



FRIEDMAN,
FRIEDMAN & LONG, P.A.
ATTORNEYS & COUNSELORS

June 23, 2014

E-FILING

Carlotta S. Stauffer, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

Re: Docket No. 140115-WS - Petition for declaratory statement by Continental Utility, Inc. that in providing service only to other entities owned by Continental Country Club R.O., Inc., Continental Utility, Inc. would be exempt from Public Service Commission jurisdiction

Dear Ms. Stauffer:

The following are Continental Utility, Inc.'s responses to the Staff's First Data Request dated June 16, 2014.

1. Is Sandalwood Condominium within the certificated territory of Continental Utility, Inc.?

Response: Yes.

2. If not, how does Sandalwood Condominium interconnect with Continental Utility, Inc.?

Response: N/A

3. Are there any other water and wastewater providers with which Sandalwood Condominium could interconnect?

Response: The Utility believes that the City of Wildwood has service lines in close proximity to the Sandalwood Condominium.

4. Please provide a copy of any contract between Continental Utility Inc. and Sandalwood Condominium.

Response: A copy of the Contract is attached.

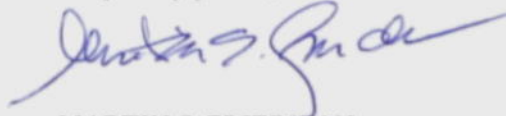
Carlotta S. Stauffer, Commission Clerk

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If you or the Staff have any questions, please feel free to contact me.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Martin S. Friedman". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

MARTIN S. FRIEDMAN
For the Firm

MSF/

cc: Paul Gryniewski (via email)
Pamela Page, Esquire (via e-mail)
Patti Daniel (via e-mail)

IN THE CIRCUIT COURT OF THE
FIFTH JUDICIAL CIRCUIT, IN AND
FOR SUMTER COUNTY, FLORIDA.

CIVIL ACTION NO. 75-76

REPUBLIC MORTGAGE INVESTORS, by
and through BERNARD JACOBSON as
Nominee of the Trustees of
REPUBLIC MORTGAGE INVESTORS, a
Massachusetts Business Trust,

Plaintiff,

vs.

CONTINENTAL DEVELOPMENT COR-
PORATION OF FLORIDA, et al,

Defendants.

STIPULATION AND SETTLEMENT AGREEMENT

This Stipulation and Settlement Agreement made this 16th
day of December, 1975, by and among
as nominee of the Trustees of Republic Mortgage Investors, a
Massachusetts Business Trust ("RMI"), CONTINENTAL DEVELOPMENT
CORPORATION OF FLORIDA, INC., a Florida corporation ("CDC"),
CONTINENTAL COUNTRY CLUB COMMUNITY, INC., a Florida corporation
("CCCC"), and FIDELITY MORTGAGE INVESTORS, a Massachusetts
Business Trust, Debtor-In-Possession ("FMI"):

PRELIMINARY STATEMENT

CDC is the owner of a parcel of property containing approxi-
mately 68 acres, located in Sumter County, Florida and more par-
ticularly described on Exhibit "A" attached hereto (the "Property").
In June, 1973, RMI made a loan to CDC to finance the construction
of a 104 unit condominium project to be known as Sandalwood Condo-
miniums (the "Condominium Project"). The loan was secured by a
mortgage on the Property, which mortgage was recorded in Book 143

Page 168, Public Records of Sumter County, Florida.

Adjoining the Property is a parcel of land comprising approximately 800 acres, which is owned by CCCC and on which is located a mobile home subdivision project together with golf course, clubhouse, related recreational facilities and a water and sewer plant (the "Mobile Home Project"). FMI is the owner and holder of the following mortgages on the Mobile Home Project:

- A. Mortgage in the principal amount of \$3,200,000 dated August 19, 1971 and recorded September 7, 1971 in O/R Book 121, Page 652, public records of Sumter County Florida.
- B. Mortgage in the principal amount of \$450,000 dated and recorded July 31, 1972 in O/R Book 131, Page 230 public records of Sumter County, Florida.
- C. Mortgage in the principal amount of \$2,474,000 dated and recorded April 30, 1973 in O/R Book 139, Page 814 public records of Sumter County, Florida as amended by First Future Advance Agreement dated October 18, 1974 and recorded October 23, 1974 in O/R Book 157, Page 678 public records of Sumter County, Florida and further amended by Second Future Advance Agreement dated October 1, 1975 and recorded October 7, 1975 in O/R Book 167 Page 606, public records of Sumter County, Florida.

