



PASCO COUNTY, FLORIDA

OFFICE OF THE COUNTY ATTORNEY

DISTRIBUTION CENTER
10 JUL 26 AM 7:16

* Florida Bar Board Certified In City, County and Local Government Law

100366-WU

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July 19, 2010

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

RECEIVED - FPSC
10 JUL 26 AM 9:38
COMMISSION CLERK

Re: Cristal Springs Water Company Inc.
Certificate No 235-W

Dear Commission Clerk:

Enclosed please find for filing, pursuant to F.A.C. 25-028, one original and seven copies of a Joint Application For Acknowledgement Of Sale of C.S. Water Company, Inc. Facilities Located In Pasco County To Pasco County Cancellation of Certificate.

Please feel free to contact me at 727-847-8120 or e-mail at jrichards@pascocountyfl.net.

Sincerely,


Joseph D. Richards
Senior Assistant County Attorney

COM _____
APA _____
ECR 4
GCL _____
RAD _____
SSC _____
ADM _____
OPC _____
CLK Grant

DOCUMENT NUMBER DATE
06062 JUL 26 09
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by Crystal Springs Water Co.)
And Pasco County for acknowledgment of)
Sale of land and facilities located in Pasco)
County, Florida to Pasco County and)
cancellation of certificate.)
_____)

Docket No. 100366 - WU
Filed:

**JOINT APPLICATION FOR ACKNOWLEDGMENT OF SALE OF
C. S. WATER COMPANY, INC. FACILITIES LOCATED IN
PASCO COUNTY FLORIDA TO PASCO COUNTY AND
CANCELLATION OF CERTIFICATE**

C. S. Water Company, Inc., ("Crystal Springs"), files this Application pursuant to Section 367.017(4), Florida Statutes, for acknowledgment of the proposed sale of its water facilities in Pasco County to Pasco County and, upon closing of the sale, for cancellation of the certificates issued to Crystal Springs by the Florida Public Service Commission (the "Commission").

Section 367.071(4)(a), Florida Statutes, provides that the sale of utility assets to a governmental utility shall be approved as a matter of right. Thus, Crystal Springs contends that the Commission is compelled by statute to approve the proposed sale to Pasco County and has no fact-finding or review authority with respect to the sale. Nonetheless, as discussed below, in order to facilitate prompt action on this Application, Crystal Springs has submitted all of the information typically required in connection with a sale to a private entity. Crystal Springs will also provide notice to customers of the filing of the application after consultation with Commission staff. This Application is submitted without waving any legal position or claims that Crystal Springs and Pasco County may have regarding the standards and criteria to be utilized by the Commission in processing this Application.

DOCUMENT NUMBER: 06062 JUL 26 09
FPSC-COMMISSION ONLINE

THE APPLICATION

1. Rule 25-30.037, Florida Administrative Code, sets forth the matters that must be included in an application submitted to the Commission regarding the sale of utility assets. The requirements of subsection (2) of the Rule are only applicable to a transfer to a "non-governmental entity." Because Pasco County is a governmental entity, none of the requirements in subsection (2) should be applicable to this Application and only subsection (4) of the Rule should be applicable in determining the requirements for the present Application.

2. Subsection (6) of the Rule provides as follows:

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

3. Without waiving its position as to the applicable filing requirements and standards for review of the Application, Crystal Springs has included in this Application information that is responsive to the criteria in subsection (2) of the Rule. Because this Application is filed in connection with a sale to a governmental authority, notice is not required to be provided. See Rule 25-30.030(9), Fla. Admin. Code. However, after consultation with staff, Crystal Springs will provide notice of the filing of this Application to each of the customers of the system.

4. The name and address of the utility is:

C. S. Water Company, Inc.
Post Office Box 40
Crystal Springs, FL 33524

5. The names and addresses of Crystal Springs' authorized representatives for purpose of this Application are:

Clyde A. Biston, President
C. S. Water Company, Inc.
Post Office Box 40
Crystal Springs, FL 33524

6. The name and address of the governmental authority purchasing the utility assets is:

Pasco County, Board of County of Commissioners

c/o Mr. John J. Gallagher
County Administrator
Pasco County Govt. Center
7530 Little Road, Suite 340
New Port Richey, FL 34654-5598

7. Attached hereto as composite Exhibit A is a copy of the relevant certificate issued to Crystal Springs by the Commission. That certificate relates to Crystal Springs' water operations in Pasco County (the "Crystal Springs Water System").

8. Pasco County is a governmental entity exempt from regulation by the Commission pursuant to Sections 367.022(2) and 163.01(7)(g)(1), Florida Statutes.

THE PURCHASE AGREEMENT

9. Pasco County with the acquiescence and consent of the Board of County Commissioners of Pasco County, had been negotiating with Crystal Springs toward the acquisition of Crystal Springs System since September 2009.

10. On June 8, 2010, Crystal Springs signed and delivered to Pasco County System Asset Acquisition Agreement ("Agreement") which contemplates the sale of Crystal Springs' utility assets to Pasco County. A copy of the signed Agreement is attached hereto and incorporated herein as Exhibit B.

11. At a public hearing conducted on June 8, 2010, Pasco County found the proposed acquisition of the Crystal Springs Water System to be in the public interest. A copy of the resolution adopted by the Pasco county Board confirming its determination that the acquisition of the Crystal Springs Water System is in the public interest is attached hereto as Exhibit C.

12. Pasco County has engaged in extensive engineering, operations and financial due diligence concerning the Pasco County System. Pasco County's efforts have confirmed that, absent unforeseen circumstances, Pasco County will be able to acquire the Crystal Springs Water System, operate the System and make required capital improvements to the System on a financially viable basis without the need to increase rates, other than by cost indexing, for the first five years after acquisition.

13. The System will be integrated into the County's system and the customers will be charged the County's prevailing rates.

14. Pursuant to the Agreement, Crystal Springs has provided Pasco County with access to the books and records for the system and these books and records for the System will be transferred to Pasco County upon closing.

15. Crystal Springs represents that it has no customer deposits on hand for the System.

16. Pursuant to the Agreement, Pasco County will assume the liabilities and obligations of Crystal Springs' outstanding developer agreements.

17. Pasco County is a political subdivision of the State of Florida and has the legal authority to operate the water system pursuant to section 125.01, Florida Statutes.

17.a. The closing of this transaction occurred on July 1, 2010, and Pasco County is now in possession the utility assets and operating the system.

