

**BLAIR & COONEY**  
ATTORNEYS & COUNSELORS AT LAW

**JERRI A. BLAIR**  
**GARY J. COONEY**

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POST OFFICE BOX 130  
TAVARES, FLORIDA 32778  
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FAX: (904) 343-5301

October 7, 1992

Director, Division of Records  
and Reporting  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32399-8070

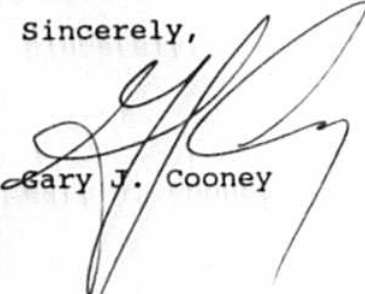
RE: Request for exemption by  
Lake Saunders Utilities, Inc.  
for a system previously owned  
by Stewart/Barth Utility.  
Docket No. 920063-WS

Dear Sir:

Enclosed please find an original and fifteen (15) copies of an application for exemption under §367.022(7), Fla. Stat. (1991). This application is being submitted on behalf of Lake Saunders Utilities, Inc. The system to which the exemption request is applicable was formally operated by Stewart/Barth Utility. Stewart/Barth Utility currently has an application for exemption pending before the Commission under Docket No. 920063-WS. It is the intent of the applicant that this application supplant the pending application for exemption by Stewart/Barth.

Thank you for your consideration of this matter.

Sincerely,



Gary J. Cooney

GJC/les  
Enclosure  
cc: Rex Golden

ACK   
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG   
LIN   
OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC   
WAS   
QTH \_\_\_\_\_

DOCUMENT NUMBER-DATE  
11812 OCT -8 1992  
FPSC-RECORDS/REPORTING



7. Applicant and its owners are aware that pursuant to § 837.06, Fla. Stat., whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in § 775.082, § 775.083, or § 775.084, Fla. Stat.

8. Applicant is requesting an exemption pursuant to § 367.022(7), Fla. Stat. (1991). Applicant has received from the staff certain sample affidavits for the appropriate exemption, and has drafted an affidavit for an exemption under § 367.022(7) based upon the staff sample, and the same is attached hereto as Exhibit "A".

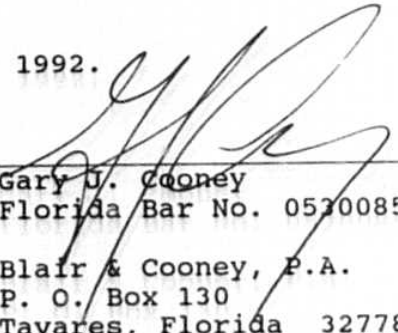
9. Stewart/Barth Utility previously forwarded to James E. McRoy, Staff Engineer, certain documents as follows:

- A) Certain correspondence from the Department of Environmental Regulation regarding the permit for the Stewart/Barth Utility.
- B) Certain domestic wastewater treatment plant monthly operating reports and drinking water treatment plant daily summaries, a complete original schematic of the water and wastewater system and general piping plan, site plan and certain engineering layouts for the extended aeration sewage treatment plant for the Stewart/Barth Utility, Inc., as prepared by Wicks Consulting Services, Inc. of Tavares, Florida 32776-3809, Contact person: Mr. Kenneth Wicks.

10. Also attached are the following Exhibits:

- A) Exhibit "B" - Articles of Incorporation
- B) Exhibit "C" - Corporate By-Laws
- C) Exhibit "D" - Proof of Ownership of the utility facilities and the land upon which the facilities are located (ninety-nine year lease).

DATED this 7th day of October, 1992.



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Gary J. Cooney  
Florida Bar No. 0530085

Blair & Cooney, P.A.  
P. O. Box 130  
Tavares, Florida 32778  
Telephone: (904) 343-3755

cc: Rex Gordon  
Robert Barth  
Charles Stewart



AFFIDAVIT


STATE OF FLORIDA  
COUNTY OF LAKE

BEFORE ME, the undersigned authority, personally appeared Charles R. Stewart, who being first duly sworn, deposes and says: That he occupies the position of President of Lake Saunders Utilities, Inc. and states as follows:

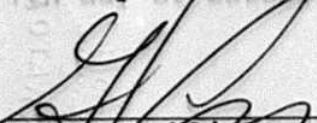
Lake Saunders Utilities, Inc., located in Lake County, Florida will be exempt from the regulations of the Florida Public Service Commission pursuant to Section 367.022(7), Florida Statutes, for the following reasons:

1. Lake Saunders Utilities, Inc. is a nonprofit corporation organized pursuant to Chapter 617, Florida Statutes.
2. Lake Saunders Utilities, Inc. will provide utility service solely to members of the corporation who own and control it.
3. Lake Saunders Utilities, Inc. will provide both water and wastewater service.
4. Billing, if any, will be done by Lake Saunders Utilities, Inc.
5. The service territory of Lake Saunders Utilities, Inc. will be limited to the area described in Exhibit "A".

