

# HARBOR WATERWORKS, INC.

5320 Captains Court \* New Port Richey, FL 34652 \* Telephone Number: (727) 848 - 8292

RECEIVED-FPSC  
MAY -3 AM 11:15  
COMMISSION  
CLERK

May 1, 2012

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

120148-WU

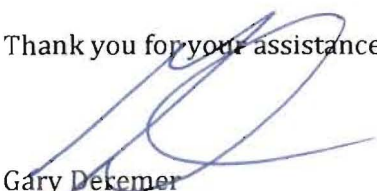
## RE: Application for Approval for Transfer of Harbor Hills Utility, LP Water System and Amendment of Certificate Filing

Ms. Cole:

On behalf of Harbor Waterworks, Inc. (HWW), attached is our filing for Transfer of Harbor Hills Utility, LP water system to HWW.

I have also attached a self addressed envelope with pre-paid postage and an extra copy of this letter.. HWW requests that they receive a returned copy of this letter along with the appropriate information signifying that our application was received and on what date and if possible, the time it was received.

Thank you for your assistance.

  
Gary Dekemer  
President, Harbor Waterworks, Inc.  
5320 Captains Court  
New Port Richey, FL 34652

C: File

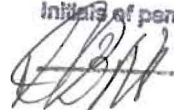
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MAPs, not scanned.  
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4 MAPS INCLUDED IN  
THIS COPY ONLY  
FOR ECR  
"EXIT D"

Check received with filing and forwarded  
to Fiscal for deposit. Fiscal to forward  
deposit information to Records.

Initials of person who forwarded check



DOCUMENT NUMBER-DATE

02835 MAY-3 2012

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Harbor Waterworks, Inc. Application )  
for Approval of Transfer of Harbor Hills Utility, LP) )  
Water System and Amendment of Certificate in )  
Lake County, FL )  
\_\_\_\_\_ )

Docket No. 120148-WU

Filed: May 3, 2012

**HARBOR WATERWORKS, INC'S  
APPLICATION FOR APPROVAL FOR TRANSFER  
OF HARBOR HILLS UTILITY, LP WATER SYSTEM  
AND AMENDMENT OF CERTIFICATE**

**IN LAKE COUNTY, FLORIDA**

Harbor Waterworks, Inc. ("HWW or "Buyer"), by and through its undersigned officer, and pursuant to Sections 367.071, Florida Statutes, and Rule 25-30.037, Florida Administrative Code, hereby files this Application for approval of the transfer of the water system of Harbor Hills Utility, LP. ("Harbor Hills" or "Seller") Certificate No. 522-W. In support of this Application, HWW states as follows:

**APPLICANT INFORMATION**

1. The name and address of the Buyer for purposes of this Application, and as it appears on HWW's Commission-issued water certificate are:

Harbor Waterworks, Inc.  
5320 Captains Court  
New Port Richey, FL 34652

Tel: (727) 848 8292

Fax: (727) 848 7701

2. The name and address of HWW's authorized representatives are:

Gary Deremer  
5320 Captains Court  
New Port Richey, FL 34652  
727-848-8292

Victoria Penick  
6043 Fall River Drive  
New Port Richey, FL 34655  
727-848-8292

3. The Seller's representative for purposes of this Application is:

Michael Rich  
Adam Rich  
6538 Lake Griffin Road  
Lady Lake, FL 32159  
(352) 753-8700  
(352) 822-5558

4. HHW has not been issued any FPSC Certificates.

5. Attached hereto is HWW's Application for Approval of Purchase of the Harbor Hills Utility system in Lake County, Florida and for Amendment of Certificate (the "Application"). The attached Application includes all of the information required by Rule 25-30.037, Florida Administrative Code.

**A. APPLICATION FOR APPROVAL OF TRANSFER OF HARBOR HILLS  
UTILITY, LP SYSTEM**

**I. FINANCIAL AND TECHNICAL INFORMATION**

6. HWW is a Florida corporation authorized to do business in Florida as of January 23, 2012. The names and addresses of HWW's corporate officers and directors are listed in **Exhibit "A"** to the Application.

7. **Exhibit "B"** to the Application is a statement indicating how this purchase is in the public interest, including a summary of HWW's Shareholders experience in water and wastewater utility operations, a showing of HWW's financial ability to provide service and a statement that HWW will fulfill the commitments, obligations and representations of Harbor Hills with regard to utility matters.

8. HWW is a privately held corporation and does not own any other water or wastewater utilities. **Exhibit "C"** to the Application is not applicable to HWW.

9. The sale of the Harbor Hills system took place on March 1, 2012. **Exhibit "D"** to the Application is a copy of the Asset Purchase Agreement, including attachments, by and between Harbor Hills and HWW, executed on or about March 1, 2012. Section 367.071(1), Florida Statutes, provides that a utility may sell its land, facilities and certificates prior to Commission determination that the sale is in the public interest, if the sale is made contingent upon Commission approval. Accordingly, Section 7.9 of the Asset Purchase Agreement provides that this sale of Harbor Hills water system is contingent upon Commission approval.

10. The Asset Purchase Agreement includes definitions of the "Water System Assets" and purchased by HWW (Section 1.3 of Agreement), the purchase price and terms of

payment (Section 1.4 of Agreement), and a provision confirming that HWW is not assuming any liabilities or obligations of Harbor Hills except for the obligation to provide water service (Section 1.5 of Agreement).

11. **Exhibit "E"** to the Application is a statement regarding the disposition of any outstanding regulatory assessment fees for the Harbor Hills system.

12. **Exhibit "F"** to the Application is a statement describing HWW's financing of the sale.

13. **Exhibit "G"** to the Application is a list of any or all entities upon which HWW is relying to provide funding for the sale, and an explanation of the manner and amount of such funding, including financial statements and copies of any financial agreements with HWW.

14. **Exhibit "H"** to the Application is a detailed listing of the proposed net book value of the water system as of the date of the proposed transfer, including the Commission Order and the date of issuance establishing rate base.

15. **Exhibit "I"** to the Application is a statement confirming that HWW is not requesting an acquisition adjustment.

16. The books and records of Harbor Hills are available for inspection by the Commission. The name, address, and telephone number of the person who has possession of the books and records of Harbor Hills are as follows:

Gary Deremer, President  
Harbor Waterworks, Inc.  
C/O Victoria Penick  
4939 Cross Bayou Blvd.  
New Port Richey, FL 34652  
(727) 848 8292  
(727) 848 7701

Or for Harbor Hills Utility, LP

Michael and Adam Rich  
6538 Lake Griffin Road  
Lady Lake, FL 32159  
(352) 753-8700  
(352) 822-5558 (fax)

17. **Exhibit “J”** to the Application is a statement from HWW regarding the federal income tax returns of Harbor Hills.

18. **Exhibit “K”** to the Application is a statement from HWW regarding the condition of the water system being acquired and the status of its compliance with applicable standards set by the Florida Department of Environmental Protection.

## **II. NOTICE OF ACTUAL APPLICATION**

19. In accordance with Rule 25-30.030(2), Florida Administrative Code, HWW has obtained from the Commission a list of the names and addresses of the municipalities, the counties, the regional planning counsel, the Office of Public Counsel, the Commission’s Director of Commission Clerk and Administrative Services, the appropriate regional office of the Department of Environmental Protection, the appropriate water management districts, and privately-owned water and wastewater utilities that hold a certificate granted by the Commission, and that are located within the county in which the systems proposed to be transferred are located.

20. In accordance with Rule 25-30.030(5), Florida Administrative Code, HWW will provide notice of this Application containing the information required under Rule 25-30.030(4), Florida Administrative Code, by regular mail to the governing body of each county and municipality contained in the list obtained from the Commission as referenced above, as well as

the other entities contained in the list obtained from the Commission, within 7 days of filing this Application.

21. Pursuant to Rule 25-30.030(8), Florida Administrative Code, within 15 days of filing this Application, HWW will submit **Late-Filed Exhibit "L"** to the Application, which will include an affidavit confirming that the Notice of Application was provided as described in Paragraphs 19-20, along with a copy of the Notice and a copy of the list of entities obtained from the Commission.

22. In accordance with Rule 25-30.030(6), Florida Administrative Code, HWW will provide a notice by regular mail, to each customer of each system to be transferred within 7 days of filing this Application. Within 15 days of filing its Application, HWW will submit **Late-Filed Exhibit "M"** to the Application, which will include a copy of the Notice of Application provided to the customers, and an affidavit reflecting that it has provided the Notice of this Application to each customer of each system to be transferred.

23. In accordance with Rule 25-30.030(7), Florida Administrative Code, HWW will publish the Notice once in a newspaper of general circulation in the territory proposed to be transferred within 7 days of filing this Application. Within 15 days of filing this Application, HWW will submit **Late-Filed Exhibit "N"** to the Application, which will include an affidavit reflecting that the Notice has been published once in a newspaper of general circulation in each territory proposed to be transferred, along with proof of each publication.

### **III. FILING FEE**

24. The application fee required by Section 367.145, Florida Statutes, and Rule 25-30.020, Florida Administrative Code, has been submitted to the Commission Clerk of Administrative Services along with the filing of this Application.

**IV. OTHER**

25. **Exhibit "O"** to the Application provides evidence that Harbor Hills owns the land upon which the treatment facility for the system to be transferred is located.

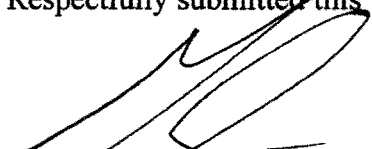
26. **Exhibit "P"** to the Application contains sample tariff sheets for each system proposed to be transferred reflecting the change in ownership, the existing rates and charges, and the territorial descriptions of the water system.

27. **Exhibit "Q"** to the Application contains the current water certificates issued by the Commission to Harbor Hills, Certificate No. 522-W and Order No. PSC PSC-94-1543-FOF-WU which serves as HWW's Amended Certificates of Authorization for HWW's Water system subject to the Commission jurisdiction.

WHEREFORE, HWW requests that this Commission:

- A. Grant HWW's Application;
- B. Approve the transfer of the Water system owned by Harbor Hills Utility, LP to HWW as described herein and in the attached application;
- C. Approve the amendment of HWW's Water Certificate of Authorization No. 522-W;
- D. Approve the utility to convert to monthly versus bi-monthly billing; and
- E. Grant such other relief as appropriate.

Respectfully submitted this 1<sup>st</sup> day of May, 2012.

  
Gary Deremer  
President  
Harbor Waterworks, Inc.



## **B. APPLICATION FOR AMENDMENT OF CERTIFICATES OF AUTHORIZATION**

### **I. SYSTEM INFORMATION**

28. HWW will provide potable water service, to the proposed established territory. HWW will provide service to the proposed established territory by utilizing the Harbor Hills current plant. The permitted capacity of the existing water treatment facilities is 700,000 GPD.

29. The type of customers to be served are single family homes along with the Harbor Hills Golf Club.

30. Attached hereto as **Exhibit "R"** is a copy of the executed and recorded special warranty deed as evidence that Harbor Hills owns the land where the water facilities are located.

### **II. FINANCIAL AND TECHNICAL INFORMATION**

31. HWW has the technical and financial ability to render reasonably sufficient, adequate and efficient service to the territory.

32. Funding for the acquisition of the Harbor Hills system will be provided through shareholder's contributions to HWW and also additional funding of partial purchase price through conventional financing; additional 20% of original purchase price payable at the time of FPSC ownership transfer by HWW.

33. The rates for the Harbor Hills systems were established by the Commission. The purchase of the Harbor Hills system will have an impact on HWW's current rates as directed by the St. John's Water Management District's current Consumptive Use Permit.

### **III. TERRITORY DESCRIPTION AND MAPS**

34. Attached hereto as **Exhibit “S”** is an accurate legal description of the water territory proposed to be added using township, range and section references as specified by Rule 25-30.030(2), Florida Administrative Code.

35. Attached hereto as **Exhibit “T”** is an official county tax assessment map showing township, range and section of the proposed amended territory.

36. Attached hereto as **Exhibit “U”** are maps showing the existing lines and facilities and the proposed amended territory.

#### **IV. ANNUAL REPORTS AND CERTIFICATES**

37. Attached hereto as **Exhibit “V”** is an affidavit of Gary A. Deremer, the President and Chief Operating Officer of HWW, affirming that HWW does not have any tariffs or annual reports on file with the Commission.

38. Attached hereto as **Exhibit “W”** is Harbor Waterworks Inc.’s acknowledgement that it does not have a recent order of the Commission establishing or changing the applicant’s rates and charges.

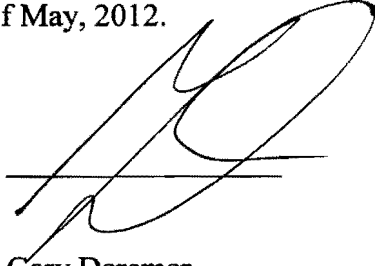
#### **V. AFFIDAVIT**

39. Attached hereto as **Exhibit “X”** is an affidavit of Gary A. Deremer, the President and Chief Operating Officer of HWW, affirming that the facts stated herein and in the attached exhibits are true and correct.

WHEREFORE, HWW requests that this Commission:

- A. Grant HWW’s Application; and
- D. Grant such other relief as is appropriate.

Respectfully submitted this 1<sup>st</sup> day of May, 2012.

A handwritten signature in black ink, appearing to read 'G. Deremer', written over a horizontal line.

Gary Deremer  
President  
Harbor Waterworks, Inc.

**EXHIBIT A**  
**Rule 25-30.037 (2)d)**

**If the buyer is a corporation, list the names, titles, and addresses of corporate officers and directors.**

Officers and Directors:

President and CEO – Gary A. Deremer, 4939 Cross Bayou Blvd., New Port Richey, FL 34652  
Cecil Delcher – Vice President, 11702 Forest Hills Dr., Tampa, FL 33612

**EXHIBIT B**  
**Rule 25-30.037 (3)(j)**

**A statement indicating how the transfer is in the public interest, including a summary of the buyer's experience in water and/or wastewater utility operations, a showing of the buyer's financial ability to provide service and a statement that the buyer will fulfill the commitments, obligations and representations of the seller with regard to utility matters.**

The directors of Harbor Waterworks, Inc. have been in the water and wastewater utility management, operations and maintenance related industry for many years and bring a level of Florida specific expertise that is not typical to private utility ownership within the State (resumes attached). In addition, the customers of the system currently known as Harbor Hills Utilities have been stressed with discussion of significant rate increases over the recent past. It is the goal of the directors of Harbor Waterworks to minimize any future water service rate changes to the greatest extent possible while providing exemplary service and improved operational standards.

Gary Deremer – President: 27 years of Florida related water and wastewater industry experience; previous private utility ownership has included:

- Holiday Utility System – Holiday, FL
- Virginia City Utility System – New Port Richey, FL
- Dixie Groves Utility System – Holiday, FL
- Colonial Manor Utility System – Holiday, FL
- Pasco Utilities, Inc. – Zephyrhills, FL

Cecil Delcher – Vice President: 35 years of Florida related Operations, Construction, Capital Project Management; previous private utility ownership included:

- Pasco Utilities, Inc. – Zephyrhills, FL
- Colonial Manor Utility System – Holiday, FL
- D&D Wellfield Property

Mr. Deremer and Mr. Delcher have secured the services of U.S. Water Services Corporation to provide contract operating services and billing and collection service to the Harbor Hills Utility System. Both Mr. Deremer and Mr. Delcher have controlled service delivery to more than 450+ facilities within the State of Florida during their careers, including billing/collection and customer service to more than 70,000 customers daily.

**EXHIBIT C**  
**Rule 25-30.037 (2)(f)**

**List the names and locations of other water and/or wastewater utilities owned by the buyer and PSC certificate numbers, if any.**

Not applicable at this time of filing

**EXHIBIT D**  
**Rule 25-30.037 (2)(g)**

**A copy of the Asset Purchase Agreement, including attachments, by and between Harbor Hills and Harbor Waterworks, Inc. executed on February 7, 2012 is attached hereto.**

THIS ASSET PURCHASE AGREEMENT, dated as of the 7th day of February 2012, by and between HARBOR HILLS UTILITIES, L.P., with an address of 6538 Lake Griffin Road, Lady Lake, Florida 32159 ("Seller"), and Harbor Waterworks, Inc., a Florida corporation with an address of 4939 Cross Bayou Blvd. New Port Richey, FL 34652 ("Buyer"), with reference to the following RECITALS:

**RECITALS**

A. Seller owns, maintains and operates: a) a water production and distribution system; b) a wastewater collection and treatment system; and c) an irrigation system and distribution system (collectively the "System") that provide water, wastewater and irrigation service to the residents within Lake County, Florida (the "Service Area").

B. Buyer is a public utility that furnishes water, wastewater and irrigation service to the public in various portions of the State of Florida.

C. Seller desires to sell, and Buyer desires to purchase the properties and rights of Seller owned and used in connection with its System, all upon the terms and conditions set forth herein.

D. Buyer and Seller agree that any purchase will require the Seller to acquire and show proof that they have attained and agree to dissolve any agreement between the Seller and Aqua America, Inc. d/b/a Aqua Utilities Florida, Inc. Further that Aqua Utilities Florida, Inc. has also agreed to dissolve any agreement between Aqua Utilities Florida, Inc. and the Seller.

NOW, THEREFORE, in consideration of the recitals and the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

**1. SALE AND PURCHASE OF THE SELLER'S WATER SYSTEM ASSETS**

Subject to the terms and conditions hereinafter set forth, Buyer shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and deliver to Buyer at Closing (hereinafter defined), all of the System assets, properties and rights of Seller (whether tangible or intangible, real, personal or mixed) which are held, used or useful in connection with the production, treatment, distribution or collection of water, wastewater and irrigation within the Service Area (the "Assets").

The Assets are being sold in "As Is" condition and Seller makes no representations, covenants or warranties with respect to the condition of the Assets, except that the Assets are being sold free and clear of all mortgages, liens, pledges, security interest, charges, taxes, claims, restrictions and encumbrances of any nature whatsoever. This paragraph shall be construed in a manner that does not limit any other representations or warranties provided by Seller within this Agreement.

**1.1 Assets Further Defined**

The Assets shall, without limitation to the definition stated above, include the specific assets, properties and rights of Seller which include the following:

- (a) all the land, buildings, pipes, pipelines, wells, treatment equipment and facilities, pumping stations, storage tanks and facilities, standpipes, fire hydrants, wastewater collection mains, pump stations, structures, irrigation service lines, improvements, fixtures, rights-of-way, rights, uses, licenses and easements owned by Seller, or in



which Seller has an interest, and all hereditaments, tenements and appurtenances belonging or appertaining thereto. Seller also agrees to ensure all land owned by Harbor Hills Country Club LP BDA Harbor Hills CC LTD used in the delivering water and or wastewater services is conveyed and included. Refer to Attachment A as to the land and easements required by the Buyer;

- (b) all rights of Seller under any written or oral contract, easement, license, agreement, lease, plan, instrument, registration, permit, certificate or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice or authorization, relating to the Assets;
- (c) all information, files, records, data, plans, contracts and recorded knowledge, including customer and supplier lists and property records, related to the utility services provided by Seller in Lake County; and
- (d) all customer deposits.

## 1.2 Excluded Assets

Notwithstanding the foregoing, the Assets shall not include any of the following:

- (a) the water lines and facilities providing water to the golf course, including the portion of the Consumptive Use Permit ("CUP") for golf course irrigation as granted by the St. John's Water Management District; and
- (b) Seller's cash and accounts receivables as of the date of Closing.

## 1.3 Purchase Price:

The total purchase price ("Purchase Price") for the Assets will include and is based upon the Florida Public Service Commission's establishment of Rate Base at the time of Transfer approval: a) a total sum of **Five Hundred Seven Thousand, Four Hundred Seventy-One Dollars (\$507,471.00)** for the portion of the assets attributable to the water and irrigation systems. This amount shall be paid in two (2) payments. At closing Eighty Percent (80%) of the Purchase Price will be paid in cash with the balance of the Twenty Percent (20%) being paid upon approval of the Transfers for the water and irrigation systems and Certificate and an Original Certificate including rates for the wastewater system by the FPSC. All payments will be paid for in cash or acceptable check by Buyer to Seller at Closing. Final purchase price will be determined by the establishment of the Rate Base by the FPSC during the Approval of Transfer Application; and b) Buyer will pay the Seller the Purchase Price of **Thirty Thousand Dollars (\$30,000.00)** at Closing which is considered the estimated Rate Base for the wastewater system. The final Purchase Price for the wastewater system will be the amount that the Florida Public Service Commission ("FPSC") determines to be the Rate Base for the assets used in connection with wastewater at the time of the assignment of the Original Certificate by the FPSC and the establishment of initial rates.

Pursuant to requirements of paragraph 24 of the Consumptive Use Permit No. 279 ("CUP") issued June 24, 2010, Seller was required by the St. Johns River Water Management District ("District") to install an irrigation distribution system to utilize surface or reclaimed water to phases 6 and 7 of Harbor Hills.

This is in furtherance of the District's policy as set forth in paragraph 10 of the CUP to use the lowest acceptable quality water source for each consumptive use. In accordance with the requirements of the District, Seller installed a dual water distribution system in Phases 6 and 7 of Harbor Hills. The cost of the irrigation lines are estimated to be valued at \$ \$181,790.90 , and Seller and Buyer believe the irrigation lines should be included in Rate Base since it is part of a reuse system required by a governmental authority.

If the FPSC deems these irrigation lines should be included in Rate Base, Buyer will purchase these assets as they are utilized for a price consistent with FPSC rules on a fixed cost per ERC connection basis due Seller within 45 days of connection. This rate would be established annually based on the FPSC rules concerning Rate Base calculations.

If at the time of Transfer, the FPSC deems the irrigation lines are allowed for full recovery, the Buyer will pay the Seller the Rate Base amount as set by the FPSC. Any Rate Base determination by the FPSC for the establishment of this rate shall not be adjusted for used and useful or working capital.

If the FPSC determines that the customer irrigation system is not a FPSC regulated entity, Buyer and Seller will work together along with St. John's Water Management District (SJWMD) in separating the existing CUP in order for both Buyer and Seller to have the appropriate allotment of water capacity. SJWMD will be the approval authority with regards to the allocations. Buyer and Seller agree to share evenly in the costs associated with separating the CUP.

Any Rate Base determination by the FPSC for the establishment of the purchase price shall not be adjusted for used and useful or working capital.

Prior to Closing, Buyer will perform a final due diligence of all facilities and assets. The due diligence is to ensure all assets are in the same working condition, that all permits are valid, current and that there are no compliance infractions in force at the time of the date of this final completion of this Agreement. If, after conducting the final due diligence, Buyer determines that the assets are not in the same working condition, that any permit is no longer valid or current, or that there are compliance infractions, Seller shall have 60 days to either correct the condition or reach an agreement with Buyer for a reduction to the purchase price. If Seller refuses to correct the condition or is unable to reach agreement with Buyer concerning a reduction to the Purchase Price, Buyer may elect to terminate this Agreement without penalty or to proceed to Closing.

#### 1.4 Contractual Obligations

Except as set for on Schedule 1.4 , Buyer shall not assume any obligations of Seller, under any contract, agreement, commitment, lease, certificate, order, notice, permit or other instrument, whether oral, written, express or implied.

#### 1.5 Non-Assumption of Liabilities

With the exception of the assumption of contractual duties to be performed after the date of Closing under the surviving contracts listed on Schedule 1.4 attached hereto together with the ongoing obligation to provide water service to the customers of the Seller served by the Water System (the "Assumed Obligations"), all liabilities and obligations of Seller shall remain the sole responsibility of Seller, including any and all liabilities or obligations under any employee benefit plan, practice or

arrangement or pension, retirement or savings plan. Except for the Assumed Obligations, Buyer shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever, whether express or implied, fixed or contingent, whatsoever.

## 2. CLOSING

Subject to the provisions of Sections 4 and 5, Closing hereunder (the "Closing") shall take place on February 29, 2012 at the offices of the Buyer located at 4939 Cross Bayou Blvd., New Port Richey, FL 34652 commencing at 10:00 a.m. local time. The date of the Closing is referred to herein as the "Closing Date". The effective time of the legal transfer hereunder shall be 12:01 a.m. on the day following the Closing Date.

### 2.1 Items to be delivered at Closing

At the Closing and subject to the terms and conditions herein contained:

- (a) Seller shall deliver to Buyer the Assets, including, without limitation, the following:
  - (i) instruments and documents of conveyance and transfer, all in form reasonably satisfactory to Buyer and its counsel, as shall be necessary and effective to transfer and assign to, and vest in, good and marketable title to the Assets and all rights to operate the water and wastewater systems as such are now being operated, including, but not limited to the following documents: a Deed for each parcel to be conveyed; a Bill of Sale and Assignments; an Assignment and Grant of Easement for any easement Buyer requires to utilize, maintain, repair and replace any facilities located outside of any parcels to be conveyed and/or publicly dedicated roadways; and an appropriate Sanitary Control Easement, when required, as they exist.
  - (ii) Seller and Buyer agree to split the costs evenly associated with the documentation, survey, and other costs associated with the land that is assigned to the water, irrigation, and wastewater systems.
  - (iii) a complete and accurate list of the names and addresses of all customers of Seller, both in paper form and in electronic form on a diskette that can be downloaded to a computer, along with a billing history for each customer;
  - (iv) keys to any and all buildings and gates;and simultaneously with such delivery, all such steps shall be taken as may be required to put Buyer in actual possession and operating control of the Assets.
- (b) Seller shall deliver to Buyer, the agreements, opinions, certificates and other documents and instruments referred to in Section 5 hereof.
- (c) Buyer and Seller agree that final meter readings shall be conducted within seven (7) days immediately prior to Closing. These readings shall be utilized by the Seller for the purpose of issuing final bills, and shall constitute the opening readings for Buyer. Buyer shall use these readings to begin the billing cycle for its new customers following Closing and shall not be responsible for the collection of any amounts due Seller for bills

issued by Seller as a result the Seller's final meter reading.

In the event that Buyer determines that payments that it has received are payments for the period of time that Seller owned the Assets, Buyer will forward these payments to Seller within a reasonable period of time. In making such determinations, among other ways to determine whether the payment received is for payments due prior to Closing, Buyer will consult with Seller on the amount of the amounts due to Seller prior to Closing and will compare these amounts due with the amount received.

## 2.2 Transfer of Utilities

Seller and Buyer will cooperate to transfer utility service, including telephone, electric and gas service providing such service to any of the Assets as of the Closing Date.

## 2.3 Further Assurances

Seller, from time to time after the Closing, at Buyer's request, and without compensation, will execute, acknowledge and deliver to Buyer such other instruments of sale, conveyance, assignment and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Buyer may reasonably require in order to vest in Buyer, and/or to place Buyer fully in possession of, all of the Assets.

## 3. CONDUCT OF PARTIES PENDING CLOSING

3.1 Seller agrees that, with respect to the Assets, pending the Closing and except as otherwise agreed to in writing by Buyer:

- (a) The business of Seller shall be conducted solely in the ordinary course consistent with past practice and shall maintain and service the tangible Assets in good working order such that they will be in proper working order at Closing.
- (b) Seller will use its best efforts to maintain its relations and goodwill with its suppliers, customers and any others having business relations with it.
- (c) Seller shall comply with all laws, ordinances, rules, regulations and orders applicable to it and to the conduct of its business.
- (d) Seller will promptly advise Buyer in writing of all events between the date hereof and Closing which could render any representation or warranty under the Agreement, if restated and republished as of Closing, untrue or incorrect in any material respect.
- (e) Seller will promptly advise Buyer in writing promptly after Seller receives knowledge of the threat or commencement of any dispute, claim, action, suit, proceeding, arbitration or investigation against or involving the Assets or the sale and transfer thereof to Buyer, or of the occurrence of any event (exclusive of general economic factors affecting business in general) of a nature that is or may be materially adverse to the business, operations, properties, assets, prospects or condition (financial or otherwise) of Seller.

- (f) Seller will conduct its business in such a manner that at the Closing the representations and warranties of Seller contained in this Agreement shall be true as though such representations and warranties were made on and as of such date. Furthermore, Seller will use its best efforts to cause all of the conditions to this Agreement to be satisfied on or prior to the Closing Date.
- (g) Seller will give to Buyer free and full access to and the right to inspect, during normal business hours, all of the premises, properties, assets, records, contracts and other documents relating to its business and operations, and shall permit them to consult with the officers, employees, accountants, counsel and agents of Seller.

#### **4. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS**

All obligations of Seller under this Agreement are subject to the fulfillment or satisfaction, or waiver by Seller, prior to or at the Closing, of each of the following conditions precedent:

##### **4.1 Closing Certificate; Performance by Buyer**

Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Seller shall have been furnished with a certificate or certificates of Buyer dated the Closing Date, signed by an officer of Buyer, certifying, in such detail as Seller may reasonably request, to the fulfillment of the foregoing conditions and that all representations and warranties made by Buyer in this Agreement are true and correct as of Closing, except such as have been rendered incorrect because of events which occurred after the date hereof, as disclosed in writing by Buyer to Seller within a reasonable time after the event occurred.

##### **4.2 Litigation Affecting Closing**

On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or in the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.

#### **5. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS**

All obligations of Buyer under this Agreement are conditioned upon the fulfillment or satisfaction, or waiver by Buyer, prior to or at the Closing, of each of the following conditions precedent:

##### **5.1 Satisfaction with Operational and Real Estate Title Issues**

Buyer shall be satisfied with its review of the real estate and the quality of title to be conveyed to Buyer from Seller.

##### **5.2 Closing Certificate; Performance by Seller**

Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Buyer shall have been furnished with a certificate or certificates of Seller dated the Closing Date, signed by the appropriate

officials of Seller, certifying, in such detail as Buyer may reasonably request, to the fulfillment of the foregoing conditions and that all representations and warranties are true and correct as of Closing.

### 5.3 Litigation Affecting Closing

On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.

### 5.4 Seller Authorizations

Seller shall have furnished Buyer with certified copies of all proceedings of Seller, including a signed and certified copy of the appropriate document(s) authorizing the transactions hereby contemplated.

### 5.5 Material Damage

The Assets shall not be, or be threatened to be, materially adversely affected by fire, explosion, earthquake, disaster, accident, cessation or interruption of utility or other services, flood, drought, lack of water supply, contamination of water supply, embargo, riot, civil disturbance, uprising, activity of armed forces or act of God or public enemy, or any other event or occurrence.

### 5.6 Satisfaction of Buyer

All actions, proceedings, resolutions, instruments and documents required to carry out this Agreement or incidental hereto and all other related matters shall have been approved on the Closing Date by Buyer in the exercise of its reasonable judgment.

## 6. REPRESENTATIONS AND WARRANTIES OF SELLER

6.1 Seller hereby represents and warrants to Buyer as follows:

- (a) Organization. Harbor Hills Utilities, L.P., as a limited partnership, is duly organized, validly existing and in good standing under the laws of the State of Florida.
- (b) System Ownership. Seller holds the exclusive right, title, interest and power to sell the assets of Harbor Hills Utilities, L.P.
- (c) Current Operations. Seller has all requisite power and authority and all agreements, contracts, commitments, leases, certificates, licenses, permits, regulatory authorizations and other instruments required to conduct the business of the System as it has been and is now being conducted and to own and operate the System.
- (d) Legal Authority. Seller has the full power and lawful authority to transfer to Buyer the rights, title and interest in and to the System.

- (e) Due Authorization; Valid and Binding. Seller has the full power and lawful authority to execute and deliver this Agreement and all related agreements and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement and all related documents and agreements by all necessary proceedings. This Agreement and all related agreements constitute the valid and binding obligation of Seller.
- (f) No Approvals or Violations. This Agreement does not require any further approvals of any other party, does not violate any law, ordinance or regulation, does not conflict with any order or decree, and does not conflict with or result in a breach of any contract, lease or permit to which Seller is a party.
- (g) Party to Decree. Seller is not party to, or subject to the provision of, any judgment, order, writ, injunction or decree of any court or of any governmental official, agency or instrumentality relating to the System or the Assets.
- (h) List of Assets. Schedule 1.1 contains a true and complete list of the Assets.
- (i) Customer Records. The data contained in the customer records provided to Buyer is true and accurate.

6.2 Except as set forth on Schedule 6.2, Seller hereby represents and warrants to Buyer as follows:

- (a) Undisclosed Liabilities. There are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Assets. For purposes of this Agreement, the term liabilities shall include, without limitation, any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility accrued, absolute, contingent or otherwise.
- (b) No Other Parties. No person other than Seller owns or has any interest in any equipment or other tangible assets or properties currently utilized or necessary to the operations or business of the Seller's Assets.
- (c) Rights to Facilities. Seller has good and valid rights to occupy and to obtain access to the areas where the distribution lines and other facilities of the Assets are located.
- (d) Compliance with Law. Seller is not in any material violation of any law, ordinance or governmental rule or regulation to which it or its business, operations, assets or properties is subject and has not failed to obtain, or to adhere to the requirements of, any certificate, license, permit or other governmental authorization necessary to the ownership of its assets and properties or to the conduct of its business.

6.3 Except as set forth in Schedule 6.3, Seller hereby represents and warrants to and with Buyer as follows with respect to compliance with environmental laws:

- (a) Compliance with Law. To the best of Seller's actual knowledge, Seller has been and is in compliance with all Environmental Laws (as hereinafter defined).
- (b) Adequacy of Permits. To the best of Seller's actual knowledge, after diligent inquiry and investigation, Seller has obtained and continues to possess all permits, licenses,

approvals or other authorizations which are required under the Environmental Laws, has filed such timely and complete renewal applications as may be required prior to the Closing Date, and also has complied with all reporting and record keeping requirements under the Environmental Laws.

## 7. REPRESENTATIONS AND WARRANTIES OF BUYER

7.1 Buyer hereby represents and warrants to Seller as follows:

- (a) Organization. Buyer is a corporation duly organized and validly existing and in good standing under the laws of the State of Florida.
- (b) Due Authorization: Valid and Binding. Buyer has the full power and lawful authority to execute this Agreement and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of Buyer.
- (c) Financial Wherewithal. Buyer has the financial wherewithal to complete the purchase of the Assets as contemplated hereunder and upon completion of Closing, to operate and manage the Assets at, or exceeding, the level of service provided by the Seller prior to Closing.
- (d) Future Expansion. Buyer acknowledges that Seller has additional property to be developed. Buyer agrees to expand the water and wastewater Assets upon mutually agreeable terms and conditions to be negotiated at a time requested by Seller. By way of example, such terms and conditions shall include, but not be limited to, terms of Seller's costs to expand or extend the Assets, Buyer's reimbursements to be paid to Seller, Seller's contributions and responsibilities for the expansion, and a mutually agreeable to the parties when Seller's expansion is desired. Buyer does not warrant approval by governmental authorities having regulatory authority over any such expansion and any obligation hereunder is expressly conditioned upon Seller and Buyer reaching a mutually acceptable agreement and the receipt of all such approvals, which shall be pursued diligently by Buyer. In the event that the FPSC determines that any or all reimbursements are not in the best interest of the rate payers and or does not result in those assets being deemed as part of Rate Base, Buyer will not be obligated to reimburse for assets associated with any expansion. Further, both parties agree to consultation with the FPSC in order to ensure all parties are applying with FPSC standards and guidelines with regards to expansion.

## 8. INDEMNIFICATION

### 8.1 Indemnification of Seller

For a period of one (1) year from and after the Closing, Buyer will reimburse, indemnify and hold Seller and its officials and employees harmless from and against any and all liabilities, obligations, damages, losses, actions, audits, deficiencies, claims, fines, costs and expenses, including attorney's fees and costs resulting from, relating to, or arising out of:

- (a) the provision of water service by Buyer for the period following Closing;



- (b) issues of regulatory compliance and claims by third parties for events that occur following the date of Closing that are not attributable to events that occurred prior to Closing;
- (c) the failure of Buyer to perform any of its covenants following Closing; and
- (d) the enforcement of this **Section 8**.

## 8.2 Indemnification of Buyer

For a period of one (1) year from and after the Closing, Seller will reimburse, indemnify and hold Buyer and its affiliates, and their officers, directors and employees, harmless from and against any and all liabilities, obligations, damages, losses, actions, audits, deficiencies, claims, fines, costs and expenses, including attorney's fees and costs resulting from, relating to, or arising out of:

- (a) any liabilities or obligations of Seller of any nature whatsoever except for those liabilities and obligations of Seller which Buyer specifically assumes pursuant to this Agreement;
- (b) any misrepresentation, breach of warranty or non-fulfillment of any agreement or covenant on the part of Seller under this Agreement, or from any misrepresentation in, or omission from, any Schedule or information furnished to Buyer pursuant to this Agreement or in connection with the negotiation, execution or performance of this Agreement;
- (c) the provision of water service by Seller for the period prior to the date of Closing;
- (d) issues of regulatory compliance and claims by third parties for events that are attributable to events that occurred prior to Closing;
- (e) the enforcement of this **Section 8**.

## 8.3 General

Each party shall provide the other party with reasonable notice of any claims arising under this **Section 8**. The indemnification rights of the parties under this **Section 8** are independent of and in addition to such rights and remedies as the parties may have at law or in equity or otherwise for any misrepresentation, breach of warranty, or failure to fulfill any agreement or covenant hereunder.

## 9. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All representations, warranties and agreements made by the parties in this Agreement or in any written agreement, document, or certificate furnished hereunder or in connection with the negotiation, execution and performance of this Agreement shall survive the Closing for a period of one (1) year. Notwithstanding any investigation or audit conducted before or after the Closing Date or the decision of any party to complete the Closing, each party shall be entitled to rely upon the representations, warranties and agreements set forth herein and therein.

10. **REGULATORY APPROVAL CONTINGENCY**

The sale of assets contemplated by this Agreement is subject to and contingent upon the approval of the Florida Public Service Commission upon terms and conditions reasonably acceptable to Buyer as to such approval; however, as provided in Section 367.071, Florida Statutes, the parties desire to close the transaction in advance of the Commission's approval. In the event that the FPSC determines that the sale and transfer of the Water System Assets and the Waste Water System Assets is not in the public interest and that Buyer will not fulfill the commitments, obligations, and representations of the utility, and, therefore, the FPSC denies such transfer, or in the event that the FPSC approves the sale and transfer of the Water System Assets and the Waste Water System Assets upon terms and conditions not reasonably acceptable to Buyer, then the Water System Assets and the Waste Water System Assets shall be repurchased by Seller via the same means and at the same Purchase Price as the Water System Assets and the Waste Water System Assets were purchased by Buyer pursuant to this Agreement. Seller agrees that in the event of such repurchase, Seller will reimburse Buyer for all capital expenditures made for the improvement to the Water System Assets and or the Waste Water System Assets, provided such expenditures were necessary to maintain the assets in good working order or to comply with any legal requirement. Buyer agrees to inform and consult with Seller of any capital expenditures needed during the period after Closing up to including the Approval/Dissapproval of Transfer for both the Water and Wastewater Systems.

11. **MISCELLANEOUS**

11.1 **Contents of Agreement; Parties in Interest; etc.**

This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto.

11.2 **Binding Effect**

All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the legal representatives, successors and assigns of Seller or Buyer.

11.3 **Notices**

Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally or sent by telegram or by registered or certified mail, postage prepaid, return receipt requested, as follows:

**If to Harbor Waterworks, Inc.:**

4939 Cross Bayou Blvd.  
New Port Richey, FL 34652  
Attention: Mr. Gary Deremer, CEO & President

**If to Seller:**

Mr. Michael Rich  
6538 Lake Griffin Road  
Lady Lake, FL 32159

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered, telegraphed or mailed.

**10.5 Florida Law to Govern**

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of Florida, without giving effect to any conflicts of laws provisions.

**10.6 No Benefit to Others**

The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto, and their legal representatives, successors and assigns, and they shall not be construed as conferring any rights on any other persons.

**10.7 Headings, Gender, etc.**

All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

**10.8 Exhibits and Schedules**

All Exhibits, Attachments and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

**10.09 Severability**

Any provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstance, unless, in either event, the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

**10.10 Counterparts**

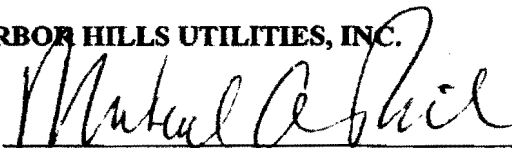
This Agreement may be executed in any number of counterparts and any signatory hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument.

This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by all signatories. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

Agreement on the date first written.


**SELLER:**

**HARBOR HILLS UTILITIES, INC.**

By:   
\_\_\_\_\_  
President

**BUYER:**

**HARBOR WATERWORKS, INC.**

By:   
\_\_\_\_\_  
CEO & President

**Asset Purchase Agreement – Harbor Hills Utilities, L.P. – Attachment A**

**HARBOR HILLS UTILITIES – ASSET PURCHASE:**

**REAL PROPERTY INCLUDED**

- 1) Greater Portion of Parcel 13-18-24-050000M00000 / 3.86 Acres Lake County  
Also referred to as the Wastewater Plant Site  
Owner: Harbor Hills Country Club, LP
- 2) Total of Parcel 13-18-24-050000K00000 / .07 Acres Lake County  
Also referred to as the Water System Related Right Side Parcel just prior to entering the Country Club Main Property Entrance Area  
Owner: Harbor Hills Country Club, LP
- 3) The Parcel in item 2 above is to be either expanded to make larger, or an adjacent parcel is to be deeded from other property remaining with previous owner (from Parcel ID Alternative Key 3393228 / Lake County). If Item 2 is not expanded, this will be a new created parcel.  
Owner: Harbor Hills Country Club, LP.
- 4) Independent from above parcels, a separate deed is to be given to allow for the Water Treatment Related Left Side foot print existing just prior to entering the Country Club Main Property Entrance Area to be deeded. This will be a new created parcel from property remaining with previous owner (from Parcel ID Alternative Key 3393228 / Lake County) and is not currently separated from Country Club parcel.  
Owner: Harbor Hills Country Club, LP
- 5) A Great Portion of Parcel 13-18-24-050000P00000 / 2.82 Acres Lake County  
Also referred to the Water Treatment Site – and associated easement rights.  
Owner: Harbor Hills Utilities, LP
- 6) All existing utility easement rights dedicated that benefits the water or wastewater utility operations and ongoing access.
- 7) Any new easement rights that need to be created to allow full and ongoing access to all parcels and utility system infrastructure.