At the inception of the Condominium Project, it was the intention of all parties to this Agreement that it receive water and sewer service from the facilities located on the Mobile Home Project and that the residents of the Condominium Project be entitled to use the recreational facilities of the Mobile Home Project. The parties entered into agreements dated February 1, 1973, March 15, 1973 and July 30, 1973 which were designed to provide for the terms and conditions upon which the water and sewer service would be provided and the recreational facilities would be used. These agreements were signed on behalf of CCCC by its predecessors-in-interest, Continental Camper Resorts, Inc. and Continental Timberwoods Development Corporation.

In addition, Continental Timberwoods Development Corporation and Continental Camper Resorts, Inc. executed and delivered to

RMI, a guaranty of the construction loan for the construction of the Sandalwood Condominiums and a mortgage encumbering the golf course and clubhouse recreational facilities on the Mobile Home Project. The mortgage was dated July 30, 1973 and recorded in the public records of Sumter County, Florida under Clerk's No. 102251 at Book 143, page 179.

The condominium loan has since gone into default and RMI has commenced the above referenced proceedings, joining CCCC as a Defendant due to the execution of the guaranty mentioned above by its predecessors-in-interest. The parties have now reached agreement as to settlement of the disputes among them and have accordingly executed this Agreement in full settlement of the obligations referred to herein.

TERMS OF AGREEMENT

In consideration of the premises and other good and valuable consideration, the parties do hereby agree as follows:

1. Water and Sewer Facilities.

(a) CCCC hereby reaffirms its duty and obligation created under the previous agreements to provide water and sewer service to the Condominium Project on the terms and conditions as provided in this Agreement. It is understood and specifically agreed by all parties that the terms and conditions of this Agreement shall supercede and replace all previous agreements between the parties and that the obligations of the parties to provide and pay for water and sewer service shall be governed solely as provided herein.

(b) Tap-on Fee. CCCC shall be entitled to receive, for furnishing water and sewer service to the Condominium Project, a tap-on fee, in the amount of \$10,000. This sum shall be paid at the execution of this Agreement by RMI, on behalf of CDC, and

shall constitute full payment of any tap-on or other connection charges for the furnishing of water and sewer system to the Condominium Project as it presently exists. Should additional units be constructed in the Condominium Project, CCCC shall have the obligation to furnish water and sewer service to those additional units on the same terms and conditions as provided herein; provided however that CCCC, at the time such service is extended, shall be entitled to charge a tap-on fee which shall not exceed \$100 per unit. It is further understood and agreed that CCCC shall have no obligation to expand its existing water and sewer facilities or extend lines not presently located on its property for the provision of such service, and if such extension or expansion is required to serve additional units of the Sandalwood Condominiums, CCCC shall be entitled to reimbursement for the reasonable costs of all such expansion or addition.

(c) Monthly Charges. For the provision of the water and sewer service as provided above, CCCC shall be entitled to receive a water consumption charge, payable on a monthly basis. Payment of the water consumption charge shall entitle the Condominium Project to sewer service at no additional charge. The charge shall be based upon the actual amount of water consumed by the Condominium Project as measured by a master meter installed therein and RMI and CDC hereby commit to the installation, at their expense, of such master meter within ninety (90) days from the date of this Agreement, and to the payment of a flat rate charge at the rate of \$1350 per month for water and sewer service until the meter is installed; provided, however that the above charge shall be adjusted to equal the average monthly charge for such service during the three (3) months immediately following the installation of the master meter, and the parties shall make such refunds or additional payments as required. After the installation of the master meter, the water rate for provision of

Water service shall be equal to the water rate charged by the City of Leesburg, Florida for domestic water service within its existing city limits, which rates presently are as follows:

- i. First 1,000 cubic ft. - \$.65 per 100 cubic ft.
- ii. Next 2,000 cubic ft. - \$.18 per 100 cubic ft.
- iii. Over 3,000 cubic ft. - \$.06 per 100 cubic ft.

In the event that the rates charged by the City of Leesburg shall be changed, the rate charged by CCCC shall be increased or decreased so that its rate shall always be equal to the rates charged by the City of Leesburg. The provisions of this paragraph shall be in effect notwithstanding any orders previously entered by the Circuit Court of Sumter County.

(d) In addition to the payment of charges as provided above, CCCC shall be entitled to receive payment for water service furnished to the Condominium Project from May 1, 1975 until the date of this Agreement, at the rate of \$1350 per month. Payment for these charges shall be made by RMI, CDC or their agents within thirty (30) days from the date of this Agreement. The parties acknowledge that the Condominium Project is currently being operated by a receiver, pursuant to Order of the Circuit Court of Sumter County, and further that certain litigation is pending before that Court in which CCCC's ownership of the water and sewer system is questions. RMI and CDC shall request the receiver to make payment of the above charges and RMI agrees to purchase Receiver's Certificates in the amounts required to make the above payments. In turn CCCC and FMI shall indemnify RMI and the receiver against any loss or expense suffered by either of them due to the payment of the above monthly charges and tap-on fees, to CCCC prior to the final resolution of the litigation concerning ownership of the water and sewer system.

