

HOPPING GREEN SAMS & SMITH

PROFESSIONAL ASSOCIATION

ATTORNEYS AND COUNSELORS

123 SOUTH CALHOUN STREET

POST OFFICE BOX 6526

TALLAHASSEE, FLORIDA 32314

(850) 222-7500

FAX (850) 224-8551

FAX (850) 425-3415

Writer's Direct Dial No.

(850) 425-2313

June 1, 1999

JAMES S. ALVES  
BRIAN H. BIBEAU  
RICHARD S. BRIGHTMAN  
KEVIN B. COVINGTON  
PETER C. CUNNINGHAM  
RALPH A. DeMEO  
RANDOLPH M. GIDDINGS  
WILLIAM H. GREEN  
WADE L. HOPPING  
GARY K. HUNTER, JR.  
JONATHAN T. JOHNSON  
ROBERT A. MANNING  
FRANK E. MATTHEWS  
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ANGELA R. MORRISON  
GABRIEL E. NIETO  
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TIMOTHY G. SCHOENWALDER  
ROBERT P. SMITH  
DAN R. STENGLE  
CHERYL G. STUART  
W. STEVE SYKES  
T. KENT WETHERELL, II  
OF COUNSEL  
ELIZABETH C. BOWMAN

BY HAND DELIVERY

Blanca Bayó  
Director, Division of Records and Reporting  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

990696-WS

RECEIVED-FPSC  
99 MAY 32 AM 10:40  
RECORDS AND REPORTING

Re: Nocatee Utility Corporation  
Initial Certificate Application

Dear Ms. Bayó:

Enclosed for filing on behalf of Nocatee Utility Corporation (Nocatee) are the following:

(1) The original and twelve copies of Nocatee's Application for Original Certificate for a proposed multi-county water and wastewater system in Duval and St. Johns Counties, together with exhibits. Pursuant to the Commission's rules, only one copy of the service territory map is included.

(2) A check for \$6,000 in payment of the applicable filing fees (\$3,000 each) for the water and wastewater applications.

(3) The original and fifteen copies of Nocatee's Petition for Temporary Variance From or Temporary Waiver of a number of Commission rules to be filed in the application docket.

If you have any questions regarding these filings, please call.

Check received with filing and forwarded to Fiscal for deposit.  
Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:

Very truly yours,

*Richard D. Melson*

Richard D. Melson

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

RDM/mee  
Enclosures

DOCUMENT NUMBER-DATE

06783 JUN-1 99

FPSC-RECORDS/REPORTING

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DEPOSIT

DATE

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D144

JUN 01 1999

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DOCUMENT NUMBER DATE  
 06783 JUN 1 99  
 FPSC-RECORDS/REPORTING

Check Number 039674

Davis Family Office  
 P.O. BOX 19366  
 JACKSONVILLE, FL. 32245-9366

63-1012  
 632  
 First Union National Bank of Florida  
 P.O. Box 2080  
 Jacksonville, FL 32231

CHECK NO.  
**039674**  
 DATE  
 05/05/99

Six Thousand and 0/100 Dollars

CHECK AMOUNT

\*\*\*\*\*\$6,000.00

PAY TO THE ORDER

FLORIDA PUBLIC SERVICE COMMISSION

119.07(1)(z), Florida Statutes: Bank account numbers or debit, charge, or credit card numbers given to an agency for the purpose of payment of any fee or debt owing are confidential and exempt from subsection (1) and s.24(a), Art. 1 of the State Constitution . . .

*[Handwritten Signature]*

APPLICATION FOR ORIGINAL CERTIFICATE  
FOR A PROPOSED OR EXISTING SYSTEM

(Pursuant to Section 367.045, Florida Statutes)

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

The undersigned hereby makes application for original certificate(s) to operate a water   x   and/or wastewater   x   utility in   Duval and St. Johns   County, Florida, and submits the following information:<sup>1</sup>

**PART I    APPLICANT INFORMATION**

- A) The full name (as it appears on the certificate), address and telephone number of the applicant:

  Nocatee Utility Corporation    
Name of utility

  ( 904 ) 223-4700                    ( 904 ) 223-7499    
                    Phone No.                                    Fax No.

  4310 Pablo Oaks Court    
Office street address

  Jacksonville            FL                    32224    
City                            State                            Zip Code

  N/A    
Mailing address if different from street address

  N/A    
Internet address if applicable

- B) The name, address and telephone number of the person to contact concerning this application:

  Richard D. Melson                                    (850) 425-2313    
Name  Phone No.

  123 South Calhoun Street, P.O. Box 6526    
Street address

  Tallahassee            FL                    32314    
City                            State                            Zip Code

<sup>1</sup> This is an application for Original Certificates only. The application for Initial Rates and Charges, and the financial, engineering and operating information supporting same will be submitted at a later date as a separate application.



- C) Indicate the organizational character of the applicant:  
(circle one)

Corporation

Partnership

Sole Proprietorship

Other \_\_\_\_\_  
(Specify)

- D) If the applicant is a corporation, indicate whether it has made an election under Internal Revenue Code Section 1362 to be an S Corporation:

Yes \_\_\_\_\_ No X \_\_\_\_\_

- E) If the applicant is a corporation, list names, titles and addresses of corporate officers, directors, partners, or any other person(s) or entities owning an interest in the applicant's business organization. (Use additional sheet if necessary).

DDI, Inc., Sole Shareholder

H. J. Skelton, President and Director

Harry D. Francis, Vice President/Secretary

Susan C. Thorne, Treasurer

Robert D. Davis, Director

A. Dano Davis, Director

Address for all the above:

4310 Pablo Oaks Court, Jacksonville, FL 32224

- F) If the applicant is not a corporation, list names and addresses of all persons or entities owning an interest in the organization. (Use additional sheet if necessary.)

N/A

**PART II     NEED FOR SERVICE**

- A) Exhibit    A    - A statement regarding the need for service in the proposed territory, such as anticipated (or actual) development in the area. Identify any other utilities within the area proposed to be served which could potentially provide such service in the area and the steps the applicant took to ascertain whether such other service is available.
  
- B) Exhibit    B    - A statement that to the best of the applicant's knowledge, the provision of service will be consistent with the water and wastewater sections of the local comprehensive plan, as approved by the Department of Community Affairs at the time the application is filed. If the provision of service is inconsistent with such plan, provide a statement demonstrating why granting the certificate would be in the public interest.

**PART III    SYSTEM INFORMATION**

A) **WATER**

- (1) Exhibit    C    - A statement describing the proposed type(s) of water service to be provided (i.e., potable, non-potable or both).
  
- (2) Exhibit    D    - The number of equivalent residential connections (ERCs) proposed to be served, by meter size and customer class. If development will be in phases, separate this information by phase. In addition, if the utility is in operation, provide the current number of ERCs by meter size and customer class.
  
- (3) Description of the types of customers anticipated (i.e., single family, mobile homes, clubhouse, commercial, etc.):

   Single family, multi-family, hotel, light  
   industrial, commercial, golf courses, schools,  
   churches, general office, governmental office  
   and retail/commercial.

- (4) In the case of an existing utility, provide the permit number and the date of approval of facilities by the Department of Environmental

Protection (DEP) or the agency designated by DEP to issue permits:

N/A

- (5) Indicate the design capacity of the treatment plant in terms of equivalent residential connections (ERCs) and gallons per day (gpd). If development will be in phases, separate this information by phase.

See Footnote 1, Page 1 (ERCs) \_\_\_\_\_ (gpd)

- (6) Indicate the type of treatment: \_\_\_\_\_

To be provided by JEA pursuant to wholesale agreement

- (7) Indicate the design capacity of the transmission and distribution lines in terms of ERCs and gpd. If development will be in phases, separate this information by phase.

See Footnote 1, Page 1

- (8) Provide the date the applicant began or plans to begin serving customers: 2002

- (9) Exhibit E - Evidence, in the form of a warranty deed, that the utility owns the land where the water facilities are or will be located. If the utility does not own the land, a copy of the agreement which provides for the long term continuous use of the land, such as a 99-year lease. The Commission may consider a written easement or other cost-effective alternative.

The applicant may submit a contract for the purchase and sale of land with an unexecuted copy of the warranty deed provided the applicant files an executed and recorded copy of the deed, or executed copy of the lease, within thirty days after the order granting the certificate.

B) WASTEWATER

(1) Exhibit     F     - The number of equivalent residential connections (ERCs) proposed to be served, by meter size and customer class. If development will be in phases, separate this information by phase. In addition, if the utility is in operation, provide the current number of ERCs by meter size and customer class.

(2) Description of the types of customers anticipated (i.e., single family, mobile homes, clubhouse, commercial, etc.):

    Single family, multi-family, hotel, light  
    industrial, commercial, golf courses, schools,  
    churches, general office, governmental office  
    and retail/commercial.

(3) In the case of an existing utility, provide the permit number and the date of approval of facilities by the Department of Environmental Protection (DEP) or the agency designated by DEP to issue permits:

    N/A

(4) Indicate separately the design capacity of the treatment plant and effluent disposal system in terms of equivalent residential connections (ERCs) and gallons per day (gpd). If development will be in phases, separate this information by phase.

    See Footnote 1, Page 1

(5) Indicate the method of treatment and disposal (percolation pond, spray field, etc.):

    To be provided by JEA pursuant to wholesale  
    agreement

(6) Exhibit     G     - If the applicant does not propose to use reuse as a means of effluent



disposal, provide a statement that describes, with particularity, the reasons for not using reuse.

- (7) Indicate the design capacity of the collection lines in terms of ERCs and gpd. If development will be in phases, separate this information by phase.

See Footnote 1, Page 1

- (8) Provide the date the applicant began or plans to begin serving customers: 2002
- (9) Exhibit E - Evidence, in the form of a warranty deed, that the utility owns the land where the utility treatment facilities are or will be located. If the utility does not own the land, a copy of the agreement which provides for the long term continuous use of the land, such as a 99-year lease.

The Commission may consider a written easement or other cost-effective alternative. The applicant may submit a contract for the purchase and sale of land with an unexecuted copy of the warranty deed, provided the applicant files an executed and recorded copy of the deed, or executed copy of the lease, within thirty days after the order granting the certificate.

**PART IV FINANCIAL AND TECHNICAL INFORMATION**

- A) Exhibit H - A statement regarding the financial and technical ability of the applicant to provide reasonably sufficient and efficient service.
- B) Exhibit I - A detailed financial statement (balance sheet and income statement), certified if available, of the financial condition of the applicant, showing all assets and liabilities of every kind and character. The income statement shall be for the preceding calendar or fiscal year. If an applicant has not operated for a full year, then the income statement shall be for the lesser period. The financial statement shall be prepared in accordance with Rule 25-30.115, Florida Administrative Code. If available, a statement of the source and application of funds shall also be provided.

- C) Exhibit     J     - A list of all entities, including affiliates, upon which the applicant is relying to provide funding to the utility, and an explanation of the manner and amount of such funding, which shall include their financial statements and any financial agreements with the utility. This requirement shall not apply to any person or entity holding less than 10 percent ownership interest in the utility.
- D) Exhibit   See Footnote 1, Page 1   - A schedule showing the projected cost of the proposed system (or actual cost of the existing system) by uniform system of accounts (USOA) account numbers pursuant to Rule 25-30.115, F.A.C. In addition, provide the capacity of each component of the system in ERCs and gallons per day. If the utility will be built in phases, this schedule shall apply to the design capacity of the first phase only. Provide a separate exhibit for the water and sewer systems.
- E) Exhibit   See Footnote 1, Page 1   - A schedule showing the projected operating expenses of the proposed system by USOA account numbers when 80 percent of the designed capacity of the system is being utilized. If the utility will be built in phases, this schedule shall apply to the design capacity of the first phase only. In addition, if the utility has been in existence for at least one year, provide actual operating expenses for the most recent twelve months. Provide a separate exhibit for the water and sewer systems.
- F) Exhibit   See Footnote 1, Page 1   - A schedule showing the projected capital structure, including the methods of financing the construction and operation of the utility until the utility reaches 80 percent of the designed capacity of the system(s).
- G) Exhibit   See Footnote 1, Page 1   - A cost study, including customer growth projections, which supports the proposed rates, miscellaneous service charges, customer deposits and service availability charges. A sample cost study is enclosed with the application package. Provide a separate cost study for the water and sewer systems.
- H) Exhibit   See Footnote 1, Page 1   - If the base facility and usage rate structure (as defined in Rule 25-30.437(6), F.A.C.) is not utilized for metered service, provide an alternative rate structure and a statement supporting why the alternative is appropriate.
- I) Exhibit   See Footnote 1, Page 1   - If a different return on common equity other than the current equity leverage

formula established by order of the Public Service Commission pursuant to Section 367.081(4), F.S. is utilized, provide competent substantial evidence supporting the use of a different return on common equity. Information on the current equity leverage formula may be obtained by contacting the accounting section at the listed number.

**PART V ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION (AFUDC)**

Please note the following:

- A) Utilities obtaining initial certificates pursuant to Rule 25-30.033, F.A.C., are authorized to accrue AFUDC for projects found eligible pursuant to Rule 25-30.116(1), F.A.C.
- B) A discounted monthly AFUDC rate calculated in accordance with Rule 25-30.116(3), F.A.C., shall be used to insure that the annual AFUDC charged does not exceed authorized levels.
- C) The date the utility shall begin to charge the AFUDC rate shall be the date the certificate of authorization is issued to the utility so that such rate can apply to initial construction of the utility facilities.

