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February 22, 1996

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ORIGINAL
FILE COPY

Ms. Blanca S. Bayó
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

960218-WS

Re: General Development Utilities, Inc. Port
LaBelle Division (Glades & Hendry Counties) --
Application for Transfer to Hendry County

Dear Ms. Bayó:

Enclosed for filing on behalf of General Development
Utilities, Inc. pursuant to Rules 25-30.032(1) and 25-30.037(3)
are the original and two copies of GDU's Application for Sale to
Governmental Authority of its water and wastewater systems in
Glades and Hendry Counties.

The closing is currently scheduled to occur on February 29,
1996.

If you have any questions regarding this filing, please
call.

Very truly yours,

Richard D. Melson

Richard D. Melson

*Orig Certs
526-W +
4605 forwarded
to WAW*

Enclosures

cc: Lila Jaber
Charles Hill
John Williams
Charles E. Fancher, Jr.

721481

RECEIVED & FILED

22
BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

02176 FEB 22 96

FPSC-RECORDS/REPORTING

- C) The full name, address and telephone number of the governmental authority:

Hendry County (813) 675-5295
Name of authority Phone No.

County Annex Building, 50 S. Bridge Street; P.O. Box 1760
Office street address

Labelle, FL 33935
City State Zip Code

Mailing address if different from above

- D) The name, address and telephone number of a representative of the governmental authority to contact concerning this application:

Dan Stevens, County Attorney (813) 675-5295
Name Phone No.

County Annex Building 50 S. Bridge Street; P.O. Box 1760
Street address

Labelle, FL 33935
City State Zip Code

PART II FINANCIAL INFORMATION

- A) Exhibit A - A copy of the contract pursuant to Rules 25-30.037(4)(c) and (d), Florida Administrative Code.
- B) Exhibit B - A statement regarding the disposition of customer deposits and the accumulated interest thereon.
- C) Exhibit C - A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.
- D) Exhibit D - A statement that the buyer (governmental authority) obtained from the utility or the Commission the utility's most recent available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction.

- E) Indicate the date on which the buyer proposes to take official action to acquire the utility: February 29 1996

If only a portion of the utility's facilities is being transferred, a revised territory description and map of the utility's remaining territory must be provided, as discussed below. IF THE UTILITY'S ENTIRE FACILITIES ARE BEING TRANSFERRED, PLEASE DISREGARD PART III OF THIS APPLICATION FORM.

PART III CERTIFICATION

A) TERRITORY DESCRIPTION

Exhibit N/A - An accurate description of the utility's revised territory. If the water and wastewater territory is different, provide separate descriptions.

Note: Use the Survey of Public Lands method (township, range, section, and quarter section) if possible, or a metes and bounds description, and also the subdivision or project name. The description should NOT refer to land grants or plat books, but may use geographic boundaries (i.e., road right-of-ways, railroads, rivers, creeks, etc.). The object is to make the description as brief, but as accurate as possible.

B) TERRITORY MAPS

Exhibit N/A - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1"=200' or 1"=400', along with the remaining territory plotted thereon by use of metes and bounds or quarter sections, and with a defined reference point of beginning. If the water and wastewater territory is different, provide separate maps.

- C) Exhibit N/A - The original and two copies of sample revisions to the Utility's tariff(s) to reflect the revised service territory.

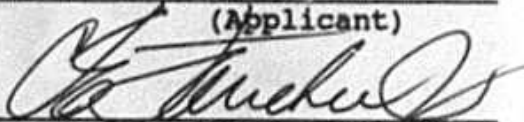
PART IV AFFIDAVIT

I Charles E. Fancher, Jr., President (applicant) do solemnly swear or affirm that the facts stated in the foregoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitute a complete statement of the matter to which it relates.

General Development Utilities, Inc.

(Applicant)

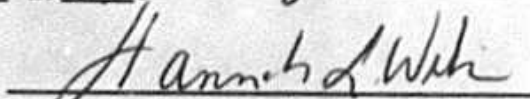
BY:



Name and Title*

Charles E. Fancher, Jr., President

Subscribed and sworn to before me this 21st day of FEBRUARY 1996.


Notary Public

*If the applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If the applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.



EXHIBIT A

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

THIS AGREEMENT ("Agreement") is made and entered into as of the 14th day of October, 1994, by and between HENDRY COUNTY, FLORIDA ("County"), and GENERAL DEVELOPMENT UTILITIES, INC., a Florida corporation ("Utility").

RECITALS

A. The Utility is the owner of a water production, storage, treatment, transmission, and distribution system, and wastewater treatment, transmission, collection and effluent disposal system (collectively, the "System"), commonly known as the Port LaBelle Water and Sewer System, which is located in Hendry and Glades Counties, Florida.

B. Pursuant to its governmental powers, the County is authorized to preserve and enhance present advantages, encourage the most appropriate use of land, water and resources, consistent with public interest, facilitate the adequate and efficient provision of water and sewerage facilities, and conserve, develop, utilize, and protect natural resources within its jurisdiction.

C. The County has examined the System as well as the long-range needs and goals of the County relative to the provision of water and wastewater service to its present and future citizens, and has determined that the execution of a purchase and sale agreement for the acquisition of the System is in the best interest of the public.

D. The County and the Utility's parent, Atlantic Gulf Communities Corporation, its successors and assigns ("Atlantic Gulf"), are currently involved in certain issues and disputes with respect to certain zoning, land use authorizations, local comprehensive plan amendments and DRI development orders currently being sought by Atlantic Gulf, which issues the parties intend to resolve pursuant to the terms of this Agreement.

