

WAW JOHN

Dianne L. Limoges

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SEP 17 AM 10:29

P. O. Box 30410  
River Ranch, FL 33867  
941/692-0004

September 15, 1998

RECORDS AND REPORTING

Director, Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

SEP 19 1998

971185-WS

Dear Director:

I have received "Legal Notice" pertaining to New River Ranch, L.C. filing for an original certificate for an existing utility providing water and wastewater service in Polk County, Florida.

I object to this application and as requested am filing this objection within the required thirty (30) days. My objections are as follows:

1. It is my understanding that New River Ranch, L.C. has been on notice by Polk County since early 1997 to perform certain actions (Empty, sandblast, clean, and paint the inside of the water tanks (2) which serve our community.). Very late in the year and over a holiday, New River Ranch emptied the lower tank. They did not follow the recommendations of the County and bypass the sludge. Instead they flushed it through the system. Numbers of people became sick, including myself. I telephoned the County to learn what was wrong with our water--New River Ranch had not bothered to inform the residents of the area to boil their water. Nor did they notify of any action whenever they turned our water off. This represents to me irresponsible behavior regarding the health and welfare of the people they serve. In addition, the upper tank still has not been taken care of and numbers of complaints circulate the community because of the irregular chemical treatment of the water (Polk County verbally confirmed to me the truth of the sporadic water treatment.).
2. Memorial Day weekend 1998 sewage was spewing on the street and grounds behind the Branding Iron Restaurant. I witnessed the lines being pumped out and sewage being transported to the residential area of River Ranch Shores and dumped into the sewer system there. This may or may not be a legal method of handling such an event--I am not knowledgeable in this field. I have not noted any corrections to the problem which caused the overloading/backup problem. If the system is inadequate to handle the resort population shouldn't they be required to correct it.
3. Labor Day weekend 1998 sewage was spewing on the street and grounds on Waterway Drive. This particular lift station has been a continuous problem for more than a year and at one time I witnessed numbers of people digging huge trenches and working on the electric box trying to correct the situation. If it was necessary, I have never noted any permits posted or any plumber/electrician vehicles in the area during the performance of the work. In any case, whatever they did it was not productive as the sewage backup continues currently.
4. There are persons living in our community that drink only bottled water. Their concern can be understood by seeing the attached copy from Polk Official Record

DOCUMENT NUMBER-DATE

10593 SEP 24 88

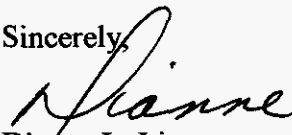
FPSC-RECORDS/REPORTING

Book 4054 Page 2200 & 2201. Section 2.(a) refers to hydrocarbon contamination due to 1) underground storage tanks for petroleum products, and 2) arsenic contamination. This Section refers to a letter dated April 27, 1998 that we do not have a copy of and therefore do not have test results that may have been as current as April 1998. We have, however, heard via the community that a recent test reveals that there is insignificant arsenic contamination and that cleanup will not be necessary. My opinion expresses how very astonished I am that this "miraculous" natural cleanup has occurred in just six (6) months when the contamination has been known to have been here for years. My adverse opinion pertaining to this matter would go a long way to changing if anyone at New River Ranch, L.C. could be forthcoming with the reports and any notification to the community served by this utility. Perhaps the State can advise us as we do not know how our water and wastewater is affected by this contamination.

5. Further, by attachment, you are provided with a copy of Polk Official Record Book 4054 Page 2205 & 2206. Section 5.(a) refers to New River Ranch's failures relative to water and sewer franchisees, licenses and permits as noted by SMI (now currently assigned to River Ranch American Resorts). Although I am not knowledgeable of the responsibilities of the past and present management team, as a consumer of the utility serving this community, I would like assurances from somewhere that the previous problems will not be continued following the sale of the utility company.
6. Community expansion via development by River Ranch American Resorts seems to be the plan (refer to attachment 11/1/97 ltr NRR to the Community.). As mentioned in Paragraphs 2 & 3 above the existing system does not appear to be adequate to handle the current level of usage on holiday weekends and yet as per the cited attachment major expansion is planned (at least 1,400 more units--1,000 at the golf course, as well as more camping facilities and a flagship hotel). The current circumstances include loss of pressure in the early morning hours without the added burden of more housing accommodations. The resort is nearly empty now and those of us who are year-round residents experience these problems already.