**PART VI TERRITORY DESCRIPTION AND MAPS**

A) **TERRITORY DESCRIPTION**

Exhibit     K     - An accurate description, using township, range and section references as specified in Rule 25-30.030(2), Florida Administrative Code. If the water and wastewater service territories are different, provide separate descriptions.

B) **TERRITORY MAPS**

Exhibit     L     - 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' on which the proposed territory is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater service territories are different, provide separate maps.

C) **SYSTEM MAPS**

Exhibit See Footnote 1, Page 1 - One copy of detailed map(s) showing proposed lines, facilities and the territory proposed. **Additionally, identify any existing lines and facilities.** Map(s) should be of sufficient scale and detail to enable correlation with a description of the territory to be served. Provide separate maps for water and wastewater systems.

**PART VII NOTICE OF ACTUAL APPLICATION**

A) Exhibit Late-Filed M - An affidavit that the notice of actual application was given in accordance with Section 367.045(1)(a), Florida Statutes, and Rule 25-30.030, Florida Administrative Code, by regular mail to the following:

- (1) the governing body of the municipality, county, or counties in which the system or the territory proposed to be served is located;
- (2) the privately owned water and wastewater utilities that hold a certificate granted by the Public Service Commission and that are located within the county in which the utility or the territory proposed to be served is located;
- (3) if any portion of the proposed territory is within one mile of a county boundary, the utility shall notice the privately owned utilities located in the bordering counties and holding a certificate granted by the Commission;
- (4) the regional planning council;
- (5) the Office of Public Counsel;
- (6) the Public Service Commission's Director of Records and Reporting;
- (7) the appropriate regional office of the Department of Environmental Protection;
- (8) and the appropriate water management district.

Copies of the Notice and a list of entities noticed shall accompany the affidavit. **THIS MAY BE A LATE-FILED EXHIBIT**

- B) Exhibit     N/A     - An affidavit that the notice of actual application was given in accordance with Rule 25-30.030, Florida Administrative Code, by regular mail or personal delivery to each customer of the system. A copy of the notice shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.
- C) Exhibit Late-Filed N - Immediately upon completion of publication, an affidavit that the notice of actual application was published once in a newspaper of general circulation in the territory in accordance with Rule 25-30.030, Florida Administrative Code. A copy of the proof of publication shall accompany the affidavit. THIS MAY BE A LATE-FILED EXHIBIT.

**PART VIII FILING FEE**

Indicate the filing fee enclosed with the application:

\$ 3,000 (for water) and \$ 3,000 (for wastewater).

Note: Pursuant to Rule 25-30.020, Florida Administrative Code, the amount of the filing fee as follows:

- (1) For applications in which the utility has the capacity to serve up to 500 ERC's, the filing fee shall be **\$750.**
- (2) For applications in which the utility has the capacity to serve from 501 to 2,000 ERC's the filing fee shall be **\$1,500.**
- (3) For applications in which the utility has the capacity to serve from 2,001 ERC's to 4,000 ERC's the filing fee shall be **\$2,250.**
- (4) For applications in which the utility has the capacity to serve more than 4,000 ERC's the filing fee shall be **\$3,000.**

**PART IX TARIFF**

Exhibit See Footnote 1, Page 1 - The original and two copies of water and/or wastewater tariff(s) containing all rates, classifications, charges, rules and regulations. Sample tariffs are enclosed with the application package.



**PART X AFFIDAVIT**

I H. J. Skelton, President of Nocatee Utility Corporation (applicant) do solemnly swear or affirm that the facts stated in the forgoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitutes a complete statement of the matter to which it relates.

BY: *H. J. Skelton*  
H. J. Skelton  
President

Subscribed and sworn to before me this 26TH day  
of MAY 1999 by H. J. SKELTON

who is personally known to me  or ~~produced identification~~

Type of Identification Produced \_\_\_\_\_



"OFFICIAL SEAL"  
Lori A. Goddard  
My Commission Expires 4/27/2002  
Commission #CC 728687

*Lori A. Goddard*  
Notary Public's Signature

LORI A. GODDARD

Print, Type or Stamp Commissioned  
Name of Notary Public

\* If 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 applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

**EXHIBIT A**  
**(Need for Service)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

DDI, Inc. (DDI) and Estuary Corporation own all of the land, consisting of approximately 15,000 acres, included within the boundary of the proposed original certificates for Nocatee Utility Corporation (NUC).

DDI is planning a multi-use development (Nocatee) on this land which will include single family, multi-family, hotel, light industrial, commercial, golf courses, schools, churches, general office, governmental office and retail/commercial.

Nocatee will be developed in a number of phases over a period of 20 years or more. Due to the size of the development, Nocatee will be required to undergo review pursuant to Section 380.06, Florida Statutes, as a "Development of Regional Impact."

The filing of the application for development approval for Nocatee is expected to occur in September, 1999. The current schedule calls for commencement of construction of Phase I in 2001. Based on this development schedule, the first end-users with require utility service beginning in 2002.

At build-out, Nocatee is projected to require approximately 6.0 MGD of potable water and to generate approximately 5.1 MGD of wastewater. Reuse water requirements for the development are projected to be greater than the amount of treated effluent produced by the project.

The successful development of a large scale project such as Nocatee depends on the availability of central utility services on a timetable which meets the requirements of the development. In addition, land use planning and environmental concerns can best be addressed when the provision of utility service is part of an integrated water resources management plan for the development.

As part of the development planning process for Nocatee, DDI has performed a substantial water supply and well field analysis of its property. These studies will form the basis for a water supply plan designed to meet the needs and timing of the proposed

development. As the developer of the property, DDI is uniquely situated to integrate utility solutions into the overall planning process.

DDI has organized Nocatee Utility Corporation (NUC) as a wholly-owned subsidiary to provide retail water, wastewater and reuse service to Nocatee. In addition, DDI has entered into a Letter of Intent with JEA (see Attachment A-1) to provide wholesale utility service to NUC pursuant to the terms of a definitive Service Agreement to be negotiated after NUC has obtained original water and wastewater certificates from the Commission. By teaming with JEA, NUC will be able to ensure that utility services are available on an economically feasible basis on timetable that meets the needs of the development.

DDI and NUC have considered the availability of utility services from existing utilities in the vicinity of the property and have concluded that none of these utilities has the current capability to serve the needs of this major development.

- Intercoastal Utilities does not have sufficient current capacity to serve the development, nor does it have a sufficient source of supply. Service by Intercoastal would require either construction of mains across the intercoastal waterway, or construction of new treatment plants on the west side of the waterway. Intercoastal has failed for several years to provide service to one parcel of property adjacent to Nocatee, despite repeated requests for service from the property owner.
- United Water Company does not have any current facilities within two miles of Nocatee and does not have access to a high quality source of supply sufficient to serve the Nocatee development. In addition, Nocatee will have substantial demands for reuse, which United does not currently provide.
- St. Johns County does not have sufficient facilities in the Nocatee area to serve Phase I of the development. Due to the size of the overall development, and the extended development time frame, it is not clear that St. Johns County would be able to raise sufficient capital to support the required improvements. In addition, St. Johns County's existing rates are relatively high in comparison to other service alternatives.

**D.D.I., Inc.**  
**4310 Pablo Oaks Court**  
**Jacksonville, Florida 32224**

April 14, 1999

JEA  
21 West Church Street  
Jacksonville, FL 32202

**RE: Proposed Agreement for Wholesale Water and Wastewater Service**

Ladies and Gentleman:

D.D.I., Inc. and its affiliate Estuary Corporation (herein collectively referred to as "DDI") are the owner of certain lands located in Duval and St. Johns Counties as more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property"). DDI intends to make application for certain development approvals from federal, state and local governmental agencies and authorities to permit development of the Property. DDI, either directly or through its affiliates (the "Utility Company"), also intends to make application with the Florida Public Service Commission ("PSC") for certification as a water and wastewater utility to service the Property (the "PSC Certification").

JEA is a certified water and wastewater utility service provider authorized by Ordinance 97-12-E, to provide water and wastewater utility service on a wholesale and retail basis. JEA and DDI have executed this Letter of Intent to evidence their mutual interest in entering into an Agreement for Wholesale Water and Wastewater Service Supply to the Property and to reflect certain agreements with respect to the processing of the PSC Certification by DDI or the Utility Company until such time as a final agreement for Wholesale Water and Wastewater service can be consummated between JEA and DDI.

1. **Wholesale Service Agreement.** At such time as the Utility Company shall obtain PSC Certification for the Property on terms and conditions satisfactory to it in its sole discretion, the Utility Company and JEA shall negotiate in good faith the terms of a wholesale service agreement for the supply of water and wastewater utility service, including reuse water ("Water and Wastewater Utility Service") to the Property (the "Service Agreement") in accordance with the plan of development established by DDI for the Property (the "Development Plan").

**2. General Terms of Service Agreement.** The parties agree that the general terms of the Service Agreement shall include those provisions customarily incorporated in the wholesale service agreements between JEA and other customers in the area and shall include the following provisions:

- 2.1 **Capital Improvements and Service Obligations.** The cost of transmission lines and easement locations for Water and Wastewater Utility Service on and off site necessary to serve the Development plan shall be mutually agreed upon between JEA , DDI, and the Utility Company.
- 2.2 **Cost of Service.** The Utility Company shall pay to JEA for wholesale Water and Wastewater Services to the Property those amounts in accordance with the Published Tariff Rates for Water and Sewer as may be amended pursuant to public hearing based on cost of service. (see Exhibit "B")
- 2.3 **Right of First Refusal.** The Utility Company shall provide to JEA on terms and conditions mutually satisfactory to them a right of first refusal to purchase the utilities system; provided, however that portion of the system within Duval County normally transferred by a developer to JEA at no cost will be transferred at no cost to the JEA under this provision whether or not JEA is the successful purchaser of the system as a whole.
- 2.4 **Term of Agreement.** The term of the Service Agreement shall continue through the estimated completion date of the Development Plan (presently 20 years) with terms of renewal as may be mutually agreed upon between the parties.
- 2.5 **Management.** At the option of the Utility Company, JEA will provide operations management service to the Utility Company at rates to be agreed upon between JEA and the Utility Company. Further, the Utility Company agrees that should it elect to out-source billing services, JEA will be afforded a right of first refusal to provide such services on terms and conditions mutually agreed upon between JEA and the Utility Company. If the Utility Company elects to outsource operations or management, JEA will be afforded the exclusive right to provide such services at JEA's allocated cost, to that portion of a contiguous service territory comparable to the Duval County portion of the Property.



2.6 Well Sites. DDI agrees to supply well sites and a water plant site to JEA as may be reasonably necessary to service the Property, the location, number and capacity of well sites to be mutually agreed upon between JEA and DDI, consistent with all permitting requirements for the Property and consistent with all water resource management plan requirements for the Property as may be developed by DDI.

2.7 Exclusive Provider. During the term of the Service Agreement, JEA shall be the exclusive wholesale provider of Water and Wastewater Utility Service to the Property.

3. **Pending PSC Certification.** In consideration of the terms of this Letter of Intent, JEA agrees that until expiration of this Letter of Intent (and thereafter during the term of the Utility Service Agreement) the Utility Company shall have the sole and exclusive right to purchase wholesale or retail Water and Wastewater Utility Service of any kind or nature from JEA to service the Property and until expiration of this Letter of Intent, JEA agrees that it will not take a position adverse to the Utility Company in its application for the PSC Certification at the administrative or judicial levels, and will cooperate in good faith with the Utility Company in its application for the PSC Certification.

4. **Failure to Obtain Certification.** In the event DDI or the Utility Company shall abandon the PSC Certification application or if the PSC application is finally denied without appeal, or if JEA and DDI are unable to reach mutual agreement upon final terms and provisions of the Service Agreement, then in such event JEA, DDI and Utility Company acknowledge and agree that they shall mutually agree upon a division of a comparable contiguous service territory such that the integrity of the system is maintained to the greatest extent possible as to the Duval County customers.

5. **Term of this Letter of Intent.** This Letter of Intent shall remain in effect until the earlier of (i) such time as DDI or the Utility Company shall abandon the PSC Certification application; (ii) such PSC Certification application shall be finally denied without appeal; or (iii) twenty four (24) months from the date hereof as may be extended thereafter for such period of time as the Utility Company continues pursuit of any contested element of the


PSC Certification through the administrative or judicial process, it being intended that the term of this Letter of Intent shall be extended through the time period of any such proceedings.

DDI and JEA intend that this letter represents their agreement to negotiate in good faith with respect to the term of the final Service Agreement on the general terms and conditions outlined herein. The parties acknowledge that no legal obligation is created between JEA and DDI as to the terms of the final Service Agreement until such time as DDI or the Utility Company and JEA shall enter into the Service Agreement on terms acceptable to both of them. Each party to this Letter of Intent represents that it has the authority to execute and deliver this Letter of Intent without the consent or joinder of any other party.

If the foregoing correctly reflects our understandings, please execute the enclosed acknowledgment copy of this letter.