**EXHIBIT E**  
**Rule 25-30.037 (2)(r)**

**A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.**

The fees associated with 2011 and for the months of January – February 2012 will be due by the Owner.

**EXHIBIT F**  
**Rule 25-30.037 (2)(i)**

**A statement describing the financing of the purchase.**

Purchase Price: \$507,471

Partially financed through conventional financing – TD Bank.

Payable at time of FPSC transfer of ownership: Additional \$101,494

**EXHIBIT G**  
**Rule 25-30.037 (2)(k)**

**A list of all entities upon which the applicant is relying to provide funding to the buyer, and an explanation of the manner and amount of such funding, which shall include their financial statements and copies of any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent of ownership interest in the utility.**

TD Bank – conventional loan; partially financed.



**Gary and Patricia Deremer**

**STATEMENT OF ASSETS AND LIABILITIES**

**(ESTIMATED VALUE BASIS)**

**March 23, 2012**

*(Faint, illegible text)*

**STATEMENT OF ASSETS AND LIABILITIES**  
**(ESTIMATED VALUE BASIS)**  
 March 23, 2012

**ASSETS:**

	Total
<b>Cash</b>	
Checking	6,067.00
Gary Deremer Investment Checking/Savings	652,000.00
Savings	126,430.00
<b>Marketable Securities &amp; Retirement Accounts</b>	565,063.00
<b>Real Estate</b>	
Primary Residence - New Port Richey, FL	1,000,000.00
Secondary Residence - Kissimmee, FL	850,000.00
Rental RE 1: Wellington FL	850,000.00
Rental RE 2: Gulf Harbors , NPR FL	550,000.00
Commercial Office Building Cross Bayou NPR, FL	1,900,000.00
Mooring Lots Gulf Harbors	80,000.00
Anclote Property - Acreage, Holiday FL	40,000.00
Developed Lots	
Multi Family Zoned: Seaforest Drive	55,000.00
Multi Family Zoned: Firestation Road	110,000.00
Commercial Zoned: Office Bldg Prop Firestation Road	150,000.00
<b>Personal Effects</b>	300,000.00
<b>Vehicles</b>	
1999 Ferrari F355 Series Fiorano	130,000.00
2002 Ferrari 575m	109,000.00
<b>Watercraft - 4 Vessels</b>	144,000.00
<b>Business Assets</b>	
**U.S. Water Services Corporation	Market Value @ 58.2% Shares Held **
D&D Property Partners, Inc.	Market Value @ 100% Shares Held
Blackhorse Motors, LLC	Asset Value @ 100% Shares Held
	9,312,000.00 **
	75,000.00
	1,538,000.00
<b>Escrow</b>	
Held In Escrow For Future Purpose	0.00
<b>Total Assets:</b>	<b>\$ 18,542,560.00</b>

**Liabilities:**

<b>Notes Payable</b>	
Personal Residence	584,436.00
Commercial Office Building	724,973.00
Credit Line / Ferrari Purchases / Black Horse Motors	590,000.00
Rental RE 1: Wellington FL	417,000.00
<b>Estimated Taxes Payable</b>	
Estimated Federal Income Tax	0.00
<b>Total Liabilities:</b>	<b>\$ 2,316,409.00</b>
<b>Net Worth: Excess of Assets Over Liabilities</b>	<b>\$ 16,226,151.00</b>
<b>Total Liabilities and Net Worth</b>	<b>18,542,560.00</b>

\*\* Company Value: Estimated Conservative Market Value \$16,000,000.00



**Schedule A - All Securities (including non-money market mutual funds)**

NO. OF SHARES (STOCK) OR FACE VALUE (BONDS)	DESCRIPTION	OWNER(S)	WHERE HELD	COST	CURRENT MARKET VALUE	PLEGDED	
						YES	NO
<b>READILY MARKETABLE SECURITIES (including U.S. Governments and Municipals) *</b>							
Managed Investment Account	Members Trust	Cecil and wife Diana	Seacoast Sch. FCU		245,797	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Brokerage Account	Seacoast Schools PCT	Cecil and Diana	CUNA Brokerage		211,164	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Wells Fargo	Managed Investment	Cecil and Diana	Wells Fargo Bank		117,385	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Stocks, Bonds,	RBC Wealth Management	Cecil and Diana	RBC		944,341	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>NON-READILY MARKETABLE SECURITIES (closely held, thinly traded, or restricted stock)*</b>							
						<input type="checkbox"/>	<input type="checkbox"/>
						<input type="checkbox"/>	<input type="checkbox"/>
<b>If more space is needed, attach separate schedule/brokerage statement and enter totals.</b>					<b>Totals:</b>	1,518,687	

**Schedule B Insurance, Life Insurance (use additional sheet if necessary)**

Insurance Company	Face Amount of Policy	Type of Policy	Beneficiary	Cash Surrender Value	Amount Borrowed	Ownership
<b>If more space is needed, attach a separate schedule and enter totals in this table.</b>				<b>Totals:</b>		

**Disability Insurance**

Disability Insurance	Applicant	Co-Applicant
Monthly Distributions If Disabled	Not Applicable	
Number of Years Covered		

**Schedule C - Personal Residence & Real Estate Investments, Mortgage Debt (majority ownership only)**

Personal Residence Property Address	Legal Owner	Purchase		Market Value	Present Loan Balance	Int. Rate	Maturity Date	Monthly Pmts.	Lender
		Year	Price						
Home	Cecil/Diana			197,283	0				
Inham Rocks Beach House	Cecil/Diana			177,638	0				
<b>Totals:</b>				374,921	0				
Investment Property Address	Legal Owner	Purchase		Market Value	Present Loan Balance	Int. Rate	Maturity Date	Monthly Pmts.	Lender
		Year	Price						
Lot, Long Industrial Park	Cecil/Diana			97,440	0				
<b>Totals:</b>				97,440	0				

If more space is needed, attach separate schedule and enter totals in table.

**Schedule D Partnership (less than majority ownership for real estate partnerships)\***

Type of Investment	Date of Initial Investment	Cost	Percent Owned	Current Market Value	Balance Due on Partnership: Notes, Cash Call	Final Contribution Date
Business/Professional (Indicate name)						
Investments (including Tax Shelters)						
<b>If more space is needed, attach a separate schedule and enter totals in this table.</b>				<b>Totals:</b>		

\*Note: For investments that represent a material portion of your total assets, please include the relevant financial statements or tax returns, or in the case of partnership investments or S-corporations, Schedule K-1s.

**Schedule E - Notes Payable**

Due to	Type of Facility	Amount of Line	Secured		Collateral	Int. Rate	Maturity	Unpaid Balance
			Yes	No				
			<input type="checkbox"/>	<input type="checkbox"/>				
			<input type="checkbox"/>	<input type="checkbox"/>				
			<input type="checkbox"/>	<input type="checkbox"/>				
			<input type="checkbox"/>	<input type="checkbox"/>				
			<input type="checkbox"/>	<input type="checkbox"/>				
<b>Totals:</b>								

If more space is needed, attach a separate schedule and enter totals in this table.

**Cash Income & Expenditures Statement for Year Ended:**

**(Omit cents)**

ANNUAL INCOME*	Amount (\$)
Salary (applicant)	41,600
Salary (co-applicant)	
Bonuses & Commissions (applicant)	
Bonuses & Commissions (co-applicant)	
Rental Income (after expenses)	20,610
Interest Income	69,000
Dividend Income	19,000
Capital Gains	24,500
Partnership Income	
Other Investment Income	
Other Income (List here and below)	
Social Security	18,271
Navy Retirement	13,467
Mortgage Receivable	21,259
S Corp. Distribution (US Water)	275,000
<b>Total Income</b>	<b>505,721</b>

ANNUAL EXPENDITURES	Amount (\$)
Federal Income and Other Taxes	
State Income and Other Taxes	
Rental Payments, Co-op, or Condo Maintenance	
Mortgage Payments Residential	
Mortgage Payments Investment	
Property Taxes Residential	
Property Taxes Investment	
Interest & Principal Payments on Loans	
Insurance	
Investment (including tax shelters)	
Alimony/Child Support	
Tuition	
Other Living Expenses	
Medical Expenses	
Other Expenses (List here and below)	
<b>Total Expenditures</b>	

Any significant changes expected in the next 12 months?  Yes  No (If yes, attach information.) \*Income from alimony, child support or separate maintenance income need not be revealed if the applicant or co-applicant does not wish to have it considered as the basis for repaying this obligation.

**Please Answer the Following Questions:**

Income tax returns filed through (date) 2009 and 2010

- Are any returns currently being audited or contested?  Yes  No  
If yes, what year(s)?
- Have (either of) you or any firm in which you were a major owner ever declared bankruptcy?  Yes  No
- Have (either of) you ever been convicted of or pleaded "no contest" to any crime (felony or misdemeanor) involving dishonesty, such as falsification of records, fraud or embezzlement?  Yes  No
- Have (either of) you ever been convicted of or pleaded "no contest" to a felony?  Yes  No
- Have (either of) you ever had your license to practice or conduct business suspended or revoked by a licensing agency?  Yes  No
- Have (either of) you drawn a will?  Yes  No  
If yes, please furnish the name of the executor(s) and year will was drawn.
- Number of dependents (excluding self) and relationship to applicant: \_\_\_\_\_
- Have (either of) you ever had a financial plan prepared for you?  Yes  No
- Did you include two years federal and state tax returns?  Yes  No
- Do (either of) you have a line of credit or unused credit facility at any other institution?  Yes  No  
If so, please indicate where, how much and name of banker: unused line of credit at Suncoast Schools FCU
- Do (either of) you anticipate any substantial inheritance?  Yes  No

If you checked "yes" on questions 2 - 5 or 11, please provide an explanation below.

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

**Representation, Warranties, Authorizations, and Notices with Regard to the Attached  
PERSONAL FINANCIAL STATEMENT OF Cecil Ray Delcher AS OF (Date) January 16**

**Representation, Warranties and Authorization**

The attached Personal Financial Statement is provided to TD Bank, N.A. ("the Bank") in support of an application for (check one).

- Business Credit for which the applicant is the sole obligor
- Joint Business Credit (applicant and co-applicant)
- Personal Guarantee of the business obligations of another person or entity

The information contained in this statement is provided to induce the Bank to extend or to continue the extension of credit to the undersigned or to others upon the guarantee of the undersigned. The undersigned acknowledges and understands that the Bank is relying on the information provided herein in deciding to grant or continue credit or to accept a guarantee thereof. Each of the undersigned represents, warrants and certifies that the information provided herein is true, correct and complete. Each of the undersigned agrees to notify the Bank immediately and in writing of any change in name, address, or employment and of any material adverse change (1) in any of the information contained in this statement or (2) in the financial condition of any of the undersigned or (3) in the ability of any of the undersigned to perform its (or their) obligations to the Bank. In the absence of such notice or a new and full written statement, this should be considered as a continuing statement and substantially correct. If the undersigned fail to notify the Bank as required above, or if any of the information herein should prove to be inaccurate or incomplete in any material respect, the Bank may declare the indebtedness of the undersigned or the indebtedness guaranteed by the undersigned, as the case may be, immediately due and payable.

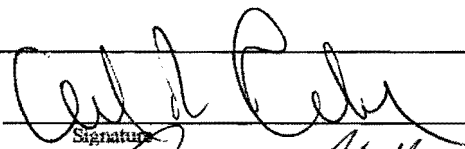
By signing below, you authorize the Bank to make or have made any credit, employment or investigation inquiry that the Bank determines appropriate for the extension of credit, periodic evaluation of your account or the collection of amounts owed to the Bank on the account, or for any other legitimate purposes associated with the account, including without limitation, obtaining one or more credit reports. This authorization will also apply to the Bank's agents, affiliates, successors, and assigns. The Bank may furnish information concerning your account to consumer reporting agencies and others who may properly receive that information. If you ask, you will be informed whether a consumer report was requested, and if a report was requested, you will be informed of the name and address of the consumer reporting agency that furnished the report. Each of the undersigned authorizes the Bank to answer questions about your credit experience with the Bank. As long as any obligation or guarantee of the undersigned to the Bank is outstanding, the undersigned shall supply annually an updated financial statement. This personal financial statement and any other financial or other information that the undersigned give to the Bank shall be the Bank's property.

**IMPORTANT NOTICE REGARDING INSURANCE:** You are not required to purchase insurance from the Bank or any of its affiliates, but instead have the right to purchase any insurance required for this loan from an agent, broker, or insurer of your choice, whether or not that agent, broker or insurer is affiliated with the Bank. Your choice of an agent, broker or insurer will not affect the Bank's current or future credit decisions or terms in any way. The Bank may not and (except in the case of applications submitted by mail, fax or website) has orally disclosed to you that it may not condition an extension of credit on either: (1) your purchase of an insurance product or annuity from the Bank or from any of its affiliates or (2) your agreement not to obtain, or a prohibition on your obtaining, an insurance product or annuity from an unaffiliated entity. Insurance products are not deposits or other obligations of, or guaranteed by the Bank or any of its affiliates, and are not insured by FDIC or any other federal agency.

**NOTICE REGARDING USA PATRIOT ACT:** The Bank complies with Section 325 of the USA Patriot Act. This law mandates that we obtain and verify certain information about you, including your name, legal address, date of birth and social security or tax identification number, while processing your account application.

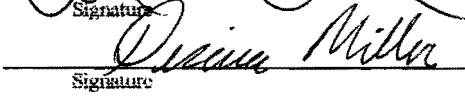
Date:

- Applicant
- Guarantor

  
Signature

Date:

- Co-Applicant
- Guarantor

  
Signature



**SECRETARY'S CERTIFICATE**

The undersigned, Secretary of Harbor Waterworks, Inc., a Florida corporation (the "Corporation"), hereby certifies that at a duly called meeting of the Board of Directors of the Corporation held on \_\_\_\_\_, 20 \_\_\_\_, at which meeting a quorum of the Directors of the Corporation were present and voting throughout, the following resolution was adopted:

**"Resolved:** That the Corporation be, and on behalf of the Corporation, the President is authorized and empowered:

To borrow, from time to time, from TD Bank, N.A. ("Bank"), such sum or sums of money as said officer(s) may deem necessary or advisable for the purpose of this Corporation, including without limitation, \$214,889.00 evidenced by that certain Term Note, dated March 9, 2012, by Harbor Waterworks, Inc. in favor of the Bank in the original principal amount of \$214,889.00;

To mortgage, pledge, hypothecate, sell, assign and transfer to Bank and to grant to Bank security interests in, as security for money borrowed and for all other obligations of this Corporation to Bank, all property of this Corporation, whether real, personal, or of whatever kind or nature and wherever situated, and whether now owned or hereafter acquired or arising;

To make, execute, seal, acknowledge and deliver, in the name of this Corporation, promissory notes, loan agreements, credit agreements, construction loan agreements, financing agreements, security agreements, mortgages, deeds of trust, deeds to secure debt, guaranties, and all other instruments, documents and agreements required by Bank (collectively, the "Loan Documents") in connection with, or to give effect to, the foregoing resolutions or any of the powers and authority therein granted and to continue, extend, modify or amend the same from time to time, all such Loan Documents to be in such form and on such terms and conditions as any of the said officer(s) shall, by his, her or their execution and delivery thereof, deem satisfactory; hereby ratifying, approving and confirming all that any of the said officer(s) has done or may do respecting any of the foregoing; and that the Board of Directors may, from time to time, delegate the authority hereinbefore granted to such additional officer(s) or agents of this Corporation as the Board of Directors may determine; and

That all resolutions relative to the authority of any officer or other agent to act on behalf of the Corporation in any dealing or transaction with the Bank shall remain in full force and effect until written notice of modification thereof shall be received by Bank and that the Bank may conclusively rely on the signatures of the officers or agents designated in such resolutions until notified in writing by the Secretary of the Corporation of any change in such officers or agents and thereafter the Bank may conclusively rely on the signatures of the successors in office."

I further certify that the foregoing resolutions have not been altered, amended or rescinded but remain in full force and effect and that the persons currently authorized and empowered to act thereunder and their specimen signatures are as follows:

President

  
\_\_\_\_\_  
Gary A. Deremer

WITNESS my hand and the seal of the Corporation this March 9, 2012.

  
\_\_\_\_\_  
Gary A. Deremer, Secretary

Loan Number - Note 1: 13188829001



**DISBURSEMENT AUTHORIZATION**

**DATE:** March 9, 2012

**BORROWER:** Harbor Waterworks, Inc.  
5320 Captains Court  
New Port Richey, Florida  
34652

**Bank:** TD Bank, N.A.  
104 South Main Street  
Greenville, South Carolina  
29601

**LOAN:** \$214,989.00 Term Loan (the "Loan")

The undersigned hereby authorizes and directs the Bank, in its discretion pursuant to the terms of the loan documents (the "Loan Documents") between the Bank and the undersigned respecting the Loan, to disburse \$214,989.00 of the loan proceeds available respecting the Loan as set forth below.

Disbursement	Amounts Paid by Customer at Closing	Amount Paid from Loan Proceeds
1. Commitment Fee	\$ 500.00	\$
2. Documentation Fee	\$ 350.00	\$
3. Filing and Bringdown Fees	\$ 51.45	\$
4. Judgment Search	\$ 120.00	\$
5. UCC Search	\$ 26.75	\$
6. Documentary Stamp Tax	\$ 752.46	\$
7. Harbor Waterworks, Inc.	\$	\$ 214,989.00
<b>Total</b>	<b>\$ 1,800.66</b>	<b>\$ 214,989.00</b>

The undersigned represents and warrants to the Bank that there has been no material adverse change in the undersigned's financial condition since the date of the latest financial statements delivered by the undersigned to the Bank. In addition, the undersigned affirms that the representations and warranties contained in the Loan Documents are true and correct as of the date hereof.

The balance of the loan proceeds of \$ 0.00 shall be held by the Bank pending further instruction from the undersigned pursuant to the terms of the Loan Documents.

**Wire Instructions (when applicable):**

**If Wire Transfer - Form of Identification (circle one):**

Valid Driver's License / Valid Passport / Known to Lender / See Notary Stamp

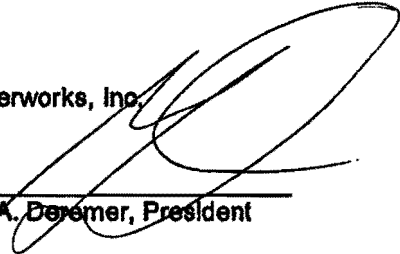
By:   
Bank Representative

By your signature below, you agree to the terms and acknowledge receipt of a copy of this Disbursement Authorization.



Harbor Waterworks, Inc.

By:

  
\_\_\_\_\_  
Gary A. Deemer, President



**UNLIMITED GUARANTY**

**TO:** TD Bank, N.A., a National Association (the "Bank")

**RE:** Harbor Waterworks, Inc., a Florida corporation (the "Borrower")

To induce the Bank to make or continue to make loans, advances, or grant other financial accommodations to the Borrower, in consideration thereof and for loans, advances or financial accommodations heretofore or hereafter granted by the Bank to or for the account of the Borrower, the undersigned Cecil R. Deicher (the "Guarantor") absolutely, unconditionally and irrevocably guarantees the full and punctual payment to the Bank of all sums which may be presently due and owing and of all sums which shall in the future become due and owing to the Bank from the Borrower, whether direct or indirect, whether as a borrower, guarantor, surety or otherwise, including, without limitation, interest, attorneys' fees and other amounts accruing after the filing of a petition in bankruptcy by or against Borrower, notwithstanding the discharge of Borrower from such obligations, together with all costs and expenses incurred by the Bank in connection with such obligations, this Unlimited Guaranty (this "Guaranty") and the enforcement thereof, and also guarantees the due performance by the Borrower of all its obligations under all other present and future contracts and agreements with the Bank, including, without limitation, all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions and currency options. This is a guaranty of payment and not collection.

Guarantor also agrees:

- (1) to indemnify and hold the Bank and its directors, officers, employees, agents and attorneys harmless from and against all claims, obligations, demands and liabilities, by whomsoever asserted, and against all losses in any way suffered, incurred or paid as a result of or in any way arising out of or following or consequential to transactions with the Borrower, except for any claim arising out of the gross negligence or willful misconduct of the Bank;
- (2) that this Guaranty shall not be impaired by any modification, supplement, extension, renewal or amendment of any contract or agreement to which the parties thereto may hereafter agree, nor by any modification, increase, release or other alteration of any of the obligations hereby guaranteed or of any security therefor, nor by any agreements or arrangements whatsoever with the Borrower or anyone else, all of which may be done without notice to or consent by the Guarantor;
- (3) that the liability of the Guarantor hereunder is direct and unconditional and due immediately upon default of the Borrower without demand or notice and without requiring the Bank first to resort to any other right, remedy or security;
- (4) that Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever until the Bank is indefeasibly paid in full, nor any right of recourse to security for the debts and obligations of the Borrower to the Bank;
- (5) that the liability of the Guarantor is unlimited and shall be joint and several with the liabilities of any other guarantors;

- (6) that if the Borrower or the Guarantor or any other guarantor should at any time become insolvent or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by, against or in respect of the Borrower or the Guarantor, or any other guarantor of the obligations guaranteed hereby, any and all obligations of the Guarantor shall be immediately due and payable without notice;
- (7) that the Bank's books and records showing the account between the Bank and the Borrower shall be admissible in any action or proceeding, shall be binding upon the Guarantor for the purpose of establishing the items therein set forth and shall constitute conclusive proof thereof;
- (8) that this Guaranty is, as to the Guarantor, a continuing Guaranty that shall remain effective under successive transactions until the obligations guaranteed hereby are irrevocably paid in full;
- (9) that the death of Guarantor shall not effect the termination of this Guaranty as to Guarantor providing, that in any event within Sixty (60) days after the death of the Guarantor, Borrower or any surviving guarantor shall provide to the Bank evidence that the estate of the Guarantor confirms its obligations to the Bank under this Guaranty;
- (10) that termination, release or limitation of any guaranty of the obligations guaranteed hereby by any other guarantor shall not affect the continuing liability hereunder of the Guarantor;
- (11) that nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full indefeasible payment and performance of all of the Borrower's debts and obligations to the Bank with interest and costs of collection;
- (12) that this Guaranty shall not be affected by the illegality, invalidity or unenforceability of the obligations guaranteed, by any fraudulent, illegal or improper act by the Borrower, the legal incapacity or any other defense of the Borrower, the Guarantor or any other person obligated to the Bank consequential to transactions with the Borrower nor by the invalidation, by operation of law or otherwise, of all or any part of the obligations guaranteed hereby, including but not limited to any interest accruable on the obligations guaranteed hereby during the pendency of any bankruptcy or receivership proceeding of the Borrower;
- (13) that any and all present and future debts and obligations of the Borrower to Guarantor are hereby waived and postponed in favor of and subordinated to the full indefeasible payment and performance of all present and future debts and obligations of the Borrower to the Bank;
- (14) the Guarantor hereby grants to the Bank a continuing lien and security interest in all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Guarantor and any property of the Guarantor at any time in the Bank's or any Bank Affiliate's possession whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the obligations guaranteed hereby, and such deposits and other sums may be applied or set off against such obligations at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate;
- (15) that if at any time payment of all or any part of the obligations guaranteed hereunder is rescinded or otherwise must be restored by the Bank to the Borrower or to the creditors of the Borrower or any representative of the Borrower or representative of the Borrower's creditors as a voidable preference or fraudulent transfer or conveyance upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or to the creditors of the Guarantor or any representative of the Guarantor or representative of the creditors of Guarantor upon the

insolvency, bankruptcy or reorganization of the Guarantor or otherwise, this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such payments had not been made, and shall survive as an obligation of the Guarantor, and shall not be discharged or satisfied by said payment or payments, notwithstanding the return of the original of this Guaranty to the Guarantor or to the Borrower, or any other apparent termination of Guarantor's obligations hereunder;

- (16) that any rights and remedies available to the Bank under this Guaranty are cumulative, and not exclusive of any rights and remedies otherwise available to the Bank at law or in equity;
- (17) that the Bank's delay or omission in exercising any of the Bank's rights and remedies shall not constitute a waiver of these rights and remedies, nor shall the Bank's waiver of any right or remedy operate as a waiver of any other right or remedy available to the Bank. The Bank's waiver of any right or remedy on any one occasion shall not be considered a waiver of same on any subsequent occasion, nor shall this be considered to be a continuing waiver;
- (18) that the Guarantor agrees to maintain with the Bank its primary operating and/or deposit accounts;
- (19) that this Guaranty incorporates all discussions and negotiations between the Bank and the Guarantor concerning the guaranty and indemnification provided by the undersigned hereby, and that no such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof, there are no preconditions to the effectiveness of this Guaranty and that no provision hereof may be altered, amended, waived, canceled or modified, except by a written instrument executed, sealed and acknowledged by the Bank's duly authorized officer;
- (20) that this Guaranty and all documents which have been or may be hereinafter furnished by the Guarantor to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business); and
- (21) that the Guarantor shall deliver to the Bank simultaneously herewith and 12 months after the last statement and upon request therefor, personal financial statements addressed to the Bank in form satisfactory to the Bank, and the Guarantor represents and warrants the accuracy of any information contained therein and hereby agrees not to encumber or transfer any assets listed on any financial statements without the Bank's prior consent and that so long as this Guaranty remains in effect, Guarantor shall provide the Bank with copies of Guarantor's filed Federal tax returns for the prior year within 15 days after the date that Guarantor's tax returns are actually filed each such year or such other date approved by the Bank.

This Guaranty promotes and furthers the business and interests of the undersigned Guarantor, and the incurrence of any obligations by the Borrower and creation of the obligations hereunder will result in direct financial benefit to the undersigned Guarantor.

Guarantor waives: notice of acceptance hereof, presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Guarantor might otherwise be entitled; and any and all defenses, including without limitation, any and all defenses which the Borrower or any other party may have to the fullest extent permitted by law, any defense to this Guaranty based on impairment of collateral or on suretyship defenses of every type; any right to exoneration or marshaling. To the maximum extent permitted by law, Guarantor waives and terminates any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead law, including without limitation, Section 222.01, Florida Statutes.

Guarantor hereby consents to the issuance of a continuing writ of garnishment or attachment against my disposable earnings, in accordance with section 222.11, Florida Statutes, in order to satisfy in whole or in part any money judgment entered in favor of Bank.

To the extent that it lawfully may, Guarantor hereby further agrees not to invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Guaranty or otherwise respecting the guaranteed obligations, and to the extent that it lawfully may do so, the Guarantor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of any collateral, if any, securing the guaranteed obligations beyond the safe custody thereof.

Guarantor will from time to time execute and deliver to the Bank, and take or cause to be taken, all such other further action as the Bank may request in order to effect and confirm or vest more securely in the Bank all the rights contemplated in this Guaranty (including, without limitation, to correct clerical errors) or respecting any of the obligations guaranteed hereby or to comply with applicable statute or law.

This Guaranty, all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of Florida without giving effect to the conflicts of laws principles thereof, shall be binding upon the heirs, executors, administrators, successors and assigns of the Guarantor and shall inure to the benefit of the Bank's successors and assigns.

If any provision of this Guaranty is found to be invalid, illegal or unenforceable, the validity of the remainder of the Guaranty shall not be affected.

The term "Bank Affiliate" as used in this Guaranty shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Guarantor authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Guarantor's credit report and any other financial information it may have.

If an entity, the Guarantor is organized, validly existing and in good standing under the laws of the state of its formation, and has the power and authority to enter into and perform under this Guaranty.

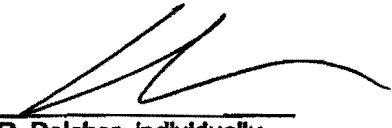
Guarantor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Guaranty. Guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Guarantor in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Guarantor.

**GUARANTOR AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A)**

**WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS GUARANTY, THE OBLIGATIONS GUARANTEED HEREBY, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. GUARANTOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.**

Executed as an instrument under seal and dated March 7, 2012.

Guarantor:

  
\_\_\_\_\_  
Cecil R. Delcher, individually

Address: 11702 Forest Hills Drive  
Tampa, Florida  
33612



**UNLIMITED GUARANTY**

**TO:** TD Bank, N.A., a National Association (the "Bank")

**RE:** Harbor Waterworks, Inc., a Florida corporation (the "Borrower")

To induce the Bank to make or continue to make loans, advances, or grant other financial accommodations to the Borrower, in consideration thereof and for loans, advances or financial accommodations heretofore or hereafter granted by the Bank to or for the account of the Borrower, the undersigned Vickie M. Penick (the "Guarantor") absolutely, unconditionally and irrevocably guarantees the full and punctual payment to the Bank of all sums which may be presently due and owing and of all sums which shall in the future become due and owing to the Bank from the Borrower, whether direct or indirect, whether as a borrower, guarantor, surety or otherwise, including, without limitation, interest, attorneys' fees and other amounts accruing after the filing of a petition in bankruptcy by or against Borrower, notwithstanding the discharge of Borrower from such obligations, together with all costs and expenses incurred by the Bank in connection with such obligations, this Unlimited Guaranty (this "Guaranty") and the enforcement thereof, and also guarantees the due performance by the Borrower of all its obligations under all other present and future contracts and agreements with the Bank, including, without limitation, all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions and currency options. This is a guaranty of payment and not collection.

Guarantor also agrees:

- (1) to indemnify and hold the Bank and its directors, officers, employees, agents and attorneys harmless from and against all claims, obligations, demands and liabilities, by whomsoever asserted, and against all losses in any way suffered, incurred or paid as a result of or in any way arising out of or following or consequential to transactions with the Borrower, except for any claim arising out of the gross negligence or willful misconduct of the Bank;
- (2) that this Guaranty shall not be impaired by any modification, supplement, extension, renewal or amendment of any contract or agreement to which the parties thereto may hereafter agree, nor by any modification, increase, release or other alteration of any of the obligations hereby guaranteed or of any security therefor, nor by any agreements or arrangements whatsoever with the Borrower or anyone else, all of which may be done without notice to or consent by the Guarantor;
- (3) that the liability of the Guarantor hereunder is direct and unconditional and due immediately upon default of the Borrower without demand or notice and without requiring the Bank first to resort to any other right, remedy or security;
- (4) that Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever until the Bank is indefeasibly paid in full, nor any right of recourse to security for the debts and obligations of the Borrower to the Bank;
- (5) that the liability of the Guarantor is unlimited and shall be joint and several with the liabilities of any other guarantors;

Loan Number - Note 1: 13186829001

- (6) that if the Borrower or the Guarantor or any other guarantor should at any time become insolvent or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by, against or in respect of the Borrower or the Guarantor, or any other guarantor of the obligations guaranteed hereby, any and all obligations of the Guarantor shall be immediately due and payable without notice;
- (7) that the Bank's books and records showing the account between the Bank and the Borrower shall be admissible in any action or proceeding, shall be binding upon the Guarantor for the purpose of establishing the items therein set forth and shall constitute conclusive proof thereof;
- (8) that this Guaranty is, as to the Guarantor, a continuing Guaranty that shall remain effective under successive transactions until the obligations guaranteed hereby are irrevocably paid in full;
- (9) that the death of Guarantor shall not effect the termination of this Guaranty as to Guarantor providing, that in any event within sixty (60) days after the death of the Guarantor, Borrower or any surviving guarantor shall provide to the Bank evidence that the estate of the Guarantor confirms its obligations to the Bank under this Guaranty;
- (10) that termination, release or limitation of any guaranty of the obligations guaranteed hereby by any other guarantor shall not affect the continuing liability hereunder of the Guarantor;
- (11) that nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full indefeasible payment and performance of all of the Borrower's debts and obligations to the Bank with interest and costs of collection;
- (12) that this Guaranty shall not be affected by the illegality, invalidity or unenforceability of the obligations guaranteed, by any fraudulent, illegal or improper act by the Borrower, the legal incapacity or any other defense of the Borrower, the Guarantor or any other person obligated to the Bank consequential to transactions with the Borrower nor by the invalidation, by operation of law or otherwise, of all or any part of the obligations guaranteed hereby, including but not limited to any interest accruable on the obligations guaranteed hereby during the pendency of any bankruptcy or receivership proceeding of the Borrower;
- (13) that any and all present and future debts and obligations of the Borrower to Guarantor are hereby waived and postponed in favor of and subordinated to the full indefeasible payment and performance of all present and future debts and obligations of the Borrower to the Bank;
- (14) the Guarantor hereby grants to the Bank a continuing lien and security interest in all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Guarantor and any property of the Guarantor at any time in the Bank's or any Bank Affiliate's possession whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the obligations guaranteed hereby, and such deposits and other sums may be applied or set off against such obligations at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate;
- (15) that if at any time payment of all or any part of the obligations guaranteed hereunder is rescinded or otherwise must be restored by the Bank to the Borrower or to the creditors of the Borrower or any representative of the Borrower or representative of the Borrower's creditors as a voidable preference or fraudulent transfer or conveyance upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or to the creditors of the Guarantor or any representative of the Guarantor or representative of the creditors of Guarantor upon the



Insolvency, bankruptcy or reorganization of the Guarantor or otherwise, this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such payments had not been made, and shall survive as an obligation of the Guarantor, and shall not be discharged or satisfied by said payment or payments, notwithstanding the return of the original of this Guaranty to the Guarantor or to the Borrower, or any other apparent termination of Guarantor's obligations hereunder;

- (16) that any rights and remedies available to the Bank under this Guaranty are cumulative, and not exclusive of any rights and remedies otherwise available to the Bank at law or in equity;
- (17) that the Bank's delay or omission in exercising any of the Bank's rights and remedies shall not constitute a waiver of these rights and remedies, nor shall the Bank's waiver of any right or remedy operate as a waiver of any other right or remedy available to the Bank. The Bank's waiver of any right or remedy on any one occasion shall not be considered a waiver of same on any subsequent occasion, nor shall this be considered to be a continuing waiver;
- (18) that the Guarantor agrees to maintain with the Bank its primary operating and/or deposit accounts;
- (19) that this Guaranty incorporates all discussions and negotiations between the Bank and the Guarantor concerning the guaranty and indemnification provided by the undersigned hereby, and that no such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof, there are no preconditions to the effectiveness of this Guaranty and that no provision hereof may be altered, amended, waived, canceled or modified, except by a written instrument executed, sealed and acknowledged by the Bank's duly authorized officer;
- (20) that this Guaranty and all documents which have been or may be hereinafter furnished by the Guarantor to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business); and
- (21) that the Guarantor shall deliver to the Bank simultaneously herewith and 12 months after the last statement and upon request therefor, personal financial statements addressed to the Bank in form satisfactory to the Bank, and the Guarantor represents and warrants the accuracy of any information contained therein and hereby agrees not to encumber or transfer any assets listed on any financial statements without the Bank's prior consent and that so long as this Guaranty remains in effect, Guarantor shall provide the Bank with copies of Guarantor's filed Federal tax returns for the prior year within 15 days after the date that Guarantor's tax returns are actually filed each such year or such other date approved by the Bank.

This Guaranty promotes and furthers the business and interests of the undersigned Guarantor, and the inurrence of any obligations by the Borrower and creation of the obligations hereunder will result in direct financial benefit to the undersigned Guarantor.

Guarantor waives: notice of acceptance hereof, presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Guarantor might otherwise be entitled; and any and all defenses, including without limitation, any and all defenses which the Borrower or any other party may have to the fullest extent permitted by law, any defense to this Guaranty based on impairment of collateral or on suretyship defenses of every type; any right to exoneration or marshaling. To the maximum extent permitted by law, Guarantor waives and terminates any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead law, including without limitation, Section 222.01, Florida Statutes.

Guarantor hereby consents to the issuance of a continuing writ of garnishment or attachment against my disposable earnings, in accordance with section 222.11, Florida Statutes, in order to satisfy in whole or in part any money judgment entered in favor of Bank.

To the extent that it lawfully may, Guarantor hereby further agrees not to invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Guaranty or otherwise respecting the guaranteed obligations, and to the extent that it lawfully may do so, the Guarantor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of any collateral, if any, securing the guaranteed obligations beyond the safe custody thereof.

Guarantor will from time to time execute and deliver to the Bank, and take or cause to be taken, all such other further action as the Bank may request in order to effect and confirm or vest more securely in the Bank all the rights contemplated in this Guaranty (including, without limitation, to correct clerical errors) or respecting any of the obligations guaranteed hereby or to comply with applicable statute or law.

This Guaranty, all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of Florida without giving effect to the conflicts of laws principles thereof, shall be binding upon the heirs, executors, administrators, successors and assigns of the Guarantor and shall inure to the benefit of the Bank's successors and assigns.

If any provision of this Guaranty is found to be invalid, illegal or unenforceable, the validity of the remainder of the Guaranty shall not be affected.

The term "Bank Affiliate" as used in this Guaranty shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Guarantor authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Guarantor's credit report and any other financial information it may have.

If an entity, the Guarantor is organized, validly existing and in good standing under the laws of the state of its formation, and has the power and authority to enter into and perform under this Guaranty.

Guarantor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Guaranty. Guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Guarantor in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Guarantor.

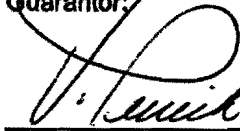
**GUARANTOR AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A)**

Loan Number - Note 1: 13186829001

**WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS GUARANTY, THE OBLIGATIONS GUARANTEED HEREBY, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. GUARANTOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.**

Executed as an instrument under seal and dated March 9, 2012.

Guarantor:



Vickie M. Penick, individually

Address: 6043 Fall River Drive  
New Port Richey, Florida  
34655



**UNLIMITED GUARANTY**

**TO:** TD Bank, N.A., a National Association (the "Bank")

**RE:** Harbor Waterworks, Inc., a Florida corporation (the "Borrower")

To induce the Bank to make or continue to make loans, advances, or grant other financial accommodations to the Borrower, in consideration thereof and for loans, advances or financial accommodations heretofore or hereafter granted by the Bank to or for the account of the Borrower, the undersigned **Bradford K. Labella** (the "Guarantor") absolutely, unconditionally and irrevocably guarantees the full and punctual payment to the Bank of all sums which may be presently due and owing and of all sums which shall in the future become due and owing to the Bank from the Borrower, whether direct or indirect, whether as a borrower, guarantor, surety or otherwise, including, without limitation, interest, attorneys' fees and other amounts accruing after the filing of a petition in bankruptcy by or against Borrower, notwithstanding the discharge of Borrower from such obligations, together with all costs and expenses incurred by the Bank in connection with such obligations, this Unlimited Guaranty (this "Guaranty") and the enforcement thereof, and also guarantees the due performance by the Borrower of all its obligations under all other present and future contracts and agreements with the Bank, including, without limitation, all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions and currency options. This is a guaranty of payment and not collection.

Guarantor also agrees:

- (1) to indemnify and hold the Bank and its directors, officers, employees, agents and attorneys harmless from and against all claims, obligations, demands and liabilities, by whomsoever asserted, and against all losses in any way suffered, incurred or paid as a result of or in any way arising out of or following or consequential to transactions with the Borrower, except for any claim arising out of the gross negligence or willful misconduct of the Bank;
- (2) that this Guaranty shall not be impaired by any modification, supplement, extension, renewal or amendment of any contract or agreement to which the parties thereto may hereafter agree, nor by any modification, increase, release or other alteration of any of the obligations hereby guaranteed or of any security therefor, nor by any agreements or arrangements whatsoever with the Borrower or anyone else, all of which may be done without notice to or consent by the Guarantor;
- (3) that the liability of the Guarantor hereunder is direct and unconditional and due immediately upon default of the Borrower without demand or notice and without requiring the Bank first to resort to any other right, remedy or security;
- (4) that Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever until the Bank is indefeasibly paid in full, nor any right of recourse to security for the debts and obligations of the Borrower to the Bank;
- (5) that the liability of the Guarantor is unlimited and shall be joint and several with the liabilities of any other guarantors;

Loan Number - Note 1: 13186829001

- (6) that if the Borrower or the Guarantor or any other guarantor should at any time become insolvent or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by, against or in respect of the Borrower or the Guarantor, or any other guarantor of the obligations guaranteed hereby, any and all obligations of the Guarantor shall be immediately due and payable without notice;
- (7) that the Bank's books and records showing the account between the Bank and the Borrower shall be admissible in any action or proceeding, shall be binding upon the Guarantor for the purpose of establishing the items therein set forth and shall constitute conclusive proof thereof;
- (8) that this Guaranty is, as to the Guarantor, a continuing Guaranty that shall remain effective under successive transactions until the obligations guaranteed hereby are irrevocably paid in full;
- (9) that the death of Guarantor shall not effect the termination of this Guaranty as to Guarantor providing, that in any event within Sixty (60) days after the death of the Guarantor, Borrower or any surviving guarantor shall provide to the Bank evidence that the estate of the Guarantor confirms its obligations to the Bank under this Guaranty;
- (10) that termination, release or limitation of any guaranty of the obligations guaranteed hereby by any other guarantor shall not affect the continuing liability hereunder of the Guarantor;
- (11) that nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full indefeasible payment and performance of all of the Borrower's debts and obligations to the Bank with interest and costs of collection;
- (12) that this Guaranty shall not be affected by the illegality, invalidity or unenforceability of the obligations guaranteed, by any fraudulent, illegal or improper act by the Borrower, the legal incapacity or any other defense of the Borrower, the Guarantor or any other person obligated to the Bank consequential to transactions with the Borrower nor by the invalidation, by operation of law or otherwise, of all or any part of the obligations guaranteed hereby, including but not limited to any interest accruable on the obligations guaranteed hereby during the pendency of any bankruptcy or receivership proceeding of the Borrower;
- (13) that any and all present and future debts and obligations of the Borrower to Guarantor are hereby waived and postponed in favor of and subordinated to the full indefeasible payment and performance of all present and future debts and obligations of the Borrower to the Bank;
- (14) the Guarantor hereby grants to the Bank a continuing lien and security interest in all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Guarantor and any property of the Guarantor at any time in the Bank's or any Bank Affiliate's possession whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the obligations guaranteed hereby, and such deposits and other sums may be applied or set off against such obligations at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate;
- (15) that if at any time payment of all or any part of the obligations guaranteed hereunder is rescinded or otherwise must be restored by the Bank to the Borrower or to the creditors of the Borrower or any representative of the Borrower or representative of the Borrower's creditors as a voidable preference or fraudulent transfer or conveyance upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or to the creditors of the Guarantor or any representative of the Guarantor or representative of the creditors of Guarantor upon the

insolvency, bankruptcy or reorganization of the Guarantor or otherwise, this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such payments had not been made, and shall survive as an obligation of the Guarantor, and shall not be discharged or satisfied by said payment or payments, notwithstanding the return of the original of this Guaranty to the Guarantor or to the Borrower, or any other apparent termination of Guarantor's obligations hereunder;

- (16) that any rights and remedies available to the Bank under this Guaranty are cumulative, and not exclusive of any rights and remedies otherwise available to the Bank at law or in equity;
- (17) that the Bank's delay or omission in exercising any of the Bank's rights and remedies shall not constitute a waiver of these rights and remedies, nor shall the Bank's waiver of any right or remedy operate as a waiver of any other right or remedy available to the Bank. The Bank's waiver of any right or remedy on any one occasion shall not be considered a waiver of same on any subsequent occasion, nor shall this be considered to be a continuing waiver;
- (18) that the Guarantor agrees to maintain with the Bank its primary operating and/or deposit accounts;
- (19) that this Guaranty incorporates all discussions and negotiations between the Bank and the Guarantor concerning the guaranty and indemnification provided by the undersigned hereby, and that no such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof, there are no preconditions to the effectiveness of this Guaranty and that no provision hereof may be altered, amended, waived, canceled or modified, except by a written instrument executed, sealed and acknowledged by the Bank's duly authorized officer;
- (20) that this Guaranty and all documents which have been or may be hereinafter furnished by the Guarantor to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business); and
- (21) that the Guarantor shall deliver to the Bank simultaneously herewith and 12 months after the last statement and upon request therefor, personal financial statements addressed to the Bank in form satisfactory to the Bank, and the Guarantor represents and warrants the accuracy of any information contained therein and hereby agrees not to encumber or transfer any assets listed on any financial statements without the Bank's prior consent and that so long as this Guaranty remains in effect, Guarantor shall provide the Bank with copies of Guarantor's filed Federal tax returns for the prior year within 15 days after the date that Guarantor's tax returns are actually filed each such year or such other date approved by the Bank.