Perhaps our communities at River Ranch would be better served if the County sought to take the responsibility for our water and wastewater services. I know that my family and friends would agree that an acceptable degree of confidence in the safety of our water would return. My intent was to prepare a petition for those who agree to sign, however, many of those served by this utility are unavailable at this particular time of the year and cannot be contacted in the short time allotted to respond. We appreciate whatever you can do to assist in this objection to certification. Thanking in advance,

Sincerely,



Dianne L. Limoges

Copy To: New River Ranch, L.C.  
3200 River Ranch Road  
P. O. Box 30030  
River Ranch, FL 33867

FROM: NEW RIVER RANCH L.C.  
Post Office Box 30020  
River Ranch, FL 33868

TO: RIVER RANCH SHORES - WATER & SEWER CUSTOMERS

LANCE D. LIMOGES  
1011 Katherine St.,  
Boalsburg, PA

LEGAL NOTICE

Notice is hereby given on 8-25, 1998, that New River Ranch, L.C., has filed an application for an original certificate for an existing utility providing water and wastewater service in Polk County, Florida, pursuant to Section 367.045, Florida Statutes, to enable it to serve the following described territory in Polk County, Florida.

NEW RIVER RANCH, LC  
TERRITORY DESCRIPTION  
POLK COUNTY

All of Sections 10, 15, 22, 23, and E 1/2 of Section 26, that part of Sections 11, 14, 24, 25, 36, lying west of proposed Kissimmee Canal 38, all being in Township 31S, Range 31E.

That part of Section 31, Township 31S, Range 32E lying west of proposed Kissimmee Canal 38.

The E 1/2 of Section 1, Township 32S, Range 31E.

That part of Section 6, Township 32S, Range 32E lying west of proposed Kissimmee Canal 38.

All of Section 7, Township 32S, Range 32E, lying west of proposed Kissimmee Canal 38, less the SW 1/4.

That part of Section 8, Township 32S, Range 32E lying west of proposed Kissimmee Canal 38.

The NE 1/4 of Section 18, Township 32S, Range 32E.

That part of Sections 17, 20, 28, 29, 33, lying west of proposed Kissimmee Canal 38, all of Sections 30, 31, 32, all being in Township 32S, Range 32E.

Any objections to this application must be made in writing and filed within thirty (30) days with the Director, Division of Records and Reporting, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-3850. A copy of said objection should be mailed to the utility, whose address is 3200 River Ranch Road, P. O. Box 30030, River Ranch, Florida, 33867.

River Ranch American  
1 Resorts, Inc.

(b) On or before June 20, 1998 SMI shall pay to NRR the sum of \$80,000, free of any restrictions or qualifications, and this sum shall be applied to the purchase price at the time of the closing of the transaction. Failure to make the payment by the date stated shall be an event of default under this Stipulation.

(c) On or before June 30, 1998 SMI shall pay to NRR the sum of \$65,000, free of any restrictions or qualifications, and this sum shall be applied to the purchase price at the time of the closing of the transaction. Failure to make the payment by the date stated shall be an event of default under this Stipulation.

(d) The closing of the transaction shall occur on or before July 23, 1998.

4054 2200  
POLK OFFREC PAGE

2. RESOLUTION OF PRE-CLOSING ECONOMIC DISPUTES. The parties hereto expressly stipulate and acknowledge that certain disputes regarding economic issues have arisen between the parties. A summary of the currently existing pre-closing economic disputes is as follows:

(a) Under the terms of the Agreement, the Seller is responsible for any environmental clean up needed in order to transfer the real property free and clear of environmental problems or clean up obligations. The parties have been advised that there are two contamination issues. The first contamination issue concerns hydrocarbon contamination due to old underground storage tanks for petroleum products generally located at the golf course maintenance facility, the airport and the marina. This contamination issue is the subject of a letter from Andreyev Engineering, Inc. dated April 27, 1998 stating that the estimated cost to clean up these

contamination sites is \$220,000. The second contamination issue concerns arsenic contamination located at the golf maintenance facility site. Currently the parties are uncertain as to the estimated costs of clean up this arsenic contamination. The Seller maintains that the clean up of the hydrocarbon tank contamination will cost no more than 25% of the \$220,000; the balance of which shall be paid by the State of Florida Department of Environmental Protection. SMI disputes this assertion but at any rate requires that the clean up of both of these contamination issues occur prior to closing, or that sufficient funds be escrowed at the time of closing by NRR to assure that all contamination issues are resolved and that all the sites are cleaned and that SMI's acquisition lender will fund the monies necessary to acquire the River Ranch property. If the parties to the stipulation cannot agree upon the amount of money necessary to be escrowed for contamination cleanup then both parties agree that the amount to be escrowed at closing shall be the amount required by SMI's acquisition lender.

4054 2201  
POLK OFFREC. PAGE

(b) There is a dispute concerning a short fall of the capital improvement funding obligations of NRR as set forth in paragraph 3 of the Supplement to the Agreement. Specifically, NRR was to provide funding for capital improvements in an amount up to \$375,000. Disputes have arisen over the fact that notwithstanding NRR's obligations to fully fund this construction budget, shortfalls in funding occurred.

(c) Disputes have arisen over the value of the inventory on hand at the time the management of River Ranch was assumed by SMI in December of 1997. The Agreement calls for the transfer of inventory, and payment therefore by SMI at closing, up to a maximum of \$50,000. SMI maintains that the value of the actual

terms of the Agreement, deposits of NRR shall remain NRR's deposits at closing and, to the extent required by utility companies, SMI shall post new deposit monies for any utility accounts affecting River Ranch.

5. The parties also recognize that there are certain non-monetary disputes. The delineation of those non-monetary disputes, and their resolution are as follows:

(a) PROVISION OF INFORMATION RELATIVE TO THE WATER AND SEWER FRANCHISEES, LICENSES AND PERMITS. SMI maintains that NRR, as the Licensee or Franchise holder from the Public Service Commission regarding the water and sewer treatment facilities at River Ranch has failed to adequately operate or keep current the filings requisite to preservation of its licenses and to allow for the most advantageous rate schedule to be in full force and effect. In order to resolve this issue, NRR covenants to deliver to SMI all documents, records, filing requirements, and any other information, including but not limited to the 1997 Annual Report required by the PSC and the utility customer list for all customers at River Ranch, which documents are in the possession, custody or control of NRR or any of its attorneys, immediately following the execution of this Stipulation. By execution of this Stipulation, NRR appoints ROBERT MARGOLIS as its attorney-in-fact for the limited purposes of securing any other documents in possession of NRR's agents or representatives as they affect and concern the River Ranch Project. Furthermore, NRR covenants to do and perform any act reasonably necessary or appropriate in order to transfer the licenses, franchises or approvals to SMI or its designee within three

4054 2205  
POLK OFFREC. PAGE

business days following the execution of this Stipulation. It is agreed that all of the documents necessary to cause the transfer of the original licenses, permits, approvals and the like will be held by the law firm of Repta & Jennings, P.A., in escrow until the closing, at which time they will be delivered to SMI. Finally, NRR covenants to do and perform any act reasonably necessary or appropriate in order to aid and assist SMI in qualifying to operate the water treatment plant and sewer treatment plant and the franchisee and facility and otherwise to effectuate the intent and purpose of this paragraph.

4054 2206  
POLK OFFREC. PAGE

(b) **PROVISION OF DOCUMENTATION.** SMI maintains that NRR has failed, or delayed the transfer to SMI of critical documentation and/or information needed by SMI with regard to its purchase. Within three business days following the execution of this Stipulation, NRR shall transfer to SMI, all documents, and other information in its possession, custody or control. By execution of this Stipulation, NRR hereby appoints ROBERT MARGOLIS as its attorney-in-fact for the limited purposes of securing all other documents and other information concerning River Ranch in the possession, custody or control of its agents, attorneys or representatives including by way of illustration and not limitation:

(i) All of the documentation concerning Triple R. Management, L.C., including but not limited to the Articles of Organization Operating Agreement and Initial Affidavit. These documents should be fully executed by NRR.

