be a party hereto.

## SECTION 12. CLOSING.

12.1 As used in this Agreement, references to "a closing", the "closing" or "day of closing" shall mean the Closing of the purchase and sale contemplated by this Agreement. Provided that all conditions precedent and contingencies to Closing have been so performed or have occurred or been waived in accordance with the terms of this Agreement, the place of Closing shall be in Martin County at the Martin County Administration Building, County Attorney's office, 4th floor, 2401 SE Monterey Road, Stuart, Florida, and such Closing shall occur on or before December 16, 2008 (the "Closing Date"), beginning at 9:00 a.m. or at such earlier date or time as the parties mutually agree to in writing. Immediately following the Closing Date, the County shall have full right to the possession of all of the Purchased Assets wherever the same may be located.

## SECTION 13. CLOSING DOCUMENTS AND PROCEDURES.

13.1. Preclosing Documents. The following documents shall be agreed to by the parties at a preclosing meeting to be held at least two days prior to the Closing Date but shall be executed on the Closing Date:

(1) Warranty deed in recordable form to the Property conveying to the County all of Laniger's right, title and interest in such Property and warranting that such Property is free and clear of all liens, claims and encumbrances other than Permitted Exceptions, as that term is defined in paragraph 5.2 hereof.

(2) An Assignment of Easements, in recordable form, for all the Easements conveying to the County all of Laniger's right, title and interest in all such property, together with all utility improvements thereto.

(3) Assignment and Assumption Agreement pursuant to which Laniger assigns and County assumes all rights and duties under all applicable contracts, agreements, permits and approvals provided for herein.

(4) Bill of sale with full warranties of title, to all Purchased Assets.

(5) Standard no-lien affidavit in a form required by the title company as to realty and personalty ensuring against any liens, claims or encumbrances upon the Purchased Assets.

(6) A "non-foreign" affidavit or certificate pursuant to Section 1445 of the Internal Revenue Code.

(7) An assignment of all outstanding receivables pursuant to Paragraph 3.4(2).

13.2 Party Deliverables. The following documents shall be made available for final

review by the respective party at the preclosing meeting but shall be delivered on the Closing Date:

- (1) All business records sold by Laniger to the County hereby.
- (2) All permits, governmental authorizations and approvals and, to the extent they are available prior to closing, approvals from any and all agencies that have issued such permits, authorizations, and approvals.
- (3) Resolution of the Martin County Board of County Commissioners approving the transaction.
- (4) Any and all other documents required or necessary to implement the terms of this Agreement.

#### SECTION 14. RESPONSIBILITY FOR PROFESSIONAL FEES AND COSTS.

14.1 Each party hereto shall be responsible for its own attorneys' fees, engineering fees, consulting fees and other costs in connection with the preparation and execution of this Agreement and the Closing of the transaction contemplated herein.

#### SECTION 15. COMMISSIONS.

15.1 Laniger and the County warrant to the other that the transaction contemplated by this Agreement is a direct, private transaction between Laniger and the County without the use of a broker or commissioned agent.

#### SECTION 16. FURTHER ASSURANCES.

16.1 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, with no change in the Purchase Price, it shall execute and deliver to the requesting party any and all further instruments, affidavits, conveyances, transfers, permits and permit applications as may be reasonably required to carry out the provisions of this Agreement.

#### SECTION 17. NOTICES; PROPER FORM.

17.1 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: Mr. Duncan Ballantyne  
County Administrator  
Martin County Administrative Center  
2401 SE Monterey Road  
Stuart, Florida 34996

with a copy to: Stephen Fry, Esq.  
County Attorney  
Martin County Administrative Center  
2401 SE Monterey Road  
Stuart, Florida 34996

LANIGER: Mr. Keith Burge  
2340 NE Dixie Hwy  
Jensen Beach, FL 34657

with a copy to: John R. Jenkins, Esq.  
Rose, Sundstrom & Bentley, LLP  
2548 Blairstone Pines Drive  
Tallahassee, Florida 32301

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 within three (3) days after deposit in the U.S. Mail.