E. The Utility is willing to sell the System to the County without the necessity of the County's instituting an eminent domain proceeding and the County has agreed to purchase the System from the Utility and in settlement of this matter in accordance with the terms and provisions of this Agreement.

F. The Utility is not aware of any significant defects or malfunctioning parts of the System (other than normal wear and tear and maintenance items) which it has not disclosed to the County in writing.

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

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

2. Purchase and Sale of System. The Utility agrees to sell to the County, and the County agrees to buy from the Utility, the System, consisting of all real and personal property owned by the Utility, located in Hendry County and Glades County, Florida, and used in connection with the operation of the System (the "**Purchased Assets**"); provided that the Purchased Assets shall not include any cash derived from monthly rates of Utility except as specifically provided in paragraphs 3 and 8 below.

3. Purchased Assets. On the Closing Date, as defined below, the Utility shall sell, assign, transfer, convey and deliver to the County, and the County shall purchase, accept and pay for all of Utility's right, title and interest, in and to the following Purchased Assets:

3.1 Real Property. All real property and interests in real property (the "**Property**"), owned by the Utility, as described in Schedule A-1 attached to this Agreement.

3.2 Plant and Other Facilities. All right, title and interest of the Utility in and to the following: all water production, treatment plant, storage, transmission, distribution, pumping, and other water facilities and all wastewater treatment plant, wastewater collection, transmission, pumping and disposal facilities of every kind and description whatsoever including without limitation, all trade fixtures, leasehold improvements, lift stations, pumps, generators, controls, collection and transmission pipes or facilities, valves, meters, service connections, and all other water and wastewater physical facilities and property installations in use in connection with the operation of the System by the Utility.

3.3 Machinery and Equipment. All machinery, equipment, vehicles, tools, parts, laboratory equipment, office equipment and other personal property owned by the Utility and located on the Property and/or utilized by the Utility exclusively in connection with the operation of the System, exclusive of chemical and diesel fuel inventories (which are dealt with in subparagraph 3.4 below). The Utility shall cooperate with County to permit the County to inventory the foregoing.

3.4 Chemicals and Diesel Fuels. All chemicals and diesel fuels existing at the System shall be inventoried within five (5) days before closing, conveyed to County at closing, and separately paid for at closing by County (in addition to the Purchase Price hereinafter defined) at Utility's cost therefore.

3.5 Easements. All easements, licenses, prescriptive rights, rights-of-ways, and rights to use public and private roads, highways, streets, and other areas owned and/or used by the Utility in connection with the construction, reconstruction, installation, maintenance and operation of the System and the Purchased Assets (collectively, the "Easements"). The Easements are more particularly described in Schedule "A-2" of this Agreement.

3.6 Customer and Supplier Lists and Plans. All current customer records, supplier lists and business records, as described in Schedule "A-3" of this Agreement. The Utility may make and retain copies of all records delivered pursuant to this Agreement, at its expense, before transferring the original or (if the original is not available) copies of the records to the County. The County agrees that the Utility may have access after closing to all records delivered pursuant to this Agreement (the provisions hereof to survive closing).

3.7 Permits and Approvals. Subject to all necessary regulatory approvals and to all conditions, limitations or restrictions contained therein, and the transferability thereof, all existing permits, franchises, certificates and other governmental authorizations and approvals of any kind necessary to operate and maintain the System in accordance with all governmental requirements. The County and Utility agree to execute necessary forms required by governmental agencies to transfer said permits and approvals and the Utility agrees to prepare any documentation required for same.

3.8 Customer Deposits. All customers' water and sewer service security deposits and accrued interest held by the Utility with respect to the System. In consideration for the transfer by the Utility of these customers' deposits to the County, the County agrees to continue to provide utility services to those customers for which a deposit is held and, to the extent legal and valid under applicable Florida law, to fully indemnify, defend and hold the Utility harmless for any claims, actions, expenses, liabilities, costs or damages, including costs and attorneys' fees at trial and/or appeal, to which the Utility may be exposed in the future as a result of the transfer of such customer deposits. The provisions of this paragraph shall survive closing.

3.9 Leases. The Utility hereby agrees to assign to the County effective the Closing Date the equipment and building leases set forth in Schedule "A-4" attached to this Agreement.

The Purchased Assets, unless otherwise specifically addressed herein shall not include: (i) any deposits maintained by the Utility with any governmental authority; (ii) any cash or other funds or receivables held, derived or owed to the Utility for the providing of service to customers prior to the closing date. In addition, the County acknowledges and agrees that it is purchasing the Purchased Assets in their "as-is" and "where-is" condition, without representation or warranty from the Utility except only as expressly set forth herein.

4. Purchase Price and Payment. The parties hereto have agreed upon a Purchase Price through a lengthy and complicated negotiation process in settlement of County's conditions to certain zoning, land use authorizations, local comprehensive plan amendments and DRI development orders being sought by Atlantic Gulf. The Purchase Price agreed upon is neither the highest nor the lowest amount that could be justified as a fair value of the System according to the terms of this Agreement. Additional consideration for this Agreement is the County's commitment to operate the System in as efficient a manner as possible subsequent to closing and to provide service to all customers now and/or hereafter located with the Utility's certificated area of operation including, without limitation, all customers within the project commonly known as "Banyan Village."

The purchase price ("**Purchase Price**") to be paid by the County to the Utility for the Purchased Assets shall be the sum of Four Million Five Hundred Thousand and No/100 Dollars (\$4,500,000), subject to prorations and adjustments as hereinafter specifically set forth. The Purchase Price shall be paid in full at Closing in immediately available good, federal funds by wire transfer to a bank and bank account designated by the Utility. Prior to Closing, the Utility shall deliver wiring instructions to the County.