2. Use and Membership of Country Club.

(a) CCCC hereby agrees to allow all residents of the Condominium Project (which term shall include owners of units, tenants, invitees, agents, servants or employees) the right to use the golf course and other recreational facilities now existing or hereafter constructed, on the Mobile Home Project upon payment for such use at the following rates:

i. So long as the facilities are open to members of the public, payment of the daily rates and charges established for such use by members of the public; and

ii. In the event, the facilities are closed to the public and limited to residents of the Mobile Home Project, payment of daily rates charged to residents of the Mobile Home Project, or if no daily rates are in effect, then the daily rates charged to residents of the Condominium Project shall be reasonable rates not to exceed rates charged by comparable facilities in the Central Florida area.

(b) In addition to the rights granted by subparagraph (a), residents of the Condominium Project shall be entitled to purchase memberships in the country club located on the Mobile Home Project, subject to the rules and regulations applied to all members thereof and upon payment of rates and charges as follows:

i. From the date of this Agreement throughout the calendar year 1976, an annual membership fee of \$350; and

ii. Commencing January 1, 1977 an annual membership fee equal to the lesser of: (1) the fees charged by CCCC to property owners of the Mobile Home Project; or (2) 50% of the membership rate charged to individuals who are not property owners in the Mobile Home Project.

(c) It is understood and agreed that the rights conferred in subparagraphs (a) and (b) above to residents of the Condominium Project are limited to the time that such individuals are residents of the Condominium Project. Upon such cessation of residency, the former resident shall have no further rights to use the recreational facilities and CCCC may immediately terminate his membership upon the pro-rata refund of any annual membership fee paid in advance by the former resident.

3. License to Operate Country Club and Water and Sewer Plant.

(a) CCCC hereby agrees for itself, its successors and assigns, to operate the golf course, country club and water and sewer plant on the Mobile Home Project on a normal continuous basis during the term of this Agreement as set forth in paragraph 4. In order to secure the performance of this covenant, CCCC hereby grants to RMI, and its successors and assigns, a contingent license during the term of this Agreement, to operate the golf course, country club and water and sewer plant, or any of them, if those facilities should cease to be so operated at any time during the term of this license. The license created by this Agreement shall not operate to convey to RMI any present right to manage, control, review, or in any other way involve itself with the operation of the facilities until and unless such facilities ceased to be so operated for a continuous period of thirty (30) days. In the event that CCCC or its successors or assigns intends to cease operation of any of the above facilities, it shall give RMI written notice of its intention at least thirty (30) days prior to the cessation. Upon receipt of such notice, or upon learning of the cessation of operations after the failure of CCCC to furnish such notice, RMI shall have thirty (30) days in which to elect to activate the contingent license created herein.

If RMI so elects it shall provide CCCC written notice of such election within the thirty (30) day period and shall thereafter have the rights and obligations provided in this paragraph, but RMI shall not have such rights or obligations until after the activation of the license as provided above. Failure of RMI to provide notice to CCCC shall terminate the license.

(b) Upon RMI's election to operate the golf course, country club or water and sewer plant, it shall have the following rights and obligations:

i. RMI will, promptly after the giving of the required notice, enter the facility to be operated, for the purpose of conducting a physical inventory thereof. Such inventory will be taken in cooperation with CCCC for the express purpose of determining both the quantity and quality of the component parts of the facility and to enable RMI to open the appropriate initial business ledgers for the operation of the facility.

ii. RMI will, after the completion of the inventory, and the completion of such repairs (at its own cost and expense) as it may in its discretion require, commence the operation of the facility.

iii. RMI will operate or cause to be operated, the facility on the same terms and conditions as may apply at that time, and shall honor the rights of all bona fide facility members or users, provided they do not violate the rules and regulations of the facility then in force. After the first six months of operation, RMI shall have the absolute right to modify the rules and regulations relating to the facility in any and all respects.

iv. RMI shall not be responsible for the continued employment of such individuals as may then be employed at the facility and shall be under no duty to assume contracts of employment which may then be in existence.

v. RMI will pay to CCCC as a license fee for the operation of the facility, the sum of One Hundred Dollars per year per facility, plus two percent of the net income of the facility after the payment of federal income taxes attributable to the operation of the facility, such sum to be paid annually, after the filing of the tax return for the tax year in question. CCCC, as licensor, will be entitled to receive, on a quarterly basis, income statements from RMI, and will be entitled, on reasonable notice given to RMI to access to the books and records pertaining to the operation of the facility during reasonable business hours.