**SECTION 18. ENTIRETY OF CONTRACT; AMENDMENT.** This Agreement incorporates and includes all prior and contemporaneous negotiations, correspondence, conversations, agreements, and understandings applicable to the matters contained herein and the parties agree that there are no commitments, agreements or understandings concerning the subject matter of this Agreement that are not contained in this Agreement. Accordingly, it is agreed that no deviation from the terms hereof shall be predicated upon any prior or contemporaneous representations or agreements, whether oral or written. It is further agreed that no modification, amendment or alteration in the terms and conditions contained herein shall be effective unless contained in a written document executed with the formality and of equal dignity herewith.

**SECTION 19. PLEDGE OF CREDIT.** Laniger shall not pledge the County's credit or make the County a guarantor of payment or surety for any contract, debt, obligation, judgment, lien or any form of indebtedness.

**SECTION 20 DISCLAIMER OF THIRD PARTY BENEFICIARIES.** Other than as to Developer to the extent set forth herein, this Agreement is solely for the benefit of the named 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 named party hereto.

**SECTION 21. 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 Laniger.

**SECTION 22. TIME.** In computing time periods of less than six (6) days, Saturdays, Sundays and state or national legal holidays shall be excluded. Any time periods provided for herein which shall end on a Saturday, Sunday, and legal holiday shall extend to 5:00 p.m. of the next business day. **Time is of the essence in this contract.**

**SECTION 23. APPLICABLE LAW.** This Agreement shall be construed, controlled, interpreted and enforced in accordance with the laws of the State of Florida and any and legal action instituted because of this Agreement shall be initiated in Martin County.

**SECTION 24. AVAILABILITY OF FUNDS.** The obligations of the County under this Agreement are subject to the availability of funds lawfully appropriated by the Board of County Commissioners of Martin County which County shall determine within thirty (30) days of execution of this Agreement.

**SECTION 25. 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 26. PUBLIC SERVICE COMMISSION APPROVAL.** Laniger shall obtain the written approval of the Florida Public Service Commission ("PSC") for transfer of the Purchased Assets to the County. The parties acknowledge and agree that the sale is made contingent upon PSC approval and, subject thereto, Closing may occur prior to such approval. The parties further acknowledge that the County is a governmental authority and entitled to approval as a matter of right. Laniger shall prepare all documents necessary to obtain PSC approval, subject to approval by the County, and such documents will be filed upon execution of this Agreement. In the event this transaction fails to close, Laniger shall file for a service territory deletion for the area set forth in Exhibit "J." Laniger agrees to pay all fees and costs incurred incident to such dealings with the PSC. The County shall cooperate with Laniger to obtain PSC approval.

**SECTION 27. ESCROW.**

**27.1** Purchaser and Seller authorize Community Land Title to act as escrow agent (the "Escrow Agent") to receive funds and other items and, subject to clearance, disburse them in



accordance with the terms of this Agreement. Escrow Agent will deposit all funds received in a non-interest bearing account. If Escrow Agent receives conflicting demands or has a good faith doubt as to Escrow Agent's duties or liabilities under this Agreement, Escrow Agent may (a) hold the subject matter of the escrow until the parties mutually agree to its disbursement or until issuance of a court order determining the parties' rights regarding the escrow or (b) deposit the subject matter of the escrow with the clerk of the court having jurisdiction over the dispute. Upon notifying the parties of such action, Escrow Agent shall be released from all liability except for the duty to account for items previously delivered out of escrow. In any suit in which Escrow Agent is made a party because of acting as agent hereunder or interpleads the subject matter of the escrow, Escrow Agent shall recover reasonable attorney's fees and costs, which fees and costs shall be paid from the escrowed funds or equivalent and charged and awarded as court or other costs in favor of the prevailing party. The parties agree that Escrow Agent shall not be liable to any person for misdelivery to Purchaser or Seller of escrowed items, unless the misdelivery is due to Escrow Agent's willful breach of this Agreement or gross negligence.

#### SECTION 28. MISCELLANEOUS.

28.1. Representation. Both parties hereto represent and state that they are represented by their own counsel. Both parties to this Agreement have participated fully in the negotiation and preparation hereof, and, accordingly, this Agreement shall not be strictly construed against any one of the parties hereto.

28.2. Legal Meaning. Except for the provisions of Section 2, Purchase and Sale of Purchased Assets; Section 3. Purchase and Payment; and Section 14. Closing Documents and Procedures 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.

28.3. Both parties to this Agreement hereby waive the right to a jury trial.

28.4. 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.