5. Status of Title. Within thirty (30) days following the execution of this Agreement by the Utility and the County, the Utility shall deliver to the County an updated title commitment (the "**Commitment**") for an owner's title insurance policy issued by Lawyer's Title Insurance Corporation in favor of the County insuring the fee simple title to the Property. The Utility shall provide the County with an owner's title policy subsequent to the closing. The title commitment expenses and title policy premiums shall be allocated between the parties as set forth in paragraph 9 below.

5.1 Exceptions to Title. The Commitment shall show the Utility to be vested with marketable fee simple title to the Property, subject only to the following (the "**Permitted Exceptions**"):

(1) Ad valorem real estate taxes and assessments for the year 1994 and subsequent years;

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

(3) Easements for utilities and drainage set out in such recorded plats of subdivisions; provided, however, that none of the restrictions or easements set out in such recorded plats of subdivisions shall prevent, or materially inhibit, the present uses being made of the Property;

(4) Restrictions and other matters of record (except liens, encumbrances, or mortgages) that do not impair, or materially inhibit, the present uses of the Property as permitted by applicable zoning and land use regulations presently in effect;

(5) All laws, ordinances, and governmental regulations, including, but not limited to, all applicable building, zoning, land use and environmental ordinances, regulations, restrictions, prohibitions and other requirements, none of which will prevent or materially inhibit the present uses of the Property;

(6) The "Developer Agreements" as defined and referred to in paragraph 13 below; and

(7) All matters which would be disclosed by an accurate survey of the Property.

5.2 Status of Title. The County shall have thirty (30) days from receipt of the Commitment within which to examine same. If the County finds title, as shown on the Commitment, to be defective (i.e., matters which render title unmarketable in accordance with the title standards adopted by the Florida Bar and are not Permitted Exceptions), the County shall, no later than the expiration of such thirty (30) day period, notify the Utility in writing specifying the defect(s), provided that if the County fails to give the Utility written notice of defect(s) before the expiration of said thirty (30) day period, the defects shown in the Commitment shall, anything in this Agreement notwithstanding, be deemed to be waived as title objections to closing this transaction and the Utility shall be under no obligation whatsoever to take any corrective action with respect to same nor to warrant title to same in its deed of conveyance. If the County has given the Utility timely written notice of defect(s) and the defect(s) render the title other than as required by this Agreement, the Utility shall use its reasonable efforts to cause such defects to be cured by the Closing Date provided, however, that in no event shall the Utility be required to bring suit or to expend any sum in excess of \$50,000.00 in the aggregate to cure title defects, exclusive of mortgages against the Property which are in a liquidated amount. In the event that defects are timely raised and the Utility, after such reasonable efforts, has not cleared same prior to the Closing Date, then, in that event, the County shall have the right, at the County's option, either to: (i) waive the defect and close the purchase of the Property in its then existing condition of title without a reduction in Purchase Price and without any claim against the Utility therefor, or (ii) to rescind and terminate this Agreement without liability by either party to the other. Notice of such election shall be given by the County to the Utility, in writing, as contemplated in this Agreement, by no later than the Closing Date or County shall be deemed to have waived the defect.

5.3 Survey. County shall have the option, at County's expense, to cause a survey to be prepared of the Property within thirty (30) days hereof, to be prepared and certified to the County, the Utility, and the title insurance company in accordance with the minimum standards adopted by the Florida Society of Professional Land Surveyors. Any material encroachment defect reflected in such survey shall be deemed a title defect under subparagraph 5.2 above if and to the extent Utility is notified of

same within the thirty (30) day time period provided in such subparagraph 5.2 for notice of defects.

6. Representations and Warranties of Utility. The Utility makes the following representations and warranties to the County:

6.1 Organization, Standing and Power. The Utility is a corporation, duly organized, validly existing, and in good standing under the laws of the State of Florida. The Utility has all requisite power and authority to own, sell and lease its properties and the System, and to conduct its businesses as it is currently being conducted.

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

6.3 No Liens. Except as otherwise specifically set forth in Schedule "B" hereto, there are no mortgages or lien claims encumbering the Purchased Assets which will not be discharged or released at closing.

6.4 Leases. Except as set forth in Schedule "A-4" to this Agreement, none of the Purchased Assets are leased.

6.5 Absence of Changes. After the date of the execution of this Agreement, the Utility shall not:

(1) subject to damage by casualty, undergo any change in its condition of properties, assets, liabilities, business or operations other than changes in the ordinary wear and tear or course of business which are not, either in any case or in the aggregate, materially adverse to the operation of the System; and

(2) sell any of the System's assets or properties except with the County's consent, unless replaced in the ordinary course of business with substitutes of equal or higher value;

(3) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative or judicial procedures or proceedings applicable to particular permits, intentionally fail to comply with all material System permit requirements or fail to extend or renew such permits so that the same remain valid as of closing; and

(4) commit waste with regard to the Utility's assets or fail to operate and use the System with an appropriate standard of care for prudent utility operators.

6.6 FIRPTA. The Utility is not a "foreign person" within the meaning of the United States tax laws to which reference is made in Section 1445 (b) (2) of the Internal Revenue Code. On the Closing Date, the Utility shall deliver to the County a certificate to such effect.