PUBLIC INTEREST

18. While the Commission is authorized to make a determination whether the sale of utility assets from one investor owned utility to another investor owned utility is in the public interest, the statutes do not provide the Commission with any authority to make such determination with respect to a sale to a governmental entity. Under subsection (4)(b) of 367.071, when the sale of facilities is not to a governmental entity, the Commission must amend the selling utility's Certificate of Authorization to reflect the change resulting from the sale. Subsection (5) authorizes the Commission to establish the rate base for the purchasing utility except when the sale is to a governmental entity. These statutes clearly contemplate that a sale under Section 367.071(1) involves continuing Commission jurisdiction over the purchaser. In the present case, which involves a sale to a governmental authority created pursuant to Chapter 163, Florida Statutes, the Commission will not have jurisdiction over Pasco County following closing. Section 163.01(7)(g)(1) clearly states that notwithstanding Section 367.171(7), any entity created under Chapter 163 is not subject to Commission jurisdiction. Pasco County will assume the responsibilities assigned to it by the legislature and convert privately-owned utility assets to public ownership. In the present case, Pasco County has made a determination that the purchase of Crystal Springs' System is in the public interest as reflected in Section 3 of Resolution No. 10-278, attached to this Application as Exhibit C.

MATTERS REQUIRED BY RULE

19. Crystal Springs is current with respect to payment of all regulatory assessment fees. Regulatory assessment fees for 2009 will be paid by Crystal Springs when due.

20. There are no regulatory fines or refunds owed.

21. Undersigned counsel for Crystal Springs has conferred with counsel for Pasco County and is authorized to represent that Pasco County concurs with and joins in this Application.

WHEREFORE, Crystal Springs requests that the Commission:

1. Acknowledge the sale of Crystal Springs water facilities as set forth in this Application to Pasco County; and
2. After closing of the sale to Pasco County, cancel the Certificates listed on the attached Exhibit A.

Respectfully Submitted this 15 day of July 2010.



Clyde A. Biston, President
C. S. Water Company, Inc.
Post Office Box 40
Crystal Springs, FL 33524

State of Florida

Commissioners:
THOMAS M. BEARD, CHAIRMAN
MICHAEL WILSON
BETTY EASLEY
J. TERRY DEASON
SUSAN F. CLARK



DIVISION OF WATER &
WASTEWATER
CHARLES HILL,
DIRECTOR
(904) 488-8482

Public Service Commission

September 23, 1991

Mrs. Judith Biston
C. S. Water Company, Inc.
Post Office Box 3000
Crystal Springs, Florida 33524

RE: Docket No. 910593-WU, Application for transfer of Majority Organizational Control of C. S. Water Company, Inc. From Robert Thomas to Clyde and Judith Biston.

Dear Mrs. Biston:

Enclosed please find Water Certificate No. 235-W which has been updated to reflect Order No. 25026 which approved the transfer of majority organizational control of C. S. Water Company.

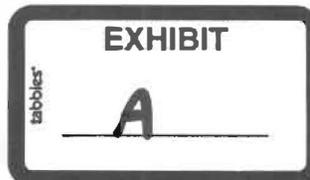
If you have any questions, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Jackie Gilchrist".

Jackie Gilchrist
Regulatory Analyst

cc: Michele Franklin





FLORIDA PUBLIC SERVICE COMMISSION

CERTIFICATE NUMBER

235-W

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to

C. S. WATER COMPANY, INC.

Whose principal address is

4333 SOUTH 50TH STREET

TAMPA, FLORIDA 33675 (PASCO COUNTY)

to provide WATER service in accordance with the provisions of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER 6997 DATED 11-14-75 DOCKET 750544-W

ORDER 24374 DATED 04/17/91 DOCKET 900805-WU

ORDER 25026 DATED 09/09/91 DOCKET 910593-WU

ORDER _____ DATED _____ DOCKET _____

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION



William H. DeWitt
Administrative Secretary

William J. Mayo
Chairman

PASCO COUNTY, FLORIDA
CRYSTAL SPRINGS WATER COMPANY
WATER SYSTEM PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is made and entered into by and between PASCO COUNTY, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners, the governing body thereof, hereinafter referred to as the "COUNTY," and C. S. WATER COMPANY, INC., a Florida corporation authorized to do business in the State of Florida, hereinafter referred to as the "UTILITY."

RECITALS:

1. The UTILITY is the owner of a potable water treatment and distribution system (hereinafter referred to collectively as the "Utility" or "System") known as Crystal Springs Water Company, located within the boundaries of Pasco County, Florida.

2. Pursuant to its governmental powers, pursuant to Chapters 163, 125, and 153, Florida Statutes, and other applicable laws, the COUNTY is authorized to preserve and enhance present advantages; encourage the most appropriate use of land, water, and resources, consistent with public interest; facilitate the adequate and efficient provision of water and sewerage facilities; and conserve, develop, utilize, and protect natural resources within its jurisdiction.

3. The UTILITY wishes to sell the System to the COUNTY.

4. The COUNTY has examined the UTILITY'S Water System Assets, has examined its existing financial structure, has examined the long-range needs and goals of the COUNTY relative to the provision of water service to its present and future citizens, and determined at a public hearing held pursuant to Chapter 125.3401, Florida Statutes, that the execution of a Purchase and Sale Agreement for the acquisition of the Water System Assets is in the public interest.

5. The COUNTY desires to acquire the said System upon the terms and conditions set forth herein.



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

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

SECTION 2. PURCHASE AND SALE OF WATER SYSTEM: The UTILITY agrees to sell and the COUNTY agrees to buy the System, consisting of all real, personal, and mixed property used or held for use in connection with the System, hereinafter referred to as the "Purchased Assets" or the "Water System Assets." The Purchased Assets shall not include any cash derived from monthly rates of the UTILITY received by the UTILITY, except as set forth in SECTIONS 3 and 11 hereof, and shall not include the water well, water plant property, the associated Water Use Permit, or certain personal property as listed below.

SECTION 3. PURCHASED ASSETS: On the closing date, as defined below, the UTILITY shall sell, assign, transfer, convey, and deliver to the COUNTY, and the COUNTY shall purchase, accept, and pay for all of the right, title, and interest, in and to the following property and assets (collectively the "Purchased Assets"):

3.1 Real Property: Any real property interests ("Property"), owned or otherwise possessed by the UTILITY, whereupon all water distribution lines, pumping stations, and all other potable water-service facilities are located, except for the water plant and well property.