28.5. 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 29. ATTORNEY'S FEES AND COSTS

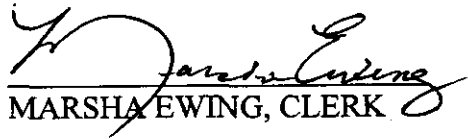
29.1 In any claim or controversy arising out of or relating to this Agreement, each party shall bear its own attorney's fees and costs.

#### SECTION 30. BENEFICIAL INTEREST DISCLOSURE.

30.1 In the event Laniger is a partnership, limited partnership, corporation, trust, or any form of representative capacity whatsoever for others, Laniger upon execution of this Agreement shall provide a fully completed, executed, and sworn beneficial interest disclosure statement in the form attached to the Agreement as **Exhibit "L."** that complies with all of the provisions of Florida Statutes Section 286.23. However, pursuant to Florida Statutes section 286.23 (3)(a), the beneficial interest in any entity registered with the Federal Securities and Exchange Commission, or registered pursuant to Chapter 517, Florida Statutes, whose interest is for sale to the general public, is exempt from disclosure; and where the Seller is a non-public entity, that Seller is not required to disclose persons or entities holding less than five (5%) percent of the beneficial interest in Seller.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement. The Date of this Agreement shall be the date it is approved and signed by Laniger.

ATTEST:

  
MARSHA EWING, CLERK

BOARD OF COUNTY COMMISSIONERS  
MARTIN COUNTY, FLORIDA

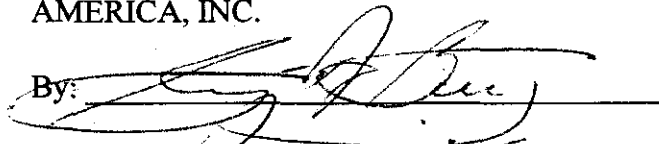
  
DOUG SMITH, CHAIRMAN

APPROVED AS TO FORM AND CORRECTNESS:

  
STEPHEN FRY, COUNTY ATTORNEY

Date: 11/3/08

LANIGER ENTERPRISES OF  
AMERICA, INC.

By:   
Title: President

Date: Nov. 3, 2008

## EXHIBIT LIST

Exhibit A	Master List of All Purchased Assets
Exhibit B	Service Area
Exhibit C	Real Property
Exhibit D	Water Plant Site Easement
Exhibit E	Inventory
Exhibit F	Easements
Exhibit G	Permits and Approvals
Exhibit H	Contracts
Exhibit I	Excluded Assets
Exhibit J	Service Area Extension- 21 Lots – Martin Avenue
Exhibit K	Developer Agreements
Exhibit L	Beneficial Interest Affidavit

**Exhibit "A"**

**MASTER LIST OF ALL PURCHASED ASSETS**

## Exhibit "A"

### PURCHASED ASSETS

<b><u>Water System</u></b>		
<b><u>Description</u></b>	<b><u>Active Customers</u></b>	<b><u>Meter Equivalents</u></b>
Residential Service		
5/8"	56	56
1"	68	170
1 1/2"	124	620
General Service		
1 1/2"	32	256
<b><u>Mains</u></b>		
<b><u>Kind of Pipe</u></b>	<b><u>Diameter of Pipe</u></b>	<b><u>Mains (feet)</u></b>
PVC	6"	3501
PVC	4"	361
PVC	1.5"	405
Cast Iron	8"	120
PVC	8"	80
PVC	6"	800
DIP	6"	400
PVC	2"	300

- Two 6" wells approximately 85' deep with 10 horsepower motors and generator backups.

## Wastewater System

<u>Description</u>	<u>Active Customers</u>				<u>Meter Equivalents</u>		
Residential Service							
All meter sizes	52				52		
General Service							
5/8"	68				170		
3/4"	124				320		
1"	32				256		
Unmetered Customers	248				248		
 <u>Mains</u> 							
	<u>Collecting Mains</u>				<u>Force Mains</u>		
Size (inches)	8"	8"	8"	8"	4"	2.5"	4"
Type of main	PVC	PVC	PVC	PVC	PVC	PVC	DIP
Length of main (nearest foot)	1015	5853	1953	1108	1196	1196	120

- Five lift stations with electric pumps. Three have 1 horsepower pumps, one has a 3 horsepower pump and one has a 1 horsepower Fairbank Morse pump.
- Twenty-nine 32" concrete manholes.