6.7 Risk of Loss. The Utility shall bear the risk of loss, damage or destruction of the Purchased Assets by fire or other casualty prior to the date of Closing. If any material portion of the Purchased Assets is damaged by fire, "Act of God" or other casualty before the Closing Date, the County shall have the option of (1) closing and accepting the Purchased Assets "as is", without reduction in the Purchase Price, together with Utility's assignment to the County of all rights under its insurance policies and all of the insurance proceeds, if any relating thereto, but without any further claim against the Utility; or (2) canceling this Agreement in which event the parties shall be released from all further obligations to each other. The Utility shall continue to maintain the same or greater insurance coverage as currently exists at all times prior to closing. If an immaterial portion of the Purchase Assets is so damaged, the Utility shall either (i) repair or replace same, or (ii) assign its insurance proceeds covering same to the County at closing (or if there are no adequate proceeds available, the Utility shall credit the County at closing for the reasonable uninsured value of the damaged property).

6.8 Access to Records. The Utility will at all times cooperate by providing reasonable access, upon prior written notice (not less than forty-eight (48) hours in advance), to their records and facilities for inspection to assist in acquainting the County's operating and administrative personnel in the operation of the System; provided, however, that no such inspection shall materially interfere with the operation of the System or the day-to-day activities of the Utility's personnel.

The representations of Utility herein shall survive the closing for two (2) years.

7. Representations and Warranties of the County. The County makes the following representations and warranties to the Utility:

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

7.2 Authority and Agreement. The County has the authority and power to execute and deliver this Agreement and to carry out its obligations hereunder. The County has held all of the necessary public hearings to authorize the County's purchase of the System and this Agreement has been duly authorized by all appropriate governmental action required to be taken by the County, has been duly executed and delivered by the County, and constitutes

a valid and legally binding obligation of the County, enforceable in accordance with its terms.

7.3 Service. Upon closing the transaction contemplated in this Agreement, the County shall provide: (i) water and sewer service to the Utility's customers consistent with or superior to the services currently being provided by the Utility to its customers; and (ii) water and wastewater service to Atlantic Gulf and properties owned by Atlantic Gulf, directly or indirectly, in a uniform and non-discriminatory manner with other property and property owners served by the County within the certificated area of the System.

7.4 Land Use Approvals. In further consideration of the execution of this Agreement, County shall, in settlement of the litigation currently pending before the Florida Land & Water Adjudicatory Commission ("FLWAC"): (i) by no later than October 15, 1994, and after appropriate notice, adopt by resolution of the County an amended development order for the Hendry County portion of the Port LaBelle Development of Regional Impact (DRI), in the form attached hereto as Schedule "C", and as a complete substitute for Hendry County Resolution No. 94-98 which shall be rescinded in its entirety and which must become final as to all governmental authority and unappealable by no later than December 31, 1994, and (ii) by no later October 15, 1994, and after appropriate notice, approve and execute the Stipulated Settlement Agreement in the form attached hereto as Schedule "D" to resolve various pending DRI appeal proceedings before FLWAC.

In addition to the foregoing DRI-related matters, in further consideration of the execution of this Agreement by Utility, County agrees to proceed with the adoption of pending comprehensive plan amendment, PAM 93-2, and the pending rezoning amendment proposed by Atlantic Gulf to Port LaBelle with appropriate notice immediately after issuance by the Florida Department of Community Affairs ("DCA") of its Objections, Comments and Recommendations ("ORC") Report on the pending Port LaBelle comprehensive plan amendment. The County shall act no later than December 1, 1994. County may delay such action if requested to do so by Atlantic Gulf in order to prepare an appropriate response to the ORC Report, but such delay may not exceed the 60-day deadline for adoption of the plan amendments after issuance of the ORC Report specified in Chapter 163, F.S. County further agrees that it shall proceed to adopt the pending Port LaBelle comprehensive plan and rezoning amendments simultaneously at the same hearing, subject to the effective date requirements of Chapter 163, F.S. In addition, County agrees to use its best efforts to obtain a finding by the DCA or Administration Commission that the pending Port LaBelle Comprehensive Plan Amendment is in compliance with State law.

The actions required by this subparagraph 7.4 shall be undertaken notwithstanding the failure of the condition precedent set forth in subparagraph 10.2(2) below.

7.5 Glades County. In addition to the actions provided in subparagraph 7.4 above, County shall use its best efforts to achieve the adoption by Glades County of a similar, but appropriately modified amended development order and similar stipulated settlement agreement on or before the dates for adoption and finalization provided in subparagraph 10.2(1)(c) below.

7.6 Transfer of Utility Escrows. At closing, the County, the Utility, and Atlantic Gulf shall all join in such agreements as are reasonably necessary to effectuate the transfer from Atlantic Gulf and the Utility of approximately \$9,100,000 of Utility escrow funds to be used and applied toward the future extension of water and sewer service in the certificated area of the System to the lots purchased from Atlantic Gulf's predecessor in Port LaBelle in respect of which these funds have been escrowed. Subject to Atlantic Gulf's rights to continue to draw from the Utility trust funds (both before and after transfer) to perform its "HPAP" water and sewer obligations in Port LaBelle, and further subject to the closing of this transaction, \$1,000,000 of Utility trust funds presently held by the Florida Division of Land Sales (the "Homesite Improvement Trust") shall be transferred to the County in 1996 also to be used (to the extent available) toward the future extension of water and sewer service in the certificated area of the System to lots purchased from Atlantic Gulf's predecessor in Port LaBelle in respect of which those funds have been escrowed. In that regard, the parties shall further cooperate in good faith to obtain all governmental, regulatory and bankruptcy court approvals as may be required to effectuate the foregoing agreements.

The representations of County herein shall survive the closing for two (2) years except for those representations set forth in subparagraphs 7.3, 7.4 and 7.6 above which shall survive perpetually after closing.