(ii) All information affecting and concerning the arsenic

November 1, 1997

To: The River Ranch Community

From: New River Ranch, L.C.  
Robert G. Morris, Chairman, Management Committee  
Harold E. McGill, General Manager

Subject: A Report to the Owners

Dear Fellow Owner:

We are pleased to report that the contractual negotiations with the SMI developer group have finally concluded. The main contract for the sale was signed on August 15, 1997, and a subsequent amendment and a supplement to the amendment were signed on August 28, 1997. We anticipate that SMI will take possession on December 1, 1997.

This report will consist of the following sections: (1) the players, (2) the development plan, (3) the problems, concerns and solutions, and finally (4) a brief summary and conclusion.

**The Players:** There are four main groups that will play important roles in the future of the River Ranch.

1. **SMI**-- the developers consist of 4 principals: Brian Sparks, Managing Partner, Walter Shepard, Jr., John Ellis and Charles McReynolds. The group brings a variety of experience with a number of successfully concluded ventures to the River Ranch project. They are truly unique in the developer community in that their sensitivity to environmental issues, their sense of social responsibility and their concern with the impact of over-development along with their desire to maintain the natural ruggedness but fragile ambience of the ranch environment are not qualities displayed by many of their colleagues. More about that later.

2. **Richfield Hospitality Services, Inc.** the third largest hotel management group in the United States, is a division of the Century City Group which has assets with a net worth of 3.2 billion dollars. Richfield Hospitality Services currently owns or manages 67 properties (approximately 16,000 rooms) in North America including 11 Regal Hotels and numerous other full service hotels such as Hilton, Sheraton, Holiday Inn, Radisson, and Ramada as well as economy lodging such as Comfort Inn, Travelodge, Knight's Inn and Econodge. Richfield recently purchased the United States Hotel which will be renamed the Regal Inn and will be one of the Regal Hotels owned and operated



hotels in Europe and Asia and owns the four leading hotels in Hong Kong. This organization has a worldwide communication, reservation and promotions network. The Richfield representatives have been to River Ranch twice. They liked what they saw and were quick to recognize the potential of this unique property. They are in the process of developing a contract for the management, including the daily operations as well as national and international promotion, of River Ranch Resorts. How did we get such a prestigious organization? Through the personal and professional connections of SMI with the key leadership of the Richfield Corporation. We are indeed fortunate to put the operation of River Ranch, including the rental programs for Inn and Cottages and the RV property owners, in such capable hands. We anticipate that the Richfield group will take over the management of River Ranch Resorts on December 1, 1997 or shortly thereafter. As of the first quarter of 1998 or perhaps the fourth quarter of 1997, Inn and Cottages and RV property owners with properties in the rental pool will receive their checks directly from the Richfield Hospitality Services Corporation.

3. New River Ranch, L.C. and you the property owners complete the players group. We have placed these two groups into one category because indeed, we are one and the same. NRRLC is simply the vehicle which formalizes, codifies and expresses the hopes and aspirations for the future of the Ranch of all of the property owners. The ten of us in the LC group have been fortunate to have been given the opportunity to play a role in shaping the future of River Ranch. We need your help now just as we did last season when you folks got out your paint brushes and tools and mended the tractor and brought the golf course back to life. You mended and painted the broken fences which were somehow symbolic of our broken dreams. The excitement was palpable then and folks, we can feel it building up again!

#### **The Plan:**

We were a little long winded with the players. We will try to paint a short but vivid word picture of the plan. Just picture this:

At one end of River Ranch will be the permanent resident community of 1000 manufactured homes surrounding a 36-hole golf course and the airport. At the other end is the permanent resident community of Long Hammock. Outside the gate is the permanent resident community of River Ranch Shores (Country Side). Adjacent to Long Hammock is the semi-permanent community of the F.V. lot owners and in between is the largely transient community represented by Inn and Cottages. Picture, if you will, an expanded rodeo facility with a 3000 seat stadium under cover that will permit the presentation of rodeos, cattle shows, concerts, etc. Visualize an expanded upgraded marina, beach terrace, pool, and ranch harbor facilities, and a fly-in airport community, a reduced skeet range but a new target range facility. What we are describing is the SMI development plan. Now let us show you how this plan works. The permanent resident communities provide the ongoing year-round support for the facilities and amenities here at the Ranch. This group also provides the "sense of community" which is so vital to the

health of any community. The RV community provides a semi-permanent group and support for the RV oriented activities. These are the folks who spend a large portion of their time at permanent homes elsewhere. The Inn and Cottages hotel type facilities and refurbished Longhorn Center, along with other amenities, make possible the creation of programs designed to attract the tourist population as well as meetings of various sizes. All of these type programs will be under the supervision, operation and control of the Richfield Management Group with its worldwide connections and hotel management expertise. These are the professionals that will promote and manage your Inn and Cottages rooms and the RV sites in the rental pool. The goal is an annualized occupancy rate of at least 60% within 2 years. This is twice the best occupancy achieved by ORA in its peak years. As the boys on the corner (at least in my time) used to say: "you can't beat that with a stick".

Now let us let you in on something. The original ORA development plan, which NRRLC inherited and which we are passing on to SMI, authorized and has State and County approval for the development of a total of 3600 lots, that's Three Thousand Six Hundred sites -- mostly RV sites. This is where developers make lots of money. Seven Hundred sites, including the Inn and Cottages units and the RV sites, have already been built. This leaves a potential of 2900 sites that could be developed under the ORA plan. SMI, however, has concluded that 3600 sites, though attractive financially, will produce an undesirable high population density and destroy the open space feeling of River Ranch, which is one of its most attractive features. SMI proposes to develop only an additional total of 1400 sites, practically all of which will be permanent homes. No more RV sites, except perhaps for the completion of the canal sites. The new waterfront harbor sites will be scrapped.

In order to change the plan, SMI must submit an amended planning proposal which will reduce the number and change the type of facilities to be developed. They anticipate no opposition to the amended plan because it reduces existing viable density by over 50% and is ideal and more in keeping with the county and state concepts of environmental control, traffic control, water and sewer management, preservation of sensitive environmental areas, etc.

The SMI development plans indicate the sense of social responsibility and concerns for environmental issues and the desire to preserve the integrity of the Ranch which these young men have and which deserve our wholehearted support.

How the Plan Addresses Our Concerns as Owners: The Report Card:

1.	Financial stability of ownership	A
2.	Ability to advertise and promote	A
3.	Attention to environmental issues	A

- |    |   |   |
|----|---|---|
| 4. | Population density and overcrowding                       | A |
| 5. | Stability and reliability of rental agent                 | A |
| 6. | Expertise in hotel and restaurant management              | A |
| 7. | Direction and Goals of development including              |   |
|    | a. expansion of golf course to 36-holes                   |   |
|    | b. permanent resident base                                |   |
|    | c. expansion of amenities available to members and guests | A |

Rather impressive isn't it?

**Future role of New River Ranch, L.C.:**

NRRLC will continue to exist and will be a minority partner with SMI in the ownership of a new corporation, Triple R (River Ranch Resorts), and the SMI Group, which will contract with Richfield Hospitality Services, Inc., for the provision of management services. SMI will continue its function as developers of the property. Management decision making will be the exclusive prerogative of the Richfield Group. Triple R will not interfere in management decision making and absolutely will not be a party to micro-managing by individuals in the corporation. Most of you know my (RCMD) feelings in this regard: **FIND THE RIGHT MANAGERS AND LET THESE PROFESSIONALS DO THEIR JOBS!!!**

We are giving some thought to the future role of New River Ranch. The creation of new permanent residential communities at the golf course and airport may require new condo associations. Our owner group (NRRLC) might find a useful role as the coordinator of programs and relations among the various condo and homeowner groups.

In conclusion, our group of 10 owners started out with the goal of gaining control of the Ranch to stabilize the ownership situation and to carry out those basic housekeeping and maintenance operations necessary to keep the Ranch operational until new owners with management and development expertise could be found. It took almost exactly 11 months. Now we feel that this has been successfully accomplished, and our mission is on the threshold of completion.

There has been a lot of excitement at "River Ranch City" during the past year, but at present, our management committee is doing mostly an unglamorous holding operation. We are making every effort to ensure that the transition period is as possible. Would we do it again? The public answer is a resounding NO, but I suspect that some of us are secretly going to feel just a bit depressed when the adrenaline runs low.

*Robert J. ...*