**Exhibit "B"**  
**SERVICE AREA**

TOWNSHIP 37 South, RANGE 41 East,

Section 27

That part of the Southwest 1/4 lying South of the Florida East Coast Railway

AND

the West 330 feet of the Eastern 1/2 of said Section 27

EXCEPT

the Southern 330 feet of the Southeast 1/4 of the Southwest 1/4 and the Southern 330 feet of the Southwest 1/4 of the Southeast 1/4 and the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 27.

**Exhibit "C"**

**REAL PROPERTY**

**The following described property lying and being in Section 27, Township 37 South, Range 41 East, Martin County, Florida. A parcel of land lying in Lots 7 and 8 of the Ed F. Glutsch Subdivision, as recorded in Plat Book 1, Page 151, Brevard County (now Martin County), Florida Public Records and being more particularly described as follows:**

**Beginning at the Southwest corner of said Lot 7, thence North 00°13'40" East along said West line 202.61 feet to the Southeasterly right-of-way line of the Florida East Coast Railroad; thence North 69°27'13" East along said right-of-way line 681.0 feet more or less to the point of intersection with a line lying 15.00 feet Westerly of and parallel with the mean high water line of Warner Creek; thence meander along said line lying 15.00 feet Westerly of and parallel with the mean high water line of Warner Creek Southerly 150.00 feet more or less to the point of intersection with a line that bears 64° West along said line 65.00 feet more or less to a point; thence South 17°17'12" East, 184.88 feet; thence South 00°06'55" West, 100.00 feet to a point on the South line of said Lot 8; thence 89°53'05" West along the South line of said Lots 7 and 8 a distance of 677.70 feet to the point of beginning.**

**LESS AND EXCEPTING FROM THE ABOVE PARCELS, Beacon 21 Condominium "N Through T" now known as Beach 21 "Dolphin Village", according to the Declaration of Condominium recorded in Official Records Book 579, Page 77, as amended in Official Records Book 581, page 1530 and Official Records Book 627, page 131, Martin County, Florida public records.**

**ALSO LESS AND EXCEPTING Beacon 21 Condominium "Sailfish Village", according to the Declaration of Condominium thereof recorded in Official Records Book 645, page 2076, Martin County, Florida public records.**



**Exhibit "D"**

**WATER PLANT SITE EASEMENT**

**EXHIBIT "D"**

This instrument prepared by:  
Martin County Attorney's Office  
2401 SE Monterey Road  
Stuart, FL 34996

Project  
Parcel  
PCN:

SPACE ABOVE THIS LINE FOR PROCESSING DATA

SPACE ABOVE THIS LINE FOR RECORDING DATA

**NON-EXCLUSIVE UTILITY EASEMENT**

**THIS EASEMENT granted and executed this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by \_\_\_\_\_, whose \_\_\_\_\_ address is \_\_\_\_\_, Grantor, to MARTIN COUNTY, a political subdivision of the State of Florida, whose address is 2401 S.E. Monterey Road, Stuart, Florida 34996, Grantee.**

**(Wherever used herein the terms "Grantor" and "Grantee" shall include singular and plural, heirs, legal representatives, and assigns of individuals, and the successors and assigns of corporations, wherever the context so admits or requires.)**

**WITNESSETH that the Grantor, for and in consideration of the sum of \$1.00 in hand paid by the Grantee, the receipt whereof is hereby acknowledged, does hereby grant unto the Grantee forever, a non-exclusive easement for the construction, reconstruction, replacement, operation, maintenance and repair of utility related equipment, including, but not limited to lift stations, pumps, pipelines, fences, structures and powerline hook-ups, in, under, across, over, upon, and through the following described land, situate, lying, and being in the County of Martin, State of Florida, to-wit:**

**See Exhibit "A" attached hereto and made a part hereof.**

**AND further, the right of reasonable ingress and egress over and across the Easement Parcel as is reasonably necessary to the Grantee's use of the rights granted herein, provided such ingress and egress is performed in such a manner as to minimize the interference with the use of the Grantor's property.**

**And the Grantor hereby covenants with Grantee that Grantor is lawfully seized of said land in fee simple, that Grantor has good and lawful authority to grant and convey this Utility**

Easement, and that Grantor fully warrants the title to said land, and will defend the same against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the Grantor has signed and sealed these presents the day and year first above written.