8. Adjustments and Prorations. At the time of closing, the parties covenant and agree that the following adjustments and prorations to the Purchase Price shall be made:

(1) Real and personal property taxes on all real and personal property which is being conveyed by the Utility to the County, shall be prorated as of 11:59 p.m. of the Closing Date.

(2) All rates, fees and charges for water and sewer service shall be prorated and adjusted between the parties as of 11:59 p.m. of the Closing Date. No later than thirty (30) days after closing, the County shall reimburse and credit the Utility for ninety-eight percent (98%) of all accounts receivable zero (0) to sixty (60) days old as of the Closing Date. Utility shall retain all accounts receivable which are delinquent for more than (60) days (entitling Utility to the proceeds thereof if and when paid). The County shall promptly turn over to Utility any such delinquent receivables that may be subsequently paid to the County and shall use reasonable efforts to assist Utility in the collection of same, including, without limitation, discontinuing service to nonpaying customers. The County agrees to pay the

Utility for ninety-eight percent (98%) of all unbilled revenue, which shall be prorated as of the Closing Date and paid by the County to the Utility within thirty (30) days of billing. All rates, fees, and charges for water and sewer service after the Closing Date shall be the property of the County. After payment to the Utility as required by this paragraph, all of the receivables for which payment was made shall be assigned to the County.

(3) The County shall reimburse and credit the Utility for (i) the cost of all additional capital improvements made to the System by or on behalf of the Utility prior to the Closing Date provided the County has consented to said improvements unless such improvements are required by the Utility's governmental regulators, and (ii) the cost of all chemical and diesel fuel inventories existing at the System as reflected in the inventory provided for in subparagraph 3.4 above.

(4) The Utility shall request all of its suppliers and vendors to submit final invoices for services, materials, and supplies, including electricity for the period up to and including the Closing Date and shall pay same.

(5) For all those customers who are connected to the System on the Closing Date and have paid connection, plant capacity, main extension, capital and/or other connection charges ("Connection Charges") to the Utility for the availability of utility services, then any Connection Charges previously paid shall be retained by the Utility. For all those customers who on the Closing Date are not connected to the System, but who have paid Connection Charges to the System, and to whom the Utility has extended pipelines to provide service, then the Utility shall retain main extension charges previously paid in relation to the pipelines so extended (water main extension charges for water pipelines, wastewater main extension charges for wastewater pipelines), the Utility shall pay to the County the plant capacity charges paid by such customers and the Utility shall retain all other Connection Charges paid by such customers. All other Connection Charges received prior to the Closing Date by the Utility from customers of the System who have not connected to the System, shall be deemed the property of the County, and shall be paid to the County [except for "AFPI" (allowance for funds prudently invested) charges which shall remain with the Utility]. The County agrees to the extent legal and valid under applicable Florida law, to fully indemnify and hold the Utility harmless for any claims, actions, expenses or damages, including costs and attorneys' fees at trial and/or appeal to which the Utility may be exposed in the future as a result of this transfer of the Connection Charges. The provisions of this paragraph shall survive closing.

(6) All adjustments and prorations shall be calculated as of 11:59 p.m. of the Closing Date. All credits, reimbursement payments and retained charges provided for the Utility in this paragraph 8 are in addition to the Purchase Price to be paid under this Agreement.

9. Closing Expenses. Documentary stamps and surtax, if any, on the Deed and the cost of recording the Deed and any other document required to consummate this transaction shall be paid by the County, except for corrective instruments which must be filed to cure title defects which shall be paid by the Utility. The cost of the Commitment shall be paid by the Utility, and all title insurance premiums shall be paid by the Utility. Special assessment liens or other governmental improvement liens payable as of the date of this Agreement will be paid by the Utility, except that where such liens are payable in installments, the Utility shall only be responsible for those installments coming due prior to the Closing Date; all other special assessments and governmental improvement liens (whether hereafter certified or pending and installments due after the Closing Date) will be assumed by the County. Each party shall separately pay their respective legal counsel fees incurred in connection with this transaction.

10. Closing; Conditions Precedent.

10.1 Time and Place. This transaction shall be closed within thirty (30) days following the satisfaction or waiver of the conditions precedent set forth in subparagraph 10.2 below, but in any event no later than one (1) year following the date hereof as mutually agreed between the parties (the "Closing Date") at the office of the Utility's counsel beginning at 9:00 a.m. or at such earlier date or time as the parties mutually agree to in writing.

10.2 Conditions Precedent.

(1) Utility's Condition. It shall be conditions precedent to Utility's obligation to close the sale of the Purchased Assets hereunder that:

(a) all of the representations and warranties of the County in this Agreement are true, correct as of closing and fulfilled on a timely basis including, without limitations, those obligations under subparagraph 7.4 above, and

(b) Glades County shall (i) by no later than November 15, 1994, and after appropriate notice, adopt by resolution of Glades County an amended development order for the Glades County portion of the Port LaBelle DRI (similar in form to Schedule "C" hereto, but appropriately modified) which must become final as to all governmental authority and unappealable by no later than January 31, 1995, and (ii) by no later than November 15, 1994, and after appropriate notice, approve and execute a stipulated settlement agreement to resolve the pending DRI appeal proceedings before the FLWAC (similar in form to Schedule "D" hereto, but appropriately modified);

provided that the Utility shall have the right in Utilities sole and absolute discretion to waive any and/or all such conditions.

(2) County's Condition. It shall be a condition precedent to County's obligation to close the sale of the Purchased Assets that County can obtain financing for the Purchase Price on terms acceptable to the County, in the County's sole and absolute discretion, such financing to be obtained in any event within no more than one (1) year from the date hereof. County agrees to seek such financing in good faith.

11. Closing Documents and Procedures.

11.1 Deliveries from Utility. The following documents (duly executed where appropriate) shall be delivered by the Utility to the County at or prior to Closing.

(1) Warranty Deed conveying to the County title to all of the Property, subject to the matters set forth in paragraph 5 above;

(2) Assignments to the County, in recordable form, of all of the Utility's right, title and interest in and to the Easements;

(3) Bills of sale from the Utility to the County of all of the plant, facilities, machinery and equipment and chemicals and diesel fuel described in subparagraphs 3.2, 3.3 and 3.4 above;

(4) Assignments or other appropriate documents of transfer from the Utility to the County of all other assets included within the Purchased Assets;

(5) All business records sold to the County hereby;

(6) All transferable permits, governmental authorizations and approvals, together with applications for or transfer approvals from any and all agencies that have issued said permits, authorizations, and approvals;

(7) Standard no-lien affidavit in form typically required by the title company;

(8) The customer service security deposits as of the Closing Date as described in subparagraph 3.8 hereof;

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

(10) The agreements referred to in subparagraph 7.6 hereof; and

(11) All plans, drawings and engineering information concerning the System in Utility's possession or control (without representation or warranty of any kind).

The assignments and bills of sale shall be without representation or warranty except that the property covered thereby is free of liens and encumbrances and has not been previously assigned or sold by the Utility.

11.2 Deliveries from the County. On the Closing Date, the County shall pay the Purchase Price by sending a wire transfer to the account and bank identified by the Utility in the amount due to the Utility as provided in paragraph 4 of this Agreement. The County shall also deliver to the Utility at the Closing duly executed assumptions of the agreements set forth in paragraph 13 of this Agreement, an assumption of the leases, permits, agreements, approvals and other interests in the Purchased Assets being sold and assigned by the Utility, and a certified copy of a resolution of the County commission approving the transaction. The assignments and assumptions being prepared by the parties may be incorporated in one document at the convenience of the parties.

11.3 Mutual Documents. The Utility and the County shall mutually sign and deliver counterpart closing statements and such further documents as may reasonably be requested in order to carry out the provisions of this Agreement.

12. Commissions. The Utility and the County each warrant to the other that the transaction contemplated by this Agreement is a direct, private transaction between the Utility and the County without the use of a broker, finder or commissioned agent; and each party ("Indemnitor") shall indemnify and hold the other party ("Indemnitee") harmless from any claim, cost, expense or liability (including reasonable attorney's fees and court costs at trial and appellate levels) resulting from or arising out of any claim for brokerage or other similar compensation on account of the actions or dealings of the Indemnitor. The provisions of this paragraph shall survive the closing or earlier termination of this Agreement.

13. Developer Agreements.

13.1 Developer or Service Contracts and Agreements. The County shall take title to the Purchased Assets encumbered by all developer or service contracts and agreements which are listed on Schedule "E" attached to this Agreement which will be assigned to and assumed by the County effective as of Closing.

13.2 New Agreements. After the date of the execution of this Agreement, the Utility shall notify the County of all requests for developer or service agreements which commit to provide service in excess of ten (10) equivalent residential connections ("ERC's") and the terms thereof and shall provide a copy of the proposed agreement to the County. The County, through the County Administrator or other authorized personnel, shall approve or disapprove, in writing, said proposed agreement within twenty (20) days of its receipt of the proposed agreement, which approval shall not be unreasonably withheld, delayed or conditioned. Once a proposed agreement is approved by the County, the County shall accept and assume the terms of the approved agreement subsequent to

the Closing Date in accordance with its terms. The Utility shall provide the County with copies of all executed developer service agreements for 10 ERC's or less which shall not require the approval of County and which shall also be assigned to and assumed by the County at closing.

13.3 Standby Fees. County acknowledges and agrees that Utility has further conditioned its execution of this Agreement on the agreement hereby of the County not to impose any special assessment, surcharge or readiness-to-serve charge on property owned, directly or indirectly, by Utility's parent, Atlantic Gulf within the certificated area of the System (as described in Exhibit "F" hereto) if the purpose of such assessment, surcharge, or readiness-to-serve charge would be for the purpose of creating an income stream which would be directly utilized as a revenue stream or indirectly substituted for an existing revenue stream utilized to amortize the indebtedness of the County created in order to accomplish the acquisition contained herein. By these presents, County covenants not to impose any such charge for the sole purpose of amortization of the indebtedness referenced hereinabove. This provision shall not be construed, however, so as to preclude County from exercising its normal and ordinary rate making and other police powers for the use and benefit of the System generally. This provision shall not inure to the benefit of the successors, assigns or transferees of the property described in Exhibit "F" hereto, except it shall apply to any subsidiary or entity affiliated with Atlantic Gulf.

13.4 Miscellaneous. The agreements referenced in subparagraphs 13.1 and 13.2 above are collectively referred to as "Developer Agreements". The Utility shall not cause any Developer Agreement to be modified in any material respect after the date of this Agreement without the prior written approval of the County, which approval shall not be unreasonably withheld, delayed or conditioned. Notwithstanding anything to the contrary set forth herein, the Utility need not obtain the County's approval to enter into or modify Developer Agreements that individually do not commit in excess of 10 equivalent residential connections of water and wastewater service capacity.

The provisions of this paragraph 13 shall survive the closing.