3.2 Plant and Other Facilities: The following assets owned by the UTILITY: All water distribution pipelines, meters, and pumping facilities of every kind and description whatsoever, including without limitation, transmission pipes or facilities, valves, meters, service connections, and all other potable water service connections, and all other potable water physical facilities and property installations in use in connection with the utility business of the UTILITY, except for the water well and associated equipment thereon.

3.3 Equipment: The UTILITY shall retain all personal property held in its name.

3.4 Other Rights: All rights; privileges; easements; licenses; prescriptive rights; rights-of-way; and rights to use public and private roads, highways, streets; and other areas, if any, owned or possessed by the UTILITY for the construction, reconstruction, maintenance, and operation of the System of the UTILITY and the Purchased Assets (collectively referred to as the "Easements").

3.5 Vendor Contracts: All rights, title, and interest of the UTILITY in and to any and all vendor contracts. Copies of vendor contracts and leases are attached hereto as composite Exhibit A and incorporated by reference herein.

3.6 Customer and Supplier Lists: All current customer and supplier lists and records, as-built surveys and plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, accounting and customer records, and all other information and business records in the possession of the UTILITY pertaining to operation of the System.

3.7 Permits and Approvals: All permits, certificates, and other governmental authorizations and approvals, except for Water Use Permit No. 964.005, necessary to operate and maintain the System in accordance with all governmental requirements, as described in composite Exhibit A attached hereto and incorporated by reference herein.

3.8 Choses in Action: All choses in action including, but not limited to, warranty claims, claims for damages, the right to sue for any past infringement, or other cause of action.

3.9 Customer Deposits: The UTILITY does not hold any deposits from its customers.

SECTION 4. WATER SYSTEM LEASE: As noted above, the COUNTY is not purchasing the water treatment plant, well site, well, or Water Use Permit; however, the UTILITY shall lease the use of these facilities and properties at no cost until such time as the COUNTY is able to connect the System to the COUNTY'S system or for five (5) years with the right, at the COUNTY'S discretion, to extend beyond five (5) years; provided, however, if the COUNTY elects to extend the lease beyond five (5) years, it shall pay \$500.00 per month. During the term of the lease, the COUNTY shall have the exclusive right to use the plant, well, and all water derived therefrom to provide water service to the Crystal Springs Water Company's service area. The COUNTY shall operate the well and plant and bear all costs of such operation and maintenance as if the

COUNTY owned the system. The UTILITY shall be responsible for maintaining the Water Use Permit (No. 964.005) with the Southwest Florida Water Management District (SWFWMD). The terms of this SECTION 4 shall survive the closing of this transaction. Simultaneous with the closing of this transaction, the UTILITY shall deliver three (3) executed copies of the Lease Agreement attached as Exhibit B.

SECTION 5. PURCHASE PRICE AND PAYMENT: The COUNTY agrees to pay to the UTILITY on the closing date and the UTILITY agrees to accept as the purchase price for the System, and in consideration for all the undertakings herein contained on the part the of the UTILITY, a total purchase price, in the amount of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), subject to adjustments as provided herein. The said purchase price shall be paid in cash at closing.

SECTION 6. SURVEY: Pursuant to its sole discretion, the COUNTY may have prepared, at its expense, for any of the property set out in composite Exhibit A, a current survey by a Florida-licensed surveyor in accordance with applicable law; the survey will be prepared in accordance with and certified to the COUNTY in accordance with the minimum detail standards adopted by the Florida Society of Professional Land Surveyors. Any defect reflected on such survey including, but not limited to, encroachments of improvements across a boundary line or onto a utility strip, evidence of overlaps along a property line, violation of restrictions, setback lines, possession inconsistent with the property boundaries, or any other such defect shall be treated as a title defect under SUBSECTION 6.2 above. The COUNTY shall have thirty (30) days after receipt of the said survey to furnish notice to the UTILITY, as appropriate, of any title defect shown on the survey that does not conform to the status of title described in SECTION 6 of this Agreement. If the COUNTY shall fail to notify the UTILITY, as appropriate within the aforesaid thirty (30) days, the COUNTY shall be deemed to have accepted the status of the title shown on the survey.

SECTION 7. REPRESENTATIONS AND WARRANTIES OF THE UTILITY: To induce the COUNTY to enter into this Agreement, the UTILITY represents and warrants that, at time of execution and as of closing date:

7.1 Organization, Standing, and Power: The UTILITY is a Florida corporation, duly organized, validly existing, and in good standing under the laws of the State of its formation, and is authorized

to do business in the State of Florida. The UTILITY has all requisite power and authority to own and lease its properties and the system assets and to conduct its business as it is currently being conducted.

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

7.3 Good and Marketable Title: Except for the requisite authorization by the Florida Public Service Commission with respect to the transfer of the certificate of authorization, the UTILITY has good and marketable title to the Purchased Assets.

7.4 No Liens or Encumbrances: Except as otherwise specifically set forth herein, there are no liens, claims, or encumbrances of any type or nature upon or against the Purchased Assets including, but not limited to, financing statements or security instruments filed under the Uniform Commercial Code either in the county where the land is located or with the Secretary of State.

7.5 Litigation: The UTILITY has no actions, suits, or proceedings at law or in equity, pending or threatened against the UTILITY before any Federal, State, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affects or will affect the System or any of the Purchased Assets or the UTILITY'S right and ability to make and perform this Agreement; nor is the UTILITY aware of any facts that to its knowledge are likely to result in any such action, suit, or proceeding. The UTILITY is not in default with respect to any order or decree of any court or of any administrative or governmental agency or instrumentality affecting the System or any of the Purchased Assets. The UTILITY agrees and warrants that it shall have a continuing duty to disclose up to and including the closing date, the existence and nature of all pending judicial or administrative suits, actions, proceedings, notices of violation, and orders which in any way relate to the operation of the System. Any such matters now known to the UTILITY shall be initially disclosed within ten (10) days following execution of this Agreement and shall be supplemented each thirty (30) days thereafter, as well as on the closing date.

7.6 Appropriate Zoning: The present zoning of the property described in composite Exhibit A does not prohibit the operation of the System on the subject property.

7.7 Contracts and Agreements: Attached hereto as composite Exhibit A and by reference made a part hereof is a complete and accurate listing of the all the contracts, service agreements, developers' agreements, and leases related to the System and to which the UTILITY is a party.

7.8 New Agreements: The UTILITY shall not enter into any extension, developers' agreement, agreement concerning the operation of the Water System, agreement concerning water service capacity, or cause any agreement to be modified after the date of execution of this Agreement without the prior written approval of the COUNTY.