Signed, sealed and delivered in the presence of:

ATTEST:

\_\_\_\_\_  
SECRETARY

BY: \_\_\_\_\_  
PRESIDENT

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Type of Print Name

(Corporate Seal)

STATE OF FLORIDA,  
COUNTY OF MARTIN,

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008 and \_\_\_\_\_, as Secretary, of

\_\_\_\_\_  
a Florida corporation, on behalf of the corporation. \_\_\_\_\_, is personally known to me or has produced \_\_\_\_\_ as identification and \_\_\_\_\_ is personally known to me or has produced \_\_\_\_\_ as identification.

\_\_\_\_\_  
NOTARY PUBLIC

\_\_\_\_\_  
(Name Typed/Printed or Stamped)

Exhibit "A"

The following described property lying and being in Section 27, Township 37 South, Range 41 East, Martin County, Florida:

A parcel of land lying in Lots 7 and 8 of the J.T. Cleveland Subdivision as recorded in Deed Book X, Page 752, Public Records of Brevard (now Martin) County, Florida, and being more particularly described as follows:

Commence at the Intersection of the East line of said Lot 7 and the Southerly right-of-way line of the Florida East Coast Railroad; thence South  $69^{\circ}27'13''$  West, 300 feet for the point of beginning; Thence South  $20^{\circ}32'47''$  East, 55.00 feet; thence South  $43^{\circ}59'25''$  West, 46.52, thence North  $83^{\circ}23'48''$  West, 56.37 feet; thence North  $50^{\circ}00'50''$  West 56.60 feet; thence North  $69^{\circ}27'13''$  East 120.00 feet; to the beginning.

**Exhibit "E"**

**INVENTORY**

**To be provided by Laniger prior to Closing**

**Exhibit "F"**  
**EASEMENTS**

None

**Exhibit "G"**

**PERMITS AND APPROVALS**

1. Final Order in DOAH Case No. 05-1599 and previously Florida Department of Environmental Protection Domestic Wastewater Facility Permit No. FLA013879.
2. South Florida Water Management District Consumptive Use Permit No. 43-00097-W.

**Exhibit "H"**

**CONTRACTS**

License Agreement dated May 28, 1990 by and between Florida East Coast Railway Company and Laniger Enterprises of America, Inc. as amended.



**Exhibit "I"**

**EXCLUDED ASSETS**

1. Water treatment plant
2. Water treatment plant site
3. Cash on hand
4. Deposits with third party service providers (not customer deposits)
5. 2006 GMC Sierra
6. Mower
7. The Corporation and name: "Laniger Enterprises of America, Inc."

