

ORIGINAL

M E M O R A N D U M

April 6, 2001

TO: DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF LEGAL SERVICES (FUDGE) *PLS*

RE: DOCKET NO. 970409-SU - INITIATION OF LIMITED PROCEEDING TO RESTRUCTURE WASTEWATER RATES FOR FLORIDA WATER SERVICE CORPORATION'S TROPICAL ISLES SERVICE AREA IN ST. LUCIE COUNTY.

Please place the attached facsimile from Robert Shacket in the above-referenced docket file.

Thank you.

JKF/lw

Attachment

cc: Division of Regulatory Oversight (Rieger)  
 Division of Economic Regulation (Lingo)

APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMP \_\_\_\_\_  
 COM \_\_\_\_\_  
 CTR \_\_\_\_\_  
 ECR \_\_\_\_\_  
 LEG \_\_\_\_\_  
 OPC \_\_\_\_\_  
 PAJ \_\_\_\_\_  
 RGO \_\_\_\_\_  
 SEC   I   \_\_\_\_\_  
 SER \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

04299 APR-60

FPSC-RECORDS/REPORTING

# TROPICAL ISLES

281 Tropical Isles Circle  
Fort Pierce, Florida 34982  
(561) 468-4968 ♦ 464-1974  
Fax (561) 468-4968



## Fax

To: Harold McLean

Fax #: 850-413-7180

From: Roger Shacket

Date: March 27, 2001

Subject: Tropical Isles Wastewater  
Treatment Facility

Pages: 12 (Including Cover Sheet)

NOTES: Enclosed is the information that  
Bob Simpson asked me to send to  
you.

12.84  
6  
2775

**TROPICAL ISLES UTILITIES, CORP.**

281 TROPICAL ISLES CIRCLE + FORT PIERCE, FLORIDA, 34982  
561-468-4968 / 561-468-1974

**Date To: From:**  
02/18/98 Maurice Shackel  
Robert Simpson Charles Sweat

Letter detailing the intent of Florida Water Services to sell the sewer plant to a "yet to be formed entity, with Mr Shackel acting as principal and/or financier or the Tropical Isle Homeowner's Association (Collectively, the "Buyer")" for \$40,000 net to seller.

02/27/98 Harold McLean Bob Simpson

Minutes of Tropical Isles Homeowners Association meeting of 02/18/98. Letter of 02/18/98 from Charles Sweat to Maurice Shackel and Robert Simpson. Announcement of Tropical Isles Residents' meetings regarding purchase of the sewer plant

11/18/99 Charles Sweat Daniel B. Harrell

Enclosure of copy of the corrective quit claim deed that would, upon execution and recording, correct the legal description of the wastewater treatment plant site at Tropical Isles Mobile Home Park. Also enclosed a copy of a sketch and description of the treatment plant site.

12/02/99 Charles L. Sweat Daniel B. Harrell

Confirmation that the document of 11/18/99 had been provided to Mr. Sweat and confirmed an outstanding request for records regarding the 1989 transfer of the plant. Requested advisement regarding status of these matters and inquiry of anything else required from Tropical Isles Mobile Home Park.

02/25/00 Roger Shackel John L. Tillman, Jr.

Confirm Florida Water Services offer to sell plant to Tropical Isles for \$43,000. Assurance a generator adequate to support the plant will be installed. Request to "Move on this matter as quickly as possible".

03/04/98 Tropical Isles resident meeting regarding the purchase of the sewer plant.

04/11/00 Dan Harrell Roger Shackel

Mr. Shackel spoke with Charles Sweat to inform Mr. Sweat they have a deal and Mr. Sweats offer was accepted. Also accepting offer of Matt Feil's help.