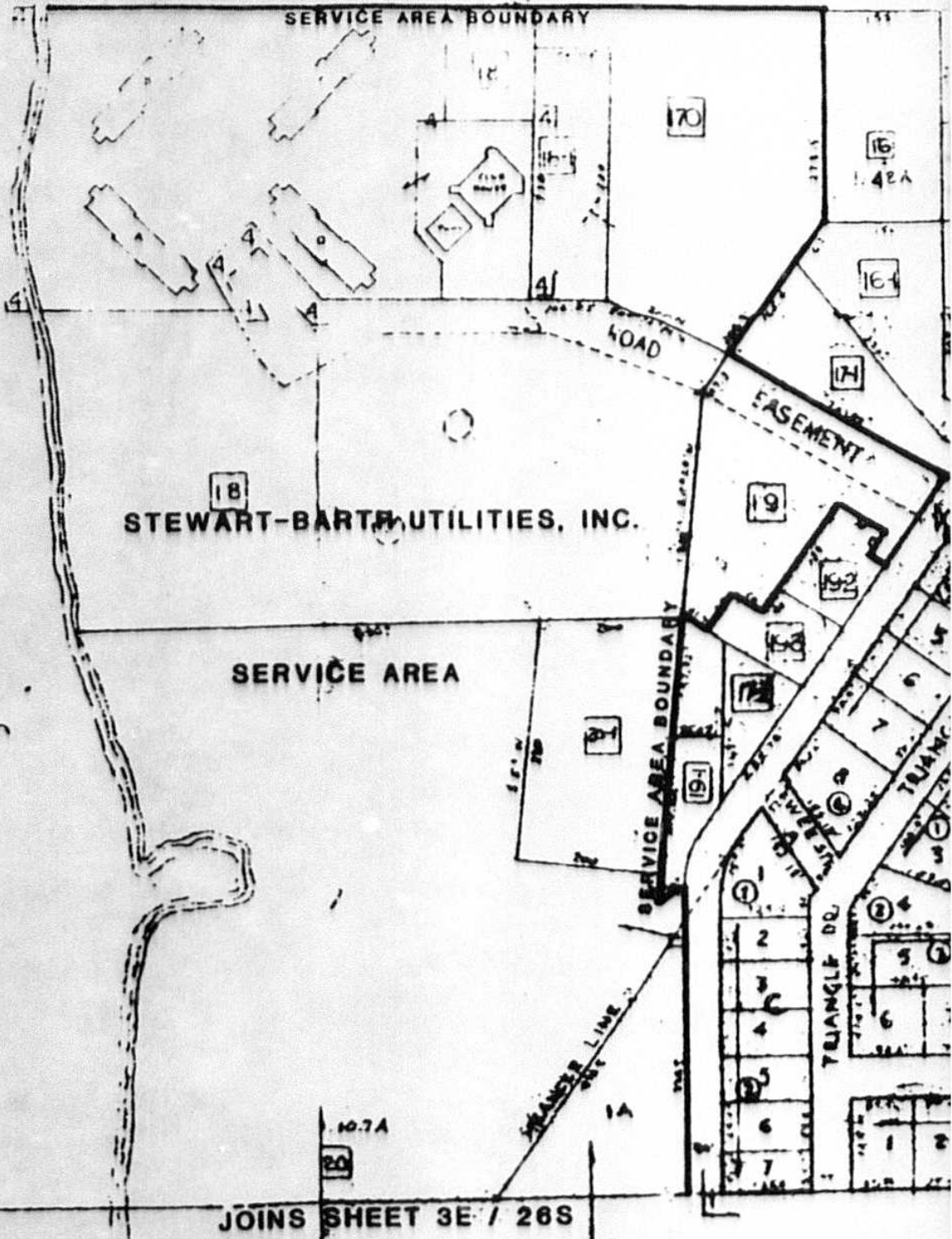
Affiant further states that the information given herein is true and correct to the best of his knowledge and belief.

  
Charles R. Stewart as  
President of Lake Saunders  
Utilities, Inc.

Witness my hand and seal this  
7th day of October, 1992.

  
Notary Public GARY J. COONEY  
CC162266  
My Commission Expires:

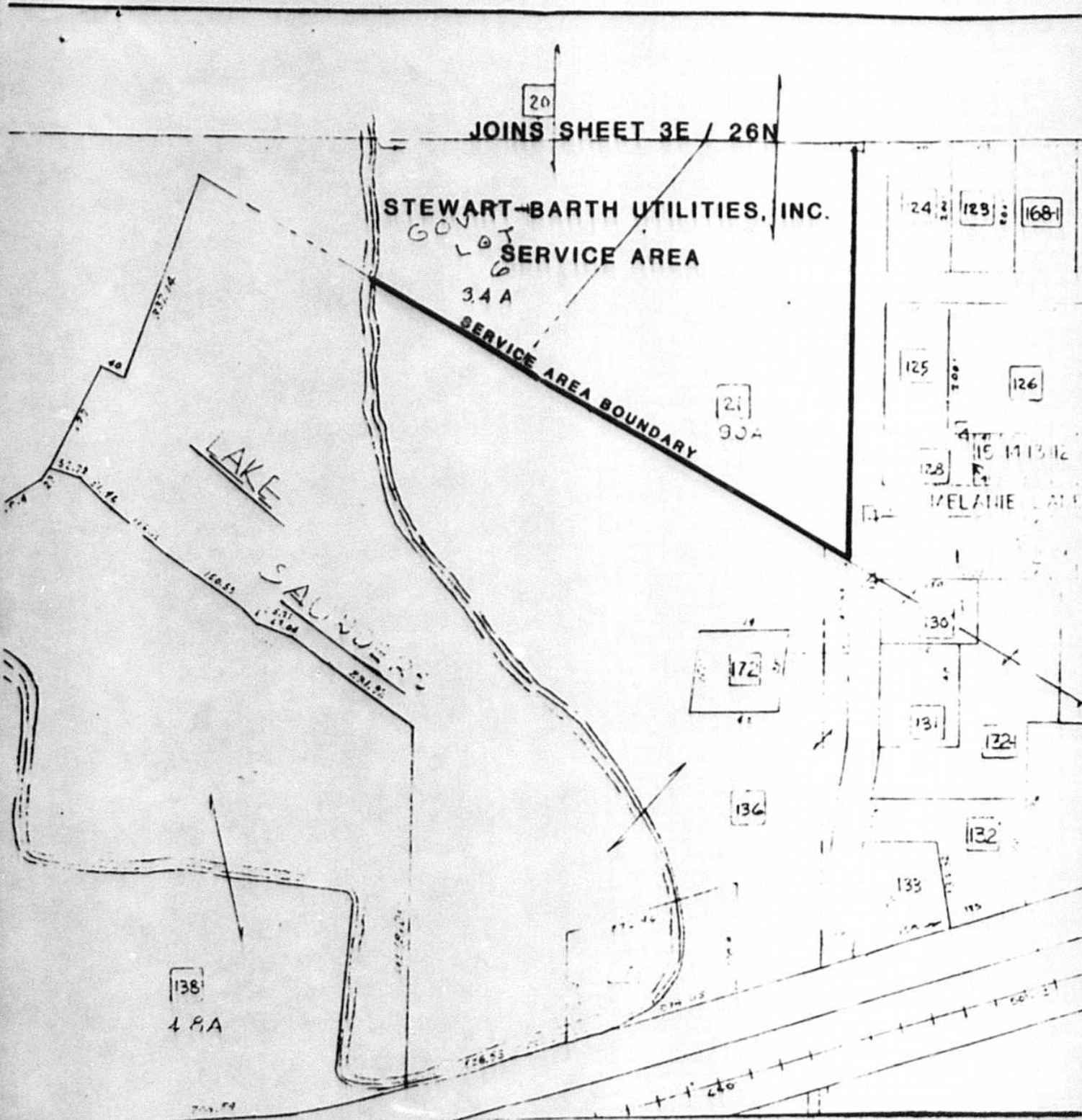
NOTARY PUBLIC STATE OF FLORIDA  
MY COMMISSION EXP. NOV. 19, 1995  
BONDED THRU GENERAL INS. UND.