7.9 Agreements for Construction: With respect to any outstanding agreements for construction under which the UTILITY has previously received cash deposits or contribution in exchange for the UTILITY'S willingness to authorize the planning, permitting, construction, installation, and extension of the Water System located in the C. S. Water Company, Inc., certified service area, the UTILITY has fully discharged all obligations on its part for such planning, permitting, construction, installation, and extension; and the UTILITY has no further obligations, liabilities, or expenses for the future planning, permitting, construction, installation, or extension of the System under any such agreements.

7.10 Leases: None of the Water System or the Purchased Assets is subject to any interest of any lessor or lessee and will not be so subject as of the closing date.

7.11 Contracts in Default: There are no existing contracts or commitments with respect to the System except for those listed in composite Exhibit A hereof, and the UTILITY is not aware of any defaults of any parties to any such agreement.

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

7.13 No Record Violations: The use of the System on the property set out in composite Exhibit A is consistent with and does not violate any restrictions or conditions of record.

7.14 Absence of Changes: Since the date of execution of this Agreement, the UTILITY shall not and has not:

7.14.1 Undergone any change in its condition (financial or otherwise) of properties, assets, liabilities, business, or operations other than changes in the ordinary course of business which have not been, either in any case or in the aggregate, materially adverse.

7.14.2 Declared, set aside, made or paid any dividend or other distribution in respect of its capital stock or purchased or redeemed, directly or indirectly, any capital stock.

7.14.3 Incurred any indebtedness for borrowed money or issued or sold any debt securities.

7.14.4 Suffered any damage, destruction, or loss, whether or not covered by insurance, adversely affecting its properties, assets, or business.

7.14.5 Mortgaged, pledged, or subjected to any lien, lease, security interest, or other change or encumbrance any of its properties or assets, tangible or intangible.

7.14.6 Acquired or disposed of any assets or properties of material value except in the ordinary course of business.

7.14.7 Forgiven or canceled any debts or claims, or waived any rights except in the ordinary course of business.

7.14.8 Entered into any material transaction other than in the ordinary course of business.

7.14.9 Incurred any liability or obligation (whether absolute, accrued, contingent, or otherwise) except in the ordinary course of business.

7.14.10 Made any prepayment of any obligation or liability.

7.14.11 Received any notice of termination of any contract, lease, or other agreement.

7.14.12 Made any change in accounting policies or practices, including any change in depreciation or amortization policy.

7.15 Financial Statements: Within sixty (60) days of execution hereof, the UTILITY at its expense, agrees to provide to the COUNTY, if requested by the COUNTY, true, correct, and complete copies of all financial statements, tax returns, and other financial records and annual reports for the period 2004 to 2009. The records shall fairly present the financial condition and results of operations of the UTILITY at the dates and for the periods of time thereof and disclose all of the assets, liabilities, net worth, revenues, and expenses of the UTILITY existing as of the dates and for the periods of time thereof.

7.16 Disclosure: No representation or warranty made by the UTILITY, to the best of the UTILITY'S knowledge, in this Agreement contains or will contain any untrue statement of material facts or omits or will omit to state any material fact that would make the statements, herein contained, misleading or untrue.

7.17 Survival of Covenants: The UTILITY agrees that its representations and warranties set forth herein are true and correct as of the date of the execution hereof, shall be true and correct at the time of closing, and shall survive the closing.

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

8.1 Business Conduct: Except as otherwise consented to in writing by the COUNTY, for the period beginning on the date of execution of this Agreement and ending on the closing date, the UTILITY shall:

8.1.1 Carry on its businesses in, and only in, the usual, regular, and ordinary course and nevertheless comply with and uphold all applicable governmental requirements and law.

8.1.2 Maintain all of its material structures, equipment, and other tangible personal property in good repair, order, and condition, except for depletion, depreciation, ordinary wear and tear, and damage by unavoidable casualty.

8.1.3 Keep in full force and effect insurance comparable in amount and scope of coverage to insurance now carried by it.

8.1.4 Perform, in all material respects, all of its obligations under agreements, contracts, and instruments relating to or affecting its properties, assets, and business.

8.1.5 Maintain its books of account and records in the usual, regular, and ordinary manner.

8.1.6 Use its best efforts to maximize the profits of its utilities business.

8.1.7 Comply in all material in respect with all statutes, laws, ordinances, rules, and regulations applicable to it and to the conduct of its business.

8.1.8 Not amend its Certificate or Articles of Incorporation or Bylaws or Partnership Documents.

8.1.9 Not merge or consolidate with, or agree to merge or consolidate with, or purchase substantially all the assets of, or otherwise acquire any business or any corporation, partnership, association, or other business organization or division thereof, or sell all or any of its assets.

8.1.10 Promptly advise the COUNTY, in writing, of any material adverse change in its operations or business.

8.1.11 Not enter into any transaction, including without limitation, the purchase, sale, or exchange of property with, or the rendering of any service to the UTILITY except in the ordinary course of and pursuant to the reasonable requirements of the business of the UTILITY and upon fair and reasonable terms no less favorable to the UTILITY than it would obtain in a comparable arm's-length transaction with an unrelated third party.

8.1.12 Renew all expired permits or correct system deficiencies in such permits if there is a regulatory requirement, order, or demand in existence.

8.1.13 Cooperate with the COUNTY in obtaining transfer of all permits and governmental authorizations.

8.2 Certain Contracts: Except for written contracts obligating the UTILITY in an amount not to exceed One Thousand and 00/100 Dollars (\$1,000.00) and service availability letters in any

amount, no contract, commitment, or developer's agreement will be entered into on behalf of the UTILITY without prior written approval obtained from the COUNTY.

8.3 Risk of Loss: The UTILITY shall bear the risk of loss for the property up to and including the closing date.

8.4 No Encumbrances: From and after the date of the execution of this Agreement, the UTILITY will not, without the prior written consent of the COUNTY, dispose of or encumber any of the Purchased Assets.

8.5 Access to Records: The UTILITY will cooperate by opening records and providing access to records and facilities to assist in acquainting the COUNTY'S operating and administrative personnel in the operation of the System.

8.6 Performance of Closing Conditions: The UTILITY shall perform all of the conditions to closing, which the UTILITY is required to perform, prior to closing as provided herein.