This Guaranty promotes and furthers the business and interests of the undersigned Guarantor, and the incurrence of any obligations by the Borrower and creation of the obligations hereunder will result in direct financial benefit to the undersigned Guarantor.

Guarantor waives: notice of acceptance hereof, presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Guarantor might otherwise be entitled; and any and all defenses, including without limitation, any and all defenses which the Borrower or any other party may have to the fullest extent permitted by law, any defense to this Guaranty based on impairment of collateral or on suretyship defenses of every type; any right to exoneration or marshaling. To the maximum extent permitted by law, Guarantor waives and terminates any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead law, including without limitation, Section 222.01, Florida Statutes.

Guarantor hereby consents to the issuance of a continuing writ of garnishment or attachment against my disposable earnings, in accordance with section 222.11, Florida Statutes, in order to satisfy in whole or in part any money judgment entered in favor of Bank.

To the extent that it lawfully may, Guarantor hereby further agrees not to invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Guaranty or otherwise respecting the guaranteed obligations, and to the extent that it lawfully may do so, the Guarantor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of any collateral, if any, securing the guaranteed obligations beyond the safe custody thereof.

Guarantor will from time to time execute and deliver to the Bank, and take or cause to be taken, all such other further action as the Bank may request in order to effect and confirm or vest more securely in the Bank all the rights contemplated in this Guaranty (including, without limitation, to correct clerical errors) or respecting any of the obligations guaranteed hereby or to comply with applicable statute or law.

This Guaranty, all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of Florida without giving effect to the conflicts of laws principles thereof, shall be binding upon the heirs, executors, administrators, successors and assigns of the Guarantor and shall inure to the benefit of the Bank's successors and assigns.

If any provision of this Guaranty is found to be invalid, illegal or unenforceable, the validity of the remainder of the Guaranty shall not be affected.

The term "Bank Affiliate" as used in this Guaranty shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Guarantor authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Guarantor's credit report and any other financial information it may have.

If an entity, the Guarantor is organized, validly existing and in good standing under the laws of the state of its formation, and has the power and authority to enter into and perform under this Guaranty.

Guarantor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Guaranty. Guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Guarantor in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Guarantor.

**GUARANTOR AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A)**

**WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS GUARANTY, THE OBLIGATIONS GUARANTEED HEREBY, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HEREWITH AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. GUARANTOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.**

Executed as an Instrument under seal and dated March 9, 2012.

Guarantor:

  
Bradford K. Labella, individually

Address: 16907 Equestrian Trail  
Odessa, Florida  
33556





**UNLIMITED GUARANTY**

**TO: TD Bank, N.A., a National Association (the "Bank")**

**RE: Harbor Waterworks, Inc., a Florida corporation (the "Borrower")**

To induce the Bank to make or continue to make loans, advances, or grant other financial accommodations to the Borrower, in consideration thereof and for loans, advances or financial accommodations heretofore or hereafter granted by the Bank to or for the account of the Borrower, the undersigned Gary A. Deremer (the "Guarantor") absolutely, unconditionally and irrevocably guarantees the full and punctual payment to the Bank of all sums which may be presently due and owing and of all sums which shall in the future become due and owing to the Bank from the Borrower, whether direct or indirect, whether as a borrower, guarantor, surety or otherwise, including, without limitation, interest, attorneys' fees and other amounts accruing after the filing of a petition in bankruptcy by or against Borrower, notwithstanding the discharge of Borrower from such obligations, together with all costs and expenses incurred by the Bank in connection with such obligations, this Unlimited Guaranty (this "Guaranty") and the enforcement thereof, and also guarantees the due performance by the Borrower of all its obligations under all other present and future contracts and agreements with the Bank, including, without limitation, all rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions and currency options. This is a guaranty of payment and not collection.

Guarantor also agrees:

- (1) to indemnify and hold the Bank and its directors, officers, employees, agents and attorneys harmless from and against all claims, obligations, demands and liabilities, by whomsoever asserted, and against all losses in any way suffered, incurred or paid as a result of or in any way arising out of or following or consequential to transactions with the Borrower, except for any claim arising out of the gross negligence or willful misconduct of the Bank;
- (2) that this Guaranty shall not be impaired by any modification, supplement, extension, renewal or amendment of any contract or agreement to which the parties thereto may hereafter agree, nor by any modification, increase, release or other alteration of any of the obligations hereby guaranteed or of any security therefor, nor by any agreements or arrangements whatsoever with the Borrower or anyone else, all of which may be done without notice to or consent by the Guarantor;
- (3) that the liability of the Guarantor hereunder is direct and unconditional and due immediately upon default of the Borrower without demand or notice and without requiring the Bank first to resort to any other right, remedy or security;
- (4) that Guarantor shall have no right of subrogation, reimbursement or indemnity whatsoever until the Bank is indefeasibly paid in full, nor any right of recourse to security for the debts and obligations of the Borrower to the Bank;
- (5) that the liability of the Guarantor is unlimited and shall be joint and several with the liabilities of any other guarantors;

Loan Number - Note 1: 13186829001

- (6) that if the Borrower or the Guarantor or any other guarantor should at any time become insolvent or make a general assignment, or if a petition in bankruptcy or any insolvency or reorganization proceedings shall be filed or commenced by, against or in respect of the Borrower or the Guarantor, or any other guarantor of the obligations guaranteed hereby, any and all obligations of the Guarantor shall be immediately due and payable without notice;
- (7) that the Bank's books and records showing the account between the Bank and the Borrower shall be admissible in any action or proceeding, shall be binding upon the Guarantor for the purpose of establishing the items therein set forth and shall constitute conclusive proof thereof;
- (8) that this Guaranty is, as to the Guarantor, a continuing Guaranty that shall remain effective under successive transactions until the obligations guaranteed hereby are irrevocably paid in full;
- (9) that the death of Guarantor shall not effect the termination of this Guaranty as to Guarantor providing, that in any event within Sixty (60) days after the death of the Guarantor, Borrower or any surviving guarantor shall provide to the Bank evidence that the estate of the Guarantor confirms its obligations to the Bank under this Guaranty;
- (10) that termination, release or limitation of any guaranty of the obligations guaranteed hereby by any other guarantor shall not affect the continuing liability hereunder of the Guarantor;
- (11) that nothing shall discharge or satisfy the liability of the Guarantor hereunder except the full indefeasible payment and performance of all of the Borrower's debts and obligations to the Bank with interest and costs of collection;
- (12) that this Guaranty shall not be affected by the illegality, invalidity or unenforceability of the obligations guaranteed, by any fraudulent, illegal or improper act by the Borrower, the legal incapacity or any other defense of the Borrower, the Guarantor or any other person obligated to the Bank consequential to transactions with the Borrower nor by the invalidation, by operation of law or otherwise, of all or any part of the obligations guaranteed hereby, including but not limited to any interest accruable on the obligations guaranteed hereby during the pendency of any bankruptcy or receivership proceeding of the Borrower;
- (13) that any and all present and future debts and obligations of the Borrower to Guarantor are hereby waived and postponed in favor of and subordinated to the full indefeasible payment and performance of all present and future debts and obligations of the Borrower to the Bank;
- (14) the Guarantor hereby grants to the Bank a continuing lien and security interest in all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Guarantor and any property of the Guarantor at any time in the Bank's or any Bank Affiliate's possession whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the obligations guaranteed hereby, and such deposits and other sums may be applied or set off against such obligations at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate;
- (15) that if at any time payment of all or any part of the obligations guaranteed hereunder is rescinded or otherwise must be restored by the Bank to the Borrower or to the creditors of the Borrower or any representative of the Borrower or representative of the Borrower's creditors as a voidable preference or fraudulent transfer or conveyance upon the insolvency, bankruptcy or reorganization of the Borrower or the Guarantor, or to the creditors of the Guarantor or any representative of the Guarantor or representative of the creditors of Guarantor upon the

insolvency, bankruptcy or reorganization of the Guarantor or otherwise, this Guaranty shall continue to be effective or be reinstated, as the case may be, as though such payments had not been made, and shall survive as an obligation of the Guarantor, and shall not be discharged or satisfied by said payment or payments, notwithstanding the return of the original of this Guaranty to the Guarantor or to the Borrower, or any other apparent termination of Guarantor's obligations hereunder;

- (16) that any rights and remedies available to the Bank under this Guaranty are cumulative, and not exclusive of any rights and remedies otherwise available to the Bank at law or in equity;
- (17) that the Bank's delay or omission in exercising any of the Bank's rights and remedies shall not constitute a waiver of these rights and remedies, nor shall the Bank's waiver of any right or remedy operate as a waiver of any other right or remedy available to the Bank. The Bank's waiver of any right or remedy on any one occasion shall not be considered a waiver of same on any subsequent occasion, nor shall this be considered to be a continuing waiver;
- (18) that the Guarantor agrees to maintain with the Bank its primary operating and/or deposit accounts;
- (19) that this Guaranty incorporates all discussions and negotiations between the Bank and the Guarantor concerning the guaranty and indemnification provided by the undersigned hereby, and that no such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof, there are no preconditions to the effectiveness of this Guaranty and that no provision hereof may be altered, amended, waived, canceled or modified, except by a written instrument executed, sealed and acknowledged by the Bank's duly authorized officer;
- (20) that this Guaranty and all documents which have been or may be hereinafter furnished by the Guarantor to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business); and
- (21) that the Guarantor shall deliver to the Bank simultaneously herewith and 12 months after the last statement and upon request therefor, personal financial statements addressed to the Bank in form satisfactory to the Bank, and the Guarantor represents and warrants the accuracy of any information contained therein and hereby agrees not to encumber or transfer any assets listed on any financial statements without the Bank's prior consent and that so long as this Guaranty remains in effect, Guarantor shall provide the Bank with copies of Guarantor's filed Federal tax returns for the prior year within 15 days after the date that Guarantor's tax returns are actually filed each such year or such other date approved by the Bank.

This Guaranty promotes and furthers the business and interests of the undersigned Guarantor, and the incurrence of any obligations by the Borrower and creation of the obligations hereunder will result in direct financial benefit to the undersigned Guarantor.

Guarantor waives: notice of acceptance hereof, presentment and protest of any instrument and notice thereof, notice of default and all other notices to which the Guarantor might otherwise be entitled; and any and all defenses, including without limitation, any and all defenses which the Borrower or any other party may have to the fullest extent permitted by law, any defense to this Guaranty based on impairment of collateral or on suretyship defenses of every type; any right to exoneration or marshaling. To the maximum extent permitted by law, Guarantor waives and terminates any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead law, including without limitation, Section 222.01, Florida Statutes.

Guarantor hereby consents to the issuance of a continuing writ of garnishment or attachment against my disposable earnings, in accordance with section 222.11, Florida Statutes, in order to satisfy in whole or in part any money judgment entered in favor of Bank.

To the extent that it lawfully may, Guarantor hereby further agrees not to invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Guaranty or otherwise respecting the guaranteed obligations, and to the extent that it lawfully may do so, the Guarantor hereby irrevocably waives the benefits of all such laws. Except as otherwise provided by applicable law, the Bank shall have no duty as to the collection or protection of any collateral, if any, securing the guaranteed obligations beyond the safe custody thereof.

Guarantor will from time to time execute and deliver to the Bank, and take or cause to be taken, all such other further action as the Bank may request in order to effect and confirm or vest more securely in the Bank all the rights contemplated in this Guaranty (including, without limitation, to correct clerical errors) or respecting any of the obligations guaranteed hereby or to comply with applicable statute or law.

This Guaranty, all acts and transactions hereunder, and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the laws of the State of Florida without giving effect to the conflicts of laws principles thereof, shall be binding upon the heirs, executors, administrators, successors and assigns of the Guarantor and shall inure to the benefit of the Bank's successors and assigns.

If any provision of this Guaranty is found to be invalid, illegal or unenforceable, the validity of the remainder of the Guaranty shall not be affected.

The term "Bank Affiliate" as used in this Guaranty shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.

Guarantor authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Guarantor's credit report and any other financial information it may have.

If an entity, the Guarantor is organized, validly existing and in good standing under the laws of the state of its formation, and has the power and authority to enter into and perform under this Guaranty.

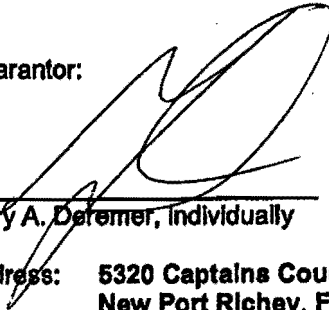
Guarantor irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Guaranty. Guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Guarantor in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Guarantor.

**GUARANTOR AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A)**

**WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS GUARANTY, THE OBLIGATIONS GUARANTEED HEREBY, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN WAIVED. GUARANTOR CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.**

Executed as an instrument under seal and dated **March 9, 2012.**

Guarantor:



**Gary A. DeFomer, Individually**

**Address: 5320 Captains Court  
New Port Richey, Florida  
34652**



## LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT (this "Agreement") is entered into as of March 9, 2012, between Harbor Waterworks, Inc., a Florida corporation, with its chief executive office located at 5320 Captains Court, New Port Richey, Florida 34652 (the "Borrower") and TD Bank, N.A., a National Association, with an address of 104 South Main Street, Greenville, South Carolina 29601 (the "Bank").

FOR VALUE RECEIVED, and in consideration of the granting by the Bank of financial accommodations to or for the benefit of the Borrower, including without limitation respecting the Obligations (as hereinafter defined), the Borrower represents and agrees with the Bank, as of the date hereof and as of the date of each loan, credit and/or other financial accommodation, as follows:

### 1. THE LOAN

1.1 Loan. Subject to the terms and conditions of this Agreement, the Bank hereby agrees to make a loan to Borrower in the original principal amount of \$214,989.00 (the "Loan"). The Loan shall be evidenced by that certain Term Note, of even date herewith (the "Note") by Harbor Waterworks, Inc. in favor of the Bank in the original principal amount of \$214,989.00. This Agreement, the Note, and any and all other documents, amendments or renewals executed and delivered in connection with any of the foregoing are collectively hereinafter referred to as the "Loan Documents".

### 2. GRANT OF SECURITY INTEREST

2.1 Grant of Security Interest. In consideration of the Bank's extending credit and other financial accommodations to or for the benefit of the Borrower, the Borrower hereby grants to the Bank a security interest in, a lien on and pledge and assignment of the Collateral (as hereinafter defined). The security interest granted by this Agreement is given to and shall be held by the Bank as security for the payment and performance of all Obligations, including, without limitation, all amounts outstanding pursuant to the Loan Documents.

2.2 Definitions. The following definitions shall apply:

- (a) "Code" shall mean the Florida Uniform Commercial Code, Florida Statutes, Chapter 671.101 et. seq. as amended from time to time.
- (b) "Collateral" shall mean all of the Borrower's present and future right, title and interest in and to any and all of the personal property of the Borrower whether such property is now existing or hereafter created, acquired or arising and wherever located from time to time, including without limitation:
  - (i) accounts;
  - (ii) chattel paper;
  - (iii) goods;

- (iv) Inventory;
  - (v) equipment;
  - (vi) fixtures
  - (vii) farm products;
  - (viii) Instruments;
  - (ix) Investment property;
  - (x) documents;
  - (xi) commercial tort claims;
  - (xii) deposit accounts;
  - (xiii) letter-of-credit rights;
  - (xiv) general intangibles;
  - (xv) supporting obligations; and
  - (xvi) records of, accession to and proceeds and products of the foregoing.
- (c) "Debtors" shall mean the Borrower's customers who are indebted to the Borrower.
- (d) "Bank Affiliate" shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any Person, (a) any Person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person, or (b) any Person who is a director or officer (i) of such Person, (ii) of any subsidiary of such Person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such Person, or (y) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. Control may be by ownership, contract, or otherwise.
- (e) "Obligation(s)" shall mean, without limitation, all loans, advances, indebtedness, notes, liabilities, rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, forward transactions, currency swap transactions, cross-currency rate swap transactions, currency options and amounts, liquidated or unliquidated, owing by the Borrower to the Bank or any Bank Affiliate at any time, of each and every kind, nature and description, whether arising under this Agreement or otherwise, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by the Borrower to the Bank or any Bank Affiliate; or are due indirectly by the Borrower to the Bank or any Bank Affiliate as endorser, guarantor or other surety, or as borrower of obligations due third persons which have been endorsed or assigned to the Bank or any Bank Affiliate, or otherwise), absolute or contingent, due or to become due, now existing or hereafter arising or contracted, including, without limitation, payment when due of all amounts outstanding respecting any of the Loan Documents. Said term shall also include all interest and other charges chargeable to the Borrower or due from the Borrower to the Bank or any Bank Affiliate from time to time and all

costs and expenses referred to in this Agreement, as well as any other debts, liabilities or obligations owing to Bank or any Bank Affiliate in connection with any lockbox, cash management, or other services (including electronic funds transfers or automated clearing house transactions).

- (f) "Person" or "party" shall mean individuals, partnerships, corporations, limited liability companies and all other entities.

All words and terms used in this Agreement other than those specifically defined herein shall have the meanings accorded to them in the Code.

2.3 **Ordinary Course of Business.** The Bank hereby authorizes and permits the Borrower to hold, process, sell, use or consume in the manufacture or processing of finished goods, or otherwise dispose of inventory for fair consideration, all in the ordinary course of the Borrower's business, excluding, without limitation, sales to creditors or in bulk or sales or other dispositions occurring under circumstances which would or could create any lien or interest adverse to the Bank's security interest or other right hereunder in the proceeds resulting therefrom. The Bank also hereby authorizes and permits the Borrower to receive from the Debtors all amounts due as proceeds of the Collateral at the Borrower's own cost and expense, and also liability, if any, subject to the direction and control of the Bank at all times; and the Bank may at any time, without cause or notice, and whether or not an Event of Default has occurred or demand has been made, terminate all or any part of the authority and permission herein or elsewhere in this Agreement granted to the Borrower with reference to the Collateral, and notify Debtors to make all payments due as proceeds of the Collateral to the Bank. Until Bank shall otherwise notify Borrower, all proceeds of and collections of Collateral shall be retained by Borrower and used solely for the ordinary and usual operation of Borrower's business. From and after notice by Bank to Borrower, all proceeds of and collections of the Collateral shall be held in trust by Borrower for Bank and shall not be commingled with Borrower's other funds or deposited in any Bank account of Borrower; and Borrower agrees to deliver to Bank on the dates of receipt thereof by Borrower, duly endorsed to Bank or to bearer, or assigned to Bank, as may be appropriate, all proceeds of the Collateral in the identical form received by Borrower.

2.4 **Allowances.** Absent an Event of Default the Borrower may grant such allowances or other adjustments to Debtors (exclusive of extending the time for payment of any item which shall not be done without first obtaining the Bank's written consent in each instance) as the Borrower may reasonably deem to accord with sound business practice, including, without limiting the generality of the foregoing, accepting the return of all or any part of the inventory (subject to the provisions set forth in this Agreement with reference to returned inventory).

2.5 **Records.** The Borrower shall hold its books and records relating to the Collateral segregated from all the Borrower's other books and records in a manner satisfactory to the Bank; and shall deliver to the Bank from time to time promptly at its request all invoices, original documents of title, contracts, chattel paper, instruments and any other writings relating thereto, and other evidence of performance of contracts, or evidence of shipment or delivery of the merchandise or of the rendering of services; and the Borrower will deliver to the Bank promptly at the Bank's request from time to time additional copies of any or all of such papers or writings, and such other information with respect to any of the Collateral and such schedules of inventory, schedules of accounts and such other writings as the Bank may in its sole discretion deem to be necessary or effectual to evidence any loan hereunder or the Bank's security interest in the Collateral.

2.6 **Legends.** The Borrower shall promptly make, stamp or record such entries or legends on the Borrower's books and records or on any of the Collateral (including, without limitation, chattel paper) as Bank shall request from time to time, to indicate and disclose that Bank has a security interest in such Collateral.



2.7 **Inspection.** The Bank, or its representatives, at any time and from time to time, shall have the right at the sole cost and expense of Borrower, and the Borrower will permit the Bank and/or its representatives: (a) to examine, check, make copies of or extracts from any of the Borrower's books, records and files (including, without limitation, orders and original correspondence); (b) to perform field exams or otherwise inspect and examine the Collateral and to check, test or appraise the same as to quality, quantity, value and condition; and (c) to verify the Collateral or any portion or portions thereof or the Borrower's compliance with the provisions of this Agreement.

2.8 **Purchase Money Security Interests.** To the extent the Borrower uses proceeds of any loans to purchase Collateral, the repayment of such loans shall be on a "first-in-first-out" basis so that the portion of the loan used to purchase a particular item of Collateral shall be repaid in the order in which Borrower purchased such item of Collateral.

2.9 **Search Reports.** Bank shall receive prior to the date of this Agreement UCC search results under all names used by the Borrower during the prior five (5) years, from each jurisdiction where any Collateral is located, from the State, if any, where the Borrower is organized and registered (as such terms are used in the Code), and the State where the Borrower's chief executive office is located. The search results shall confirm that the security interest in the Collateral granted Bank hereunder is prior to all other security interests in favor of any other person.

### 3. REPRESENTATIONS AND WARRANTIES

3.1 **Organization and Qualification.** Borrower is a duly organized and validly existing corporation under the laws of the State of its incorporation with the exact legal name set forth in the first paragraph of this Agreement. Borrower is in good standing under the laws of said State, has the power to own its property and conduct its business as now conducted and as currently proposed to be conducted, and is duly qualified to do business under the laws of each state where the nature of the business done or property owned requires such qualification.

3.2 **Subsidiaries.** Borrower has no subsidiaries other than as previously specifically consented to in writing by the Bank, if any, and the Borrower has never consolidated, merged or acquired substantially all of the assets of any other entity or person other than as previously specifically consented to in writing by the Bank, if any.

3.3 **Corporate Records.** Borrower's corporate charter, articles or certificate of organization or incorporation and all amendments thereto have been duly filed and are in proper order. All outstanding capital stock issued by the Borrower was and is properly issued and all books and records of the Borrower, including but not limited to its minute books, bylaws and books of account, are accurate and up to date and will be so maintained.

3.4 **Title to Properties: Absence of Liens.** Borrower has good and clear record and marketable title to all of its properties and assets, and all of its properties and assets including the Collateral are free and clear of all mortgages, liens, pledges, charges, encumbrances and setoffs, other than the security interest therein granted to the Bank and those mortgages, deeds of trust, leases of personal property and security interests previously specifically consented to in writing by the Bank.

3.5 **Places of Business.** Borrower's chief executive office is correctly stated in the preamble to this Agreement, and Borrower shall, during the term of this Agreement, keep the Bank currently and accurately informed in writing of each of its other places of business, and shall not change the location of such chief executive office or open or close, move or change any existing or new place of business without giving the Bank at least thirty (30) days prior written notice thereof.

3.6 **Valid Obligations.** The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary corporate action and each represents a legal, valid and binding

obligation of Borrower and is fully enforceable according to its terms, except as limited by laws relating to the enforcement of creditors' rights.

3.7 **Conflicts.** There is no provision in Borrower's organizational or charter documents, if any, or in any indenture, contract or agreement to which Borrower is a party which prohibits, limits or restricts the execution, delivery or performance of the Loan Documents.

3.8 **Governmental Approvals.** The execution, delivery and performance of the Loan Documents does not require any approval of or filing with any governmental agency or authority.

3.9 **Litigation, etc.** There are no actions, claims or proceedings pending or to the knowledge of Borrower threatened against Borrower which might materially adversely affect the ability of Borrower to conduct its business or to pay or perform the Obligations.

3.10 **Financial Statements.** The Borrower has furnished to the Bank one or more financial statements each of which fairly presents the condition of the Borrower at the date thereof and the results of the operations of the Borrower for the period indicated, all in conformity with generally accepted accounting principles, consistently applied.

3.11 **Accounts and Contract Rights.** All accounts arise out of legally enforceable and existing contracts, and represent unconditional and undisputed bona fide indebtedness by a Debtor, and are not and will not be subject to any discount (except such cash or trade discount as may be shown on any invoice, contract or other writing delivered to the Bank). No contract right, account, general intangible or chattel paper is or will be represented by any note or other instrument, and no contract right, account or general intangible is, or will be represented by any conditional or installment sales obligation or other chattel paper, except such instruments or chattel paper as have been or immediately upon receipt by the Borrower will be delivered to the Bank (duly endorsed or assigned), such delivery, in the case of chattel paper, to include all executed copies except those in the possession of the installment buyer and any security for or guaranty of any of the Collateral shall be delivered to the Bank immediately upon receipt thereof by the Borrower, with such assignments and endorsements thereof as the Bank may request.

3.12 **Title to Collateral.** At the date hereof the Borrower is (and as to Collateral that the Borrower may acquire after the date hereof, will be) the lawful owner of the Collateral, and the Collateral and each item thereof is, will be and shall continue to be free of all restrictions, liens, encumbrances or other rights, title or interests (other than the security interest therein granted to the Bank), credits, defenses, recoupments, set-offs or counterclaims whatsoever. The Borrower has and will have full power and authority to grant to the Bank a security interest in the Collateral and the Borrower has not transferred, assigned, sold, pledged, encumbered, subjected to lien or granted any security interest in, and will not transfer, assign, sell (except sales or other dispositions in the ordinary course of business in respect to inventory as expressly permitted in this Agreement), pledge, encumber, subject to lien or grant any security interest in any of the Collateral (or any of the Borrower's right, title or interest therein), to any person other than the Bank. The Collateral is and will be valid and genuine in all respects. The Borrower will warrant and defend the Bank's right to and interest in the Collateral against all claims and demands of all persons whatsoever.

3.13 **Location of Collateral.** Except for sale, processing, use, consumption or other disposition in the ordinary course of business, the Borrower will keep all inventory and equipment only at locations specified in this Agreement or specified to the Bank in writing. The Borrower shall, during the term of this Agreement, keep the Bank currently and accurately informed in writing of each location where the Borrower's records relating to its accounts and contract rights, respectively, are kept, and shall not remove such records or any of them to another location without giving the Bank at least thirty (30) days prior written notice thereof.

3.14 **Third Parties.** The Bank shall not be deemed to have assumed any liability or responsibility to the Borrower or any third person for the correctness, validity or genuineness of any instruments or

documents that may be released or endorsed to the Borrower by the Bank (which shall automatically be deemed to be without recourse to the Bank in any event) or for the existence, character, quantity, quality, condition, value or delivery of any goods purporting to be represented by any such documents; and the Bank, by accepting such security interest in the Collateral, or by releasing any Collateral to the Borrower, shall not be deemed to have assumed any obligation or liability to any supplier or Debtor or to any other third party, and the Borrower agrees to indemnify and defend the Bank and hold it harmless in respect to any claim or proceeding arising out of any matter referred to in this paragraph.

3.15 Payment of Accounts. Each account or other item of Collateral, other than inventory and equipment, will be paid in full on or before the date shown as its due date in the schedule of Collateral, in the copy of the invoice(s) relating to the account or other Collateral or in contracts relating thereto. Upon any suspension of business, assignment or trust mortgage for the benefit of creditors, dissolution, petition in receivership or under any chapter of the Bankruptcy Code as amended from time to time by or against any Debtor, any Debtor becoming insolvent or unable to pay its debts as they mature or any other act of the same or different nature amounting to a business failure, the Borrower will immediately notify the Bank thereof.

3.16 Changes. Since the date of the Financial Statements, there have been no changes in the assets, liabilities, financial condition or business of the Borrower, other than changes in the ordinary course of business, the effect of which have, in the aggregate, been materially adverse.

3.17 Taxes. The Borrower has filed all Federal, state and other tax returns required to be filed (except for such returns for which current and valid extensions have been filed), and all taxes, assessments and other governmental charges due from the Borrower have been fully paid. The Borrower has established on its books reserves adequate for the payment of all Federal, state and other tax liabilities (if any).

3.18 Use of Proceeds. No portion of any loan is to be used for (i) the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. 221 and 224 or (ii) primarily personal, family or household purposes. The Collateral is not used or acquired primarily for personal, family or household purposes.

3.19 Anti-Terrorism Laws. (a) Neither Borrower nor any Affiliate of Borrower is in violation of any statute, treaty, law (including common law), ordinance, regulation, rule, order, opinion, release, injunction, writ, decree or award of any Governmental Authority relating to terrorism or money laundering, including Executive Order No. 13224 and the USA Patriot Act (collectively, "Anti-Terrorism Law") or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. (b) Neither Borrower nor any Affiliate of Borrower, or to Borrower's knowledge, any of its respective agents acting or benefiting in any capacity in connection with the Loans, Letters of Credit or other transactions hereunder, is any of the following (each a "Blocked Person"): (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224; (ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order No. 13224; (iii) a Person with which Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order No. 13224; (v) a Person that is named as a "specially designated national" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; or (vi) a Person who is affiliated with a Person listed above.

3.20 Environmental. As of the date hereof neither the Borrower nor any of Borrower's agents, employees or independent contractors (1) have caused or are aware of a release or threat of release of Hazardous Materials (as defined herein) on any of the premises or personal property owned or controlled by Borrower ("Controlled Property") or any property abutting Controlled Property ("Abutting Property"),

which could give rise to liability under any Environmental Law (as defined herein) or any other Federal, state or local law, rule or regulation; (2) have arranged for the transport of or transported any Hazardous Materials in a manner as to violate, or result in potential liabilities under, any Environmental Law; (3) have received any notice, order or demand from the Environmental Protection Agency or any other Federal, state or local agency under any Environmental Law; (4) have incurred any liability under any Environmental Law in connection with the mismanagement, improper disposal or release of Hazardous Materials; or (5) are aware of any inspection or investigation of any Controlled Property or Abutting Property by any Federal, state or local agency for possible violations of any Environmental Law.

To the best of Borrower's knowledge, neither Borrower, nor any prior owner or tenant of any Controlled Property, committed or omitted any act which caused the release of Hazardous Materials on such Controlled Property which could give rise to a lien thereon by any Federal, state or local government. No notice or statement of claim or lien affecting any Controlled Property has been recorded or filed in any public records by any Federal, state or local government for costs, penalties, fines or other charges as to such property. All notices, permits, licenses or similar authorizations, if any, required to be obtained or filed in connection with the ownership, operation, or use of the Controlled Property, including without limitation, the past or present generation, treatment, storage, disposal or release of any Hazardous Materials into the environment, have been duly obtained or filed.

Borrower agrees to indemnify and hold the Bank harmless from all liability, loss, cost, damage and expense, including attorney fees and costs of litigation, arising from any and all of its violations of any Environmental Law (including those arising from any lien by any Federal, state or local government arising from the presence of Hazardous Materials) or from the presence of Hazardous Materials located on or emanating from any Controlled Property or Abutting Property whether existing or not existing and whether known or unknown at the time of the execution hereof and regardless of whether or not caused by, or within the control of Borrower. Borrower further agrees to reimburse Bank upon demand for any costs incurred by Bank in connection with the foregoing. Borrower agrees that its obligations hereunder shall be continuous and shall survive the repayment of all debts to Bank and shall continue so long as a valid claim may be lawfully asserted against the Bank.

The term "Hazardous Materials" includes but is not limited to any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any present or future Environmental Law or that may have a negative impact on human health or the environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives.

The term "Environmental Law" means any present and future Federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health or the environment, relating to Hazardous Materials, relating to liability for or costs of remediation or prevention of releases of Hazardous Materials or relating to liability for or costs of other actual or threatened danger to human health or the environment. The term "Environmental Law" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; the River and Harbors Appropriation Act; and Florida Statutes, Chapter 403.

#### 4. AFFIRMATIVE COVENANTS

4.1 Payments and Performance. Borrower will duly and punctually pay all Obligations becoming due to the Bank and will duly and punctually perform all Obligations on its part to be done or performed under this Agreement.

4.2 Books and Records: Inspection. Borrower will at all times keep proper books of account in which full, true and correct entries will be made of its transactions in accordance with generally accepted accounting principles, consistently applied and which are, in the opinion of a Certified Public Accountant acceptable to Bank, adequate to determine fairly the financial condition and the results of operations of Borrower. Borrower will at all reasonable times make its books and records available in its offices for inspection, examination and duplication by the Bank and the Bank's representatives and will permit inspection of the Collateral and all of its properties by the Bank and the Bank's representatives. Borrower will from time to time furnish the Bank with such information and statements as the Bank may request in its sole discretion with respect to the Obligations or the Bank's security interest in the Collateral. Borrower shall, during the term of this Agreement, keep the Bank currently and accurately informed in writing of each location where Borrower's records relating to its accounts and contract rights are kept, and shall not remove such records to another location without giving the Bank at least thirty (30) days prior written notice thereof.

4.3 Financial Statements. Borrower will furnish to Bank:

- (a) Borrower's filed Federal tax returns, including all schedules thereto, for the prior year within 15 days after the date that Borrower's tax returns are actually filed each such year or by such other date approved by the Bank;
- (b) from time to time, such financial data and information about Borrower as Bank may reasonably request; and
- (c) any financial data and information about any guarantors of the Obligations as Bank may reasonably request.

4.4 Conduct of Business. The Borrower will maintain its existence in good standing and comply with all laws and regulations of the United States and of any state or states thereof and of any political subdivision thereof, and of any governmental authority which may be applicable to it or to its business; provided that this covenant shall not apply to any tax, assessment or charge which is being contested in good faith and with respect to which reserves have been established and are being maintained.

4.5 Notice to Account Debtors. The Borrower agrees, at the request of the Bank, to notify all or any of the Debtors in writing of the Bank's security interest in the Collateral in whatever manner the Bank requests and, hereby authorizes the Bank to notify all or any of the Debtors of the Bank's security interest in the Borrower's accounts at the Borrower's expense.

4.6 Contact with Accountant. The Borrower hereby authorizes the Bank to directly contact and communicate with any accountant employed by Borrower in connection with the review and/or maintenance of Borrower's books and records or preparation of any financial reports delivered by or at the request of Borrower to Bank.

4.7 Operating and Deposit Accounts. The Borrower agrees to maintain with the Bank its primary operating and/or deposit accounts.

4.8 Taxes. Borrower will promptly pay all real and personal property taxes, assessments and charges and all franchise, income, unemployment, retirement benefits, withholding, sales and other taxes assessed against it or payable by it before delinquent; provided that this covenant shall not apply to any tax assessment or charge which is being contested in good faith and with respect to which reserves have

been established and are being maintained. The Bank may, at its option, from time to time, discharge any taxes, liens or encumbrances of any of the Collateral, and the Borrower will pay to the Bank on demand or the Bank in its sole discretion may charge to the Borrower all amounts so paid or incurred by it.

4.9 **Maintenance.** Borrower will keep and maintain the Collateral and its other properties, if any, in good repair, working order and condition. Borrower will immediately notify the Bank of any loss or damage to or any occurrence which would adversely affect the value of any Collateral. The Bank may, at its option, from time to time, take any other action that the Bank may deem proper to repair, maintain or preserve any of the Collateral, and the Borrower will pay to the Bank on demand or the Bank in its sole discretion may charge to the Borrower all amounts so paid or incurred by it.

4.10 **Insurance.** Borrower will maintain in force property and casualty insurance on all Collateral and any other property of the Borrower, if any, against risks customarily insured against by companies engaged in businesses similar to that of the Borrower containing such terms and written by such companies as may be satisfactory to the Bank, such insurance to be payable to the Bank as its interest may appear in the event of loss and to name the Bank as insured pursuant to a standard loss payee clause; no loss shall be adjusted thereunder without the Bank's approval; and all such policies shall provide that they may not be canceled without first giving at least thirty (30) days written notice of cancellation to the Bank. In the event that the Borrower fails to provide evidence of such insurance, the Bank may, at its option, secure such insurance and charge the cost thereof to the Borrower. At the option of the Bank, all insurance proceeds received from any loss or damage to any of the Collateral shall be applied either to the replacement or repair thereof or as a payment on account of the Obligations. From and after the occurrence of an Event of Default, the Bank is authorized to cancel any insurance maintained hereunder and apply any returned or unearned premiums, all of which are hereby assigned to the Bank, as a payment on account of the Obligations.

4.11 **Notification of Default.** Immediately upon becoming aware of the existence of any condition or event which constitutes an Event of Default, or any condition or event which would upon notice or lapse of time, or both, constitute an Event of Default, Borrower shall give Bank written notice thereof specifying the nature and duration thereof and the action being or proposed to be taken with respect thereto.

4.12 **Notification of Material Litigation.** Borrower will immediately notify the Bank in writing of any litigation or of any investigative proceedings of a governmental agency or authority commenced or threatened against it which would or might be materially adverse to the financial condition of Borrower or any guarantor of the Obligations.

4.13 **Pension Plans.** With respect to any pension or benefit plan maintained by Borrower, or to which Borrower contributes ("Plan"), the benefits under which are guaranteed, in whole or in part, by the Pension Benefit Guaranty Corporation created by the Employee Retirement Income Security Act of 1974, P.L. 93-406, as amended ("ERISA") or any governmental authority succeeding to any or all of the functions of the Pension Benefit Guaranty Corporation ("Pension Benefit Guaranty Corporation"), Borrower will (a) fund each Plan as required by the provisions of Section 412 of the Internal Revenue Code of 1986, as amended; (b) cause each Plan to pay all benefits when due; (c) furnish Bank (i) promptly with a copy of any notice of each Plan's termination sent to the Pension Benefit Guaranty Corporation (ii) no later than the date of submission to the Department of Labor or to the Internal Revenue Service, as the case may be, a copy of any request for waiver from the funding standards or extension of the amortization periods required by Section 412 of the Internal Revenue Code of 1986, as amended and (iii) notice of any Reportable Event as such term is defined in ERISA; and (d) subscribe to any contingent liability insurance provided by the Pension Benefit Guaranty Corporation to protect against employer liability upon termination of a guaranteed pension plan, if available to Borrower.

## 5. NEGATIVE COVENANTS

5.1 Limitations on Indebtedness. Borrower shall not issue any evidence of indebtedness or create, assume, guarantee, become contingently liable for, or suffer to exist indebtedness in addition to indebtedness to the Bank, except indebtedness or liabilities of Borrower, other than for money borrowed, incurred or arising in the ordinary course of business.

5.2 Sale of Interest. There shall not be any sale or transfer of ownership of any interest in the Borrower without the Bank's prior written consent unless such transfer shall not result in change in control of Borrower.

5.3 Loans or Advances. Borrower shall not make any loans or advances to any individual, partnership, corporation, limited liability company, trust, or other organization or person, including without limitation its officers and employees; provided, however, that Borrower may make advances to its employees, including its officers, with respect to expenses incurred or to be incurred by such employees in the ordinary course of business which expenses are reimbursable by Borrower; and provided further, however, that Borrower may extend credit in the ordinary course of business in accordance with customary trade practices.

5.4 Dividends and Distributions. Borrower shall not, without prior written consent of the Bank, pay any dividends on or make any distribution on account of any class of Borrower's capital stock in cash or in property (other than additional shares of such stock), or redeem, purchase or otherwise acquire, directly or indirectly, any of such stock, except, so long as Borrower is not in default hereunder, if Borrower is a Subchapter S corporation, under the regulations of the Internal Revenue Service of the United States, distributions to the stockholders of Borrower in such amounts as are necessary to pay the tax liability of such stockholders due as a result of such stockholders' interest in the Borrower.

5.5 Investments. The Borrower shall not make investments in, or advances to, any individual, partnership, corporation, limited liability company, trust or other organization or person other than as previously specifically consented to in writing by the Bank. The Borrower will not purchase or otherwise invest in or hold securities, nonoperating real estate or other nonoperating assets or purchase all or substantially all the assets of any entity other than as previously specifically consented to in writing by the Bank.

5.6 Merger. Borrower will not merge or consolidate or be merged or consolidated with or into any other entity.

5.7 Capital Expenditures. The Borrower shall not, directly or indirectly, make or commit to make capital expenditures by lease, purchase, or otherwise, except in the ordinary and usual course of business for the purpose of replacing machinery, equipment or other personal property which, as a consequence of wear, duplication or obsolescence, is no longer used or necessary in the Borrower's business.