04/12/00 Payment to Gonano & Harrell for Legal Fee's affiliated with the sewer plant

04/25/00 Matthew J. Feil Daniel B. Harrell

Confirmation that the Tropical Isles Mobile Home Park owner and members of the Homeowners Association have determined to establish a not-for-profit corporation to purchase and operate the sewage treatment plant facility serving the park, as set forth in the correspondence from John L. Tillman, Jr., Senior Vice President for Florida Water Services Corporation. Outline of Required Documents for Tropical Isles Wastewater Plant enclosed.

<b>Date</b>	<b>To:</b>	<b>From:</b>
04/26/00	Charles Sweat Matthew Feil Roger Shackel	Daniel Harrell
Tropical Isles Wastewater Plant Outline of Required Documents		
05/17/00	Payment to Gonano & Harrell for Legal Fee's affiliated with the sewer plant.	
06/19/00	Daniel B. Harrell	Manthew J. Feil
Attached a draft Asset Purchase Agreement for review. Offer of assistance to help form the Tropical Isles Utilities Corporation. Request for a "Good faith deposit" of \$6,500.00 to be applied against the purchase price.		
06/20/00	Daniel B. Harrell	Matthew J. Feil
Asset list for the wastewater treatment facility		
06/20/00	Roger Shackel	Daniel B. Harrell
Articles of Incorporation of Tropical Isles Utilities Corporation		
06/30/00	Roger Shackel	Daniel B. Harrell
Inventory list for Tropical Isles Waste Water Plant and Tropical Isles Collection System, as provided by Florida Water Services.		
06/30/00	Daniel B. Harrell	Roger Shackel
Notation that the old inventory list vs. the current inventory list reflects a shortage of one submersible pump.		
07/06/00	Matthew J. Feil	Daniel B. Harrell
Enclosed draft Agreement for Purchase and Sale. Request for Mr. Feil to review and contact Mr. Harrell at his earliest convenience.		
07/21/00	Matthew J. Feil	Daniel B. Harrell
His belief that Mr. Shackel had explained to Mr. Sweat that concluding correction to the plant legal description, it should facilitate sale of the sewage plant to the newly established not-for-profit corporation. Request advisement of anything further to complete the deed correction process. Included correspondence of 11/18/99 and 12/02/99		
08/02/00	Daniel B. Harrell	Terry Costolo
Memo acknowledging Mr Costolo's understanding, per Charles Sweat, that Florida Water Service desires to execute the Agreement for Purchase and Sale and reach closing "On a fast track". List of proposed issues geared towards expediting the closing of sale.		
08/03/00	Charles Sweat Carlyn Kowalsky Daniel B. Harrell	Terry Costolo
Detail of Florida Water Services Corporation providing Registered Agent, Officer/Director detail.		

**Date**            **To:**                    **From:**  
 08/03/00          Roger Shackel          Daniel B. Harrell

Fax of corporate officers for Florida Water Service as sent by Terry Costolo to Dan Harrell, Charles Sweat and Carlyn Kowalsky.

08/24/00          Payment to Gonano & Harrell for Legal Fee's affiliated with the sewer plant.

08/23/00          Charles Sweat          Daniel B. Harrell

Enclosure, as discussed with Roger Shackel, a form of corrective quit claim deed amended to provide the correct corporate name for Mr. Sweats company and instructions for execution of the document.

09/22/00          John Tillman          Daniel B. Harrell

Mr. Harrell's understanding that Mr. Tillman and Mr. Shackel have discussed the proposed correction of the legal description of the wastewater treatment plan site. Acknowledgement that Mr. Sweat and Mr. Shackel had worked out the essentials of that correction. Documents of 08/23/00 and 11/18/99 enclosed.

10/09/00          Jason K. Fudge          Daniel B. Harrell

Confirming an earlier conversation between Mr. Harrell and Mr. Fudge that it is Mr. Harrell's indication to Mr. Fudge that negotiations are proceeding between Tropical Isles Utility Corp. and Florida Water Services Corp. for acquisition of the wastewater plant that serves the park and certain adjacent properties.