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

8.8 Examination and Inspection: The UTILITY will permit full examination including, but not limited to, physical testing by the COUNTY'S authorized representatives of all existing contractual obligations, physical systems, assets, equipment, real estate, rights-of-way, easements, permits, certificates, and inventories utilized by the UTILITY in connection with the System. Such facilities will be properly maintained by the UTILITY within the custom and usage of the industry up until the closing date.

SECTION 9. REPRESENTATIONS AND WARRANTIES OF THE COUNTY: To induce the UTILITY to enter into this Agreement, the COUNTY represents and warrants as follows:

9.1 Organization, Standing, and Power of the County: The COUNTY is a political subdivision of the State of Florida and has all requisite home rule power and authority to enter into this Agreement and to carry out and perform the terms and provisions of this Agreement.

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

9.3 Disclosure: No representation or warranty made by the COUNTY, to the best of the COUNTY'S knowledge, in this Agreement contains or will contain any untrue statement of material facts or omits or will omit to state any material fact that would make the statements herein contained misleading or untrue.

SECTION 10. ADJUSTMENTS AND PRORATIONS:

10.1 Adjustments: At the time of closing, the parties covenant and agree that the following adjustments shall be made:

10.1.1 Real and personal property taxes on all real and personal property which is being conveyed by the UTILITY to the COUNTY, shall be prorated as of the closing date based on the most current tax bills available, with the understanding that if tax bills for the current year are not available, the proration shall be based on the tax bill for the previous year and the parties will be entitled to a re-proration when the current tax bill becomes available.

10.1.2 Within ten (10) days after closing, the UTILITY will render bills in its name to all customers for water service through the closing date. The UTILITY intends to complete reading all account meters by the closing date. All rates, fees, and charges for water service through the closing date shall be the property of the UTILITY. Any subsequent bills rendered for service to the Crystal Springs service area, shall be rendered in the name of the COUNTY. All rates, fees, and charges for water service after the closing date shall be the property of the COUNTY.

10.1.3 All accounts payable and bills for electricity and services and supplies for the month in which the closing of this transaction takes place will be prorated between the parties.

10.1.4 Any taxes on gross receipts as of the closing date shall be paid by the UTILITY.

10.1.5 With respect to all connection, plant capacity, and capital charges (hereafter "connection charges"), which have been paid on or before the closing date by customers who have been connected and are receiving service at least ten (10) days prior to the closing date, shall be deemed the property of the COUNTY. All other connection charges for customers who have not yet connected, together with any escrow fees, shall be rebated to the customers, or the UTILITY shall assume the financial responsibility for the customer connections. Furthermore, the UTILITY assumes all past developer agreements and other agreements involving service. By virtue of this Agreement, the COUNTY will not accept or recognize any obligations regarding prepaid or discounted unconnected customers. Nothing contained in this Agreement shall be construed to require the COUNTY to exercise the police power in the allocation of water service capacity (hereby deemed to be a governmental function) other than in accordance with the COUNTY'S current or future service allocation or extension rules.

10.1.6 The date of closing shall, for purposes of adjustments and prorations, be deemed to be a seller ownership day.

10.1.7 Proof of Taxes Paid: The UTILITY shall furnish proof that the Florida Public Service Commission gross receipts tax to the closing date has been paid.

SECTION 11. EXPENSES: The cost of recording any releases, satisfactions, or corrective instruments, along with the documentary stamps and surtax, if any, on any corrective deeds, shall be paid by the UTILITY. Documentary stamps and intangible tax on any mortgage and the cost of recording the deed, mortgage, and UCC-1 financing statements shall be paid by the COUNTY. Certified, confirmed, and ratified special assessments or COUNTY liens as of date of closing will be paid by the UTILITY.

SECTION 12. ENVIRONMENTAL MATTERS:

12.1 The UTILITY warrants that the property, described in composite Exhibit A, and the Purchased Assets are in a clean and healthful condition; free of environmental contamination; or potentially harmful physical conditions, other than such contaminants or harmful conditions permitted by law; and no

hazardous substance has been improperly stored upon, disposed of, spilled, or otherwise released to the environment on or in the said property or easements by the UTILITY or, to the best of the knowledge of the UTILITY after due inquiry, by any other party. For purposes of this Agreement the definition of the term "hazardous substance" shall be that set out in Section 101(4) of the Federal Comprehensive Environmental Response, Compensation, and Liability Act, except that for purposes of this Agreement, the term shall also include 1) petroleum (crude oil) and natural gas (whether existing as a gas or a liquid); and 2) any substance defined as hazardous or toxic by any State or local regulatory agency having jurisdiction over the operations of the UTILITY.

12.2 The UTILITY warrants that the operation by the UTILITY of its utility business and the System complies in all material respects with all applicable Federal, State, and local environmental and occupational health and safety statutes and regulations.

12.3 The UTILITY warrants that any tanks (whether above- or belowground) on or at any of the said property or easements installed or used by the UTILITY are in sound conditions, free of leaks which could permit any release of stored material.

12.4 The UTILITY warrants that none of the property has been used by the UTILITY or by any other party, for the processing, storing, or otherwise utilizing asbestos, polychlorinated byphenyls (PCBs), or radioactive substances. The UTILITY has received no notice that any of the foregoing materials are present on or at any of the said property or easements.

12.5 The UTILITY warrants that all hazardous wastes, resulting from the operations of the UTILITY on or at any of the said property or easements, have been disposed of in an environmentally sound and legal manner; and none of those wastes have been disposed of in any site where there has been, is, or, due to the manner of disposition by the UTILITY, will be released into the environment requiring corrective action; nor has the UTILITY received notice from any State or Federal environmental agency of its possible involvement with any disposal site under investigation by such agency.