5.8 Sale of Assets. Borrower shall not sell, lease or otherwise dispose of any of its assets, except in the ordinary and usual course of business and except for the purpose of replacing machinery, equipment or other personal property which, as a consequence of wear, duplication or obsolescence, is no longer used or necessary in the Borrower's business, provided that fair consideration is received therefor; provided, however, in no event shall the Borrower sell, lease or otherwise dispose of any equipment purchased with the proceeds of any loans made by the Bank.

5.9 Restriction on Liens. Borrower shall not grant any security interest in, or mortgage of, any of its properties or assets including the Collateral. Borrower shall not enter into any agreement with any person other than the Bank that prohibits the Borrower from granting any security interest in, or mortgage of, any of its properties or assets including the Collateral.

5.10 Other Business. Borrower shall not engage in any business other than the business in which it is currently engaged or a business reasonably allied thereto.

5.11 Change of Name, etc. Borrower shall not change its legal name or the State or the type of its organization, without giving the Bank at least 30 days prior written notice thereof.

## 6. DEFAULT

6.1 Default. "Event of Default" shall mean the occurrence of one or more of any of the following events:

- (a) default of any liability, obligation, covenant or undertaking of the Borrower or any guarantor of the Obligations to the Bank, hereunder or otherwise, including, without limitation, failure to pay in full and when due any installment of principal or interest or default of the Borrower or any guarantor of the Obligations under any other Loan Document or any other agreement with the Bank continuing for 15 days with respect to any default (other than with respect to the payment of money for which there is no grace period);
- (b) failure of the Borrower or any guarantor of the Obligations to maintain aggregate collateral security value satisfactory to the Bank continuing for 15 days;
- (c) default of any material liability, obligation or undertaking of the Borrower or any guarantor of the Obligations to any other party continuing for 15 days;
- (d) if any statement, representation or warranty heretofore, now or hereafter made by the Borrower or any guarantor of the Obligations in connection with this Agreement or in any supporting financial statement of the Borrower or any guarantor of the Obligations shall be determined by the Bank to have been false or misleading in any material respect when made;
- (e) if the Borrower or any guarantor of the Obligations is a corporation, trust, partnership or limited liability company, the liquidation, termination or dissolution of any such organization, or the merger or consolidation of such organization into another entity, or its ceasing to carry on actively its present business or the appointment of a receiver for its property;
- (f) the death of the Borrower or any guarantor of the Obligations and, if the Borrower or any guarantor of the Obligations is a partnership or limited liability company, the death of any partner or member;
- (g) the institution by or against the Borrower or any guarantor of the Obligations of any proceedings under the Bankruptcy Code 11 USC §101 *et seq.* or any other law in which the Borrower or any guarantor of the Obligations is alleged to be insolvent or unable to pay its debts as they mature, or the making by the Borrower or any guarantor of the Obligations of an assignment for the benefit of creditors or the granting by the Borrower or any guarantor of the Obligations of a trust mortgage for the benefit of creditors;
- (h) the service upon the Bank of a writ in which the Bank is named as trustee of the Borrower or any guarantor of the Obligations;
- (i) a judgment or judgments for the payment of money shall be rendered against the Borrower or any guarantor of the Obligations, and any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution;
- (j) any levy, lien (including mechanics lien), seizure, attachment, execution or similar process shall be issued or levied on any of the property of the Borrower or any guarantor of the Obligations;



- (k) the termination or revocation of any guaranty of the Obligations; or
- (l) the occurrence of such a change in the condition or affairs (financial or otherwise) of the Borrower or any guarantor of the Obligations, or the occurrence of any other event or circumstance, such that the Bank, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of the Borrower or any guarantor of the Obligations to the Bank has been or may be impaired.

6.2 **Acceleration.** If an Event of Default shall occur, at the election of the Bank, all Obligations shall become immediately due and payable without notice or demand, except with respect to Obligations payable on DEMAND, which shall be due and payable on DEMAND, whether or not an Event of Default has occurred.

The Bank is hereby authorized, at its election, after an Event of Default or after Demand, without any further demand or notice except to such extent as notice may be required by applicable law, to take possession and/or sell or otherwise dispose of all or any of the Collateral at public or private sale; and the Bank may also exercise any and all other rights and remedies of a secured party under the Code or which are otherwise accorded to it in equity or at law, all as Bank may determine, and such exercise of rights in compliance with the requirements of law will not be considered adversely to affect the commercial reasonableness of any sale or other disposition of the Collateral. If notice of a sale or other action by the Bank is required by applicable law, unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Borrower agrees that ten (10) days written notice to the Borrower, or the shortest period of written notice permitted by such law, whichever is smaller, shall be sufficient notice; and that to the extent permitted by law, the Bank, its officers, attorneys and agents may bid and become purchasers at any such sale, if public, and may purchase at any private sale any of the Collateral that is of a type customarily sold on a recognized market or which is the subject of widely distributed standard price quotations. Any sale (public or private) shall be without warranty and free from any right of redemption, which the Borrower shall waive and release after default upon the Bank's request therefor, and may be free of any warranties as to the Collateral if Bank shall so decide. No purchaser at any sale (public or private) shall be responsible for the application of the purchase money. Any balance of the net proceeds of sale remaining after paying all Obligations of the Borrower to the Bank shall be returned to such other party as may be legally entitled thereto; and if there is a deficiency, the Borrower shall be responsible for repayment of the same, with interest. Upon demand by the Bank, the Borrower shall assemble the Collateral and make it available to the Bank at a place designated by the Bank which is reasonably convenient to the Bank and the Borrower. The Borrower hereby acknowledges that the Bank has extended credit and other financial accommodations to the Borrower upon reliance of the Borrower's granting the Bank the rights and remedies contained in this Agreement including without limitation the right to take immediate possession of the Collateral upon the occurrence of an Event of Default or after DEMAND with respect to Obligations payable on DEMAND and the Borrower hereby acknowledges that the Bank is entitled to equitable and injunctive relief to enforce any of its rights and remedies hereunder or under the Code and the Borrower hereby waives any defense to such equitable or injunctive relief based upon any allegation of the absence of irreparable harm to the Bank.

The Bank shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or guarantees of, the Obligations or any of them, or to resort to such security or guarantees in any particular order; and all of its rights hereunder and in respect of such securities and guarantees shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may do so, the Borrower hereby agrees that it will not invoke and irrevocably waives the benefits of any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed. Except as required by applicable law, the Bank shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof.

6.3 **Power of Attorney.** The Borrower hereby irrevocably constitutes and appoints the Bank as the Borrower's true and lawful attorney, with full power of substitution, at the sole cost and expense of the Borrower but for the sole benefit of the Bank, upon the occurrence of an Event of Default or after DEMAND with respect to Obligations payable on DEMAND, to convert the Collateral into cash, including, without limitation, completing the manufacture or processing of work in process, and the sale (either public or private) of all or any portion or portions of the Inventory and other Collateral; to enforce collection of the Collateral, either in its own name or in the name of the Borrower, including, without limitation, executing releases or waivers, compromising or settling with any Debtors and prosecuting, defending, compromising or releasing any action relating to the Collateral; to receive, open and dispose of all mail addressed to the Borrower and to take therefrom any remittances or proceeds of Collateral in which the Bank has a security interest; to notify Post Office authorities to change the address for delivery of mail addressed to the Borrower to such address as the Bank shall designate; to endorse the name of the Borrower in favor of the Bank upon any and all checks, drafts, money orders, notes, acceptances or other instruments of the same or different nature; to sign and endorse the name of the Borrower on and to receive as secured party any of the Collateral, any invoices, freight or express receipts, or bills of lading, storage receipts, warehouse receipts, or other documents of title of the same or different nature relating to the Collateral; to sign the name of the Borrower on any notice of the Debtors or on verification of the Collateral; and to sign, if necessary, and file or record on behalf of the Borrower any financing or other statement in order to perfect or protect the Bank's security interest. The Bank shall not be obliged to do any of the acts or exercise any of the powers hereinabove authorized, but if the Bank elects to do any such act or exercise any such power, it shall not be accountable for more than it actually receives as a result of such exercise of power, and it shall not be responsible to the Borrower except for its own gross negligence or willful misconduct. All powers conferred upon the Bank by this Agreement, being coupled with an interest, shall be irrevocable so long as any Obligation of the Borrower or any guarantor or surety to the Bank shall remain unpaid or the Bank is obligated under this Agreement to extend any credit to the Borrower.

6.4 **Nonexclusive Remedies.** All of the Bank's rights and remedies not only under the provisions of this Agreement but also under any other agreement or transaction shall be cumulative and not alternative or exclusive, and may be exercised by the Bank at such time or times and in such order of preference as the Bank in its sole discretion may determine.

6.5 **Reassignment to Borrower.** Whenever the Bank deems it desirable that any legal action be instituted with respect to any Collateral or that any other action be taken in any attempt to effectuate collection of any Collateral, the Bank may reassign the item in question to the Borrower (and if the Bank shall execute any such reassignment, it shall automatically be deemed to be without recourse to the Bank in any event) and require the Borrower to proceed with such legal or other action at the Borrower's sole liability, cost and expense, in which event all amounts collected by the Borrower on such item shall nevertheless be subject to the Bank's security interest.

## 7. MISCELLANEOUS

7.1 **Waivers.** The Borrower waives notice of intent to accelerate, notice of acceleration, notice of nonpayment, demand, presentment, protest or notice of protest of the Obligations, and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof.

7.2 **Waiver of Homestead.** To the maximum extent permitted under applicable law, the Borrower hereby waives and terminates any homestead rights and/or exemptions respecting any of its property under the provisions of any applicable homestead laws, including without limitation, Section 222.01, Florida Statutes.

7.3 **Severability.** If any provision of this Agreement or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder

of this Agreement (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

**7.4 Deposit Collateral.** The Borrower hereby grants to the Bank a continuing lien and security interest in any and all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate to the Borrower and any cash, securities, instruments or other property of the Borrower in the possession of the Bank or any Bank Affiliate, whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower to the Bank or any Bank Affiliate and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower to the Bank or any Bank Affiliate at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate.

**7.5 Indemnification.** The Borrower shall indemnify, defend and hold the Bank and its directors, officers, employees, agents and attorneys (each an "indemnitee") harmless of and from any claim brought or threatened against any Indemnitee by the Borrower, any guarantor or endorser of the Obligations, or any other person (as well as from reasonable attorneys' fees and expenses in connection therewith) on account of the Bank's relationship with the Borrower, or any guarantor or endorser of the Obligations (each of which may be defended, compromised, settled or pursued by the Bank with counsel of the Bank's election, but at the expense of the Borrower), except for any claim arising out of the gross negligence or willful misconduct of the Bank. The within indemnification shall survive payment of the Obligations, and/or any termination, release or discharge executed by the Bank in favor of the Borrower.

**7.6 Costs and Expenses.** The Borrower shall pay to the Bank on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Bank in establishing, maintaining, protecting or enforcing any of the Bank's rights or the Obligations, including, without limitation, any and all such costs and expenses incurred or paid by the Bank in defending the Bank's security interest in, title or right to the Collateral or in collecting or attempting to collect or enforcing or attempting to enforce payment of the Obligations. In addition, the Borrower hereby agrees to pay any and all excise or documentary stamp taxes (including intangible taxes) plus any penalties or late charges now due and owing or hereinafter assessed in connection with this Agreement and/or any other loan documents.

**7.7 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute but one agreement.

**7.8 Complete Agreement.** This Agreement and the other Loan Documents constitute the entire agreement and understanding between and among the parties hereto relating to the subject matter hereof, and supersedes all prior proposals, negotiations, agreements and understandings among the parties hereto with respect to such subject matter.

**7.9 Binding Effect of Agreement.** This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and the Bank shall be entitled to rely thereon) until released in writing by the Bank. The Bank may transfer and assign this Agreement and deliver the Collateral to the assignee, who shall thereupon have all of the rights of the Bank; and the Bank shall then be relieved and discharged of any responsibility or liability with respect to this Agreement and the Collateral. The Borrower may not assign or transfer any of its rights or obligations under this Agreement. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

**7.10 Further Assurances.** Borrower will from time to time execute and deliver to Bank such documents, and take or cause to be taken, all such other or further action, as Bank may request in order to effect and confirm or vest more securely in Bank all rights contemplated by this Agreement and the other Loan Documents (including, without limitation, to correct clerical errors) or to vest more fully in or assure to the Bank the security interest in the Collateral granted to the Bank by this Agreement or to comply with applicable statute or law and to facilitate the collection of the Collateral (including, without limitation, the execution of stock transfer orders and stock powers, endorsement of promissory notes and instruments and notifications to obligors on the Collateral). To the extent permitted by applicable law, Borrower authorizes the Bank to file financing statements, continuation statements or amendments, and any such financing statements, continuation statements or amendments may be filed at any time in any jurisdiction. Bank may at any time and from time to time file financing statements, continuation statements and amendments thereto which contain any information required by the Code for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including whether Borrower is an organization, the type of organization and any organization identification number issued to Borrower. Borrower agrees to furnish any such information to Bank promptly upon request. In addition, Borrower shall at any time and from time to time take such steps as Bank may reasonably request for Bank (i) to obtain an acknowledgment, in form and substance satisfactory to Bank, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for Bank, (ii) to obtain "control" (as defined in the Code) of any Collateral comprised of deposit accounts, electronic chattel paper, letter of credit rights or investment property, with any agreements establishing control to be in form and substance satisfactory to Bank, and (iii) otherwise to insure the continued perfection and priority of Bank's security interest in any of the Collateral and the preservation of its rights therein. Borrower hereby constitutes Bank its attorney-in-fact to execute, if necessary, and file all filings required or so requested for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, shall be irrevocable until this Agreement terminates in accordance with its terms, all obligations are irrevocably paid in full and the Collateral is released.

The Borrower agrees to execute, re-execute, cause any Guarantor(s) or other third party(ies) involved in the loan transaction to execute and/or re-execute and to deliver to Bank or its legal counsel, as may be deemed appropriate, any document or instrument signed in connection with the Loan(s) which was incorrectly drafted and/or signed, as well as any document or instrument which should have been signed at or prior to the closing of the Loan(s), but which was not so signed and delivered. Borrower agrees to comply with any written request by Bank within ten (10) days after receipt by Borrower of such request. Failure by Borrower to so comply shall, at the option of Bank, upon notice to Borrower, constitute an event of default under the Loan(s). The Borrower authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Borrower's credit report and any other financial information it may have.

**7.11 Amendments and Waivers.** This Agreement may be amended and Borrower may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if Borrower shall obtain the Bank's prior written consent to each such amendment, action or omission to act. No course of dealing and no delay or omission on the part of Bank in exercising any right hereunder shall operate as a waiver of such right or any other right and waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy of Bank on any future occasion.

**7.12 Terms of Agreement.** This Agreement shall continue in full force and effect so long as any obligations or obligation of Borrower to Bank shall be outstanding, or the Bank shall have any obligation to extend any financial accommodation hereunder, and is supplementary to each and every other agreement between Borrower and Bank and shall not be so construed as to limit or otherwise derogate from any of the rights or remedies of Bank or any of the liabilities, obligations or undertakings of Borrower under any such agreement, nor shall any contemporaneous or subsequent agreement between Borrower and the Bank be construed to limit or otherwise derogate from any of the rights or remedies of Bank or any of the liabilities, obligations or undertakings of Borrower hereunder, unless such other agreement specifically refers to this Agreement and expressly so provides.

7.13 **Notices.** Any notice under or pursuant to this Agreement shall be a signed writing or other authenticated record (within the meaning of Article 9 of the Code). Any notices under or pursuant to this Agreement shall be deemed duly received and effective if delivered in hand to any officer or agent of the Borrower or Bank, or if mailed by registered or certified mail, return receipt requested, addressed to the Borrower or Bank at the address set forth in this Agreement or as any party may from time to time designate by written notice to the other party; notwithstanding the foregoing notices to the Bank with respect to accounting and collateral release and notices to the Trustee pursuant to a Deed of Trust shall be sent to the Bank as follows: Attention: VP Loan Servicing, Loan Services, 6000 Atrium Way, Mt. Laurel NJ 08054.

7.14 **Governing Law.** This Agreement shall take effect as a sealed instrument and has been executed or completed and/or is to be performed in Florida, and it and all transactions thereunder or pursuant thereto shall be governed as to interpretation, validity, effect, rights, duties and remedies of the parties thereunder and in all other respects by the laws of Florida without giving effect to the conflicts of laws principles thereof.

7.15 **Reproductions.** This Agreement and all documents which have been or may be hereinafter furnished by Borrower to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

7.16 **Publicity and Signage.** The Bank, in its sole discretion, shall have the right to announce and publicize the source of financing made pursuant to this Agreement, as it deems appropriate, by means and media selected by the Bank. Such publication shall include all pertinent information relating to such financing, including without limitation, the term, purpose, pricing, loan amount, name of borrowing entity and location of property. The Bank shall also have the right to display a sign at any real property respecting which the Bank has a security interest which indicates that the Bank is providing the financing. If such sign is provided, the Borrower shall cause the sign to be displayed as requested by the Bank and shall maintain such display during the period requested by the Bank. The form and content of the sign and/or published information shall be in the sole discretion of the Bank and shall be considered the sole and exclusive property of the Bank. All expenses related to publicizing the financing shall be the sole responsibility of the Bank.

7.17 **Cancellation Fees.** All fees required to cancel, satisfy or terminate the collateral documents securing this Loan shall be paid by Borrower at the time of payoff of the Loan.

7.18 **Jurisdiction and Venue.** Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower hereby consents to any and all process which may be served in any such suit, action or proceeding, (I) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Borrower's address shown in this Agreement or as notified to the Bank and (II) by serving the same upon the Borrower in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon Borrower.

7.19 **JURY WAIVER.** THE BORROWER AND BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT, THE OBLIGATIONS, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE, OR HAS NOT BEEN, WAIVED. THE BORROWER CERTIFIES

**THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.**

Executed as an Instrument under seal as of March 9, 2012.

Borrower:

Harbor Waterworks, Inc.

By:

  
\_\_\_\_\_  
Gary A. Deremer, President

Accepted: TD Bank, N.A.

By:

  
\_\_\_\_\_  
Name: Lauren Fernandez  
Title: Duly Authorized Representative



**FLORIDA DOCUMENTARY STAMP REQUIRED BY LAW IN THE AMOUNT OF \$752.46 HAS BEEN PAID OR WILL BE PAID DIRECTLY TO THE FLORIDA DEPARTMENT OF REVENUE. CERTIFICATE OF REGISTRATION NO. 78-8014973098-4**

**TERM NOTE**

**March 9, 2012**

**\$214,989.00**

For value received, the undersigned Harbor Waterworks, Inc., a Florida corporation, with an address of 5320 Captains Court, New Port Richey, Florida 34652 (the "Borrower"), promises to pay to the order of TD Bank, N.A., a National Association with an address of 104 South Main Street, Greenville, South Carolina 29601 (together with its successors and assigns, the "Bank"), the principal amount of Two Hundred Fourteen Thousand Nine Hundred Eighty-Nine Dollars and Zero Cents (\$214,989.00) on or before March 9, 2019 (the "Maturity Date"), as set forth below, together with interest from the date hereof on the unpaid principal balance from time to time outstanding until paid in full. The Borrower shall pay consecutive monthly installments of principal and interest, as follows: \$1,624.18 commencing on April 9, 2012, and the same amount (except the last installment which shall be the unpaid balance) on the 9th day of each month thereafter, until changed in accordance with this Note. The aggregate principal balance outstanding shall bear interest thereon at a per annum rate equal to One Percent (1.0%) above the Wall Street Journal Prime Rate (as hereinafter defined). Upon any change in the interest rate in accordance with this Note, Bank retains the right to recalculate Borrower's payments to reflect an amortization that ensures the loan will be paid in full by the Maturity Date. Said re-calculation may occur once a year, or more frequently as the Bank may determine in its sole and absolute discretion, regardless of the number of changes in the interest rate charged pursuant to the terms of this Note (the "Note Rate") that occur during the 12-month period between re-calculations. The monthly payments of principal and interest are based upon an assumed interest rate determined by the Bank, in its sole and unfettered discretion, which differs from the Note Rate.

The principal amount of this Note will be amortized over 180 months starting from the date of this Note.

Wall Street Journal Prime Rate means the rate published from time to time by the Wall Street Journal as the U.S. Prime Rate, or, in the event the Wall Street Journal ceases publication of Prime Rates, the base, reference or other rate then designated by the Bank, in its sole discretion, for general commercial loan reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, established from time to time, which serves as the basis upon which effective interest rates are calculated for loans making reference thereto.

The effective interest rate applicable to the Borrower's loans evidenced hereby shall change on the date of each change in the Wall Street Journal Prime Rate.

Principal and interest shall be payable at the Bank's main office or at such other place as the Bank may designate in writing in immediately available funds in lawful money of the United States of America without set-off, deduction or counterclaim. Interest shall be calculated on the basis of actual number of days elapsed and a 360-day year.

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At the option of the Bank, this Note shall become immediately due and payable without notice or demand upon the occurrence at any time of any of the following events of default (each, an "Event of Default"): (1) default of any liability, obligation, covenant or undertaking of the Borrower, any endorser or any guarantor hereof to the Bank, hereunder or otherwise, including, without limitation, failure to pay in full and when due any installment of principal or interest or default of the Borrower, any endorser or any guarantor hereof under any other loan document delivered by the Borrower, any endorser or any guarantor, or in connection with the loan evidenced by this Note or any other agreement by the Borrower, any endorser or any guarantor with the Bank continuing for 15 days with respect to any default (other than with respect to the payment of money for which there is no grace period); (2) failure of the Borrower, any endorser or any guarantor hereof to maintain aggregate collateral security value satisfactory to the Bank continuing for 15 days; (3) default of any material liability, obligation or undertaking of the Borrower, any endorser or any guarantor hereof to any other party continuing for 15 days; (4) if any statement, representation or warranty heretofore, now or hereafter made by the Borrower, any endorser or any guarantor hereof in connection with the loan evidenced by this Note or in any supporting financial statement of the Borrower, any endorser or any guarantor hereof shall be determined by the Bank to have been false or misleading in any material respect when made; (5) if the Borrower, any endorser or any guarantor hereof is a corporation, trust, partnership or limited liability company, the liquidation, termination or dissolution of any such organization, or the merger or consolidation of such organization into another entity, or its ceasing to carry on actively its present business or the appointment of a receiver for its property; (6) the death of the Borrower, any endorser or any guarantor hereof and, if the Borrower, any endorser or any guarantor hereof is a partnership or limited liability company, the death of any partner or member; (7) the institution by or against the Borrower, any endorser or any guarantor hereof of any proceedings under the Bankruptcy Code 11 USC §101 *et seq.* or any other law in which the Borrower, any endorser or any guarantor hereof is alleged to be insolvent or unable to pay its debts as they mature, or the making by the Borrower, any endorser or any guarantor hereof of an assignment for the benefit of creditors or the granting by the Borrower, any endorser or any guarantor hereof of a trust mortgage for the benefit of creditors; (8) the service upon the Bank of a writ in which the Bank is named as trustee of the Borrower, any endorser or any guarantor hereof; (9) a judgment or judgments for the payment of money shall be rendered against the Borrower, any endorser or any guarantor hereof, and any such judgment shall remain unsatisfied and in effect for any period of thirty (30) consecutive days without a stay of execution; (10) any levy, lien (including mechanics lien) except as permitted under any of the other loan documents between the Bank and the Borrower, seizure, attachment, execution or similar process shall be issued or levied on any of the property of the Borrower, any endorser or any guarantor hereof; (11) the termination or revocation of any guaranty hereof; or (12) the occurrence of such a change in the condition or affairs (financial or otherwise) of the Borrower, any endorser or any guarantor hereof, or the occurrence of any other event or circumstance, such that the Bank, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of the Borrower, any endorser or any guarantor hereof to the Bank has been or may be impaired.

Any payments received by the Bank on account of this Note shall, at the Bank's option, be applied to any accrued unpaid interest, then to outstanding and due amounts of principal; then to any required escrow payment if applicable; then to any debt protection insurance premium if applicable; and then to any fees including late charges and then to any costs. Notwithstanding the foregoing, any payments received after the occurrence and during the continuance of an Event of Default shall be applied in such manner as the Bank may determine. The Borrower hereby authorizes the Bank to charge any deposit account which the Borrower may maintain with the Bank for any payment required hereunder without prior notice to the Borrower.

If pursuant to the terms of this Note, the Borrower is at any time obligated to pay interest on the principal balance at a rate in excess of the maximum interest rate permitted by applicable law for the loan evidenced by this Note, the applicable interest rate shall be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder.

The Borrower represents to the Bank that the proceeds of this Note will not be used for personal, family or household purposes or for the purpose of purchasing or carrying margin stock

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**or margin securities within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.**

**The Borrower and each endorser and guarantor hereof grant to the Bank a continuing lien on and security interest in any and all deposits or other sums at any time credited by or due from the Bank or any Bank Affiliate (as hereinafter defined) to the Borrower and/or each endorser or guarantor hereof and any cash, securities, instruments or other property of the Borrower and each endorser and guarantor hereof in the possession of the Bank or any Bank Affiliate, whether for safekeeping or otherwise, or in transit to or from the Bank or any Bank Affiliate (regardless of the reason the Bank or Bank Affiliate had received the same or whether the Bank or Bank Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower and/or any endorser or guarantor hereof to the Bank or any Bank Affiliate and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower or any endorser or guarantor hereof to the Bank or any Bank Affiliate at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Bank or any Bank Affiliate.**

**No delay or omission on the part of the Bank in exercising any right hereunder shall operate as a waiver of such right or of any other right of the Bank, nor shall any delay, omission or waiver on any one occasion be deemed a bar to or waiver of the same or any other right on any future occasion. The Borrower and every endorser or guarantor of this Note, regardless of the time, order or place of signing, waives presentment, demand, protest, notice of intent to accelerate, notice of acceleration and all other notices of every kind in connection with the delivery, acceptance, performance or enforcement of this Note and assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, and to the addition or release of any other party or person primarily or secondarily liable and waives all recourse to suretyship and guarantor defenses generally, including any defense based on impairment of collateral. To the maximum extent permitted by law, the Borrower and each endorser and guarantor of this Note waive and terminate any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead laws, including without limitation, Section 222.01, Florida Statutes.**

**The Borrower and each endorser and guarantor of this Note shall indemnify, defend and hold the Bank and the Bank Affiliates and their directors, officers, employees, agents and attorneys (each an "Indemnitee") harmless against any claim brought or threatened against any Indemnitee by the Borrower, by any endorser or guarantor, or by any other person (as well as from attorneys' reasonable fees and expenses in connection therewith) on account of the Bank's relationship with the Borrower or any endorser or guarantor hereof (each of which may be defended, compromised, settled or pursued by the Bank with counsel of the Bank's selection, but at the expense of the Borrower and any endorser and/or guarantor), except for any claim arising out of the gross negligence or willful misconduct of the Bank.**

**The Borrower and each endorser and guarantor of this Note agree to pay, upon demand, costs of collection of all amounts under this Note including, without limitation, principal and interest, or in connection with the enforcement of, or realization on, any security for this Note, including, without limitation, to the extent permitted by applicable law, reasonable attorneys' fees and expenses. Upon the occurrence and during the continuance of an Event of Default, interest shall accrue at a rate per annum equal to the aggregate of 4.0% plus the rate provided for herein (but not more than the maximum rate permitted under applicable law). If any payment due under this Note is unpaid for 15 days or more, the Borrower shall pay, in addition to any other sums due under this Note (and without limiting the Bank's other remedies on account thereof), a late charge equal to 6.0% of such unpaid amount.**

**Borrower and each other person liable for the payment of this Note hereby agree to pay any and all excise or documentary stamp taxes (including intangible taxes) plus any penalties or late charges now due and owing or hereinafter assessed in connection with this Note and/or the other loan documents.**

**This Note shall be binding upon the Borrower and each endorser and guarantor hereof and upon their respective heirs, successors, assigns and legal representatives, and shall inure to the benefit of the**

**Loan Number - Note 1: 13186829001**

Bank and its successors, endorsees and assigns.

The liabilities of the Borrower and any endorser or guarantor of this Note are joint and several; provided, however, the release by the Bank of the Borrower or any one or more endorsers or guarantors shall not release any other person obligated on account of this Note. Any and all present and future debts of the Borrower to any endorser or guarantor of this Note are subordinated to the full payment and performance of all present and future debts and obligations of the Borrower to the Bank. Each reference in this Note to the Borrower, any endorser, and any guarantor, is to such person individually and also to all such persons jointly. No person obligated on account of this Note may seek contribution from any other person also obligated, unless and until all liabilities, obligations and indebtedness to the Bank of the person from whom contribution is sought have been irrevocably satisfied in full. The release or compromise by the Bank of any collateral shall not release any person obligated on account of this Note.

The Borrower and each endorser and guarantor hereof each authorizes the Bank to complete this Note if delivered incomplete in any respect. A photographic or other reproduction of this Note may be made by the Bank, and any such reproduction shall be admissible in evidence with the same effect as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

The Borrower will from time to time execute and deliver to the Bank such documents, and take or cause to be taken, all such other further action, as the Bank may request in order to effect and confirm or vest more securely in the Bank all rights contemplated by this Note or any other loan documents related thereto (including, without limitation, to correct clerical errors) or to vest more fully in or assure to the Bank the security interest in any collateral securing this Note or to comply with applicable statute or law.

The Borrower agrees to execute, re-execute, cause any Guarantor(s) or other third party(ies) involved in the loan transaction to execute and/or re-execute and to deliver to Bank or its legal counsel, as may be deemed appropriate, any document or instrument signed in connection with the Loan which was incorrectly drafted and/or signed, as well as any document or instrument which should have been signed at or prior to the closing of the Loan, but which was not so signed and delivered. Borrower agrees to comply with any written request by Bank within ten (10) days after receipt by Borrower of such request. Failure by Borrower to so comply shall, at the option of Bank, upon notice to Borrower, constitute an event of default under the Loan. The Borrower authorizes the Bank to make any credit inquiries Bank deems necessary and authorizes any person or credit reporting agency to give Bank a copy of the Borrower's credit report and any other financial information it may have.

This Note is delivered to the Bank at one of its offices, shall take effect as a sealed instrument and shall be governed by the laws of the State of Florida without giving effect to the conflicts of laws principles thereof.

Any notices under or pursuant to this Note shall be deemed duly received and effective if delivered in hand to any officer or agent of the Borrower or Bank, or if mailed by registered or certified mail, return receipt requested, addressed to the Borrower or Bank at the address set forth in this Note or as any party may from time to time designate by written notice to the other party; notwithstanding the foregoing notices to the Bank with respect to accounting and collateral release and notices to the Trustee pursuant to a Deed of Trust shall be sent to the Bank as follows: Attention: VP Loan Servicing, Loan Services, 6000 Atrium Way, Mt. Laurel NJ 08054.

The term "Bank Affiliate" as used in this Note shall mean any "Affiliate" of the Bank. The term "Affiliate" shall mean with respect to any person, (a) any person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such person, or (b) any person who is a director or officer (i) of such person, (ii) of any subsidiary of such person, or (iii) any person described in clause (a) above. For purposes of this definition, control of a person shall mean the power, direct or indirect, (x) to vote 5% or more of the Capital Stock having ordinary voting power for the election of directors (or comparable equivalent) of such person, or (y) to direct or cause the direction of the management and policies of such person whether by contract or otherwise. Control may be by

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ownership, contract, or otherwise.

The Borrower and each endorser and guarantor of this Note each irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Florida, over any suit, action or proceeding arising out of or relating to this Note. Each of the Borrower and each endorser and guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Each of the Borrower and each endorser and guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Borrower's, endorser's or guarantor's address shown below or as notified to the Bank and (ii) by serving the same upon the Borrower(s), endorser(s) or guarantor(s) in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Borrower or such endorser or guarantor.

**THE BORROWER, EACH ENDORSER AND GUARANTOR AND THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS NOTE, ANY OF THE OBLIGATIONS OF THE BORROWER, EACH ENDORSER AND GUARANTOR TO THE BANK, AND ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREES NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN, WAIVED. THE BORROWER, EACH ENDORSER AND GUARANTOR AND THE BANK EACH CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.**

Executed as an instrument under seal as of March 9, 2012.

Borrower:

Harbor Waterworks, Inc.

By:

  
\_\_\_\_\_  
Gary A. Deremer, President

5320 Captains Court  
New Port Richey, Florida  
34652

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**EXHIBIT H**  
**Rule 25-30.037 (2)(I)**

**The proposed net book value of the system as of the date of the proposed transfer. If rate base (or net book value) has been established previously by this Commission, state the Order No. and date issued. Identify all adjustment made to update this rate base (or net book value) to the date of the proposed transfer.**

The proposed net book value as of the date of the proposed transfer is \$507, 471.00. Rate Base for Harbor Hills Water Utility LP was established in FPSC Order No.: PS94-1543-FOF-WU.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application For Transfer of Certificate )  
No. 522-W From Lake Griffin Utilities, Inc. to )  
Harbor Hills Utilities, L.P. in Lake County. )  
)  
)  
)  
)  
)  
)

DOCKET NO. 940453-WU  
ORDER NO. PSC-94-1543-FOF-WU  
ISSUED: December 13, 1994

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER APPROVING TRANSFER

AND

NOTICE OF PROPOSED AGENCY ACTION

ORDER ESTABLISHING RATE BASE FOR  
PURPOSES OF THE TRANSFER

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein establishing rate base for purposes of the transfer is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

On May 5, 1994, an application was filed with this Commission requesting approval of the transfer of Certificate No. 522-W from Lake Griffin Utilities, Inc. (Lake Griffin or utility) to Harbor Hills Utilities, L.P., (Harbor Hills). Lake Griffin is located in Lake County. The utility, which was owned by Mr. John McNamara, has been in operation under Commission regulation since September 5, 1989.

In 1992, all property belonging to Mr. John McNamara, including Lake Griffin, was confiscated by the United States Government through a Decree of Forfeiture and Order Appointing a Special Trustee (Civil Action No. 92-2070). The United States Government will retain possession of the utility until the Commission approves the transfer to Harbor Hills.

Application

The application is in compliance with Section 367.071, Florida Statutes, and other pertinent statutes and administrative rules. In particular, the application contains a filing fee in the amount of \$1,500, in accordance with Rule 25-30.020, Florida Administrative Code.

Evidence has been provided that the utility owns the land upon which its facilities are located. Harbor Hills will receive ownership of the land upon transfer of the utility.

Harbor Hills provided proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code, including notice to the customers of the system being transferred. No objections to the application have been received and the time for filing such has expired.

According to the information provided, Harbor Hills is retaining the utility's existing staff, including a certified operator, and will employ three additional individuals. Harbor Hills also intends to retain Mr. Tom Felton, a systems and operations engineer, as an independent contractor to advise Harbor Hills in the management and operations of the utility. Mr. Felton is currently managing the utility.

From information provided with the application, it appears that Harbor Hills has the financial ability to operate the utility. Harbor Hills provided a statement that the limited partner, Signature Properties International, L.P. (Signature), has adequate funds to operate the utility and to make improvements in the facility as they may be needed.

The acquisition is being financed by Signature. All investment has been in cash, and no debt has been assumed. The general partner will assume all management responsibilities and the limited partner will assume financial responsibility. It should be noted that the utility is not in compliance with the Department of Environmental Protection's (DEP) regulation relating to chlorine contact tanks. The tanks have been taken off line; there are plans to replace the tanks with one 15,000 gallon capacity tank, which will cost approximately \$41,000. Harbor Hills has indicated that it will assume all responsibility for the costs associated with the replacement.

Based on the foregoing, we find that the transfer of Certificate No. 522-W from Lake Griffin to Harbor Hills is in the public interest and it is approved. The territory which Harbor Hills is authorized to serve is described in Attachment A of this Order, which by reference is incorporated herein.

Harbor Hills shall file a copy of a recorded warranty deed or other evidence that it owns or has continued use of the land upon which the utility's facilities are located within 60 days of the closing of the transfer. In addition, Harbor Hills shall return Certificate No. 522-W to this Commission within 30 days of the date of this Order for entry reflecting the change in ownership.

#### Rate Base

According to the information provided with the application, the net book value of the system being transferred is \$1,450,000, as of the date of the proposed transfer. As stated previously, all property of the owner of the utility, including the books and records, was seized by the United States Government in 1992. The books and records have been stored in New York since that time. The Commission Staff made every effort to inspect these records, but were unable to do so.

An audit of the available books and records of the utility has been conducted to determine rate base (net book value) at the time of transfer. Upon review of the books and records, it was determined that Harbor Hills has not maintained general ledgers at the utility, and is not in compliance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts. Since there are no general ledgers recorded at the utility for 1992 or 1993, the only classification of accounts has been in the 1990 and 1991 Annual Reports. Annual reports for 1992 and 1993 have apparently not been compiled.

Lake Griffin recorded a plant total of \$1,280,045 in its 1991 Annual Report. However, the utility could not provide documentation for the breakdown of each account balance provided in the Annual Report. Therefore, plant values have been compiled from invoices provided by the utility. Based on the information provided, plant value has been calculated to be \$820,481, reflecting a negative adjustment of \$459,203.

Based on the deed for the transfer of land from 347 Corporation of Florida, Inc. to Lake Griffin, it appears the land was sold for \$12,500. According to the 1991 Annual Report, the value of the land is \$26,039. Since the utility failed to provide documentation to support the land value, adjustments have been made to reflect the original value of \$12,500.

The utility did not prepare a ledger for 1992 or 1993; therefore, no depreciation or amortization has been recorded since the 1991 Annual Report. In 1991, the accumulated depreciation was \$59,911. The Commission Staff computed the accumulated depreciation pursuant to Rule 25-30.140, Florida Administrative Code. The adjusted accumulated depreciation totaled \$137,712, resulting in an increase of \$77,801. Contributions-in-aid-of-construction (CIAC) and related amortization have been calculated using the utility's Application and Agreement for Service. CIAC totals \$208,528 and amortization of accumulated CIAC is \$37,587.

Based on the adjustments set forth herein, we find that the rate base for Lake Griffin is \$404,862 for the water system as of June 1, 1994. Our calculation of rate base is shown on Schedule No. 1, with adjustments shown on Schedule No. 2, which by reference are incorporated herein.

An acquisition adjustment results when the purchase price differs from the rate base. In the absence of extraordinary circumstances, it is Commission policy that the purchase of a utility at a premium or discount shall not affect the rate base calculation. The circumstances in this exchange do not appear to be extraordinary, nor has Harbor Hills requested an acquisition adjustment. Therefore, no acquisition adjustment has been included in the rate base calculation.

The rate base calculation is used purely to establish net book value of the property being transferred and does not include the normal ratemaking adjustments of working capital calculations and used and useful adjustments.

#### Rates and Charges



Lake Griffin's current rates and charges became effective on June 28, 1990, pursuant to Order No. 23039, issued in Docket No. 890554-WU. Rule 25-9.044(1), Florida Administrative Code, requires the new owner of a utility to adopt and use the rates, classification and regulations of the former operating company until authorized to change by this Commission.

Harbor Hills has not requested to change the rates and charges and we see no reason to change them at this time. Harbor Hills shall continue to charge the rates and charges approved in the utility's tariff until authorized to change by this Commission in a subsequent proceeding. Harbor Hills has filed a tariff reflecting the change in ownership. The tariff shall be effective for service provided or connections made on or after the stamped approval date on the tariff sheets.

#### Annual Reports and Regulatory Assessment Fees

The Annual Reports for 1992 and 1993 have not been filed by the utility, nor has the utility paid regulatory assessment fees for 1992 and 1993. In its application, Harbor Hills stated that it would fulfill the outstanding commitments, obligations and representations of the Lake Griffin. However, because the books and records of the utility are not available, we do not find it appropriate to address this matter at this time. Therefore, Docket No. 940453-WU shall remain open to consider the Annual Reports and regulatory assessment fees for 1992 and 1993.

It is, therefore,

ORDERED by the Florida Public Service Commission that the transfer of Certificate No. 522-W from Lake Griffin Utilities, Inc., 530 Fifth Avenue, 5th Floor, New York, New York 10036, to Harbor Hills Utilities, L.P., 2600 Main Place Tower, Buffalo, New York 14202, is hereby approved. Harbor Hills Utilities, L.P. shall return Certificate No. 522-W to the Commission within 30 days of the date of this Order for entry reflecting the change in ownership. It is further

ORDERED that Harbor Hills Utilities, L.P. shall file a copy of a recorded warranty deed or other evidence that it owns or has continued use of the land upon which the utility's facilities are located within 60 days of the closing of the transfer. It is further

ORDERED that rate base for Lake Griffin Utilities, Inc. for purposes of the transfer is \$404,862 as of June 1, 1994. It is further

ORDERED that Harbor Hills Utilities, L.P. shall charge the rates and charges approved in Lake Griffin Utilities, Inc.'s tariff until authorized to change by this Commission. The tariff sheets shall be effective for service provided or connections made on or after the stamped approval date on the tariff sheets. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on

the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that Docket shall remain open for consideration of the 1992 and 1993 Annual Reports and regulatory assessment fees.

By ORDER of the Florida Public Service Commission, this 13th day of December, 1994.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

This is a facsimile copy. A signed copy of the order may be obtained by calling 1-904-488-8371.

( S E A L )

ALC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our action establishing rate base for purposes of the transfer is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any

person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 3, 1995. In the

absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ATTACHMENT A  
Page 1 of 2

Lake Griffin Utilities, Inc.