**Exhibit "J"**

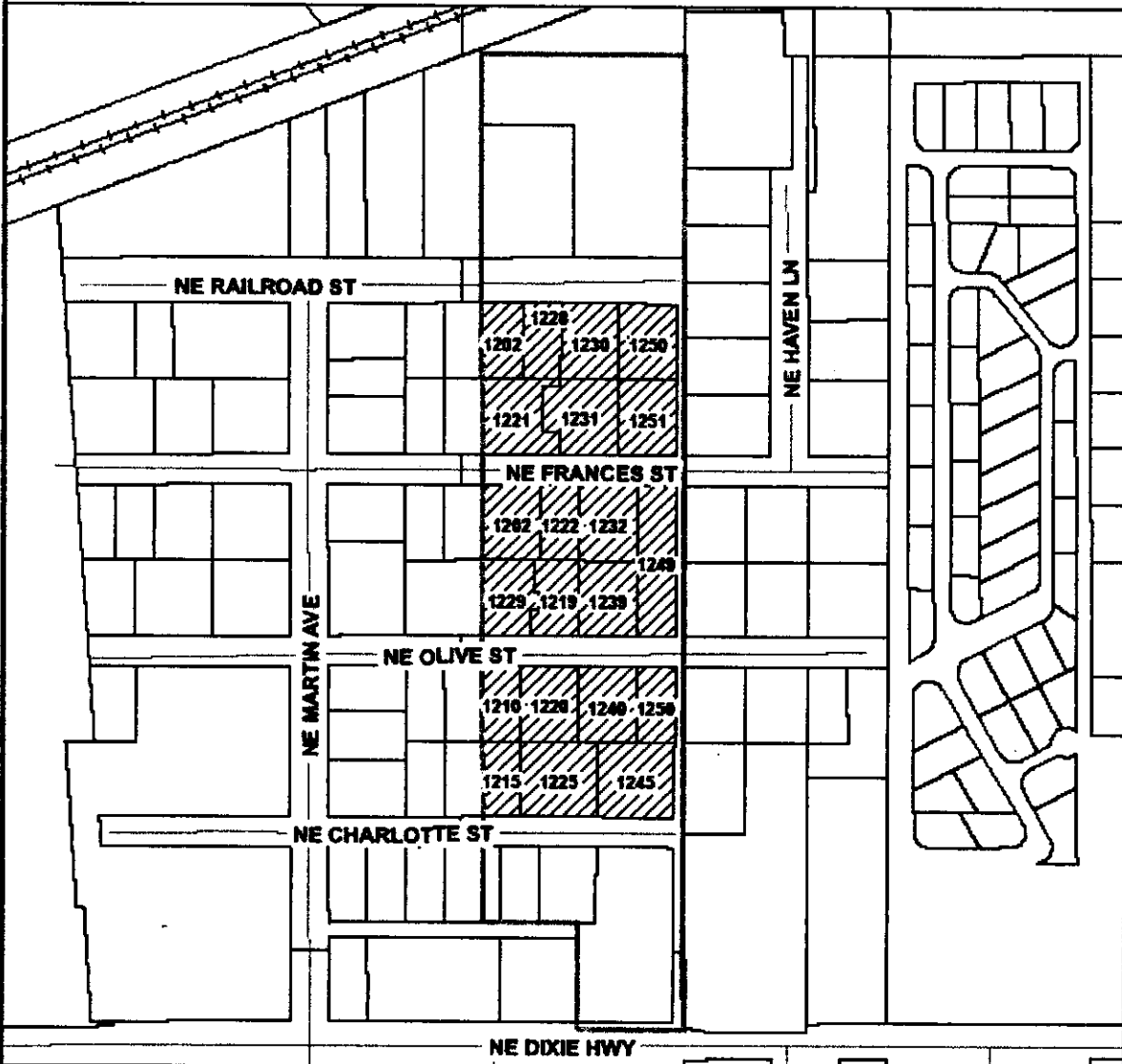
**SERVICE AREA EXTENSION  
21 LOTS – MARTIN AVENUE**



# Martin County

Project Name: G:\projects\gmd\table\map\_data\creeder\_10\_20\_08\_laniger.mxd  
Created By: Emily Kohler (GMD)  
Plot Date: 10/20/08

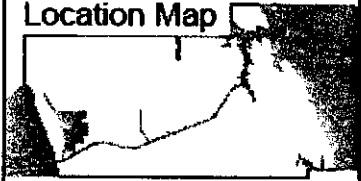
## Parcels to be Served by Rio CDBG Sewer within the Laniger Service Area - 10.20.08



**Disclaimer**  
This Geographic Information System Map Product, received from Martin County (COUNTY) in fulfillment of a public records request is provided "as is" without warranty of any kind, and the COUNTY expressly disclaims all express and implied warranties, including but not limited to the implied warranties of merchantability and fitness for a particular purpose. The COUNTY does not warrant, guarantee, or make any representations regarding the use, or the results of the use, of the information provided to you by the COUNTY in terms of correctness, accuracy, reliability, timeliness or otherwise. The entire risk as to the results and performance of any information obtained from the COUNTY is entirely assumed by the recipient.

**Legend**

- Railroad
- Road
- Laniger System Boundary
- Laniger Parcel
- Parcel



**Exhibit "K"**

**DEVELOPER AGREEMENTS**

1. Developer Agreement dated April 9, 2007 by and between Keith Burge, as Trustee of the Burge Trust, and Laniger Enterprises of America, Inc.
2. Wastewater Agreement dated November 20, 1998 by and between Palm Circle Park, Inc. and Laniger Enterprises of America, Inc.