SECTION 13. INDEMNITY: The UTILITY shall, and hereby agrees to, indemnify and hold harmless, the COUNTY at all times from and after the closing date against and in respect to any damages, as

hereinafter defined, from claims of any person or entity not a party to this Agreement which arise out of facts or circumstances occurring on or prior to the time of the closing. The COUNTY shall notify the UTILITY of any such claims within thirty (30) days of its receipt of notice thereof. Damages, as used herein, shall include any obligations, losses, costs, expenses, injunctions, suits, fines, liabilities, penalties, and damages, including reasonable attorneys' fees, whatsoever that the COUNTY incurs as a result of any claim, action, proceeding, or any judgment or order rendered by a court or agency of competent jurisdiction, that arise from 1) any materially inaccurate representation made by the UTILITY in or under this Agreement; 2) breach of any of the warranties made by the UTILITY via or under this Agreement; 3) breach or default in the performance by the UTILITY of any of the covenants, conditions, commitments, agreements, duties, or obligations to be performed by it hereunder; 4) any debts, liabilities or obligations of the UTILITY, whether accrued, absolute, contingent, or otherwise, due or to become due, except those obligations specifically assumed by the COUNTY pursuant to this Agreement; 5) the breach by the UTILITY or the failure of any act or action to occur that is the subject of any duty, obligation, covenant, condition, commitment, agreement, representation, or warranty undertaken or made by or on behalf of the UTILITY pursuant to this Agreement; and 6) the ownership and operation of the water utility systems or the Water System Assets by the UTILITY prior to the closing date. The UTILITY agrees to indemnify and hold the COUNTY harmless from and pay any costs, fees, penalties, or fines that are imposed by any court or agency of competent jurisdiction, upon the COUNTY or UTILITY by reason of the UTILITY'S failure to fully comply with any Florida Department of Environmental Protection (FDEP), SWFWMD, or Florida Public Service Commission order, rule, or statute, which may arise before, during, or after the closing out of facts or circumstances occurring on or prior to the closing date.

SECTION 14. COVENANT NOT TO ENGAGE IN COMPETING UTILITY BUSINESS: The UTILITY agrees that it shall not engage (the words "shall not" being used in a mandatory definition) in the business of providing water or wastewater service to any land located within the COUNTY for the next five (5) years. This provision will only become effective upon closing.

SECTION 15. COUNTY'S INVESTIGATION: Notwithstanding any investigation or other due diligence heretofore conducted by the COUNTY or its affiliates, the UTILITY agrees that the COUNTY is

entering into this transaction in reliance on the representations and warranties of the UTILITY set forth in this Agreement, which reliance the UTILITY acknowledges is intended and justified.

SECTION 16. CLOSING: Provided that all conditions precedent to closing have, in fact, been so performed, including obtaining Florida Public Service Commission approval, the place of closing shall be at the Pasco County Public Works/Utilities Building, New Port Richey, Florida, and such closing shall occur on July 9, 2010 (the closing date), or such earlier date as the parties mutually agree in writing, but not in any case earlier than fifteen (15) days following Public Service Commission approval. Either party shall have the right to extend the closing date fifteen (15) days beyond by sending written notice to the other party at least fifteen (15) days prior to the closing date. Notwithstanding anything to the contrary contained in this Agreement, the closing date may also be extended pursuant to mutual written agreement of the parties. Immediately following the closing date, the COUNTY shall have full right to the possession of all of the Water System Assets wherever the same may be located.

SECTION 17. CLOSING DOCUMENTS AND PROCEDURES:

17.1 Deliveries from the UTILITY: At least thirty (30) days prior to the closing date, the UTILITY shall deliver to the COUNTY:

17.1.1 If applicable, true, correct, and complete copies of the Articles of Incorporation and Bylaws or Partnership Documents of the UTILITY.

17.1.2 Instruments of conveyance, in appropriate recordable form, of all the easements as described in composite Exhibit A hereof, and effluent disposal easements, conveying to the COUNTY all of its right, title, and interest in all such property, together with all utility improvements thereto; and warranting that such easement rights and rights-to-use dedicated rights-of-way are free and clear of all liens, security interests, encumbrances, leasehold interests, charges or options, covenants, or restrictions other than Permitted Encumbrances, as that term is defined herein.

17.1.3 Bills of Sale or other documents of assignment and transfer, with full warranties of title, to all Water System Assets other than those assets covered by SUBSECTION 18.1.2 and 18.1.3 hereof.

17.1.4 Assignments of those vendor accounts that have been specifically requested by the COUNTY at least thirty (30) days prior to the closing date.

17.1.5 All business records sold to the COUNTY hereby

17.1.6 All permits, governmental authorizations, and approvals as described in composite Exhibit A.

17.1.7 Mechanics lien affidavit as to realty and personalty insuring and indemnifying the COUNTY against any liens, claims, or encumbrances upon the Purchased Assets.

17.1.8 The surveys required by SECTION 7 hereof.

17.1.9 The Lease Agreement referenced in Section 4.

17.1.10 A complete billing register and billing information of the customers of the System in *File Transfer Protocol (FTP)* format. The UTILITY shall cooperate with the COUNTY to integrate the billing information into the COUNTY'S system.

17.1.11 Each developer or customer that has entered into an agreement, which is listed on composite Exhibit A, shall have executed a new developer's agreement with the COUNTY. Each party who is a party to the agreements listed on composite Exhibit A shall have executed a new developer's agreement with the COUNTY. The form of the new developer's agreement is attached to and incorporated in this Agreement as composite Exhibit A.

17.1.12 The UTILITY representatives will conduct themselves in an appropriate fashion through transfer, will operate the system in compliance with all regulatory agencies, and will not reduce the value of the UTILITY in any manner through the date of transfer.

17.2 At closing, the UTILITY shall deliver fully executed originals of all documents listed in SECTION 17.1.

17.3 COUNTY Deliverables: On the closing date, the COUNTY shall send a wire transfer to the account identified by the UTILITY or shall deliver a cashier's check in the amount due to the UTILITY. as provided in SECTION 5 of this Agreement.

SECTION 18. RESPONSIBILITY FOR PROFESSIONAL FEES AND COSTS: Each party hereto shall be responsible for its own attorneys' fees, engineering fees, accounting fees, and other costs in connection with the preparation and execution of this Agreement.

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

SECTION 20. ASSIGNABILITY: This Agreement shall not be assignable by the UTILITY or the COUNTY without the prior written consent of the other party hereto. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their successors, any rights or remedies under or by reason of this Agreement.

SECTION 21. ACCOUNTS RECEIVABLE: Except as provided in SUBSECTION 10.1 above, the sale contemplated by this Agreement shall not include any accounts receivable or other debts and receivables due to the UTILITY in respect of its operation of the System through the closing date. All such amounts received by the COUNTY after the closing date shall be promptly paid or delivered to the UTILITY. If the amounts received by the COUNTY include receivables not sold hereby, but also include receivables due the COUNTY, the amount received shall be prorated between the COUNTY and the UTILITY. The COUNTY'S obligation to return accounts receivable shall end six (6) months from the closing date.

SECTION 22. COMMISSIONS: The UTILITY engaged the services of a real estate broker, Matt Hulbert Realty, Inc., 6244 Gall Boulevard, Zephyrhills, FL 33542, (813) 788-7004, who shall be compensated solely by the UTILITY.