TERRITORY DESCRIPTION

The following described lands located in portions of Sections 13 & 14, Township 18 South, Range 24 East, and Sections 7 & 18, Township 18 South, Range 25 East, Lake County, Florida:

Begin at the Southeast corner of Section 12, Township 18 South, Range 24 East, for the POB; thence run North 00°07'21" West, along the East boundary of said Section 12 a distance of 66.62 feet to the centerline of Lake Griffin Road and a point on a curve having a radial bearing of North 27°13'16" West, said curve being concave Northwesterly having a radius of

615.63 feet; thence run Easterly along said centerline an arc distance of 228.02 feet, said arc having a delta of  $21^{\circ}13'18''$ , a tangent distance of 115.33 feet, a chord bearing of North  $52^{\circ}10'04''$  East and a chord distance of 226.72 feet to a point of tangency; thence run North  $41^{\circ}33'27''$  East along said centerline a distance of 403.94 feet to a point of curvature, said curve being concave Northwesterly having a radius of 1730.29 feet; thence run Northeasterly along said centerline an arc distance of 240.35 feet, said arc having a delta of  $07^{\circ}57'32''$ , a tangent distance of 120.37 feet, a chord bearing of North  $37^{\circ}34'41''$  East and a chord distance of 240.16 feet to a point of tangency; thence run North  $33^{\circ}35'55''$  East along said centerline a distance of 88.27 feet to a point of curvature, said curve being concave Southeasterly having a radius of 234.54 feet; thence run Easterly along said centerline an arc distance of 307.05 feet, said arc having a delta of  $75^{\circ}00'30''$ , a tangent distance of 180.00 feet, a chord bearing of North  $71^{\circ}06'10''$  East and a chord distance of 285.59 feet to a point of tangency; thence run South  $71^{\circ}23'35''$  East along said centerline a distance of 606.85 feet to a point of curvature, said curve being concave Northeasterly having a radius of 919.44 feet; thence run Easterly along said centerline an arc distance of 249.03 feet, said arc having a delta of  $15^{\circ}31'06''$ , a tangent distance of 125.28 feet, a chord bearing of South  $79^{\circ}09'08''$  East and a chord distance of 248.27 feet to a point of tangency; thence run South  $86^{\circ}54'41''$  East along said centerline of Lake Griffin Road a distance of 1406.31 feet to the intersection of the East line of the Southwest 1/4 of the Southwest 1/4 of Section 7, Township 18 South, Range 25 East; thence run South  $00^{\circ}08'17''$  West along said East line a distance of 72.64 feet to a point on the North boundary of the Northwest 1/4 of Section 18, Township 18 South, Range 25 East, thence run North  $89^{\circ}14'04''$  East along the North boundary of said Section 18 a distance of 207.76 feet, thence

ATTACHMENT A

Page 2 of 2

run South  $09^{\circ}02'54''$  West a distance of 1000 feet, thence run Easterly to the waters edge of Lake Griffin to point, said point to be known as Point "A"; return to the Southeast corner of said Section 12 and the point of reference, thence run South  $89^{\circ}40'50''$  West along the North boundary of the Northeast 1/4 of said Section 13 a distance of 278.32 feet; thence continue South  $89^{\circ}40'50''$  West along said line a distance of 2374.36 feet to the North 1/4 corner of said Section 13; thence run South  $89^{\circ}50'32''$  West along the North boundary of the Northwest 1/4 of said Section 13, a distance of 1959.26 feet; thence run South  $01^{\circ}05'13''$  East along the West line of the East 1/2 of the Northwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 1324.76 feet; thence run South  $89^{\circ}50'18''$  West along the South line of said Northwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 329.42 feet; thence run South  $01^{\circ}15'47''$  East along the West line of the East 30 acres of the Southwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 1324.85 feet; thence run North  $89^{\circ}50'05''$  East along the South line of said Southwest 1/4 of the Northwest 1/4 of said Section 13, a distance of 986.58 feet to the Southeast corner of said Southwest 1/4 of the Northwest 1/4 of said Section 13; thence run South  $01^{\circ}07'54''$  East along the West line of the East 1/2 of the Southwest 1/4 of said Section 13 a distance of 2426.57 feet; thence run South  $89^{\circ}54'49''$  East a distance of 210.00 feet; thence run South  $01^{\circ}07'54''$  East a distance of 210.00 feet to the South boundary of said Section 13; thence run North  $89^{\circ}54'49''$  West along said Southerly boundary a distance of 210.00 feet; thence run South  $00^{\circ}18'48''$  East along the West line of the East 1/2 of the Northwest 1/4 of Section 24, Township 18 South, Range 24 East, a distance of 2676.64 feet to a point on the East-West mid-

section line of said Section 24; thence run South 89°55'50" East along said mid-section line a distance of 663.16 feet; thence run North 00°06'52" West a distance of 669.10 feet; thence run South 89°55'35" East a distance of 665.48 feet; thence run North 00°05'03" East a distance of 9.04 feet; thence run South 89°55'19" East a distance of 660 feet; thence run North 00°05'03" East a distance of 1997.99 feet to a point on the North boundary of said Section 24; thence run South 89°54'49" East along said North boundary line a distance of 613.85 feet; thence continue Easterly along said line to the waters edge of Lake Griffin; thence Northeasterly along the waters edge to said Point "A".

SCHEDULE NO. 1

Lake Griffin Utilities, Inc.

SCHEDULE OF WATER RATE BASE

As of June 1, 1994

<u>DESCRIPTION</u>	<u>BALANCE</u>	<u>COMMISSION</u>	<u>BALANCE PER</u>
	<u>PER UTILITY</u>	<u>ADJUSTMENTS</u>	<u>COMMISSION</u>
	Utility Plant in		
Service	\$1,280,045	(\$459,203)	\$ 820,842
Land	\$ 26,039	(\$ 13,539)	\$ 12,500
	Accumulated		
Depreciation	(\$ 59,911)	(\$ 77,801)	(\$ 137,712)
	Contributions-in-		
aid-of-Construction	(\$ 124,500)	(\$208,528)	(\$ 333,028)
	Amortization of		
Accumulated CIAC	\$ 4,673	\$ 37,587	\$ 42,260
TOTAL	<u>\$1,126,346</u>	<u>(\$721,484)</u>	<u>\$ 404,862</u>

SCHEDULE NO. 2

Lake Griffin Utilities, Inc.

SCHEDULE OF WATER RATE BASE ADJUSTMENTS

<u>EXPLANATION</u>	<u>ADJUSTMENT</u>
	<b>Utility Plant in Service</b>
additions.	To remove undocumented plant (\$459,203)
	<b>Land</b>
additions.	To remove undocumented land (\$ 13,539)
	<b>Accumulated Depreciation</b>
	To record depreciation associated with the undocumented plant and depreciation of these amounts from 1992 to June 1, 1994. (\$ 77,801)
	<b>Contributions-in-aid-of-Construction</b>
additions.	To record unrecorded CIAC (\$208,528)
	<b>Amortization of Accumulated CIAC</b>
of CIAC additions.	To record accumulated amortization \$ 37,587

**EXHIBIT I**  
**Rule 25-30.037 (2)(m)**

**A statement setting forth the reasons for an acquisition adjustment, if one is requested.**

Not applicable.



**EXHIBIT J**  
**Rule 25-30.037 (2)(o)**

**A statement from the buyer that it has obtained or will obtain copies of all the federal income tax returns of the seller from the date the utility was first established, or rate base was last established by the Commission or, if the tax returns have not been obtained, a statement from the buyer detailing the steps taken to obtain the returns.**

The Buyer has secured the applicable federal income tax returns for 2007 – 2011.

**EXHIBIT K**  
**Rule 25-30.037 (2)(p)**

**A statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection.**

After reasonable investigation, HWW has determined that the systems acquired from Harbor Hills was and is in satisfactory condition and are in compliance with all applicable standards set by the Florida Department of Environmental Protection ("FDEP") and do not have any outstanding Notices of Violation or Consent Orders with the FDEP.

**EXHIBIT L**  
**Rule 25-30.030**

**An affidavit that the notice of actual application was given in accordance with Section 367-045(1), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, by regular mail.**

Exhibit L will be a late-filed exhibit

**EXHIBIT M**  
**Rule 25-30.030**

**An affidavit that the notice of actual application was given in accordance with Rule 25-30.030, Florida Administrative Code, by regular mail or personal delivery to each customer of the system being transferred.**

Exhibit M will be a late-file exhibit.

**EXHIBIT N**  
**Rule 25-30.030**

**Immediately upon completion of publication, an affidavit that the notice of actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30-030, Florida Administrative Code. A copy of the proof of publication shall accompany the affidavit.**

Exhibit N will be a late-filed exhibit

**EXHIBIT O**  
**Rule 25-30.037 (2)(q)**

**Evidence that the utility owns the land where the utility treatment facility are located. Or, where the utility does not own the land, a copy of the agreement which provides for the long term, continuous use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.**

A copy of the Warranty Deed and legal description are attached.

**PULLUM & PULLUM, P. A.**  
**ATTORNEYS AND COUNSELORS AT LAW**

J. STEPHEN PULLUM  
MARYBETH L. PULLUM

POST OFFICE BOX 482160  
SUITE 701 FIRST FAMILY OAKS  
1330 W. CITIZENS BLVD.  
LEESBURG, FLORIDA 34748-2160  
TELEPHONE (804) 728-3060  
FAX (804) 728-0003

Date: August 25, 1995

Mr. Scott Hutcheson  
Harbor Hills Development, Ltd.  
6538 Lake Griffin Road  
Lady Lake, FL 32159

Re: The United States of America/Harbor Hills Utilities

Dear Mr. Hutcheson

In conjunction with the above matter, enclosed herewith please find the following:

<u>X</u>	<u>Recorded Warranty Deed</u>
<u>X</u>	<u>Owner's Title Insurance Policy</u>
<u>X</u>	<u>Recorded Quit-Claim Deed</u>
<u> </u>	<u> </u>

Very truly yours,

PULLUM & PULLUM, P.A.

By: Mary B. Meadows

*cc: Mary*

mbm

enclosure

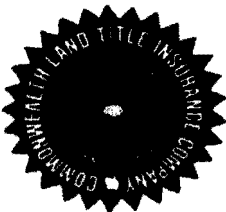
*Deed*

### OWNER'S POLICY OF TITLE INSURANCE

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS CONTAINED IN SCHEDULE B AND THE PROVISIONS OF THE CONDITIONS AND STIPULATIONS HEREOF, COMMONWEALTH LAND TITLE INSURANCE COMPANY, a Pennsylvania corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the amount of insurance stated in Schedule A, and cost, attorneys' fees and expenses which the Company may become obligated to pay hereunder, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested otherwise than as stated therein;
2. Any defect in or lien or encumbrance on such title;
3. Lack of a right of access to and from the land; or
4. Unmarketability of such title.

IN WITNESS WHEREOF, the Commonwealth Land Title Insurance Company has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Policy to become valid when countersigned by an authorized officer or agent of the Company.



COMMONWEALTH LAND TITLE INSURANCE COMPANY

Attest:

*James J. Lynch Jr.*  
Secretary

By

*Robert Sullivan*  
President

### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy:

1. (a) Governmental police power.  
(b) Any law, ordinance or governmental regulation relating to environmental protection.  
(c) Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part.  
(d) The effect of any violation of the matters excluded under (a), (b) or (c) above, unless notice of a defect, lien or encumbrance resulting from a violation has been recorded at Date of Policy in those records in which under state statutes deeds, mortgages, lis pendens, liens or other title encumbrances must be recorded in order to impart constructive notice to purchasers of the land for value and without knowledge; provided, however, that without limitation, such records shall not be construed to include records in any of the offices of federal, state or local environmental protection, zoning, building, health or public safety authorities.
2. Rights of eminent domain unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy; (e) resulting in loss or damage which would not have been sustained if the insured claimant had value for the estate or interest insured by this policy.



## CONDITIONS AND STIPULATIONS

### 1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company may have had against the named insured, those who succeed to the interest of such insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage hereunder.

(c) "knowledge": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of any public records.

(d) "land": the land described, specifically or by reference in Schedule A, and improvements affixed thereto which by law constitute real property; provided, however, the term "land" does not include any property beyond the lines of the area specifically described or referred to in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": those records which by law impart constructive notice of matters relating to said land.

### 2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured so long as such insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from such insured, or so long as such insured shall have liability by reason of covenants of warranty made by such insured in any transfer or conveyance of such estate or interest; provided, however, this policy shall not continue in force in favor of any purchaser from such insured of either said estate or interest or the indebtedness secured by a purchase money mortgage given to such insured.

### 3. DEFENSE AND PROSECUTION OF ACTIONS — NOTICE OF CLAIM TO BE GIVEN BY AN INSURED CLAIMANT

(a) The Company, at its own cost and without undue delay, shall provide for the defense of an insured in all litigation consisting of actions or proceedings commenced against such insured, or a defense interposed against an insured in an action to enforce a contract for a sale of the estate or interest in said land, to the extent that such litigation is founded upon an alleged defect, lien, encumbrance, or other matter insured against by this policy.

(b) The insured shall notify the Company promptly in writing (i) in case any action or proceeding is begun or defense is interposed as set forth in (a) above, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If such prompt notice shall not be given to the Company, then as to such insured all liability of the Company shall cease and terminate in regard to the matter or matters for which such prompt notice is required; provided, however, that failure to notify shall in no case prejudice the rights of any such insured under this policy unless the Company shall be prejudiced by such failure and then only to the extent of such prejudice.

(c) The Company shall have the right at its own cost to institute and without undue delay prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest as insured, and the Company may take any appropriate action under the terms of this policy, whether or not it shall be liable thereunder, and shall not thereby concede liability or waive any provision of this policy.

(d) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any such litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(e) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured hereunder shall secure to the Company the right to so prosecute or provide defense in such action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such insured for such purpose. Whenever requested by the Company, such insured shall give the Company all reasonable aid in any such action or proceeding, in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending such action or proceeding, and the Company shall reimburse such insured for any expense so incurred.

### 4. NOTICE OF LOSS — LIMITATION OF ACTION

In addition to the notices required under paragraph 3(b) of these Conditions and Stipulations, a statement in writing of any loss or damage for which it is claimed the Company is liable under this policy shall be furnished to the Company within 90 days after such loss or damage shall have been determined and no right of action shall accrue to an insured claimant until 30 days after such statement shall have been furnished. Failure to furnish such statement of loss or damage shall terminate any liability of the Company under this policy as to such loss or damage.

### 5. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS

The Company shall have the option to pay or otherwise settle for or in the name of an insured claimant any claim insured against or to terminate all liability and obligations of the Company hereunder by paying or tendering payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred up to the time of such payment or tender of payment, by the insured claimant and authorized by the Company.

### 6. DETERMINATION AND PAYMENT OF LOSS

(a) The liability of the Company under this policy shall in no case exceed the least of:

- (i) the actual loss of the insured claimant; or
- (ii) the amount of insurance stated in Schedule A

(b) The Company will pay, in addition to any loss insured against by this policy, all costs imposed upon an insured in litigation carried on by the Company for such insured, and all costs, attorneys' fees and expenses in litigation carried on by such insured with the written authorization of the Company.

(c) When liability has been definitely fixed in accordance with the conditions of this policy, the loss or damage shall be payable within 30 days thereafter.

Conditions and Stipulations Continued Inside Cover



Issued with Policy No.



**Commonwealth.**  
Land Title Insurance Company

**SCHEDULE A**

Policy No. 107-839999

Effective Date: March 17, 1995 at 8:42 A.M.

File Number 90790

Amount of Insurance: \$ 1,450,000.00

1. Name of Insured:

Harbor Hills Utilities, L.P., a Delaware Limited Partnership, registered to do business in the State of Florida as Harbor Hills Utilities, Ltd.

2. The estate or interest in the land described herein and which is covered by this policy is a fee simple (if other, specify same) and is at the effective date hereof vested in the named insured as shown by instrument recorded in Official Records Book 1351 of Lake County, Florida, Page 1646, of the Public Records

3. The land referred to in this policy is described as follows:

As described on the attached Exhibit "A"

*Note to Scott:  
Taxes are shown as delinquent because as of 3-7-95, the date of the policy, the tax issued had not been resolved.*

Countersigned:

Marybeth L. Pullum

Authorized Officer or Agent

PARCEL NO. 1

Well Site No. 2: That parcel of land depicted as Tract "O" Well Site on the Plat of Harbor Hills Unit 1, a subdivision in Lake County, Florida, according to the plat thereof recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, said parcel being subsequently designated as Tract "p" by Surveyor's Affidavit filed to correct certain scrivener's errors and conflicts with Lake County's E911 System, said Affidavit being recorded in Official Records Book 1014, Pages 2259 to 2260, Public Records of Lake County, Florida.

PARCEL NO. 2

Well Site No. 1: A portion of Tract "K", Harbor Hills Unit 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows: For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South  $00^{\circ} 19' 09''$  East along the East line of said Section 13, 235.00 feet to the point of beginning ("P.O.B."). From the P.O.B. thus described, proceed South  $74^{\circ} 31' 53''$  West 80.00 feet; thence North  $15^{\circ} 28' 07''$  West 50.00 feet; thence North  $89^{\circ} 40' 51''$  East to a point on the East line of said Section 13; thence South  $00^{\circ} 19' 09''$  East along said East line to the point of beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", Harbor Hills Unit 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida.

## SCHEDULE B

File Number 90790

Policy No. 107-839999

This policy does not insure against loss or damage by reason of the following exceptions:

1. Taxes for the year 1995 and taxes or assessments which are not shown as existing liens by the public records or which may be levied or assessed subsequent to the date hereof.
2. Rights or claims of parties in possession not shown by the public records.
3. Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the premises.
4. Easements or claims of easements not shown by the public records.
5. Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
6. Any claim that any part of said land is owned by the State of Florida by right of sovereignty, and riparian rights, if any.
7. Taxes for the years 1991 and 1992 are delinquent.
8. Access is by private easement as set forth in the Declaration of said plat recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida.
9. Restrictions, covenants, conditions and easements as shown on the Plat of Harbor Hills Unit 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida.
10. Surveyor's Affidavit recorded in Official Records Book 1014, Page 2259, Public Records of Lake County, Florida.
11. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessment, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Official Records Book 1010, Page 1830, together with the Amendments, as recorded in Official Records Book 1067, Page 2274, and Official Records Book 1125, Page 2244, all in the Public Records of Lake County, Florida.
12. Agreements by and between Lake County, a political subdivision of the State of Florida, its successors and assigns, and the 347 Corporation of Florida, Inc., its successors and assigns, recorded in Official Records Book 1032, Page 280, and Official Records Book 1105, Page 2466, Public Records of Lake County, Florida.
13. Right-of-Way Easement in favor of Sumter Electric Cooperative, Inc., a Florida corporation, its successors and assigns, recorded in Official Records Book 1054, Page 2242, Public Records of Lake County, Florida.
14. Restrictions, covenants and conditions as contained in the Restrictive Covenant recorded in Official Records Book 1150, Page 470, of the Public Records of Lake County, Florida.
15. Reservations in favor of Trustees of the Internal Improvement Fund recorded in Deed Book 220, page 473, Public Records of Lake County, Florida which provide for Mineral Reservations which have been partially released in Official Records Book 1055, Page 1411, and State of Florida road right of way, which has been release in Official Records Book 1045, Page 1894, all in the Public Records of Lake County, Florida.
16. Riparian and littoral rights in and to and title to the portion of the subject property lying below the ordinary high-water (or mean -high-tide) mark of any lake or canal are not insured under the terms of this policy.

Schedule B of this Policy consists of

Pages

## CONDITIONS AND STIPULATIONS

(Continued)

### 7. LIMITATION OF LIABILITY

No claim shall arise or be maintainable under this policy (a) if the Company, after having received notice of an alleged defect, lien or encumbrance insured against hereunder, by litigation or otherwise, removes such defect, lien or encumbrance or establishes the title, as insured, within a reasonable time after receipt of such notice; (b) in the event of litigation until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as insured, as provided in paragraph 3 hereof; or (c) for liability voluntarily assumed by an insured in settling any claim or suit without prior written consent of the Company.

### 8. REDUCTION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto. No payment shall be made without producing this policy for endorsement of such payment unless the policy be lost or destroyed, in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company.

### 9. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring either (a) a mortgage shown or referred to in Schedule B hereof which is a lien on the estate or interest covered by this policy, or (b) a mortgage hereafter executed by an insured which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy. The Company shall have the option to apply to the payment of any such mortgages any amount that otherwise would be payable hereunder to the insured owner of the estate or interest covered by this policy and the amount so paid shall be deemed a payment under this policy to said insured owner.

### 10. APPORTIONMENT

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of said parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy,

unless a liability or value has otherwise been agreed upon as to each such parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement herein or by an endorsement attached hereto.

### 11. SUBROGATION UPON PAYMENT OR SETTLEMENT

Whenever the Company shall have settled a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant. The Company shall be subrogated to and be entitled to all rights and remedies which such insured claimant would have had against any person or property in respect to such claim had this policy not been issued, and if requested by the Company, such insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect such right of subrogation and shall permit the Company to use the name of such insured claimant in any transaction or litigation involving such rights or remedies. If the payment does not cover the loss of such insured claimant, the Company shall be subrogated to such rights and remedies in the proportion which said payment bears to the amount of said loss. If loss should result from any act of such insured claimant, such act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against hereunder which shall exceed the amount, if any, lost to the Company by reason of the impairment of the right of subrogation.

### 12. LIABILITY LIMITED TO THIS POLICY

This instrument together with all endorsements and other instruments, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company.

Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or any action asserting such claim, shall be restricted to the provisions and conditions and stipulations of this policy.

No amendment of or endorsement to this policy can be made except by writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

### 13. NOTICES, WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall be addressed to Commonwealth Land Title Insurance Company, Eight Penn Center, Philadelphia, Pennsylvania 19103.

REC 13- RECEIVED FOR  
TF 2- EXCISE TAXES  
DOC. JAMES C. WATKINS  
INT. CLERK LAKECO FL  
BY *BR* D.C.

95 15030

TRUSTEE'S DEED

THIS INDENTURE made this 21<sup>st</sup> day of February, 1995, between THE UNITED STATES OF AMERICA, having an address of c/o Dominic DiNapoli, Special Trustee, Americas Tower, 1177 Avenue of the Americas, New York, New York 10036, party of the first party, and HARBOR HILLS UTILITIES, L.P., a Delaware Limited Partnership, registered to do business in the State of Florida as HARBOR HILLS UTILITIES, LTD., having an address at 350 Bay Street, Suite 1200, Toronto, Ontario Canada M5B 2B6, party of the second part.

BOOK 1051 PAGE 1646

WITNESSETH, that the party of the first part, in consideration of the sum of TEN and 00/100 (\$10.00) Dollars, lawful money of the United States, paid by the party of the second part, does hereby remise, release and quitclaim unto the party of the second part, the heirs or successors and assigns of the party of the second part forever,

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Town of Lady Lake, County of Lake and State of Florida, as more particularly described on the Exhibit ~~AA~~ attached hereto and made a part hereof (the "Premises").

Title to the Premises was forfeited to the party of the first part pursuant to a Decree of Forfeiture and Order Appointing Special Trustee, dated May 4, 1992, as amended or modified on May 18, 1992 and July 16, 1992, in the United States District Court, Eastern District of New York, Civil Action No. CV-92-2070.

Title to the Premises is being conveyed pursuant to an Order Approving Sales of Certain Real Properties, dated March 25, 1994 by Judge Edward R. Korman in the United States District Court, Eastern District of New York, Civil Action No. CV-92-2070.

TOGETHER with all right, title and interest, if any, of the party of the first part in and to any streets and roads abutting the above described Premises to the center lines thereof,

TOGETHER with the appurtenances and all the estate and rights of the party of the first part in and to said Premises, including but not limited to all wells, water systems, pumping stations, force mains, filter systems, meters, and equipment used in the operation and maintenance of the water system, now located in or on the premises located at Harbor Hills Golf and Country Club, 6538 Lake Griffin Road, Lady Lake, Florida.

TO HAVE AND TO HOLD the premises herein granted unto the party of the second part, the heirs or successors and assigns of the party of the second part forever.

AND the party of the first part warrants and covenants to defend title to the Premises against any claim arising from any

RECORDED  
RECORD VERIFIED  
LATE  
FEB 17 1995  
CLERK

BOOK 1351 PAGE 1647

cloud on title, defects in or claims arising out of the forfeiture process pursuant to which the party of the first part obtained title.

AND the party of the first part specifically warrants and covenants to defend that (i) the party of the first part is lawfully in possession of the Premises, (ii) the party of the first part has the right and authority to sell and convey the Premises, and (iii) the signature appearing on this deed on behalf of the party of the first part in the capacity as indicated on the signature line is properly authorized and binding.

The word "party" shall be construed as if it reads "parties" whenever the sense of this indenture so requires.

IN WITNESS WHEREOF, the party of the first part has duly executed this deed the day and year first above written.

IN THE PRESENCE OF:

THE UNITED STATE OF AMERICA

Florence V. Lentini  
FLORENCE V. LENTINI  
Printed Name

By: [Signature]  
Dominic DiNapoli,  
Special Trustee

Dennis A. [Signature]  
Dennis A. [Signature]  
Printed Name

STATE OF NEW YORK  
COUNTY OF NEW YORK

The forgoing instrument was acknowledged before me this 21<sup>ST</sup> day of FEBRUARY, 1995 by Dominic DiNapoli, as Special Trustee on behalf of the United States of America. He is personally known to me, or has produced as identification and did not take an oath.

Rosa E. Doner  
Notary Public State of New York  
My Commission Expires:

(NOTARY SEAL)

(NHU-USA)  
PREPARED BY AND RETURN TO:  
Marybeth L. Pullum  
Pullum & Pullum, P. A.  
P. O. Box 492160  
Leesburg, FL 34749-2160

THE UNITED STATE OF AMERICA  
IS IMMUNE FROM STATE  
TAXATION AND THEREFORE NO  
DOCUMENTARY STAMP TAXES ARE  
BEING PAID ON THIS TRANSFER



ROSA E. DONER  
Notary Public State of New York  
No. 4919171  
Qualified in Suffolk, NY Counties  
Commission Expires February 8, 1996

EXHIBIT "A"

BOOK 135 PAGE 1648

PARCEL NO. 1

Well Site No. 2: That parcel of land depicted as Tract "O" Well Site on the Plat of Harbor Hills Unit 1, a subdivision in Lake County, Florida, according to the plat thereof recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, said parcel being subsequently designated as Tract "P" by Surveyor's Affidavit filed to correct certain scrivener's errors and conflicts with Lake County's E911 System, said Affidavit being recorded in Official Records Book 1014, Pages 2259 to 2260, Public Records of Lake County, Florida.

PARCEL NO. 2

Well Site No. 1: A portion of Tract "K", Harbor Hills Unit 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows: For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00° 19' 09" East along the East line of said Section 13, 235.00 feet to the point of beginning ("P.O.B."). From the P.O.B. thus described, proceed South 74° 31' 53" West 80.00 feet; thence North 15° 28' 07" West 50.00 feet; thence North 89° 40' 51" East to a point on the East line of said Section 13; thence South 00° 19' 09" East along said East line to the point of beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", Harbor Hills Unit 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida.



QUIT-CLAIM DEED

THIS QUIT-CLAIM DEED, Executed this 21st day of February, 1995 by Harbor Hills Country Club, L.P., a Delaware Limited Partnership, doing business in the State of Florida as Harbor Hills Country Club, Ltd., first party, to Harbor Hills Utilities, L.P., a Delaware Limited Partnership, doing business in the State of Florida as Harbor Hills Utilities, Ltd, whose post office address is 6538 Lake Griffin Road, Lady Lake, FL 32159, second party: (Wherever used herein the terms "first party" and "second party" shall include singular and plural, heirs, legal representatives and assign of individuals, and the successors and assigns of corporations, wherever the context so admits or requires)

BOOK 1351 PAGE 1644

WITNESSETH, That the said first party, for and in consideration of the sum of \$10.00 in hand paid by the said second party, the receipt whereof is hereby acknowledged, does hereby remise, release and quit-claim unto the said second party forever, all the right, title, interest, claim and demand which the said first party has in and to the following described lot, piece or parcel of land, situate, lying and being in the County of Lake, State of Florida, to-wit:

A non-exclusive easement for ingress and egress over, upon and across Tract "K", Harbor Hills Unit 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida

RECORDED  
RECORD VERIFIED

TO HAVE AND TO HOLD the same together with all and singular the appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, interest, lien, equity and claim whatsoever of the said first party, either in law or equity, to the only proper use, benefit and behoof of the said second party forever.

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

Signed, sealed and delivered in the presence of:

HARBOR HILL COUNTRY CLUB, L.P., a Delaware limited partnership, doing business in the State of Florida as HARBOR HILLS COUNTRY CLUB, LTD. 6538 Lake Griffin Road Lady Lake, FL 32159

Marcia L. Haliday  
MARCIA L. HALIDAY

By: R. Scott Hutcherson  
R. Scott Hutcherson,  
Assistant Vice-President  
H.H.C.C., Inc.  
General Partner

Mary B. Meadows  
Mary B. Meadows

STATE OF FLORIDA  
COUNTY OF LAKE

The foregoing instrument was acknowledged before me this 16th day of March, 1995, by R. Scott Hutcherson, Assistant Vice-President of H.H.C.C., Inc., General Partner of Harbor Hills Country Club, L.P., a Delaware limited partnership,

doing business in the State of Florida as Harbor Hills Country Club, Ltd. He is personally known to me and did not take an oath.

*Mary B. Meadows*  
Notary Public, Florida  
My Commission Expires:

BOOK 1352 PAGE 1645

MY/RETURN TO:  
Marybeth L. Pullum  
Pullum, P. A.  
Box 492160  
Lecomm, Florida 34749-2160  
(HHU-QCD)

OFFICIAL NOTARY SEAL  
MARY B MEADOWS  
NOTARY PUBLIC STATE OF FLORIDA  
COMMISSION NO. CC266269  
MY COMMISSION EXP. MAR. 21, 1997

797  
BOOTH & COOK, P.A.  
7510 RIDGE ROAD  
PORT RICHEY, FL 34668

## BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS that HARBOR HILLS UTILITIES, L.P., a Delaware limited partnership d/b/a HARBOR HILLS UTILITIES, L.P., a Delaware limited partnership d/b/a HARBOR HILLS UTILITIES, LTD., a Florida limited partnership ("Seller") for the sum of TEN and No/100 Dollars (\$10.00) and other good and valuable consideration, paid by HARBOR WATERWORKS, INC., a Florida corporation ("Purchaser"), the receipt of which is hereby acknowledged pursuant to the Asset Purchase Agreement between the parties, dated February, 2012 (the "Purchase Agreement"), hereby grant, sell, assign, and convey to Purchaser all of Seller's right, title, and interest in and to all of the personal property, both tangible and intangible, of the Assets, as such term is defined in the Purchase Agreement including, but not limited to, the following:

(a) All water supply, treatment, storage, distribution, and transmission facilities, wastewater collection, treatment and disposal facilities of every kind and description whatsoever, including, but not limited to, pumps, plants, wells, tanks, lift stations, transmission mains, distribution mains, supply pipes, collection pipes or facilities, effluent disposal facilities, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used in connection with the Utility System, together with all additions or replacements thereto;

(b) The following, but only to the extent that Seller's right, title, or interest is transferable: all certificates, immunities, privileges, permits, license rights, consents, grants, ordinances, surveys, leaseholds, and all rights to construct, maintain, and operate the Utility System and its plants and systems for the collection and disposal of wastewater, including reclaimed water, and every right of every character whatever in connection therewith, and the obligations thereof (collectively, the "Certificates");

(c) All supplier lists, customer records, prints, plans, including plans in electronic or digital format, engineering reports, surveys, specifications, shop drawings, equipment manuals, and other information relating to the Utility System in Seller's possession, including rights of Seller, if any, to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper and electronic form;

(d) All sets of record drawings, including as-built drawings, showing all facilities of the Utility System, including all original tracings, sepias, or other reproducible materials in Seller's possession, including rights of Seller, if any, to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper and electronic form;

(e) All rights of Seller under any Developer Agreements which are assumed by Purchaser pursuant to the Purchase Agreement;

(f) All rights and obligations of Seller under the Contracts and Leases which are assumed by Purchaser pursuant to the Purchase Agreement;

Notwithstanding the foregoing, Seller does not hereby convey to Purchaser those certain Excluded Assets, as such term is defined and described in the Purchase Agreement.

Seller represents and warrants that it is providing all of its ownership interest in and to the above-referenced property and has removed or provided for the removal of all liens, security interests, or encumbrances.

All capitalized terms utilized herein, and not otherwise defined herein, shall have the meanings ascribed thereto in the Purchase Agreement. The terms and conditions contained in the Purchase Agreement are incorporated herein by reference.

Seller makes no representation as to the condition of the Assets other than the Real Property. Purchaser acknowledges that it is acquiring the Assets "as-is".

IN WITNESS WHEREOF, this instrument shall be effective as of the 29<sup>th</sup> day of February, 2012.

WITNESSED:

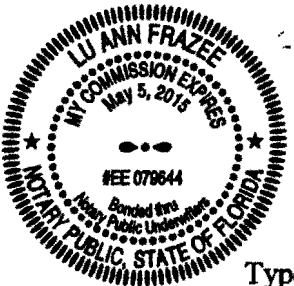
HARBOR HILLS UTILITIES, L.P. d/b/a  
HARBOR HILLS UTILITIES, LTD., by  
H.H.C.C., Inc. its general partner

Angela Rogers  
Print Name: Angela Rogers  
Lu Ann Frazier  
Print Name: Lu Ann Frazier

By: Michael A. Rich  
Michael A. Rich, President

STATE OF FLORIDA  
COUNTY OF Lake

This instrument was acknowledged before me this 1 day of March, 2012, by Michael A. Rich as president of H.H.C.C., Inc general partner of Harbor Hills Utilities, Ltd., a Florida limited partnership, on its behalf.



Lu Ann Frazier  
Notary Public State of Florida  
Lu Ann Frazier  
(Print, Type or Stamp Commissioned Name)

Personally Known OR  Produced Identification  
Type of Identification Produced \_\_\_\_\_

WITNESSED:

Victoria Pennick  
Print Name: Victoria Pennick

Carolyn Bailey  
Print Name: CAROLYN BAILEY

HARBOR WATERWORKS, INC.,

By: Gary A. Deremer, President

STATE OF FLORIDA

COUNTY OF Pasco

This instrument was acknowledged before me this 2 day of March, 2012, by Gary A. Deremer as President of Harbor Waterworks, Inc., on its behalf.

Carolyn Bailey  
Notary Public State of Florida

(Print, Type or Stamp Commissioned Name)

Personally Known OR  Produced Identification  
Type of Identification Produced \_\_\_\_\_





**First American Title**

**Commitment for Title Insurance**

ISSUED BY

**First American Title Insurance Company**

**5011612 - 2061-2694250**

**Schedule A**

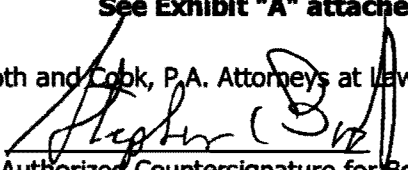
Agent File Number: 12-030  
FAST File Number: 2061-2694250

1. Effective Date: February 17, 2012 @ 8:00 A.M.
2. Policy or Policies to be issued: Proposed Amount of Insurance:
  - a. Owner's Policy (Identify form used)  
ALTA Owner's Policy of Title Insurance (6-17-06) (with Florida modifications) \$260,000.00  
Proposed Insured: Harbor Waterworks, Inc., a Florida corporation
  - b. Loan Policy (Identify form used)  
ALTA Loan Policy of Title Insurance (6-17-06) (with Florida modifications) \$  
Proposed Insured:
  - c. \$  
(Identify form used)  
Proposed Insured:

Premium: \$

3. The estate or interest in the land described or referred to in this Commitment is Fee Simple (Identify estate covered, i.e. Fee, Leasehold, etc.)
4. Title to the Fee Simple estate or interest in the land is at the Effective Date vested in:  
Harbor Hills Country Club, L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd., as to Parcel 1 and 2 AND Harbor Hills Utilities, L.P., a Delaware limited partnership registered to do business in the State of Florida as Harbor Hills Utilities, Ltd., as to Parcels 3 and 4 AND Harbor Hills Country Club, L.P., a Delaware limited partnership d/b/a Harbor Hills Country Club, Ltd., as to Parcel 5, as to an easement interest
5. The land referred to in this Commitment is described as follows:  
**See Exhibit "A" attached hereto and made a part hereof**

Booth and Cook, P.A. Attorneys at Law

By:   
Authorized Countersignature for Booth and Cook, P.A. Attorneys at Law  
(This Schedule A valid only when Schedule B is attached.)



**First American Title**

ISSUED BY

**First American Title Insurance Company**

## Exhibit A

Agent File Number: 12-030

FAST File Number: 2061-2694250

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF Lake, STATE OF FL, AND IS DESCRIBED AS FOLLOWS:

### PARCEL 1

#### Parcel A:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 101.58 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 106.06 feet; thence South 89°40'51" West 90.29 feet; thence North 21°53'12" East, 114.56 feet; thence North 89°40'51" East to the East line of said Section 13, 46.99 feet, to the Point of Beginning.

All being in Lake County, Florida.

#### Parcel B:

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 258.82 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 45.51 feet; thence South 74°31'53" West 47.68 feet; thence North 15°28'07" West, 43.92 feet; thence North 74°31'53" East to the East line of said Section 13, 59.57 feet to the Point of Beginning.

All being in Lake County, Florida.

### PARCEL 2

A portion of Tract "M" (Sewage Treatment Facilities), PLAT OF HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northerly point of tangency of Tract "O" as recorded in Plat Book 30, Page 26, Public Records of Lake County, Florida, and the Southerly right-of-way line of Lake Griffin Road, S. 71°23'35" E. along said right-of-way line, 50.00 feet, to the (P.O.B.) Point of Beginning; thence continue S. 71°23'35" E. along said Southerly right-of-way line 283.66 feet; thence departing said right-of-way line S. 45°42'54" E. to a point on the Northerly projection of the West

right-of-way line of Landings Boulevard, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida, 340.43 feet; thence S. 36°29'19" W. along said West right-of-way 207.43 feet, to a point of curvature, of a curve concave Northerly, having a radius of 25.00 feet and a central angle of 90°00'00", thence departing said right-of-way, Southwesterly along the arc of said curve, 39.27 feet to the point of tangency and the South line of the aforementioned Tract "M", said arc having a chord bearing and distance of S. 81°29'19" W, 35.36 feet; thence N. 53°30'41" W. along the South line of said Tract "M" 450.14 feet to the point of curvature of a curve concave Southerly, having a radius of 125.00 feet and a central angle of 31°04'41", thence Northwesterly along the arc of said curve, 67.80 feet to an intersection of the West line of said Tract "M", said arc having a chord bearing and distance of N. 69°02'57" W. 66.96 feet; thence N. 18°36'25" E. along the West line of said Tract "M", to the South right-of-way line of Lake Griffin Road, 220.08 feet, to the (P.O.B.) Point of Beginning.

Together with the North 1/2 of Tract "D", HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida.

All being in Lake County, Florida.

#### PARCEL 3

Parcel A:

A portion of Well Site No. 2, depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 13 through 27, Public Records of Lake County, Florida, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 15, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 85.78 feet; thence departing said North line, S. 09°25'38" W. 54.06 feet to the (P.O.B.) Point of Beginning; thence continue S. 09°25'38" W. 90.00 feet; thence N. 81°33'51" W, 56.00 feet; thence N. 09°25'38" E. 90.00 feet; thence S. 81°33'51" E. 56.00 feet, to the (P.O.B.) Point of Beginning.

All being in Lake County, Florida.

Parcel B: → *deleted from survey - to be replaced by substitute easement on t. ins.*

Together with an easement for ingress and egress over a portion depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 15, and a portion of Tract "I", as recorded in Plat Book 56, Page 66 through 71, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259-2260, Public Records of Lake County, Florida, more particularly described as follows:

Beginning (P.O.B.) at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 60.46 feet; thence departing said North line, S. 09°25'38" W. 147.70 feet; thence N. 81°33'51" W. 25.00 feet; thence N. 09°25'38" E. to the North line of said Tract "P", 144.08 feet; thence continue N. 09°25'38" E. 25.33 feet; thence S. 89°47'09" E. to an intersection of and Easterly line of said Tract "I", 68.44 feet; thence S. 27°46'55" E. along said Easterly line, 28.31 feet to the Point of Beginning.

#### PARCEL 4

Well Site No. 1: A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 235.00 feet to the Point of Beginning (P.O.B.); from the P.O.B. thus described, proceed South 74°31'53" West 80 feet; thence North 15°28'07" West 50.00 feet; thence North 89°40'51" East to a point on the East line of said Section 13; thence South 00°19'09" East along said East line to the Point of Beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", HARBOR HILLS UNIT 1,



as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, instrument recorded in Official Records Book 1351, Page 1644, Public Records of Lake County, Florida.

PARCEL 5

Easement for utilities over and across the following described property:

A portion of W.R.A. #21 and Lot 50, HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Pages 73 and 74, Public Records of Lake County, Florida. Said Lot 50 now being a portion of Lot 11 of THE LANDINGS AT HARBOR HILLS, recorded in Plat Book 40, Page 29, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northeasterly point of tangency of W.R.A. #21, N. 36°29'19" E. along the West right-of-way line of Landings Boulevard, HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Pages 73 and 74, Public Records of Lake County, Florida, 58.61 feet, to the (P.O.B.) Point of Beginning; thence departing said West right-of-way line, N. 53°30'41" W. to the West line of a 10.00 foot drainage and utility easement as per Note No. 4 Plat Book 32, Page 73, Public Records of Lake County, Florida, 10.00 feet; thence N. 36°29'19" E. along said West line, to an intersection of a 7.50 foot drainage and utility easement of the South line of Lot 50 as per Note No. 2 Plat Book 32, Page 73, Public Records of Lake County, Florida, 18.00 feet; thence S. 53°30'41" E. along said 7.50 foot easement line, to the West right-of-way line of Landing Boulevard, 10.00 feet; thence departing said 7.50 foot easement line, S. 36°29'19" W. along the West right-of-way line of Landing Boulevard, 18.00 feet, to the (P.O.B.) Point of Beginning.

All being in Lake County, Florida.