ASSESSMENT MAP  
**LAKE COUNTY, FLORIDA**  
 COMPILED & DRAWN BY  
 HUNNIGUTT & ASSOCIATES, INC.

SECTION 26 N  
 TOWNSHIP 19 S  
 RANGE 26 E  
 COMPILED & DRAWN 1981  
 REVISION DATES

SHEET  
 NUMBER  
**3E**



ASSESSMENT MAP  
**LAKE COUNTY, FLORIDA**  
 COMPILED & DRAWN BY  
 HUNNICUTT & ASSOCIATES, INC.  
 ST. PETERSBURG, FLORIDA

SECTION SOUTH 1/2 26  
 TOWNSHIP 19 S  
 RANGE 26 E  
 COMPILED & DRAWN, 1961  
 REVISION DATES \_\_\_\_\_  
 TRACING \_\_\_\_\_ PRINT \_\_\_\_\_

SHE  
 NUM  
 3E



# State of Florida



## Department of State

I certify that the attached is a true and correct copy of the Articles of Incorporation of LAKE SAUNDERS UTILITIES, INC., a corporation organized under the Laws of the State of Florida, filed on October 7, 1992, as shown by the records of this office.

The document number of this corporation is N51184.

Given under my hand and the  
Great Seal of the State of Florida,  
at Tallahassee, the Capital, this the  
7th day of October, 1992.



CR2EO22 (2-91)

*Jim Smith*

Jim Smith  
Secretary of State



ARTICLES OF INCORPORATION

OF

LAKE SAUNDERS UTILITIES, INC.

FILED  
1992 OCT -7 PM 1:42  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

The undersigned, for the purpose of forming a corporation under Chapter 617, Florida Statutes, does hereby adopt the following Articles of Incorporation:

ARTICLE I: NAME

The name of the Corporation is LAKE SAUNDERS UTILITIES, INC.

ARTICLE II: DURATION

The period of duration of the Corporation is perpetual unless dissolved according to law. Corporate existence shall commence upon the filing of these Articles of Incorporation.

ARTICLE III: PURPOSE

The corporation has been organized for the purpose of providing for the ownership, operation, management, maintenance, control and administration of a sewage treatment facility and a potable water system providing services solely to those who are members of Baywood Condominium Association, Robert L. Barth, and Charles R. Stewart.

ARTICLE IV: QUALIFICATION

The qualifications for members and the manner of their admission are stated in the bylaws of the Corporation.

**ARTICLE V: INITIAL REGISTERED OFFICE AND AGENT**

The initial registered office and agent of the Corporation will be Capital Connection, Inc., 417 E. Virginia Street, Suite 1, Tallahassee, FL 32301. The initial address of the principal office of the Corporation will be 1175 Bay Road, Mount Dora, FL 32757.

**ARTICLE VI: INITIAL BOARD OF DIRECTORS**

The number of persons constituting the Board of Directors of the Corporation is two (2) initially. The method of election of directors is stated in the by-laws of the corporation. The name and address of each person who is to serve as a member of the initial Board of Directors is:

Robert L. Barth  
4590 N. Highway 19-A  
Mount Dora, FL 32757  
Charles R. Stewart  
37936 Hwy. 19  
Umatilla, FL 32784

**ARTICLE VII: NON-STOCK BASIS**

The Corporation is organized under a non-stock basis.

**ARTICLE VIII: DISSOLUTION**

In the event of dissolution, the residual assets of the Corporation will be turned over to one or more organizations which themselves are exempt as organizations described in

sections 501(c) (3) and 170(c) (2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, or to the Federal, State, or local government for exclusive public purpose.

**ARTICLE IX: INCORPORATOR**

The name and address of the incorporator of these Articles of Incorporation is Capital Connection, Inc., 417 E. Virginia Street, Suite 1, Tallahassee, FL 32301.

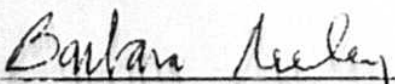
**ARTICLE X: AMENDMENTS**

The Corporation reserves the right to amend or repeal and provisions of these Articles of Incorporation, or any amendment(s) thereto.

**ARTICLE XI: CORPORATE POWERS**

The corporation shall have all corporate powers as stated in 617.0302, Florida Statutes.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation this 7th day of October, 1992

  
Capital Connection, Inc.  
Barbara Neeley-President  
Incorporator



**CERTIFICATE OF DESIGNATION  
REGISTERED AGENT/REGISTERED OFFICE**

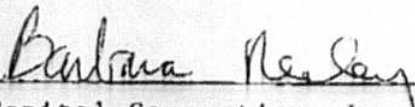
Pursuant to the provisions of section 607.0501, Florida Statutes, the mentioned corporation, organized under the laws of the state of Florida, submits the following statement in designating the registered office/registered agent, in the state of Florida.

1. The name of the corporation is

**LAKE SAUNDERS UTILITIES, INC.**

2. The name and address of the registered agent and office is  
Capital Connection, Inc., 417 E. Virginia St., Suite 1,  
Tallahassee, FL 32301.

HAVING BEEN NAMED AS REGISTERED AGENT AND TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE STATED CORPORATION AT THE PLACE DESIGNATED IN THIS CERTIFICATE, I HEREBY ACCEPT THE APPOINTMENT AS REGISTERED AGENT AND AGREE TO ACT IN THIS CAPACITY. I FURTHER AGREE TO COMPLY WITH THE PROVISIONS OF ALL STATUTES RELATING TO THE PROPER AND COMPLETE PERFORMANCE OF MY DUTIES, AND I AM FAMILIAR WITH AND ACCEPT THE OBLIGATIONS OF MY POSITION AS REGISTERED AGENT.