10/23/00          Jack Shreve          Roger Shackel

Summary of transactions regarding the sewer plant located at Tropical Isles Mobile Home Park. Enclosed correspondence of 02/25/00.

10/23/00          John Tillman, Jr.      Roger Shackel

Copy of correspondence from John Tillman, Jr. dated 02/25/00. Mr. Shackels desire to proceed as expeditiously as possible with this matter.

10/25/00          Dan Harrell          Robert Vandiver

Joint Motion for Abatement and Continuance, which states, "These negotiations continue and both OPC and Florida Water continue to believe the purchase will be consummated in the near future. The parties are very close to resolution of all outstanding issues. In an abundance of caution, to avoid any further continuances, the parties believe a ninety day period will be sufficient to completely resolve this matter."

10/26/00          Roger Shackel          Dan Harrell

No objection to Robert Vandivers proposed continuance based upon his and Ken Hoffman's understanding PSC is unlikely to grant further continuance.

11/07/00          Dan Harrell          Terry Costolo

Request Article 5 of the draft Agreement for Purchase and Sale is revised to reflect service area is as reflected on attached map. Specs for generator if accepted to be included as Exhibit 3 of Agreement. Understanding that purchase price of system includes 95% of existing accts. Receivable at time of closing. Inquiry of the wastewater treatment plant comprising the RV parking lot.

**Date**            **To:**                    **From:**

11/08/00        Roger Shackel            Dan Harrell / Terry Costolo

Generator specifications proposed by Terry Costolo if accepted to be included as an exhibit to the purchase agreement.

12/19/00        Jack Shreve              Daniel B. Harrell

Detail of progress on the proposed sale by Florida Water Services Corporation to an exempt not-for-profit corporation of the wastewater plant serving Tropical Isles Mobile Home Park.

01/15/01        Terry Costolo            Daniel B. Harrell

Summary of Roger Shackels and Daniel Harrells phone conversation with Terry Costolo Florida Water Service was suppose to provide a current aged receivables list and a specifications sheet for the diesel backup generator. To date neither document had been received.

01/23/01        Dana                      Roger Shackel

Request that correspondence of 01/15/01, 10/23/00 and 02/15/00 be hand delivered to Mr Shreve Copies of documents enclosed.

Notes: Dan Harrell is the attorney representing Tropical Isles Mobile Home Park. As you can see we have been in direct negotiations with Florida Water Service since 02/18/98. (3 Years) We can send you copies of the actual documents as outlined in this letter.



February 18, 1998

Mr. Maurice Shacket  
281 Tropical Isle Circle  
Ft. Pierce, FL 34982  
(561) 468-4968

Mr. Robert Simpson  
345 Seahorse Terrace  
Ft. Pierce, FL 34982  
(561) 461-0414

Re: Tropical Isle Wastewater Facilities

Dear Mr. Shacket and Mr. Simpson:

This letter will confirm the present intention of Florida Water Services Corporation, a Florida Corporation ("Florida Water" or "Seller") to sell all of the utility assets within its Tropical Isle service area in St. Lucie County, Florida, to a yet-to-be-informed entity, with Mr. Shacket acting as principal and/or financier or the Tropical Isle Homeowner's Association (Collectively, the "Buyer"). This letter, upon execution and return by Buyer, will constitute the parties' Letter of Intent with respect to the matters herein set forth.

1. The Acquisition. The acquisition of the referenced utility assets will be consummated pursuant to the terms of a mutually acceptable agreement ("Asset Purchase Agreement") which, among other things, will provide for the following:

(a) Purchased Assets. The assets to be purchased ("Acquired Assets") will include all of Seller's tangible and intangible utility assets associated with its Tropical Isle Wastewater Facilities, except the assets in 1.(b), "Excluded Assets."

(b) Excluded Assets. The "Excluded Assets" will include, but are not limited to, nontransferable permits, licenses and agreements.

Page 2

✓ value  
(c) Purchase Price. The "Purchase Price" shall consist of cash at closing in the amount of \$40,000 net to seller. Buyer shall be responsible for all transaction costs including, but not limited to, filing fees, document preparation costs, documentary stamps on instruments of title and transfer, recording fees, title insurance premium, title search fees, etc.

(d) Assumed Obligations. After the closing date, Buyer will assume and agree to perform and assume all of Seller's liabilities and obligations arising under (i) contracts to provide wastewater treatment services and (ii) transferable licenses and permits.

(e) No Liens or Encumbrances. The Acquired Assets will be purchased free and clear of all liens and encumbrances except liens for current taxes not yet due and payable and such easements or restrictions of record which do not materially detract from or impair the value of or interfere with any permitted use of any of the Acquired Assets.

(f) Seller's Representations and Warranties. Representations and warranties of Seller, including, by way of illustration and not limitation, those pertaining to: status, organization, standing, power and authority for the Asset Purchase Agreement; enforceability; absence of breaches or other defaults. The acquired assets will be sold and accepted in "AS IS" condition, with no express or implied warranties. Real property interests will be conveyed by quit-claim deed.

(g) Buyer's Representations and Warranties. Representations and warranties of Buyer including, by way of illustration and not limitation, those pertaining to organization, standing, power, and authority for the Asset Purchase Agreement; enforceability; faithful performance of conditions precedent to closing; etc.

(h) Conditions Precedent to Closing. Conditions precedent to closing, shall include by way of illustration and not limitation, Seller's Board of Directors' approval of the terms of the Asset Purchase Agreement; payment in full by Buyer, Buyer's constituency, or Buyer's principals of all past due customer bills and all amounts billed and due as of closing; Buyer's withdrawal of all support and pursuit of rate, service and all related matters against Seller now pending or in the future contemplated before the Florida Public Service Commission ("FPSC"); receipt of required approvals; satisfaction of regulatory requirements; governmental and other required consents and waivers, including the consent of the FPSC; continuity of representations and warranties; tender of deliverables; Compliance with confidentiality requirements; etc



Page 3

(k) Miscellaneous. Other mutually acceptable provisions including, by way of illustration and not limitation, those pertaining to: indemnities; discharge of obligations and liabilities not assumed or acquired by Buyer; payment of sales taxes; proration of real estate taxes, regulatory assessment fees, and other expenses; termination; closing; etc.

2. Access, Investigation, Confidentiality. In connection with this proposed acquisition, Seller will afford Buyer and its representatives reasonable access to relevant records, contracts, facilities, and personnel of Seller so that Buyer may evaluate its future obligations and condition of the Acquired Assets. All nonpublic materials information, whether or not in writing, obtained by Buyer from Seller during the term of this Letter of Intent will be treated as confidential, as will the content of this Letter of Intent itself, and will not be disclosed to any person not a party hereto absent consent of the other party (subject to applicable legal requirements). Upon termination of this Letter of Intent and at the request of Seller, all materials obtained by Buyer from Seller will be returned to Seller. Upon Buyer's execution and return of this Letter of Intent, Seller shall forward to Buyer a Confidentiality Agreement for Buyer's execution. Upon execution, the Confidentiality Agreement will govern the confidentiality of materials and information regarding the transaction.

with  
copy  
to  
Hesse

1/2

3. Expiration. This Letter of Intent will expire if a definitive Asset Purchase Agreement has not been entered into prior to March 31, 1998.

4. Effect of this Letter of Intent.

(a) Summary of Discussions. Except as set forth in section 4(b), this Letter of Intent is intended to be, and will be construed only as a summary of the parties' discussions to date and not as an offer to purchase and sell or an agreement with respect to the proposed acquisition, it being understood that neither Seller nor Buyer will have any obligation to the other with respect to the acquisition until such time as a definitive Asset Purchase Agreement is executed, except as in 4 (b).