SECTION 23. FURTHER ASSURANCES: Each of the parties hereto agrees that, from time to time, upon the reasonable request of the other party and at the expense of the requesting party, without further

consideration, it shall execute and deliver to the requesting party any and all further instruments, affidavits, conveyances, and transfers as may be reasonably required to carry out the provisions of this Agreement.

SECTION 24. NOTICES, PROPER FORM: Any notices required or allowed to be delivered hereunder shall be in writing and be deemed to be delivered when either 1) hand-delivered to the person hereinafter designated, or 2) upon receipt of such notice when deposited in the United States mail, postage prepaid, certified mail, return receipt requested, 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. John J. Gallagher
County Administrator
Pasco County Govt. Center
7530 Little Road, Suite 340
New Port Richey, FL 34654-5598

UTILITY: C. S. Water Company, Inc.
Clyde A. Biston, President
Post Office Box 40
Crystal Springs, FL 33524

SECTION 25. NO INTERFERENCE WITH EMPLOYMENT: The UTILITY will not interfere with the COUNTY hiring the present operational staff of the Water System. The COUNTY shall notify the UTILITY thirty (30) days prior to the closing date as to which existing employees of the UTILITY that the COUNTY will be extending offers of employment.

SECTION 26. ENTIRE AGREEMENT: This instrument constitutes the entire agreement between the parties and supersedes all previous discussions, understandings, and agreements between the parties relating to the subject matter of this Agreement.

SECTION 27. AMENDMENT: Amendments to and waivers to the provisions herein shall be made by the parties only in writing by formal amendment.

SECTION 28. DISCLAIMER OF THIRD PARTY BENEFICIARIES: This Agreement is solely for the benefit of the formal parties herein, and no right or cause of action shall accrue upon or by reason hereof, to or for the benefit of any third party not a formal party hereto.

SECTION 29. BINDING AFFECT: All of the provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by legal representatives, successors, and nominees of the COUNTY and the UTILITY.

SECTION 30. TIME OF THE ESSENCE: Time is hereby declared of the essence to the performance of this Agreement.

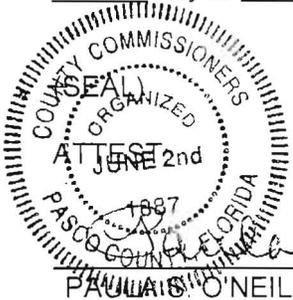
SECTION 31. APPLICABLE LAW: This Agreement shall be construed, controlled, and interpreted according to the laws of the State of Florida.

SECTION 32. TERMINATION: Notwithstanding any other provision hereof, the COUNTY may, in its sole discretion, terminate this Agreement without any liability or obligation to the UTILITY if 1) any material default under, material breach of, or failure of any agreement, covenant, condition, or term of this Agreement by the UTILITY shall have occurred; or any material misrepresentation or any material breach of any warranty of the UTILITY shall have occurred; or 2) on or before the closing date, any party (other than officers or employees of the COUNTY) shall (a) have protested the transactions contemplated hereby with any Federal, State or local regulatory agency or commission or court and such protest shall not have been dismissed or withdrawn before the closing date; or (b) have timely taken action to nullify the purchase through the initiative or referendum process; or (c) after conducting a public hearing or hearings under Section 125.3401, Florida Statutes, a referendum or special election is held within the COUNTY to determine the question of acquisition of the System (or the appropriateness of issuing revenue bonds for purposes of the said acquisition), and the voters of the County of Pasco reject the acquisition or issuance of revenue bonds; or (d) after conducting a public hearing or hearings under Section 125.3401, Florida Statutes, the Board of County Commissioners of Pasco County determine that the acquisition shall not occur. If the COUNTY holds an election or referendum for any reason, the closing shall occur thirty (30) days after the results of the referendum or election have been officially reported to the COUNTY, if the said referendum or election results in majority vote in favor of acquisition. If the referendum or special election concludes in a majority vote against acquisition, the COUNTY shall have the option to terminate this Agreement without liability or obligation to the UTILITY within seven (7) days after the results of the said referendum or election have been

officially reported to the COUNTY. In any event, if the referendum or election has not occurred by _____, then the UTILITY shall have the option to terminate this Agreement. The COUNTY agrees to hold any such public hearing or hearings under Section 125.3401, Florida Statutes, within ninety (90) days after the date of execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing Agreement on this

5th day of June, 2010.



Paula S. O'Neil
PAULA S. O'NEIL, CLERK AND COMPTROLLER

BOARD OF COUNTY COMMISSIONERS OF
PASCO COUNTY, FLORIDA

APPROVED

Pat Mulieri
PAT MULIERI, Ed.D., CHAIRMAN

JUN 08 2010

BOCC

(SEAL)

C. S. WATER COMPANY, INC.

ATTEST:

Judith M. Biston
JUDITH M. BISTON

BY: Clyde A. Biston
CLYDE A. BISTON, PRESIDENT

COMPOSITE EXHIBIT A

This exhibit to the Crystal Springs Water Company Water System, Purchase and Sale Agreement, provides descriptions of property, assets, contracts, permits, and other related information as specified in Sections 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, and 3.7 of the Agreement.

Background:

C. S. Water Company, Inc. (UTILITY), is an investor-owned Water System of approximately 433 service connections and 411 active water customer accounts, located in eastern Pasco County in the vicinity of the City of Zephyrhills.

The System:

The UTILITY system consists of two supply wells, a water treatment plant (WTP), and a hydro-pneumatic tank system (on the property described in the attached legal description), providing service to approximately 411 active connections in the service area. According to the UTILITY'S Annual Report filed with the Florida Public Service Commission, the customers are all residential with 5/8" X 3/4" meters, but UTILITY represents that it maintains some commercial accounts with 2" and 3" meters.

The distribution system consists of a mix of steel and PVC pipe ranging in size from two-inch to six-inch in diameter. Much of the system was constructed in the 1970s with additions up through 1997. There is intermittent documentation on the System with the primary documents being a 1983 system inventory and drawings from the 1997 distribution system expansion. The WTP discharges into a six-inch main line through the center of the service area with smaller piping branching off to serve customers. As such, the majority of the system consists of two-inch diameter lines. There are several loops in the distribution system; however, there are also many dead ends of the two-inch pipe. There are also a marginal number of line valves in the system for isolation.