  
Capital Connection, Inc.  
Barbara Neeley - President  
Dated: October 7, 1992

1992 OCT -7 PM 1:42  
FILED  
SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

BY-LAWS  
OF  
LAKE SAUNDERS UTILITIES, INC.  
a corporation not for profit under the  
laws of the State of Florida

1. Purpose. These are the By-Laws of Lake Saunders Utilities, Inc., called "LSUI" in these By-laws, a corporation not for profit under the laws of the State of Florida. The corporation has been organized for the purpose of providing for the ownership, operation, management, maintenance, control and administration of a sewage treatment facility and a potable water system providing services solely to those who are members of Baywood Condominium Association, Robert L. Barth, and Charles R. Stewart.

2. Offices. The office of LSUI shall be at Mount Dora, Lake County, Florida.

3. Fiscal Year. The fiscal year of LSUI shall be the calendar year.

4. Seal. The seal of the corporation shall bear the name of the corporation, the word "Florida" and the words "corporation not for profit", and the year of incorporation, "1992".

5. Membership and Ownership. The members and owners of LSUI shall be, Baywood Condominium Association, Robert L. Barth, and Charles R. Stewart. Each of them shall own a one-third (1/3) interest in LSUI.

6. Members Meetings. The annual members meetings shall be held each year at the office of the corporation on a date during the month of January as from time to time determined by the Board of Directors for the purpose of transacting any other business authorized to be transacted by the members.

7. Special Meetings. Special meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast ten percent (10%) of the votes of the entire membership.

8. Notice. Notice of all members meetings stating the time and place and the objects for which the meeting is called shall be given by the President or Vice-President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the corporation and shall be mailed not less than fourteen (14) days nor more than sixty (60) days prior to the date of the meeting. The post office receipt of mailing shall be retained as proof of such mailing. Notice of meeting may be waived before the meetings.

9. Quorum. A quorum of members meeting shall consist of persons entitled to cast two-thirds (2/3) of the votes of the entire membership. The acts approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the act of the members, except when approval by a greater number of members is required by the Articles of Incorporation of the corporation or these By-Laws. In determining whether a quorum is present, proxies may be counted as persons present.

10. Members Vote. At any meeting of the members, each member shall be entitled to cast one (1) vote.

11. Authority to Vote. If a member is a corporation or association, the person entitled to cast the vote for the member



shall be designated by a certificate signed by the President or Vice-President and attested by the Secretary or Assistant Secretary of the corporation or association and filed with the Secretary of LSUI. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or a change in the ownership of the unit concerned. If such a certificate is not on file, the vote of such member shall not be considered in determining the requirement for a quorum nor for any other purpose.

12. Proxies. Votes may be cast in person or by proxy. A proxy may be made or revoked by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary before the appointed time of the meeting or any adjournment of the meeting, provided that in no event shall a proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given.

13. Lack of Quorum. If any meeting of members cannot be organized because a quorum is not present, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

14. Order of Business. The order of business at annual meetings and as far as practical at other members meetings shall be:

- a. Election of chairman of the meeting.
- b. Call of the roll and certifying of proxies.
- c. Proof of notice of meeting or waiver of notice.
- d. Reading and disposal of any unapproved minutes.
- e. Report of officers.
- f. Report of committees.

- g. Election of directors.
- h. Unfinished business.
- i. New Business.
- j. Adjournment.

15. Number of Directors. The affairs of the corporation shall be managed by a Board. The Board of Directors shall consist of a representative of Baywood Condominium Association, Robert L. Barth, and Charles R. Stewart.

16. Election of Directors. The vote for the election of the representative of Baywood Condominium Association shall be governed by the association's by-laws. The election of the representative shall occur at the time and place designated by the association's by-laws.

17. Director's Term. The terms of each director's service shall extend until the next annual meeting of the members and subsequently until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided.

18. Director's Organizational Meeting. The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be affixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

19. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the

day named for such meeting.

20. Special Meetings. Special meetings of the Board of Directors may be called by the President and must be called by the Secretary at the written request of one-third (1/3) of the directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

21. Open Meetings and Records. Meetings of the Board of Directors shall be open to all members and notices of meetings shall be given seventy-two (72) hours in advance except in an emergency. Minutes of all meetings of the members or the Board of Directors shall be kept in a book available for inspection by members or their authorized representatives, and Board members at any reasonable time. Said minutes shall be retained for a period of not less than seven (7) years.

22. Waiver of Notice. Any director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

23. Quorum. A quorum at director's meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of directors as required by the Articles of Incorporation of the Association or these By-Laws.

24. Adjourned Meetings. If at any meeting of the Board of Directors there is less than a quorum present, the majority of



those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

25. Joinder in Meeting by Approval of Minutes. The joinder of a director in the action of a meeting by signing or otherwise concurring in the minutes of that meeting shall constitute the presences of such director at such meeting; however, it shall not constitute the presence of such director for the purpose of determining a quorum.

26. Presiding Officer. The presiding officer of directors meetings shall be the chairman of the board if such an officer has been elected; and if none, the President shall preside. In the absence of the presiding officer, the directors present shall designate one of their number to preside.

27. Order of Business. The order of business at a directors meetings shall be:

- a. Calling of roll.
- b. Proof of due notice of meeting.
- c. Reading and disposal of any unapproved minutes.
- d. Report of officers and committees.
- e. Election of officers.
- f. Unfinished business.
- g. New business.
- h. Adjournment.

28. Directors Compensation. There shall be no compensation for directors.

29. Powers and Duties of the Board of Directors. All of the powers and duties of the corporation existing under the Articles of Incorporation and these By-Laws shall be exercised exclusively by

the Board of Directors.

30. Officers. The officers of the corporation shall be a President, who shall be a director, a Vice-President, who shall be a director, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the directors at any meeting. Any person may hold two (2) or more offices except that the President shall not also be the Secretary or an Assistant Secretary. The officers and designate their powers and duties as the Board shall find to be necessary or convenient to manage the affairs of the Association.