vi. To the extent RMI makes expenditures for the improvement of the facility from non-operating funds, RMI shall be entitled to be reimbursed therefor from the operating income of the facility prior to the license payment.

vii. All revenues collected at, by or on behalf of the facility shall be the property of RMI.

viii. Real estate taxes shall be paid by RMI provided CCCC shall arrange with the county tax department for the subdivision of the property and the apportionment and assessment of the facility on a basis separate from the balance of the property now or then owned by CCCC.

ix. RMI will be required to keep the facility properly insured against loss by fire and other hazards as shall then be covered by standard extended coverage policies, and for third party liability for personal injuries and property damage, the amounts of such coverage to be no less than the average amounts of coverage carried by CCCC for the three years immediately prior to the commencement of the license. The proceeds from all such insurance shall be expended to rebuild or repair the facility, unless otherwise agreed by RMI and CCCC.

x. The license shall be assignable by RMI, at its option, at any time during the term thereof, which assignment shall relieve RMI of any obligations under this license.

xi. The sale of the property on which any of the facilities subject to the license are located shall have no effect upon the license unless the new owners agree in writing to operate the facilities in RMI's place and stead and agree further that upon their failure to do so RMI shall have the right to re-enter the facility again for the purpose of ensuring its continuous operation.

xii. RMI's election to activate its license shall not obligate RMI to operate the facilities covered by the license for any minimum term and RMI shall be entitled at any time upon thirty (30) days notice to return operations to CCCC. In such event, RMI shall deliver possession of such facilities at the expiration of the thirty (30) days period and shall not be liable for the condition thereof, or its conduct in the operation of the facilities, except that RMI shall not cause or permit waste of the facilities during its possession.

(c) Release of Continental Country Club Community, Inc. Contemporaneously with the execution of this Agreement, and as consideration for its execution by CCCC, RMI has released CCCC from all obligations under the guaranty executed by it and referred to in the Preliminary Statement hereof, and has further fully satisfied the mortgage held by it on the Mobile Home Project, by the execution and delivery or releases and satisfactions in the forms attached hereto as Exhibits B and C.

4. Successors and Assigns.

(a) This Agreement and all obligations contained herein shall be binding upon the parties and upon their successors in interest or assigns for a period of forty (40) years from the date of this Agreement. The obligations of CCCC hereunder to furnish

water and sewer service and to allow residents of the Mobile Home Project the use of the adjoining recreational facilities shall run with the land and shall survive any sale or other transfer of such property by CCCC or the foreclosure of the mortgages held by FMI.

5. Notice.

(a) Whenever under the terms of this Agreement notice is required to be given by one party to another, such notice shall be in writing and shall be sent to the other party by certified or registered mail, return receipt requested, to the following addresses:

To RMI: 2401 Douglas Road
Miami, Florida
ATTN: Bernard Jacobson, Esquire

To CCCC: Post Office Box 427
Wildwood, Florida 32785
ATTN: Mr. Hershel F. Smith, Jr.

To FMI: 661 Riverside Avenue
Jacksonville, Florida

To CDC: Post Office Box 1275
Leesburg, Florida 32748
ATTN: Mr. George Wayson

6. Disclaimers.

(a) This Agreement and every undertaking made pursuant hereto is executed on behalf of Republic Mortgage Investors by one or more trustees, officers or agents of the trust in his or their capacity as such and not individually, under a Declaration of Trust dated October 3, 1968, as amended. Any obligations hereunder shall be understood and expressly stated not to be binding upon any trustees, shareholders, officers or agents of the trust personally, but binding only upon the trust estate of Republic Mortgage Investors.

(b) This Agreement and every undertaking made pursuant hereto is executed on behalf of Fidelity Mortgage Investors by

one or more trustees, officers or agents of the trust in his or their capacity as such and not individually, under a Declaration of Trust dated May 29, 1969, as amended. Any obligations hereunder shall be understood and expressly stated not to be binding upon any trustees, shareholders, officers or agents of the trust personally, but binding only upon the trust estate of Fidelity Mortgage Investors.

WITNESSES:

Robert H. [Signature]
[Signature]

REPUBLIC MORTGAGE INVESTORS

By [Signature]

WITNESSES:

[Signature]
[Signature]

CONTINENTAL DEVELOPMENT CORPORATION
OF FLORIDA, INC.

By [Signature]

WITNESSES:

[Signature]
[Signature]

CONTINENTAL COUNTRY CLUB COMMUNITY, I

By [Signature]

WITNESSES:

[Signature]
[Signature]

FIDELITY MORTGAGE INVESTORS
Debtor-In-Possession

By [Signature]
Vice President