

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

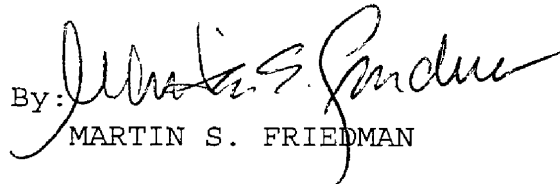
In re: Application for Authority)
to Transfer the Facilities of)
MHC SYSTEMS, INC. and) Docket No. 000277-WS
Certificate Nos. 353-W and 309-S)
in Lee County, Florida to)
NORTH FORT MYERS UTILITY, INC.)
_____)

NOTICE OF FILING

NORTH FORT MYERS UTILITY, INC. hereby notices the filing of
the original Settlement Agreement in the above-referenced docket.

Respectfully submitted on this
1st day of March, 2001, by:

ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blainstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555

By: 
MARTIN S. FRIEDMAN

nfm\mhc\filing.not

DOCUMENT NUMBER-DATE
02788 MAR-16
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Notice of Filing has been forwarded via U.S. Mail this 1st day of March, 2001 to:

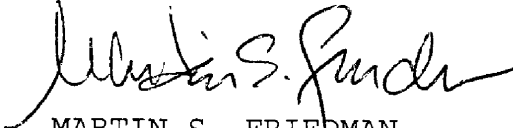
Tyler Van Leuven, Esquire
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Mr. Alexander William Varga
19808 Frenchman's Court
North Fort Myers, Florida 33903

Kathryn Cowdery, Esquire
Ruden, McCloskey, Smith, et al
215 South Monroe Street
Suite 815
Tallahassee, FL 32301

Jermaine Troiano, President
19419 Saddlebrook
North Fort Myers, FL 33903

Leon Beekman, President
Pine Lakes Estates Homeowners Association
19799 Frenchman's Court
North Fort Myers, FL 33903


MARTIN S. FRIEDMAN

cc: Steve Reilly, Esquire

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into by and among Alexander William Varga ("Varga"), Pine Lakes Estates Homeowners Association, Inc. ("PLEHOA"), Pine Lakes Homeowners Association, II, Inc. ("HOAII"), MHC Systems, Inc. ("MHC") and North Fort Myers Utility, Inc. ("NFMU").

RECITALS

WHEREAS, NFMU has filed its "Application of North Fort Myers Utility, Inc. for Authority to Transfer Facilities and Certificate Nos. 353-W and 309-S" ("Application") with the Florida Public Service Commission ("PSC") for approval of the transfer to NFMU of the water and wastewater systems ("Utility Systems") owned by MHC, which is being processed in Docket No. 000277-WS (this "Proceeding"); and

WHEREAS, Varga filed an objection to the Application; and

WHEREAS, PLEHOA and HOAII were granted intervention in this Proceeding; and

WHEREAS, the parties desire to resolve this matter without further expense.

ACCORDINGLY, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

(1) NFMU shall not seek or ever collect an acquisition adjustment in this Proceeding or any future docket with regard to NFMU's purchase of the Utility Systems.

(2) NFMU shall forego any indexes to be filed no later than March 31, 2001 and 2002 in the future.

(3) NFMU shall continue to impose the rates and charges being imposed by MHC as of the date NFMU purchased the Utility Systems, and shall not file for rate relief until some date after March 31, 2002, except under circumstances where additional requirements or costs are imposed by duly authorized authorities which necessitate changes in operations, capital additions, purchased water, or taxes, for which NFMU may seek recovery.

(4) NFMU and any successors or assigns shall continue to be bound by the provisions of that certain Reclaimed Water Use Agreement dated as of November 1, 1994 ("Reuse Agreement") relating to Pine Lakes Country Club ("Pine Lakes") and to provide reuse water to Pine Lakes pursuant to the terms and obligations thereof.

(5) Should NFMU abandon the wastewater treatment plant purchased from MHC (the "WWTP") and interconnect the associated collection system with its central system, NFMU shall continue to faithfully perform all of the terms and conditions of the Reuse Agreement. This continued obligation shall include but not be limited to providing at least the same quantity of reuse water for Pine Lakes that was provided by the abandoned WWTP when it was operational.

(6) Should NFMU abandon the WWTP and interconnect the associated collection system with its central system, NFMU shall not impose any connection or service availability charges upon the owners or residents of the Pine Lakes and Lake Fairways communities with respect to the existing manufactured homes, home sites and other improvements therein.

(7) The obligations created by this Settlement Agreement shall not be binding upon any governmental successor or assign of NFMU. However to the extent any of the

prior agreements between MHC and NFMU, including the Reuse Agreement, would be binding upon a governmental successor or assign, this Settlement Agreement in no way releases a governmental successor or assign from the binding effects of any such prior agreements.

(8) Each party shall bear its own costs and expenses. NFMU shall not seek or collect from any other party or any ratepayer, in this Proceeding or in any future rate proceeding, its costs and expenses associated with this Proceeding.

(9) Varga, PLEHOA, and HOAII hereby withdraw their objection to the Application, and the Application should be approved by the PSC. By executing this Settlement Agreement, all of the parties agree to the settlement and closure of Docket No. 000277-WS, and to be bound to and abide by the resolution of each issue addressed herein.

(10) Each party hereto does hereby, for and on behalf of itself, its affiliates, parents and subsidiaries, and the respective officers, directors, shareholders, partners, members, executors, administrators, attorneys, successors and assigns of each (collectively, the "Releasing Parties"), release, remise, acquit, satisfy and forever discharge each other party hereto, its affiliates, parents and subsidiaries, and the respective officers, directors, shareholders, partners, members, executors, administrators, attorneys, successors and assigns of each (collectively, the "Released Parties"), of and from any and all manner of actions, causes, causes of action, suits, claims and demands whatsoever, in law or in equity, which any of the Releasing Parties ever had or now has, or hereafter can, shall or may have, against any of the Released Parties, for, upon or by reason of the PSC's approval of the Application and this Settlement Agreement, and the

agreed resolution of the issues raised in this case as specifically set forth in the Settlement Agreement; provided, however, that the terms of this release do not apply to the performance by the parties hereto of the obligations created by this Settlement Agreement.

(11) By executing this Settlement Agreement, neither NFMU nor MHC intends to modify or supersede in any manner any prior agreements between NFMU and MHC, including but not limited to the Reuse Agreement, that certain Agreement for Purchase and Sale of Water and Wastewater Assets dated as of December 16, 1999, and all other agreements between MHC and NFMU referenced or provided for therein, except that paragraphs (2) and (3) herein shall control over any conflicting provisions previously agreed to by MHC and NFMU. Varga, PLEHOA, and HOAII acknowledge that they are not parties to any of these prior agreements between NFMU and MHC. By executing this Settlement Agreement, neither Varga, PLEHOA, or HOAII are necessarily agreeing to the terms of any of these prior agreements.

(12) The provisions of this Settlement Agreement are not severable and shall become effective only after the PSC has entered an order approving this Settlement Agreement in total. In the event this Settlement Agreement is not approved by the PSC in whole, without modification, on or before the date 180 days after the date of this Settlement Agreement, this Settlement Agreement shall be deemed withdrawn and null and void as of such date, and in such event no party may use this proposed Settlement Agreement in this Proceeding or in any other proceeding. Following such approval by the PSC, this Settlement Agreement shall be binding upon the parties hereto and their respective shareholders/members, successors and assigns.

The parties have caused this Settlement Agreement to be made and effective on the last dated party's signature as indicated below.

Alexander William Varga
ALEXANDER WILLIAM VARGA

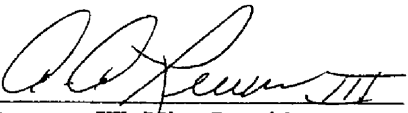
Date: February 23, 2001

PINE LAKES ESTATES HOMEOWNERS ASSOCIATION, INC.

By: Leon J. Beekman
Leon J. Beekman, President

Date: FEBRUARY 23, 2001

NORTH FORT MYERS UTILITY, INC.

By: 
A.A. Reeves, III, Vice President

Date: 2-27-2001

PINE LAKES HOMEOWNERS ASSOCIATION, II, INC.

By: Jermaine Troiano, President
Jermaine Troiano, President

Date: 02/24/01

MHC SYSTEMS, INC.

By: David W. Fell
David W. Fell, Vice President

Date: February 27, 2001