31. President. The President shall be the chief executive officer of the corporation. He shall have all of the powers and duties usually vested in the office of President of an corporation, including, by not limited to, the power to appoint committees from among the members from time to time, as he in his discretion may determine appropriate, to assist in the conduct of the affairs of the corporation.

32. Vice-President. The Vice-President in the absence or disability of the President shall exercise the powers and perform the duties of the President. He also shall assist the President generally and exercise such other powers and perform such other duties as shall be prescribed by the directors.

33. Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the members in a business-like manner and available for inspection by unit owners and directors at

all reasonable times. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the corporation and affix it to instruments requiring a seal when duly signed. He shall keep the records of the corporation, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of a corporation and as may be required by the directors or the President.

34. Treasurer. The Treasurer shall have custody of all property of the corporation, including funds, securities and evidence of indebtedness. He shall keep the books of the corporation in accordance with good accounting practices; he shall submit treasurer's reports to the Board of Directors at reasonable intervals; he shall make the treasurer's records available for inspection by directors or members at reasonable times; and he shall perform all other duties incident to the office of treasurer.

35. Officer Compensation. There shall be no compensation to any officers of the corporation. Compensation of employees shall be fixed by the Board of Directors.

36. Fiscal Management. Provisions for fiscal management of the corporation shall be the following provisions:

a. Budgets. The Board of Directors shall adopt a budget for each fiscal year for the sewage treatment facility and potable water system. The budget for the corporation shall include the estimated receipts and expenditures arising out of the use, ownership, operation and maintenance of the sewage treatment



facility and potable water system. All budgets adopted by the Board of Directors shall include the estimated funds required to defray the common expenses and to provide and maintain funds according to good accounting practices by accounts and expense classifications, including, if applicable, but not limited to, the following:

- (1) Administration of the corporation;
- (2) Management fee;
- (3) Maintenance;
- (4) Taxes upon corporation property;
- (5) Insurance;
- (6) Security provisions;
- (7) Other expenses; and,
- (8) Operating Capital.

b. Adoption of Budgets. A copy of each proposed annual budget of expenses shall be mailed to the directors not less than fourteen (14) days prior to the meeting at which the budget will be considered, together with a notice of that meeting. The director shall be given written notice of the time and place at which such meeting of the Board of Directors to consider the budget shall be held. The budget shall be adopted upon approval by a majority of the Board of Directors.

c. Assessments. Baywood Condominium Association shall provide the necessary funds to pay the operating costs, including, but not limited to, electrical and chemical costs, required testing and reporting, and minor repairs the individual cost of which is

\$100.00 or less. Robert L. Barth and Charles R. Stewart shall equally provide the funds to pay the remaining expenses.

37. Depository. The depository of the corporation shall be such bank or banks as shall be designated from time to time by the directors and in which the monies from such accounts shall be withdrawn only by checks signed by such persons as are authorized by the directors.

38. Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of corporation meetings when not in conflict with the Articles of Incorporation or these By-Laws.

39. Accounting Records. The corporation shall maintain at the corporation's offices accounting records for the corporation according to good accounting practices. The records shall be open to inspection by members or their authorized representatives at reasonable times, and written summaries of them shall be supplied at least annually to unit owners or their authorized representatives. Failure to permit inspection of the corporation's accounting records by members or their authorized representatives entitles any person prevailing in an enforcement action to recover reasonable attorney's fees from the person in control of the books and records who, directly or indirectly, knowingly denies access to the books and records for inspection. The records shall include, but are not limited to, a record of all receipts and expenditures.

40. Annual Financial Report. Within sixty (60) days following the end of the fiscal year of the corporation, the Board of Directors shall mail or furnish by personal delivery to each

member a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall show the amounts of receipts by accounts and receipt classifications and shall show the amounts of expenses by accounts and expense classifications, including, if applicable, but not limited to, the following:

- a. Cost for security;
- b. Professional and management fees and expenses;
- c. Taxes;
- d. Expenses for refuse collection and utility services;
- e. Expenses for lawn care;
- f. Costs for maintenance and repair;
- g. Insurance costs;
- h. Administrative and salary expenses; and,
- i. General reserves, maintenance reserves, and depreciation reserves.

41. Amendments. These By-Laws may be amended in the following manner:

a. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

b. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the corporation or by the members of the corporation. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be either by not less than two-thirds (2/3) of the votes of the entire membership of the corporation.

c. No By-Law shall be revised or amended by reference



to its title or number only. Proposals to amend existing By-Laws shall contain the full text of the By-Law to be amended; new words shall be inserted in the text underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added and deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language:

"Substantial rewording of By-Laws.  
See By-Law \_\_\_\_\_ for present text."

Non-material errors or omissions in the By-Law process shall not invalidate an otherwise properly promulgated amendment.

42. Execution and Recording. A copy of each amendment shall be attached to or incorporated in a certificate certifying that the amendment was duly adopted as an amendment of the By-Laws, which certificate shall be executed by the officers of the corporation with the formalities of a deed.

The foregoing was adopted as the By-Laws of LSUI, a corporation not for profit under the laws of the State of Florida, at the meeting of the Board of Directors on October 7, 1992.

  
CHARLES R. STEWART  
PRESIDENT

## LEASE AGREEMENT

In consideration of the mutual promises contained herein, this lease is entered into on the 7th day of October, 1992, between Charles R. Stewart and Robert L. Barth ("Lessor") and Lake Saunders Utilities, Inc. ("Lessee").

### WITNESSETH

Lessor hereby leases to Lessee, and Lessee leases from Lessor, the property and sewage treatment facility and potable water system located thereon, which property is described as:

see Exhibit "A" attached hereto

under the terms and conditions set forth below:

1. TERM. The term of this lease shall be for a period of ninety-nine (99) years, commencing on October 7, 1992.

2. USE. Lessee shall use the premises for the purpose of providing sewage treatment and potable water service to the area described in Exhibit "B" attached hereto, and shall be obligated to provide such service.

3. UTILITIES. All utilities serving the premises shall be secured and paid for by Lessee.

4. TAXES. Lessee shall pay all personal property taxes together with any ad valorem taxes assessed against this leasehold interest, and together with all real property taxes and special assessments levied against the leased premises.