**First American Title**

**Commitment for Title Insurance**

ISSUED BY

**First American Title Insurance Company**

**5011612 - 2061-2694250**

**Schedule BI**

Agent File Number: 12-030  
FAST File Number: 2061-2694250

**REQUIREMENTS**

The following requirements must be met:

1. Pay and/or disburse the agreed amounts for the interest in the land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Pay all taxes and/or assessments, levied and assessed against the land, which are due and payable.
4. The following documents, satisfactory to us, creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded:
  - a. Warranty Deed conveying the land from Harbor Hills Country Club, L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to Harbor Waterworks, Inc., a Florida corporation. In connection with said deed, we will further require:
    - i) Production of a copy of the partnership agreement, with an affidavit affixed thereto that it is a true copy of the partnership agreement and all amendments thereto, and that the partnership has not been dissolved;
    - ii) That said deed be executed by all of the general partners unless said partnership agreement shows no limitation on the authority of one partner to execute a conveyance;
    - iii) Should any partner be other than a natural person, we will require proof of good standing as well as documentation of authority of the person to execute documents on its behalf;
    - iv) The Partnership must have been formed prior to, the date the Limited Partnership acquired title to the land;
    - v) Current Certificate from the Secretary of State of the state of origin that said partnership is active and current;
    - vi) Satisfactory evidence of compliance with all requirements regarding conveying and/or mortgaging partnership property contained in the Partnership Agreement;
    - vii) If any partners are deceased, the Warranty Deed should be from the parties who inherited or succeeded to the interest of the deceased partner, and/or the personal representative, as their interest(s) are determined by the Company, and from the partnership, together with evidence of the written consent to the proposed transfer from the other partners;
    - viii) If the partnership is dissolved, record an affidavit from the general partner signing the deed stating that the partner has not been denied authority to wind up the affairs of the partnership, and that the executing partner is not a debtor in a bankruptcy proceeding, and that the purpose of the conveyance is to wind up the partnership affairs;
    - ix) The Company reserves the right to amend the commitment, including but not limited to, the addition of further requirements and/or exceptions as it deems necessary based upon a review of any of the documentation required above. (as to Parcel 1 and 2)

- b. Warranty Deed conveying the land from Harbor Hills Utilities, L.P., a Delaware limited partnership registered to do business in the State of Florida as Harbor Hills Utilities, Ltd. to Harbor Waterworks, Inc., a Florida corporation. In connection with said deed, we will further require:
- i) Production of a copy of the partnership agreement, with an affidavit affixed thereto that it is a true copy of the partnership agreement and all amendments thereto, and that the partnership has not been dissolved;
  - ii) That said deed be executed by all of the general partners unless said partnership agreement shows no limitation on the authority of one partner to execute a conveyance;
  - iii) Should any partner be other than a natural person, we will require proof of good standing as well as documentation of authority of the person to execute documents on its behalf;
  - iv) The Partnership must have been formed prior to, the date the Limited Partnership acquired title to the land;
  - v) Current Certificate from the Secretary of State of the state of origin that said partnership is active and current;
  - vi) Satisfactory evidence of compliance with all requirements regarding conveying and/or mortgaging partnership property contained in the Partnership Agreement;
  - vii) If any partners are deceased, the Warranty Deed should be from the parties who inherited or succeeded to the interest of the deceased partner, and/or the personal representative, as their interest(s) are determined by the Company, and from the partnership, together with evidence of the written consent to the proposed transfer from the other partners;
  - viii) If the partnership is dissolved, record an affidavit from the general partner signing the deed stating that the partner has not been denied authority to wind up the affairs of the partnership, and that the executing partner is not a debtor in a bankruptcy proceeding, and that the purpose of the conveyance is to wind up the partnership affairs;
  - ix) The Company reserves the right to amend the commitment, including but not limited to, the addition of further requirements and/or exceptions as it deems necessary based upon a review of any of the documentation required above, (as to Parcels 3 and 4)
5. Partial Release of Mortgage, releasing the land to be insured from encumbrance of the Mortgage from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd. and Harbor Hills Country Club L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Country Club, Ltd. to CNLBank, dated October 24, 2004, recorded November 05, 2004, in Book 2696, Page 729, as modified by Notice of Future Advance and Note and Mortgage Modification Agreement recorded in Book 2903, Page 1919, Second Note and Mortgage Modification and Extension Agreement recorded January 07, 2008 in Book 3564, Page 1606, Third Note and Mortgage Modification and Extension Agreement recorded January 22, 2009 in Book 3722, Page 1711, Fourth Note and Mortgage Modification and Extension Agreement recorded February 04, 2010 in Book 3869, Page 1120, Fifth Note and Mortgage Modification and Extension Agreement recorded April 11, 2011 in Book 4020, Page 1251, and Sixth Note and Mortgage Modification and Extension Agreement recorded September 21, 2011 in Book 4075, Page 1204. (affects Parcels 1, 2, 3 and 4)
6. Release of Financing Statement recorded in Book 2696, Page 786, Continuation Statement recorded in Book 3835, Page 2173. (affects Parcels 1, 2, 3 and 4)
7. Partial release of Assignment of Rents and Leases from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd. and Harbor Hills Country Club L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to CNLBank recorded in Book 2696, Page 768, as to the property described in Schedule "A" hereof. (affects Parcels 1, 2, 3 and 4)
8. Partial release of Assignment of Permits and Developer's Rights recorded in Book 2696, Page 806. (affects Parcels 1, 2 and 3)

9. Partial release of Assignment of Rents and Leases from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd. and Harbor Hills Country Club L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to CNLBank recorded in Book 2903, Page 1928, as to the property described in Schedule "A" hereof. (affects Parcels 1, 2, 3 and 4)
10. Proof of payment of taxes and assessments for the year 2011, plus any penalties and interest. Note: Any tax amount(s) shown herein are for information purposes only, and should be verified with the appropriate taxing authority(s). (Tax ID 1318240500-00K-00001) (Parcel 1A and B)
11. Proof of payment of taxes and assessments for the year 2011, plus any penalties and interest. Note: Any tax amount(s) shown herein are for information purposes only, and should be verified with the appropriate taxing authority(s). (Tax ID 1318240500-00M-00000) (Parcel 2)
12. Proof of payment of taxes and assessments for the year 2011, plus any penalties and interest. Note: Any tax amount(s) shown herein are for information purposes only, and should be verified with the appropriate taxing authority(s). (Tax ID 1318240515-00A-00000) (Parcel 2)
13. Proof of payment of taxes and assessments for the year 2011, plus any penalties and interest. Note: Any tax amount(s) shown herein are for information purposes only, and should be verified with the appropriate taxing authority(s). (Tax ID 1318240500-00P-00000) (Parcel 3)
14. Grant of Easement for ingress and egress from Harbor Hills Country Club, L.P., a Delaware limited partnership d/b/a Harbor Hills Country Club, Ltd. to Harbor Waterworks, Inc., a Florida corporation as to that portion of Parcel 3B which lies within Tract I of Harbor Hills Phase 5, Plat Book 56, Page 66, Public Records of Lake County, Florida.
15. Grant of Easement for ingress and egress from Harbor Hills Utilities, L.P., a Delaware limited partnership registered to do business in the State of Florida as Harbor Hills Utilities, Ltd. to Harbor Waterworks Inc., a Florida corporation as to that portion of Parcel 3B which lies within Tract P as recorded in Plat of Harbor Hills Unit 1, Plat Book 30, Page 13, as corrected by Surveyor's Affidavit recorded in O.R. Book 1014, Page 2260.
16. Consent of the Harbor Hills Homeowners Association, Inc. to the Grant of Easement for ingress and egress from Harbor Hills Country Club, L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to Harbor Waterworks, Inc., a Florida corporation over and across that portion of Parcel 3B which lies within Tract I of Harbor Hills Phase 5, Plat Book 56, Page 66, Public Records of Lake County, Florida, together with compliance with Article IV Section 6 of Amendment and Restatement of Declaration of Covenants, Conditions, and Restrictions for Harbor Hills which requires approval of 2/3 of the Owners of Residential Units.
17. Grant of Easement for ingress and egress from Harbor Hills Country Club, L.P., a Delaware limited partnership d/b/a Harbor Hills Country Club, Ltd. to Harbor Waterworks, Inc., a Florida corporation sufficient to provide access to Parcel 1A and 1B, First American Title reserves the right to make additional requirements upon review.
18. Grant of Easement for utilities from Harbor Hills Country Club, L.P., a Delaware limited partnership, d/b/a Harbor Hills Country Club Ltd. to Harbor Waterworks, Inc., a Florida corporation. (as to Parcel 5)
19. Proof of payment of any Condominium Association liens and/or assessments.
20. Written evidence, from appropriate governmental authorities, that Special Taxing District, City and County Special Assessment Liens, MSBU Assessment Liens, Impact Fees, and Water, Sewer and Trash Removal Charges, if any, have been paid.

21. Note: 2011 ad valorem taxes show **PAYABLE** in the gross amount of \$16,464.37 for Tax Identification No. 1318240500-00K-00001. (Parcels 1A and B)
22. Note: 2011 ad valorem taxes show **PAYABLE** in the gross amount of \$191.23 for Tax Identification No. 1318240500-00M-00000. (Parcel 2)
23. Note: 2011 ad valorem taxes show **PAYABLE** in the gross amount of \$30.02 for Tax Identification No. 1318240515-00A-00000. (Parcel 2)
24. Note: 2011 ad valorem taxes show **PAYABLE** in the gross amount of \$2,159.10 for Tax Identification No. 1318240500-00P-00000. (Parcel 3)
25. Note: 2011 ad valorem taxes show **NO TAX DUE** in the gross amount of \$.00 for Tax Identification No. 1318240522-A01-00000. (Parcel 3)
26. Note: 2011 ad valorem taxes show **NO TAX DUE** in the gross amount of \$.00 for Tax Identification No. 1318240500-00K-00000. (Parcel 4)
27. Note: 2011 ad valorem taxes show **NO TAX DUE** in the gross amount of \$.00 for Tax Identification No. 1318240515-000-00000. (Parcel 5)

NOTE: The following conveyance(s) have been recorded within the last 24 months:

NONE



**First American Title**

**Commitment for Title Insurance**

ISSUED BY

**First American Title Insurance Company**

**5011612 - 2061-2694250**

**Schedule BII**

Agent File Number: 12-030  
FAST File Number: 2061-2694250

**PART II**

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the Public Records or attaching subsequent to the Effective Date but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Any rights, interests, or claims of parties in possession of the land not shown by the public records.
3. Any encroachment, encumbrance, violation, variation or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the land.
4. Any lien, for services, labor, or materials in connection with improvements, repairs or renovations provided before, on, or after Date of Policy, not shown by the public records.
5. Any dispute as to the boundaries caused by a change in the location of any water body within or adjacent to the land prior to Date of Policy, and any adverse claim to all or part of the land that is, at Date of Policy, or was previously under water.
6. Taxes or special assessments not shown as liens in the public records or in the records of the local tax collecting authority, at Date of Policy.
7. Any minerals or mineral rights leased, granted or retained by current or prior owners.
8. Taxes and assessments for the year 2012 and subsequent years, which are not yet due and payable.
9. Restrictions, covenants, conditions, and easements as shown on the Plat of HARBOR HILLS UNIT 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, amended by Surveyer's Affidavits recorded in Book 1014, Page 2259, and Book 1067, Page 239, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).

10. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessments, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Book 1010, Page 1830, Amended in Book 1055, Page 1564, Book 1067, Page 243, Book 1067, Page 2274, Book 1125, Page 2244, Book 1125, Page 2251, Book 1328, Page 835, Book 1403, Page 808, Book 1417, Page 706, Book 1696, Page 1695, Book 2879, Page 1260, Book 3014, Page 1265, Book 3866, Page 1812 and Book 3833, Page 2245, as affected by Corporate Resolution of the Harbor Hills Homeowners Association, Inc., recorded in Book 4019, Page 2104, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
11. Right-of-Way Easements in favor of Sumter Electric Cooperative, Inc. recorded in Book 1054, Page 2242.
12. Declaration of Easement and Joint Use Agreement recorded in Book 1696, Page 1701.
13. Ordinance #2010-45 recorded in Book 3949, Page 1649.
14. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page(s) 73, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
15. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS PHASE 5, as recorded in Plat Book 56, Page(s) 66, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
16. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of THE LANDINGS AT HARBOR HILLS, as recorded in Plat Book 40, Page(s) 29, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
17. Tract D of Parcel 2 is set forth as a buffer area per the Plat of Harbor Hills Unit 2A, recorded in Plat Book 32, Page 73.
18. Tract I of Parcel 3B is depicted as reserved for Park and Recreation on Plat of Harbor Hills Phase 5, recorded in Plat Book 56, Page 66 through 71.

Agent File Number: 12-030  
Issuing Office File Number: 2061-2694250

Note: All of the recording information contained herein refers to the Public Records of Lake County, Florida , unless otherwise indicated. Any reference herein to a Book and Page is a reference to the Official Record Books of said county, unless indicated to the contrary.

**Notices - Where Sent**

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, Attention: Claims Department, 1 First American Way, Santa Ana, CA 92707.

**Service, Quality and Availability**

First American Title Insurance Company cares about its customers and their ability to obtain information and service on a convenient, timely and accurate basis. A qualified staff of service representatives is dedicated to serving you. A toll-free number is available for your convenience in obtaining information about coverage and to provide assistance in resolving complaints at 1-800-929-7186. Office hours are from 8:30 a.m. through 5:30 p.m. Monday through Friday.



02/29/2012

Re: Agent File Number: **12-030**  
FAST File Number: **2061-2694250**

Property Address: , , FL

**YOU MAY BE ENTITLED TO A REDUCED PREMIUM FOR TITLE INSURANCE IF THIS OFFICE IS PROVIDED WITH A PRIOR OWNER'S POLICY INSURING THE SELLER OR MORTGAGOR IN THE CURRENT TRANSACTION.**

An order has been placed with this company for a title insurance policy. The purpose of this letter is to provide you with important information regarding the title insurance premium that has been or will be charged in connection with this transaction.

Eligibility for a discounted title insurance premium will depend on :

**REFINANCE TRANSACTIONS:**

To qualify for a reduced premium for title insurance you must provide our office with a copy of your prior owner's policy of title insurance insuring your title to the above-referenced property.

**SALES TRANSACTIONS:**

To qualify for a reduced premium for title insurance you must provide our office with a copy of your (or your seller's) prior owner's policy of title insurance insuring your title to the above-referenced property. The effective date of the prior owner's policy must be less than three years old or the property insured by the policy must be unimproved (except roads, bridges, drainage facilities and utilities are not considered improvements for this purpose).

To qualify for the reduced rate, you or your representative may hand deliver, mail or fax a copy of the prior owner's policy of title insurance to the above address or fax number prior to closing, although we will accept the prior policy up to 5 working days after the closing date of your transaction.



**Privacy Information**

**We Are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our subsidiaries we have adopted this Privacy Policy to govern the use and handling of your personal information.

**Applicability**

This Privacy Policy governs our use of the information that you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values.

**Types of Information**

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

**Use of Information**

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

**Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

**Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

**Information Obtained Through Our Web Site**

First American Financial Corporation is sensitive to privacy issues on the Internet. We believe it is important you know how we treat the information about you we receive on the Internet.

In general, you can visit First American or its affiliates' Web sites on the World Wide Web without telling us who you are or revealing any information about yourself. Our Web servers collect the domain names, not the e-mail addresses, of visitors. This information is aggregated to measure the number of visits, average time spent on the site, pages viewed and similar information. First American uses this information to measure the use of our site and to develop ideas to improve the content of our site.

There are times, however, when we may need information from you, such as your name and email address. When information is needed, we will use our best efforts to let you know at the time of collection how we will use the personal information. Usually, the personal information we collect is used only by us to respond to your inquiry, process an order or allow you to access specific account/profile information. If you choose to share any personal information with us, we will only use it in accordance with the policies outlined above.

**Business Relationships**

First American Financial Corporation's site and its affiliates' sites may contain links to other Web sites. While we try to link only to sites that share our high standards and respect for privacy, we are not responsible for the content or the privacy practices employed by other sites.

**Cookies**

Some of First American's Web sites may make use of "cookie" technology to measure site activity and to customize information to your personal tastes. A cookie is an element of data that a Web site can send to your browser, which may then store the cookie on your hard drive.

FirstAM.com uses stored cookies. The goal of this technology is to better serve you when visiting our site, save you time when you are here and to provide you with a more meaningful and productive Web site experience.

**Fair Information Values**

**Fairness** We consider consumer expectations about their privacy in all our businesses. We only offer products and services that assure a favorable balance between consumer benefits and consumer privacy.

**Public Record** We believe that an open public record creates significant value for society, enhances consumer choice and creates consumer opportunity. We actively support an open public record and emphasize its importance and contribution to our economy.

**Use** We believe we should behave responsibly when we use information about a consumer in our business. We will obey the laws governing the collection, use and dissemination of data.

**Accuracy** We will take reasonable steps to help assure the accuracy of the data we collect, use and disseminate. Where possible, we will take reasonable steps to correct inaccurate information. When, as with the public record, we cannot correct inaccurate information, we will take all reasonable steps to assist consumers in identifying the source of the erroneous data so that the consumer can secure the required corrections.

**Education** We endeavor to educate the users of our products and services, our employees and others in our industry about the importance of consumer privacy. We will instruct our employees on our fair information values and on the responsible collection and use of data. We will encourage others in our industry to collect and use information in a responsible manner.

**Security** We will maintain appropriate facilities and systems to protect against unauthorized access to and corruption of the data we maintain.



**First American Title**

**Commitment for Title Insurance**

ISSUED BY

**First American Title Insurance Company**

**5011612 - 2061-2694250**

**Commitment**

**FIRST AMERICAN TITLE INSURANCE COMPANY**, a California corporation (the "Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the Land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate six (6) months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

This Commitment shall not be valid or binding until countersigned by an authorized officer of the Company or an agent of the Company.

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IN WITNESS WHEREOF, First American Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the Effective Date shown in Schedule A.

**First American Title Insurance Company**



Dennis J. Gilmore  
President

Timothy Kemp  
Secretary

(This Commitment is valid only when Schedules A and B are attached)

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## CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company whether or not based on negligence arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. The policy to be issued will contain the following arbitration clause: Unless prohibited by applicable law, arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association may be demanded if agreed to by both the Company and the Insured at the time of the controversy or claim. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the Insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.  
The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules. A copy of the Rules may be obtained from the Company upon request.



ISSUED THROUGH THE OFFICE OF:



FIRST AMERICAN  
TITLE INSURANCE  
COMPANY

Corporate Office  
1 First American Way  
Santa Ana, CA 92707  
(800) 854-3643

**BOOTH & COOK, P. A.**  
ATTORNEYS AT LAW

**Stephen C. Booth**  
**J. Harris Cook**

---

**Damien A. D'Ascenzio**

**RIDGEWOOD EXECUTIVE CENTER**  
**7510 Ridge Road**  
**Port Richey, Florida 34668**  
**727/842-9105**  
**FAX: 727/848-7601**

March 6, 2012

Lake County Clerk of Court  
Attn: Official Records Recording Dept  
Mail Receiving Center (MRC)  
32400 C.R. 473  
Leesburg FL 34788  
(352) 253-2600

RE: Harbor Hills sale to Harbor Waterworks, Inc.  
Our # 12-030 scb/cb

Dear Clerk of Court/Recording Dept:

Enclosed find the following documents to be recorded in the order listed and returned to this office using the enclosed SASE.

1. Partial Release of Mortgage
2. Deed from Harbor Hills Country Club
3. Partnership Affidavit of Harbor Hills Country Club
4. Deed from Harbor Hills Utilities
5. Partnership Affidavit of Harbor Hills Utilities
6. Assignment of Easements
7. Bill of Sale

Feel free to contact me should further direction or assistance be required.

Sincerely,

Carolyn Bailey  
Legal Assistant

Enclosures

45.00

BOOTH & COOK, P.A.  
7510 RIDGE ROAD  
PORT RICKEY, FL 34883

This Instrument Prepared By:  
Martin S. Friedman, Esquire  
Sundstrom, Friedman & Fumero, LLP  
766 North Sun Drive  
Suite 4030  
Lake Mary, FL 32746

**PARTIAL RELEASE OF MORTGAGE**

*KNOW ALL MEN BY THESE PRESENTS:*

R:

**WHEREAS, HARBOR HILLS DEVELOPMENT, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development, LTD., and HARBOR HILLS COUNTRY CLUB, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Country Club, LTD.,** to CNLBank, dated October 24, 2004, recorded November 05, 2004, in Book 2696, Page 729, as modified by Notice of Future Advance and Note and Mortgage Modification Agreement recorded in Book 2903, Page 1919, Second Note and Mortgage Modification and Extension Agreement recorded January 07, 2008 in Book 3564, Page 1606, Third Note and Mortgage Modification and Extension Agreement recorded January 22, 2009 in Book 3722, Page 1711, Fourth Note and Mortgage Modification and Extension Agreement recorded February 04, 2010 in Book 3869, Page 1120, Fifth Note and Mortgage Modification and Extension Agreement recorded April 11, 2011 in Book 4020, Page 1251, and Sixth Note and Mortgage Modification and Extension Agreement recorded September 21, 2011 in Book 4075, Page 1204; Financing Statement recorded in Book 2696, Page 786; Continuation Statement recorded in Book 3835, Page 2173; Assignment of Rents and Leases from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd. and Harbor Hills Country Club L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to CNLBank recorded in Book 2696, Page 768, as to the property described in Schedule "A" hereof; Assignment of Permits and Developer's Rights recorded in Book 2696, Page 806; and Assignment of Rents and Leases from Harbor Hills Development, L.P., a Delaware limited partnership doing business in Florida as Harbor Hills Development Ltd., and Harbor Hills Country Club L.P., a Delaware limited partnership, d/b/a as Harbor Hills Country Club, Ltd. to CNLBank recorded in Book 2903, Page 1928.

AND WHEREAS, the said Mortgagors have requested the said Mortgagee to release the premises hereinafter described, being part of said mortgaged premises, from the lien and operation of said Mortgage;

NOW THEREFORE; that the said Mortgagee as well in consideration of the premises as of the sum of Thirty-Two Thousand Dollars (\$32,000.00), to it paid by the said Mortgagors at the time of the execution hereof, the receipt whereof is hereby acknowledged, does remise, release, quitclaim, exonerate and discharge from the lien and operation of said mortgage unto the said Mortgagors, their successors and/or assigns, all that piece, parcel or tract of land lying in Lake County, Florida, being a part of the premises conveyed by said mortgage, to wit:

**SEE, COMPOSITE EXHIBIT "A" attached hereto.**

TO HAVE AND TO HOLD the same, with the appurtenances, unto the said Mortgagors, their successors and/or assigns forever, freed, exonerated and discharged of and from the lien of said mortgage, and every part thereof; Provided always, nevertheless, that nothing herein contained shall in anywise impair,

alter or diminish the effect, lien or encumbrance of the aforesaid Mortgage on the remaining part of said mortgaged premises not hereby released therefrom, or any of the rights and remedies of the holder thereof.

IN WITNESS WHEREOF, the said Mortgagee has caused these presents to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers thereunto duly authorized, this 1<sup>st</sup> day of March, 2012.

Signed, sealed and delivered in the presence of:

CNL BANK

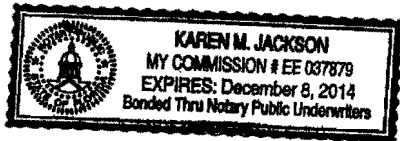
Karen M Jackson  
Witness Print Name KAREN M JACKSON  
Dorothy Morin  
Witness Print Name DOROTHY MORIN

BY: Jessica L. Williams  
Print Name: Jessica L. Williams  
Its: Vice President

STATE OF FLORIDA  
COUNTY OF ORANGE

The forgoing instrument was acknowledged before me this 1 day of March 2012, by Jessica L. Williams, the Vice President of CNLBank on behalf of the corporation, being known to me or have/has produced \_\_\_\_\_ as identification.

(Seal)



Karen M Jackson  
Notary Public - State of Florida  
Notary Printed Name KAREN M JACKSON  
My Commission Expires: 12-8-14



**EXHIBIT "A"**  
**Legal Description**

**PARCEL 1**

**Parcel A:**

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 101.58 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 106.06 feet; thence South 89°40'51" West 90.29 feet; thence North 21°53'12" East, 114.56 feet; thence North 89°40'51" East to the East line of said Section 13, 46.99 feet, to the Point of Beginning.

**Parcel B:**

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 258.82 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 45.51 feet; thence South 74°31'53" West 47.68 feet; thence North 15°28'07" West, 43.92 feet; thence North 74°31'53" East to the East line of said Section 13, 59.57 feet to the Point of Beginning.

**PARCEL 2**

A portion of Tract "M" (Sewage Treatment Facilities), PLAT OF HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northerly point of tangency of Tract "O" as recorded in Plat Book 30, Page 26, Public Records of Lake County, Florida, and the Southerly right-of-way line of Lake Griffin Road, S. 71°23'35" E. along said right-of-way line, 50.00 feet, to the (P.O.B.) Point of Beginning; thence continue S. 71°23'35" E. along said Southerly right-of-way line

283.66 feet; thence departing said right-of-way line S. 45°42'54" E. to a point on the Northerly projection of the West right-of-way line of Landings Boulevard, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida, 340.43 feet; thence S. 36°29'19" W. along said West right-of-way 207.43 feet, to a point of curvature, of a curve concave Northerly, having a radius of 25.00 feet and a central angle of 90°00'00", thence departing said right-of-way, Southwesterly along the arc of said curve, 39.27 feet to the point of tangency and the South line of the aforementioned Tract "M", said arc having a chord bearing and distance of S. 81°29'19" W, 35.36 feet; thence N. 53°30'41" W. along the South line of said Tract "M" 450.14 feet to the point of curvature of a curve concave Southerly, having a radius of 125.00 feet and a central angle of 31°04'41", thence Northwesterly along the arc of said curve, 67.80 feet to an intersection of the West line of said Tract "M", said arc having a chord bearing and distance of N. 69°02'57" W. 66.96 feet; thence N. 18°36'25" E. along the West line of said Tract "M", to the South right-of-way line of Lake Griffin Road, 220.08 feet, to the (P.O.B.) Point of Beginning.

Together with the North 1/2 of Tract "D", HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida.

### PARCEL 3

#### Parcel A:

A portion of Well Site No. 2, depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 13 through 27, Public Records of Lake County, Florida, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 15, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 85.78 feet; thence departing said North line, S. 09°25'38" W. 54.06 feet to the (P.O.B.) Point of Beginning; thence continue S. 09°25'38" W. 90.00 feet; thence N. 81°33'51" W, 56.00 feet; thence N. 09°25'38" E. 90.00 feet; thence S. 81°33'51" E. 56.00 feet, to the (P.O.B.) Point of Beginning.

#### Parcel B:

Together with an easement for ingress and egress over a portion depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 15, and a portion of Tract "I", as recorded in Plat Book 56, Page 66 through 71, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259-2260, Public Records of Lake County, Florida, more particularly described as follows:

Beginning (P.O.B.) at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 60.46 feet; thence departing said North line, S. 09°25'38" W. 147.70 feet; thence N. 81°33'51" W. 25.00 feet; thence N. 09°25'38" E. to the North line of said Tract "P", 144.08 feet; thence continue N. 09°25'38" E. 25.33 feet; thence S. 89°47'09" E. to an intersection of and Easterly line of said Tract "I", 68.44 feet; thence S. 27°46'55" E. along said Easterly line, 28.31 feet to the Point of Beginning.

PARCEL 4

Well Site No. 1: A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 235.00 feet to the Point of Beginning (P.O.B.); from the P.O.B. thus described, proceed South 74°31'53" West 80 feet; thence North 15°28'07" West 50.00 feet; thence North 89°40'51" East to a point on the East line of said Section 13; thence South 00°19'09" East along said East line to the Point of Beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, instrument recorded in Official Records Book 1351, Page 1644, Public Records of Lake County, Florida.

PARCEL 5

Easement for utilities over and across the following described property:

A portion of W.R.A. #21 and Lot 50, HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Pages 73 and 74, Public Records of Lake County, Florida. Said Lot 50 now being a portion of Lot 11 of THE LANDINGS AT HARBOR HILLS, recorded in Plat Book 40, Page 29, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northeasterly point of tangency of W.R.A. #21, N. 36°29'19" E. along the West right-of-way line of Landings Boulevard, HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Pages 73 and 74, Public Records of Lake County, Florida, 58.61 feet, to the (P.O.B.) Point of Beginning; thence departing said West right-of-way line, N. 53°30'41" W. to the West line of a 10.00 foot drainage and utility easement as per Note No. 4 Plat Book 32, Page 73, Public Records of Lake County, Florida, 10.00 feet; thence N. 36°29'19" E. along said West line, to an intersection of a 7.50 foot drainage and utility easement of the South line of Lot 50 as per Note No. 2 Plat Book 32, Page 73, Public Records of Lake County, Florida, 18.00 feet; thence S. 53°30'41" E. along said 7.50 foot easement line, to the West right-of-way line of Landing Boulevard, 10.00 feet; thence departing said 7.50 foot easement line, S. 36°29'19" W. along the West right-of-way line of Landing Boulevard, 18.00 feet, to the (P.O.B.) Point of Beginning.

297  
EIGHT & CORK, P.A.  
7011 ROSE ROAD  
PORT HURON, FL 32469

910.00 d.s.  
945.50

Prepared by and return to:  
Martin S. Friedman, Esquire  
Sundstrom, Friedman & Fumero, LLP  
766 N. Sun Drive, Suite 4030  
Lake Mary, Florida 32746

Consideration: \$130,000.<sup>00</sup>

**WARRANTY DEED**

**THIS WARRANTY DEED** effective the 28th day of February, 2012, by **HARBOR HILLS COUNTRY CLUB, L.P.**, a Delaware limited partnership d/b/a **HARBOR HILLS COUNTRY CLUB, LTD.**, hereinafter called "Grantor," to **HARBOR WATERWORKS, INC.**, a Florida corporation, hereinafter called "Grantee";

**WITNESSETH:** That Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, by these presents does hereby grant, bargain, sell, alien, remise, release, convey and confirm unto Grantee, all that certain land situated in Lake County, Florida as shown and more particularly described on Exhibit "A" attached hereto and incorporated herein (the "Property").

**TOGETHER** with all the tenements, hereditaments and appurtenances thereto of Grantor belonging or in anyway appertaining to the Property, subject to the permitted encumbrances identified on Exhibit "B" attached hereto and incorporated herein (the "Permitted Encumbrances").

**TO HAVE AND TO HOLD**, the same in fee simple forever.

**AND** except for the Permitted Encumbrances described herein, Grantor, for itself and its successors, hereby covenants with said Grantee and Grantee's successors and assigns that Grantor is lawfully seized of the Property in fee simple; that Grantor has good, right and lawful authority to sell and convey the Property; that Grantor hereby warrants the title to the Property and will defend the same against the lawful claims of all persons claiming by, through or under Grantor, and that the Property is free of all encumbrances, except the Permitted Encumbrances.

**IN WITNESS WHEREOF**, Grantor has caused this Warranty Deed in favor of Grantee to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers hereunto duly authorized, the day, month and year first above written.

Signed, sealed and delivered  
in the presence of:

**HARBOR HILLS COUNTRY CLUB, L.P.**  
d/b/a **HARBOR HILLS COUNTRY CLUB,**  
**LTD.**, by H.H.C.C., Inc., a Delaware  
corporation, its general partner

Witness: [Signature]  
Witness Print: Lu Ann Frazee

BY: [Signature]  
Michael A. Rich, President

Witness: [Signature]  
Witness Print: Reinhold C. Gessner

**EXHIBIT "A"**  
**THE PROPERTY**

**PARCEL 1**

**Parcel A:**

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 101.58 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 106.06 feet; thence South 89°40'51" West 90.29 feet; thence North 21°53'12" East, 114.56 feet; thence North 89°40'51" East to the East line of said Section 13, 46.99 feet, to the Point of Beginning.

**Parcel B:**

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 258.82 feet to the Point of Beginning (P.O.B.); from the P.O.B. thence described, thence continue South 00°19'09" East along said East line of Section 13, 45.51 feet; thence South 74°31'53" West 47.68 feet; thence North 15°28'07" West, 43.92 feet; thence North 74°31'53" East to the East line of said Section 13, 59.57 feet to the Point of Beginning.

**PARCEL 2**

A portion of Tract "M" (Sewage Treatment Facilities), PLAT OF HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northerly point of tangency of Tract "O" as recorded in Plat Book 30, Page 26, Public Records of Lake County, Florida, and the Southerly right-of-way line of Lake Griffin Road, S. 71°23'35" E. along said right-of-way line, 50.00 feet, to the (P.O.B.) Point of Beginning; thence continue S. 71°23'35" E. along said Southerly right-of-way line 283.66 feet; thence departing said right-of-way line S. 45°42'54" E. to a point on the Northerly projection of the West right-of-way line of Landings Boulevard, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida, 340.43 feet; thence S. 36°29'19" W. along said West right-of-way 207.43 feet, to a point of curvature, of a curve concave Northerly, having a radius of 25.00 feet and a central angle of 90°00'00", thence departing said right-of-way, Southwesterly along the arc of said curve, 39.27 feet to the point of tangency and the South line of the aforementioned Tract "M", said arc having a chord bearing and distance of S. 81°29'19" W, 35.36 feet; thence N. 53°30'41" W. along the South line of said Tract "M" 450.14 feet to the point of curvature of a curve concave Southerly, having a radius of 125.00 feet and a central angle of 31°04'41", thence Northwesterly along the arc of said curve, 67.80 feet to an intersection of the West line of said Tract "M", said arc having a chord bearing and distance of N. 69°02'57" W. 66.96 feet; thence N. 18°36'25" E. along the West line of said Tract "M", to the South right-of-way line of Lake Griffin Road, 220.08 feet, to the (P.O.B.) Point of Beginning.

Together with the North 1/2 of Tract "D", HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida.

## EXHIBIT "B"

### THE PERMITTED ENCUMBRANCES

1. Restrictions, covenants, conditions, and easements as shown on the Plat of HARBOR HILLS UNIT 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, amended by Surveyor's Affidavits recorded in Book 1014, Page 2259, and Book 1067, Page 239, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
2. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessments, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Book 1010, Page 1830, Amended in Book 1055, Page 1564, Book 1067, Page 243, Book 1067, Page 2274, Book 1125, Page 2244, Book 1125, Page 2251, Book 1328, Page 835, Book 1403, Page 808, Book 1417, Page 706, Book 1696, Page 1695, Book 2879, Page 1260, Book 3014, Page 1265, Book 3866, Page 1812 and Book 3833, Page 2245, as affected by Corporate Resolution of the Harbor Hills Homeowners Association, Inc., recorded in Book 4019, Page 2104, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
3. Right-of-Way Easements in favor of Sumter Electric Cooperative, Inc. recorded in Book 1054, Page 2242.
4. Declaration of Easement and Joint Use Agreement recorded in Book 1696, Page 1701.
5. Ordinance #2010-45 recorded in Book 3949, Page 1649.
6. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page(s) 73, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
7. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS PHASE 5, as recorded in Plat Book 56, Page(s) 66, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
8. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of THE LANDINGS AT HARBOR HILLS, as recorded in Plat Book 40, Page(s) 29, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).

303  
R. EGGH & COOK, P.A.  
7510 RIDGE ROAD  
PORT RICHEY, FL 34688

**PARTNERSHIP AFFIDAVIT**  
**Harbor Hills Country Club, L.P.**  
**d/b/a Harbor Hills Country Club, Ltd.**

State of Florida  
County of Lake

The undersigned as President of H.H.C.C., Inc, the general partner of the Partnership, being duly sworn, deposes and says:

That said partnership named Harbor Hills Country Club, L.P., a Delaware limited partnership, dated December 31, 1993 has not been dissolved, and that the Partnership is still in full force and effect and that H.H.C.C., Inc is still the General Partner and has full power to grant, sell, convey, purchase and refinance the real property described on Exhibit "A" hereto.

The Partnership Agreement and all Amendments are attached hereto and are true and correct. Further your affiant sayeth naught.

H.H.C.C., Inc.  
Michael A. Rich  
Michael Rich, President

The foregoing instrument was sworn to, subscribed and acknowledged before me this 2 day of March, 2012, by Michael Rich, as President of H.H.C.C., Inc., who is personally known to me or who produced a driver's license as identification and who did take an oath.

Lu Ann Frazee  
Notary Public  
Print Name: Lu Ann Frazee

My Commission expires: May 5, 2015

Notary seal



**EXHIBIT "A"**  
**THE PROPERTY**

**PARCEL 1**

**Parcel A:**

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

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**Parcel B:**

A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

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**PARCEL 2**

A portion of Tract "M" (Sewage Treatment Facilities), PLAT OF HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the most Northerly point of tangency of Tract "O" as recorded in Plat Book 30, Page 26, Public Records of Lake County, Florida, and the Southerly right-of-way line of Lake Griffin Road, S. 71°23'35" E. along said right-of-way line, 50.00 feet, to the (P.O.B.) Point of Beginning; thence continue S. 71°23'35" E. along said Southerly right-of-way line 283.66 feet; thence departing said right-of-way line S. 45°42'54" E. to a point on the Northerly projection of the West right-of-way line of Landings Boulevard, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida, 340.43 feet; thence S. 36°29'19" W. along said West right-of-way 207.43 feet, to a point of curvature, of a curve concave Northerly, having a radius of 25.00 feet and a central angle of 90°00'00", thence departing said right-of-way, Southwesterly along the arc of said curve, 39.27 feet to the point of tangency and the South line of the aforementioned Tract "M", said arc having a chord bearing and distance of S. 81°29'19" W, 35.36 feet; thence N. 53°30'41" W. along the South line of said Tract "M" 450.14 feet to the point of curvature of a curve concave Southerly, having a radius of 125.00 feet and a central angle of 31°04'41", thence Northwesterly along the arc of said curve, 67.80 feet to an intersection of the West line of said Tract "M", said arc having a chord bearing and distance of N. 69°02'57" W. 66.96 feet; thence N. 18°36'25" E. along the West line of said Tract "M", to the South right-of-way line of Lake Griffin Road, 220.08 feet, to the (P.O.B.) Point of Beginning.

Together with the North 1/2 of Tract "D", HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page 73, Public Records of Lake County, Florida.



910.00  
945.00

Prepared by and return to:  
Martin S. Friedman, Esquire  
Sundstrom, Friedman & Fumero, LLP  
766 N. Sun Drive, Suite 4030  
Lake Mary, Florida 32746

Consideration: \$130,000.00

**WARRANTY DEED**

**THIS WARRANTY DEED** effective as of the 29th day of February, 2012, by **HARBOR HILLS UTILITIES, L.P.**, a Delaware limited partnership d/b/a **HARBOR HILLS UTILITIES LTD.**, hereinafter called "Grantor," to **HARBOR WATERWORKS, INC.**, a Florida corporation, hereinafter called "Grantee";

**WITNESSETH:** That Grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, by these presents does hereby grant, bargain, sell, alien, remise, release, convey and confirm unto Grantee, all that certain land situated in Lake County, Florida as shown and more particularly described on Exhibit "A" attached hereto and incorporated herein (the "Property").

**TOGETHER** with all the tenements, hereditaments and appurtenances thereto of Grantor belonging or in anyway appertaining to the Property, subject to the permitted encumbrances identified on Exhibit "B" attached hereto and incorporated herein (the "Permitted Encumbrances").

**TO HAVE AND TO HOLD**, the same in fee simple forever.

**AND** except for the Permitted Encumbrances described herein, Grantor, for itself and its successors, hereby covenants with said Grantee and Grantee's successors and assigns that Grantor is lawfully seized of the Property in fee simple; that Grantor has good, right and lawful authority to sell and convey the Property; that Grantor hereby warrants the title to the Property and will defend the same against the lawful claims of all persons claiming by, through or under Grantor, and that the Property is free of all encumbrances, except the Permitted Encumbrances.

**IN WITNESS WHEREOF**, Grantor has caused this Warranty Deed in favor of Grantee to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers hereunto duly authorized, the day, month and year first above written.

Signed, sealed and delivered  
in the presence of:

**HARBOR HILLS UTILITIES, L.P.**, d/b/a  
**HARBOR HILLS UTILITIES, LTD.**, by  
H.H.C.C., Inc., a Delaware corporation, its  
general partner

Sign: [Signature]  
Print: Lu Ann France

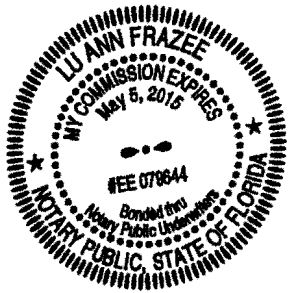
BY: [Signature]  
Michael A. Rich, President

Sign: [Signature]  
Print: Reinhold C. Gessner

[NOTARY ATTESTATION ON PAGE 2 HEREOF.]

STATE OF FLORIDA  
COUNTY OF Lake

This instrument was acknowledged before me this 2 day of March, 2012 by Michael A. Rich, President of H.H.C.C., Inc., as general partner of Harbor Hills Utilities, L.P., on behalf of said entity. He is personally known to me ~~or has provided~~ \_\_\_\_\_ as identification.



Lu Ann Frazee  
Notary Public, State of Florida  
My Commission Expires: May 5, 2015  
Printed Name: Lu Ann Frazee

**EXHIBIT "A"**  
**THE PROPERTY**

**PARCEL 3**

Parcel A:

A portion of Well Site No. 2, depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 13 through 27, Public Records of Lake County, Florida, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 15, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 85.78 feet; thence departing said North line, S. 09°25'38" W. 54.06 feet to the (P.O.B.) Point of Beginning; thence continue S. 09°25'38" W. 90.00 feet; thence N. 81°33'51" W, 56.00 feet; thence N. 09°25'38" E. 90.00 feet; thence S. 81°33'51" E. 56.00 feet, to the (P.O.B.) Point of Beginning. All being in Lake County, Florida.

Parcel B:

Together with an easement for ingress and egress over a portion depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 15, and a portion of Tract "I", as recorded in Plat Book 56, Page 66 through 71, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259-2260, Public Records of Lake County, Florida, more particularly described as follows:

Beginning (P.O.B.) at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 60.46 feet; thence departing said North line, S. 09°25'38" W. 147.70 feet; thence N. 81°33'51" W. 25.00 feet; thence N. 09°25'38" E. to the North line of said Tract "P", 144.08 feet; thence continue N. 09°25'38" E. 25.33 feet; thence S. 89°47'09" E. to an intersection of and Easterly line of said Tract "I", 68.44 feet; thence S. 27°46'55" E. along said Easterly line, 28.31 feet to the Point of Beginning.