Very truly yours,

**D.D.I., INC.** A Florida corporation

By:   
Name: H. Jay Skelton  
Title: President

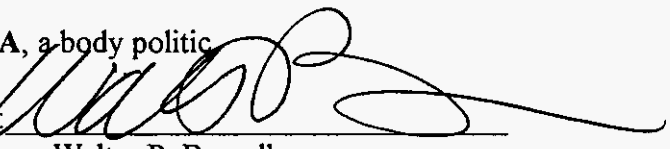
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Print Name: \_\_\_\_\_

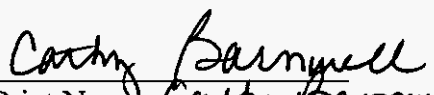
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Print Name: \_\_\_\_\_

[CORPORATE SEAL]

The undersigned acknowledges and agrees to the foregoing.

JEA, a body politic

By:   
Name: Walter P. Bussells  
Title: Managing Director and  
Chief Executive Officer

  
Print Name: Cathy Barnwell

[CORPORATE SEAL]

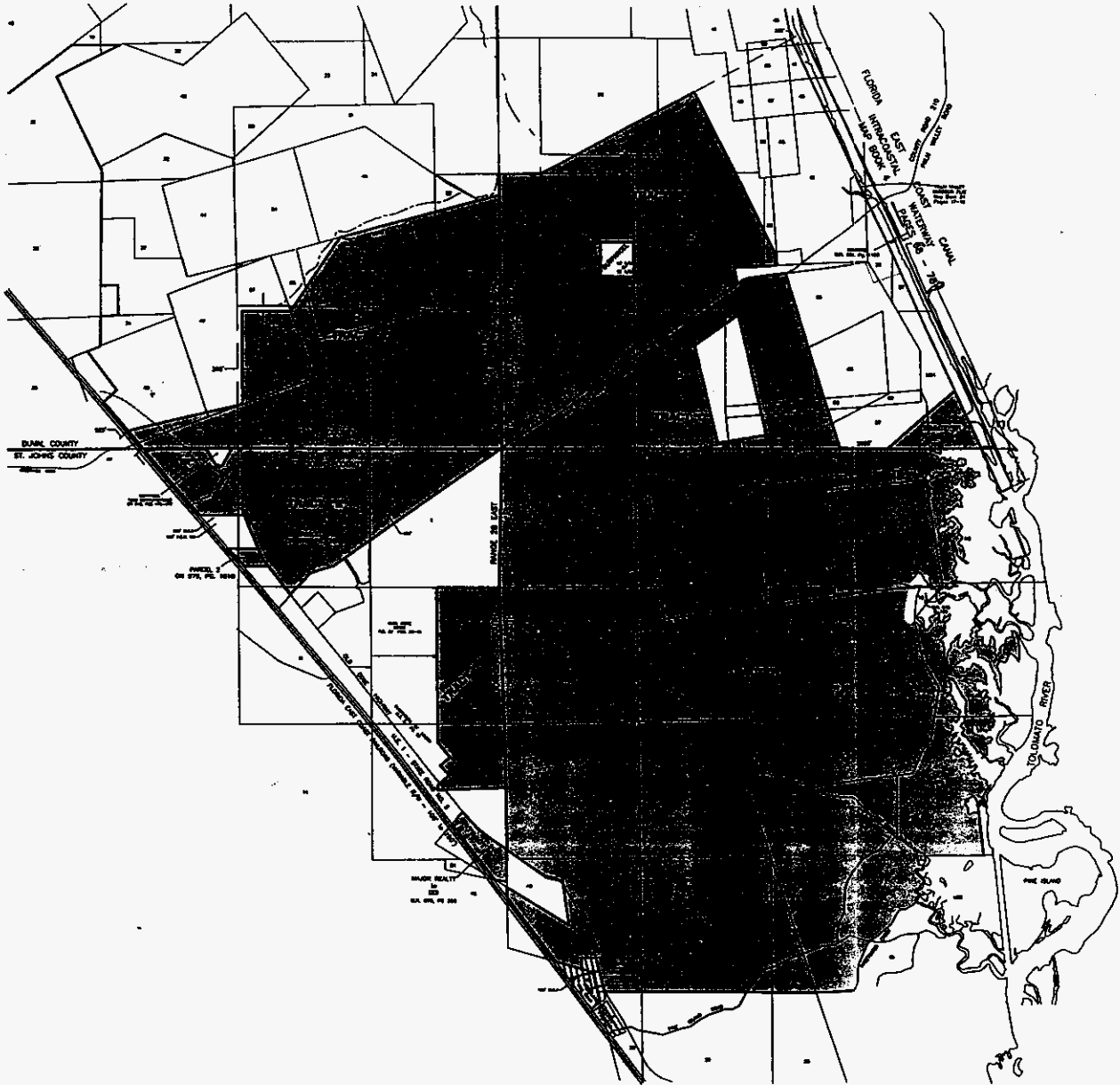
JEA Letter of Intent  
April 14, 1999  
Page 5

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APPROVED:

  
Office of General Counsel

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MAP TO SHOW  
**NOCATEE**  
 LYING IN  
 TOWNSHIP 4 SOUTH, RANGE 28 EAST,  
 DUVAL COUNTY, FLORIDA,  
 TOWNSHIP 4 SOUTH, RANGE 29 EAST, AND  
 TOWNSHIP 5 SOUTH, RANGES 28 AND 29 EAST,  
 ST. JOHNS COUNTY, FLORIDA.

**EXHIBIT A**



Exhibit A-1, Page 6

**Robert M. Angus Associates, Inc.**  
 LAND SURVEYORS, PLANNERS AND CIVIL ENGINEERS  
 SINCE 1924

212 S. Adams Blvd. #2, Jacksonville, FL 32204 Tel: (904) 647-8800  
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**JEA**

**Water and Sewer Rate Guidelines**

**December 21, 1998**



TABLE OF CONTENTS

Service Conditions	3
Meter and Tap Fees	4
Sewer Tap Fees	4
Additional Charges	5
Water Rates	8
Fire Protection Charges	10
Sewer Rates	11
Limited Service Sewer	12
Sewer Surcharges	13
Scavenger Waste Charges	13
Fees for Disconnection of Service	13
Reimbursement of Plant Phase-out Fund	14
Reclaimed Water Service	16

## Service Conditions

### 1) Free Service

No free sewer or water service shall be furnished or rendered to any person. No free service will be provided to any city, state, or public agency.

### 2) Supply of water

JEA will not guarantee an uninterrupted supply of water or water at a particular pressure. JEA shall have the right to shut off the water in its main at anytime for the purpose of making repairs or extensions or for other purposes incidental to the public water supply. JEA will not be responsible for damage caused by the low pressure. JEA also shall have the right to turn off water service for the protection of the cities water supply.

### 3) Grounds for disconnecting water or sewer service

- a) Interference or tampering with the meter measuring the water supply or sewer collected. This also includes tampering with the seals used to secure the meter.
- b) Misrepresentation or concealment regarding the premise or fixtures to be furnished with water or sewer service.
- c) Nonpayment of charges related to water or sewer service.
- d) Refusal or neglect to comply with a requirement of JEA as to meter or service connection, maintenance, alteration or renewal, or other requirements relating to water or sewer service.
- e) Use of water or sewer service in connection with or for the benefit of a user other than the user described in the application.
- f) Waste or excessive use of water through improper or imperfect pipes, fixtures, appliances, or any other manner.

### 4) Connection Maintenance

There will be an annual registration fee on all backflow prevention devices. The annual backflow prevention fee is \$35.00 on all testable backflow preventors. A fee of \$25.00 will be charged as a registration fee for a backflow tester license.

### 5) Sewer Meter Inspection

The fee for inspecting the installation of a sewer flow meter is \$ 50.00

### 6) Fees

All fees listed in this document are to be paid in advance unless otherwise noted.

## Water Meter and Tap Fees

<u>Tap size</u>	<u>Size of Service</u>	<u>Meter Size</u>	<u>Tap Fee</u>	<u>Meter Set Fee</u>
¾ inch	¾ inch	5/8 inch	\$ 419.00	\$ 72.00
1 inch	¾ inch	5/8 inch	\$ 419.00	\$ 72.00
¾ inch	¾ inch	¾ inch	\$ 435.00	\$ 88.00
1 inch	1 inch	1 inch	\$ 466.00	\$ 104.00
1 ½ inch	1 ½ inch	1 ½ inch	\$ 761.00	\$ 274.00*
2 inch	2 inch	2 inch	\$ 911.00	\$ 347.00*

\*or estimated cost, whichever is greater

Tap fees for new service connections larger than two inches in diameter shall be based upon the average cost by meter size of the installation to JEA but not less than \$ 911.00. Meter set fee for connections larger than two inches in diameter shall be based upon the average cost by meter size or \$ 347.00 whichever is greater to JEA. Charges for changing an existing meter shall be the same as the water meter set fee based on the size of the new meter installed.

The JEA may waive the meter set fee where a special meter set permit has been issued for a specific location for installation of a water meter. The waiver only applies to 5/8, ¾, and 1 inch meters and only after a special meter set permit fee has been paid:

<u>Meter size</u>	<u>Special meter set permit fee</u>
5/8 inch	\$ 57.00
¾ inch	\$ 72.00
1 inch	\$ 88.00

## Sewer Tap Fees

- 1) Sewer connection in unpaved streets, alleys, and easements held by JEA is \$ 725.00
- 2) Sewer connections in paved streets is \$ 1346.00
- 3) A pre-paved connection (ie. Previously installed in anticipation of future use) is \$ 414.00

- 4) For all sewer connections where there is no unpaved parkway or where other than a standard four inch or six inch "Y" connection to the sewer is used, the fee will be either the average cost by installation size to JEA or \$ 725.00 whichever is greater.
- 5) To physically locate a sewer connection the fee is \$ 481.00
- 6) Special connections, those due to unusual circumstances, will be charged at the cost of the installation charge to JEA or the standard cost whichever is greater.

## Water and Sewer Capacity Fees

- 1) The minimum charge for a new water connection shall be \$ 140.00 or .40 cents for each gallon of average daily water capacity as estimated by JEA. For existing water connections, there will be a charge of .40 cents of additional average daily water capacity.
- 2) The minimum charge for a new sewer connection will be \$ 1025.00 or \$ 2.93 for each gallon of average daily sewer capacity as estimated by JEA. For existing sewer connections there will be a charge of \$ 2.93 per gallon of additional average sewer capacity.
- 3) If water and/or sewer capacity charges exceed \$1000.00 a portion of the fees may be deferred. The property owner of a single family residential dwelling may enter into an agreement to defer up to 80% of water and/or sewer capacity charges. An agreement will be executed between JEA and the property owner or a person authorized to enter into a binding agreement for the property owner. The agreement will provide for payment of the capacity charges in not more than 240 equal monthly installments, including interest due on the remaining balance. The annual percentage rate will be 4.0%. Installment payments will commence within 60 days after execution of the agreement. The minimum payment will be \$ 25.00 a month. A late fee of \$ 25.00 will apply to payments received after the 15<sup>th</sup> of the following month. The agreement may be paid off early, including accrued interest, without penalty.
- 4) For industrial or process waste there will be a charge of \$ 2.93 for each gallon of daily production flow or average of all production shifts flow. Provided the character of the waste does not exceed 300 parts per million, by weight, of suspended solids. Nor shall the waste exceed a chemical oxygen demand (COD) of 600 parts per million, by weight.

- 5) In the case of a user desiring to discharge sewage into JEA's sewer system, when that purchased capacity will be used to phase out a treatment facility that is not capable of meeting state water quality standards. An agreement will be executed between JEA and the user or a person or agent authorized to enter into binding agreements on behalf of the user. The agreement will provide for the payment of sewer capacity charges and surcharges in not more than 240 monthly installments including interest. The annual percentage rate for this agreement will be 4.0%. Installment payments will commence within 60 days after execution of the agreement. A late fee of \$ 25.00 will apply to payments received after the 15<sup>th</sup> of the following month. The agreement may be paid off early, including accrued interest, without penalty.
- 6) There will be a sewer capacity surcharge when the character of the sewage, waters, or wastes from a manufacturing or industrial plant, business, commercial location or building, or premises proposing to connect to JEA's sewer system has either or both a 5 day chemical oxygen demand of greater than 600 parts per million or 300 parts per million of suspended solids, both by weight. As determined by the following formula:

$$\text{SCS} = ((\text{COD} - 600) \times \text{Qmgd} \times 8.34 \# / \text{gallons} \times \$184 / \text{pound}) + ((\text{SS} - 300) \times \text{Qmgd} \times 8.34 \# / \text{gallons} \times \$ 80 / \text{pounds})$$

Where: SCS = Sewer Capacity Charge

Qmgd = daily production flow or the average of all production shift flows (whichever presents the greatest requirement for volumetric and/or organic capacity) in millions of gallons a day

SS = suspended solids in parts per million

- 7) There will be an exception to the water and sewer capacity charges if:
- Water and/or sewer capacity charges have been paid for that property.
  - The property was previously served by an investor/community owned public utility.
  - The property is located in the First Urban Services District which was connected to JEA's sewer system on or before September 30, 1968. But, only with respect that the property is still being used for the same purpose it was intended for on September 30, 1968.