(b) Binding Provisions. Notwithstanding section 4(a), the provisions of sections 2, 3, and 4 are binding on the parties. Notwithstanding section 4(a), sections 2, 3, and 4 shall survive the termination of this Letter of Intent.

Page 4

If the foregoing correctly sets forth Buyer's intention and understanding, please signify your approval by signing and returning the enclosed copy of this Letter of Intent. If the enclosed copy of this Letter of Intent is not signed by Buyer and returned to Seller on or before March 6, 1998, this Letter of Intent conclusively shall be deemed withdrawn and will be null and void. Both Mr Shacket and Mr. Simpson must sign as indicated below for this Letter of Intent to be valid.

Very truly yours,

Florida Water Services Corporation

By  \_\_\_\_\_

Charles L. Sweat as  
Its Vice-President

Acknowledged and agreed to this  
\_\_\_\_\_ day of \_\_\_\_\_, 1998.

By \_\_\_\_\_  
Maurice Shacket

Acknowledged and agreed to this  
\_\_\_\_\_ date of \_\_\_\_\_, 1998

By \_\_\_\_\_  
Mr. Robert Simpson, Individually and as  
President of Tropical Homeowner's Association

FROM : MPWRG\FWS

PHONE NO. : 4075984219

Feb. 25 2000 11:36PM P2



John L. Tillman, Jr.  
Senior Vice President

February 25, 2000

Mr. Roger Shackel  
Tropical Isles Mobile Home Park  
281 Tropical Isles Circle  
Fort Pierce, FL 34982

Dear Mr. Shackel:

Thank you very much for speaking with me concerning our Tropical Isles operation.

This is to confirm that we have offered to sell the Tropical Isles Facility to you or the Homeowners Association for net book value, which is approximately \$43,000. Additionally, we will assure that a generator, adequate to support the needs of the plant, will be installed at the facility.

Please move on this matter as quickly as possible. As you know, this has been dragging on for a number of years and it needs to be resolved.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "John L. Tillman, Jr.", written over a large, stylized circular flourish.

JLT:SMF



March 4, 1998

Mr. Maurine "Roger" Shacket  
Tropical Isles Homeowners Association  
281 Tropical Isle Circle  
Fort Pierce, Florida 34982

Re: Tropical Isles wastewater treatment facility  
Possible sale

Dear Mr. Shacket:

This letter follows our meeting February 18<sup>th</sup> and transmits to you additional information requested by you on behalf of the Tropical Isles Home Owners.

- 1) A copy of the 1997 notice of the 1997 assessment for the property taxes, for the Tropical Isle facility.
- 2) A roll-up copy from our accounts payable system, showing 12 months of Florida Power and Light utility bills on the lift station and the plant. Meter #2317643BQ345920 is for the lift station, and the plant meter is # 2937643BQ685722. Under our ownership the combined FP&L monthly charges for these two meters is approximately \$729.34 per month.
- 3) Regarding grounds keeping, the company previously retained the services of CWK for landscaping for Tropical Isle and other locations. The portion of the monthly payment allocated to Tropical Isles is \$150.00.
- 4) The water charges from the Fort Pierce Utility Authority are also summarized on the attached schedule. As an average, the Ft. Pierce billing, under our ownership for the two meters is approximately \$194.80 per month.

Also, as we discussed at our meeting, I am attaching an aging report that shows the status of some customers. I understand there may be some reluctance on this point of the agreement. However, if individual customers do not bring their accounts current to the date of closing, we would expect the buyer to pay the outstanding balances. The point is that Florida Water does not want any collections after closing. In utility sales of this nature, typically the Buyer

purchases the receivables. Also as discussed at our February 18<sup>th</sup> meeting you should encourage the residents to pay their bills so that the receivable issue will disappear.

I remind you that pursuant to the Letter of Intent, this information is confidential.

Call me should you need additional information or clarification of the items submitted at 407-880-0058, extension 171.

Sincerely,



Charles L. Sweat  
Vice President  
Corporate Development