5. MAINTENANCE. Lessee shall be solely responsible for the maintenance of the property and systems leased hereby.

6. LIENS. The Lessee shall not have the power or authority to subject the Lessor's interest in the premises to mechanics', laborers', or materialmen's liens of any kind. Lessee will not permit the filing of any lien or claim of any kind against Lessor's interest during this lease. If such lien is filed, Lessee shall cause the premises to be released therefrom within five (5) days of written demand be Lessor, either by payment in full, or be posting of bond which by law releases Lessor's interest from the legal effect of such lien.

7. REPRESENTATIONS OF LESSOR. In order to induce Lessee to enter into this lease, the Lessor has made the following representations and no others:

A. Lessor has good title to the premises, and the right to enter into this lease without the joinder or consent of any other person or entity;

B. So long as Lessee performs all the covenants and agreements of this lease, Lessee shall have quiet and undisturbed possession of the premises.

8. DAMAGE BY FIRE OR CASUALTY. In the event the systems are damaged by fire or other casualty, the cost to repair which exceeds 25% of the fair market value of the systems as set forth on the most recent tax assessment roll, Lessor shall have the option to repair the premises or to terminate this lease. If the damage does not exceed the above threshold, Lessor shall repair the damage.

9. BANKRUPTCY. This lease shall be terminated immediately, without notice to Lessee, in the event Lessee becomes bankrupt, or files any proceedings as debtor, or takes, or has taken against it, any action or proceeding in bankruptcy or insolvency, or for reorganization or appointment of a trustee of all or a portion of Lessee's property; or if Lessee makes an assignment for the benefit of creditors.

10. NO WAIVER. No failure by Lessor to exercise any remedy available to it in the event of a breach of this lease by Lessee shall be deemed a waiver of any subsequent breach, whether of the same or a different provision of this lease, nor shall it be considered a justification of any subsequent breach by Lessee.

11. TERMINATION. This lease shall terminate upon a sale of the leased premises. Further, Lessee may terminate this lease upon sixty (60) days written notice to Lessor. In either event, Lessee shall have no claim for betterment or damage.

Upon termination of this lease, Lessee shall immediately surrender the premises peaceably to Lessor, and if Lessee fails to do so, it shall be deemed guilty of unlawful detainer of the premises and be subject to remedies provided for that violation. This lease shall be considered terminated immediately upon the giving to Lessee by Lessor of written notice of termination.

In any event, in addition to recovery of possession, Lessor shall also recover all damages, costs and attorney's fees incurred by it as a result of Lessee's failure to surrender possession.

12. REMEDIES CUMULATIVE. Lessor's remedies under this lease are cumulative, and no one remedy shall be exclusive, in law or equity, of any other rights which Lessor may have, and the exercise of one right or remedy shall not impair Lessor's standing to exercise any other right or remedy.

13. ASSIGNMENTS. This lease may not be assigned by Lessee, nor may Lessee sublet the premises or systems either in whole or in part, without prior written permission from Lessor.



As Lessee is not a natural person, the following shall be deemed to be assignments requiring the consent of Lessor:

A. Sale of more than 49% of the shares of Lessee which are issued and outstanding on the commencement date of this lease;

B. Issuance by Lessee of additional share which results in the share issued and outstanding on the commencement date of this lease being reduced, after the new issue, to less than 51% of the then outstanding and issued shares;

C. Any other action by Lessee, or its shareholders, the result of which is to reduce the percentage of shares owned by those shareholders existing as of the date of this lease to less than 51%.

14. MEMORANDUM. Lessor may, at its option, record a memorandum of this lease in the Public Records of Lake County, Florida, so as to alert third parties of the nature and duration of Lessee's interest in the premises.

15. ESTOPPEL CERTIFICATE. At any time, upon request by Lessor, the Lessee agrees to execute a certificate stating:

A. That no default exists at the time on the part of Lessor, or setting forth the nature of the default if one does exist;

B. The termination date of this lease;

C. That Lessee's interest is inferior and subordinate to the lien of any mortgage now encumbering Lessor's interest in the premises, or hereafter executed by Lessor.

16. RELATIONSHIP OF PARTIES. Nothing in this lease shall be deemed to create a relationship of partnership, principal and agent, or any other relationship between the parties other than landlord and tenant. In the event of a termination of this lease, Lessee agrees that it shall not challenge the fee title of Lessor in the premises or claim any interest superior thereto.

17. COSTS AND FEES. In the event it is necessary for Lessor to employ counsel to enforce the obligations of Lessee hereunder, then Lessee shall reimburse Lessor for the attorney's fees so incurred, whether or not suit is filed; and if a legal action is commenced by either party, Lessee shall reimburse Lessor for all attorney's fees and the costs incurred by Lessor in the suit, if Lessor is the prevailing party.

18. GOVERNING BODY. This lease shall be applied and construed in accordance with the Laws of Florida. Venue for any action hereunder shall be in Lake County, Florida. The courts of

the State of Florida shall have jurisdiction to hear and decide any and all disputes which arise under this lease.

19. NOTICES. Any notice required by this lease shall be in writing and shall be either delivered in person, or mailed by United States Mail, certified with return receipt requested, postage prepaid. Any notice mailed in accordance with these standards to the proper address as set forth below shall be deemed to be effective upon the date of postmark, and any time period shall begin running as of that date, whether or not the notice is actually received.

Notices shall be given in the following manner, or in such other manner as may be directed by either party, in writing, from time to time:

A. To Lessor: Robert L. Barth  
4590 North Highway 19-A  
Mount Dora, Florida 32757

and

Charles R. Stewart  
37936 Highway 19  
Umatilla, Florida 32784

B. To Lessee: Lake Saunders Utilities, Inc.  
1175 Bay Road  
Mount Dora, Florida 32757

20. CONSTRUCTION. Any word in this lease shall be read as either singular or plural, and as either masculine, feminine or neuter gender as the context may require. Captions are included for convenience only, and shall not be construed to limit, expand, or otherwise modify the text of this lease in any manner.

21. NATURE OF AGREEMENT. This lease sets forth the entire agreement of the parties; it takes precedence over all prior representations, negotiations and agreements, whether oral or written, which are deemed to have merged into this lease and to have been extinguished to the extent not set forth specifically herein. The execution of this lease has not been induced by either party by any representations, promised or understandings not expressed herein, and there are no collateral agreements, promises or undertakings whatsoever in any way touching on the subject matter of this lease which are not expressly contained herein. This lease may not be amended in any manner whatsoever, other than by written instrument signed by all parties hereto.