## Additional Charges

Additional charges will be incurred under the following circumstances:

- 1) If the estimated average daily flow(s) of a user made at the time of initial connection to JEA water and/or sewer system was erroneous, or the description of the character of the waste in the application was erroneous.
- 2) The property served by JEA's water and/or sewer system changes because of the construction of new dwellings, commercial or industrial facilities, because of additions to existing dwellings, commercial or industrial facilities or because of increased, expanded, or changed operations.
- 3) If there is an increase in the number of gallons of sewer discharge, from a property, of more than 20% over the number of units or gallons of discharge at either the time of payment of the last sewer capacity charge or September 30, 1968.
- 4) If the discharge from a property has an increase of COD or suspended solids loading, measured in pounds per day.
- 5) If a property increases the number of gallons of water usage by more than 20% over the number of units or gallons of usage at either the time of the payment of the last water capacity charge or July 1, 1993, whichever is later.



## Water Rates

### Non-Residential Monthly Charges

<u>Meter Size</u>	<u>Monthly Base Rate</u>	<u>Usage charge per 100 cubic feet of water</u>
5/8 inch	\$ 8.45	\$ 0.63
¾ inch	\$ 10.65	\$ 0.63
1 inch	\$ 15.20	\$ 0.63
1 ½ inch	\$ 26.35	\$ 0.63
2 inch	\$ 39.70	\$ 0.63
3 inch	\$ 75.35	\$ 0.63
4 inch	\$ 115.35	\$ 0.63
6 inch	\$ 226.8	\$ 0.63
8 inch	\$ 360.35	\$ 0.63
10 inch	\$ 516.25	\$ 0.47
12 inch	\$ 961.60	\$ 0.47
20 inch	\$ 2009.30	\$ 0.47

### Residential usage charges

5/8" - 8" Meter size	\$ 0.63 per 100 cubic feet
10" - 20" Meter size	\$ 0.47 per 100 cubic feet

### Residential

The residential water charges are the monthly base rate plus usage as calculated below:

<u>Meter Size</u>	<u>Monthly Base Rate</u>
5/8 inch	\$ 8.45
¾ inch	\$ 10.65
1 inch	\$ 15.20
1 ½ inch	\$ 26.35

Residential usage charges

1 - 15 (100 cubic feet)	\$ 0.58 per 100 cubic feet
16 - 30 (100 cubic feet)	\$ 0.73 per 100 cubic feet
greater than 30 (100 cubic feet)	\$ 0.96 per 100 cubic feet

Irrigation

The irrigation water charges are the monthly base rate plus usage as calculated below:

<u>Meter Size</u>	<u>Monthly Base Rate</u>
5/8 inch	\$ 8.45
¾ inch	\$ 10.65
1 inch	\$ 15.20
1 ½ inch	\$ 26.35

Irrigation usage charges

1 - 30 (100 cubic feet)	\$ 0.73 per 100 cubic feet
greater than 30 (100 cubic feet)	\$ 0.96 per 100 cubic feet

Fire Protection Charges

The following charges are for fire protection only on an unmetered connection to the water system. The purpose of these connections is to provide standby service for building interiors only. No other connections to the fire protection system is allowed. This service is on a standby basis only.

<u>Size of Branch</u>	<u>Annual Charge</u>
4 inches or less	\$ 48.00
6 inch	\$ 95.00
8 inches	\$ 196.00
10 inches or greater	\$ 349.00

For those customers that have purchased and installed a detector-check meter the monthly charges will be as follows:

<u>Size of Branch</u>	<u>Monthly Charge</u>
4 inches or less	\$ 15.00
6 inch	\$ 20.00
8 inches	\$ 30.00
10 inches or greater	\$ 40.00

Customers who use water provided by the standby system for other than fire protection or testing purposes will be charged \$100.00. In addition for the amount of water used, the customer will be charged 150% of the prevailing rates as listed above. The water used for testing or fire protection will be billed at the prevailing rates listed above.

JEA will conduct fire hydrant flow tests when requested for an \$ 80.00 fee.

## Sewer Rates

### Residential

Sewer service charges will be based on the quantity of water consumed by each sewer customer premises. This includes water from public and private suppliers, as determined by metering. The charges for a single family residential customer shall be based on the actual water usage up to a maximum of 3000 cubic feet per month during the months of October through March. The charges for a single family residential customer shall be based on 90% of the water usage up to a maximum of 3000 cubic feet per month during the months of April through September. These rates apply to JEA sewer customers and not to water only residential customers.

### Non-Residential

Sewer charges for non-residential customers will be based upon actual water usage.

### Rates

<u>Meter Size</u>	<u>Monthly Base Rate</u>	<u>Unit Rate per 100 Cubic Feet of Water Used</u>
5/8 inch	\$ 3.40	\$2.90
¾ inch	\$ 5.15	\$2.90
1 inch	\$ 8.55	\$2.90
1 ½ inch	\$ 17.10	\$2.90
2 inch	\$ 27.30	\$2.90
3 inch	\$ 54.50	\$2.90
4 inch	\$ 85.15	\$2.90
6 inch	\$ 170.45	\$2.90
8 inch	\$ 272.60	\$2.90
10 inch	\$ 391.90	\$2.90
12 inch	\$ 732.55	\$2.90
20 inch	\$ 1533.20	\$2.90

Limited Service Sewer

A limited service sewer user shall be charged the same monthly base rate plus a unit rate of \$ 1.74 per 100 cubic feet of water consumption.

An industrial user discharge permit fee of \$250.00 is charged for processing the application.

### Sewer Surcharge

Anytime the character of the sewage, water, or waste from a manufacturing or industrial plant, business, or commercial location, building, or premises has a chemical oxygen demand (COD) of 600 parts per million (or more) and/or suspended solids (SS) of 300 parts per million (or more), both measured by weight, shall have an additional surcharge added to their sewer charges. The surcharge will be calculated as follows:

$$S = V_s \times (\$0.000577 (\text{COD} - 600) + \$0.000705 (\text{SS} - 300))$$

where:

S = surcharge in \$

$V_s$  = sewer volume in hundred cubic feet

\$0.000577 = unit charge factor for COD based on 9.25 cents per pound of COD

COD = chemical oxygen demand

600 = Allowable COD strength under normal volume charges in parts per million

\$ 0.000705 = unit charge for SS based on 11.3 cents per pound of SS

SS = suspended solids

The amount of the surcharge for the use of the sewer system shall be separately stated as a part of the total sewer service charge for each billing period.

### Scavenger Waste Charges

Scavenger wastes may be disposed of at a JEA sewer treatment plant, after approval, for a charge of \$ 4.49. The charge is for each 100 gallons of waste based on the capacity of each vehicle that delivers the discharge to the treatment plant. A minimum charge of \$30.00 applies to each discharge.

## **Disconnection of Services**

The following fees will be paid in advance if services have been disconnected due to lack of payment:

Resetting a Meter	\$ 150.00
Sewer Reconnection	\$ 400.00

## **Reimbursement of the non-Regional Wastewater Treatment Plant Phase-out Revolving Fund**

After a sewer system improvement is constructed utilizing monies from the Fund, the total cost of the improvements will be divided by the increase sewer capacity, in gallons per day, that were obtained by the improvement. This cost per gallon of capacity will be used to determine the amount a property owner will be required to reimburse the Fund, to obtain a connection to the improved sewer system. At the time the property owner connects to the improved sewer system, the owner must reimburse the fund based on the average gallon per day flow anticipated from the owner's property. The property owner will have the option of entering into an agreement with JEA to defer up to 80% of these costs. Not to exceed \$100,000.00 in total cost. The agreement must be in writing and in a form approved by the office of General Counsel. The agreement shall be executed by the property owner and JEA. The agreement shall contain provisions for the creation of a contractual lien against the owner's real property in consideration for deferral. The agreement shall be promptly recorded in the public record of Duval county. When deemed necessary, and in all cases where the deferment is greater than \$ 50,000.00, the owner shall provide JEA an unconditional performance/payment bond or irrevocable letter of credit in favor of JEA which guarantees all payments and obligations of the owner pursuant to the agreement. The bond company, bank, and form shall be reviewed and approved by the Office of General Counsel and JEA's Risk Management Division. All costs of the agreement will be borne by the property owner. The agreement shall provide for the required reimbursement to the Fund in the following manner:

- 1) For costs of improvements which are less than or equal to \$ 12,000.00, the required reimbursement shall be made in not more than 24 monthly payments.
- 2) For costs of improvements which are greater than \$ 12,000.00, but less than or equal to \$ 20,000.00, the required reimbursement shall be made in not more than 60 monthly installments.
- 3) For costs of improvements which are greater than \$ 20,000.00, the reimbursement shall be made in not more than 240 monthly installments.

The interest rate for all these reimbursement options will be 4.0%. The installments shall commence within 60 days after the execution of the installment agreement, or with the first billing of JEA sewer services, whichever occurs first. Each monthly bill will indicate the remaining balance, including interest on the deferred reimbursement. A late payment penalty of \$ 25.00 will be imposed upon any payment not received by the 15<sup>th</sup> of the following month. The property owner shall have the right at any time to pay off the remaining balance, including accrued interest, without penalty. When the installment agreement has been paid in full, JEA shall prepare and deliver to the property owner a receipt for payment of the deferred reimbursement charges and a satisfaction of agreement in a form sufficient for recording in the public records of Duval county. The property owner will be responsible for recording the document, at their cost, in the public record.



## Reclaimed Water Service

- 1) For meter sizes 5/8 to 1 ½ inches, the unit rate per 100 cubic feet of reclaimed water used shall be the same as charged a residential user using between 1-15 cubic feet of water. For reference those rates are as follows:

<u>Meter Size</u>	<u>Monthly Base Rate</u>
5/8 inch	\$ 8.45
¾ inch	\$ 10.65
1 inch	\$ 15.20
1 ½ inch	\$ 26.35

With a charge of \$0.58 per 100 cubic feet.

- (2) For meter sizes 2 - 20 inches the following rate options are available.

- a) The unit rate per 100 cubic feet of reclaimed water used shall be the same, for those not signing an agreement prior to February 28, 1999, as charged a commercial user using between 1-15 cubic feet of water. For reference those rates are as follows:

<u>Meter Size</u>	<u>Monthly Base Rate</u>
2 inch	\$ 39.70
3 inch	\$ 75.35
4 inch	\$ 115.35
6 inch	\$ 226.8
8 inch	\$ 360.35
10 inch	\$ 516.25
12 inch	\$ 961.60
20 inch	\$ 2009.30

With a charge of \$.20 cents per 100 cubic feet

b) Users signing an agreements for service by February 28, 1999, shall have a choice between the following rates which will be held firm from the time service is available until March 1, 2004:

- (i) A unit rate per 100 cubic feet of reclaimed water used shall be \$.10 cents and there will be no other charges (connection or capacity fees, meter charges, etc.) will be applied.
- (ii) A flat rate (take or pay) of \$.06 cents per 100 cubic feet for the amount of reclaimed water requested, by the customer, for usage up to 1.5 times that amount of reclaimed water requested. Plus a metered rate of \$.15 cents per 100 cubic feet for any reclaimed water used each day beyond 1.5 times the amount requested by the customer. The amount of reclaimed water requested by the customer for each calendar year may be changed with 60 days written notice. There will be no other charges (connection or capacity fees, meter charges, etc.) applied.

**EXHIBIT B**  
**(Consistency with Comprehensive Plans)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

To the best of Nocatee Utility Corporation's knowledge, the provision of central water and wastewater service to a planned Development of Regional Impact is consistent with the potable water sub-element and the sanitary sewer sub-element of the City of Jacksonville 2010 Comprehensive Plan and is consistent with the sanitary sewer/solid waste/drainage/potable water/natural groundwater aquifer recharge sub-element of the St. Johns County 2005 Comprehensive Plan. Both the City of Jacksonville and St. Johns County Comprehensive Plans contemplate that new development should be directed towards areas with central water and wastewater supply systems or planned central water and wastewater supply systems which have the demonstrated ability to provide capacity at adequate levels of service to development as it occurs. Nocatee Utility Corporation has an agreement with JEA to be part of a regional water and wastewater supply network which will serve portions of the proposed Development of Regional Impact located in St. Johns County and Duval County.

Nocatee Utility Corporation and/or its parent has completed extensive studies of potable water supply to ascertain that adequate potable water will be available to serve the planned development activity. In addition, the proposed developer of the planned community to be served contemplates an extensive water resource management plan. This plan will provide for proper coordination of all aspects of water resource planning for the development, including the central water and wastewater utility systems, reclaimed water, stormwater management, consumptive use, and other facets of development permitting which have an impact on water resources and water quality. Nocatee Utility Corporation, as an affiliate of the development entity, is uniquely qualified to address the specific objectives of the St. Johns County and City of Jacksonville Comprehensive Plans to insure efficient, cost-effective, well-planned water and wastewater utility systems.

EXHIBIT C  
(Types of Service)

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

Nocatee Utility Corporation will provide both potable and non-potable water service, including reuse for certain irrigation purposes.

**EXHIBIT D**  
**(Number of Water ERCs)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

The following are preliminary ERC estimates for Phase I of Nocatee and for build-out of the overall Nocatee development.