14. Notices: Proper Form. Any notices required or allowed to be delivered hereunder shall be in writing and may either be (1) hand delivered, (2) sent by recognized overnight courier (such as Federal Express) or (3) mailed by certified or registered mail, return receipt requested, in a postage prepaid envelope, and addressed to a party at the address set forth opposite the party's name below, or at such other address as the party shall have specified by written notice to the other party delivered in accordance herewith:

County: Hendry County, Clerk of the
Circuit Court
P.O. Box 1760

with a copy to: Hendry County Attorney
County Annex Building
50 S. Bridge Street
P.O. Box 1760
LaBelle, Florida 33935

Utility: Charles E. Fancher, Jr., President
General Development Utilities, Inc.
2601 South Bayshore Drive
Miami, Florida 33133-3461
(305) 859-4331
(305) 859-4657 Fax

with a copy to: Marcia Langley, Esq.
Atlantic Gulf Communities Corp.
2601 South Bayshore Drive
Miami, Florida 33133-3461
(305) 859-4231
(305) 859-4524 Fax

Notices personally delivered by hand or sent by overnight courier shall be deemed given on the date of delivery and notices mailed in accordance with the foregoing shall be deemed given three (3) days after deposit in the U.S. mail.

15. No Interference With Employment. The Utility will not interfere with the County hiring the present operational staff of the System. The County has an interest in and shall use its best efforts in retaining employees of the Utility presently working with the System.

16. Disclaimer of Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto, and no right or cause of action shall accrue upon or by reason hereof, to or for the benefit of any third party not a party hereto.

17. Binding Effect. All of the provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the legal representatives, successors and nominees of the County and the Utility.

18. Time of the Essence. Time is hereby declared of the essence in the performance of each and every provision of this Agreement.

19. Applicable Law. This Agreement shall be construed, controlled, and interpreted according to the laws of the State of Florida.

20. Corroboration of Payments After Closing. In each instance in which either the Utility or the County is to receive

money from another party after the Closing Date pursuant to the provisions of this Agreement, the party who is entitled to receive the money under the terms of this Agreement shall have the right to inspect, at its own expense, those books and records of the other party as may be necessary to corroborate the accuracy of the amount of money received by the party, within thirty (30) days of receipt of payment. The provisions of this paragraph shall survive closing.

21. RADON GAS. RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT.

22. Miscellaneous.

22.1 All of the parties to this Agreement have participated fully in the negotiation and preparation hereof, and accordingly, this Agreement shall not be more strictly construed against any of the parties hereto.

22.2 In the event any term or provision of this Agreement be determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

22.3 In the event of any litigation between the parties under this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and court costs at all trial and appellate levels

22.4 In construing this Agreement, the singular shall be held to include the plural, the plural shall be held to include the singular, the use of any gender shall be held to include every other and all genders, and captions and paragraph headings shall be disregarded.

22.5 This Agreement may be executed in several counterparts, and each such counterpart shall be deemed an original, but all such counterparts will constitute only one agreement.

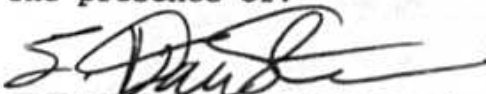
22.6 In the event either party fails to close on the Closing Date (without any default by the other party or failure of a condition precedent specified in this Agreement), time being of the essence, or in the event of any other default by any party of its obligations hereunder which continues for a period of fifteen (15) days following written notice thereof from the other party, the other party shall be entitled to seek all rights and remedies available at law or equity, including specific performance.

22.7 All of the exhibits and schedules attached to this Agreement are hereby incorporated in, and made a part of, this Agreement.

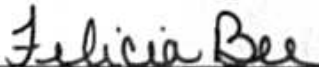
23. Entire Agreement. This instrument constitutes the entire agreement and understanding between the parties and supersedes all previous discussions, understandings and agreements between the parties relating to the subject matter of this Agreement. This Agreement may not be changed, altered or modified and no waiver of any provision hereof shall be made except by an instrument in writing signed by the party against whom enforcement of such change or waiver would be sought.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

Signed, sealed and delivered in the presence of:




Name: E. DAN STEVENS

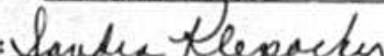


Name: Felicia Bee


COUNTY:

HENDRY COUNTY

By: 
Name: CECIL O. ARIN
Title: CHAIRMAN

Attest: 
Clerk of the Board of Clerk
County Commissioners

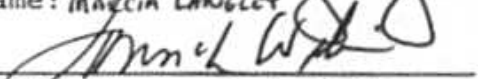
APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

By: 
Name: E. Dan Stevens
County Attorney

Signed, sealed and delivered in the presence of:



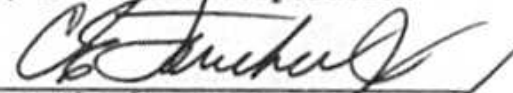
Name: MARCIA LANGLEY



Name: HANNAL WHITE

UTILITY:

GENERAL DEVELOPMENT UTILITIES INC., a Florida corporation

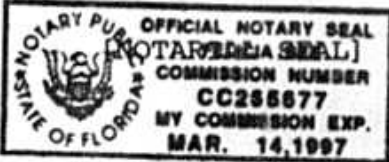
By: 
Mr. Charles E. Fancher, Jr.
President

[Corporate Seal]

STATE OF FLORIDA)
)
COUNTY OF Hendry)

SS:

The foregoing instrument was acknowledged before me this 14th day of October, 1994 by Cecil O. Akin, as Chairman of HENDRY COUNTY, on behalf of HENDRY COUNTY. He/She personally appeared before me, is personally known to me or produced Personally known as identification, and [did] [did not] take an oath.



Notary: Felicia Bee
Print Name: Felicia Bee
Notary Public, State of Florida
My commission expires: 3-14-97

STATE OF FLORIDA)
)
COUNTY OF Inde)

SS:

The foregoing instrument was acknowledged before me this 13th day of October, 1997 by CHARLES E. PANCHER, JR., as President of GENERAL DEVELOPMENT UTILITIES, INC., a Florida corporation, on behalf of the corporation. He personally appeared before me, is personally known to me or produced _____ as identification, and [did] [did not] take an oath.

[NOTARIAL SEAL]

Notary: Hannah L. Wilson
Print Name: _____
Notary Public, State of Florida
My commission expires: _____

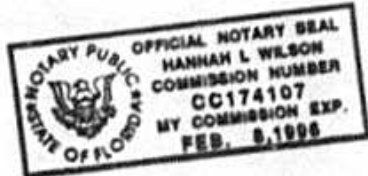


TABLE OF SCHEDULES

- A-1 = Property Description
- A-2 = Easements
- A-3 = Customer & Supplier Lists
- A-4 = Leases
- B = Liens
- C = Resolution
- D = Stipulated Settlement Agreement
- E = Developer Agreements
- F = Description of Lands within certificated area owned by Atlantic Gulf

EXHIBIT B

Customer deposits and interest accrued will be transferred to the county upon closing.

EXHIBIT C

Regulatory Fees will be paid when due. There are no fines or refunds currently outstanding.

EXHIBIT D

The county has been provided with the 1994 Annual Report filed with the Public Service Commission.



FLORIDA PUBLIC SERVICE COMMISSION

CERTIFICATE NUMBER

460-S

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

General Development Utilities, Inc.

Whose principal address is

2601 S. Bayshore Drive

Miami, Florida 33133-5461 (Glades and Hendry Counties)

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

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

ORDER 22565 DATED 02/15/90 DOCKET 891313-WS

ORDER _____ DATED _____ DOCKET _____

ORDER _____ DATED _____ DOCKET _____

ORDER _____ DATED _____ DOCKET _____

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION



David H. Hubble
Director, Division of Records & Reporting

[Signature]
Executive Director



FLORIDA PUBLIC SERVICE COMMISSION

CERTIFICATE NUMBER

526-W

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

General Development Utilities, Inc.

Whose principal address is

2601 S. Bayshore Drive

Miami, Florida 33133-5461 (Glades and Hendry Counties)

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

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

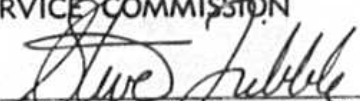
ORDER 22565 DATED 02/15/90 DOCKET 891313-WS

ORDER _____ DATED _____ DOCKET _____

ORDER _____ DATED _____ DOCKET _____

ORDER _____ DATED _____ DOCKET _____

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION


Director, Division of Records & Reporting


Executive Director



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

THIS AMENDMENT is made as of the 6 day of December, 1995, by and between GENERAL DEVELOPMENT UTILITIES, INC., a Florida corporation ("Utility") and HENDRY COUNTY, FLORIDA ("County").

WHEREAS:

A. The Utility and the County are the parties to that certain Water and Sewer System Asset Purchase and Sale Agreement dated October 14, 1994 (the "Agreement") with respect to that certain water and wastewater utility system commonly known as the Port LaBelle Water and Sewer System, which is located in Hendry and Glades Counties, Florida, as more particularly described in the Agreement.

B. The County has advised the Utility that the County will not be able to close the transaction on the Closing Date in accordance with the terms of the Agreement, and the County has requested an extension of the Closing Date.

C. The Utility has agreed to extend the Closing Date, subject to the terms and provisions set forth below.

NOW, THEREFORE, in consideration of the sum of Ten and No/100 (\$10.00) Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby further agree as follows:

1. The foregoing recitals are true and correct and are incorporated herein in their entirety.
2. This Amendment shall be deemed a part of, but shall take precedence over and supersede any provisions to the contrary contained in the Agreement. All initial capitalized terms used in this Amendment shall have the same meaning as set forth in the Agreement unless otherwise provided.
3. The Closing Date is extended for a period of ninety (90) days following the date of this Amendment.
4. In consideration of the extension rights granted hereunder, the County hereby agrees:

(a) To provide written comments to the draft agreements to transfer certain escrow and trust funds pursuant to paragraph 7.6 of the Agreement within seven (7) days following the date of this Amendment. Notwithstanding the foregoing, each party reserves the right to provide further written comments to any subsequent changes made to the draft agreements.

(b) Notwithstanding anything to the contrary contained in the Agreement (including, without limitation, paragraph 5 therein), County hereby knowingly and voluntarily waives any and all demands for curative action set forth in that certain title objection letter delivered by Dan Stevens, Esquire (attorney for County) to the Utility dated November 23, 1995, *except for item #1 of said letter.* *DRS.*
CS

5. Except as specifically modified hereby, all of the provisions of the Agreement which are not in conflict with the terms of this Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

Signed in the presence of:

UTILITY:

GENERAL DEVELOPMENT UTILITIES, INC., a
Florida corporation

By: *Charles E. Fancher, Jr.*
Name: Charles E. Fancher, Jr.
Title: President


[CORPORATE SEAL]

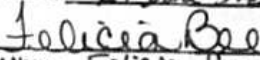
Eusebia Abreu
Print Name: EUSEBIA ABREU

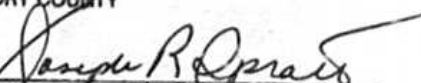
Louisa New
Print Name: LOUISA NEW

COUNTY:

HENDRY COUNTY


Print Name: F. Dan Stevens


Print Name: Felicia Bee

By: 
Name: Joseph R. Spratt
Title: Chairman

(SEAL)