**EXHIBIT "L"**

**BENEFICIAL INTEREST AND DISCLOSURE AFFIDAVIT**

STATE OF FLORIDA  
COUNTY OF MARTIN

BEFORE ME, the undersigned authority, personally appeared Reginald Burge, this 3<sup>rd</sup> day of ~~October~~<sup>November</sup>, 2008, who, first being duly sworn, deposes and says:

1) That, Laniger Enterprises of America, Incorporated, whose address is 2340 NE Dixie Highway, Jensen Beach, FL 34957, is a record property owner of the Property described in Exhibit "A". The following is a list of every "person" (as defined in Section 1.01(3), Florida Statutes) holding 5% or more of the beneficial interest in the Property:

Name: Reginald J. Burge

Address: 2340 NE Dixie Hwy  
Jensen Beach, FL 34957

Interest: 50%

Name: Lois F. Burge

Address: 2340 NE Dixie Hwy  
Jensen Beach, FL 34957

Interest: 50%

2) That, to the best of the affiant's knowledge, all persons who have a financial interest in this real estate transaction or who have received or will receive real estate commissions, attorney's or consultant fees or any other fees or other benefits incident to the sale of the Property are:

Name	Address	Reason for Payment	Amount
------	---------	--------------------	--------

Same as 1) above

3) That, to the best of the affiant's knowledge, the following is a true history of all financial transactions (including any existing option or purchase agreement in favor of affiant) concerning


the Property which have taken place or will take place during the last five years prior to the conveyance of title to Martin County:

Name & Address of Parties Involved	Date	Type of Transaction	Amount of Transaction
None			

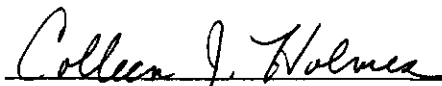
This affidavit is given in compliance with the provisions of Section 286.23 and 380.08(2), Florida Statutes.

AND FURTHER AFFIANT SAYETH NOT.

AFFIANT

  
 \_\_\_\_\_  
*November*

SWORN TO and subscribed before me this 3rd day of ~~October~~, 2008, by Reginald Burge, on behalf of the corporation(s), who is personally known to me or who has produced a driver's license as identification and who did take an oath.

  
 \_\_\_\_\_  
 Notary Public



**Colleen J. Holmes**  
 Commission # DD414119  
 Expires June 9, 2009  
 (Printed, typed or stamped name of Notary)

\_\_\_\_\_  
Commission No.

\_\_\_\_\_  
My Commission Expires  
(Seal)

Exhibit "A"

The following described property lying and being in Section 27, Township 37 South, Range 41 East, Martin County, Florida. A parcel of land lying in Lots 7 and 8 of the Ed F. Glutsch Subdivision, as recorded in Plat Book 1, Page 151, Brevard County (now Martin County), Florida Public Records and being more particularly described as follows:

Beginning at the Southwest corner of said Lot 7, thence North  $00^{\circ}13'40''$  East along said West line 202.61 feet to the Southeasterly right-of-way line of the Florida East Coast Railroad; thence North  $69^{\circ}27'13''$  East along said right-of-way line 681.0 feet more or less to the point of intersection with a line lying 15.00 feet Westerly of and parallel with the mean high water line of Warner Creek; thence meander along said line lying 15.00 feet Westerly of and parallel with the mean high water line of Warner Creek Southerly 150.00 feet more or less to the point of intersection with a line that bears  $64^{\circ}$  West along said line 65.00 feet more or less to a point; thence South  $17^{\circ}17'12''$  East, 184.88 feet; thence South  $00^{\circ}06'55''$  West, 100.00 feet to a point on the South line of said Lot 8; thence  $89^{\circ}53'05''$  West along the South line of said Lots 7 and 8 a distance of 677.70 feet to the point of beginning.

LESS AND EXCEPTING FROM THE ABOVE PARCELS, Beacon 21 Condominium "N Through T" now known as Beach 21 "Dolphin Village", according to the Declaration of Condominium recorded in Official Records Book 579, Page 77, as amended in Official Records Book 581, page 1530 and Official Records Book 627, page 131, Martin County, Florida public records.

ALSO LESS AND EXCEPTING Beacon 21 Condominium "Sailfish Village", according to the Declaration of Condominium thereof recorded in Official Records Book 645, page 2076, Martin County, Florida public records.