Phase I will include approximately 1,200 residential dwelling units, one clubhouse, 400,000 square feet of general office space and 168,000 square feet of retail/commercial space. This is equivalent to approximately 1,539 water ERCs.

At build-out, Nocatee will include approximately 10,024 residential dwelling units, 3,960 multi-family dwelling units, 650 hotel rooms, three clubhouses, 4,118,000 square feet of general office space, 50,000 square feet of governmental office space, 1,000,000 square feet of retail/commercial space, 250,000 square feet of light industrial space, 206 acres of regional park, 3,500 students at elementary and middle schools, 200,000 square feet of church space, and various other civic facilities, fire stations, community clubs, athletic complex, learning centers and utility sites. This is equivalent to approximately 17,013 water ERCs.

More detailed information will be supplied when NUC files its application for approval of initial rates and charges.

**EXHIBIT E**  
**(Land for Water and Wastewater Facilities)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

NUC does not currently own the land where the water and wastewater facilities will be located.

Pursuant to the Letter of Intent between DDI and JEA (see Attachment A-1 to Exhibit A), JEA will provide wholesale water, wastewater and reuse service to NUC, and JEA will therefore own the water and wastewater treatment facilities and sites. Paragraph 2.6 of the Letter of Intent contains DDI's agreement to provide well sites and a water plant site to JEA as may be reasonably necessary to service the property.

Pursuant to the Master Service Agreement between NUC and DDI (see Attachment H-1 to Exhibit H), in the event that any treatment facilities are to be owned by NUC, DDI agrees to grant NUC the right to use the land on which the treatment facilities are located either by conveying title to NUC, or by some alternate method that complies with Rule 25-30.433(10), F.A.C. The location of such facilities, if any, has not been determined since planning for the facilities has not been completed.

**EXHIBIT F**  
**(Number of Wastewater ERCs)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

The following are preliminary ERC estimates for Phase I of Nocatee and for build-out of the overall Nocatee development.

Phase I will include approximately 1,200 residential dwelling units, one clubhouse, 400,000 square feet of general office space and 168,000 square feet of retail/commercial space. This is equivalent to approximately 1,624 wastewater ERCs.

At build-out, Nocatee will include approximately 10,024 residential dwelling units, 3,960 multi-family dwelling units, 650 hotel rooms, three clubhouses, 4,118,000 square feet of general office space, 50,000 square feet of governmental office space, 1,000,000 square feet of retail/commercial space, 250,000 square feet of light industrial space, 206 acres of regional park, 3,500 students at elementary and middle schools, 200,000 square feet of church space, and various other civic facilities, fire stations, community clubs, athletic complex, learning centers and utility sites. This is equivalent to approximately 18,054 wastewater ERCs.

More detailed information will be supplied when NUC files its application for approval of initial rates and charges.

**EXHIBIT G**  
**(Reuse)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

Nocatee Utility Corporation plans to provide reuse water for golf course irrigation. Nocatee's requirements for reuse will exceed the amount of treated effluent generated from the property, particularly during the early stages of development. One of the advantages of the proposed wholesale service arrangement with JEA will be to provide a sufficient source of reuse water for Nocatee.



**EXHIBIT H**  
**(Applicant's Financial and Technical Ability)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

Nocatee Utility Corporation, a wholly-owned subsidiary of DDI, Inc., was incorporated on March 30, 1999 and has no assets or employees. It was created for the specific purpose of providing water, wastewater and reuse service for Nocatee, a development being planned and designed by DDI.

Pursuant to a Letter of Intent between DDI and JEA, NUC expects to obtain wholesale water, wastewater and reuse service from JEA pursuant to a Service Agreement to be negotiated after NUC obtains original certificates from the Commission (see Attachment A-1 to Exhibit A).

NUC also expects to obtain operations, management and billing services from an third-party provider with experience in water and wastewater utility management. The Letter of Intent with JEA gives NUC the option to obtain such services from JEA.

Financing for the early stages of development of NUC will be provided by DDI, the developer of Nocatee under a Master Service Agreement between the parties (see Attachment H-1).

**MASTER SERVICE AGREEMENT**

This Agreement is made this 14<sup>th</sup> day of May, 1999 between Nocatee Utility Corporation, a Florida corporation (Utility) and DDI, Inc., a Florida corporation (DDI).

WHEREAS, DDI is the owner of certain land in Duval County and St. Johns County, Florida, which DDI intends to develop as a multi-use project known as Nocatee; and

WHEREAS, central water, wastewater, and reuse water services are essential for the development of Nocatee; and

WHEREAS, DDI is developing an overall water supply plan and water resources plan for Nocatee which will take into account both potable water supply and reuse alternatives;

WHEREAS, DDI has entered into a Letter Agreement with JEA under which JEA is expected to become the wholesale provider of water and wastewater utility service, including reuse water, to Nocatee pursuant to the terms of a definitive Service Agreement to be negotiated (Service Agreement);

WHEREAS, Utility is a wholly-owned subsidiary of DDI and DDI desires that Utility provide retail water, wastewater, and reuse service to Nocatee; and

WHEREAS, DDI and Utility contemplate that the required water and wastewater treatment facilities, and the off-site portions of the water transmission, wastewater collection, and reuse

facilities (Wholesale Facilities) will be owned by JEA pursuant to the Service Agreement; and

WHEREAS, DDI and Utility contemplate that the on-site portion of the water transmission and distribution, wastewater collection, and reuse transmission and distribution facilities (Retail Facilities) will be owned by Utility; and

WHEREAS, Utility intends to file an application with the Florida Public Service Commission (FPSC) for original certificates for water and wastewater for Nocatee (FPSC Certification); and

WHEREAS, at this time Utility does not have the financial capability to design and construct the Retail Facilities.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, and of the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Obligations of DDI. DDI agrees to:
  - a. Design and construct, or cause to be designed and constructed, the Retail Facilities in accordance with plans and specifications meeting the approval of Utility and the governmental agencies having jurisdiction, and convey the same to Utility in accordance with service, extension and other

agreements entered into between the parties hereto from time to time.

- b. In the event any treatment facilities are to be owned by Utility, grant Utility the right to use the land on which such treatment facilities are located by conveying title to Utility, or by an alternate method that complies with Rule 25-30.433(10), Florida Administrative Code.
- c. Finance the Phase I operations of Utility through capital contributions, loans, guaranteed revenues, or as otherwise mutually agreed until Utility's operating revenues are adequate to cover its operating costs.
- d. Support Utility's application for FPSC certification.

2. Obligations of Utility. Utility agrees to:

- a. Apply for the FPSC Certification.
- b. Provide water, wastewater and reuse service to Nocatee, conditioned upon the granting of the FPSC Certification.
- c. Operate and maintain the Retail Facilities in accordance with applicable permits, rules and regulations.

- d. Apply for rate relief from time to time in order to maintain fair and reasonable rates which will enable the Utility to become financially self-sufficient as soon as practicable.
3. Term. This Agreement shall have a term of ten years; provided, however, that it shall terminate earlier on the occurrence of either of the following events: (1) Utility abandons its application for FPSC Certification; or (2) the FPSC Certification is denied and the order of denial has become final and non-appealable.
4. Effect of Agreement. This Agreement shall be binding on and shall inure to the benefit of the parties hereto, and their respective successors and assigns, and constitutes the entire agreement between the parties related to the matters referred to herein. No provision of this Agreement may be waived unless such waiver is set forth in writing and signed by the party to be charged; and this Agreement can be amended or modified only by a written instrument executed by the parties with the same formality as this Agreement.
5. Notices. Any notices under this Agreement shall be addressed as follows:

TO UTILITY:

Nocatee Utility Corporation  
4310 Pablo Oaks Court  
Jacksonville, FL 32224  
Attention: Harry D. Francis

TO DDI:

DDI, Inc.  
4310 Pablo Oaks Court  
Jacksonville, FL 32224  
Attention: H. Jay Skelton


6. Assignment. Neither party can assign its rights or obligations under this Agreement without the written consent of the other party; provided, however, that in the event DDI transfers the real property comprising Nocatee to an affiliate for development purposes, DDI's obligations under Paragraph 1.b can be assigned to, and assumed by, that affiliate.
7. Interpretation. This Agreement will be interpreted in accordance with the laws of the State of Florida. All captions and headings appearing are for convenience only and shall not be considered in construing the provisions hereof.
8. No Third Party Beneficiaries. The Agreement is solely between the parties hereto and is not intended, nor shall it be construed, to create any rights or remedies as to third parties.


9. Recitals. The recitals are incorporated herein by reference, and shall be deemed part of this Agreement for all purposes as if set forth at length herein.
10. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned parties have caused this Agreement to be executed in their respective names as of the day and year first above written.

DDI, INC.

NOCATEE UTILITY CORPORATION

By:   
H. Jay Skelton  
President

By:   
Harry D. Francis  
Vice President

**EXHIBIT I**  
**(Applicant's Financial Statements)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

Nocatee Utility Corporation, a wholly-owned subsidiary of DDI, Inc., was incorporated on March 30, 1999 and has no financial statements. Attached are the most recent financial statements of its parent company, DDI, Inc. (See Attachment I-1.)





D.D.I., INC.

Consolidated Financial Statements  
and Schedule - Income Tax Basis

November 30, 1998 and 1997

(With Independent Auditors' Report Thereon)



Suite 2700, Independent Square  
One Independent Drive  
P.O. Box 190  
Jacksonville, FL 32201-0190

## Independent Auditors' Report

The Board of Directors  
D.D.I., Inc.:

We have audited the accompanying consolidated statements of assets, liabilities and stockholders' equity - income tax basis of D.D.I., Inc. as of November 30, 1998 and 1997, and the related consolidated statements of income and expense - income tax basis and stockholders' equity - income tax basis for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note 2, these consolidated financial statements were prepared on the basis of accounting the Company uses for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the assets, liabilities and stockholders' equity of D.D.I., Inc. at November 30, 1998 and 1997, and its income and expense and changes in stockholders' equity for the years then ended, on the basis of accounting described in note 2.

Our audits were made for the purpose of forming an opinion on the consolidated financial statements - income tax basis taken as a whole. The supplementary information included in schedule 1 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly presented in all material respects in relation to the consolidated financial statements taken as a whole.

**KPMG LLP**

April 21, 1999

Exhibit I-1, page 2



**D.D.I., INC.**

Statements of Assets, Liabilities and Stockholders' Equity - Income Tax Basis

November 30, 1998 and 1997

	1998	1997
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 343,193	2,452,139
Receivables:		
Trade accounts	552,272	16,346,806
Interest	143,609	163,114
Refundable income taxes	1,025,124	116,773
Notes (note 9)	8,359,455	8,930,244
Total receivables	10,080,460	25,556,937
Inventory	—	2,272,333
Prepaid expenses	195,158	155,979
Total current assets	10,618,811	30,437,388
Investment securities, at cost (note 3):		
Foreign securities, quoted market of \$1,731,772 in 1998 and \$12,328,400 in 1997	1,558,280	11,818,934
Securities of nonaffiliates, quoted market of \$27,503,988 in 1998 and \$10,096,411 in 1997	26,806,029	6,934,145
Securities of affiliates, quoted market of \$147,196,707 in 1998 and \$146,482,045 in 1997	5,823,933	5,823,933
Total investment securities	34,188,242	24,577,012
Investment in private entities, at equity, quoted market of underlying securities portfolio of \$1,831,140,159 in 1998 and \$1,759,961,108 in 1997 (note 3)	36,480,179	37,097,333
Oil and gas investments:		
Oil and gas partnership, at equity (note 4)	32,098,027	39,219,144
Interest in oil and gas properties, net of accumulated depletion and depreciation of \$483,972 for 1998 and \$349,295 for 1997, respectively	1,197,163	1,459,862
Net oil and gas investments	33,295,190	40,679,006

(Continued)

Exhibit I-1, page 3

**D.D.I., INC.**

Statements of Assets, Liabilities and Stockholders' Equity - Income Tax Basis, Continued

November 30, 1998 and 1997

	1998	1997
Land, timber and improvements, at cost:		
Land and improvements	\$ 26,522,648	27,022,885
Timber	4,740,376	4,659,136
Buildings	46,164	46,164
Total land, timber and improvements	31,309,188	31,728,185
Less accumulated depreciation	380,407	349,402
Net land, timber and improvements	30,928,781	31,378,783
Other investments, at equity	10,360,762	7,061,421
Cash surrender value of life insurance	5,493,896	5,046,178
Other assets	3,202,907	3,278,444
	\$ 164,568,768	179,555,565
 <b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 471,683	19,459,687
Accrued expenses	1,099,835	1,807,478
Advances from affiliates (notes 6 and 9)	31,805,533	39,733,727
Notes payable - current portion (notes 5 and 9)	51,929,636	12,952,820
Other current liabilities	765,740	948,537
Total current liabilities	86,072,427	74,902,249
Notes payable, net of current portion (notes 5 and 9)	49,124,928	69,124,929
Total liabilities	135,197,355	144,027,178
 Stockholders' equity (note 1):		
Common stock of \$1 par value, 7,500,000 shares authorized and 4,288,181 shares issued and outstanding	4,288,181	4,288,181
Additional paid-in capital	1,579,386	1,579,386
Retained earnings	23,503,846	29,660,820
Total stockholders' equity	29,371,413	35,528,387
Commitments and contingencies (notes 8, 11 and 12)	\$ 164,568,768	179,555,565

See accompanying notes to consolidated financial statements.