22. BINDING EFFECT. This lease shall be binding on, and inure to the benefit of, not only Lessor and Lessee, but also their

respective successors and assigns.

WITNESSES

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

LESSOR

Charles R. Stewart  
Charles R. Stewart

Robert L. Barth  
Robert L. Barth

LESSEE

Charles R. Stewart  
Lake Saunders Utilities, Inc.



EXHIBIT A-1

Commence at the N.E. corner of Section 16, Township 19 South, Range 26 East, Lake County, Florida and proceed westerly with the North line of said Section a distance of 2310.0 feet; thence S28°W a distance of 1329.1 feet; thence N87°30'W a distance of 663.43 feet; thence South a distance of 273.8 feet to a concrete monument; thence S35°W a distance of 286.30 feet; thence S5°20'W a distance of 9.18 feet; thence N37°36'11"W a distance of 37.19 feet; thence N70°43'27"W a distance of 223.68 feet; thence N87°30'W a distance of 223.00 feet; thence S64°36'00"W a distance of 145.50 feet to the Point of Beginning; thence N42°30'W a distance of 40.00 feet; thence N27°23'17"W a distance of 85.04 feet; thence N87°30'W a distance of 330 feet, more or less, to the waters of Lake Saunders and a point hereinafter referred to as Point "A"; now return to the Point of Beginning and proceed S28°07'06"W a distance of 116.94 feet; thence S24°43'18"E a distance of 227.78 feet; thence N87°30'W a distance of 360 feet more or less, to the waters of Lake Saunders; thence Northerly with the waters edge of said lake to Point "A" and the end of this description.

Commence at the Northeast corner of Section 16 Township 19 South, Range 26 East, Lake County, Florida and proceed westerly with the North line of said Section a distance of 2310.0 feet; thence S28°W a distance of 1329.1 feet; thence N87°30'W a distance of 663.43 feet; thence South a distance of 273.8 feet to a concrete monument; thence S35°W a distance of 286.30 feet; thence S05°20'W a distance of 9.18 feet to the Point of Beginning; thence N37°36'11"W a distance of 37.19 feet; thence N70°43'27"W a distance of 223.68 feet; thence N87°30'00"W a distance of 223.00 feet; thence S64°36'00"W a distance of 145.50 feet; thence S28°07'06"W a distance of 116.94 feet; thence S24°43'18"E a distance of 227.78 feet; thence S87°30'E a distance of 300.71 feet; thence N11°E a distance of 296.34 feet to the Point of Beginning.

Subject to all easements, rights of way and restrictions of record.

MEMO: Legibility of writing,  
typing or printing unsatisfactory  
in this document when microfilmed.

Commence at the Northeast corner of Section 26, Township 19 South, Range 26 East, Lake County, Florida and proceed westerly with the North line of said Section a distance of 2310.0 feet; thence S35°W a distance of 1329.1 feet; thence N87°30'W a distance of 663.43 feet; thence South a distance of 273.3 feet to a concrete monument; thence S35°W a distance of 286.30 feet; thence S05°20'W a distance of 9.11 feet to the Point of Beginning; thence S57°56'11"E a distance of 377.39 feet to the center line of Bay Road and a point hereinafter referred to as Point "A"; now return to the Point of Beginning and proceed S11°W a distance of 296.34 feet; thence S87°10'E a distance of 29.29 feet; thence S57°56'11"E a distance of 231.96 feet to the center line of Bay Road; thence S35°E with the center line of Bay Road a distance of 262.43 feet to Point "A" and the end of this description. LESS and EXCEPT the right of way of Bay Road and the following:

(a) Commence at the Northeast corner of Section 26, Township 19 South, Range 26 East, Lake County, Florida and proceed westerly with the North line of said Section a distance of 2310.0 feet; thence S35°W a distance of 1329.1 feet; thence N87°30'W a distance of 663.43 feet; thence South a distance of 273.3 feet to a concrete monument; thence S35°W a distance of 286.30 feet; thence S05°20'W a distance of 302.60 feet to a concrete monument; thence S57°56'11"E, 41.91 feet to a concrete monument; thence N35°00'00"E, 50.00 feet to a concrete monument; thence S37°56'11"E 50.00 feet to a concrete monument and the Point of Beginning; from said Point of Beginning, run S57°56'11"E, 140.05 feet, more or less, to the center of Bay Road and a point designated as Point "A". Begin again at the Point of Beginning, run N35°00'00"E, 139.00 feet to a concrete monument; thence S57°56'11"E, 70.00 feet to a concrete monument; thence S35°00'00"W, 39.00 feet to a concrete monument; thence S57°56'11"E, 70.05 feet; more or less to the center of Bay Road; thence Southwesterly along Bay Road to intersect aforesaid Point "A", and the end of this description.

(b) Commence at the Northeast corner of Section 26, Township 19 South, Range 26 East, Lake County, Florida and proceed westerly with the North line of said Section a distance of 2310.0 feet; thence S35°W a distance of 1329.1 feet; thence N87°30'W a distance of 663.43 feet; thence South a distance of 273.3 feet to a concrete monument; thence S35°W a distance of 286.30 feet; thence S05°20'W a distance of 302.60 feet to a concrete monument; thence S57°56'11"E, 41.91 feet to the Point of Beginning. From said Point of Beginning, continue S57°56'11"E, 190.05 feet, more or less, to the center of Bay Road and a point designated as Point "A". Begin again at the Point of Beginning, and run N35°00'00"E 60.00 feet to a concrete monument; thence S57°56'11"E, 50.00 feet to a concrete monument; thence N35°00'00"E 40.00 feet to a concrete monument; thence S37°56'11"E, 140.05 feet, more or less, to the center of Bay Road; thence Southwesterly along Bay Road to intersect aforesaid Point "A" and the end of this description.

MEMO: Legibility of writing, typing or printing unsatisfactory in this document when microfilmed.