Regulatory Status:

A review of the regulatory status with the local district of the FDEP revealed that the system is not in violation and has no outstanding deficiencies. There are however, numerous analytical tests required to be submitted to the FDEP by the end of the year, including:

Inorganics	Lead and Copper (June to September period)
Volatile Organic Compounds	TTHMs and HAAs (June to September period)
Secondary Standards	Radiologicals
Pesticides/PCBs	Hydro-pneumatic Tank Cleaning and Inspection

An analysis of the billed flow versus the pumped flow for the Calendar Year 2008 indicates that unaccounted for water is 15.2 percent, which is above the industry allowable threshold of 10 percent. The WTP and key components and their condition are shown in the following photograph.

Service Area:

The service area consists of 2.50 square miles and is located in eastern Pasco County, north of the Hillsborough County line, and west of S.R. 39. The service area is depicted on the attached map.

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PASCO COUNTY, FLORIDA, DIRECTING AND AUTHORIZING THE ACQUISITION OF MIXED PROPERTY OWNED OR UTILIZED BY C. S. WATER COMPANY, INC., TO PROVIDE POTABLE WATER SERVICE IN PASCO COUNTY, FLORIDA; PROVIDING FOR FINDING OF A PUBLIC PURPOSE AND NECESSITY; PROVIDING THAT THE ACQUISITION IS IN THE PUBLIC INTEREST IN CONFORMANCE WITH SECTION 125.3401, FLORIDA STATUTES; PROVIDING AUTHORITY TO COMPLETE THE PURCHASE AND SALE; PROVIDING FOR APPLICABILITY AND AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of Pasco County, Florida, in regular session duly assembled that:

SECTION I. AUTHORITY. Pursuant to Chapter 125, Florida Statutes, the Board of County Commissioners (the "Board") of Pasco County, Florida (the "County"), has all the powers of local self-government to perform County functions and render services for County purposes in a manner not inconsistent with general law or with special law approved by the vote of the electors. Such power includes the authority to provide water and wastewater utility services and to acquire water and wastewater collection, treatment, and disposal facilities within the County

SECTION II. FINDINGS. It is hereby ascertained, determined, and declared:

A. C. S. WATER COMPANY, INC. (hereinafter "Crystal Springs Water") owns and operates a potable water plant, distribution lines, meters, that provide water services to lands located in Pasco County. Representatives of Crystal Springs Water and the County have identified all of the assets necessary to provide service and have recommended the purchase and sale thereof.

B. Public ownership and control of existing water and wastewater utility systems, including the Crystal Springs Water systems will provide the opportunity for the County to: 1) further develop a regional approach to the comprehensive supply, treatment and distribution of water and the collection, treatment and disposal of wastewater; 2) seek economies of scale resulting from the unified and regional provision of utility services by local government; 3) ensure that current and future users of the Crystal Springs Water Utility Systems, and other County facilities are provided with cost-efficient services at reasonable rates by local government; 4) ensure that the operation and maintenance of water and wastewater facilities is done in a proactive and environmentally responsible manner; 5) stabilize rates over the long term, reduce inefficient expansion and extension of service capacities, and avoid the proliferation of smaller treatment facilities and sites; 6) assure the appropriate expansion and interconnection of existing facilities and the construction of future facilities in a coordinated, uniform, and nondiscriminatory manner; 7) accomplish a greater public use



and increased public benefit that will result from the ownership, operation, and control of the Crystal Springs Water Utility Systems, by the County.

C. Based upon the foregoing, the Board expressly finds that the provision of the County-owned and operated water and wastewater utility constitutes a public purpose and is in the best interests of the health, safety, and welfare of the County and its inhabitants. Further, the Board expressly finds that the acquisition, placement in public use, and incorporation into the County water system of the Crystal Springs Water Utility Systems, is in the public interest, and is necessary for the fulfillment of the public purpose of providing a County-owned and operated water utility, and will provide a greater public use and increased public benefit than the existing use.

SECTION III. PUBLIC INTEREST DETERMINATION OF PURCHASE.

Attached to this Resolution is the County report documenting that the purchase of the Crystal Springs Water is in the public interest, and such report is incorporated herein by reference. The report summarizes the following:

A. The most recently available income and expense statement of the Crystal Springs Water Utility Systems;

B. The most recently available balance sheets for the Crystal Springs Water Utility Systems, listing the 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 the Crystal Springs Water Utility Systems, for regulatory purposes;

D. The physical condition of the Crystal Springs Water Utility Systems, facilities being purchased;

E. The reasonableness of the purchase price to be paid and the terms of the Purchase and Sale Agreement;

F. The impacts of the contemplated acquisition on utility customers served by Crystal Springs Water Utility Systems, as well as utility customers served by the County, both positive and negative;

G. Any additional investment required and the ability and willingness of the County to make that investment;

H. The alternatives to the contemplated acquisition and the potential impact on utility customers if the Crystal Springs Water Utility Systems, is not acquired;

I. The ability of the County as purchaser to provide and maintain high quality and cost-effective utility service; and,

J. A statement prepared by the Pasco County Utilities Department showing that: 1) the acquisition of the water system assets of Crystal Springs Water is in the public interest, including a summary of the County's experience in utility operation; and 2) the County has the financial ability to provide, now and in the future, high-quality, and cost-effective utility services.

SECTION IV. AUTHORITY TO COMPLETE PURCHASE AND SALE. A Purchase and Sale Agreement entitled "Pasco County, Florida Crystal Springs Water Company Water System Purchase And Sale Agreement" which sets forth a purchase price of Two Hundred and Fifty Thousand and 00/100 Dollars (\$250,000.00) is hereby approved. The Board hereby authorizes and directs the Chairman to execute the Purchase and Sale Agreement on behalf of the Board in substantially the form of the Agreement provided and to deliver executed copies of the same to Crystal Springs Water. The Board authorizes the Chairman, members of the Board, officers, attorneys, and other agents or employees of the County to do all acts and things required of them by this Resolution and by the Purchase and Sale Agreement, for the full, punctual, and complete performance of all the terms, covenants, and agreements contained in this Resolution and the Purchase and Sale Agreement; and each member of the Board, officers, attorneys, and other agents or employees of the County is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution or the Purchase and Sale Agreement.

SECTION V. APPLICABILITY AND EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption.

DONE AND RESOLVED this 8th day of JUNE, 2010



Paula O'Neil

PAULA O'NEIL, CLERK AND
COMPTROLLER

BOARD OF COUNTY COMMISSIONERS OF
PASCO COUNTY, FLORIDA

Pat Mulieri

PAT MULIERI, ED.D, CHAIRMAN

APPROVED

JUN 08 2010

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