Exhibit I-1, page 4

**D.D.I., INC.**

Statements of Income and Expense - Income Tax Basis

Years ended November 30, 1998 and 1997

	1998	1997
Income from oil and gas operations (notes 9 and 10):		
Oil and gas sales	\$ 103,459,223	282,111,361
Oil and gas expenses	(103,493,557)	(280,470,301)
Income (loss) from oil and gas operations	(34,334)	1,641,060
Income (loss) from oil and gas partnership (note 4)	(6,574,398)	5,289,073
Income from investment securities:		
Dividends	48,407,693	46,186,682
Interest	700,056	136,705
Gain on sale of investment securities, net	5,578,557	7,074,163
Total income from investment securities	54,686,306	53,397,550
Income (expense) from timber operations, net	(338,212)	1,149,785
Total income	47,739,362	61,477,468
Administrative and general expenses	(8,997,600)	(8,101,791)
Earnings from operations	38,741,762	53,375,677
Other income (expense):		
Gain on sale of other assets	3,292,147	1,182,745
Interest income	674,392	1,422,968
Interest expense	(7,277,334)	(6,841,014)
Miscellaneous (note 4)	5,392,147	4,159,226
Total other income, net	2,081,352	(76,075)
Excess of income over expenses before income tax expense	40,823,114	53,299,602
Income tax expense (note 8)	(1,079,267)	(5,861,963)
Excess of income over expenses	\$ 39,743,847	47,437,639

See accompanying notes to consolidated financial statements.

Exhibit I-1, page 5

**D.D.I., INC.**

Consolidated Statements of Stockholders' Equity - Income tax Basis

Years ended November 30, 1998 and 1997

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total stockholders' equity</u>
Balance at November 30, 1996	\$ 4,288,181	1,579,386	22,317,672	28,185,239
Excess of income over expenses	—	—	47,437,639	47,437,639
Cash dividends paid of \$9.35 per share	—	—	(40,094,491)	(40,094,491)
Balance at November 30, 1997	4,288,181	1,579,386	29,660,820	35,528,387
Excess of income over expenses	—	—	39,743,847	39,743,847
Cash dividends paid of \$10.70 per share	—	—	(45,900,821)	(45,900,821)
Balance at November 30, 1998	\$ <u>4,288,181</u>	<u>1,579,386</u>	<u>23,503,846</u>	<u>29,371,413</u>

See accompanying notes to financial statements.

**D.D.I., INC.**

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

**(1) Company Ownership**

The outstanding common capital stock of D.D.I., Inc. (the Company) is owned by trusts established for the benefit of the Davis family, by family members individually and by partnerships and corporations owned by the family.

**(2) Summary of Significant Accounting Policies**

**(a) Basis of Accounting**

The Company follows the policy of preparing its consolidated financial statements on the accounting basis used for income tax purposes. This basis of presentation differs from generally accepted accounting principles due to the differences in the timing of recognition of certain revenues, expenses, assets and liabilities. These consolidated financial statements are not intended to be presented in conformity with generally accepted accounting principles.

For the year ended November 30, 1997, the consolidated financial statements include D.D.I., Inc. and its wholly-owned subsidiaries, JN Oil and Gas, Inc. (JNO&G) and JN Petroleum Marketing, Inc. (JNPM). JNPM was owned 95 percent by D.D.I., Inc. and 5 percent by JNO&G. On July 31, 1998, JNPM entered into an asset purchase agreement with a third party. The agreement transferred ownership of substantially all assets of JNPM. The purchase price of the assets was approximately \$4,300,000 and the company recognized a gain of approximately \$2,100,000. On August 1, 1998, JNPM ceased operations and retired all capital stock. JNPM was recapitalized on December 1, 1998 (note 13).

For the year ended November 30, 1998, the consolidated financial statements include D.D.I., Inc. JNO&G and JNPM (through July 31, 1998).

**(b) Securities**

The shares of Winn-Dixie Stores, Inc. common stock are stated at cost to the Company's transferor stockholders or to the Company. All other investment securities are stated at cost to the Company. Realized gains and losses are based on identified costs.

The Company enters into derivative financial instruments, principally covered call options, for trading purposes. The Company records the proceeds from the sale of derivatives as deposits held, until which time the derivatives are exercised or expire. As of November 30, 1998 and 1997, deposits held totaling \$765,740 and \$948,537, respectively, were included in other current liabilities.

D.D.I., INC.

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

**(c) *Investment in Private Entities***

The investment in private entities is recorded at cost adjusted by tax basis income allocated to the Company. Income from the private entities is classified in the statement of income and expense based upon the type of income, principally dividends.

**(d) *Investment in Oil and Gas Partnership***

The investment in oil and gas partnership is recorded at cost adjusted by tax basis income and expenses allocated to the Company (note 13).

**(e) *Depletion and Depreciation***

Cost depletion of oil and gas property leasehold costs and depreciation of oil and gas well equipment acquired prior to 1981 are provided for principally by the unit-of-production method. The Accelerated Cost Recovery System method is used for post-1980 additions to equipment. The Company recognizes the greater of cost or statutory depletion for eligible leaseholds. For income tax basis financial reporting purposes, depletion is provided to the extent of cost of the property.

**(f) *Intangible Drilling and Development Costs***

The Company follows the practice of expensing intangible drilling and development costs as incurred.

**(g) *Timber***

Timber is recorded at cost and is depleted using the unit-of-production method.

**(h) *Inventories***

Inventories are valued at the lower of weighted average cost or market. Inventory consists primarily of crude oil which the Company is required to maintain by pipeline carriers and crude oil purchased and committed for resale.

**(i) *Reclassifications***

Certain prior year balances have been reclassified to conform with the 1998 presentation.



**D.D.I., INC.**

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

**(3) Investment in Securities and Private Entities**

On November 27, 1995, the Company exchanged securities with a cost basis of \$4,916,105 and a \$9,900,000 note payable for interests in private entities. On November 11, 1996, the Company exchanged securities with a cost basis of \$31,472,315 and a \$2,970,000 note payable for additional interests in private entities. On May 30, 1996 and January 1, 1997, the Company's notes payable were reduced \$4,950,000 and \$7,920,000, respectively, as a result of distributions from certain private entities.

At November 30, 1998 and 1997, investment securities and the Company's interests in the underlying portfolios of private entities consist of the following:

	1998		1997	
	Cost	Quoted Market Value	Cost	Quoted Market Value
Investment securities:				
Winn-Dixie Stores, Inc. common stock (3,482,709 shares in 1998 and 1997)   \$	823,933	140,396,707	823,933	140,832,045
American Heritage Life Investment Co. feline prides (100,000 units in 1998 and 1997)	5,000,000	6,800,000	5,000,000	5,650,000
Other securities	<u>28,364,309</u>	<u>29,235,760</u>	<u>18,753,079</u>	<u>22,424,811</u>
Total investment securities   \$	<u>34,188,242</u>	<u>176,432,467</u>	<u>24,577,012</u>	<u>168,906,856</u>

**D.D.I., INC.**

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

	1998		1997	
	Cost	Quoted Market Value	Cost	Quoted Market Value
Underlying securities portfolio of private entities:				
Winn-Dixie Stores, Inc. common stock, 37,304,623 shares in 1998 and 1997	\$ 9,491,011	1,503,842,614	9,491,011	1,508,505,693
American Heritage Life Investment Corporation common stock, 8,378,526 shares in 1998 and 1997 (a)	13,378,560	205,797,545	13,378,560	153,955,415
First Union Corporation common stock, 2,000,000 shares in 1998 and 1997	<u>13,518,849</u>	<u>121,500,000</u>	<u>13,518,849</u>	<u>97,500,000</u>
Total underlying securities portfolio of private entities	<u>36,388,420</u>	<u>1,831,140,159</u>	<u>36,388,420</u>	<u>1,759,961,108</u>
Total securities	<u>\$ 70,576,662</u>	<u>2,007,572,626</u>	<u>60,965,432</u>	<u>1,928,867,964</u>

(a) Adjusted for two-for-one stock split on March 4, 1998.

The quoted market values set forth above may or may not reflect the actual realizable value upon sale due to the high percentage of the total shares held.

At November 30, 1998 and 1997, investment securities held by the Company and pledged as collateral for notes payable had an aggregate quoted market value of approximately \$158,000,000 and \$131,000,000, respectively. In addition, at November 30, 1998 and 1997, a private entity in which the Company has a 77.68 percent limited partnership interest, held securities with an aggregate quoted market value of approximately \$296,000,000 and \$297,000,000, respectively, which were pledged as collateral for notes payable of the Company and notes payable of certain affiliates.

**D.D.I., INC.**

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

**(4) Investment in Oil and Gas Partnership**

Through the exchange of interests in oil and gas properties on December 1, 1988 and 1991, and subsequent cash purchases, the Company holds a 63 percent limited partnership interest in JN Exploration and Production Limited Partnership (JNE&P) and 100 percent of JNO&G, which is the sole general partner (5 percent interest) in JNE&P. JNO&G receives a management fee for managing the affairs of the partnership and the oil and gas properties of JNE&P. The management fee, which is included in miscellaneous income in the accompanying financial statements, amounted to approximately \$5,365,000 and \$4,063,000 during 1998 and 1997, respectively. The operations of the partnership are allocated based upon each partner's ownership percentage, except for depreciation and depletion and gains or losses on contributed assets which are specially allocated to the partners based upon pre-contribution tax attributes.

**(5) Notes Payable**

The following is a summary of notes payable at November 30, 1998 and 1997:

<u>Due Date</u>	<u>Interest Rate</u>	<u>Amount</u>	
		<u>1998</u>	<u>1997</u>
Notes payable to banks:			
Demand	30 day LIBOR plus .40% not to exceed 1.10% below prime	\$ 29,389,000	11,932,000
August 31, 1999	.25% over 30 day LIBOR not to exceed .75% below prime	10,000,000	10,000,000

**D.D.I., INC.**

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

<u>Due Date</u>	<u>Interest Rate</u>	<u>Amount</u>	
		<u>1998</u>	<u>1997</u>
November 30, 1999	.25% over 30 day LIBOR not to exceed .75% below prime	\$ 10,000,000	10,000,000
April 1, 2000	30 day LIBOR plus .35% not to exceed .75% below prime	15,000,000	15,000,000
Total notes payable to banks		64,389,000	46,932,000
<u>Notes payable to affiliates (note 9):</u>			
Demand	.50% above 90 day Treasury Bill rate	2,540,636	1,020,820
October 31, 2044	7.26% per annum	13,035,878	13,035,879
March 15, 2044	5.72% per annum	21,089,050	21,089,050
Total notes payable to banks and affiliates		101,054,564	82,077,749
Less current portion of notes payable		51,929,636	12,952,820
Total long-term notes payable		\$ 49,124,928	69,124,929

**D.D.I., INC.**

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

Annual maturities of notes payable during the next five years are as follows:

1999	\$	51,929,636
2000		15,000,000
2001		—
2002		—
2003		—
Thereafter		<u>34,124,928</u>
	\$	<u>101,054,564</u>

For years ended November 30, 1998 and 1997, demand notes payable to banks includes \$29,389,000 and \$11,932,000, respectively, drawn on \$60,000,000 and \$50,000,000 revolving lines of credit from a bank in 1998 and 1997, respectively. The line of credit is secured by investment securities (note 3).

**(6) Advances from Affiliates**

The Company routinely receives advances from its affiliates for investment purposes. The advances are due on demand and bear interest at .50% above the 90 day Treasury Bill rate. The advances amounted to \$31,805,533 and \$39,733,727 at November 30, 1998 and 1997, respectively.

**(7) Profit Sharing Program**

The Company has a noncontributory profit sharing program for eligible employees which may be amended or terminated at any time. The plan provides for an annual contribution in an amount to be determined by the Board of Directors, but such contribution may not exceed 15 percent of the total compensation paid or accrued during the year to all participants. During the years ended November 30, 1998 and 1997, the expense recognized under the plan amounted to approximately \$627,000 and \$493,000, respectively.

Pursuant to an elective salary reduction arrangement under 401(k) of the Internal Revenue Code, participants may make 401(k) contributions of up to 8 percent of compensation. The Company does not match the participants' contribution.

**(8) Income Taxes**

Income tax expense consisted of \$910,736 Federal and \$168,531 state income taxes for 1998 and \$5,441,071 Federal and \$420,892 state income taxes for 1997.

**D.D.I., INC.**

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

Taxable income reported for Federal income tax purposes for 1998 and 1997 differs from the excess of income over expenses in the accompanying consolidated financial statements as follows:

	1998	1997
Excess of income over expenses before		
income tax expense	\$ 40,823,114	53,299,602
Dividend received deduction	(32,203,193)	(36,330,245)
Officers' life insurance premiums	(184,107)	(163,275)
Percentage depletion in excess of basis	(180,866)	(208,002)
State income tax	(168,531)	(420,892)
Intangible drilling costs	(273,902)	(384,176)
Other	238,283	247,619
Estimated taxable income	\$ 8,050,798	16,040,631

The Company's Federal income tax returns for the taxable years November 30, 1994 through November 30, 1998 are subject to examination by the Internal Revenue Service. Because many types of transactions are susceptible to varying interpretation under Federal and state income tax laws and regulations, the amounts reported in the accompanying consolidated financial statements may be subject to change at a later date upon final determination by the respective taxing authorities.