**PARCEL 4**

Well Site No. 1: A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 235.00 feet to the Point of Beginning (P.O.B.); from the P.O.B. thus described, proceed South 74°31'53" West 80 feet; thence North 15°28'07" West 50.00 feet; thence North 89°40'51" East to a point on the East line of said Section 13; thence South 00°19'09" East along said East line to the Point of Beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, instrument recorded in Official Records Book 1351, Page 1644, Public Records of Lake County, Florida.

## EXHIBIT "B"

### **THE PERMITTED ENCUMBRANCES**

1. Restrictions, covenants, conditions, and easements as shown on the Plat of HARBOR HILLS UNIT 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, amended by Surveyor's Affidavits recorded in Book 1014, Page 2259, and Book 1067, Page 239, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
2. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessments, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Book 1010, Page 1830, Amended in Book 1055, Page 1564, Book 1067, Page 243, Book 1067, Page 2274, Book 1125, Page 2244, Book 1125, Page 2251, Book 1328, Page 835, Book 1403, Page 808, Book 1417, Page 706, Book 1696, Page 1695, Book 2879, Page 1260, Book 3014, Page 1265, Book 3866, Page 1812 and Book 3833, Page 2245, as affected by Corporate Resolution of the Harbor Hills Homeowners Association, Inc., recorded in Book 4019, Page 2104, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
3. Right-of-Way Easements in favor of Sumter Electric Cooperative, Inc. recorded in Book 1054, Page 2242.
4. Declaration of Easement and Joint Use Agreement recorded in Book 1696, Page 1701.
5. Ordinance #2010-45 recorded in Book 3949, Page 1649.
6. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page(s) 73, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
7. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS PHASE 5, as recorded in Plat Book 56, Page(s) 66, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
8. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of THE LANDINGS AT HARBOR HILLS, as recorded in Plat Book 40, Page(s) 29, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
9. Tract I of Parcel 3B is depicted as reserved for Park and Recreation on Plat of Harbor Hills Phase 5, recorded in Plat Book 56, Page 66 through 71.

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SMITH & COOK, P.A.  
7510 RIDGE ROAD  
PORT RICHEY, FL 34683

R-

**PARTNERSHIP AFFIDAVIT**  
**Harbor Hills Utilities, L.P.**  
**d/b/a Harbor Hills Utilities, Ltd.**

State of Florida  
County of Lake

The undersigned as President of H.H.C.C., Inc, the general partner of the Partnership, being duly sworn, deposes and says:

That said partnership named Harbor Hills Utilities, L.P., a Delaware limited partnership, dated December 31, 1993 has not been dissolved, and that the Partnership is still in full force and effect and that H.H.C.C., Inc is still the General Partner and has full power to grant, sell, convey, purchase and refinance the real property described on Exhibit "A" hereto.

The Partnership Agreement and all Amendments are attached hereto and are true and correct. Further your affiant sayeth naught.

H.H.C.C., Inc.

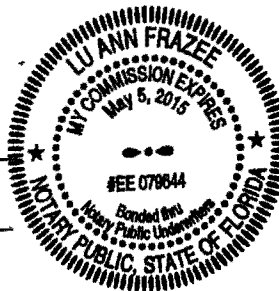
Michael Rich  
Michael Rich, President

The foregoing instrument was sworn to, subscribed and acknowledged before me this 2 day of March, 2012, by Michael Rich, as President of H.H.C.C., Inc., who is personally known to me or who produced a driver's license as identification and who did take an oath.

Lu Ann Frazee  
Notary Public  
Print Name: Lu Ann Frazee

My Commission expires: May 5, 2015

Notary seal



**EXHIBIT "A"**  
**THE PROPERTY**

**PARCEL 3**

Parcel A:

A portion of Well Site No. 2, depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 13 through 27, Public Records of Lake County, Florida, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259, Public Records of Lake County, Florida, more particularly described as follows:

Commencing at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 15, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 85.78 feet; thence departing said North line, S. 09°25'38" W. 54.06 feet to the (P.O.B.) Point of Beginning; thence continue S. 09°25'38" W. 90.00 feet; thence N. 81°33'51" W, 56.00 feet; thence N. 09°25'38" E. 90.00 feet; thence S. 81°33'51" E. 56.00 feet, to the (P.O.B.) Point of Beginning. All being in Lake County, Florida.

Parcel B:

Together with an easement for ingress and egress over a portion depicted as Tract "O" and subsequently depicted as Tract "P", as recorded in Plat Book 30, Page 15, and a portion of Tract "I", as recorded in Plat Book 56, Page 66 through 71, corrected by Surveyor's Affidavit in Official Record Book 1014, Page 2259-2260, Public Records of Lake County, Florida, more particularly described as follows:

Beginning (P.O.B.) at the Northernmost point of tangency of Curve No. 2, as recorded in Plat Book 30, Page 13, Public Records of Lake County, Florida, thence N. 89°47'09" W. along the North line of Tract "P" 60.46 feet; thence departing said North line, S. 09°25'38" W. 147.70 feet; thence N. 81°33'51" W. 25.00 feet; thence N. 09°25'38" E. to the North line of said Tract "P", 144.08 feet; thence continue N. 09°25'38" E. 25.33 feet; thence S. 89°47'09" E. to an intersection of and Easterly line of said Tract "I", 68.44 feet; thence S. 27°46'55" E. along said Easterly line, 28.31 feet to the Point of Beginning.

**PARCEL 4**

Well Site No. 1: A portion of Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, being more particularly described as follows:

For a point of reference, begin at the intersection of the South right-of-way line of Lake Griffin Road and the East line of Section 13, Township 18 South, Range 24 East, as shown in the aforementioned Plat Book 30, at Page 25, proceed thence South 00°19'09" East along the East line of said Section 13, 235.00 feet to the Point of Beginning (P.O.B.); from the P.O.B. thus described, proceed South 74°31'53" West 80 feet; thence North 15°28'07" West 50.00 feet; thence North 89°40'51" East to a point on the East line of said Section 13; thence South 00°19'09" East along said East line to the Point of Beginning.

Together with a non-exclusive easement for ingress and egress over, upon and across Tract "K", HARBOR HILLS UNIT 1, as recorded in Plat Book 30, Pages 13 through 27, inclusive, Public Records of Lake County, Florida, corrected by Surveyor's Affidavits filed in Official Records Book 1014, Page 2259-2260, and Official Records Book 1067, Pages 239 through 242, Public Records of Lake County, Florida, instrument recorded in Official Records Book 1351, Page 1644, Public Records of Lake County, Florida.

## EXHIBIT "B"

### **THE PERMITTED ENCUMBRANCES**

1. Restrictions, covenants, conditions, and easements as shown on the Plat of HARBOR HILLS UNIT 1, recorded in Plat Book 30, Pages 13 through 27, inclusive, amended by Surveyor's Affidavits recorded in Book 1014, Page 2259, and Book 1067, Page 239, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
2. Restrictions, covenants, conditions and easements, which include provisions for a private charge or assessments, as contained in the Declaration of Covenants, Conditions and Restrictions recorded in Book 1010, Page 1830, Amended in Book 1055, Page 1564, Book 1067, Page 243, Book 1067, Page 2274, Book 1125, Page 2244, Book 1125, Page 2251, Book 1328, Page 835, Book 1403, Page 808, Book 1417, Page 706, Book 1696, Page 1695, Book 2879, Page 1260, Book 3014, Page 1265, Book 3866, Page 1812 and Book 3833, Page 2245, as affected by Corporate Resolution of the Harbor Hills Homeowners Association, Inc., recorded in Book 4019, Page 2104, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
3. Right-of-Way Easements in favor of Sumter Electric Cooperative, Inc. recorded in Book 1054, Page 2242.
4. Declaration of Easement and Joint Use Agreement recorded in Book 1696, Page 1701.
5. Ordinance #2010-45 recorded in Book 3949, Page 1649.
6. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS UNIT 2A, as recorded in Plat Book 32, Page(s) 73, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
7. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of HARBOR HILLS PHASE 5, as recorded in Plat Book 56, Page(s) 66, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
8. Restrictions, dedications, conditions, reservations, easements and other matters shown on the plat of THE LANDINGS AT HARBOR HILLS, as recorded in Plat Book 40, Page(s) 29, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).
9. Tract I of Parcel 3B is depicted as reserved for Park and Recreation on Plat of Harbor Hills Phase 5, recorded in Plat Book 56, Page 66 through 71.

60  
60  
SOUTH & COOK, P.A.  
7510 RIDGE ROAD  
PORT ROYALE, FL 33683

Prepared by and return to:  
Martin S. Friedman, Esq.  
Sundstrom, Friedman & Fumero, LLP  
766 N. Sun Drive, Suite 4030  
Lake Mary, Florida 32746

## ASSIGNMENT OF EASEMENTS

R:  
**THIS ASSIGNMENT OF EASEMENTS** (this "Assignment") is made as of the 29<sup>th</sup> day of February, 2012, by **HARBOR HILLS UTILITIES, L.P.**, a Delaware limited partnership d/b/a **HARBOR HILLS UTILITIES, LTD.**, a Florida limited partnership ("Assignor") to **HARBOR WATERWORKS, INC.**, Florida corporation ("Assignee"). Capitalized terms not defined herein shall have the meaning(s) ascribed to them in that certain Asset Purchase Agreement dated February, 2012, (the "Purchase Agreement").

**WHEREAS**, among the Assets owned by Assignor and intended to be conveyed to Assignee, in accordance with the Purchase Agreement, are the rights of Assignor under all easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, canals, streets and other areas owned or used by Assignor for the construction, operation and maintenance of the Utility System, as described and set forth in the Purchase Agreement (the "Easements"); and

**WHEREAS**, Assignor has agreed to transfer to Assignee any and all of the rights, title and interest of Assignor as grantee under the Easements, including, but not limited to, those certain Easements described in Exhibit "A" attached hereto and made a part hereof.

**NOW, THEREFORE**, in consideration of the mutual promises, covenants, representations and agreements contained herein, together for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Assignor hereby quit claims, conveys and assigns unto Assignee, its successors and assigns, all right, title and interest of Assignor, if any, in the Easements, together with all other recorded or unrecorded rights, privileges, easements, licenses, prescriptive rights, rights-of-way, and rights to use public and private roads, highways, canals, streets, and other areas owned or used by Assignor in connection with the construction, reconstruction, installation, expansion, maintenance, and operation of the Utility System or the Assets; provided however that, other than as contained in the Purchase Agreement, Assignor makes no representation or warranty herein regarding the Easements.

2. Assignee hereby accepts the transfer and assignment of the Easements as set forth in Paragraph 1 herein, and assumes the performance, obligations, duties and liabilities of Assignor under such Easements which accrue thereunder from and after the date hereof. As of the date of this Assignment, and pursuant to the Purchase Agreement, Assignor's obligations and



responsibilities to act under such Easements shall cease and terminate. Assignor shall have no liability or obligation with respect to the Easements after the date hereof, other than those which accrued prior to the date hereof.

3. The parties covenant and agree for themselves and their successors and assigns that Assignor will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered any and all such further acts, instruments, papers and documents, as may be necessary, proper or convenient to carry out and effectuate the intent and purposes of this Assignment.

4. This Assignment shall inure to the benefit of Assignee, its successors and permitted assigns, and shall bind Assignor and its successors and permitted assigns. This Assignment is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

5. This Assignment shall be governed in all respects, whether as to validity, construction, capacity, performance or otherwise, by the laws of the State of Florida applicable to contracts made and to be performed within that state.

6. If any term or provision of this Assignment shall, to any extent or for any reason, be held to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby and shall be construed as if such invalid or unenforceable provision had never been contained herein or been applicable in such circumstances.

7. This Assignment incorporates the Purchase Agreement and by reference all definitions, terms, provisions, conditions and limitations set forth therein. In the event of any conflict or inconsistency between the definitions, terms, provisions, conditions and limitations set forth in the Purchase Agreement and those which are set forth in this Assignment, the definitions, terms, provisions, conditions and limitations set forth in the Purchase Agreement shall supersede and prevail.

8. This Assignment may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same Assignment.

Executed as of the day and year first above written.

**[SIGNATURES ON FOLLOWING PAGES]**

WITNESSED:

HARBOR HILLS UTILITIES, L.P., d/b/a  
HARBOR HILLS UTILITIES, LTD., by  
H.H.C.C., Inc., a Delaware corporation, its  
general partner

*Lu Ann Frazee*  
Print Name: Lu Ann Frazee

By: *Michael A. Rich*  
Michael A. Rich, President

*Reinhold C. Gessner*  
Print Name: Reinhold C. Gessner

STATE OF FLORIDA

COUNTY OF Lake

This instrument was acknowledged before me this 2 day of March, 2012, by Michael A. Rich, as President of H.H.C.C., Inc., general partner of Harbor Hills Utilities, L.P., a Florida limited liability partnership, on its behalf.

*Lu Ann Frazee*  
Notary Public State of Florida  
*Lu Ann Frazee*  
(Print, Type or Stamp Commissioned Name)

Personally Known OR Produced Identification  
Type of Identification Produced \_\_\_\_\_



WITNESSED:

*V. Penick*

Print Name: *Vickie Penick*

*Carolyn Bailey*

Print Name: CAROLYN BAILEY

HARBOR WATERWORKS, INC., a Florida corporation

By: *Gary A. Deremer*  
Gary A. Deremer, President

STATE OF FLORIDA

COUNTY OF *Pasco*

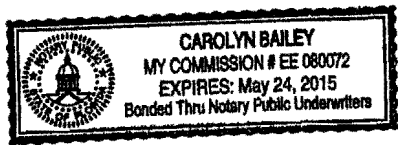
This instrument was acknowledged before me this *2* day of March, 2012, by Gary A. Deremer, President of Harbor Waterworks, Inc., on its behalf.

*Carolyn Bailey*

Notary Public, State of Florida

(Print, Type or Stamp Commissioned Name)

Personally Known OR  Produced Identification  
Type of Identification Produced \_\_\_\_\_



**EXHIBIT "A"**

**EASEMENTS**

NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS OVER, UPON AND ACROSS TRACT "K", HARBOR HILLS UNIT 1, AS RECORDED IN PLAT BOOK 30, PAGES 13 THROUGH 27, INCLUSIVE, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA, CORRECTED BY SURVEYOR'S AFFIDAVITS FILED IN OFFICIAL RECORDS BOOK 1014, PAGE 2259-2260, AND OFFICIAL RECORDS BOOK 1067, PAGES 239 THROUGH 242, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA. INSTRUMENT RECORDED IN OFFICIAL RECORDS BOOK 1351, PAGE 1644, PUBLIC RECORDS OF LAKE COUNTY, FLORIDA.

**EXHIBIT P**  
**Rule 25-30.037 (2)(s)**

**Sample tariff sheets for each system proposed to be transferred reflecting the change in ownership, the existing rates and charges, and the territorial descriptions for each water and wastewater system.**

See attached sample tariffs in accordance with the Model Tariff documents found on the FPSC website. In addition HWW has provided the following documents from Harbor Hills regarding tariff sheets:

2009 FPSC Approval for 2009 Price Index – Second Revised Sheets No.’s 16.0 & 17.00  
Original Sheet No. 18.0 Multi-Residential Service  
Original Sheet No. 19.0 Fire Protection Service (NA)  
Original Sheet No. 20.0 Schedule of Customer Deposits  
Original Sheet No. 21.0 Schedule of Meter Test Deposits  
Original Sheet No. 22.0 Miscellaneous Service Charges  
Original Sheet No. 23.0 Service Availability Schedule of Fees and Charges  
Original Sheet No. 24.0 Index of Standard Forms  
Original Sheet No. 29.0 Held for Future Use  
Original Sheet No. 30.0 Index of Service Availability  
Original Sheet No. 31.0 Service Availability Policy

**WATER TARIFF**

**HARBOR WATERWORKS, INC.  
NAME OF COMPANY**

**FILED WITH  
FLORIDA PUBLIC SERVICE COMMISSION**

WATER TARIFF

**HARBOR WATERWORKS, INC.**

NAME OF COMPANY

Harbor Waterworks, Inc.  
Attn: Gary Deremer  
5320 Captains Court  
New Port Richey, FL 34652

Telephone: (727) 848 8292

FILED WITH

FLORIDA PUBLIC SERVICE COMMISSION

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

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	Sheet Number
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Rates and Charges Schedules .....	11.0
Rules and Regulations .....	6.0
Service Availability Policy .....	23.0
Standard Forms.....	18.0
Technical Terms and Abbreviations.....	5.0
Territory Authority.....	3.0

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE



NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

TERRITORY AUTHORITY

CERTIFICATE NUMBER – 522-W

COUNTY - Lake

COMMISSION ORDER(s) APPROVING TERRITORY SERVED -

Order Number

Date Issued

Docket Number

Filing Type

(Continued to Sheet No. 3.1)

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

(Continued from Sheet No. 3.0)

DESCRIPTION OF TERRITORY SERVED

**Township 18 South, Range 24 East  
Sections 13 and 14**

**Township 18 South, Range 25 East  
Sections 7 and 18**

The following described lands located in portions of Sections 13 & 14, Township 18 South, Range 24 East, and Sections 7 & 18, Township 18 South, Range 25 East, Lake County, Florida:

Begin at the Southeast corner of Section 12, Township 18 South, Range 24 East, for the Point of Beginning; thence run North 00°07'21" West along the East boundary of said Section 12 a distance of 66.62 feet to the centerline of Lake Griffin Road and a point on a curve having a radial bearing of North 27°13'16" West, said curve being concave Northwesterly having a radius of 615.63 feet; thence run Easterly along said centerline an arc distance of 228.02 feet, said arc having a delta of 21°13'18", a tangent distance of 115.33 feet, a chord bearing of North 52°10'04" East and a chord distance of 226.72 feet to a point of tangency; thence run North 41°33'27" East along said centerline a distance of 403.94 feet to a point of curvature, said curve being concave Northwesterly having a radius of 1,730.29 feet; thence run Northeasterly along said centerline an arc distance of 240.35 feet, said arc having a delta of 07°57'32", a tangent distance of 120.37 feet, a chord bearing of North 37°34'41" East and a chord distance of 240.16 feet to a point of tangency; thence run North 33°35'55" East along said centerline a distance of 88.27 feet to a point of curvature, said curve being concave Southeasterly having a radius of 234.54 feet; thence run Easterly along said centerline an arc distance of 307.05 feet, said arc having a delta of 75°00'30", a tangent distance of 180.00 feet, a chord bearing of North 71°06'10" East and a chord distance of 285.59 feet to a point of tangency; thence run South 71°23'35" East along said centerline a distance of 606.85 feet to a point of curvature, said curve being concave Northeasterly having a radius of 919.44 feet; thence run Easterly along said centerline an arc distance of 249.03 feet, said arc having a delta of 15°31'06", a tangent distance of 125.28 feet, a chord bearing of South 79°09'08" East and a chord distance of 248.27 feet to a point of tangency; thence run South 86°54'41" East along said centerline of Lake Griffin Road a distance of 1,406.31 feet to the intersection of the East line of the Southwest 1/4 of the Southeast 1/4 of Section 7, Township 18 South, Range 25 East; thence run South 00°08'17" West along said East line a distance of 72.64 feet to a point on the North boundary of the Northeast 1/4 of Section 18, Township 18 South, Range 25 East; thence run North 89°14'04" East along the North boundary of said Section 18 a distance of 207.76 feet; thence run South 09°02'54" West a distance of 1,000 feet; thence run Easterly to the waters edge of Lake Griffin to a point, said point to be known as Point "A"; return to the Southeast corner of said Section 12 and the Point of Beginning; thence run South 89°40'50" West along the North boundary of the Northeast 1/4 of said Section 13 a distance of 278.32 feet; thence continue South 89°40'50" West

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

along said line a distance of 2,374.36 feet to the North 1/4 corner of said Section 13; thence run South 89°50'32" West along the North boundary of the Northwest 1/4 of said Section 13, a distance of 1,959.26 feet; thence run South 01°05'13" East along the West line of the East 1/2 of the Northwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 1,324.76 feet; thence South 89°50'18" West along the South line of said Northwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 329.42 feet; thence run South 01°15'47" East along the West line of the East 30 acres of the Southwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 1,324.85 feet; thence run North 89°50'05" East along the South line of said Southwest 1/4 of the Northwest 1/4 said Section 13, a distance of 986.58 feet to the Southeast corner of said Southwest 1/4 of the Northwest 1/4 of said Section 13; thence run South 01°07'54" East along the West line of the East 1/2 of the Southwest 1/4 of said Section 13 a distance of 2,426.57 feet; thence run South 89°54'49" East a distance of 210.00 feet; thence run South 01°07'54" East a distance of 210.00 feet to the South boundary of said Section 13; thence run North 89°54'49" West along said Southerly boundary a distance of 210.00 feet; thence run South 00°18'48" East along the West line of the East 1/2 of the Northwest 1/4 of Section 24, Township 18 South, Range 24 East, a distance of 2,676.64 feet to a point on the East-West mid-section line of said Section 24; thence run South 89°55'50" East along said mid-section line a distance of 663.16 feet; thence run North 00°06'52" West a distance of 669.10 feet; thence run South 89°55'35" east a distance of 665.48 feet; thence run North 00°05'03" East a distance of 9.04 feet; thence run South 89°55'19" East a distance of 660 feet; thence run North 00°05'03" East a distance of 1,997.99 feet to a point on the North boundary of said Section 24; thence run South 89°54'49" East along said North boundary line a distance of 613.85 feet; thence continue Easterly along said line to the waters edge of Lake Griffin; thence Northeasterly along the waters edge to said Point "A".

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.  
WATER TARIFF

COMMUNITIES SERVED LISTING

<u>County Name</u>	<u>Development Name</u>	<u>Rate Schedule(s) Available</u>	<u>Sheet No.</u>
Lake	Harbor Hills	GS, RS	12.0, 13.0

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

TECHNICAL TERMS AND ABBREVIATIONS

- 1.0 "BFC" - The abbreviation for "Base Facility Charge" which is the minimum amount the Company may charge its Customers and is separate from the amount the Company bills its Customers for water consumption.
- 2.0 "CERTIFICATE" - A document issued by the Commission authorizing the Company to provide water service in a specific territory.
- 3.0 "COMMISSION" - The shortened name for the Florida Public Service Commission.
- 4.0 "COMMUNITIES SERVED" - The group of Customers who receive water service from the Company and whose service location is within a specific area or locality that is uniquely separate from another.
- 5.0 "COMPANY" - The shortened name for the full name of the utility which is HARBOR WATERWORKS.
- 6.0 "CUSTOMER" - Any person, firm or corporation who has entered into an agreement to receive water service from the Company and who is liable for the payment of that water service.
- 7.0 "CUSTOMER'S INSTALLATION" - All pipes, shut-offs, valves, fixtures and appliances or apparatus of every kind and nature used in connection with or forming a part of the installation for rendering water service to the Customer's side of the Service Connection whether such installation is owned by the Customer or used by the Customer under lease or other agreement.
- 8.0 "MAIN" - A pipe, conduit, or other facility used to convey water service to individual service lines or through other mains.
- 9.0 ΔRATE@ - Amount which the Company may charge for water service which is applied to the Customer=s actual consumption.
- 10.0 "RATE SCHEDULE" - The rate(s) or charge(s) for a particular classification of service plus the several provisions necessary for billing, including all special terms and conditions under which service shall be furnished at such rate or charge.
- 11.0 "SERVICE" - As mentioned in this tariff and in agreement with Customers, ΔService@ shall be construed to include, in addition to all water service required by the Customer, the readiness and ability on the part of the Company to furnish water service to the Customer. Service shall conform to the standards set forth in Section 367.111 of the Florida Statutes.

(Continued to Sheet No. 5.1)

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

(Continued from Sheet No. 5.0)

- 12.0 "SERVICE CONNECTION" - The point where the Company's pipes or meters are connected with the pipes of the Customer.
- 13.0 "SERVICE LINES" - The pipes between the Company's Mains and the Service Connection and which includes all of the pipes, fittings and valves necessary to make the connection to the Customer's premises, excluding the meter.
- 14.0 "TERRITORY" - The geographical area described, if necessary, by metes and bounds but, in all cases, with township, range and section in a Certificate, which may be within or without the boundaries of an incorporated municipality and may include areas in more than one county.

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

INDEX OF RULES AND REGULATIONS

	<u>Sheet Number:</u>	<u>Rule Number:</u>
Access to Premises .....	9.0	14.0
Adjustment of Bills .....	10.0	22.0
Adjustment of Bills for Meter Error.....	10.0	23.0
All Water Through Meter.....	10.0	21.0
Application .....	7.0	3.0
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Delinquent Bills .....	7.0	8.0
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Filing of Contracts.....	10.0	25.0
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(Continued to Sheet No. 6.1)

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.  
WATER TARIFF

(Continued from Sheet No. 6.0)

	<u>Sheet Number:</u>	<u>Rule Number:</u>
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Termination of Service.....	9.0	17.0
Type and Maintenance .....	7.0	7.0
Unauthorized Connections - Water .....	10.0	19.0

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE



NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

RULES AND REGULATIONS

- 1.0 GENERAL INFORMATION - These Rules and Regulations are a part of the rate schedules and applications and contracts of the Company and, in the absence of specific written agreement to the contrary, apply without modifications or change to each and every Customer to whom the Company renders water service.
- The Company shall provide water service to all Customers requiring such service within its Certificated territory pursuant to Chapter 25-30, Florida Administrative Code and Chapter 367, Florida Statutes.
- 2.0 POLICY DISPUTE - Any dispute between the Company and the Customer or prospective Customer regarding the meaning or application of any provision of this tariff shall upon written request by either party be resolved by the Florida Public Service Commission.
- 3.0 APPLICATION - In accordance with Rule 25-30.310, Florida Administrative Code, a signed application is required prior to the initiation of service. The Company shall provide each Applicant with a copy of the brochure entitled "Your Water and Wastewater Service," prepared by the Florida Public Service Commission.
- 4.0 APPLICATIONS BY AGENTS - Applications for water service requested by firms, partnerships, associations, corporations, and others shall be rendered only by duly authorized parties or agents.
- 5.0 REFUSAL OR DISCONTINUANCE OF SERVICE - The Company may refuse or discontinue water service rendered under application made by any member or agent of a household, organization, or business in accordance with Rule 25-30.320, Florida Administrative Code.
- 6.0 EXTENSIONS - Extensions will be made to the Company's facilities in compliance with Commission Rules and Orders and the Company's tariff.
- 7.0 TYPE AND MAINTENANCE - In accordance with Rule 25-30.545, Florida Administrative Code, the Customer's pipes, apparatus and equipment shall be selected, installed, used and maintained in accordance with standard practice and shall conform with the Rules and Regulations of the Company and shall comply with all laws and governmental regulations applicable to same. The Company shall not be responsible for the maintenance and operation of the Customer's pipes and facilities. The Customer expressly agrees not to utilize any appliance or device which is not properly constructed, controlled and protected or which may adversely affect the water service. The Company reserves the right to discontinue or withhold water service to such apparatus or device.
- 8.0 DELINQUENT BILLS - When it has been determined that a Customer is delinquent in paying any bill, water service may be discontinued after the Company has mailed or presented a written notice to the Customer in accordance with Rule 25-30.320, Florida Administrative Code.

(Continued on Sheet No. 8.0)

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

(Continued from Sheet No. 7.0)

9.0 CONTINUITY OF SERVICE - In accordance with Rule 25-30.250, Florida Administrative Code, the Company will at all times use reasonable diligence to provide continuous water service and, having used reasonable diligence, shall not be liable to the Customer for failure or interruption of continuous water service.

If at any time the Company shall interrupt or discontinue its service, all Customers affected by said interruption or discontinuance shall be given not less than 24 hours written notice.

10.0 LIMITATION OF USE - Water service purchased from the Company shall be used by the Customer only for the purposes specified in the application for water service. Water service shall be rendered to the Customer for the Customer's own use and the Customer shall not sell or otherwise dispose of such water service supplied by the Company.

In no case shall a Customer, except with the written consent of the Company, extend his lines across a street, alley, lane, court, property line, avenue, or other way in order to furnish water service to the adjacent property through one meter even though such adjacent property may be owned by him. In case of such unauthorized extension, sale, or disposition of service, the Customer's water service will be subject to discontinuance until such unauthorized extension, remetering, sale or disposition of service is discontinued and full payment is made to the Company for water service rendered by the Company (calculated on proper classification and rate schedules) and until reimbursement is made in full to the Company for all extra expenses incurred for clerical work, testing, and inspections. (This shall not be construed as prohibiting a Customer from remetering.)

11.0 CHANGE OF CUSTOMER'S INSTALLATION - No changes or increases in the Customer's installation, which will materially affect the proper operation of the pipes, mains, or stations of the Company, shall be made without written consent of the Company. The Customer shall be liable for any charge resulting from a violation of this Rule.

12.0 PROTECTION OF COMPANY'S PROPERTY - The Customer shall exercise reasonable diligence to protect the Company's property. If the Customer is found to have tampered with any Company property or refuses to correct any problems reported by the Company, service may be discontinued in accordance with Rule 25-30.320, Florida Administrative Code.

In the event of any loss or damage to property of the Company caused by or arising out of carelessness, neglect, or misuse by the Customer, the cost of making good such loss or repairing such damage shall be paid by the Customer.

(Continued on Sheet No. 9.0)

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

(Continued from Sheet No. 8.0)

- 13.0 INSPECTION OF CUSTOMER'S INSTALLATION - All Customer's water service installations or changes shall be inspected upon completion by a competent authority to ensure that the Customer's piping, equipment, and devices have been installed in accordance with accepted standard practice and local laws and governmental regulations. Where municipal or other governmental inspection is required by local rules and ordinances, the Company cannot render water service until such inspection has been made and a formal notice of approval from the inspecting authority has been received by the Company.

Notwithstanding the above, the Company reserves the right to inspect the Customer's installation prior to rendering water service, and from time to time thereafter, but assumes no responsibility whatsoever for any portion thereof.

- 14.0 ACCESS TO PREMISES - In accordance with Rule 25-30.320(2)(f), Florida Administrative Code, the Customer shall provide the duly authorized agents of the Company access at all reasonable hours to its property. If reasonable access is not provided, service may be discontinued pursuant to the above rule.

- 15.0 RIGHT-OF-WAY OR EASEMENTS - The Customer shall grant or cause to be granted to the Company, and without cost to the Company, all rights, easements, permits, and privileges which are necessary for the rendering of water service.

- 16.0 CUSTOMER BILLING - Bills for water service will be rendered - Monthly, Bimonthly, or Quarterly - as stated in the rate schedule.

In accordance with Rule 25-30.335, Florida Administrative Code, the Company may not consider a Customer delinquent in paying his or her bill until the twenty-first day after the Company has mailed or presented the bill for payment.

A municipal or county franchise tax levied upon a water or wastewater public Company shall not be incorporated into the rate for water or wastewater service but shall be shown as a separate item on the Company's bills to its Customers in such municipality or county.

If a Company utilizes the base facility and usage charge rate structure and does not have a Commission authorized vacation rate, the Company shall bill the Customer the base facility charge regardless of whether there is any usage.

- 17.0 TERMINATION OF SERVICE - When a Customer wishes to terminate service on any premises where water service is supplied by the Company, the Company may require reasonable notice to the Company in accordance with Rule 25-30.325, Florida Administrative Code.

(Continued on Sheet No. 10.0)

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

(Continued from Sheet No. 9.0)

- 18.0 PAYMENT OF WATER AND WASTEWATER SERVICE BILLS CONCURRENTLY - In accordance with Rule 25-30.320(2)(g), Florida Administrative Code, when both water and wastewater service are provided by the Company, payment of any water service bill rendered by the Company to a Customer shall not be accepted by the Company without the simultaneous or concurrent payment of any wastewater service bill rendered by the Company.
- 19.0 UNAUTHORIZED CONNECTIONS - WATER - Any unauthorized connections to the Customer's water service shall be subject to immediate discontinuance without notice, in accordance with Rule 25-30.320, Florida Administrative Code.
- 20.0 METERS - All water meters shall be furnished by and remain the property of the Company and shall be accessible and subject to its control, in accordance with Rule 25-30.230, Florida Administrative Code.
- 21.0 ALL WATER THROUGH METER - That portion of the Customer's installation for water service shall be so arranged to ensure that all water service shall pass through the meter. No temporary pipes, nipples or spaces are permitted and under no circumstances are connections allowed which may permit water to by-pass the meter or metering equipment.
- 22.0 ADJUSTMENT OF BILLS - When a Customer has been undercharged as a result of incorrect application of the rate schedule, incorrect reading of the meter, incorrect connection of the meter, or other similar reasons, the amount may be refunded or billed to the Customer as the case may be pursuant to Rules 25-30.340 and 25-30.350, Florida Administrative Code.
- 23.0 ADJUSTMENT OF BILLS FOR METER ERROR - When meter tests are made by the Commission or by the Company, the accuracy of registration of the meter and its performance shall conform with Rule 25-30.262, Florida Administrative Code and any adjustment of a bill due to a meter found to be in error as a result of any meter test performed whether for unauthorized use or for a meter found to be fast, slow, non-registering, or partially registering, shall conform with Rule 25-30.340, Florida Administrative Code.
- 24.0 METER ACCURACY REQUIREMENTS - All meters used by the Company should conform to the provisions of Rule 25-30.262, Florida Administrative Code.
- 25.0 FILING OF CONTRACTS - Whenever a Developer Agreement or Contract, Guaranteed Revenue Contract, or Special Contract or Agreement is entered into by the Company for the sale of its product or services in a manner not specifically covered by its Rules and Regulations or approved Rate Schedules, a copy of such contracts or agreements shall be filed with the Commission prior to its execution in accordance with Rule 25-9.034 and Rule 25-30.550, Florida Administrative Code. If such contracts or agreements are approved by the Commission, a conformed copy shall be placed on file with the Commission within 30 days of execution.

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

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General Service, GS.....	12.0
Meter Test Deposit .....	15.0
Miscellaneous Service Charges .....	16.0
Residential Service, RS.....	13.0
Service Availability Fees and Charges.....	17.0

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

GENERAL SERVICE

RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service to all Customers for which no other schedule applies.
- LIMITATIONS - Subject to all of the Rules and Regulations of this tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Monthly
- RATE -

Meter Size	Base Facility Charge
5/8" x 3/4"	\$ 8.585
3/4"	\$ 12.870
1"	\$ 21.455
1 1/2"	\$ 42.905
2"	\$ 68.650
3"	\$137.300
4"	\$214.530
6"	\$429.055

Gallonge Charge Per 1,000 gallons of water used \$1.23

- MINIMUM CHARGE - Monthly Base Facility Charge
- TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.
- EFFECTIVE DATE -
- TYPE OF FILING -

GARY A. DEREMER  
 ISSUING OFFICER  
PRIMARY SHAREHOLDER  
 TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

RESIDENTIAL SERVICE

RATE SCHEDULE RS

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.

LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - Monthly

RATE -

Meter Size	Base Facility Charge	
5/8" x 3/4"	\$ 8.585	
3/4"	\$ 12.870	
1"	\$ 21.455	
1 1/2"	\$ 42.905	
2"	\$ 68.650	
3"	\$137.300	
4"	\$214.530	
6"	\$429.055	
Gallonge Charge Per 1,000 gallons of water used		\$1.23

MINIMUM CHARGE - Monthly

TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.

EFFECTIVE DATE -

TYPE OF FILING -

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

CUSTOMER DEPOSITS

ESTABLISHMENT OF CREDIT - Before rendering water service, the Company may require an Applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the Customer from complying with the Company's rules for prompt payment. Credit will be deemed so established if the Customer complies with the requirements of Rule 25-30.311, Florida Administrative Code.

AMOUNT OF DEPOSIT - The amount of initial deposit shall be the following according to meter size:

	<u>Residential</u>	<u>General Service</u>
5/8" x 3/4"	\$ 40.00	\$ 40.00
1"	\$ 75.00	\$ 75.00
1 1/2"	\$150.00	\$150.00
Over 2"	\$235.00	\$235.00

ADDITIONAL DEPOSIT - Under Rule 25-30.311(7), Florida Administrative Code, the Company may require a new deposit, where previously waived or returned, or an additional deposit in order to secure payment of current bills provided.

INTEREST ON DEPOSIT - The Company shall pay interest on Customer deposits pursuant to Rules 25-30.311(4) and (4a). The Company will pay or credit accrued interest to the Customer's account during the month of December of each year.

REFUND OF DEPOSIT - After a residential Customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the Company shall refund the Customer's deposit provided the Customer has met the requirements of Rule 25-30.311(5), Florida Administrative Code. The Company may hold the deposit of a non-residential Customer after a continuous service period of 23 months and shall pay interest on the non-residential Customer's deposit pursuant to Rules 25-30.311(4) and (5), Florida Administrative Code.

Nothing in this rule shall prohibit the Company from refunding a Customer's deposit in less than 23 months.

EFFECTIVE DATE -

TYPE OF FILING -

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE



NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

METER TEST DEPOSIT

METER BENCH TEST REQUEST - If any Customer requests a bench test of his or her water meter, in accordance with Rule 25-30.266, Florida Administrative Code, the Company may require a deposit to defray the cost of testing; such deposit shall not exceed the schedule of fees found in Rule 25-30.266, Florida Administrative Code.

<u>METER SIZE</u>	<u>FEE</u>
5/8" x 3/4"	\$20.00
1" and 1 1/2"	\$25.00
2" and over	Actual Cost

REFUND OF METER BENCH TEST DEPOSIT - The Company may refund the meter bench test deposit in accordance with Rule 25-30.266, Florida Administrative Code.

METER FIELD TEST REQUEST - A Customer may request a no-charge field test of the accuracy of a meter in accordance with Rule 25-30.266, Florida Administrative Code.

EFFECTIVE DATE -

TYPE OF FILING -

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATEWORKS, INC.

WATER TARIFF

MISCELLANEOUS SERVICE CHARGES

The Company may charge the following miscellaneous service charges in accordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company require multiple actions.

INITIAL CONNECTION - This charge may be levied for service initiation at a location where service did not exist previously.

NORMAL RECONNECTION - This charge may be levied for transfer of service to a new Customer account at a previously served location or reconnection of service subsequent to a Customer requested disconnection.

VIOLATION RECONNECTION - This charge may be levied prior to reconnection of an existing Customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge may be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the Customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

Schedule of Miscellaneous Service Charges

Initial Connection Fee	\$ <u>15.00</u>
Normal Reconnection Fee	\$ <u>15.00</u>
Violation Reconnection Fee	\$ <u>15.00</u>
Premises Visit Fee (in lieu of disconnection)	\$ <u>10.00</u>

EFFECTIVE DATE -

TYPE OF FILING -

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.  
 WATER TARIFF

SERVICE AVAILABILITY FEES AND CHARGES

<u>Description</u>	<u>Refer to Service Availability Policy</u>	
	<u>Amount</u>	<u>Sheet No./Rule No.</u>
<u>Back-Flow Preventor Installation Fee</u>		
5/8" x 3/4" .....	\$	OWNER INSTALLED
1" .....	\$	
1 1/2" .....	\$	
2" .....	\$	
Over 2" .....	\$ <sup>1</sup>	
<u>Customer Connection (Tap-in) Charge</u>		
5/8" x 3/4" metered service .....	\$ 100.00	
1" metered service .....	\$	ACTUAL COST (1)
1 1/2" metered service .....	\$	ACTUAL COST (1)
2" metered service .....	\$	ACTUAL COST (1)
Over 2" metered service .....	\$	ACTUAL COST (1)
<u>Guaranteed Revenue Charge</u>		
With Prepayment of Service Availability Charges:		
Residential-per ERC/month ( __ GPD) .....	\$	
All others-per gallon/month .....	\$	
Without Prepayment of Service Availability Charges:		
Residential-per ERC/month ( __ GPD) .....	\$	
All others-per gallon/month .....	\$	
<u>Inspection Fee</u> .....	\$	ACTUAL COST (1)
<u>Main Extension Charge</u>		
Residential-per ERC (350GPD) .....	\$ 457.00	
All others-per gallon .....	\$ 1.3058	
or		
Residential-per lot ( __ foot frontage) .....	\$ 457.00	
All others-per front foot .....	\$	
<u>Meter Installation Fee</u>		
5/8" x 3/4" .....	\$85.00	
1" .....	\$85.00	
1 1/2" .....	\$	ACTUAL COST (1)
2" .....	\$	ACTUAL COST (1)
Over 2" .....	\$	ACTUAL COST (1)
<u>Plan Review Charge</u> .....	\$	ACTUAL COST (1)
<u>Plant Capacity Charge</u>		
Residential-per ERC 350_GPD) .....	\$263.00	
All others-per gallon .....	\$000.75	
<u>System Capacity Charge</u>		
Residential-per ERC ( __ GPD) .....	\$	
All others-per gallon .....	\$	

<sup>1</sup>Actual Cost is equal to the total cost incurred for services rendered.

EFFECTIVE DATE -

TYPE OF FILING -

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
 TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

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APPLICATION FOR WATER SERVICE .....	20.0
COPY OF CUSTOMER'S BILL .....	22.0
CUSTOMER'S GUARANTEE DEPOSIT RECEIPT.....	19.0

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

CUSTOMER'S GUARANTEE DEPOSIT RECEIPT

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

APPLICATION FOR WATER SERVICE

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: WATERWORKS, INC.