Subject to a 300 foot power line easement 150 feet each side of the following described line: Commence at the most Westerly corner of the above described property; run  $S35^{\circ}00'00''E$  along the Northwestern line of said property 59.00 feet to the Point of Beginning of said line; from said Point of Beginning, run  $S29^{\circ}16'21''E$ , 35.14 feet; thence  $S56^{\circ}11'00''E$ , 158 feet, more or less, to the Southeastery line of the above described property and the end of this description.

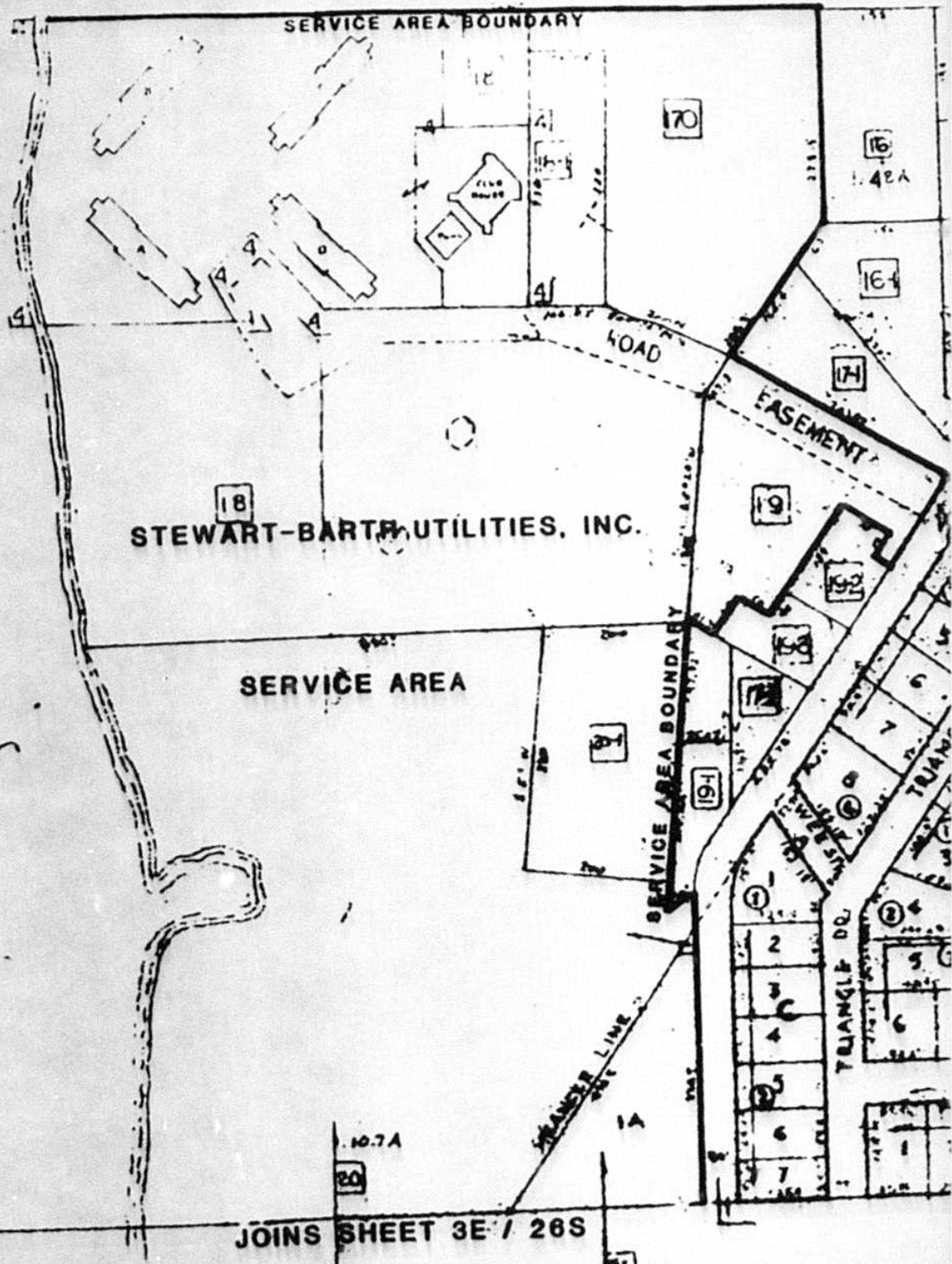
Subject to all easements, rights of way and restrictions of record.

MEMO: Legibility of writing,  
typing or printing unsatisfactory  
in this document when microfilmed.



EXHIBIT A-3

Commence at the Northeast corner of Section 26, Township 12 South, Range 28 East, Lake County, Florida and proceed Westerly with the North line of said section a distance of 2310 feet; thence S35°W a distance of 119.1 feet; thence N87°30'W a distance of 1070.29 feet to the Point of Beginning; thence S2°13'W a distance of 150.00 feet; thence N87°30'W a distance of 123.0 feet; thence N2°30'E a distance of 150.00 feet; thence S87°30'E a distance of 120.00 feet to the Point of Beginning.



ASSESSMENT MAP  
**LAKE COUNTY, FLORIDA**  
 COMPILED & DRAWN BY  
 HUNNIGUTT & ASSOCIATES, INC.

SECTION 26 N  
 TOWNSHIP 19 S  
 RANGE 26 E  
 COMPILED & DRAWN 1981  
 REVISION DATE

SHEET NUMBER  
 3E / 26S

20

JOINS SHEET 3E / 26N

STEWART-BARTH UTILITIES, INC.  
SERVICE AREA

GOV  
LOT  
34A

SERVICE AREA BOUNDARY

24 129 168-1

125 126

21  
30A

128 129 130 131 132  
MELANIE LAKE

172

131 134

136

132

133

138  
48A

ASSESSMENT MAP

LAKE COUNTY, FLORIDA

COMPILED & DRAWN BY  
HUNNICUTT & ASSOCIATES, INC.  
ST. PETERSBURG, FLORIDA

SECTION SOUTH 1/2 26

TOWNSHIP 19 S

RANGE 26 E

COMPILED & DRAWN, 1961  
REVISION DATES

TRACING PRINT

SHE  
NUM

3E



SCALE 1" = 200'



ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG 1 \_\_\_\_\_  
LIN \_\_\_\_\_  
OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC 1 \_\_\_\_\_  
WAS 1 \_\_\_\_\_  
OTH mis Don