**(9) Related Party Transactions**

At November 30, 1998 and 1997, the Company had an outstanding balance of \$68,471,098 and \$74,879,476, respectively, on notes and advances borrowed from related parties. Of amounts outstanding at November 30, 1998 and 1997, respectively, \$34,346,169 and \$40,754,547 are payable on demand. Remaining balance matures in 2044.

At November 30, 1997, the Company had outstanding notes receivable of \$8,930,244, for amounts due from related parties. These notes require quarterly interest payments with the principal balance due in full during 1999, 2000 or on demand.

JNPM purchased crude oil from JNE&P and others for resale to petroleum refineries. JNPM purchased approximately \$17,097,000 of crude oil from JNE&P during the year ended November 30, 1997. Included in accounts payable at November 30, 1998 and 1997 are approximately \$5,000 and \$1,211,000, respectively, due to JNE&P. Included in accounts receivable at November 30, 1998 and 1997 are approximately \$192,000 and \$196,000, respectively, due from JNE&P.

**D.D.I., INC.**

Notes to Consolidated Financial Statements

November 30, 1998 and 1997

**(10) Major Customers - Oil Sales**

For the eight months ended July 31, 1998, JNPM had oil sales to three major customers of \$35,338,907. During the year ended November 30, 1997 JNPM had oil sales to four major customers of \$139,144,712.

**(11) Contingencies**

At November 30, 1998, the Company was contingently liable as a guarantor for three bank term loans and a \$30,000,000 line of credit of JNE&P and its subsidiary. Principal and accrued interest on the term loans at November 30, 1998 amounted to approximately \$28,000,000. There is approximately \$21,000,000 outstanding on the line of credit at November 30, 1998. The term loans and the line of credit are collateralized by securities owned by a private entity in which the Company has an interest (note 3). The Company is jointly and severally liable for the loans.

JNE&P is subject to laws and regulations relating to the protection of the environment. While it is not possible to quantify the potential impact of actions regarding environmental matters, particularly any future remediation and other compliance efforts, in the opinion of management, compliance with the present environmental protection laws will not have a material adverse effect on the financial condition of the Company's investment in JNE&P.

**(12) Interest Rate Swap**

Effective October 6, 1998, the Company entered into an interest rate swap with a financial institution. The notional amount of the transaction is \$50,000,000 and expiration is October 1, 2008.

Under this transaction, the Company is the fixed rate payer at a rate of 5.18%. The financial institution is the floating rate payer with the floating rate equal to LIBOR.

**(13) Subsequent Event**

Effective December 1, 1998, JNPM redeemed the common stock held by the Company. Additionally, the ownership of JNE&P was restructured. The Company and the other limited partner exchanged their partnership interests for common stock of JNPM. As a result, the Company received 68% of the outstanding common stock of JNPM. JNPM has a limited partnership interest of 95% in JNE&P and wholly owes JNO&G. JNO&G remains the sole general partner of JNE&P.

## D.D.I., INC.

## Oil and Gas, Administrative and General Expenses - Income Tax Basis

Year ended November 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Oil and gas expenses:		
Cost of oil and gas sales	\$ 103,243,371	280,331,813
Lease operating	53,994	71,032
Depreciation and depletion	187,659	50,389
Production and property taxes	8,533	17,067
Total oil and gas expenses	<u>103,493,557</u>	<u>280,470,301</u>
Administrative and general expenses:		
Casualty and group insurance	\$ 70,630	67,218
Depreciation	419,500	412,221
Life insurance	(175,332)	(160,703)
Miscellaneous	1,075,156	1,171,609
Professional services	650,970	779,242
Profit sharing plan	586,998	492,623
Rent	335,540	290,337
Repairs	242,855	155,672
Salaries and wages	5,327,228	4,379,376
Sundry taxes	822,200	844,106
Supplies	127,555	138,140
Travel and entertainment	102,900	97,198
	<u>9,586,200</u>	<u>8,667,039</u>
Less allocations to affiliated companies	<u>(588,600)</u>	<u>(565,248)</u>
Total administrative and general expenses	<u>\$ 8,997,600</u>	<u>8,101,791</u>



**EXHIBIT J**  
**(Funding Sources)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

Funding during the early stages of development of Nocatee Utility Corporation will be provided by its parent company, DDI, which is also the developer of Nocatee. See Exhibit H and Attachment H-1.

EXHIBIT K  
(Service Territory Description)

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

A legal description of the proposed service territory is included as Attachment K-1. The requested water and wastewater service territories are the same.

May 14, 1999

Work Order No. S98-354

**NOCATEE**

**DUVAL COUNTY, FLORIDA**

**TRACT "A"**

All of Sections 36, 46, and 53 and portions of Sections 25, 34, 35, 47, 48, 49, and 55, Township 4 South, Range 28 East, Duval County, Florida, being more particularly described as follows:

For Point of Beginning, commence at the point of intersection of the Southerly boundary of Section 34, Township 4 South, Range 28 East, with the Northeasterly right of way line of U.S. Highway 1, State Road No. 5, and run North  $41^{\circ}50'26''$  West along said right of way line, a distance of 925.00 feet to a point; run thence North  $76^{\circ}59'37''$  East, a distance of 4,715.0 feet to a point; run thence North  $00^{\circ}37'22''$  West, a distance of 3625.0 feet to a point; run thence North  $89^{\circ}34'10''$  East, a distance of 1,965.0 feet; run thence North  $34^{\circ}06'08''$  East, a distance of 3,495.66 feet to a point on the Northerly boundary of Section 49; run thence North  $75^{\circ}13'42''$  East along the Northerly boundary of Section 49 and 53, the same being Southerly boundary of Section 45 and along the Southerly boundary of Section 52, Township and Range aforementioned, and it's Northeasterly projection, a distance of 6,620.70 feet to a point on the East line of Section 25, said Township and Range, run thence South  $00^{\circ}54'07''$  East along last said Section line and along the East line of Section 36, a distance of 9,798.05 feet to its point of intersection with the Northwesterly right of way line of Palm Valley Road, County Road No. 210; run thence South  $55^{\circ}21'50''$  West along said right of way line, a distance of 146.60 feet to a point on the South line of said Section 36; run thence South  $89^{\circ}37'49''$  West along the South line of Sections 34, 35 and 36, a distance of 14,298.23 feet to the Point of Beginning.

May 14, 1999

Work Order No. S98-354

**NOCATEE**

**ST. JOHNS COUNTY, FLORIDA**

**TRACT "B"**

Portions of Section 19, 20, 28, 29, 30, 31, 32, 50, and 55, Township 4 South, Range 29 East, St. Johns County, Florida, being more particularly described as follows:

For Point of Beginning, commence at the Northwest corner of Section 30, said Township and Range and run North  $88^{\circ}39'56''$  East along the North line of said Section, a distance of 1650.0 feet; run thence North  $62^{\circ}02'54''$  East, a distance of 7,000.0 feet; run thence South  $27^{\circ}48'54''$  East, a distance of 7,031.12 feet to the Northwesterly corner of that certain tract of land described in Official Records Book 673, Page 636 and 637, public records of said county; run thence South  $07^{\circ}59'59''$  East along the Westerly line of said tract and along the Westerly line of that parcel described in Official Records Book 368, page 550, a distance of 532.17 feet to a point on the line dividing Sections 28 and 55, Township and Range aforementioned; run thence South  $86^{\circ}48'25''$  West along said Section line, a distance of 1,728.48 feet to the Northeast corner of that parcel identified as Parcel Six and described in documentation recorded in Official Records Volume 1084, Page 676, said public records, run thence South  $11^{\circ}08'51''$  East along the Easterly line of said Parcel Six, a distance of 600.76 feet to the Northwesterly right of way line of Palm Valley Road, County Road No. 210; run thence South  $55^{\circ}21'50''$  West along said right of way line, a distance of 11,438.24 feet to it's point of intersection with the Westerly line of Section 31, Township and Range aforementioned; run thence North  $00^{\circ}54'07''$  West along said Westerly section line and along the Westerly line of Section 30, a distance of 10,614.13 feet to the Point of Beginning; less and except from the above described lands, the Northeast 1/4 of the Southeast 1/4 of Section 30, said Township and Range.

May 6, 1999

Work Order No. S98-354

**TRACT "C"**

All of Sections 58 and 64 and portions of Sections 29, 31, 32, 55, 57, 59, 60, 61 and 63, Township 4 South, Range 29 East, St. Johns County, Florida, being more particularly described as follows:

For Point of Beginning, commence at the Southwest corner of Section 32, Township 4 South, Range 29 East, and run South  $89^{\circ} 27' 34''$  West, along the Southerly line of said Township, a distance of 5,245.88 feet to its point of intersection with the Southeasterly right of way line of Palm Valley Road, County Road No. 210; run thence Northeasterly, along said right of way line, as follows: first course, North  $55^{\circ} 21' 50''$  East, a distance of 11,609.31 feet to a point of curvature; second course, along the arc of a curve concave Southeasterly with a radius of 943.73 feet, an arc distance of 392.05 feet to the point of tangency of said curve, said arc being subtended by a chord bearing North  $67^{\circ} 15' 54''$  East and distance of 389.23 feet; third course, North  $79^{\circ} 09' 57''$  East, a distance of 1439.56 feet to the extreme Westerly corner of that certain tract described in deed recorded in Official Records 664, Page 1159, Public Records of said County; run thence South  $18^{\circ} 09' 43''$  East, departing said right of way line, a distance of 7252.49 feet to a point on aforesaid Southerly line of Township 4 South, Range 29 East; run thence South  $89^{\circ} 27' 34''$  West, along said Township line, a distance of 8,340.13 feet to the Point of Beginning.

LESS AND EXCEPT lands described in instrument recorded in Official Records Book 1097, Page 1072, Public Records of said County, also described as follows:

For Point of Reference, commence at the Southwest corner of Section 32, Township 4 South, Range 29 East and run North  $89^{\circ} 27' 34''$  East, along the Southerly line of said Township, a distance of 3,363.65 feet; run thence North  $00^{\circ} 32' 26''$  West, departing said Township line, a distance of 233.82 feet to the Point of Beginning of the exception parcel.

From the Point of Beginning thus described, run along the boundary of aforesaid lands described in Official Records Book 1097, Page 1072 as follows: first course, North  $14^{\circ} 05' 33''$  West, a distance of 3916.31 feet; second course, North  $55^{\circ} 22' 44''$  East, a distance of 2,150.54 feet; third course, South  $14^{\circ} 05' 33''$  East, a distance of 4,848.17 feet; fourth course, South  $80^{\circ} 57' 00''$  West, a distance of 2,021.82 feet to the Point of Beginning of the exception parcel.

May 6, 1999

Work Order No. S98-354

**TRACT "D"**

Portions of Sections 57 and unsurveyed Section 34, Township 4 South, Range 29 East, St. Johns County, Florida being more particularly described as follows:

For Point of Reference, commence at the Southwest corner of Section 32, Township 4 South, Range 29 East, and run North 89° 27' 34" East, along the Southerly line of said Township, a distance of 14,134.03 feet to its point of intersection with the Westerly right of way line of Florida East Coast Canal (Intracoastal Waterway) as recorded in Map Book 4, Pages 68 through 78, Public Records of St. Johns County, Florida and the Point of Beginning.

From the Point of Beginning thus described, run North 25° 46' 44" West along said Westerly right of way line, a distance of 2,500.00 feet; run thence South 49° 50' 45" West, departing said line, a distance of 3,546.61 feet to a point on aforesaid Southerly Township line; run thence North 89° 27' 34" East, along said Township line, a distance of 3,798.13 feet to the Point of Beginning.

LESS AND EXCEPT any portion of the above described lands lying below the mean high water line of the Tolomato River.

May 6, 1999

Work Order No. S98-354

## TRACT "E"

### Parcel 1

A part of Sections 1, 2, 3 and 11, all in Township 5 South, Range 28 East, St. Johns County, Florida, more particularly described as follows:

For a Point of Beginning, commence at the Northeast corner of said Section 2; thence South  $89^{\circ} 37' 49''$  West, along the North line of said Section 2 (the same being the North line of Township 5 South and being the line dividing Duval County from St. Johns County), a distance of 5349.29 feet to the Northeast corner of said Section 3; thence South  $89^{\circ} 37' 49''$  West, along the North line of said Section 3, and along said line dividing Duval County from St. Johns County, a distance of 225.00 feet to the Northeast corner of the lands described in Official Records 919, Page 0475 of the Public Records of said County; thence along the boundary line of said lands the following six courses: 1) South  $29^{\circ} 37' 49''$  West, a distance of 795.13 feet; 2) South  $89^{\circ} 37' 49''$  West, a distance of 235.03 feet, 3) North  $30^{\circ} 22' 11''$  West, a distance of 760.49 feet; 4) South  $89^{\circ} 37' 49''$  West, 30 feet Southerly of and parallel with the aforementioned North line of Section 3, a distance of 1,833.24 feet; 5) South  $75^{\circ} 36' 44''$  West, a distance of 309.21 feet; 6) South  $89^{\circ} 37' 49''$  West, a distance of 107.20 feet to a point on the Northeasterly right of way line of U.S. Highway No. 1 (State Road No. 5); thence South  $41^{\circ} 52' 01''$  East, along said right of way line, a distance of 2,505.37 feet to an angle point in said right of way line; thence South  $41^{\circ} 01' 01''$  East continuing along said Northeasterly right of way line, a distance of 911.85 feet; thence North  $89^{\circ} 16' 00''$  East, along the Southerly line of the lands described in Deed Book 204, Page 330 of the aforementioned Public Records, a distance of 1,557.93 feet to a point on the Northeasterly right of way line of a 50 foot right of way known as "Old Dixie Highway"; thence South  $23^{\circ} 06' 04''$  East, along said Northeasterly right of way line, a distance of 409.90 feet to an angle point in said right of way line; thence South  $23^{\circ} 53' 04''$  East, continuing along said Northeasterly right of way line, a distance of 1,470.07 feet to an angle point in said right of way line; thence South  $39^{\circ} 52' 04''$  East, continuing along said Northeasterly right of way line, a distance of 1,680.82 feet to an intersection with the Northwesterly right of way line of Palm Valley Road, County Road No. 210, as now established as a 100 foot right of way; thence Northeasterly along said right of way line the following six courses: 1) North  $41^{\circ} 36' 00''$  East, a distance of 1,021.40 feet to the point of curvature of a curve concave Southeasterly, having a radius of 416.47 feet; 2) Northeasterly along the arc of said curve, a chord bearing of North  $56^{\circ} 39' 27''$  East, a chord distance of 216.39 feet, an arc distance of 218.90 to the point of tangency of said curve; 3) North  $71^{\circ} 42' 54''$  East, a distance of 746.02 feet to the point of curvature of a curve concave Northwesterly, having a radius of 809.92 feet; 4) Northeasterly along the arc of said curve, a chord bearing of North  $63^{\circ} 32' 22''$  East, a chord distance of 230.35 feet and an arc distance of 231.14 to the point of tangency of said curve; 5) North  $55^{\circ} 21' 50''$  East, a distance of 1,769.51 feet to an intersection with the East line of aforementioned Section 2; 6) continue North  $55^{\circ} 21' 50''$  East, a distance of 6,269.03 feet to an intersection with the North line of aforementioned Section 1; thence South  $89^{\circ} 06' 30''$  West, along said North line of Section 1 (the same being the North line of Township 5 South and being the line dividing Duval County from St. Johns County), a distance of 5,223.14 feet to the Northwest corner of said Section 1 and the Point of Beginning.

Containing 881.20 acres, more or less.

Exhibit K-1, Page 5

May 6, 1999

Work Order No. S98-354

**TRACT "E"**

**Parcel 2**

A part of Section 2, Township 5 South, Range 28 East, St. Johns County, Florida more particularly described as follows:

For a Point of Beginning, commence at the intersection of the Northeasterly right of way line of U.S. Highway No. 1 (State Road No. 5) with the West line of said Section 2; thence North  $00^{\circ} 59' 33''$  West, along said West line of Section 2, a distance of 125.93 feet; thence North  $89^{\circ} 16' 57''$  East, along the North line of Tract 11 of an unrecorded subdivision known as Durbin Subdivision, a distance of 836.38 feet to the point on the Southwesterly right of way line of a 50 foot right of way known as "Old Dixie Highway"; thence South  $23^{\circ} 53' 04''$  East, along said Southwesterly right of way line, a distance of 388.35 feet to an angle point in said right of way line; thence South  $39^{\circ} 52' 04''$  East, continuing along said Southwesterly right of way line, a distance of 403.00 feet; thence South  $89^{\circ} 17' 26''$  West, along the South line of aforementioned Tract 11, a distance of 782.06 feet to a point on the aforementioned Northeasterly right of way line of U.S. Highway No. 1; thence North  $41^{\circ} 01' 01''$  West, along said Northeasterly right of way line, a distance of 712.66 feet to the Point of Beginning.

Containing 12.60 acres, more or less.

Exhibit K-1, Page 6

74



May 6, 1999

Work Order No. S98-354

**TRACT "F"**

A tract of land comprised of the East 1/2 of Section 12 and the Northeast 1/4 of Section 13, Township 5 South, Range 28 East, St. Johns County, Florida, less and except that portion lying within the boundary of Subdivision of Hilden recorded in Map Book 3, Page 59, of the Public Records of said County, said tract being more particularly described as follows:

For Point of Beginning, commence at the Northeast corner of said Section 12, and run South 02° 32' 48" East, along the Easterly boundary of said Section, a distance of 5331.05 feet to the Southeast corner of said Section; run thence South 01° 38' 27" East, along the Easterly boundary of said Section 13, a distance of 2,487.50 feet to the Southeast corner of the Northeast 1/4 of said Section; run thence South 87° 23' 00" West, along the Southerly line of said Northeast 1/4, a distance of 2,690.78 feet to the Southwest corner of said Northeast 1/4; run thence North 00° 46' 57" West, along the West line of said Northeast 1/4, a distance of 208.76 feet to a point on the Easterly boundary of aforesaid Subdivision of Hilden; run thence along said boundary as follows: first course, North 50° 32' 34" East, a distance of 588.10 feet; second course, North 43° 10' 20" West, a distance of 529.51 feet; third course, North 50° 05' 18" East, a distance of 498.34 feet; fourth course, North 40° 25' 16" West, a distance of 766.09 feet to a point on aforesaid Westerly line of the Northeast 1/4 of Section 13; run thence North 00° 46' 57" West, along said Westerly line and along the Westerly line of the East 1/2 of Section 12, a distance of 6,046.27 feet to the Northwest corner of the said East 1/2 of Section 12; run thence North 89° 35' 26" East, along the Northerly boundary of said Section 12, a distance of 2,488.06 feet to the Point of Beginning.

May 14, 1999

Work Order No. S98-354

**TRACT "G"**

A portion of Section 37, Township 5 South, Range 28 East, St. Johns County, Florida, being more particularly described as follows:

For Point of Beginning, commence at the extreme Northerly corner of said Section 37, and run South  $40^{\circ} 55' 04''$  West, along the Northwesterly boundary of said Section, a distance of 269.22 feet; run thence South  $37^{\circ} 41' 20''$  East, a distance of 148.80 feet; run thence South  $52^{\circ} 27' 18''$  West, a distance of 240.00 feet to a point on the Northeasterly right of way line of U. S. Highway No. 1, State Road No. 5; run thence South  $37^{\circ} 47' 17''$  East, along said right of way line, a distance of 200.00 feet; run thence North  $52^{\circ} 12' 43''$  East, a distance of 240.00 feet; run thence South  $37^{\circ} 47' 17''$  East, a distance of 100.00 feet; thence South  $52^{\circ} 12' 43''$  West, a distance of 240.00 feet to said Northeasterly right of way line; run thence South  $37^{\circ} 47' 17''$  East, along said right of way line, a distance of 300.00 feet; run thence North  $52^{\circ} 12' 43''$  East, a distance of 240.00 feet; run thence South  $37^{\circ} 47' 17''$  East, a distance of 50.00 feet; run thence South  $52^{\circ} 12' 43''$  West, a distance of 240.00 feet to aforesaid Northeasterly right of way line; run thence South  $39^{\circ} 04' 14''$  East, along said right of way line, a distance of 2011.89 feet to its point of intersection with the Southwesterly line of said Section 37; run thence South  $83^{\circ} 10' 07''$  East, along said Section line, a distance of 383.30 feet to the extreme Southerly corner of said Section; run thence North  $00^{\circ} 14' 24''$  East, along said Section line, a distance of 1126.79 feet; run thence North  $56^{\circ} 19' 41''$  West, continuing along said Section line, a distance of 1301.59 feet; run thence North  $43^{\circ} 06' 02''$  West, along said Section line, a distance of 1014.06 feet to the Point of Beginning.

Exhibit K-1, Page 8

76

May 11, 1999

Work Order No. S98-534

**TRACT "H"**

A tract of land comprised of all or portions of surveyed and unsurveyed Sections 3, 10 and 15; all of Sections 4, 5, 7, 8, 9, 16, 17, 18, 20, 21, 39, 62, 63, 64, 65, 66, and portions of Sections 6, 19 and 61, Township 5 South, Range 29 East, St. Johns County, Florida, said tract being more particularly described as follows:

For Point of Beginning, commence at the Northeast corner of Section 6, Township 5 South, Range 29 East, and run South  $89^{\circ} 27' 34''$  West, along the Northerly line of said Section, a distance of 5245.88 feet to its point of intersection with the Southeasterly right of way of Palm Valley Road, County Road No. 210; run thence South  $55^{\circ} 21' 50''$  West, along said right of way line, a distance of 68.75 feet to a point on the Westerly boundary of said Section; run thence South  $00^{\circ} 56' 57''$  West, along said Section line, a distance of 5407.34 feet to the Southwest corner of said Section; run thence South  $02^{\circ} 32' 48''$  East, along the Westerly boundary of Section 7, said Township and Range, a distance of 5331.05 feet to the Southwest corner thereof; run thence South  $01^{\circ} 38' 27''$  East, along the Westerly line of Section 18, said Township and Range, a distance of 4909.80 feet to the Northwesterly corner of Section 40; run thence along the boundary of said Section 40 as follows: first course, South  $55^{\circ} 40' 59''$  East, a distance of 1887.09 feet; second course, South  $79^{\circ} 34' 02''$  East, a distance of 639.79 feet; third course, South  $07^{\circ} 57' 59''$  East, a distance of 1679.42 feet; fourth course, North  $59^{\circ} 54' 33''$  West, a distance of 2797.08 feet to the Southwesterly corner of said Section; run thence South  $01^{\circ} 29' 54''$  East, along the Westerly line of Section 19, aforesaid Township and Range, a distance of 395.62 feet to the Northeast right of way line U.S. Highway 1, State Road No. 5; run thence South  $37^{\circ} 55' 34''$  East, along said right of way line, a distance of 3131.90 feet to its point of intersection with the Northerly line of Section 41, said Township and Range and the Northerly boundary of Woodland Heights according to the plat recorded in Map Book 3, Page 78, Public Records of St. Johns County, Florida; run thence South  $74^{\circ} 56' 37''$  East, along said Section line and subdivision line, a distance of 1096.67 feet; run thence North  $13^{\circ} 29' 52''$  West, along said subdivision line, a distance of 183.21 feet; run thence North  $02^{\circ} 39' 45''$  East, along said subdivision line, a distance of 265.41 feet; run thence South  $89^{\circ} 01' 13''$  East, along said subdivision line and its Easterly projection, a distance of 574.74 feet to the Easterly right of way line of Old Dixie Highway lying on the Westerly line of Official Records Book 1353, Page 1476, Public Records of said County; run thence South  $15^{\circ} 19' 35''$  East, along said line, a distance of 1354.50 feet to a point on the Southerly boundary of aforementioned Section 19; run thence North  $88^{\circ} 50' 30''$  East, along said Southerly boundary, a distance of 1401.68 feet to the Southeast corner of said Section; run thence North  $89^{\circ} 10' 44''$  East along the Southerly line of Sections 20 and 21, and its Easterly projection, a distance of 8762.95 feet, more or less to the center of the run of an unnamed creek (Sweetwater Creek); run thence Northeasterly along the center of said run following the meanderings of same, to its point of intersection with the line dividing unsurveyed Sections 15 and 22, said point of intersection bearing North  $28^{\circ} 40' 40''$  East and distance 5998.15 feet from last said point; run thence North  $89^{\circ} 17' 02''$  East, along said Section line, a distance of 2378.54 feet to a point on the Westerly right of way line of the Intracoastal Waterway, per Deed Book 193, Page 387, Public Records of said County; run thence in a Northerly direction along the West edge of the waters of the Tolomato River to a point on the North boundary of said Township 5 South, Range 29 East, said

May 11, 1999

Work Order No. S98-534  
Page 2

**TRACT "H"**

waters edge being traversed as follows: first course, North 07° 25' 34" West, along said Westerly right of way line of the Intracoastal Waterway, a distance of 1870.17 feet; second course, North 36° 44' 53" East continuing along said right of way line, a distance of 202.90 feet; third course, North 14° 22' 06" East, a distance of 8564.35 feet to a point on said Westerly right of way line of the Intracoastal Waterway; fourth course, North 07° 59' 12" West along said right of way line, a distance of 740.00 feet; fifth course, North 21° 43' 09" West along said right of way line, a distance of 3362.70 feet; sixth course, North 25° 49' 03" West, along said right of way line, a distance of 1899.59 feet to the point of termination of said traverse on the Northerly boundary of said Township; run thence South 89° 27' 34" West, along said Township line, a distance of 14134.03 feet to the Point of Beginning.

LESS AND EXCEPT any portion of the above described lands lying below the mean high water line of the Tolomato River.

**EXHIBIT L**  
**(Service Territory Map)**

to  
Application of Nocatee Utility Corporation for  
Original Water and Wastewater Certificates in  
Duval and St. Johns Counties

A map showing the proposed service territory of Nocatee Utility Corporation is included as Attachment L-1. The requested water and wastewater service territories are the same.