WATER TARIFF

**Sample Application Form**

Name \_\_\_\_\_

Telephone Number \_\_\_\_\_

Billing Address \_\_\_\_\_

City

State

Zip

Service Address \_\_\_\_\_

City

State

Zip

Date service should begin \_\_\_\_\_

Service requested: Water \_\_\_\_\_ Wastewater \_\_\_\_\_ Both \_\_\_\_\_

By signing this agreement, the Customer agrees to the following:

1. The Company shall not be responsible for the maintenance and operation of the Customer's pipes and facilities. The Customer agrees not to utilize any appliance or device which is not properly constructed, controlled and protected or which may adversely affect the water service; the Company reserves the right to discontinue or withhold water service to such apparatus or device.
2. The Company may refuse or discontinue water service rendered under application made by any member or agent of a household, organization, or business for any of the reasons contained in Rule 25-30.320, Florida Administrative Code. Any unauthorized connections to the Customer's water service shall be subject to immediate discontinuance without notice, in accordance with Rule 25-30.320, Florida Administrative Code.
3. The Customer agrees to abide by all existing Company Rules and Regulations as contained in the tariff. In addition, the Customer has received from the Company a copy of the brochure "Your Water and Wastewater Service" produced by the Florida Public Service Commission.
4. Bills for water service will be rendered - Monthly, Bimonthly, or Quarterly - as stated in the rate schedule. Bills must be paid within 20 days of mailing bills. If payment is not made after five working days written notice, service may be discontinued.
5. When a Customer wishes to terminate service on any premises where water and/or wastewater service is supplied by the Company, the Company may require (oral, written) notice within \_\_\_\_\_ days prior to the date the Customer desires to terminate service.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**GARY A. DEREMER**  
**ISSUING OFFICER**  
**PRIMARY SHAREHOLDER**  
**TITLE**

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

APPLICATION FOR METER INSTALLATION

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE



ORIGINAL SHEET NO. 22.0

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

COPY OF CUSTOMER'S BILL

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

---

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

INDEX OF SERVICE AVAILABILITY

<u>Description</u>	<u>Sheet Number</u>	<u>Rule Number</u>
Acceptance of Facilities .....		
Availability .....		
Construction of Oversized Facilities .....		
Customer Connection (Tap-in) .....		
Customer Installation (Customer Maintained Lines) .....		
Cost Records and "As-Built" Plans .....		
Design by Independent Engineers .....		
Developer Agreements .....		
Easements and Rights-of-Way .....		
Extensions Outside Certificated Territory .....		
General Information .....		
Inspections .....		
Obligations of Developer .....		
Obligations of Company .....		
Off-Site Facilities .....		
On-Site Facilities .....		
Refundable Advances .....		
Schedule of Fees and Charges .....	Go to Sheet No. 17.0	
System Design and Construction .....		
Table of Daily Flows .....		
Transfer of Contributed Property - Bills of Sale .....		

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

INDEX OF SERVICE AVAILABILITY

<u>Description</u>	<u>Sheet Number</u>
Schedule of Fees and Charges.....	Go to Sheet No. 17.0
Service Availability Policy.....	24.0

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

NAME OF COMPANY: HARBOR WATERWORKS, INC.

WATER TARIFF

SERVICE AVAILABILITY POLICY

GARY A. DEREMER  
ISSUING OFFICER  
PRIMARY SHAREHOLDER  
TITLE

COMMISSIONERS:  
MATTHEW M. CARTER II, CHAIRMAN  
LISA POLAK EDGAR  
KATRINA J. MCMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
(850) 413-6900

## Public Service Commission

May 28, 2009

Michael Rich  
Harbor Hills Utilities, L.P.  
6538 Lake Griffin Road  
Lady Lake, FL 32159

**Re: Application for 2009 Price Index Rate Adjustment for Harbor Hills Utilities, L.P. in Lake County**

Dear Mr. Rich:

The following tariff sheets have been approved effective June 5, 2009

Water Tariff  
Second Revised Sheet No. 16.0  
Second Revised Sheet No. 17.0

Please incorporate these tariff sheets into the approved tariff on file at the Utility's office. If you have any questions, please contact Bart Fletcher at (850) 413-7017 at our office.

Sincerely,

  
Tim Devlin  
Director

TD/kb

Enclosures

GENERAL SERVICE

RATE SCHEDULE RS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service for all purposes in private residences and individually metered apartment units.
- LIMITATIONS - Subject to all the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Bi-monthly.

<u>RATE</u>	<u>Meter Size</u>	<u>Base Facility Charge</u>
	5/8" x 3/4"	\$ 17.17
	3/4"	\$ 25.74
	1"	\$ 42.91
	1 1/2"	\$ 85.81
	2"	\$ 137.30
	3"	\$ 274.60
	4"	\$ 429.06
	6"	\$ 858.11

BASE FACILITY CHARGE - Per 1,000 gallons of water used \$1.23

TERMS OF PAYMENTS - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days' written notice is mailed to the customer, separate and apart from any other bill, service may then be disconnected.

EFFECTIVE DATE - June 5, 2009

TYPE OF FILING - 2009 Price Index

Adam Rich  
ISSUING OFFICER

Manager  
TITLE

GENERAL SERVICE

RATE SCHEDULE GS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service to all customers for which no other schedule applies.
- LIMITATIONS - Subject to all the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD - Bi-monthly.

<u>RATE</u>	<u>Meter Size</u>	<u>Base Facility Charge</u>
	5/8" x 3/4"	\$ 17.17
	3/4"	\$ 25.74
	1"	\$ 42.91
	1 1/2"	\$ 85.81
	2"	\$ 137.30
	3"	\$ 274.60
	4"	\$ 429.06
	6"	\$ 858.11

- BASE FACILITY CHARGE - Per 1,000 gallons of water used \$1.23
- TERMS OF PAYMENTS - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) working days' written notice is mailed to the customer, separate and apart from any other bill, service may then be disconnected.
- EFFECTIVE DATE - June 5, 2009
- TYPE OF FILING - 2009 Price Index

Adam Rich  
ISSUING OFFICER

Manager  
TITLE

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

MULTI-RESIDENTIAL SERVICE

RATE SCHEDULE MS

- AVAILABILITY - Available throughout the area served by the Company.
- APPLICABILITY - For water service to all master-metered residential customers including, but not limited to, Condominiums, Apartments, and Mobile Home Parks.
- LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
- BILLING PERIOD -
- RATE - Not Applicable

BASE FACILITY -

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. After five (5) days written notice, service may then be discontinued.

EFFECTIVE DATE -

TYPE OF FILING -

John McNamara

\_\_\_\_\_  
ISSUING OFFICER

President

\_\_\_\_\_  
TITLE



Florida Public Service Commission

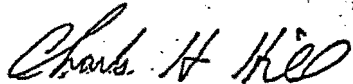
APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990



Director  
Division of Water and Sewer

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

FIRE PROTECTION SERVICE

WATER

AVAILABILITY - Not Available

APPLICABILITY - Not Applicable

LIMITATIONS - Subject to all of the Rules and Regulations of this  
Tariff and General Rules and Regulations of the  
Commission.

BILLING PERIOD -

RATE - Public Fire Protection - per hydrant

Private Fire Protection - ~~Fire Protection~~

BASE FACILITY -

TERMS OF PAYMENT -

EFFECTIVE DATE -

TYPE OF FILING -

John McNamara

ISSUING OFFICER

President

TITLE

Florida Public Service Commission

APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990

*Charles H. Hill*

Director  
Division of Water and Sewer

Florida Public Service Commission

APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990

*Charles H. Hill*

Director  
Division of Water and Sewer

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

SCHEDULE OF CUSTOMER DEPOSITS

ESTABLISHMENT OF CREDIT - Before rendering water service, the Company may require an applicant for service to satisfactorily establish credit, but such establishment of credit shall not relieve the customer from complying with the Company's rules for prompt payment. Credit will be deemed so established, in accordance with Rule 25-30.311, Florida Administrative Code, if:

- (A) The applicant for service furnishes a satisfactory guarantor to secure payment of bills for the service requested.
- (B) The applicant pays a cash deposit.
- (C) The applicant for service furnishes an irrevocable letter of credit from a bank or a surety bond.

AMOUNT OF DEPOSIT - The amount of initial deposit shall be the following according to meter size:

	<u>Residential</u>	<u>General Service</u>
5/8" x 3/4"	\$ 40.00	\$ 40.00
1"	75.00	75.00
1 1/2"	150.00	150.00
Over 2"	235.00	235.00

ADDITIONAL DEPOSIT - Under Rule 25-30.311(7), Florida Administrative Code, the Company may require a new deposit, where previously waived or returned, or an additional deposit in order to secure payment of current bills provided. The company shall provide the customer with reasonable written notice of not less than 30 days where such request or notice is separate and apart from any bill for service. The total amount of the required deposit shall not exceed an amount equal to the average actual charge for water service for two monthly billing periods for the 12-month period immediately prior to the date of notice. In the event the customer has had service less than 12 months, the Company shall base its new or additional deposit upon the average actual monthly billing available.

(Continued to Sheet No. 20.1)

John McNamara

ISSUING OFFICER

President

TITLE

Effective Date: June 28, 1990

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

(Continued from Sheet No. 20.0)

INTEREST ON DEPOSIT - The Company shall pay interest on customer deposits pursuant to Rule 25-30.311(4) and (4a). The rate of interest is 8% per annum. The payment of interest shall be made once each year as a credit on regular bills or when service is discontinued as a credit on final bills. No customer depositor will receive interest on his or her deposit until a customer relationship and the deposit have been in existence for at least six (6) months. At such time, the customer depositor shall be entitled to receive interest from the day of the commencement of the customer relationship and placement of the deposit. The Company will pay or credit accrued interest to the customer's account during the month of DECEMBER each year.

REFUND OF DEPOSIT - After a residential customer has established a satisfactory payment record and has had continuous service for a period of 23 months, the Company shall refund the customer's deposit provided the customer has not, in the preceding 12 months:

- (a) made more than one late payment of the bill (after the expiration of 20 days from the date of mailing or delivery by the Company) by the Company;
- (b) paid with a check refused by a bank;
- (c) been disconnected for non-payment, or
- (d) at any time tampered with the meter or used service in a fraudulent or unauthorized manner.

Notwithstanding the above, the Company may hold the deposit of a non-residential customer after a continuous service period of 23 months and shall pay interest on the non-residential customer's deposit at the rate of 9% per annum upon the retainment of such deposit.

Nothing in this rule shall prohibit the Company from refunding a customer's deposit in less than 23 months.

Effective Date: June 28, 1990

John McNamara

ISSUING OFFICER

President

TITLE

Florida Public Service Commission

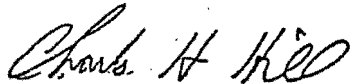
APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990



Director  
Division of Water and Sewer

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

SCHEDULE OF METER TEST DEPOSITS

METER BENCH TEST REQUEST - If any customer requests a bench test of his or her water meter, the Company will require a deposit to defray the cost of testing; such deposit shall not exceed the following schedule of fees and shall be in accordance with Rule 25-30.266, Florida Administrative Code.

<u>METER SIZE</u>	<u>FEE</u>
5/8" x 3/4"	\$20.00
1" and 1 1/2"	\$25.00
2" and over	Actual Cost

REFUND OF METER BENCH TEST DEPOSIT - If the meter is found to register in excess of prescribed accuracy limits pursuant to Rule 25-30.262, Florida Administrative Code, the deposit shall be refunded. If the meter is found to register accurately or below such prescribed accuracy limits, the deposit shall be retained by the Company as a service charge for conducting the meter test.

METER FIELD TEST REQUEST - Upon written request of any customer, the Company shall, without charge, make a field test of the accuracy of the water meter in use at the customer's premises provided that the meter has not been tested within one-half the maximum interval allowed under Rule 25-30.265, Florida Administrative Code.

Effective Date: June 28, 1990

John McNamara

ISSUING OFFICER

President

TITLE



Florida Public Service Commission

APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990

*Charles H. Hill*

Director  
Division of Water and Sewer

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

MISCELLANEOUS SERVICE CHARGES

The Company may charge the following miscellaneous service charges in accordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company requires multiple actions.

INITIAL CONNECTION - This charge would be levied for service initiation at a location where service did not exist previously.

NORMAL RECONNECTION - This charge would be levied for transfer of service to a new customer account at a previously served location or reconnection of service subsequent to a customer requested disconnection.

VIOLATION RECONNECTION - This charge would be levied prior to reconnection of an existing customer after disconnection of service for cause according to Rule 25-30.320(2), Florida Administrative Code, including a delinquency in bill payment.

PREMISES VISIT CHARGE (IN LIEU OF DISCONNECTION) - This charge would be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill.

Schedule of Miscellaneous Service Charges

Initial Connection Fee	\$ 15.00
Normal Reconnection Fee	\$ 15.00
Violation Reconnection Fee	\$ 15.00
Premises Visit Fee (in lieu of disconnection)	\$ 10.00

EFFECTIVE DATE - June 28, 1990TYPE OF FILING - Certificate

John McNamara

---

 ISSUING OFFICER  
 President

---

 TITLE

Florida Public Service Commission

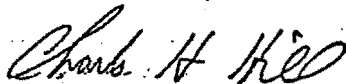
APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990



Director  
Division of Water and Sewer

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

SERVICE AVAILABILITY SCHEDULE OF FEES AND CHARGES

REFER TO SERVICE  
AVAIL. POLICY

DESCRIPTION AMOUNT SHEET NO./RULE NO.

31.0 I.

Back-Flow Preventor Installation Fee Owner installed

5/8" x 3/4" .....\$  
 1" .....\$  
 1 1/2" .....\$  
 2" .....\$  
 Over 2" .....\$

Customer Connection (Tap-in) Charge

5/8" x 3/4" metered service .....\$ 100.00  
 1" metered service .....\$ 100.00  
 1 1/2" metered service .....Actual Cost [1]  
 2" metered service .....Actual Cost [1]  
 Over 2" metered service .....Actual Cost [1]

Guaranteed Revenue Charge

With Prepayment of Service Availability Charges:

Residential-per ERC/month (\_\_\_ GPD) .\$.  
 All others-per gallon/month .....\$

Without Prepayment of Service Availability Charges:

Residential-per ERC/month(\_\_\_ GPD) .\$.  
 All others-per gallon/month .....\$

Inspection Fee .....Actual Cost [1] Actual Cost

Main Extension Charge in Extension Charge

Residential-per ERC (350 GPD) .....\$ 457.00  
 All others-per gallon .....\$ 1.3058

or

Residential-per lot (140 foot frontage)\$ 457.00  
 All others-per front foot .....\$

Meter Installation Fee

5/8" x 3/4" .....\$ 85.00  
 1" .....\$ 85.00  
 1 1/2" .....Actual Cost [1]  
 2" .....Actual Cost [1]  
 Over 2" .....Actual Cost [1]

Plan Review Charge .....Actual Cost [1]

Plant Capacity Charge

Residential-per ERC (350 GPD) .....\$ 263.00  
 All others-per gallon .....\$ .75

System Capacity Charge

Residential-per ERC (\_\_\_ GPD) .....\$  
 All others-per gallon .....\$

[1] Actual Cost is equal to the total cost incurred for services rendered to a customer.

John McNamara

Effective Date: June 28, 1990

ISSUING OFFICER  
President

TITLE

Florida Public Service Commission

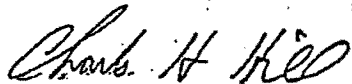
APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990



Director  
Division of Water and Sewer

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

INDEX OF STANDARD FORMS

	<u>Sheet No.</u>
APPLICATION FOR METER INSTALLATION .....	27.0
APPLICATION FOR WATER SERVICE .....	26.0
COPY OF CUSTOMER'S BILL .....	28.0
CUSTOMER'S GUARANTEE DEPOSIT RECEIPT .....	25.0
HELD FOR FUTURE USE .....	29.0

John McNamara

ISSUING OFFICER

President

TITLE

Florida Public Service Commission

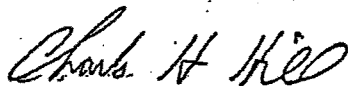
APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990



Director  
Division of Water and Sewer

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

HELD FOR FUTURE USE

*[Handwritten signature]*

John McNamara

ISSUING OFFICER

President

TITLE



NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

SERVICE AVAILABILITY POLICY

I. SAC CHARGES AND APPLICABILITY

Service is available to each single family homesite, each individual multifamily unit and each nonresidential customer upon payment of the applicable charges, as shown on SHEET No. 23.0 and summarized below:

Capacity charge: \$ 263.00 per residential unit or ERC, plus the AFPI charges, bases on the month payment is made.

Main Extension Charge: \$ 457.00 per residential unit or ERC.

Meter Installation Fee

Up to 1" \$ 85.00; Over 1" Actual Cost

Tap Fee

Up to 1" \$ 100.00; Over 1" Actual Cost

The Allowance for Funds Prudently Invested (AFPI) is a charge to recover the carrying costs associated with the utility's investment in facilities built to serve future customers. The charge recovers the carrying costs incurred from the time the facility is placed in service until such time as the customer pays the SAC. The applicable AFPI based on the month and year the payment is made is as follows:

AFPI MONTHLY CHARGE

MONTH	1990	1991	1992	1993	1994	1995
1 January	6.30	82.36	164.61	253.77	350.65	456.17
2 February	12.59	89.17	171.99	261.78	359.38	465.69
3 March	18.89	95.98	179.37	269.80	368.11	475.21
4 April	25.19	102.78	186.74	277.81	376.83	484.74
5 May	31.48	109.59	194.12	285.83	385.56	494.26
6 June	37.78	116.40	201.50	293.84	394.29	503.78
7 July	44.08	123.20	208.87	301.85	403.01	513.31
8 August	50.37	130.01	216.25	309.87	411.74	522.83
9 September	56.67	136.82	223.63	317.88	420.46	532.35
10 October	62.96	143.62	231.00	325.90	429.19	541.88
11 November	69.26	150.43	238.38	333.91	437.92	551.40
12 December	75.56	157.24	245.76	341.93	446.64	560.92

NOTE: The AFPI charges, although labeled to begin January, 1990, will begin in the month of the effective date as approved by the Commission. (Continued to Sheet No. 31.01)

John McNamara

ISSUING OFFICER

President

TITLE

EFFECTIVE DATE - June 28, 1990

NAME OF COMPANY: Lake Griffin Utilities, Inc.

WATER TARIFF

INDEX OF SERVICE AVAILABILITY

	<u>Sheet Number</u>
Schedule of Fees and Charges .....	Go to Sheet No. 23.0
Service Availability Policy .....	31.0 - 31.2
Table of Daily Flows .....	32.0

John McNamara

ISSUING OFFICER

President

TITLE

Florida Public Service Commission

APPROVED

Authority No. WS-89-0077

Docket No. 890554-WU

Order No. 23039

Effective June 28, 1990

*Charles H. Keo*

Director  
Division of Water and Sewer

Approved

**EXHIBIT Q**  
**Rule 25-30.037 (2)(t)**

**The current water certificate issued for the water system was not available at the time of Application Filing.**

HWW has requested the Certificate from the Owner. At this time, the owner has been unable to provide the Certificate. The Owner and HWW is requesting the FPSC to issue another Certificate upon approval of the Transfer of Ownership within the current rules of the FPSC.

Attached is a copy of the CUP for Harbor Hills Utilities, LP. HWW has notified the St. John's Water Management District and is working with the District regarding the CUP transfer.



# St. Johns River Water Management District

Kirby B. Green III, Director • David W. Flek, Assistant Executive Director

4049 Reid Street • P.O. Box 1429 • Palatka, FL 32178-1429 • (386) 329-4500

On the Internet at [floridaswater.com](http://floridaswater.com).

June 24, 2010

Harbor Hills Utilities Ltd  
6538 Lake Griffin Rd  
Lady Lake, FL 32159

**SUBJECT:** Consumptive Use Permit Number 279  
Harbor Hills

Dear Sir/Madam:

Enclosed is your permit as authorized by the Executive Director of St. Johns River Water Management District on June 24, 2010.

Please be advised that the period of time within which a third party may request an administrative hearing on this permit may not have expired by the date of issuance. A potential petitioner has twenty-six (26) days from the date on which the actual notice is deposited in the mail, or twenty-one (21) days from publication of this notice when actual notice is not provided, within which to file a petition for an administrative hearing pursuant to Sections 120.569 and 120.57, Florida Statutes. Receipt of such a petition by the District may result in this permit becoming null and void.

Permit issuance does not relieve you from the responsibility of obtaining permits from any federal, state and/or local agencies asserting concurrent jurisdiction over this work.

The enclosed permit is a legal document and should be kept with your other important records. Please read the permit and conditions carefully since the referenced conditions may require submittal of additional information. All information submitted as compliance with permit conditions must be submitted to the nearest District Service Center and should include the above referenced permit number.

Sincerely,

*Robert Presley*

Robert Presley, Director  
Division of Regulatory Information Management

Enclosures: Permit, Conditions for Issuance, Compliance Forms, Map, Well Tags

cc: District Permit File

**Agent:** SMW GeoSciences Inc  
Sarah M Whitaker PG  
1411 Edgewater Dr Ste 103  
Orlando, FL 32804

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**GOVERNING BOARD**

W. Leonard Wood, CHAIRMAN FERMANDINA BEACH	Hershey "Herky" Huffman, SECRETARY ENTERPRISE	Hans G. Tantzler III, TREASURER JACKSONVILLE	Douglas C. Bourriquet VERO BEACH	
Michael Eriel ORLANDO	Maryam H. Ghyabi ORLANDO BEACH	Richard G. Hamann GAINESVILLE	Arlen N. Jumper FORT MOODY	John A. Midos ORLANDO



**"EXHIBIT A"**  
**CONDITIONS FOR ISSUANCE OF PERMIT NUMBER 279**  
**HARBOR HILLS UTILITIES LTD**  
**DATED JUNE 24, 2010**

1. District authorized staff, upon proper identification, will have permission to enter, inspect, and observe permitted and related facilities in order to determine compliance with the approved plans, specifications, and conditions of this permit.
2. Nothing in this permit should be construed to limit the authority of the St. Johns River Water Management District to declare a water shortage and issue orders pursuant to Section 373.175, Florida Statutes, or to formulate a plan for implementation during periods of water shortage, pursuant to Section 373.246, Florida Statutes. In the event a water shortage is declared by the District Governing Board, the permittee must adhere to the water shortage restrictions as specified by the District, even though the specified water shortage restrictions may be inconsistent with the terms and conditions of this permit.
3. Prior to the construction, modification, or abandonment of a well, the permittee must obtain a Water Well Construction Permit from the St. Johns River Water Management District, or the appropriate local government pursuant to Chapter 40C-3, Florida Administrative Code. Construction, modification, or abandonment of a well will require modification of the consumptive use permit when such construction, modification, or abandonment is other than that specified and described on the consumptive use permit application form.
4. Leaking or inoperative well casings, valves, or controls must be repaired or replaced as required to eliminate the leak or make the system fully operational.
5. The District must be notified, in writing, within 30 days of any sale, conveyance, or other transfer of a well or facility from which the permitted consumptive use is made or with in 30 days of any transfer of ownership or control of the real property at which the permitted consumptive use is located. All transfers of ownership or transfers of permits are subject to the provisions of section 40C-1.612.
6. A District issued identification tag shall be prominently displayed at each withdrawal site by permanently affixing such tag to the pump, headgate, valve, or other withdrawal facility as provided by Section 40C-2.401, Florida Administrative Code. Permittee shall notify the District in the event that a replacement tag is needed.
7. The permittee's use of water as authorized by this permit shall not cause an interference with an existing legal use of water as defined in District rules. If interference occurs, the District may revoke the permit in whole or in part to abate the adverse impact unless otherwise mitigated by the permittee. In those cases where other permit holders are identified by the District as also contributing to the interference, the permittee may choose to mitigate in a cooperative effort with these other permittees. The permittee shall submit a mitigation plan to the District, and obtain District approval, prior to implementing any mitigation.
8. All submittals made to demonstrate compliance with this permit must include the CUP number 279 plainly labeled on the submittal.
9. This permit shall expire 3-years from the date of issuance.
10. The lowest acceptable quality water source, including reclaimed water, storm water and surface water, must be used for each consumptive use supplied by the Permittee when

available, except when the Permittee demonstrates that the use of the lower quality water source is not economically, environmentally, or technologically feasible.

11. The permittee's consumptive use shall not adversely impact wetlands, lakes, rivers, and spring flows or cause or contribute to a violation of minimum flows and levels adopted in Chapter 40C-8, F.A.C., except as authorized by an SJRWMD-approved minimum flow or level (MFL) recovery strategy. If unanticipated significant adverse impacts occur, the SJRWMD shall revoke the permit in whole or in part to curtail or abate the adverse impacts, unless the impacts are mitigated by the permittee pursuant to a District-approved plan.
12. Well No. 1, GRS Station No. 9000 and Well No. 2, GRS Station No. 9001, must each be monitored with an in-line, totalizing flowmeter. Each meter must maintain 95% accuracy, be verifiable and be installed according to the manufacturer's specifications.
13. Surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) shall be installed and made operational no later than six months following the sale of 50 homes in phase 6A. The permittee shall submit an annual report documenting the number of homes sold in each year no later than January 31 of the following year.
14. Upon the surface water pumps becoming operational, surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) pumps shall provide surface water as the sole source of irrigation of residential areas and common areas in Phases 6 and 7 of Harbor Hills, where Phases 6 and 7 of Harbor Hills are as shown on Figure 2 of the materials submitted to the District on December 20, 2007.
15. Surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) shall operate in series and be monitored with an in-line, totalizing flowmeter prior to use. Each meter must maintain 95% accuracy, be verifiable and be installed according to the manufacturer's specifications.
16. Total withdrawals of water from the withdrawal points authorized by this permit Well No. 1 (GRS Station No. 9000), and Well No. 2 (GRS Station No. 9001) and Surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) must be recorded continuously, totaled monthly, and reported to the District, using Form EN-50, at least every six months from the initiation of withdrawal. The reporting dates each year will be as follows for the duration of the permit:

<u>Reporting Period</u>	<u>Report Due Date</u>
January-June	July 31
July - December	January 31

17. The permittee shall document proper installation of flow meters by submitting a copy of the manufacturer's specifications and photographs of the installed flow meters, or by a site visit by District staff, within 30 days of meter installation.
18. The permittee must maintain all flow meters. In case of failure or breakdown of any meter, the District must be notified in writing within 5 days of discovery. A defective meter must be repaired or replaced within 30 days of discovery.
19. The permittee must have all flowmeters checked for accuracy at least once every 3 years within 30 days of the anniversary date of permit issuance, and recalibrated if the difference between the actual flow and the meter reading is greater than 5%. District Form No. EN-51 must be submitted to the District within 10 days of the inspection/calibration.



20. Maximum annual groundwater withdrawals (combined total) from Well No. 1 (GRS Station No. 9000) and Well No. 2 (GRS Station No. 9001) for household, urban landscape irrigation, commercial/industrial, and water utility types of use must not exceed 258.68 million gallons (0.709 million gallons per day).
21. Maximum annual surface water withdrawals (combined total) from Surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) for household, urban landscape irrigation, commercial/industrial, and water utility types of use must not exceed as follows:
  - 12.29 million gallons (0.034 million gallons per day, average) in 2011,
  - 12.50 million gallons (0.034 million gallons per day, average) in 2012, and
  - 43.93 million gallons (0.120 million gallons per day, average) in 2013.
22. Maximum daily groundwater withdrawals from the Floridan aquifer for fire protection from Well No. 1 (GRS Station No. 9000) and Well No. 2 (GRS Station No. 9001) shall not exceed 3.46 million gallons as a combined daily total. The permittee shall maintain a separate accounting of all water used for fire protection. The permittee shall submit documentation of water used for fire protection to the District within 30 days of each occurrence on which water is withdrawn for fire protection (essential) type use.
23. The permittee shall ensure that all development agreements entered into for Phases 5, 6, and 7 limit all landscaping, residential, commercial and common areas, to irrigated turf grass not more than 40% of the pervious area of each parcel and sixty percent (60%) or more of the pervious area of each parcel shall be planted in beds with micro-irrigation or with landscaping that requires no irrigation and that plant selection shall be limited to the "plant List" submitted to the District on August 14, 2008. Phases 5, 6, and 7 of Harbor Hills are as shown on Figure 2 of the materials submitted to the District on December 20, 2007.
24. The permittee shall install dual distribution lines to provide separate water lines for potable water and surface water (or reclaimed water, if available) in Phases 6 and 7 of Harbor Hills, where Phases 6 and 7 of Harbor Hills are as shown on Figure 2 of the materials submitted to the District on December 20, 2007.
25. The permittee shall propose and implement a water conservation rate structure as follows:
  - (a) The permittee shall propose a water conservation rate structure for the District's review and conceptual approval no later than March 31, 2011. A water conservation rate structure shall be designed to encourage the utility's water customers to reduce discretionary use by providing financial incentives to the customers to conserve water. The water conservation rate structure shall be based on the additional costs of water conservation incurred by the permittee as required by the District under this permit. The permittee's proposal must contain a water rate study that includes billing/financial analysis, customer demographics, cost of implementation, the appropriateness of the permittee's particular circumstances, and other relevant factors. Upon request, the District will assist the applicant by providing available demographic data, computer models, and literature.
  - (b) Within 30 days of the District's approval of the permittee's proposed water conservation rate structure, the permittee shall present that same proposed water conservation rate structure to the Florida Public Service Commission for approval under a formal rate making procedure such as a limited proceeding for rate restructuring or a formal rate case.

(c) The permittee shall satisfy and correct any and all deficiencies in its filing identified by the Florida Public Service Commission within 3 months of the date of the utility's first deficiency letter (if any).

(d) The permittee shall provide the District, on the 15<sup>th</sup> of each month, monthly updates on the status of the rate case.

(e) Within 90 days after the date of approval of the rate structure from the Florida Public Service Commission, the permittee shall implement the approved water conservation rate structure.

26. Beginning the next full billing cycle after permit issuance, the Permittee shall perform a review of water usage concurrent with billing cycles, for all residential accounts served under this permit to identify the highest water use accounts (top 10%). The Permittee shall contact each residential account identified within ten (10) days following the end of the billing cycle. The Permittee shall inform the customer via US Mail of its high water usage, the District rules for irrigation, the penalties under the Lake County ordinance, and offer a free indoor and outdoor water audit. The Permittee shall submit an annual report of its actions to comply with this permit condition to the District by January 31<sup>st</sup> for each preceding calendar year. The annual report shall provide a summary for each billing cycle of the water usage of those accounts identified in the top 10%, with copies of correspondence provided to the affected accounts.
27. The bi-monthly invoices generated for each account shall provide a summary of the prior year's water use for the same time period for each account.
28. The permittee shall ensure that each new home constructed with an automatic irrigation system within the permittee's service area is equipped with a functioning rain sensor and is in compliance with the requirements of section 373.62, F.S.
29. The permittee shall perform an audit of the amount of water used in the utility production and treatment facilities, transmission lines and distribution system for calendar year 2012, and report the results of the audit to the District for review and approval using District Water Audit Form No. 40C-22-0590-3 by March 31, 2013.
30. The permittee shall include conservation information mailings with utility bills on a quarterly basis.
31. If, in any year, the actual volume of water withdrawn by the permittee equals 95 percent or more of any of the amounts of water allocated for use by this permit, then the permittee shall submit a report to the District that explains why the withdrawal of water by the permittee equals 95 percent or more of the amounts allocated in this permit. The report shall evaluate the effect of the following on the volume of water withdrawn by the permittee:
  - o a. Climatic shortfalls (drought);
  - o b. Greater than anticipated growth in the permittee's service area;
  - o c. Inefficient usage within the service area
  - o d. Other factors that account for the withdrawal volume equaling 95 percent or more of the allocation.

The report must include a breakdown of the population currently being served by the permittee, an updated projection of anticipated population that will be served for the following year, an evaluation as to whether the permittee anticipates whether it will be able to meet the water needs of the revised projected population without violating the

allocations set forth in this permit, and a corrective action plan setting actions that the permittee intends to take if the evaluation indicates that allocations will be exceeded during the following year. The report must be submitted to the District by February 15 of the year following the year during which the permittee experienced withdrawals of water that equals 95 percent or more of the amount of water allocated for use by this permit.

32. The permittee must submit tabulated water usage data for the previous calendar year by March 31<sup>st</sup> of each year. This data must be submitted in an electronic format through the District's e-permitting site at [www.sjrwm.com](http://www.sjrwm.com) or an excel spreadsheet that can be obtained from the District.

The following information must be submitted for each calendar year:

Residential Population, Number of Residential Dwelling Units, Uniform Residential Per Capita Water Use (gpcpd), Household Average Day (mgd), Commercial/Industrial Average Day (mgd), Irrigation Average Day (mgd), Water Utility (mgd), Unaccounted for Water (mgd), Water Treatment Reject Water (mgd) (if applicable), Total Water Use Average Day (mgd), Total Water Use Maximum day (mgd), and Total Annual Water Use (mgd).

Definitions of these items can be found in the District's Applicant's Handbook: Consumptive Uses of Water March 8, 2009, Permit Application for Consumptive Uses of Water. Total annual water use must be consistent with the data submitted to the District using Forms EN-50.

**EXHIBIT Q**  
**Rule 25-30.037 (2)(t)**

**The current water certificate issued for the water system, was not available at the time of Application Filing.**

HWW has requested the Certificate from the Owner. At this time, the owner has been unable to provide the Certificate. The Owner and HWW is requesting the FPSC to issue another Certificate upon approval of the Transfer of Ownership within the current rules of the FPSC.

**EXHIBIT R**  
**Rule 25-30.036 (3)(d)**

**Evidence that the utility owns the land upon which the utility treatment facilities that will serve the proposed territory are located or a copy of an agreement, such as a 99-year lease, which provides for the continued use of the land.**

All documents associated with Exhibit R are contained within Exhibit O of this Application.

**EXHIBIT S**  
**Rule 25-30.036 (3)(e)**

**A description of the territory proposed to be served using township, range, and section references as specified in Rule 24-30.030(2).**

**Legal Description for Harbor Hills water system in Lake County, FL**

**Township 18 South, Range 24 East**  
**Sections 13 and 14**

**Township 18 South, Range 25 East**  
**Sections 7 and 18**

The following described lands located in portions of Sections 13 & 14, Township 18 South, Range 24 East, and Sections 7 & 18, Township 18 South, Range 25 East, Lake County, Florida:

Begin at the Southeast corner of Section 12, Township 18 South, Range 24 East, for the Point of Beginning; thence run North 00°07'21" West along the East boundary of said Section 12 a distance of 66.62 feet to the centerline of Lake Griffin Road and a point on a curve having a radial bearing of North 27°13'16" West, said curve being concave Northwesterly having a radius of 615.63 feet; thence run Easterly along said centerline an arc distance of 228.02 feet, said arc having a delta of 21°13'18", a tangent distance of 115.33 feet, a chord bearing of North 52°10'04" East and a chord distance of 226.72 feet to a point of tangency; thence run North 41°33'27" East along said centerline a distance of 403.94 feet to a point of curvature, said curve being concave Northwesterly having a radius of 1,730.29 feet; thence run Northeasterly along said centerline an arc distance of 240.35 feet, said arc having a delta of 07°57'32", a tangent distance of 120.37 feet, a chord bearing of North 37°34'41" East and a chord distance of 240.16 feet to a point of tangency; thence run North 33°35'55" East along said centerline a distance of 88.27 feet to a point of curvature, said curve being concave Southeasterly having a radius of 234.54 feet; thence run Easterly along said centerline an arc distance of 307.05 feet, said arc having a delta of 75°00'30", a tangent distance of 180.00 feet, a chord bearing of North 71°06'10" East and a chord distance of 285.59 feet to a point of tangency; thence run South 71°23'35" East along said centerline a distance of 606.85 feet to a point of curvature, said curve being concave Northeasterly having a radius of 919.44 feet; thence run Easterly along said centerline an arc distance of 249.03 feet, said arc having a delta of 15°31'06", a tangent distance of 125.28 feet, a chord bearing of South 79°09'08" East and a chord distance of 248.27 feet to a point of tangency; thence run South 86°54'41" East along said centerline of Lake Griffin Road a distance of 1,406.31 feet to the intersection of the East line of the Southwest 1/4 of the Southeast 1/4 of Section 7, Township 18 South, Range 25 East; thence run South 00°08'17" West along said East line a distance of 72.64 feet to a point on the North boundary of the Northeast 1/4 of Section 18, Township 18 South, Range 25 East; thence run North 89°14'04" East along the North boundary of said Section 18 a distance of 207.76 feet; thence run South 09°02'54" West a distance of 1,000 feet; thence run Easterly to the waters edge of Lake Griffin to a point, said point to be known as Point "A"; return to the Southeast corner of said Section 12 and the Point of Beginning; thence run South 89°40'50" West along the North boundary of the Northeast 1/4 of said Section 13 a distance of 278.32 feet; thence continue South 89°40'50" West along said line a distance of 2,374.36 feet to the North 1/4 corner of said Section 13; thence run South 89°50'32" West along the North boundary of the Northwest 1/4 of said Section

13, a distance of 1,959.26 feet; thence run South 01°05'13" East along the West line of the East 1/2 of the Northwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 1,324.76 feet; thence South 89°50'18" West along the South line of said Northwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 329.42 feet; thence run South 01°15'47" East along the West line of the East 30 acres of the Southwest 1/4 of the Northwest 1/4 of said Section 13 a distance of 1,324.85 feet; thence run North 89°50'05" East along the South line of said Southwest 1/4 of the Northwest 1/4 said Section 13, a distance of 986.58 feet to the Southeast corner of said Southwest 1/4 of the Northwest 1/4 of said Section 13; thence run South 01°07'54" East along the West line of the East 1/2 of the Southwest 1/4 of said Section 13 a distance of 2,426.57 feet; thence run South 89°54'49" East a distance of 210.00 feet; thence run South 01°07'54" East a distance of 210.00 feet to the South boundary of said Section 13; thence run North 89°54'49" West along said Southerly boundary a distance of 210.00 feet; thence run South 00°18'48" East along the West line of the East 1/2 of the Northwest 1/4 of Section 24, Township 18 South, Range 24 East, a distance of 2,676.64 feet to a point on the East-West mid-section line of said Section 24; thence run South 89°55'50" East along said mid-section line a distance of 663.16 feet; thence run North 00°06'52" West a distance of 669.10 feet; thence run South 89°55'35" east a distance of 665.48 feet; thence run North 00°05'03" East a distance of 9.04 feet; thence run South 89°55'19" East a distance of 660 feet; thence run North 00°05'03" East a distance of 1,997.99 feet to a point on the North boundary of said Section 24; thence run South 89°54'49" East along said North boundary line a distance of 613.85 feet; thence continue Easterly along said line to the waters edge of Lake Griffin; thence Northeasterly along the waters edge to said Point "A".

**Exhibit T**  
**Rule 25-30.036 (3)(i)**

**One copy of the official county tax assessment map or other map showing township, range and section, with a scale such as 1" = 200' or 1"= 400', with the proposed territory plotted there on by use of metes and bounds or quarter sections and with a defined reference point of beginning.**



**EXHIBIT U**  
**Rule 25-30.036 (3)(f)**

*MAPS*  
*forwarded to ECR*

**One copy of a detailed system map showing the proposed lines, treatment facilities, and the territory proposed to be served. The map shall be of sufficient scale and detail to enable correlation with the description of the territory.**

Attached hereto are maps showing the existing lines and facilities and the Service Territory.

**EXHIBIT V**  
**Rule 25-30.036 (3)(r)**

**An affidavit that the utility has tariffs and annual reports on filed with the Commission.**

Attached is an affidavit of Gary A. Deremer President & Chief Operating Officer of HWW, affirming that HWW does not currently have tariffs on file with the FPSC.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Harbor Waterworks, Inc.'s Application )  
for Approval of Transfer of Harbor Hills Utility, LP) )  
Water System and Amendment of Certificate in )  
Lake County, FL )  
\_\_\_\_\_ )

Docket No. \_\_\_\_\_

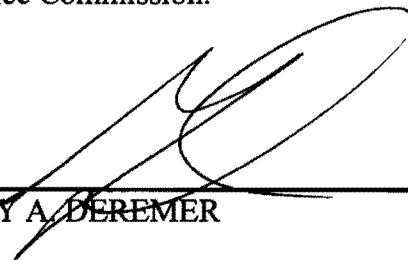
Filed: \_\_\_\_\_, 2012

**AFFIDAVIT**

STATE OF FLORIDA:  
COUNTY OF PASCO:

BEFORE ME, the undersigned authority, personally appeared Gary A. Deremer, who after being duly sworn, deposes and says:

1. That I, Gary A. Deremer, I am the President and Chief Operating Officer of Harbor Waterworks, Inc.
2. That in accordance with Rule 25-30.036(3)(r), Florida Administrative Code, I hereby affirm that Harbor Waterworks, Inc. does not have tariffs nor current annual reports on file with the Florida Public Service Commission.
3. Further, Affiant sayeth not.

  
\_\_\_\_\_  
GARY A. DEREMER

STATE OF FLORIDA:  
COUNTY OF PASCO

Subscribed and sworn to before me this 30<sup>th</sup> day of April, 2012, by Gary A. Deremer, who is personally known to me.

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

My Commission Expires:



**EXHIBIT W**  
**Rule 25-30.036 (3)(q)**

**The number of the most recent order of the Commission establishing or changing the applicant's rates and charges.**

Not applicable.

## **EXHIBIT X**

Attached hereto is an affidavit of Gary A. Deremer, President & Chief Operating Officer of HWW, affirming that the facts stated herein and in the attached exhibits are true and correct.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Harbor Waterworks, Inc.'s Application )  
for Approval of Transfer of Harbor Hills Utility, LP) )  
Water System and Amendment of Certificate in )  
Lake County, FL )  
\_\_\_\_\_ )

Docket No. \_\_\_\_\_

Filed: \_\_\_\_\_, 2012

**AFFIDAVIT**

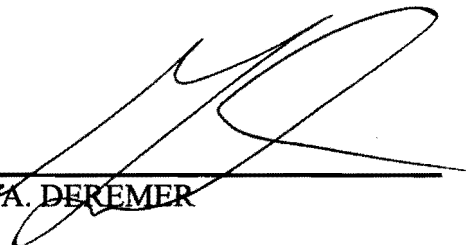
STATE OF FLORIDA:  
COUNTY OF PASCO:

BEFORE ME, the undersigned authority, personally appeared Gary A. Deremer, who after being duly sworn, deposes and says:

1. That I, Gary A. Deremer, am the President and Chief Operating Officer of Harbor Waterworks, Inc.

2. That I hereby affirm that the facts stated in Harbor Waterworks, Inc.'s Application for Approval of Transfer of Harbor Hills Utility, LP Water System in Lake County, Florida, and the attached exhibits thereto are true and correct.

3. Further, Affiant sayeth not.

  
\_\_\_\_\_  
GARY A. DEREMER

STATE OF FLORIDA:  
COUNTY OF PASCO:

Subscribed and sworn to before me this 30<sup>th</sup> day of April, 2012, by Gary A. Deremer, who is personally known to me.

  
\_\_\_\_\_  
NOTARY PUBLIC  
My Commission Expires:

