

ORIGINAL

GRAY, HARRIS & ROBINSON

PROFESSIONAL ASSOCIATION

ATTORNEYS AT LAW
SUITE 1400
301 EAST PINE STREET
POST OFFICE BOX 3068

ORLANDO, FLORIDA 32802-3068

TELEPHONE 407-843-8880
FAX 407-244-5690
WEBSITE: www.ghrlaw.com

WRITER'S DIRECT DIAL
407-244-5648

W. Christopher Browder

E-MAIL ADDRESS
cbrowder@ghrlaw.com

July 26, 2001

Our File No: 40200-1

VIA FEDERAL EXPRESS

Director, Division of Records & Recording
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

010506 - WCB

Re: Application for Transfer to Governmental Authority - Marion County/AP
Utilities, Inc.

Dear Records and Recording Division:

Attached are two copies of Exhibit "D" to be used in conjunction with the original AP Utilities, Inc. Application for Transfer to Governmental Authority filed on April 16, 2001 ("the Application"). Per our conversations with the FPSC staff, we agreed to file the attached Exhibit "D" after the closing on the purchase of the AP Systems by Marion County. The closing on the purchase occurred on June 26, 2001.

If you have any questions regarding this Exhibit "D" don't hesitate to contact me.

Sincerely,

W. Christopher Browder

GRAY, HARRIS & ROBINSON

RECEIVED
FLORIDA PUBLIC
SERVICE COMMISSION
01 JUL 27 AM 8:49
MAIL ROOM

WCB:gcj
Enclosures

- cc: Stephanie Clapp, FPSC (without attachments)
- Vincent Riccobono (without attachments)
- Philip Woods (with attachments)
- Thomas A. Cloud, Esquire (without attachments)

PP
AF
MP
OM
TR
CR
EG
PC
VI
CO
EC
ER
TH

CLERMONT

LAKELAND



MELBOURNE

DOCUMENT NUMBER-DATE
09160 JUL 27
TALLAHASSEE TAMPA
FPSC-COMMISSION CLERK

EXHIBIT D

Marion County has examined the following in conjunction with its acquisition of the A.P. Utilities, Inc. water systems set forth in this Application for Transfer to Governmental Authority and a summary of its findings are set forth in the attached document entitled "Marion County F.S. Chapter 125.3401 Briefing Document for AP Utilities, Inc.":

1. Income and Expense Statements
2. Balance Sheet
3. Statement of Rate Base for Regulatory Purposes and Contributions-In-Aid-of-Construction

DOCUMENT NUMBER-DATE

09160 JUL 27 8

FPSC-COMMISSION CLERK

**MARION COUNTY
F.S. CHAPTER 125.3401
BRIEFING DOCUMENT
FOR
AP UTILITIES, INC.**

Prepared for:

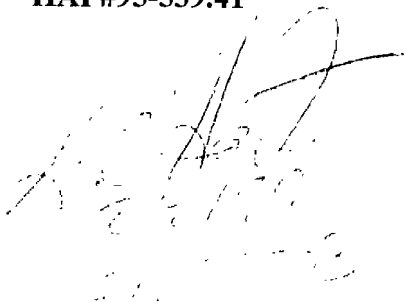
**MARION COUNTY
463 EMERALD ROAD
OCALA, FL 34472**

Prepared by:

**HARTMAN & ASSOCIATES, INC.
201 E. PINE ST., SUITE 1000
ORLANDO, FL 32801**

AUGUST 1999

HAI #95-539.41



Arthur Thomas Winkler
8/2/99

TABLE OF CONTENTS

**MARION COUNTY
F.S. CHAPTER 125.3401
BRIEFING DOCUMENT
FOR
AP UTILITIES, INC.**

TABLE OF CONTENTS

<u>Section Number</u>	<u>Title</u>	<u>Page Number</u>
	Table of Contents	- i -
	List of Tables and Figures	- ii -
1.0	OVERVIEW OF THE FACILITIES TO BE ACQUIRED	
1.1	Introduction	1-1
1.2	Water Facilities	1-1
	1.2.1 South Oak System	1-1
	1.2.2 Raven Hill	1-8
	1.2.3 South Ocala Industrial Park	1-14
	1.2.4 Peppertree/Evergreen System	1-18
2.0	INCOME AND EXPENSE STATEMENT	2-1
3.0	BALANCE SHEET	3-1
4.0	EXISTING RATE BASE	4-1
5.0	PHYSICAL CONDITION OF FACILITIES	5-1
6.0	REASONABLENESS OF PURCHASE PRICE AND TERMS	6-1
7.0	IMPACT OF THE PURCHASE	7-1
8.0	ADDITIONAL INVESTMENT REQUIRED	
9.0	ALTERNATIVES TO THE SALE	9-1
10.0	STATEMENT OF QUALITY SERVICE	10-1
11.0	APPLICATION OF MONEYS PAID BY A PRIVATE FIRM TO A MUNICIPALITY	11-1
12.0	STATEMENT OF PUBLIC INTEREST	12-1

**MARION COUNTY
F.S. CHAPTER 125.3401
BRIEFING DOCUMENT
FOR
AP UTILITIES, INC.**

LIST OF TABLES

Table No.	Description	Page No.
1-1	South Oak Water System Listing of Major Equipment	1-3
1-2	South Oak System Water Demands 1995-1998	1-6
1-3	Raven Hill System Listing of Major Equipment	1-9
1-4	Raven Hill System Water Demands 1995-1998	1-12
1-5	South Ocala Industrial Park System Listing of Major Equipment	1-15
1-6	South Ocala Industrial Park System Water Demands 1995-1998	1-16
1-7	Peppertree/Evergreen System Listing of Major Equipment	1-19
1-8	Peppertree/Evergreen System Water Demands 1995-1998	1-22
2-1	AP Income and Expense Statement Year Ending December 31, 1998	2-2
3-1	Comparative Balance Sheet (December 30, 1990)	3-2
3-2	Comparative Balance Sheet (December 30, 1990) A.P. Utilities/Aqua Pure Utilities	3-3
4-1	Rate Base Year Ending December 31, 1998	4-2
5-1	A.P. Utilities - Condition of Facilities	5-2
7-1	5/8" x 3/4" Monthly Bill Comparison Existing Rates vs. Marion County Rates South Ocala Industrial Park Customers	7-3

**MARION COUNTY
F.S. CHAPTER 125.3401
BRIEFING DOCUMENT
FOR
AP UTILITIES, INC.**

**LIST OF TABLES
(Continued)**

<u>Table No.</u>	<u>Description</u>	<u>Page No.</u>
7-2	5/8" x 3/4" Monthly Bill Comparison Existing Rates vs. Marion County Rates South Oak and Raven Hill Customers	7-4
7-3	5/8" x 3/4" Monthly Bill Comparison Existing Rates vs. Marion County Rates Peppertree/Evergreen Customers	7-5
8-1	A.P. Utilities - Summary of Cost Requirements	8-2

SECTION 1

SECTION 1

OVERVIEW OF FACILITIES TO BE ACQUIRED

1.1 INTRODUCTION

AP Utilities (AP) owns several public water systems in Marion County, Florida. Marion County desires to purchase four of the AP systems, South Oak, Ravenhill, Peppertree/Evergreen, and South Ocala Industrial Park. The location of the service areas of these utility systems is shown in Figure 1. The descriptions of service areas were obtained from the FPSC, field inspections and conversations with AP staff.

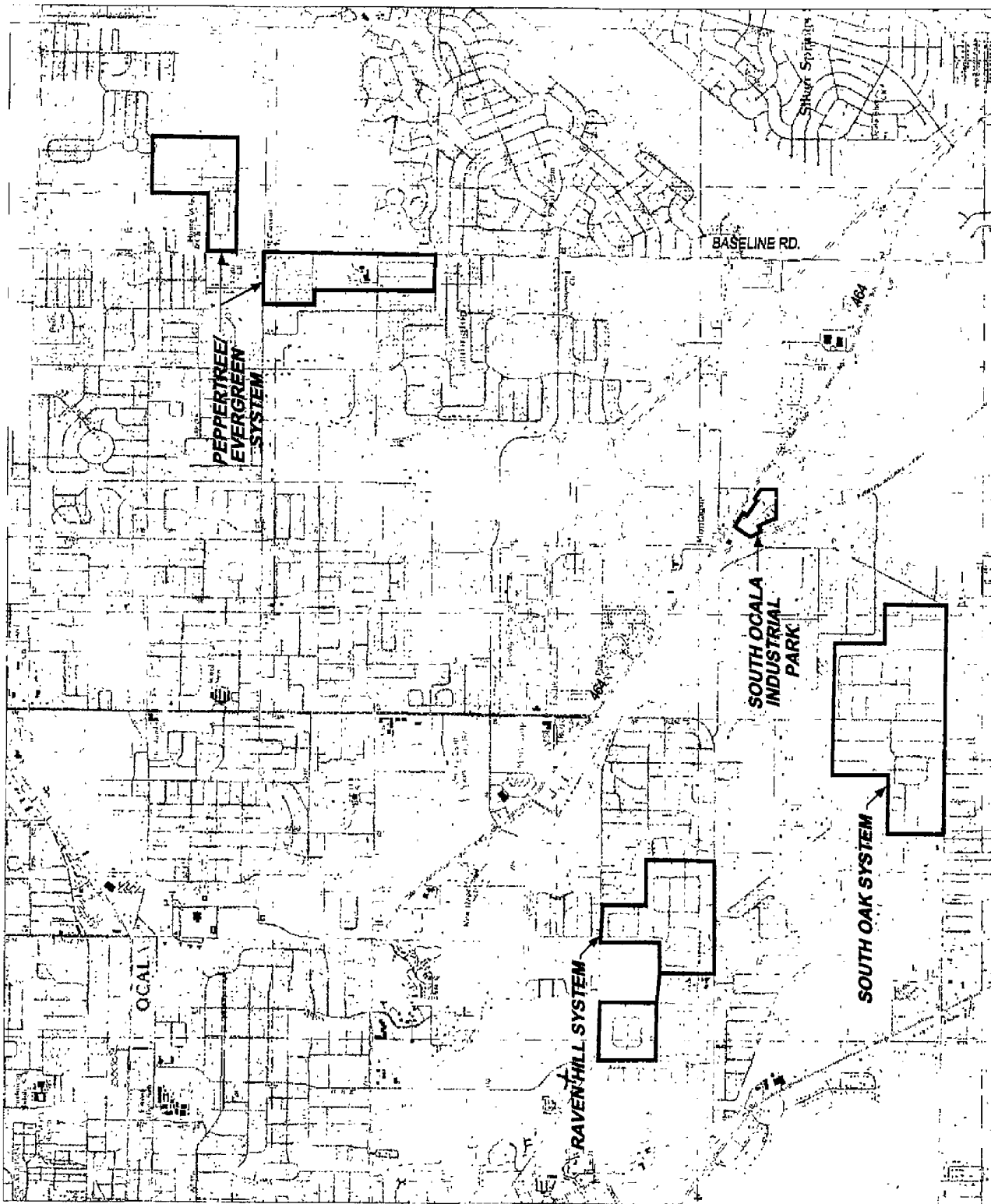
The purpose of the due diligence investigation is to determine the approximate condition of the four AP systems as of April 1999. System cost requirements are also identified. The records, reports and other documentation furnished by AP to Hartman and Associates Inc. (HAI) form a substantial portion of the database for our work efforts. Other information was obtained from the Florida Department of Environmental Protection (FDEP). In addition, HAI personnel conducted field inspections of the facilities.

1.2 WATER FACILITIES

1.2.1 South Oak System

The South Oak system provides potable water service to 418 customer connections. Table 1-1 provides a summary of the major assets in the system. The water treatment plant (WTP) consists of two wells 8 inches in diameter. The lead well is equipped with a 30 horsepower (hp) submersible pump and the lag well has a 25 hp pump. It was noted that the check valve on the lead pump was leaking. Both wells pump raw water through a 4" meter into a 10,000 gallon hydropneumatic tank. Prior to entering the tank, a hypochlorite solution is added for disinfection. The hypochlorite system consists of a plastic trashcan that serves as a storage tank and a small chemical metering pump.

SCALE: 1" = 3500'



HARTMAN & ASSOCIATES, INC.
engineers, hydrogeologists, surveyors & management consultants
201 EAST PINE STREET - SUITE 1000 - ORLANDO, FL 32801
TELEPHONE (407) 839-3955 - FAX (407) 839-3750



FIGURE
1 - 1

A.P. UTILITIES, INC.
SERVICE AREAS

TABLE 1-1

**SOUTH OAK WATER SYSTEM
Listing of Major Equipment**

I.		Well No. 1
	A.	Diameter 8 inches
	B.	Casing Depth 105 ft.
	C.	Total Depth 200 ft.
	D.	Well Pump
	1.	Type Submersible
	2.	Capacity 400 gpm
	3.	Motor 30 hp
II.		Well No. 2
	A.	Diameter 8 inches
	B.	Casing Depth 105 ft.
	C.	Total Depth 200 ft.
	D.	Well Pump
	1.	Type Submersible
	2.	Capacity 300 gpm
	3.	Motor 40 hp
III.		Disinfection System
	A.	Type Hypochlorite Solution
	B.	Pump Pulsafeeder Metering
	C.	Bulk Storage Approximately 30 gal.
IV.		Generator
	A.	Type Natural Gas
	B.	Capacity 75 kW
	C.	Manufacturer Winco
V.		Hydropneumatic Tank
	A.	Type Horizontal; Steel
	B.	Volume 10,000 gal.

TABLE 1-1
(Continued)

**SOUTH OAK WATER SYSTEM
Listing of Major Equipment**

VI.	Distribution Piping	
	A. 8" PVC	3,125 ft.
	B. 6" PVC	4,372 ft.
	C. 4" PVC	22,250 ft.
	D. 3" PVC	5,700 ft.
	E. 2" PVC	7,230 ft.
VII.	Services	418 ea.

The facility has a 75 kW LP generator, located in a small wood building, with automatic start-up capabilities to provide power in the event of main power failure. The generator operated satisfactorily during a simulated power failure. The door louvers of the building were missing and need to be repaired.

The distribution system consists of approximately 40,700 feet of PVC pipe ranging in size from 2 to 8 inches in diameter. In addition, there are 52 isolation valves of various sizes in the system. Some of the 418 services are constructed of polybutylene and are prone to material failure. Current maintenance practices have been to replace polybutylene services, as they fail with either polyethylene or PVC. There are no hydrants for fire protection.

Overall, the facility is in average condition, given its age. Noted corrective items for the South Oak system are: miscellaneous building repairs, replace check valve on well discharge piping, install new hypochlorite solution bulk tank; replace polybutylene services as required.

Capacity Analysis

Table 1-2 presents a summary of the water demands for the South Oak System from 1995 to the first two months of 1999. The general pattern of system demands shows the maximum day demand (MDD) and average day demand (ADD) has been steadily increasing over the last three years to approximately 451,000 and 179,832 gpd in 1998 respectively. The average usage per equivalent residential connection (ERC) in 1998 was 430 gpd, which is high for primarily residential communities of this type. Due to the WTP configuration, the well pumps also act as high service pumps. These pumps can support a peak hour demand (PHD) of 1,000,000 gpd, which is close to the estimated 1998 PHD of 900,000 gpd. Based on these numbers, the system is operating near capacity.

TABLE 1-2

SOUTH OAK SYSTEM
Water Demands 1995-1998⁽¹⁾

Month - Year	Maximum Daily Demand (gpd)	Average Daily Demand (gpd)	MDD/ADD Ratio
Jan-95	231,000	108,161	2.14
Feb-95	144,333	117,714	1.23
Mar-95	250,000	139,774	1.79
Apr-95	340,000	163,883	2.07
May-95	356,000	229,322	1.55
Jun-95	353,000	196,267	1.80
Jul-95	348,000	186,483	1.87
Aug-95	298,000	173,612	1.72
Sep-95	260,000	141,733	1.83
Oct-95	225,000	134,677	1.67
Nov-95	191,000	139,667	1.37
Dec-95	242,000	144,161	1.68
1995 Annual Average		156,288	
1995 Maximum Day	356,000		
Maximum Day/Annual Average		2.28	
Jan-96	153,000	115,612	1.32
Feb-96	163,000	129,414	1.26
Mar-96	234,000	146,483	1.60
Apr-96	350,000	186,666	1.88
May-96	760,500	248,484	3.06
Jun-96	430,000	174,800	2.46
Jul-96	429,000	212,355	2.02
Aug-96	280,000	139,806	2.00
Sep-96	248,500	167,700	1.48
Oct-96	198,000	135,484	1.46
Nov-96	207,000	148,433	1.39
Dec-96	324,000	129,000	2.51
1996 Annual Average		161,186	
1996 Maximum Day	760,500		
Maximum Day/Annual Average		4.72	

TABLE 1-2
(Continued)

SOUTH OAK SYSTEM
Water Demands 1995-1998⁽¹⁾

Month - Year	Maximum Daily Demand (gpd)	Average Daily Demand (gpd)	MDD/ADD Ratio
Jan-97	158,000	129,645	1.22
Feb-97	283,000	142,392	1.99
Mar-97	254,000	177,709	1.43
Apr-97	339,000	190,200	1.78
May-97	361,000	218,129	1.65
Jun-97	428,000	203,066	2.11
Jul-97	249,000	155,000	1.61
Aug-97	220,500	148,709	1.48
Sep-97	343,000	211,300	1.62
Oct-97	274,000	152,967	1.79
Nov-97	180,000	131,000	1.37
Dec-97	132,000	115,000	1.15
1997 Annual Average		164,593	
1997 Maximum Day	361,000		
Maximum Day/Annual Average		2.19	
Jan-98	134,000	110,000	1.22
Feb-98	131,000	107,000	1.22
Mar-98	254,000	133,500	1.90
Apr-98	369,000	216,000	1.71
May-98	451,000	288,333	1.56
Jun-98	278,766	386,000	0.72
Jul-98	267,000	172,645	1.55
Aug-98	233,000	145,000	1.61
Sep-98	190,000	122,500	1.55
Oct-98	312,000	169,000	1.85
Nov-98	318,000	160,000	1.99
Dec-98	203,000	148,000	1.37
1998 Annual Average		179,832	
1998 Maximum Day	451,000		
Maximum Day/Annual Average		2.51	
Jan-99	155,000	124,800	1.24
Feb-99	273,000	142,000	1.92
1999 Annual Average		133,400	
1999 Maximum Day	273,000		
Maximum Day/Annual Average		2.05	

Note: (1) Source: Monthly Operating Reports

Regulatory Review

The South Oak system is regulated by FDEP under public water system (PWS) number 3424088. The system was last inspected by FDEP on March 8, 1998. Only one deficiency was noted regarding replacing a vent screen on the well. Corrective actions were made and a response letter sent to FDEP on April 11, 1998. In 1997, the water was sampled for the full range of water quality parameters required Chapter 62-550 FAC. The results indicate that the water is well below the maximum contaminant levels.

Water withdrawals are regulated by the St. Johns River Water Management District (SJRWMD). At this time, the facility does not have the required consumptive use permit CUP, however, an application is pending.

1.2.2 Raven Hill

The Raven Hill system provides water service to approximately 297 customer connections. Table 1-3 presents a listing of the major equipment in the system. Raw water for the system is obtained from two 6" diameter wells. Similar to South Oak, the wells are equipped with 30 and 25 hp submersible pumps. Flow from the wells is combined and flows into hydropneumatic tanks. There are two tanks on-site with volumes of 5,000 and 7,500 gallons. Hypochlorite is injected into the raw water prior to entering the tanks for disinfection. It was noted that the injection point was heavily corroded and requires replacement of the saddle and adjacent pipe. Hypochlorite solution is stored in a plastic trashcan and metered into the water with a chemical metering pump.

The Raven Hill facilities are also equipped with a 75kW LP gas generator located in a block building with automatic start-up capability similar to that at South Oaks. The generator operated satisfactorily during a simulated power outage.

The water distribution system consists of approximately 26,400 feet of PVC ranging in size from 2 to 6 inches in diameter. There are also 52 isolation valves in the system. Some of the 297 services in the Raven Hill system are constructed of polybutylene are subject to material failure. There are no fire hydrants in the system. It was noted during the inspection that the City of Ocala's system is immediately adjacent to portions of the Raven Hill service area.

TABLE 1-3
RAVEN HILL
Listing of Major Equipment

I.		Well No. 1
	A. Diameter	6 inches
	B. Casing Depth	126 ft.
	C. Total Depth	221 ft.
	D. Well Pump	
	1. Type	Submersible
	2. Capacity	350 gpm
	3. Motor	30 hp
II.	Well No. 2	
	A. Diameter	6 inches
	B. Casing Depth	126 ft.
	C. Total Depth	221 ft.
	D. Well Pump	
	1. Type	Submersible
	2. Capacity	230 gpm
	3. Motor	25 hp
III.	Disinfection System	
	A. Type	Hypochlorite Solution
	B. Pump	Diaphragm
	C. Bulk Storage	Approximately 30 gal.
IV.	Generator	
	A. Type	Natural Gas
	B. Capacity	75 kW
	C. Manufacturer	Winco
V.	Hydropneumatic Tank	
	A. Type	Horizontal; Steel
	B. Volume	7,500 and 5,000 gal.

**TABLE 1-3
(Continued)**

**RAVEN HILL
Listing of Major Equipment**

VI.	Distribution Piping		
	A.	6-inch PVC	4,080 ft.
	B.	4-inch PVC	14,950 ft.
	C.	2-inch PVC	7,390 ft.
VII.	Services		297 ea.

The Raven Hill system is considered to be in average condition, given its age. Noted corrective items for the system include: replacement of hypochlorite injection point, replacement of hypochlorite solution bulk tank, and replacement of polybutylene service connections are required.

Capacity Analysis

Table 1-4 presents a summary of the water demands for the Raven Hill System from 1995 to the first two months of 1999. The general pattern of system demands shows the MDD and ADD have remained relatively constant over the last three years at an average of 335,000 and 127,000 respectively. The average usage per ERC in 1998 was 419 gpd, which is high for primarily residential communities of this type. Due to the WTP configuration, the well pumps also act as high service pumps. These pumps can support a peak hour demand of 835,200 gpd, which is sufficient to meet the estimated 1998 PHD of 704,000 gpd. Based on these numbers, the system has sufficient capacity to meet current demands.

Regulatory Review

The Raven Hill system is regulated by the FDEP under PWS number 3421575. The facility was last inspected on March 3, 1998 and had one deficiency regarding a leaking seal on one of the wells. The deficiency was corrected and a response sent to FDEP on April 11, 1998. In 1997 the water was sampled for the full range of water quality parameters required Chapter 62-550 FAC. The results indicate that the water is well below the maximum contaminant levels.

Water withdrawals are regulated by SJRWMD. At this time the facility does not have the required CUP, however an application is pending.

TABLE 1-4

RAVEN HILL SYSTEM
Water Demands 1995-1998⁽¹⁾

Month - Year	Maximum Daily Demand (gpd)	Average Daily Demand (gpd)	MDD/ADD Ratio
Jan-95	127,000	95,580	1.33
Feb-95	140,450	111,429	1.26
Mar-95	180,000	114,838	1.57
Apr-95	205,000	133,833	1.53
May-95	695,000	210,161	3.31
Jun-95	220,000	138,000	1.59
Jul-95	250,000	141,451	1.77
Aug-95	200,000	109,935	1.82
Sep-95	172,000	104,800	1.64
Oct-95	161,000	99,484	1.62
Nov-95	238,000	113,000	2.11
Dec-95	187,000	119,645	1.56
1995 Annual Average		124,346	
1995 Maximum Day	695,000		
Maximum Day/Annual Average		5.59	
Jan-96	152,000	93,774	1.62
Feb-96	154,000	113,241	1.36
Mar-96	164,500	109,800	1.50
Apr-96	256,000	132,366	1.93
May-96	330,000	161,839	2.04
Jun-96	243,000	129,666	1.87
Jul-96	323,000	145,548	2.22
Aug-96	171,000	111,710	1.53
Sep-96	212,000	142,967	1.48
Oct-96	163,333	111,645	1.46
Nov-96	176,000	129,100	1.36
Dec-96	294,000	115,161	2.55
1996 Annual Average		124,735	
1996 Maximum Day	330,000		
Maximum Day/Annual Average		2.65	

**TABLE 1-4
(Continued)**

**RAVEN HILL SYSTEM
Water Demands 1995-1998⁽¹⁾**

Month - Year	Maximum Daily Demand (gpd)	Average Daily Demand (gpd)	MDD/ADD Ratio
Jan-97	135,000	105,903	1.27
Feb-97	164,000	113,714	1.44
Mar-97	352,000	142,064	2.48
Apr-97	242,000	139,933	1.73
May-97	344,000	153,194	2.25
Jun-97	250,000	160,900	1.55
Jul-97	206,000	131,387	1.57
Aug-97	204,000	121,580	1.68
Sep-97	279,000	167,633	1.66
Oct-97	212,000	137,129	1.55
Nov-97	339,000	120,000	2.83
Dec-97	121,000	97,161	1.25
1997 Annual Average		132,550	
1997 Maximum Day	352,000		
Maximum Day/Annual Average		2.66	
Jan-98	129,000	104,000	1.24
Feb-98	131,000	99,000	1.32
Mar-98	180,000	118,000	1.53
Apr-98	260,000	170,000	1.53
May-98	291,000	222,000	1.31
Jun-98	325,000	23,800	13.66
Jul-98	251,000	135,000	1.86
Aug-98	186,000	123,645	1.50
Sep-98	164,000	106,000	1.55
Oct-98	268,000	134,500	1.99
Nov-98	287,000	137,000	2.09
Dec-98	159,000	119,000	1.34
1998 Annual Average		124,329	
1998 Maximum Day	325,000		
Maximum Day/Annual Average		2.61	
Jan-99	136,000	103,000	1.32
Feb-99	186,000	97,500	1.91
1999 Annual Average		100,250	
1999 Maximum Day	186,000		
Maximum Day/Annual Average		1.86	

Note: (1) Source: Monthly Operating Reports

1.2.3 South Ocala Industrial Park

The South Ocala Industrial Park water system provides potable water service to approximately 15 customer connections. Table 1-5 presents a listing of the major equipment in the system. The WTP consists of a 4" diameter well with a 7.5 hp submersible well pump. Disinfection is provided by a hypochlorite injection system consisting of a trash can that stores the hypochlorite solution and a small metering pump. Water is pumped from the well into a 500 gallon vertical hydro-pneumatic tank. The WTP site is fenced, however, it was noted that portions of the fence were damaged. In addition, clearing of some vegetation is required. The distribution system includes 1,200 feet of 4-inch diameter PVC. There are no fire hydrants on the system.

Overall, the system is in average condition. Noted corrective items to the South Ocala Industrial Park system include; replacement of hypochlorite solution bulk tank, installation of a housing for the hypochlorite metering pump, site cleanup and fence repairs.

Capacity Analysis

Table 1-6 presents a summary of the water demands for the South Ocala Industrial Park System from 1995 to the first two months of 1999. The general pattern of system demands shows that with the exception of 1996, the MDD and ADD have remained relatively constant. The average usage per ERC in 1998 was 268 gpd, which is average for a small industrial park. Due to the WTP configuration, the well pump also acts as a high service pumps. The pump can support a peak hour demand of 64,800 gpd, which is sufficient to meet the estimated 1998 PHD of 26,000 gpd. Based on these numbers, the system has sufficient capacity to meet current demands.

Regulatory Review

The South Ocala Industrial Park water system is regulated by FDEP as PWS number 342653. The last compliance inspection occurred on March 3, 1998 and no deficiencies were found. In 1995 the water was sampled for the full range of water quality parameters required under Chapter 62-550 FAC. The results indicate that the water is well below the maximum contaminant levels. No sample data is available on trihalomethanes (THMs)

TABLE 1-5

**SOUTH OCALA INDUSTRIAL PARK
Listing of Major Equipment**

I.	Well No. 1	
	A. Diameter	4 inches
	B. Casing Depth	134 ft.
	C. Total Depth	180 ft.
	D. Well Pump	
	1. Type	Submersible
	2. Capacity	45 gpm
	3. Motor	7.5 hp
II.	Disinfection System	
	A. Type	Hypochlorite Solution
	B. Pump	Diaphragm
	C. Bulk Storage	Approximately 30 gal.
III.	Hydropneumatic Tank	
	A. Type	Steel; Vertical
	B. Volume	500 gal.
IV.	Distribution Piping	
	A. 4-inch PVC	1,200 ft.
V.	Services	15 ea.

TABLE 1-6

**SOUTH OCALA INDUSTRIAL PARK SYSTEM
Water Demands 1995-1998⁽¹⁾**

Month - Year	Maximum Daily Demand (gpd)	Average Daily Demand (gpd)	MDD/ADD Ratio
Jan-95	13,850	4,200	3.30
Feb-95	4,550	2,582	1.76
Mar-95	6,850	2,470	2.77
Apr-95	5,133	2,324	2.21
May-95	4,600	3,764	1.22
Jun-95	5,000	3,333	1.50
Jul-95	8,200	5,338	1.54
Aug-95	8,000	3,435	2.33
Sep-95	4,075	3,196	1.28
Oct-95	5,750	3,294	1.75
Nov-95	11,150	7,927	1.41
Dec-95	3,250	2,538	1.28
1995 Annual Average		3,700	
1995 Maximum Day	13,850		
Maximum Day/Annual Average		3.74	
Jan-96	3,733	2,693	1.39
Feb-96	8,666	3,867	2.24
Mar-96	6,850	3,212	2.13
Apr-96	12,250	4,276	2.86
May-96	14,450	4,768	3.03
Jun-96	18,700	7,213	2.59
Jul-96	22,600	9,571	2.36
Aug-96	7,400	3,584	2.06
Sep-96	6,300	3,050	2.07
Oct-96	5,650	3,474	1.63
Nov-96	8,650	3,880	2.23
Dec-96	6,050	3,713	1.63
1996 Annual Average		4,442	
1996 Maximum Day	22,600		
Maximum Day/Annual Average		5.09	

**TABLE 1-6
(Continued)**

**SOUTH OCALA INDUSTRIAL PARK SYSTEM
Water Demands 1995-1998⁽¹⁾**

Month - Year	Maximum Daily Demand (gpd)	Average Daily Demand (gpd)	MDD/ADD Ratio
Jan-97	8,200	3,623	2.26
Feb-97	5,000	2,546	1.96
Mar-97	7,200	3,519	2.05
Apr-97	8,100	3,693	2.19
May-97	6,033	3,329	1.81
Jun-97	7,350	3,117	2.36
Jul-97	788	400	1.97
Aug-97	5,000	2,390	2.09
Sep-97	7,500	3,068	2.44
Oct-97	11,950	6,270	1.91
Nov-97	9,000	5,129	1.75
Dec-97	10,333	4,548	2.27
1997 Annual Average		3,469	
1997 Maximum Day		11,950	
Maximum Day/Annual Average		3.44	
Jan-98	8,000	3,613	2.21
Feb-98	13,000	7,000	1.86
Mar-98	9,500	4,129	2.30
Apr-98	12,000	5,233	2.29
May-98	6,000	4,097	1.46
Jun-98	10,500	5,100	2.06
Jul-98	6,000	3,700	1.62
Aug-98	6,500	4,355	1.49
Sep-98	6,500	3,000	2.17
Oct-98	4,000	2,807	1.43
Nov-98	10,000	3,000	3.33
Dec-98	4,000	2,258	1.77
1998 Annual Average		4,024	
1998 Maximum Day		13,000	
Maximum Day/Annual Average		3.23	
Jan-99	4,500	2,258	1.99
Feb-99	4,000	2,642	1.51
1999 Annual Average		2,450	
1999 Maximum Day		4,500	
Maximum Day/Annual Average		1.84	

Note: (1) Source: Monthly Operating Reports

for this system. Due to upcoming regulatory requirements that lower the limits for THMs, further sampling is recommended.

This system is exempt from regulatory control by SJRWMD due to the size of the well and amount of water withdrawn.

1.2.4 Peppertree/Evergreen System

The Peppertree/Evergreen system provides potable water service to 289 customer connections. Table 1-7 presents a listing of the major equipment. The WTP consists of two 4-inch diameter wells with 7.5 hp submersible well pumps that discharge well water to an on-site storage tank. The tank is constructed of polyethylene and has a total volume of 12,500 gallons. Hypochlorite is injected into the raw water prior to entering the tank for disinfection. The hypochlorite system is similar to that described for the other systems.

Two 10 hp high service pumps withdraw the water from the tank and deliver it to the distribution system. The pumps are in good condition and have recently been refurbished with new impellers. It was noted that some of the fittings of the discharge piping of the pumps were leaking. A 35 kW diesel generator is located on-site to provide auxiliary power in the event of a power failure. The generator operated adequately under simulated power failure conditions.

The high service pumps discharge the water into a 5,000-gallon hydropneumatic tank prior to entering the distribution system. The distribution system consists of 25,230 feet of PVC piping ranging in size from 2 to 8 inches in diameter. There are also 34 isolation valves of various sizes. There are no fire hydrants in the system.

It was noted that a septic tank is located within the typical 200 foot setback distance of the wells. A review of the regulatory information shows that the wells pre-date the septic tank and the appropriate variances obtained from FDEP prior to the septic tank's installation.

TABLE 1-7

PEPPERTREE/EVERGREEN SYSTEM
Listing of Major Equipment

I.	Well No. 1		
	A.	Diameter	4 inches
	B.	Casing Depth	81 ft.
	C.	Total Depth	198 ft.
	D.	Well Pump	
		1. Type	Submersible
		2. Capacity	95 gpm
		3. Motor	7.5 hp
II.	Well No. 2		
	A.	Diameter	4 inches
	B.	Casing Depth	84 ft.
	C.	Total Depth	180 ft.
	D.	Well Pump	
		1. Type	Submersible
		2. Capacity	95 gpm
		3. Motor	7.5 hp
III.	Disinfection System		
	A.	Type	Hypochlorite Solution
	B.	Pump	Two Diaphragm
	C.	Bulk Storage	Approximately 60 gal.
IV.	Generator		
	A.	Type	Diesel
	B.	Capacity	35 kW
	C.	Manufacturer	Ringhaver
V.	Hydropneumatic Tank		
	A.	Type	Horizontal; Steel
	B.	Volume	5,000 gal.

**TABLE 1-7
(Continued)**

**PEPPERTREE/EVERGREEN SYSTEM
Listing of Major Equipment**

VI.	Ground Storage	
	A. Type	Vertical; Polyethylene
	B. Volume	12,500 gal.
VII.	High Service Pumps	
	A. Type	Centrifugal; End Suction
	B. Number	Two (2)
	C. Capacity	150 gpm
	D. Motor	10 hp
VIII.	Distribution Piping	
	A. 8-inch PVC	4,500 ft.
	B. 6-inch PVC	4,200 ft.
	C. 4-inch PVC	7,300 ft.
	D. 2-inch PVC	9,230 ft.
VII.	Services	289 ea.

Overall, the system is in average condition, given its age. Noted corrective items to the Peppertree/Evergreen system include: replacement of hypochlorite solution bulk tank, installation of a housing for the hypochlorite metering pumps, repairs to the high service pump discharge piping.

Capacity Analysis

Table 1-8 presents a summary of the water demands for the Peppertree/Evergreen System from 1995 to the first two months of 1999. The general pattern of system demands shows the MMD remaining constant at an average of 268,000 gpd over the last three years while the ADD has been steadily increasing to approximately 123,000 gpd in 1998. The average usage per ERC in 1998 was 427gpd, which is high for primarily residential communities of this type. The well pumps can support a MDD of 273,000 and the high service pumps can support a peak hour demand of 536,000 gpd. Based on these numbers, the system is operating at capacity. Due to the proximity of the WTP site to a septic tank, adding a third well for additional capacity may not be feasible. It is recommended, therefore, to tie the Peppertree/Evergreen system into the County's Silver Springs Shores system through a line extension on Baseline Road. This project is already scheduled as part of the County's current capital improvements program.

Regulatory Review

The Peppertree/Evergreen water system is regulated by FDEP as PWS number 3424626. The last compliance inspection occurred on March 3, 1998 and no deficiencies were found. In 1997 the water was sampled for the full range of water quality parameters required under Chapter 62-550 FAC. The results indicate that the water is well below the maximum contaminant levels.

Water withdrawals are regulated by the St. Johns River Water Management District (SJRWMD). At this time the facility does not have the required consumptive use permit (CUP), however, an application is pending.

TABLE 1-8

PEPPERTREE/EVERGREEN SYSTEM
Water Demands 1995-1998⁽¹⁾

Month - Year	Maximum Daily Demand (gpd)	Average Daily Demand (gpd)	MDD/ADD Ratio
Jan-95	70,500	48,003	1.47
Feb-95	86,500	60,275	1.44
Mar-95	108,000	80,419	1.34
Apr-95	314,000	95,633	3.28
May-95	282,000	66,000	4.27
Jun-95	165,200	78,213	2.11
Jul-95	221,000	86,871	2.54
Aug-95	104,000	75,833	1.37
Sep-95	(2)	(2)	--
Oct-95	106,000	59,548	1.78
Nov-95	115,000	75,600	1.52
Dec-95	102,000	70,548	1.45
1995 Annual Average		66,412	
1995 Maximum Day	314,000		
Maximum Day/Annual Average		4.73	
Jan-96	98,000	65,581	1.49
Feb-96	125,000	82,276	1.52
Mar-96	126,000	77,300	1.63
Apr-96	256,000	119,833	2.14
May-96	264,000	129,677	2.04
Jun-96	126,000	80,600	1.56
Jul-96	204,000	69,290	2.94
Aug-96	145,000	74,645	1.94
Sep-96	141,000	106,733	1.32
Oct-96	143,000	92,355	1.55
Nov-96	134,000	98,467	1.36
Dec-96	204,000	76,065	2.68
1996 Annual Average		89,402	
1996 Maximum Day	264,000		
Maximum Day/Annual Average		2.93	

TABLE 1-8
(Continued)

PEPPERTREE/EVERGREEN SYSTEM
Water Demands 1995-1998⁽¹⁾

Month - Year	Maximum Daily Demand (gpd)	Average Daily Demand (gpd)	MDD/ADD Ratio
Jan-97	97,000	69,677	1.39
Feb-97	112,000	69,285	1.62
Mar-97	213,000	106,354	2.00
Apr-97	189,000	98,766	1.91
May-97	211,000	133,226	1.58
Jun-97	184,000	106,100	1.73
Jul-97	273,000	114,903	2.38
Aug-97	198,000	84,225	2.35
Sep-97	238,000	128,666	1.85
Oct-97	159,000	110,516	1.44
Nov-97	106,000	83,066	1.28
Dec-97	121,000	61,645	1.96
1997 Annual Average		97,202	
1997 Maximum Day	273,000		
Maximum Day/Annual Average		2.81	
Jan-98	97,000	63,000	1.54
Feb-98	88,000	70,670	1.25
Mar-98	126,000	89,000	1.42
Apr-98	237,000	158,400	1.50
May-98	258,000	191,800	1.35
Jun-98	268,000	217,000	1.24
Jul-98	206,000	123,838	1.66
Aug-98	225,000	103,000	2.18
Sep-98	136,000	82,000	1.66
Oct-98	226,000	135,400	1.67
Nov-98	207,000	132,000	1.57
Dec-98	159,000	114,000	1.39
1998 Annual Average		123,342	
1998 Maximum Day	268,000		
Maximum Day/Annual Average		2.17	
Jan-99	145,000	85,600	1.69
Feb-99	201,000	99,928	2.01
1999 Annual Average		92,764	
1999 Maximum Day	201,000		
Maximum Day/Annual Average		2.17	

Notes: (1) Source: Monthly Operating Reports
(2) Information not available

SECTION 2

SECTION 2
INCOME AND EXPENSE STATEMENT

125.3401 (1) The most recent available income and expense statement for the utility.

The most recent income and expense statement for the Raven Hill, South Oak, Peppertree/ Evergreen and South Ocala Industrial Park Systems that is available was based on information provided by AP. Since AP operates several systems in addition to those under consideration, consolidated income and expense statements are filed with the FPSC. Unaudited income and expenses for the water systems as provided by AP for the year ending December 31, 1998 are summarized on Table 2-1.

TABLE 2-1

**A.P. INCOME AND EXPENSE STATEMENT ⁽¹⁾
Year Ending December 31, 1998**

User Rate Revenues	
South Oak	\$ 81,412
Raven Hill	59,991
Peppertree/Evergreen	53,393
S. Ocala Ind. Park	4,749
Total User Rate Revenue	\$ 199,544
Operating Expenses	
Allocated Expenses	\$ 169,934
Direct Expenses	88,845
Total Operating Expenses	\$ 258,779
Net Revenues ⁽²⁾	\$ (59,235)
Other Revenues (Expenses)	
Renewal & Replacement	\$ -
Total Other Revenues (Expenses)	\$ -
Ending Balance	\$ (59,235)

Notes: (1) For the Ravenhill, South Oak, Peppertree/Evergreen, and South Ocala Industrial Park Systems.

(2) Negative Net Revenues due to payment of late FPSC fees and fines.

SECTION 3

SECTION 3
BALANCE SHEET

125.3401 (1) The most recent available balance sheet for the utility, listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon.

The most recent balance sheets available that include the four systems under consideration were filed with the FPSC in 1990. These balance sheets were filed by the then owners of the A.P. Utilities and Aqua Pure for the year 1990. In 1991, the companies were purchased and combined into a single balance sheet with other systems. The more recent balance sheets, therefore, include information from systems outside the scope of this transaction. The 1990 composite balance sheet for the systems is presented in Table 3-1. Table 3-2 presents information from the original balance sheets filed by A.P. Utilities and Aqua Pure.

TABLE 3-1
COMPARATIVE BALANCE SHEET
December 31, 1990

<u>Assets</u>	<u>Composite Value ⁽¹⁾</u>
Utility Plant In Service	\$ 755,987
Accumulated Depreciation and Amortization	(136,590)
Net Utility Plant	619,396
Cash	2,456
Customer Accounts Receivable	6,742
Other Assets	141
Acquisition Cost Adjustment	297,474
Total Assets	\$ 926,209
<u>Liabilities and Capital</u>	
Common Stock Issued	\$ 1,000
Preferred Stock Issued	0
Other Paid in Capital	0
Retained Earnings	1,723
Proprietary Capital	(2,991)
Total Capital	\$ (268)
Long-Term Debt	\$ 609,236
Accounts Payable	10,629
Notes Payable	0
Customer Deposits	9,417
Accrued Taxes	8,344
Other Liabilities	998
Contribution In Aid of Construction (CIAC)	341,446
Total Liabilities and Capital	\$ 979,802
Adjustment ⁽²⁾	(53,593)
Adjusted Total Liabilities and Capital	\$ 926,209

Notes: (1) See Table 3-2

(2) Adjustment included to true-up discrepancies in the Annual Report

TABLE 3-2
COMPARATIVE BALANCE SHEET
December 31, 1990

Assets	A.P. ⁽¹⁾ UTILITIES	AQUA PURE ⁽²⁾ UTILITIES
Utility Plant In Service	\$ 625,806	\$ 130,181
Accumulated Depreciation and Amortization	(121,622)	(14,968)
Net Utility Plant	\$ 504,184	\$ 115,213
Cash	2,128	328
Customer Accounts Receivable	5,000	1,742
Other Assets	0	141
Acquisition Cost Adjustment	288,708	8,766
Total Assets	\$ 800,020	\$ 126,190
Liabilities and Capital		
Common Stock Issued	\$ 1,000	\$ 0
Preferred Stock Issued	0	0
Other Paid in Capital	0	0
Retained Earnings	1,723	0
Proprietary Capital	0	(2,991)
Total Capital	\$ 2,723	\$ (2,991)
Long-Term Debt	\$ 493,131	\$ 116,105
Accounts Payable	8,432	2,197
Notes Payable	0	0
Customer Deposits	7,937	1,480
Accrued Taxes	7,307	1,037
Other Liabilities	0	998
Contribution In Aid of Construction (CIAC)	306,052	35,394
Total Liabilities and Capital	\$ 822,859	\$ 157,211
Adjustment ⁽³⁾	(22,839)	(31,021)
Adjusted Total Liabilities and Capital	\$ 800,020	\$ 126,190

- Notes: (1) Includes Peppertree/Evergreen and South Ocala Industrial Park Systems.
(2) Includes South Oak and Raven Hill Systems. Other system adjusted our of Annual Report Balance Sheet based on customers.
(3) Adjustment included to true-up discrepancies in the Annual Report.

SECTION 4

SECTION 4
EXISTING RATE BASE

125.3401(3) A statement of the existing rate base of the utility for regulatory purposes.

The rate base represents the amount of capital invested by the utility in order to provide service. Determination of rate base includes utility plant in service, less accumulated provision for depreciation, less accumulated deferred income taxes, less contributions in aid of construction, plus an allowance for working capital. The rate base also includes an adjustment to account for the used and useful portion of the invested capital.

Estimates of the 1998 rate base for South Oak, Raven Hill, and Peppertree/Evergreen are presented in Table 4-1. Since the South Ocala Industrial Park System is not a regulated utility, it has no rate base.

TABLE 4-1
RATE BASE
Year Ending December 31, 1998

	<u>Peppertree/ Evergreen</u>	<u>South Oak</u>	<u>Raven Hill</u>
Utility Plant In Service	\$ 214,796	\$ 302,668	\$ 224,560
Less:			
Non-used and Useful Plant	0	0	0
Accumulated Depreciation	91,424	128,824	95,579
Accumulated Amortization	0	0	0
Contributions In Aid of Construction	66,130	198,392	152,609
Advances for Construction	0	0	0
Subtotal	\$ 57,242	(\$ 24,548)	(\$ 23,628)
Additions:			
Accumulated Amortization of Contributions In Aid of Construction	16,428	49,284	37,911
Subtotal	\$ 73,670	\$ 24,736	\$ 283
Plus or Minus:			
Acquisition Adjustments	0	0	0
Accumulated Amortization of Acquisition Adjustments	0	0	0
Working Capital Allowance	0	0	0
Other (Specify):	0	0	0
Rate Base	\$ 73,670	\$ 24,736	\$ 14,283

SECTION 5

SECTION 5
PHYSICAL CONDITION OF FACILITIES

123.3401(4) The physical condition of the utility facilities being purchased, sold or subject to a wastewater facility privatization contract.

The water facilities are specifically described in Section 1. The overall condition of the facilities is average. Table 5-1 presents a summary of condition by major facility component.

TABLE 5-1

**A.P. UTILITIES
Condition of Facilities⁽¹⁾**

<u>System</u>	<u>Water Supply and Treatment</u>	<u>Transmission/Distribution</u>
South Oak	Average	Average
Raven Hill	Average	Average
South Ocala Industrial Park	Average	Average
Peppertree/Evergreen	Average	Average

Notes: (1) Good - Facilities are in proper working order and well-maintained with only minor deferred maintenance identified.
Average - Facilities are in proper working order, maintained at industry standards with some deficiencies and deferred maintenance identified.
Fair - Facilities may not be in proper working order and are not maintained to industry standards, with significant deficiencies and deferred maintenance.
Poor - Facilities cannot properly function due to excessive deficiencies and deferred maintenance.

SECTION 6

SECTION 6
REASONABLENESS OF PURCHASE PRICE AND TERMS

180.301(5) The reasonableness of the purchase, sales or wastewater facility privatization contract price and terms.

The County consultants structured the Agreement for Purchase and Sale of Utility System (the “Agreement”) which has been executed by representatives of A.P. Utilities, Inc. Summarized below are the primary terms and conditions:

1. The County will purchase all certain real, personal and mixed use property used or held for use in connection with the purchased assets including: real property, plant and other facilities, equipment, other rights, customer records, supplier lists, certificates, permits approval, and customer deposits.
2. Purchase Price of \$650,000 at closing.
3. The Utility shall convey marketable title and easement interest to the County, except for certain described exceptions.
4. The Utility represents and warrants that:
 - The Utility is in good legal standing;
 - The Utility has the power and authority to operate as a utility and carry out the terms of the Agreement;
 - The Utility has good and marketable title subject to certain permitted exceptions;
 - There are no liens upon the purchased assets, except as stated in the Agreement;
 - There are no pending legal actions affecting the utility system, except as stated in the Agreement;
 - The Purchased Assets are not subject to any interest of any lessor or lessee;
 - There are no known governmental violations related to the ownership and operation of the utility system;

- There are no known restrictions or conditions adversely affecting the use of the utility system;
 - The Utility will not materially change the physical condition, general financial structure, or operation of the utility system;
 - The Utility will provide full disclosure of all material facts and that the representations and warranties made in the Agreement will be true and correct at the time of closing, but shall survive only one year following closing;
 - FIRPTA (the Utility is not a foreign person);
 - The Utility will transfer to the County all permits necessary to operate the utility system;
 - The Utility is not in violation of any environmental laws, nor will the execution of the Agreement result in the violation of any laws;
 - There is no construction work-in-progress related to the utility system;
 - Outstanding assessment fee, penalties, and interest imposed by the FPSC shall be satisfied within 5 days of closing;
 - The Agreement does not violate any legal instrument to which the Utility is party;
5. The Utility's Conduct Pending Closing is covenanted such that:
- The Utility shall operate, maintain, insure the utility system in a manner consistent with normal use and in compliance with applicable laws and requirements;
 - The Utility shall bear the risk of loss, damage or destruction of the utility assets through the date of closing;
 - The Utility will not dispose of or encumber any of the Purchased Assets without the consent of the County;
 - The Utility will provide the County with reasonable access to the Utility's records and facilities related to the utility system;
 - Utility shall perform all required conditions prior to closing;
 - Utility shall maintain fire and extended coverage insurance prior to closing;
 - Utility shall permit reasonable examination of the purchased assets by the County's representatives;

- Utility shall maintain liability insurance coverage prior to closing and indemnify the County, against any lost damages and liability arising from third party claims against the utility;
 - Utility shall assign or transfer existing agreements and contracts to County;
 - Utility shall provide County complete billing information for each system before 21 days prior to closing;
6. The County represents and warrants that:
- The County is a municipal entity with the power and authority to operate a utility and carry out the terms of the Agreement;
 - There are no pending legal actions affecting the County's ability to perform the conditions of the Agreement, all of which will be performed prior to closing;
 - The County will provide full disclosure of all material facts and that the representations and warranties made in the Agreement will be true and correct at the time of closing and shall survive one year after closing;
 - There is no litigation preventing the County from entering into the Agreement;
7. The County may purchase additional stock used in the operation and maintenance of the system. There is no on-going construction.
8. Adjustments and Prorations: Closing Costs
- Taxes owed by the Utility related to all real and personal property will be prorated through the day of closing;
 - Funds associated with billed revenues and accounts receivable will remain in the ownership of the Utility;
 - The Utility is responsible for the payment of all invoices for services, materials and supplies through the date of closing;
 - All costs associated with corrective adjustments, special assessments, rents and taxes will be prorated as applicable and paid by Utility;
 - Customer Deposits will be transferred to the County at closing;
 - Documentary Stamps on the deed will be paid by County.

- Utility shall pay County any connection charges paid for customers not connected to systems at closing;
9. The County has the right to perform a Level I and II Environmental Audit of the property at its expense. If the County determines the property is not in compliance with applicable regulations, the County may elect to not purchase the property.
 10. On the date of closing, the Utility shall provide documents to the County including applicable warranty deeds, easement conveyances, contracts, agreements, permits, bills of sale, copies of business records, no-lien affidavit, schedule of customer security deposits, “non-foreign” affidavit, Utility's certificate of confirmation, evidence of insurance, and such other documents as may be reasonably required by the County to transfer ownership of the purchased assets.
 11. On the date of closing the County shall pay the agreed purchase price to the Utility and provide such documentation as the executed form of assumption of the interests in the purchased assets, a certified copy of the resolution approving the transaction, and such other documents as may be reasonably required to assume ownership of the purchased assets.
 12. Each party is responsible for its own professional fees and costs related to the preparation and execution of the Agreement.
 13. After closing, unpaid revenue for service prior to closing shall be collected by the County and paid by the Utility.
 14. The Utility will apply for approval by the Florida Public Service Commission to transfer the utility assets to the County.
 15. The parties are utilizing no broker or commissioned agent in completing the acquisition transaction.

16. Each party warrants to provide information and documentation as may be reasonably required to carry out the provisions of the Agreement. Any notices are to be delivered to the representative parties at the addresses stated in the Agreement.
17. The County shall only assume contracts and agreements for the purchased assets as shown in Exhibit 5 of the Agreement.
18. Utility must seek County approval prior to entering into any new agreements prior to closing.
19. The Agreement may not be changed or modified unless in writing and signed by the party affected by such change, or by formal amendment. The terms of the Agreement shall not be enforceable by any third party not included as a formal party to the Agreement. The Agreement is binding and enforceable upon the County and Utility in accordance with the laws of Florida. Time is of the essence in performing the provisions of the Agreement.
20. Both the Utility and County, pursuant to the terms of the Agreement, will have the right to inspect the records of the other party to verify the accuracy of calculated amounts.
21. The Agreement includes provisions for radon gas, continuing technical support, survival of the Agreement, and various miscellaneous provisions.
22. In addition to the primary provisions discussed in 1 through 21 above, the Agreement also contains recitals and legal provisions to complete the Agreement. A copy of the complete Agreement is provided herein as Appendix A. Exhibits to the Agreement are on file with the County Clerk for inspection.

In the joint professional opinion of the consultants and attorneys involved, the terms and conditions are typical for this type of transaction and are reasonable, given the circumstances and context of the negotiations.

The purchase price of this water and wastewater system is comparable and reasonable with respect to the investigations performed by HAI and compares as reasonable as follows:

Name of Utility (Seller)	Year	Purchase Price	Time Adj. Factor	Adjusted Purchase Price	Total Water ERCs	\$/ERC
Virginia City, Inc	1993	\$25,000	1.136	\$28,408	304	\$93
Sandy Creek Utilities, Inc.	1998	\$150,000	1.013	\$151,980	178	\$361
Morningside Utility, Inc.	1999	\$180,000	1.000	\$180,000	263	\$686
Countryside Utility Co.	1992	\$627,000	1.188	\$744,688	175	\$2,308
Placid Lakes Utilities Co.	1994	\$741,771	1.094	\$811,794	1,190	\$682
Water Oak Estates Utilities	1996	\$750,000	1.055	\$791,325	664	\$462
Shadowrock Utilities, Inc.	1995	\$800,000	1.082	\$865,680	783	\$402
Mangonia Park Utility Co.	1998	\$835,000	1.013	\$846,022	1,074	\$575
San Pablo Utilities	1992	\$1,000,000	1.188	\$1,187,700	1,149	\$286
Atlantic Utilities of Jacksonville, Inc.	1992	\$1,300,000	1.188	\$1,544,010	1,446	\$634
Lake Hills Utilities, Inc.	1995	\$1,475,000	1.082	\$1,596,098	450	\$3,547
Radnor/Plantation Corp.	1997	\$1,784,062	1.017	\$1,814,034	552	\$1,854
Sandy Creek Properties, Inc.	1992	\$1,800,000	1.188	\$2,137,860	151	\$5,728
Rampart Utilities, Inc.	1999	\$2,433,200	1.000	\$2,433,200	1,344	\$446
GDU, Inc. – Vero Beach	1993	\$3,000,000	1.136	\$3,408,900	1,317	\$1,590
Beauclerc Utilities Company	1995	\$3,250,000	1.082	\$3,516,825	1,912	\$902
Jasmine Lakes	1998	\$3,500,000	1.013	\$3,546,200	1,663	\$848
FFED-Six, Ltd.	1995	\$4,000,000	1.082	\$4,328,400	1,757	\$876
GDU, Inc. – Port Labelle	1996	\$4,500,000	1.055	\$4,747,950	927	\$3,050
				Average		\$1,333
AP Utilities, Inc.	1999	\$ 650,000			945	\$688

The purchase and sale price and terms are reasonable in the opinion of the consultants retained for this activity, and County staff. The County has the experience in the ownership and operations of water and wastewater facilities.

SECTION 7

SECTION 7
IMPACT OF THE PURCHASE

125.3401(6) The impacts of the purchase, sale or wastewater facility privatization contract on utility customers both positive and negative.

There are positive impacts on the utility customers resulting from the acquisition of the AP systems, which are summarized as follows:

1. The purchase will add to the unified water system within Marion County. Growth management and master planning efforts can address system expansion and repairs in an effective and economical manner.
2. Decisions concerning the systems will be made by utility operational staff and the County Commission as representatives of the customers, which should be more responsive to service requirements and will be sensitive to the needs of the customers.
3. The County will be able to better control and correct environmental impacts and provide surface, groundwater and other environmental protection to promote the public health, safety and welfare the citizens of the County.
4. Both the County's customers and the customers of AP will benefit from the economy of scale as a result of the acquisition through combined utilization of most fixed and administrative overhead expenses, as well as a larger facilities base.
5. The County can interconnect, loop and improve the systems to provide reliable and quality services. With time, improved fire protection and water quality from both the AP and the County facilities will increase.
6. Management and financial policies will be more beneficial to the community under County ownership. If the County acquires the system, improvements can

be made tax-free and the need for profit in rate collection eliminated. The County will operate the systems as a “user pays” enterprise fund, so that no general tax monies are used for its purchase or operation.

7. Elimination of investor profit, tax expense, regulatory expense and certain other investor-owned utility costs.
8. The County's average water rates are lower than AP's existing rates for the South Ocala Industrial Park. A comparison of typical bills by usage is shown in Table 7-1.

There are some negative impacts of the proposed utility acquisitions which are summarized below:

1. As owner of the system, the County would also assume a responsibility for regulatory compliance, operations and maintenance, which typically involves meeting minimum requirements, addressing problems and customer complaints. The County would also assume the liabilities involved in ownership and responsibility for rates and charges.
2. The anticipated near term investment for deficiencies and capital improvements to the systems is estimated at \$144,000 as shown in Section 8 herein.
3. There will be a transition from investor ownership to County ownership with associated costs, notices, changes and differences in billing and interim operations.
4. Long-term planning and integration costs will be borne by the system.
5. The County's average water rates are greater than AP's existing rates for South Oak, Raven Hill and Peppertree/Evergreen. A comparison of typical bills by usage for South Oak and Ravenhill is shown in Table 7-2. Table 7-3 shows a bill comparison for the Peppertree/Evergreen system.

TABLE 7-1

**5/8" x 3/4" MONTHLY BILL COMPARISON
Existing Rates vs. Marion County Rates
South Ocala Industrial Park Customers**

Monthly Usage	Existing Rates	Marion County Rates	Difference	
			Amount	Percentage
0	\$25.00	\$9.21	(\$15.79)	-63.16%
1,000	\$25.00	\$10.24	(\$14.76)	-59.04%
2,000	\$25.00	\$11.27	(\$13.73)	-54.92%
3,000	\$25.00	\$12.30	(\$12.70)	-50.80%
4,000	\$25.00	\$13.33	(\$11.67)	-46.68%
5,000	\$26.00	\$14.36	(\$11.64)	-44.77%
6,000	\$27.00	\$15.39	(\$11.61)	-43.00%
7,000	\$28.00	\$16.95	(\$11.05)	-39.46%
8,000	\$29.00	\$18.51	(\$10.49)	-36.17%
9,000	\$30.00	\$20.07	(\$9.93)	-33.10%
10,000	\$31.00	\$21.63	(\$9.37)	-30.23%
11,000	\$32.00	\$23.19	(\$8.81)	-27.53%
13,000	\$34.00	\$26.31	(\$7.69)	-22.62%
15,000	\$36.00	\$29.43	(\$6.57)	-18.25%
20,000	\$41.00	\$37.23	(\$3.77)	-9.20%

Notes: (1) Average usage South Ocala Industrial Park

TABLE 7-2

**5/8" x 3/4" MONTHLY BILL COMPARISON
Existing Rates Vs. Marion County Rates
South Oak and Raven Hill Customers**

Monthly Usage	Existing Rates	Marion County Rates	Difference	
			Amount	Percentage
0	\$5.67	\$9.21	\$3.54	62.43%
1,000	\$6.73	\$10.24	\$3.51	52.15%
2,000	\$7.79	\$11.27	\$3.48	44.67%
3,000	\$8.85	\$12.30	\$3.45	38.98%
4,000	\$9.91	\$13.33	\$3.42	34.51%
5,000	\$10.97	\$14.36	\$3.39	30.90%
6,000	\$12.03	\$15.39	\$3.36	27.93%
7,000	\$13.09	\$16.95	\$3.86	29.49%
8,000	\$14.15	\$18.51	\$4.36	30.81%
9,000	\$15.21	\$20.07	\$4.86	31.95%
10,000	\$16.27	\$21.63	\$5.36	32.94%
11,000	\$17.33	\$23.19	\$5.86	33.81% (1)
12,000	\$18.39	\$24.75	\$6.36	34.58% (2)
15,000	\$21.57	\$29.43	\$7.86	36.44%
20,000	\$26.87	\$37.23	\$10.36	38.56%

Notes: (1) Average usage Raven Hill
(2) Average usage South Oak

TABLE 7-3

**5/8" x 3/4" MONTHLY BILL COMPARISON
Existing Rates Vs. Marion County Rates
Peppertree/Evergreen Customers**

Monthly Usage	Existing Rates	Marion County Rates	Difference	
			Amount	Percentage
0	\$9.50	\$9.21	(\$0.29)	-3.05%
1,000	\$9.50	\$10.24	\$0.74	7.79%
2,000	\$9.50	\$11.27	\$1.77	18.63%
3,000	\$9.50	\$12.30	\$2.80	29.47%
4,000	\$9.50	\$13.33	\$3.83	40.32%
5,000	\$10.50	\$14.36	\$3.86	36.76%
6,000	\$11.50	\$15.39	\$3.89	33.83%
7,000	\$12.50	\$16.95	\$4.45	35.60%
8,000	\$13.50	\$18.51	\$5.01	37.11%
9,000	\$14.50	\$20.07	\$5.57	38.41%
10,000	\$15.50	\$21.63	\$6.13	39.55%
11,000	\$16.50	\$23.19	\$6.69	40.55%
12,000	\$17.50	\$24.75	\$7.25	41.43%
15,000	\$20.50	\$29.43	\$8.93	43.56%
20,000	\$25.50	\$37.23	\$11.73	46.00%

Note: (1) Average usage Peppertree/Evergreen

SECTION 8

SECTION 8
ADDITIONAL INVESTMENT REQUIRED

125.3401(7) (a) Any additional investment required, and the ability and willingness of the purchaser or private firm under a wastewater facility privatization contract to make that investment, whether the purchaser is the municipality or the entity purchasing the utility from the municipality; (b) In the case of a wastewater facility privatization contract, the terms and conditions on which the private firm will provide capital investment and financing or a combination thereof for contemplated capital replacements, additions, expansions, and repairs. The municipality shall give significant weight to this criterion.

Additional investments are those requirements including deficiencies, deferred maintenance and capital improvement items to be addressed. Deferred maintenance is considered to be work required on the system that does not currently affect its operation or level of service, but is nevertheless required to keep the facilities functioning properly in the future. Deficiencies are defined as those items that directly affect the operations, level of service, regulatory compliance or other issues. Capital improvements are betterments to the facilities that improve the operations, level of service and/or capacity of the system. Table 8-1 presents a summary of the cost requirements. Total deficiencies and capital improvements as detailed and discussed below for the water systems amount to an estimated probable cost of \$144,000. Cost requirement items include the costs of various upgrades and repairs and installing improved disinfection systems. A deficiency allowance is included to cover potential problems in the polybutylene service connections in the water distribution systems.

TABLE 8-1

**A.P. UTILITIES
Summary of Cost Requirements**

<u>System</u>	<u>Item</u>	<u>Estimate</u>
South Oak	Replace hypochlorite bulk tank	\$ 750
	Repair check valve	100
	Miscellaneous building repairs	5,000
	Allowance for polybutylene service connections	15,000
	Install new 30 hp pump	40,000
	subtotal	60,850
Ravenhill	Replace hypochlorite bulk tank	\$ 750
	Allowance for polybutylene service connections	15,000
	Relocate watermain due to road project	12,500
	Replace hypochlorite injection point	1,500
	Miscellaneous building repairs	5,000
subtotal	34,750	
South Ocala	Replace hypochlorite bulk tank	\$ 750
Industrial Park	Housing for hypochlorite system	5,000
	Site maintenance	1,000
	Fence Repair	2,000
	Miscellaneous work	2,500
subtotal	11,250	
Peppertree/Evergreen	Replace hypochlorite bulk tank	\$ 1,500
	Housing for hypochlorite system	5,000
	Upgrade high service pumps	25,000
	Miscellaneous work	5,000
	Repair high service pump discharge piping	400
subtotal	\$ 36,900	
Total Cost Requirements		\$ 143,750

SECTION 9

SECTION 9
ALTERNATIVES TO THE SALE

125.3401(8) The alternatives to the purchase, sale or wastewater facility privatization contract, and the potential impact on utility customers if the purchase, sale or wastewater facility privatization contract is not made.

There are several alternative to the sale of A.P.Utilities to the County. These include:

1. No sale.
2. Sale to an investor.
3. Sale to another government entity or not-for-profit corporation.

If the County does not acquire the A.P. Utilities water systems, A.P. Utilities can either continue to operate the facilities or sell to another party.

The “no sale” option results in the following:

1. Continued intermixing of investor service with County service area.
2. Rate and certain operating regulatory jurisdiction by Florida Public Service Commission (indirect representation).
3. Continuation of existing management and operations practices.
4. Limited control over growth management and system development.
5. Limited control over environmental concerns and issues.
6. Increased future acquisition cost.

Many of the same items listed in the “no sale” option would be considerations for the sale to an investor alternative.

If the water and wastewater systems were sold to another government municipality or not-for-profit entity, the following impacts could be realized:

1. The County would lose the opportunity to expand its customer base and utility service area.
2. Any not-for-profit entity would have a higher cost of financing and assuming the same purchase price, probably a higher rate.

SECTION 10

SECTION 10
STATEMENT OF QUALITY SERVICE

125.3401(9) (a) The ability of the purchaser or the private firm under a wastewater facility privatization contract to provide and maintain high-quality and cost-effective utility service, whether the purchaser is the municipality or the entity purchasing the utility from the municipality. (b) In the case of a wastewater facility privatization contract, the municipality shall give significant weight to the technical expertise and experience of the private firm in carrying out the obligation specified in the wastewater facility privatization contract.

The County currently has an experienced staff of highly qualified individuals knowledgeable in the ownership and operation of public water and wastewater utilities. The existing and experienced County staff is capable of providing full operations including overseeing, managing and directing the operations of the facilities and services provided by AP.

It is anticipated that a significant amount of management and operating costs can be shared by both the County's existing utility and the AP systems. Such shared activity will result in economies of scale materially reducing the unit cost of operating services. It is further anticipated that as the opportunities develop, consolidation of facilities will also occur again, resulting in material economies of scale. Such economies of scale will result in reducing the demand for both financial and natural resources which will benefit not only the residents of the County, but also the state of Florida.

The County is able to provide and maintain high-quality and cost-effective utility service. This is not a privatization contract.

SECTION 11

SECTION 11

APPLICATION OF MONEYS PAID BY A PRIVATE FIRM TO A MUNICIPALITY

125.3401(10) All moneys paid by a private firm to a municipality pursuant to a wastewater facility privatization contract shall be used for the purpose of reducing or offsetting property taxes, wastewater service rates, or debt reduction or making infrastructure improvements or capital asset expenditures or other public purpose; provided, however, nothing herein shall preclude the municipality from using all or part of the moneys for the purpose of the municipality's qualification for relief from the repayment of federal grant awards associated with the wastewater system as may be required by federal law or regulation.

Not applicable.

SECTION 12

SECTION 12
STATEMENT OF PUBLIC INTEREST

Statement of Public Interest

The County currently owns and operates a water and wastewater utility which is significantly larger than the AP systems. County commissioners, managers, administrators and staff are experienced and knowledgeable of utility operation and financial matters.

Based upon the foregoing, it is the opinion of the consultants and public utilities staff that the acquisition of the AP system by the County is in the public interest, and the County has the experience and the financial ability to provide service to the customers.

The County Commission shall make the determination of public interest after consideration of the testimony and evidence at the 125.3401 hearing.

APPENDICES

**MARION COUNTY, FLORIDA/
AP UTILITIES, INC.
WATER SYSTEM
PURCHASE AND SALE AGREEMENT**

TABLE OF CONTENTS

	PAGE
RECITALS	1
SECTION 1. RECITALS.	1
SECTION 2. DEFINITIONS.	1
2.1. "Additional Stock"	1
2.2. "Closing Date"	2
2.3. "Commitment"	2
2.4. "Connection Charges"	2
2.5. "COUNTY"	2
2.6. "Easements"	2
2.7. "ERC"	2
2.8. "Permitted Exceptions"	2
2.9. "Property" or "Properties"	2
2.10. "Purchased Assets"	2
2.11. "UTILITY"	2
2.12. "Water Systems" or "Systems"	2
SECTION 3. PURCHASE AND SALE OF WATER SYSTEMS.	3
SECTION 4. PURCHASED ASSETS	3
4.1. Real Property.	3
4.2. Plant and Other Facilities.	3
4.3. Equipment.	3
4.4. Other Rights.	3
4.5. Customer Records and Supplier Lists.	4
4.6. Certificates, Permits, and Approvals	4
4.7. Customer Deposits.	4
SECTION 5. PURCHASE PRICE AND PAYMENT.	4
SECTION 6. TITLE.	5
6.1. Exceptions to Title.	5
6.2. Status of Title.	6
6.3. Deletion of Standard Exceptions	7

SECTION 7. REPRESENTATIONS AND WARRANTIES OF UTILITY.....	7
7.1. Organization, Standing And Power.	7
7.2. Authority for Agreement.	7
7.3. Good and Marketable Title.	7
7.4. No Liens or Encumbrances.	7
7.5. Litigation.	8
7.6. Leases.	8
7.7. No Governmental Violations.	8
7.8. No Record Violations.	8
7.9. Absence of Changes.	8
7.10. Disclosure.	9
7.11. Survival of Covenants.	9
7.12. FIRPTA.	9
7.13. No Violation by Virtue of Election	9
7.14. No CERCLA Violations	9
7.15. No Construction	9
7.16. Public Service Commission Fines, Penalties and Interest/Liens	10
SECTION 8. CONDUCT PENDING CLOSING.	10
8.1. Business Conduct.	10
8.2. Risk of Loss.	11
8.3. No Transfers or Encumbrances.	11
8.4. Access to Records.	11
8.5. Performance of Closing Conditions.	12
8.6. Insurance.	12
8.7. Examination and Inspection.	12
8.8. Liability and Indemnity.	12
8.9. Transfer of Systems Agreements.	13
8.10. Vendor Information.	13
8.11. Billing Information.	13
SECTION 9. REPRESENTATIONS AND WARRANTIES OF COUNTY.	13
9.1. Organization, Standing and Power of COUNTY.	13
9.2. Authority for Agreement.	13
9.3. Disclosure.	13
9.4. Litigation.	14
9.5. Performance of Closing Conditions.	14
9.6. Survival of Covenants.	14
SECTION 10. ADDITIONAL CONDUCT PENDING CLOSING.	14
10.1. Inventory and Materials.	14
10.2. Ongoing Systems Construction.	14

SECTION 11. ADJUSTMENTS AND PRORATIONS.	14
SECTION 12. CLOSING EXPENSES.	16
SECTION 13. ENVIRONMENTAL MATTERS.	16
SECTION 14. CLOSING.	17
SECTION 15. CLOSING DOCUMENTS AND PROCEDURES.	17
15.1. Deliveries from UTILITY.	17
15.2. Deliveries from the COUNTY	19
SECTION 16. [RESERVED]	19
SECTION 17. REVENUES AFTER CLOSING.	19
SECTION 18. RESPONSIBILITY FOR PROFESSIONAL FEES AND COSTS.	19
SECTION 19. PUBLIC SERVICE COMMISSION APPROVAL.	19
SECTION 20. COMMISSIONS.	20
SECTION 21. FURTHER ASSURANCES.	20
SECTION 22. CERTAIN AGREEMENTS.	20
22.1. Contracts and Agreements.	20
22.2. New Agreements.	20
22.3. Other Agreements.	21
SECTION 23. NOTICES; PROPER FORM.	21
SECTION 24. ENTIRE AGREEMENT.	22
SECTION 25. AMENDMENT.	22
SECTION 26. DISCLAIMER OF THIRD PARTY BENEFICIARIES.	22
SECTION 27. BINDING EFFECT.	22
SECTION 28. TIME OF THE ESSENCE.	22
SECTION 29. APPLICABLE LAW.	22

SECTION 30. CORROBORATION OF PAYMENTS AFTER CLOSING.	22
SECTION 31. RADON GAS.	22
SECTION 32. MISCELLANEOUS.	23
SECTION 33. ASSIGNMENTS.	23
SECTION 34. CONDITIONS PRECEDENT TO CLOSING.	23

SCHEDULE OF EXHIBITS

<u>EXHIBIT NO.</u>	<u>TITLE</u>
1	Legal Description of Real Property and Easements of the Utility
2	Assets including Plant, Inventory and Other Tangible Personalty and Fixtures
3	Certificates/Permits/Licenses/Governmental Approvals
4	Certificated Service Areas
5	List of Existing System Developer Contracts, Service Contracts, and Vendor Agreements

**MARION COUNTY, FLORIDA/
AP UTILITIES, INC.
WATER SYSTEM
PURCHASE AND SALE AGREEMENT**

THIS AGREEMENT is made and entered into this ____ day of _____, 1999, by and between the **MARION COUNTY**, a political subdivision of the State of Florida ("COUNTY"), and **AP UTILITIES, INC.**, a Florida corporation ("UTILITY").

R E C I T A L S

1. UTILITY is the owner of certain water production, storage, treatment, transmission, and distribution systems, (hereinafter the "Water System(s)" or the "System(s)"), known as the Peppertree-Evergreen Water System, the South Oak Water System, the Raven Hill Water System and the South Ocala Industrial Park Water System, all of which are located primarily within the boundaries of MARION COUNTY, FLORIDA.

2. Pursuant to its governmental powers under Chapters 125, and 153, Florida Statutes, and other applicable laws, the COUNTY is authorized to preserve and enhance present advantages, encourage the most appropriate use of land, water and resources, consistent with public interest, facilitate the adequate and efficient provision of water and sewerage facilities, and conserve, develop, utilize, and protect natural resources within its jurisdiction.

3. The parties have negotiated in good faith and are empowered to be bound by the terms and conditions set forth in this Agreement.

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

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

SECTION 2. DEFINITIONS. The COUNTY and UTILITY agree that in construing this Agreement, the following words, phrases, and terms shall have the following meanings unless the context requires otherwise:

2.1. "Additional Stock" shall have the meaning given to such term in Subsection 10.1.

2.2. "Closing Date" shall mean the date as set forth in Section 14 on which the purchase and sale of the Purchased Assets is finalized and title to all such Purchased Assets pass from UTILITY to COUNTY.

2.3. "Commitment" shall mean the title commitment to be obtained by COUNTY with respect to the Property purchased by COUNTY under this Agreement.

2.4. "Connection Charges" shall have the meaning given to such term in Subsection 11.4.

2.5. "COUNTY" means Marion County, a political subdivision of the State of Florida.

2.6. "Easements" means those rights, privileges, easements, licenses, prescriptive rights, rights-of-ways, and rights to use public and private roads, highways, streets, and other areas owned and/or used by the UTILITY in connection with the construction, reconstruction, installation, maintenance and operation of the Systems which are to be purchased by COUNTY as part of the Purchased Assets.

2.7. "ERC" means an equivalent residential connections to the Systems.

2.8. "Permitted Exceptions" those permitted exceptions to or conditions upon fee simple title to the Property sold to COUNTY which are listed in Subsection 6.1.

2.9. "Property" or "Properties" means real property and interests therein held by UTILITY in association with one or more of the Systems described in Exhibit "1" to this Agreement which will form part of the Purchased Assets being sold by UTILITY to COUNTY pursuant to this Agreement.

2.10. "Purchased Assets" means all that real, personal and intangible property which forms the Systems as further delineated in Section 3 and Exhibits 1 and 2 to this Agreement which are to be sold by UTILITY to COUNTY pursuant to this Agreement.

2.11. "UTILITY" means AP UTILITIES, INC., a Florida corporation which currently owns the Systems and Purchased Assets.

2.12. "Water Systems" or "Systems" means the entire water production, storage, treatment, transmission, and distribution system (including consumable items) currently owned and utilized by UTILITY in its water processing and distribution facilities known as Peppertree-Evergreen Water System, the South Oak Water System, the Raven Hill Water System and the South Ocala Industrial Park Water System all of which form the basis of the Purchased Assets.

SECTION 3. PURCHASE AND SALE OF WATER SYSTEMS. The UTILITY, pursuant to the circumstances noted in the Recitals above, agrees to sell and the COUNTY agrees to buy one or more of the Systems, consisting of all real, personal and mixed property used or held for use in connection with the Systems, hereinafter referred to as the "Purchased Assets." The Purchased Assets shall not include any cash derived from the monthly rates of the UTILITY received by the UTILITY with respect to each System, except as set forth in this Agreement. Any outstanding debt or liability of UTILITY related to the Systems or Purchased Assets existing on or before the Closing Date, as defined below, shall remain the sole responsibility of UTILITY and shall not be assumed by COUNTY as part of the purchase of the Purchased Assets. The COUNTY shall provide the UTILITY with written notice no later than thirty (30) days prior to the Closing Date of its election to purchase one, two, three or all four of the Systems and which of the Systems (if not all four) which will be purchased.

SECTION 4. PURCHASED ASSETS. On the Closing Date, as defined below, UTILITY shall sell, assign, transfer, convey and deliver to COUNTY, and COUNTY shall purchase, accept and pay for all of the right, title and interest, in and to the following Purchased Assets, which are described with specificity in Exhibits "1" and "2" attached hereto and made a part hereof:

4.1. Real Property. All real property and interests in real property (the "Property"), owned by the UTILITY in association with each System, as described in Exhibit "1" hereof, whereupon all water production, storage, treatment, transmission, and distribution facilities and all other water facilities are located.

4.2. Plant and Other Facilities. The following assets for each of the Systems owned by the UTILITY and more specifically described in Exhibit "2" hereof: all water production, treatment plant, storage, treatment, transmission, distribution, pumping, and other water facilities of every kind and description whatsoever including without limitation, all trade fixtures, leasehold improvements, pumps, generators, controls, transmission pipes or facilities, valves, meters, water service connections, and all other water physical facilities and property installations in use in connection with the operation of the Systems by the UTILITY.

4.3. Equipment. Inventory of all personal property owned by the UTILITY and located on the Properties and/or utilized by the UTILITY exclusively in connection with the operation of the Systems, as more particularly described in Exhibit "2" hereof.

4.4. Other Rights. All rights, privileges, easements, licenses, prescriptive rights, rights-of-ways, and rights to use public and private roads, highways, streets, and other areas owned and/or used by the UTILITY in connection with the construction, reconstruction, installation, maintenance and operation of the Systems and the Purchased Assets (collectively referred to as the "Easements"). The Easements are more particularly described in Exhibit "1" hereof.

4.5. Customer Records and Supplier Lists. All current customer records and supplier lists, as-built drawings, as-built surveys and water plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, accounting and customer records, customer service agreements or other agreements for the provision of service by the Utility, System operation and maintenance records and all reproducible documents, mylars, sepias, and other original documents used or held for use with the Systems and all other information and business records in the possession of the UTILITY that relate to the operation and maintenance of the Systems. The UTILITY may make copies of its books and records, at its expense, before transferring the original or copies of the books and records to the COUNTY. The COUNTY agrees that the UTILITY may have access to said records pursuant to the Public Records Act.

4.6. Certificates, Permits, and Approvals. Subject to all necessary regulatory approvals and to all conditions, limitations or restrictions contained therein, all existing original certificates, permits, and other governmental authorizations and approvals of any kind in the possession of UTILITY necessary to operate and maintain the Systems in accordance with all governmental requirements, more specifically described in Exhibit "3," attached to and incorporated in this Agreement. UTILITY shall at its own expense prior to the Closing Date obtain any consumptive use permits necessary for the operation of the Systems and shall obtain at its own cost all governmental authorizations and approvals necessary to transfer such permit or permits to COUNTY. Certificated Service Areas and legal descriptions accurately reflecting those service areas currently certificated by the FPSC related to the Systems are attached to and incorporated in this Agreement as Exhibit "4". The COUNTY agrees to execute necessary forms required by governmental agencies to transfer and to assume UTILITY's future obligations under said permits and approvals. These certificates, permits, and approvals shall include any such certificates, permits, and approvals related to work-in-progress, if any.

4.7. Customer Deposits. Cash to be paid by cashier's check or wire transfer in an amount which represents the customers' water and sewer service security deposits and accrued interest held by the UTILITY with respect to each of the Systems. In consideration for the transfer by the UTILITY of these customers' deposits to the COUNTY, the COUNTY agrees to continue to provide utility services to those customers for which a deposit is held and, to the extent consistent with § 768.28, Florida Statutes, to indemnify and hold the UTILITY harmless for any claims, actions, expenses or damages, including costs and attorneys' fees at trial and/or appeal, to which UTILITY may be exposed in the future as a result of the transfer of such customer deposits.

SECTION 5. PURCHASE PRICE AND PAYMENT. The COUNTY agrees to pay to UTILITY on the Closing Date, and the UTILITY agrees to accept as the total Purchase Prices for all Systems purchased, subject to adjustments as provided herein, the following amounts:

- (1) Peppertree-Evergreen Water System - ONE HUNDRED SIXTY-FIVE THOUSAND AND NO/100 DOLLARS (\$165,000.00).
- (2) South Oak Water System - TWO HUNDRED THIRTY THOUSAND AND NO/100 DOLLARS (\$230,000.00).
- (3) Raven Hill Water System - ONE HUNDRED EIGHTY THOUSAND AND NO/100 DOLLARS (\$180,000.00).
- (4) South Ocala Industrial Park Water System - SEVEN THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$7,500.00).

Said Purchase Price for each System purchased shall be totaled and paid as one payment at Closing in federal or other immediately available funds by wire transfer to a bank and bank account designated by the UTILITY. Prior to Closing, the UTILITY shall deliver wiring instructions to the COUNTY. No deposit or down payment shall be required of COUNTY and no escrow account will be established for latent defects associated with the Purchased Assets. Adjustments to the Purchase Price (if any) for each System shall be determined a total aggregate adjustment made to the aggregate Purchase Price to be paid by COUNTY under this Section 5 for the Systems.

SECTION 6. TITLE. The UTILITY shall provide the COUNTY with free and clear title to all Properties and Purchased Assets on or before the Closing Date. The COUNTY shall have until fourteen (14) days prior to the Closing Date to obtain a title commitment (the "Commitment") for each of the Properties described on Exhibit "1" which COUNTY elects to purchase. The cost of the title search fee for the Commitment regardless of whether or not the closing occurs shall be paid by the COUNTY. Gray, Harris & Robinson, P.A., shall issue the Commitment for an Owner's ALTA Form B marketability policy in favor of the COUNTY in an amount and from a title company as determined by the COUNTY in its sole discretion. The COUNTY shall bear the cost of the title insurance policies.

6.1. Exceptions to Title. The Commitment shall show the UTILITY to be (i) vested with fee simple title to the applicable Properties shown on Exhibit "1" and (ii) vested with valid easement interests for the applicable Properties described on Exhibit "1," subject to following (the "Permitted Exceptions"):

- (1) Ad valorem real estate taxes and assessments for the year 1999 and subsequent years;
- (2) Restrictions set out in the recorded plats of subdivisions covered by the Systems;

(3) Easements for utilities and drainage set out in such recorded plats of subdivisions; provided, however, that none of the restrictions or easements set out in such recorded plats of subdivisions shall prevent, hinder or restrict the present use of any Property;

(4) Restrictions of record (except liens, encumbrances, or mortgages) that do not impair, restrict, or inhibit the present use of or improvement to the property as permitted by applicable zoning and land use regulations presently in effect and that are not coupled with a forfeiture or reversionary provision; and

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

6.2. Status of Title. The COUNTY shall have ten (10) working days from receipt of the Commitment within which to examine same. If the COUNTY finds title, as shown on the Commitment, to be defective (i.e., matters which render title unmarketable in accordance with the title standards adopted by the Florida Bar and are not Permitted Exceptions), the COUNTY shall, no later than the expiration of such ten (10) day period, notify the UTILITY in writing specifying the defect(s), provided that if the COUNTY fails to give the UTILITY written notice of defect(s) before the expiration of said ten (10) day period, the defects shown in any Commitment shall, anything in this Agreement notwithstanding, be deemed to be waived as title objections to closing this transaction and the UTILITY shall be under no obligation whatsoever to take any corrective action with respect to same nor to warrant title to same in its statutory warranty deed of conveyance. If the COUNTY has given the UTILITY timely written notice of defect(s) and the defect(s) render the title other than as required by this Agreement, the UTILITY shall use its reasonable efforts to cause such defects to be cured by the Closing Date; provided, however, that except with respect to those Florida Public Service Commission assessment fees, penalties, interest and liens listed in Subsection 7.16 which shall be fully discharged prior to the Closing Date, in no event shall the UTILITY be required to bring suit or to expend any sum in excess of \$1000.00 in the aggregate per System to cure title defects, exclusive of mortgages or other monetary liens against that Property which are in liquidated amount and/or the UTILITY has the obligation to discharge on or before Closing under the terms of this Agreement. In the event that the Florida Public Service Commission assessment fees, penalties, interest and liens listed in Subsection 7.16 and any other defects which are timely raised cannot be cured prior to the Closing Date by UTILITY after exercising all reasonable efforts, then, in that event, the COUNTY shall have the right to purchase that Property in its then existing condition of title with a reduction in Purchase Price of no more than one thousand dollars (\$1,000) based upon the cost to cure the title defect of the Purchased Assets, or to elect to refrain from the purchase of that System or to rescind and terminate this Agreement without liability by either party to the other. Notice of such election not to purchase a particular system or to rescind and terminate this

Agreement shall be given by the COUNTY to the UTILITY, in writing, as contemplated in this Agreement, within the time herein prescribed.

6.3. Deletion of Standard Exceptions. UTILITY will execute at or prior to Closing, in favor of the title insurance company, the standard form mechanic's lien affidavit and "Gap" affidavit with respect to each System to allow the title company to delete all standard exceptions addressed by such affidavits. Prior to Closing, the surveys shall be updated as reasonably requested by the title company or COUNTY so that the survey exception may be deleted.

SECTION 7. REPRESENTATIONS AND WARRANTIES OF UTILITY. The UTILITY represents and warrants to COUNTY that, as of the Closing Date:

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

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

7.3. Good and Marketable Title. Subject to the Permitted Exceptions, the UTILITY has good and marketable title to the Purchased Assets. Notwithstanding anything contained herein to the contrary, the Properties shown on Exhibit "1" as easement parcels are not subject to the fee simple ownership requirements as set forth in Subsection 6.1 hereof. The UTILITY shall transfer, convey and assign to the COUNTY at Closing an enforceable easement interest for each of the easement parcels shown on Exhibit "1" so that the present use of the easement parcels may be continued by the COUNTY for the operation of the Systems. The easement interests shown on Exhibit "1" conveyed to the COUNTY shall not be subordinate to any superior interests which could result in the COUNTY losing the right to use the easement parcel for utility purposes. Any such superior interests shall be deemed a title defect under Subsection 6.2 hereof and shall be cured by UTILITY as set forth in that subsection. At Closing, the UTILITY shall assign to the COUNTY all of its easement interests in the Properties purchased regardless of whether such easement is listed on Exhibit "1."

7.4. No Liens or Encumbrances. Except as otherwise specifically set forth in this Agreement or as may be released prior to the Closing Date, there are no mortgages, liens, claims or encumbrances of any type or nature upon or against the Purchased Assets including, but not limited to, mortgages, financing statements, or security instruments filed

under the Uniform Commercial Code either in the county where the Properties are located or with the Secretary of State.

7.5. Litigation. There are no actions, suits, or proceedings at law or in equity, pending against the UTILITY before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect any of the Systems or any of the Purchased Assets or the UTILITY's right and ability to make and perform this Agreement; nor is the UTILITY aware of any facts which to its knowledge are likely to result in any such action, suit or proceeding. The UTILITY is not in default with respect to any order or decree of any court or of any administrative or governmental agency or instrumentality affecting any of the Systems or any of the Purchased Assets. The UTILITY agrees and warrants that it shall have a continuing duty to disclose up to and including the Closing Date the existence and nature of all pending judicial or administrative suits, actions, proceedings, and orders which in any way relate to the operation of any of the Systems and the UTILITY shall be solely responsible for the defense or settlement of any such suit, action, proceeding or order.

7.6. Leases. None of the Purchased Assets are subject to any interest of any lessor or lessee.

7.7. No Governmental Violations. The UTILITY is not aware and has not been notified of the existence of any violations of any governmental rules, regulations, permitting conditions or other governmental requirements applicable to the ownership, maintenance or operation of any of the Systems.

7.8. No Record Violations. The UTILITY is not aware and has not been notified of any restrictions or conditions of record which would affect the use of any of the Systems on the Properties set described in Exhibit "1".

7.9. Absence of Changes. After the date of the execution of this Agreement, the UTILITY shall not:

(1) undergo any change in its condition of properties, assets, liabilities, business or operations other than changes in the ordinary course of business which are not, either in any case or in the aggregate, materially adverse to the operation of any of the Systems;

(2) acquire or dispose of any assets or properties associated with any of the Systems of material value (in excess of \$500 in the aggregate) except in the furtherance of this Agreement, except in the ordinary course of business and except with the COUNTY'S consent, which shall not be unreasonably withheld, delayed or conditioned;

(3) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative or judicial procedures or proceedings

applicable to particular permits, intentionally fail to comply with all permit requirements applicable to each System; and

(4) fail to seek or obtain any necessary permit extensions or renewals or license renewals so that said permits and licenses are valid, extended or seeking extension as of the Closing Date.

7.10. Disclosure. No representation or warranty made by the UTILITY in this Agreement contains any untrue statement of material facts or omits to state any material fact required to make the statements herein contained not misleading.

④ **7.11. Survival of Covenants.** UTILITY agrees that its representation and warranties set forth herein are true and correct as of the date of the execution hereof and shall be true and correct at the time of the Closing Date, but shall only survive for one (1) year following the Closing Date.

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

⑤ **7.13. No Violation by Virtue of Election.** The execution, delivery and performance of this Agreement will not violate any provision of law, order or any court or agency of government, the Articles of Incorporation, any by-laws of the Seller, any indenture, agreement, or other instrument to which UTILITY is a party, or by which it is bound.

7.14. No CERCLA Violations. The Real Property portion of the Purchased Assets of each System have complied with, and the UTILITY has not violated during the time of UTILITY's ownership of the Real Property, in connection with the ownership, use, maintenance, or operation of any Property or the associated Purchased Assets, applicable environmental, federal, state, county, or local laws relating to pollution or protection of the environment, including but not limited to, the Comprehensive Environmental Response, compensation and Liability Act of 1986, the Resource Conservation and Recovery Act, or the Toxic Substance Control Act ("Environmental Laws"). UTILITY has not authorized the placing or depositing of hazardous substances on the Real Property portion of the Purchased Assets of any System except, if at all, in accordance with the applicable Environmental Laws, and UTILITY has no knowledge of any hazardous substance having been, or currently being, placed or deposited on the Real Property portion of the Purchased Assets of any System except in accordance with such laws.

7.15. No Construction. There is no construction work in progress on the Property or Purchased Assets of any of the Systems.

7.16. Public Service Commission Fines, Penalties and Interest/Liens.

The following are the only outstanding assessment fees, penalties, interest imposed against UTILITY by Florida Public Service Commission ("FPSC"):

(1) one hundred twenty eight thousand four hundred ninety six thousand dollars and seventeen cents (US\$128,496.17) in Florida Public Service Commission ("FPSC") assessment fees, penalties, and interest imposed pursuant to FPSC Order Nos. PSC-97-0286-FOF-WU, issued March 13, 1997 (Docket No. 96141-WU); PSC-97-1556-PCO-WU, issued December 11, 1997 (Docket No. 971076-WU); and PSC-98-1005-SU-WU, issued July 24, 1998 (Docket No. 980729).

(2) FPSC liens in the amount of sixteen thousand six hundred sixty eight dollars and sixteen cents (US\$16,668.16), filed pursuant to Order No. PSC-98-1005-S-WU, issued July 24, 1998 (Docket No. 980729-WU)

All such assessment fees, penalties, and interest shall be satisfied by UTILITY and the associated liens shall be released within 5 days prior to the Closing Date.

SECTION 8. CONDUCT PENDING CLOSING. The UTILITY covenants that pending the closing:

8.1. Business Conduct. Except as otherwise consented to in writing by COUNTY, whose consent shall not be unreasonably withheld, delayed or conditioned, for the period beginning on the date of execution of this Agreement and ending on the Closing Date, UTILITY shall:

(1) operate each Systems in, and only in, the usual, regular and ordinary course and nevertheless comply with all applicable governmental requirements and law;

(2) maintain all of the material structures, equipment, permits and other tangible personal property of each System in good repair, order and condition, except for depletion, depreciation, ordinary wear and tear and damage by unavoidable casualty;

(3) keep in full force and effect insurance comparable in amount and scope of coverage to insurance now carried by it for the Systems;

(4) perform in all material respects all of its obligations under agreements, contracts and instruments relating to or affecting the properties, assets and operation of each System;

(5) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative judicial procedures or proceedings

applicable to particular permits, comply in all material respect with all statutes, laws, ordinances, rules and regulations applicable to it and to the operation of each System;

(6) promptly advise the COUNTY, in writing, of any material change which adversely affects the operation of any of the Systems; and

(7) not enter into any transaction, including without limitation, the purchase, sale or exchange of property the value of which exceeds \$5,000.00 in the aggregate, which relates to any System or take any action which reduces the value of any System by more than \$5,000.00, except in furtherance of this Agreement, or the rendering of any service to UTILITY except in the ordinary course of and pursuant to the reasonable requirements of the business of UTILITY.

(8) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative or judicial procedures or proceedings applicable to particular permits, comply with all permit requirements applicable to each of the Systems and obtain all necessary permit extensions or renewals such that said permits are valid as of the Closing Date.

(9) assist COUNTY in the transfer of all permits for each of the Systems purchased by COUNTY.

8.2. Risk of Loss. The UTILITY shall bear the risk of loss, damage or destruction of the Purchased Assets by fire or other casualty prior to and including the Closing Date. If any portion of the Purchased Assets is damaged by fire, act of God or other casualty before the Closing Date, the COUNTY shall have the option of (1) taking the Purchase Assets as is, without reduction in price, together with the UTILITY's assignment to the COUNTY of all rights under its insurance policies and all of the insurance proceeds, if any; or (2) taking the Purchased Assets, as is, with a reduction in price based upon a percentage allocation of the Purchase Price derived by comparing the net book value of the Purchased Assets destroyed to the net book value of the affected System and the UTILITY shall maintain all rights under its insurance policies and to all of the insurance proceeds.

8.3. No Transfers or Encumbrances. From and after the date of the execution of this Agreement, the UTILITY will not, without the prior written consent of COUNTY, which consent shall not be unreasonably withheld, dispose of, hypothecate, or encumber any of the Purchased Assets, with the exception of any transactions occurring in the ordinary course of UTILITY's business.

8.4. Access to Records. The UTILITY will at all times cooperate by providing reasonable access, upon prior written notice (not less than forty-eight (48) hours in advance), to their records and facilities for inspection to assist in acquainting the COUNTY'S operating and administrative personnel in the operation of each System;

provided, however, that no such inspection shall materially interfere with the operation of any System or the day to day activities of the UTILITY's personnel.

8.5. Performance of Closing Conditions. The UTILITY shall perform all of the conditions to closing which should be performed by the UTILITY prior to the Closing Date as provided herein.

8.6. Insurance. Prior to closing, the UTILITY shall maintain adequate fire and extended coverage insurance to cover the cost of any repairs to the Purchased Assets that may be required by casualty damage.

8.7. Examination and Inspection. The Systems and Purchased Assets are being offered for sale by UTILITY on an "as-is, where is" basis. The UTILITY will permit reasonable examination by the COUNTY'S authorized representatives of all existing contractual obligations, assets, real estate, rights-of-way, easements and inventories which are utilized by the UTILITY in connection with each System as well as examination and testing of physical systems of each System. No such examination or testing by the COUNTY's authorized representatives shall interfere with the UTILITY's operations of any System or the day to day operations of the UTILITY's personnel. The UTILITY shall make these assets and records available for examination by the COUNTY's authorized representatives at reasonable times and upon prior written notice (not less than forty-eight (48) hours in advance) from the COUNTY. All such facilities will be properly maintained by the UTILITY within the custom and usage of the water industry in Florida until the Closing Date. The COUNTY shall have ten (10) working days from the date on which it completes its inspection to notify the UTILITY in writing specifying any issue identified as affecting COUNTY'S decision to purchase the Purchased Assets; provided, however, that in no event shall the UTILITY be required to bring suit or to expend any sum in excess of one thousand dollars (\$1,000) in the aggregate per System to remedy issues raised by COUNTY's inspection. In the event that the UTILITY, after exercising all reasonable efforts, cannot remedy identified issues on or before five (5) business days prior to the Closing Date, then the COUNTY shall have the right to purchase the affected Property in its then existing condition with a reduction in Purchase Price based upon the cost to remedy such issues, elect not to purchase the affected Property, or to rescind and terminate this Agreement without liability by either party to the other. Notice of such election shall be given by the COUNTY to the UTILITY, in writing, on or before 5 days prior to the Closing Date .

8.8. Liability and Indemnity. Prior to the closing, the UTILITY shall maintain adequate liability insurance coverage to cover any costs, damages or liability arising from third party claims against UTILITY in association with its ownership and operation of the Properties and Systems prior to the Closing Date. UTILITY shall indemnify and hold COUNTY harmless against any such costs (including reasonable attorney's fees), damages and liability. In addition, UTILITY is solely responsible for the payment or resolution of any fines or penalties assessed against it or any System prior to the Closing

Date and UTILITY shall indemnify and hold COUNTY harmless against any such fines and penalties.

8.9. Transfer of Systems Agreements. To the extent required under the terms of such agreements, UTILITY shall seek permission from the appropriate parties to assign or transfer to COUNTY all existing agreements for each System which are necessary for the continued operation and maintenance of each such System.

8.10. Vendor Information. On or before fourteen (14) days prior to the Closing Date, UTILITY shall provide to COUNTY a complete list vendor information for each System. Such list shall delineate vendor names, product or service provided, account balance and relevant information regarding the ongoing activities of such vendors and a general description of the contract terms and conditions governing such vendor's activities.

8.11. Billing Information. On or before twenty-one (21) days prior to the Closing Date, UTILITY shall provide to COUNTY complete billing information for each System. Such billing information shall include a complete billing register of all UTILITY customers, including billing information on UTILITY water system customers and UTILITY management and technical services customers. UTILITY will work with COUNTY over the ninety day period prior to the Closing Date to complete a transition of the billing responsibilities from the UTILITY to the COUNTY by the Closing Date.

SECTION 9. REPRESENTATIONS AND WARRANTIES OF COUNTY. The COUNTY represents and warrants to the UTILITY the following:

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

9.2. Authority for Agreement. The COUNTY has the authority and power to execute and deliver this Agreement and to carry out its obligations hereunder. The COUNTY has held or will hold all of the necessary public hearings to authorize the COUNTY's purchase of the Systems. This Agreement has been duly authorized by all municipal action required to be taken by the COUNTY, has been duly executed and delivered by the COUNTY, and constitutes a valid and legally binding obligation of the COUNTY, enforceable in accordance with its terms.

9.3. Disclosure. No representation or warranty made by the COUNTY in this Agreement contains or will contain any untrue statement of material facts or omits or will omit to state any material fact required to make the statements herein contained not misleading.

8
9.4. Litigation. There are no actions, suits, or proceedings at law or in equity, pending against the COUNTY before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect the COUNTY's ability to enter into and perform this Agreement. The COUNTY shall have the continuing duty to disclose up to and including the Closing Date the existence and nature of all pending judicial or administrative suits, actions, proceedings, and orders which in any way relate to its ability to perform its obligations under the Agreement.

5
9.5. Performance of Closing Conditions. The COUNTY shall perform all of the conditions to closing which should be performed by the COUNTY prior to the Closing Date as provided herein.

9.6. Survival of Covenants. COUNTY agrees that its representation and warranties set forth herein are true and correct as of the date of the execution hereof, shall be true and correct at the time of the Closing Date, but shall only survive for one (1) year following the Closing Date.

SECTION 10. ADDITIONAL CONDUCT PENDING CLOSING.

10.1. Inventory and Materials. On or before fourteen (14) days prior to the Closing date, UTILITY shall provide an inventory of rolling stock, moveable equipment, laboratory equipment, tools, accessories, chemicals, consumable items and other items (if any) used in the operation or maintenance of each System which are not included as part of the Purchased Assets for that System as set forth in Exhibit "2" ("Additional Stock"). COUNTY may, at its option, purchase any such Additional Stock. The purchase price of Additional Stock shall be established by agreement of the COUNTY and UTILITY prior to the Closing Date. On the Closing Date, UTILITY shall provide a written invoice for Additional Stock purchased by COUNTY and payment shall be made by COUNTY within ninety (90) days after receipt of said invoice.

10.2. Ongoing Systems Construction. No renovation or other construction activities on any System is currently anticipated to be ongoing as of the Closing Date. If any such ongoing construction or renovations are necessary for the continued operation and upkeep of a System and are not anticipated to be completed prior to the Closing Date, UTILITY shall provide COUNTY with a list of any such activities five (5) days prior to the Closing Date which delineates the System on which such activity is taking place, the details of the activity undertaken, the parties performing such activities, the percentage of the project completed and the anticipated completion date.

SECTION 11. ADJUSTMENTS AND PRORATIONS. At the time of closing, the parties covenant and agree that the following adjustments shall be made:

11.1. Real and personal property taxes for 1998 on all real and personal property which is being conveyed by the UTILITY to the COUNTY, shall be prorated as of 11:59 p.m. of the Closing Date and shall be paid by the UTILITY. The COUNTY shall not be charged with any proration of any ad valorem taxes.

11.2. Within ten (10) days after the Closing Date, the UTILITY will render bills in its name to all customers for the last month of service through the Closing Date. All rates, fees and charges for water services for each System through the Closing Date shall be the property of the UTILITY. The UTILITY shall include a written notice to each customer of all Systems that the applicable System is being transferred to the COUNTY. All rates, fees, and charges for water service after the Closing Date shall be the Property of the COUNTY. Subject to State law, COUNTY agrees to disconnect service from any customer of any System who fails to pay UTILITY amounts owed UTILITY through the Closing Date upon notification to COUNTY by UTILITY that such amounts are sixty (60) days past due.

11.3. The UTILITY shall request all of its suppliers and vendors to submit final invoices for services, materials, and supplies, including electricity for the period up to and including the Closing Date. The UTILITY shall be responsible for, and shall provide to the COUNTY, upon request, evidence of the payment of all such invoices through the Closing Date.

11.4. For those customers of each System who are connected to and receiving service (water, wastewater, or water) from the UTILITY on the Closing Date and have paid connection, plant capacity, main extension, and/or capital charges ("Connection Charges") to the UTILITY, then said Connection Charges previously paid that specifically apply to the service being received (water, wastewater, or water) shall be retained by the UTILITY. For those customers of each System who on the Closing Date are not connected to and receiving service from the UTILITY, have paid Connection Charges to the UTILITY, and to whom the UTILITY has extended completely all pipelines necessary to provide service, then the UTILITY may retain main extension charges previously paid that specifically apply to the pipelines extended (water main extension charges for water pipelines, wastewater main extension charges for wastewater pipelines), and the UTILITY shall pay to the COUNTY and the COUNTY shall receive all other Connection Charges paid by such customers. All other Connection Charges received prior to the Closing Date by the UTILITY from customers of each System who have not connected to that System, shall be deemed the property of the COUNTY, and shall be paid to the COUNTY. Nothing contained in this Agreement shall be construed to require the COUNTY to exercise the police power in the allocation of water and/or wastewater service capacity (hereby deemed to be a governmental function) other than in accordance with the COUNTY's current or future service allocation or extension rules. The COUNTY agrees to the extent consistent with § 768.28, Florida Statutes, to indemnify and hold the UTILITY harmless for any claims, actions, expenses or damages, including costs and attorneys' fees at trial and/or appeal

to which UTILITY made be exposed in the future as a result of this transfer of the Connection Charges.

11.5. All adjustments and prorations shall be calculated as of 11:59 p.m. of the Closing Date.

11.6. The amount of customer deposits being retained by UTILITY shall be credited to COUNTY against COUNTY's cash to close or shall be transferred to COUNTY by separate cashiers check. A final listing of the customer deposits by individual name and aggregate total shall be provided by the UTILITY to the COUNTY at Closing.

✓ 11.7. If applicable, rents under any lease agreement assumed by COUNTY hereunder with respect to any System shall be prorated as of the Closing Date.

✓ 11.8. The bills for electricity and other utility services for all of the Systems for the month in which this closing shall take place shall be prorated between the parties as of the Closing Date and arrangements made for the appropriate utilities to bill COUNTY for services rendered subsequent to the Closing Date.

✓ 11.9. All bills for other services, materials and supplies rendered in connection with the operation of each System prior to Closing shall be paid by UTILITY.

SECTION 12. CLOSING EXPENSES. Documentary stamps and surtax, if any, on the warranty deed to each Property and the cost of recording such warranty deeds and any other document required to consummate this transaction shall be paid by COUNTY, except for corrective instruments which must be filed to cure title defects which shall be paid by the UTILITY. The COUNTY shall also be responsible for the payment of any land surveys of the Properties or Purchased Assets necessary for the closing. Other than title insurance and the aforementioned closing costs, which shall be the sole responsibility of the COUNTY, all other closing costs or expenses shall be paid by UTILITY, including without limitation the following: costs of recording any releases, satisfactions or corrective instruments; taxes on gross receipts or regulatory assessment fees incurred as of the Closing Date; documentary stamps, if required, on the deeds of conveyance of the Properties included in the Purchased Assets. Certified, confirmed and ratified special assessments or municipal liens as of the Closing Date will be paid by the UTILITY.

SECTION 13. ENVIRONMENTAL MATTERS. The COUNTY shall have the right to perform both a Level I and Level II Environmental Audit each of the Properties, as such terms are generally understood by the environmental consulting industry in the State of Florida. These audits shall be performed at the COUNTY's expense. These environmental audits may include, but not be limited to, appropriate borings, samplings, "sniffer" tests, as well as an appropriate title search in order to determine that each of the sites are in full compliance with applicable local, state, and federal environmental and occupational health and safety statutes and regulations. If after reviewing the environmental audits, the

COUNTY reasonably determines that any portion of any Property to be conveyed hereunder is not in full compliance with applicable local, state, and federal environmental and occupational health and safety statutes and regulations, the COUNTY may elect not to acquire any such Property by giving the UTILITY written notice of its election not to acquire said lands fifteen (15) days before the Closing Date. The COUNTY, however, shall provide the UTILITY prior written notice (not less than forty-eight (48) hours in advance) of any proposed inspection of each Property, which shall take place at reasonable times and without interfering with the operation of the applicable System by the UTILITY. To the extent consistent with Section 768.28, Florida Statutes, the COUNTY shall indemnify and hold the UTILITY harmless for any claims, actions, expenses or damages, including cost and attorney's fees, at trial and appeal, which the UTILITY incurs for personal injury or property damage that occurs as a direct result of the inspection of the Properties by the COUNTY, its agents, contractors, representatives and/or employees.

SECTION 14. CLOSING. Provided that all conditions precedent to closing have, in fact, been so performed, including applying for Florida Public Service Commission approval, the place of closing shall be in Marion County at a mutually agreed location, and such closing shall occur on or before May 19, 1999 (the "Closing Date"), or at such earlier date or time as the parties mutually agree to in writing. Notwithstanding anything to the contrary, the closing of this transaction shall take place upon the delivery of the aggregate Purchase Price of all of the Systems being purchased to the UTILITY in the manner and on the date provided for in this Agreement. Immediately following the Closing Date, COUNTY shall have full right to the possession of all of the Purchased Assets wherever the same may be located.

SECTION 15. CLOSING DOCUMENTS AND PROCEDURES.

15.1. Deliveries from UTILITY. The following documents with respect to each System shall be delivered by the UTILITY to the COUNTY at least twenty (20) days prior to Closing Date but shall be executed on the Closing Date:

(1) Warranty deeds to all of the Property owned by the UTILITY as described in Exhibit "1" conveying to the COUNTY all of the UTILITY'S right, title and interest in all such property and warranting that such Property is free and clear of all liens, claims and encumbrances other than Permitted Exceptions.

(2) Instruments of conveyance, in appropriate recordable form, of all the Easements as described in Exhibit "1" conveying to the COUNTY all of its right, title and interest in all such property, together with all utility improvements thereto, and warranting that such easement rights and rights to use dedicated rights-of-way are free, or shall be made pursuant to Subsection 7.3 hereof, clear of all liens, security interests, encumbrances, leasehold interests, charges or options, covenants or restrictions other than Permitted Exceptions, as that term is defined herein;

(3) General assignment by the UTILITY of all other interests in the Property, together with a general assignment of all contracts, agreements, permits and approvals as provided for herein;

(4) Bills of sale or other documents of assignment and transfer, with full warranties of title, to all Purchased Assets other than those assets covered by Subsections 15.1(2) and 15.1(3) hereof;

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

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

(7) Standard no-lien affidavit in a form required by the title Company as to realty and personalty insuring against any liens, claims or encumbrances upon the Purchased Assets;

(8) The customer service security deposits as of the Closing Date as described in Subsection 4.7 hereof;

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

(10) Such other affidavits and acknowledgments as the title company shall reasonably request in order to cause the title company to issue the policy evidencing marketable title as contemplated herein;

(11) A corporate officer's certificate confirming that the UTILITY's warranties hereunder are true and correct as of the Closing Date;

(12) Evidence of insurance as contemplated by Section 8 hereof;

(13) Such other instruments and documents, in form approved by the COUNTY's counsel as may be reasonably required in order to transfer ownership and possession of the Purchased Assets to the COUNTY; provided that none of such documents shall result in any additional liability on the part of UTILITY not otherwise provided for in this Agreement; and,

(14) All assignments of agreements listed in Section 22 that assign the agreements to COUNTY.

(15) Evidence reasonably satisfactory to COUNTY of the full payment by UTILITY of all Florida Public Service Commission assessment fees, fines, penalties and the release of the associated liens listed in Subsection 7.16.

15.2. Deliveries from the COUNTY. On the Closing Date, the COUNTY shall pay the Purchase Price by sending a wire transfer to the account and bank identified by UTILITY or shall deliver a cashiers check in the amount due to UTILITY as provided in Section 5 of this Agreement, reduced as per this Agreement. The COUNTY shall also deliver at the preclosing meeting, the forms of an assumption of the agreements set forth in Section 22.1 of this Agreement, an assumption of the leases, permits, agreements, approvals and other interests in the Purchased Assets being assigned by the UTILITY, the gas easement, and a certified copy of a resolution of the COUNTY council approving this transaction. Said documents shall be executed on the Closing Date. The assignments and assumptions being prepared by the parties may be incorporated into one document at the convenience of the parties.

SECTION 16. [RESERVED]

SECTION 17. REVENUES AFTER CLOSING. UTILITY accounts receivable for pre-closing billed and unpaid revenues for each System will be collected by the COUNTY for the six (6) month period following the Closing Date and transferred back to UTILITY on a monthly basis as collected at no cost to UTILITY. In addition, revenues generated by each System prior to the Closing Date but not collected as well as amounts due for pre-closing services provided by UTILITY will be billed by the COUNTY during the six month period following the Closing Date and transferred to UTILITY on a monthly basis as collected at no charge to UTILITY. COUNTY shall be under no obligation to institute legal proceedings to collect any amounts due and payable to UTILITY under this Section 17, however, COUNTY shall provide reasonable assistance to UTILITY in pursuing any such claims.

SECTION 18. RESPONSIBILITY FOR PROFESSIONAL FEES AND COSTS. Each party hereto shall be responsible for its own attorneys' fees, engineering fees, accounting fees and other costs in connection with the preparation and execution of this Agreement, the closing of the transaction contemplated herein and in connection with all judicial and administrative proceedings related to the acquisition of the Systems.

SECTION 19. PUBLIC SERVICE COMMISSION APPROVAL. UTILITY shall apply for approval by the Florida Public Service Commission for transfer of the Purchased Assets from UTILITY to COUNTY. UTILITY agrees to pay all fees and costs incurred by UTILITY incident to such dealings with the Florida Public Service Commission. It is agreed that COUNTY shall apply every reasonable effort to cooperate with UTILITY to obtain approval from the Florida Public Service Commission and will render all reasonable assistance to UTILITY necessary to obtain such approval.

SECTION 20. COMMISSIONS. The UTILITY and the COUNTY each warrant to the other that the transaction contemplated by this Agreement is a direct, private transaction between the UTILITY and the COUNTY without the use of a broker or commissioned agent.

SECTION 21. FURTHER ASSURANCES. Each of the parties hereto agrees that, from time to time, upon the reasonable request of the other party and at the expense of the requesting party, without further consideration, it shall execute and deliver to the requesting party any and all further instruments, affidavits, conveyances and transfers as may be reasonably required to carry out the provisions of this Agreement.

SECTION 22. CERTAIN AGREEMENTS.

22.1. Contracts and Agreements. The COUNTY shall take title to the Purchased Assets encumbered only by those developer or service contracts, vendor contracts and other agreements binding upon UTILITY and affecting the operation and maintenance of the Systems that are listed on Exhibit "5" attached to and incorporated in this Agreement which will be assigned to and assumed by the COUNTY. Notwithstanding anything to the contrary stated in this Agreement except as provided in Subsection 22.2, the COUNTY is not assuming and has no obligation to honor any prepaid or discounted connections or customers for properties of any System that are not connected IL to that System ten (10) days prior to the Closing Date.

22.2. New Agreements. After the date of the execution of this Agreement, the UTILITY shall notify the COUNTY of all requests for developer or service agreements and the terms thereof and shall provide a copy of the proposed agreement to the COUNTY. The COUNTY shall approve or disapprove, in writing, said proposed agreement within twenty (20) days of its receipt of the proposed agreement. The COUNTY shall not unreasonably withhold, delay or condition its approval of the execution by the UTILITY of any such agreement. The COUNTY shall be required to grant its consent to proposed agreements which are consistent with UTILITY's existing FPSC-approved service availability policy for the applicable System, and which also clearly notify the prospective customer that the COUNTY is acquiring the System and identify that future terms of service after the Closing Date shall be governed by applicable ordinances and resolutions of the COUNTY. In the event the COUNTY disapproves a proposed agreement(s) which is in accordance with existing PSC approved agreements and existing FPSC-approved service availability policy, then the COUNTY shall, to the extent consistent with Section 768.28, Fla. Stat., indemnify and hold UTILITY harmless for any and all liability, claims or damages made by any person, firm, corporation, public or private, arising out of the COUNTY's refusal to approve said agreement(s). Once a proposed agreement is approved by the COUNTY, the COUNTY shall accept the terms of the approved agreement subsequent to the Closing Date in accordance with its terms. The UTILITY shall not cause any agreement to be modified after the date of the execution of this Agreement without the prior written approval of COUNTY, which approval shall not be unreasonably withheld,

delayed or conditioned. Notwithstanding anything to the contrary set forth herein, the UTILITY need not obtain the COUNTY's approval to enter into developer or service agreements that (1) individually do not commit in excess of ten (10) equivalent residential connections ("ERCs") of water service capacity, (2) individually do not involve obligations in excess of \$5,000, and (3) that in the aggregate do not commit in excess of three hundred (300) ERCs of water service capacity.

22.3. Other Agreements. Except as expressly set forth in this Agreement, the COUNTY is not assuming any other agreements to which UTILITY is a party.

SECTION 23. NOTICES; PROPER FORM. Any notices required or allowed to be delivered hereunder shall be in writing and may either be (1) hand delivered, (2) sent by recognized overnight courier (such as Federal Express) or (3) mailed by certified or registered mail, return receipt requested, in a postage prepaid envelope, and addressed to a party at the address set forth opposite the party's name below, or at such other address as the party shall have specified by written notice to the other party delivered in accordance herewith:

COUNTY: Jim Lowry, County Administrator
MARION COUNTY
601 S.E. 25th Avenue
Ocala, FL 34471-2690

with a copy to: Thomas A. Cloud, Esquire
Special Counsel
Gray, Harris & Robinson, P.A.
201 East Pine Street, Suite 1200
Post Office Box 3068
Orlando, Florida 32802-3068

UTILITY: AP Utilities
3925 S.E. 45 Court
Suite E
Ocala, Florida 34480

with a copy to: Eugene Wiechens, Esquire
Landt, Wiechens, Trow & Lapeer
P.O. Box 2045
Ocala, Florida 34478

Notices personally delivered by hand or sent by overnight courier shall be deemed given on the date of delivery and notices mailed in accordance with the foregoing shall be deemed given three (30 days after deposit in the U.S. mail.

SECTION 24. ENTIRE AGREEMENT. This instrument constitutes the entire Agreement between the parties and supersedes all previous discussions, understandings, and agreements between the parties relating to the subject matter of this Agreement. This Agreement may not be changed, altered or modified except by an instrument in writing signed by the party against whom enforcement of such change would be sought.

SECTION 25. AMENDMENT. Amendments to and waivers to the provisions of this Agreement shall be made by the parties only in writing by formal amendment.

SECTION 26. DISCLAIMER OF THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the formal parties herein, and no right or cause of action shall accrue upon or by reason hereof, to or for the benefit of any third party not a formal party hereto.

SECTION 27. BINDING EFFECT. All of the provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the legal representatives, successors and nominees of the COUNTY and the UTILITY.

SECTION 28. TIME OF THE ESSENCE. Time is hereby declared of the essence in the performance of each and every provision of this Agreement.

SECTION 29. APPLICABLE LAW. This Agreement shall be construed, controlled, and interpreted according to the laws of the State of Florida.

SECTION 30. CORROBORATION OF PAYMENTS AFTER CLOSING. In each instance in which either the UTILITY or the COUNTY is to receive money from another party after the Closing Date pursuant to the provisions of this Agreement, the party who is entitled to receive the money under the terms of this Agreement shall have the right to inspect, at its own expense, those books and records of the other party as may be necessary to corroborate the accuracy of the amount of money received by the party, within thirty (30) days of receipt of payment. In the event the party making the inspection discovers an error in payment, the party making the payment shall promptly transfer the difference in payment to the party who is entitled to payment; provided, however, that to the extent that the error in payment is ten percent (10%) or more, then the party making payment shall, in addition to paying the shortfall, reimburse to the party making the inspection the reasonable costs of the inspection.

SECTION 31. RADON GAS. RADON IS A NATURALLY OCCURRING RADIOACTIVE GAS THAT, WHEN IT HAS ACCUMULATED IN A BUILDING IN SUFFICIENT QUANTITIES, MAY PRESENT HEALTH RISKS TO PERSONS WHO ARE EXPOSED TO IT OVER TIME. LEVELS OF RADON THAT EXCEED FEDERAL AND STATE GUIDELINES HAVE BEEN FOUND IN BUILDINGS IN FLORIDA. ADDITIONAL INFORMATION REGARDING RADON AND RADON TESTING MAY BE OBTAINED FROM YOUR COUNTY PUBLIC HEALTH UNIT.

SECTION 32. MISCELLANEOUS.

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

32.2. Except for the provisions of Section 5, Subsection 8.8 and Subsection 15.1 (1) hereof, in the event any term or provision of this Agreement be determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

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

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

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

SECTION 33. ASSIGNMENTS. The COUNTY and UTILITY agree that this Agreement may not be assigned, in whole or in part, by either party for one (1) year following the Closing Date; provided, however, that the COUNTY may assign this Agreement in whole without the UTILITY's consent at any time to any entity that is a municipal, governmental, quasi-governmental, cooperative, or non-profit authority or corporation so long as said authority or corporation is not operated as a for-profit entity.

SECTION 34. CONDITIONS PRECEDENT TO CLOSING. The following are conditions precedent to the Closing of the purchase and sale of the System under this Agreement by the COUNTY:

(1) COUNTY shall have completed public hearings under Section 125.3401, Florida Statutes, and made a determination that the acquisition of the System is in the public interest; and,

(2) COUNTY shall have received a firm commitment of financing for the purchase of the Assets from a lender acceptable to COUNTY on terms and conditions acceptable to COUNTY on or before the Closing Date; and,

(3) agreement on an accurate metes and bounds description of the Property on or before the Closing Date; and

(4) UTILITY having obtained and transferred to COUNTY any consumptive use permits necessary to the operation of the Systems by COUNTY.

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

ATTEST:

**BOARD OF COUNTY COMMISSIONERS
OF MARION COUNTY, FLORIDA**

David R. Ellspermann, Clerk

BY: _____
Parnell Townley, Chairman

FOR THE USE AND RELIANCE
OF MARION COUNTY ONLY.
APPROVED AS TO FORM

_____, 1999

Thomas A. Cloud, Esquire
Special Utility Counsel

Signed, sealed and delivered
in the presence of:

UTILITY:
AP UTILITIES, INC.

(x) _____

Name: _____

(x) _____

Name: _____

By: _____

President

[Corporate Seal]

COUNTY OF _____

The foregoing instrument was acknowledged before me this _____ day of
_____ 1999, by _____ of
AP UTILITIES, INC., a Florida corporation, on behalf of the corporation. He is personally
known to me or has produced _____
_____ as identification and did (did not) take an oath.

Signature of Person Taking Acknowledgment

Name of Acknowledger Typed, Printed or Stamped

Title or Rank

Serial Number, if any.

EXHIBIT 1

Legal Description of Real Property and Easements of the Utility

Real Property:

- 1) Raven Hill System - PWS 3421575
Lot 4 and 5, Block F, Book 5, Page 101
- 2) South Oak System - PWS 3424088
Lot 1, Block E, Book U, Page 89
- 3) Evergreen - Peppertree Village System - PWS 3424626
Lot 8, Block C, Book V, Page 66
- 4) South Ocala Industrial Park System - PWS 3424653
Tract B South Ocala Industrial Complex X-007

Easements:

- 1) Raven Hill System - None
- 2) South Oak System - None
- 3) Evergreen - Peppertree Village System - See Attachment 1 to this Exhibit 1
- 4) South Ocala Industrial Park System - None

EASEMENT

THESE PRESENTS:

O. J. SMILEY and his wife, JOAN SMILEY, Grantors, of Marion County, Florida, for the sum of TEN DOLLARS and other good and valuable considerations, the receipt and receipt of which is hereby acknowledged, do, hereby,

and set over unto MICHAEL D. BLAKE and AQUA PURE, Grantees, whose address is P.O. Box 1194

F. 3265 an easement over, across and beneath the described property situate in Marion County, Florida:

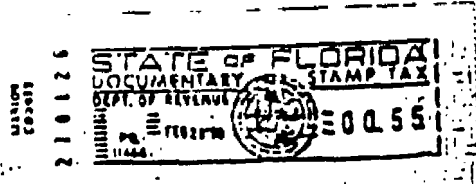
OLNEY
ANY OTHER

3 feet of the South 11 chains of the N.W. 1/4 N.W. 1/4 of Section 18, Township 15 South, Range 18 West, except the West 50 feet thereof for road-way and except the South 260 feet of the West 1/4 thereof.

The easement and privileges herein granted shall be used for the purpose of permitting the Grantees to install, maintain, replace, repair, use and improve an eight inch (8") pipe to an approximate depth of three feet (3) over and above-described property. The water line installed hereunder shall only be used for the transportation and distribution of water and no other materials.

The term, rights and privileges herein granted shall be in full force and effect for a term of seventy-five years (75) from date hereof. The rights and privileges granted herein are exclusive and the grantors covenant that they will not convey any other interest conflicting rights within the area covered by this easement. The Grantees shall not assign nor transfer their interest in this easement without the prior express written approval of the grantors.

The grantors retain, reserve and shall continue to enjoy the surface of the above property for any and all purposes and shall not interfere with and prevent the use by the Grantees of the above described Easement.



The Grantors acknowledge receipt of the sum of THREE THOUSAND AND NO/100 DOLLARS (\$3,000.00) and the Grantors shall be entitled to a free water hookup to their present residence. The Grantees shall restore the land to its original state prior to the installation of the above water line and repair any and all damage that may be caused to any fences or plants damaged or removed by the installation process.

TO HAVE AND TO HOLD the Easement, rights and privileges hereby granted unto MICHAEL D. BLAKE and AQUA PURE WATER COMPANY and their respective heirs, successors and assigns.

This Easement, and the rights and privileges herein granted, shall be binding upon, and inure to the benefit of, the heirs, executors, administrators, successors and assigns of each of the parties hereto.

IN WITNESS WHEREOF, the undersigned have set their hands and seals this 12th day of September, 1988.

Michael D. Blake
Witness

Fred J. Shiley
FRED J. SHILEY

William E. Parker
Witness

Joan Shiley
JOAN SHILEY

Marcelle L. Scott
Witness

Leon Patterson
Witness

STATE OF FLORIDA
COUNTY OF MARION

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared FRED J. SHILEY, to me known to the person described in and who executed the foregoing instrument, and he acknowledged before me that he executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 12th day of September, 1988.

William E. Parker
NOTARY PUBLIC - State of Florida at Large

My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA
BY COMMISSION EXP. APR. 18, 1992
BONDED UNDER GENERAL L.S. 580.

STATE OF FLORIDA
COUNTY OF MARION

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared JOAN SMILEY, to me known to the person described in and who executed the foregoing instrument, and she acknowledged before me that she executed the same.

WITNESS my hand and official seal in the County and State last aforesaid this 12th day of September, 1988.

William E. Fisher
NOTARY PUBLIC - State of
Florida at Large
My Commission Expires

NOTARY PUBLIC STATE OF FLORIDA
BY COMMISSION EXP. APR. 10, 1992
BOND \$10,000 GENERAL INV. UND.

EVERGREEN - PEPPERTREE VILLAGE SYSTEM - PWS 3424626

2 - 4" WELLS
2 - 7.5 HP WELL PUMPS
2 - 10 HP BOOSTER PUMPS
1 - 12,500 GALLON GROUND LEVEL STORAGE TANK
1 - 5,000 GALLON PRESSURE TANK
1 - GENERATOR 35 KW DIESEL - AUTO START
1 - BUILDING
2 - HYPOCHLORINATOR

8" WATER MAIN PVC 4,500 LF
6" WATER MAIN PVC 4,200 LF
4" WATER MAIN PVC 7,300 LF
2" WATER MAIN PVC 9,230 LF
8" GATE VALVES 3 EA
6" GATE VALVES 9 EA
4" GATE VALVES 9 EA
2" GATE VALVES 13 EA
ACTIVE SERVICES 262
UNOCCUPIED SERVICES 20
INACTIVE SERVICE 7

SOUTH OCALA INDUSTRIAL PARK SYSTEM

1 - 4" WELL
1 - 7.5 HP PUMP
1 - 500 GALLON PRESSURE TANK
1 - HYPOCHLORINATOR

4" WATER MAIN PVC 1,200 LF
ACTIVE SERVICES 14
UNOCCUPIED SERVICES 1

EXHIBIT 2

Assets including Plant, Inventory and Other Tangible Personalty and Fixtures

A.P. UTILITIES, INC.

3925 Southeast 45th Court Suite E · Ocala, Florida 34480-7431
352/694-7474

ASSETS AND EQUIPMENT

RAVEN HILL SYSTEM

2 - 6" WELLS
1 - 30 HP PUMP
1 - 25 HP PUMP
1 - 7,500 GALLON PRESSURE TANK
1 - 5,000 GALLON PRESSURE TANK
1 - GENERATOR 75 KW NATURAL GAS - AUTO START
1 - BUILDING
1 - HYPOCHLORINATOR

6" WATER MAIN PVC 4,080 LF } 20,420
4" WATER MAIN PVC 14,950 LF }
2" WATER MAIN PVC 7,390 LF }
6" GATE VALVES 6 EA } 52
4" GATE VALVES 26 EA }
2" GATE VALVES 20 EA }
ACTIVE SERVICES 293
UNOCCUPIED SERVICES 4

SOUTH OAK SYSTEM - PWS 3424088

2 - 8" WELLS
1 - 30 HP PUMP
1 - 25 HP PUMP
1 - 10,000 GALLON PRESSURE TANKS
1 - GENERATOR 75 KW L.P. - AUTO START
1 - BUILDING
1 - HYPOCHLORINATOR
1 - AIR COMPRESSOR

8" WATER MAIN PVC 3,125 LF
6" WATER MAIN PVC 4,372 LF
4" WATER MAIN PVC 20,250 LF
3" WATER MAIN PVC 5,700 LF
2" WATER MAIN PVC 7,230 LF
8" GATE VALVES 4 EA
6" GATE VALVES 9 EA
4" GATE VALVES 17 EA
3" GATE VALVES 8 EA
2" GATE VALVES 14 EA
ACTIVE SERVICES 380
UNOCCUPIED SERVICES 38

EXHIBIT 3

Certificates/Permits/Licenses/Governmental Approvals

State of Florida
Department of Environmental Protection
Central District

SANITARY SURVEY REPORT

Plant name Peppertree Village County Marion PWS ID 3424626
Plant location SE 3rd Place & SE 62 AVE Ocala, FL Phone 1
Owner name A.P. Utilities Inc. Phone 352 694-7474
Owner address 3925 SE 45 Court Suite E Contact person Philip Woods
This survey date 1/16/96 Last survey date 4/21/93 Last C.I. date 10/26/94

PWS TYPE

- Community
 Non-Community
 Non-Transient Non-Community

PWS STATUS

- Approved system w/ approval # & date:
WC42-229626 5-12-94
WC42-2058 10-18-82
 Unapproved system

SERVICE AREA CHARACTERISTICS:

2 subdivisions
Food Service: Yes No

OPERATION & MAINTENANCE

Certified operator: Yes No Not required
Operators & Certification Class-Number:
Len Tabor "C"-6649

O&M Log: Yes No
Operator visiting frequency: (Required/Actual)
Hrs/day Required Actual
Days/wk Required 3.6 Actual 6
Non-consecutive days? _____

MORs submitted regularly: Yes No
Any missing MOR data? No Yes: _____

Number of service connections 198
Population served 683 Basis 3.5
Average day (MOR) 68,900 GPD
Maximum day (MOR) 106,000 GPD
Maximum day design capacity .216 MGD
Comments _____

RAW WATER SOURCE

- Ground (How many wells? 2)
 Surface/UDI (source _____)
 Purchased from (PWS ID _____)
 Emergency water source -
Emergency water capacity _____

AUXILIARY POWER SOURCE (on wheels)

- (Required if ≥ 350 persons or > 150 service connections)
 Yes None Not required
Identify source diesel
Capacity of standby (kw) 35 Kw
Switchover: Auto Manual
Standby plan: Yes No
Hrs operated under load/month (w/) 4 hr mo
What equipment does it operate?
 well pump(s) _____ GPM
 high service pump(s) _____ GPM
 treatment equipment _____
Does it satisfy 1/2 max-day demand? _____

TREATMENT PROCESSES IN USE

Disinfection
What additional treatment is needed?
For control of what deficiencies?

DISTRIBUTION SYSTEM

- Flow measuring device:
 None meter elapsed timer N.A.
Flow meter capacity _____
Backflow prevention devices: Yes No
Cross-connections None observed
Written cross-connection program Yes
Coliform sampling plan: Yes No
Comments _____

GROUND WATER SOURCE

Well number	1	2	
drilled	1981	1981	
Depth drilled	198'	180'	
Drilling method	Rotary	Rotary	
Type of grout	Neat Cement	Neat Cement	
Static water level	66'	66'	
Pumping water level			
Design well yield			
Test yield			
Actual yield <small>(if different than rated capacity)</small>			
Strainer			
Length (outside casing)	81'	84.5'	
Diameter (outside casing)	4"	4"	
Material (outside casing)	Steel	Steel	
Well contamination history	UNK	UNK	
Is inundation of well possible?	NO	NO	
6'x 6'x 4" concrete pad	Yes	Yes	⇒ minor crack
SET	Septic tank	>100'	>100'
	Reuse water	—	—
BACKS	WW plumbing	>100'	>100'
	other sanitary hazard	None observed	None observed
PUMP	Type	Submersible	Submersible
	Manufacturer name	Sta-Rite	Sta-Rite
	Model number	—	—
	Rated capacity	95	95
	Motor HP	7.5	7.5
Well casing 12" above grade?	Yes	Yes	
Well casing sanitary seal	Yes	Yes	
Raw water sampling tap	Yes	Yes	
Above ground check valve	Yes	Yes	
Fence/housing	Yes	Yes	
Well vent protection	—	—	
COMMENTS			

Fill in only when there is no record on file.

CHLORINATION (Disinfection) 2 chlorinators

Type: Gas Hypo

Make Chem Tech Capacity 30 gal

Cl₂ feed rate _____

Avg. amount of Cl₂ gas used/day _____

Cl₂ residuals: Plant _____ Remote .6

Remote tap location _____

DPD test kit on site? Yes

Injection points Before Brownl Storage

Comments: _____

Chlorine Gas Use Requirements	Chlorine Gas Use Requirements		Comments
	Yes	No	
Dual system			
Auto-switchover			
Loss of chlorination capability alarm			
Scale			
Chained cylinders			
Reserve supply			
Aquate air-pak			
Sign of leaks			
Fresh ammonia			
Ventilation			
Room lighting			
Warning signs			
Repair kits			
Fitted wrench			
Housing/protection			
COMMENTS			

STORAGE FACILITIES

(G) ground (H) hydropneumatic (E) elevated
(B) bladder (C) clearwell

Tank type/number	G	H ₁	
Capacity (gal)	12,500	5000	
Material	See below	Steel	
Gravity drain	Yes	Yes	
By-pass piping	Yes	Yes	
Pressure gauge	—	Yes	
Sight glass / level indicator	—	Yes	
Fittings for sight glass	—	—	
Protected openings	Yes	Yes	
On/Off pressure	—	40/60	
Height to bottom of elev. tank	—	—	
Height to max. water level	—	—	
Access padlocked	Yes	Yes	
COMMENTS Recommend gasket * Polyethylene tank			

HIGH SERVICE PUMPS

Pump number	H _{s1}	H _{s2}	
Type	Centrifugal	Centrifugal	
Make	Aurora	Aurora	
Capacity Gpm	150	150	
Motor HP	10	10	
Date installed	—	—	
Maintenance	—	—	

AERATION (Gases, Fe, & Mn removal)

Type _____ Capacity _____

Aerator condition _____

Bloodworm presence _____

Visible algal growth _____

Protective screen condition _____

Comments _____

PWS ID 5424626
 Dat 1-24-94

COMPLIANCE MONITORING

CONTAMINANT	PWS Screen #	# Samples Required	C > 3300		C ≤ 3300	
			Frequency	Sample Date	Frequency	Sample Date
Microbiological (Bacte)	24	See Rules 17, 550, 518	monthly		monthly	12/95
Nitrate & Nitrite (as N)	30	1	annually		annually	2/28/95
Turbidity	26	1	3 years (Note 1)		3 years (Note 2)	—
Inorganics	30	1	3 years (Note 1)		3 years (Note 2)	7/25/94
Radionuclides	33	(Note 4)	3 years (Note 1)		3 years (Note 2)	10/28/94
Volatile Organics	28	1	(Note 1, 5)		(Note 2, 5)	2-28-95 Annual 97
Pesticides & PCBs	29	(Note 6)	3 years (Note 1)		3 years (Note 2)	3/7/90
Group HUCs	35	(Note 6)	None (Note 7)		None (Note 8)	12/1/94 O.K.
Group I UICs	34, 36, 37	(Note 10)	3 years (Note 1)		3 years (Note 2)	7-25-94 O.K.
Asbestos	30	(Note 10)	9 years (Note 12)		9 years (Note 13)	12/19/93 O.K.
Lead and copper	31	(Note 6)	3 years (Note 1)		3 years (Note 2)	7/25/94 O.K.
Secondary	27	1	Quarterly			
TTHM > 10,000 parts per	27	1				

See next page for description of italicized notes.

Abbreviations used: C = community water system
NTNC = non-transient non-community
NC = non-community

- NOTE 1** First year of each three year compliance period.
- NOTE 2** Second year of each three year compliance period.
- NOTE 3** Third year of each three year compliance period.
- NOTE 4** See Rule 17-550.519, F.A.C. - Compliance shall be based on the analysis of an annual composite of four consecutive quarterly samples or the average of the analysis of four samples obtained at quarterly intervals.
- NOTE 5** See Rule 17-550.515(1), F.A.C. - Each system shall take four consecutive quarterly samples during its assigned year of the first compliance period. If no contaminant is detected, the system will monitor annually during the next three year compliance period. If still no contaminants are detected, one sample shall be taken during each subsequent three year compliance period. If the initial monitoring for contaminants listed in Rule 17-550.310(2)(b), F.A.C., has been completed by December 31, 1992, and the system did not detect any contaminants, then one sample shall be taken annually beginning January 1, 1993.
- NOTE 6** 4 consecutive quarterly samples (credit will given for samples taken before January 1, 1993).
- NOTE 7** First year of the first three year compliance period beginning January 1, 1993.

- NOTE 8** Second year of the first three year compliance period beginning January 1, 1993.
- NOTE 9** Third year of the first three year compliance period beginning January 1, 1993.
- NOTE 10** See Rule 17-550.521(3), F.A.C. - C and NTNC systems with less than 150 service connections should notify the Department that their system is available for testing. Do not send samples to the Department. If the Department determines that the system must take samples for UOCs, it will notify the owner. The samples will be taken at the system's expense. Reference Rule 17-550.410, F.A.C.
- NOTE 11** See Rule 17-550.511(4), F.A.C. - A system without asbestos-containing components, and which has no free asbestos in its source water, shall certify to the Department in writing that it is asbestos free. Certification shall satisfy subsections (1), (2), and (3) of this rule, and shall be submitted each nine-year compliance cycle during the specified year the system is required to monitor.

- NOTE 12** First year of each nine year compliance period.
- NOTE 13** Second year of each nine year compliance period.
- NOTE 14** Third year of each nine year compliance period.
- NOTE 15** Contact local DER or ACPHU, or FRWA.

MONITORING VIOLATIONS		MCL VIOLATIONS	

DEFICIENCIES: (See cover letter for recommended actions)

- ① NO Gasket on hatch
- ② NO Sampling Plan

Inspector George Aronys

Title Engineer

Date 1/29/96

Approved by Paul J. Monari

Title Environmental Manager Date 1/30/96

State of Florida
Department of Environmental Protection
Central District

SANITARY SURVEY REPORT

Plant name Raven Hill S/O County Marion PWS ID 3421575
Plant location SE 26 Ct. & SE 34th Ocala, FL Phone 1
Owner name A.P. Utilities Inc Phone 9041694-7474
Owner address 3925 SE 45th Ct. Suite E Contact person Philip Woods
This survey date 1/16/196 Last survey date 4/21/193 Last C.I. date 10/26/194

PWS TYPE

- Community
 Non-Community
 Non-Transient Non-Community

PWS STATUS

- Approved system w/ approval # & date:
WC42-2018 - 3/27/79
 Unapproved system

SERVICE AREA CHARACTERISTICS:

Residential
Food Service: Yes No

OPERATION & MAINTENANCE

Certified operator: Yes No Not required
Operators & Certification Class-Number:
Len Tabor 2" 6649

O&M Log: Yes No
Operator visiting frequency: (Required/Actual)
Hrs/day Required Actual
Days/wk Required 6 Actual 6
Non-consecutive days? _____

MORs submitted regularly: Yes No
Any missing MOR data? No Yes: _____

Number of service connections 291
Population served 1018 Basis 3.5
Average day (MOR) 115,500 GPD
Maximum day (MOR) 161,000 GPD
Max-day design capacity .417 MGD
Comments _____

RAW WATER SOURCE

- Ground (How many wells? 2)
 Surface/UDI (source _____)
 Purchased from (PWS ID _____)
 Emergency water source -
Emergency water capacity _____

AUXILIARY POWER SOURCE

- (Required if ≥ 350 persons or > 150 service connections)
 Yes None Not required
Identify source Natural Gas
Capacity of standby (kw) 75
Switchover: Auto Manual
Standby plan: Yes No
Hrs operated under load/mo(wk)? 4hr/mo.
What equipment does it operate?
 well pump(s) _____ GPM
 high service pump(s) _____ GPM
 treatment equipment _____
Does it satisfy 1/2 max-day demand? Yes

TREATMENT PROCESSES IN USE

disinfection
What additional treatment is needed?

For control of what deficiencies?

DISTRIBUTION SYSTEM

- Flow measuring device:
 None meter elapsed timer N.A.
Flow meter capacity _____
Backflow prevention devices: Yes No
Cross-connections None observed
Written cross-connection program Yes
Coliform sampling plan: Yes No
Comments _____

GROUND WATER SOURCE

Well number		1	2
Year drilled*		1979	1981
Depth drilled*		221'	190'
Drilling method*		Cable	Cable
Type of grout*		UNK	unk
Static water level*			
Pumping water level*			
Design well yield*			
Test yield*			
Actual yield <small>or different than rated capacity*</small>			
Strainer*			
Length (outside casing)*		126'	126'
Diameter (outside casing)		6"	6"
Material (outside casing)		Steel	Steel
Well contamination history		UNK	UNK
Is inundation of well possible?		NO	NO
x 6' x 4" concrete pad		Yes	Yes
SET	Septic tank	>100	>100
	Reuse water		
BACKS	WW plumbing	>100	>100
	other sanitary hazard	None observed	None observed
PUMP	Type	Submersible	Submersible
	Manufacturer name	Sta-Rite	Sta-Rite
	Model number		
	Rated capacity Gpm	350	230
	Motor HP	30	25
Well casing 12" above grade?		O.K.	O.K.
Well casing sanitary seal		O.K.	O.K.
Raw water sampling tap		Yes	Yes
Above ground check valve		Yes	Yes
Fence/housing		Yes	Yes
Well vent protection		—	—
COMMENTS			

* Fill in only when there is no record on file.

CHLORINATION (Disinfection)

Type: Gas Hypo
 Make Chem-Tech Capacity 30 Gpd
 Cl₂ feed rate _____
 Avg. amount of Cl₂ gas used/day _____
 Cl₂ residuals: Plant _____ Remote .8
 Remote tap location _____
 DPD test kit on site? Yes
 Injection points Before PIT
 Comments: _____

Chlorine Gas use Requirements	Requirements		Comments
	Yes	No	
Dual system			
Auto-switchover			
Loss of disinfection capability alarm			
Scale			
Chained cylinders			
Reserve supply			
Adequate air-pak			
Sign of leaks			
Fresh ammonia			
Ventilation			
Room lighting			
Warning signs			
Repair kits			
Fitted wrench			
Housing/protection			
COMMENTS			

STORAGE FACILITIES

(G) ground (H) hydropneumatic (E) elevated
 (B) bladder (C) clearwell

Tank type/number	H ₁	H ₂	
Capacity (gall)	7,500	5,000	
Material	steel	steel	
Gravity drain	Yes	Yes	
By-pass piping	Yes	Yes	
Pressure gauge	Yes	Yes	
Sight glass / level indicator	Yes	Yes	
Fittings for sight glass	—	—	
Protected openings	Yes	Yes	
On/Off pressure	40/60	40/60	
Height to bottom of elev. tank	—	—	
Height to max. water level	—	—	
Access padlocked	Yes	Yes	
COMMENTS			

AERATION (Gases, Fe, & Mn removal)

Type _____ Capacity _____
 Aerator condition _____
 Pinworm presence _____
 Visible algal growth _____
 Protective screen condition _____
 Comments: _____

HIGH SERVICE PUMPS

Pump number			
Type			
Make			
Model			
Capacity			
Motor HP			
Date installed			
Maintenance			
Comments:			

PWS ID 121575
 Date 1-25-96

COMPLIANCE MONITORING								
CONTAMINANT	PWS Screen #	# Samples Required	C > 3300			C ≤ 3300		
			Frequency	Sample Date	Due Date	Frequency	Sample Date	Due Date
Microbiological (Bacte)	24	See Rule 17-550.518	monthly			monthly	12/95	O.K
Nitrate & Nitrite (as N)	30	1	annually			annually	2-28-95	96
Turbidity	26	1	3 years (Note 1)			3 years (Note 2)	/	/
Inorganics	30	1	3 years (Note 1)			3 years (Note 2)	7/21/94	97
Radionuclides	33	(Note 4)	3 years (Note 1)			3 years (Note 2)	7/21/94	97
Volatile Organics	28	1	(Note 1,5)			(Note 2,5)	2-28-95	O.K
Pesticides & PCBs	29	(Note 6)	3 years (Note 1)			3 years (Note 2)	4/9/92	1st of 17
Group I UOCs	35	(Note 6)	None (Note 7)			None (Note 8)	11-28-94	97
		(Note 10)	-			-		
Group II UOCs	34, 36, 37	1	3 years (Note 1)			3 years (Note 2)	4/22/94	97
		(Note 10)	-			-		
Asbestos	30	1 (Note 11)	9 years (Note 12)			9 years (Note 13)	12/19/93	2001
Lead and copper		(Note 15)						
Secondary	31	1	3 years (Note 1)			3 years (Note 2)	7/21/94	97
TTHM > 10,000 persons	27	4	Quarterly					

See next page for description of italicized notes.

Abbreviations used: C = community water system
NTNC = non-transient non-community
NC = non-community

NOTE 1 First year of each three year compliance period.

NOTE 2 Second year of each three year compliance period.

NOTE 3 Third year of each three year compliance period.

NOTE 4 See Rule 17-550.519, F.A.C. - Compliance shall be based on the analysis of an annual composite of four consecutive quarterly samples or the average of the analysis of four samples obtained at quarterly intervals.

NOTE 5 See Rule 17-550.515(1), F.A.C. - Each system shall take four consecutive quarterly samples during its assigned year of the first compliance period. If no contaminant is detected, the system will monitor annually during the next three year compliance period. If still no contaminants are detected, one sample shall be taken during each subsequent three year compliance period. If the initial monitoring for contaminants listed in Rule 17-550.310(2)(b), F.A.C., has been completed by December 31, 1992, and the system did not detect any contaminants, then one sample shall be taken annually beginning January 1, 1993.

NOTE 6 4 consecutive quarterly samples (credit will given for samples taken before January 1, 1993).

NOTE 7 First year of the first three year compliance period beginning January 1, 1993.

NOTE 8 Second year of the first three year compliance period beginning January 1, 1993.

NOTE 9 Third year of the first three year compliance period beginning January 1, 1993.

NOTE 10 See Rule 17-550.521(3), F.A.C. - C and NTNC systems with less than 150 service connections should notify the Department that their system is available for testing. Do not send samples to the Department. If the Department determines that the system must take samples for UOCs, it will notify the owner. The samples will be taken at the system's expense. Reference Rule 17-550.410, F.A.C.

NOTE 11 See Rule 17-550.511(4), F.A.C. - A system without asbestos-containing components, and which has no free asbestos in its source water, shall certify to the Department in writing that it is asbestos free. Certification shall satisfy subsections (1), (2), and (3) of this rule, and shall be submitted each nine-year compliance cycle during the specified year the system is required to monitor.

NOTE 12 First year of each nine year compliance period.

NOTE 13 Second year of each nine year compliance period.

NOTE 14 Third year of each nine year compliance period.

NOTE 15 Contact local DER or ACPHU, or FRWA.

State of Florida
Department of Environmental Protection
Central District

SANITARY SURVEY REPORT

Plant name South Ocala Ind. Park County Marion PWS ID 3424633
Plant location SE 38th Place Ocala, FL Phone 904 1694-7474
Owner name A.P. Utilities Phone 904 1694-7474
Owner address 3925 SE 45th CT Suite E Contact person Philip Woods
This survey date 1/16/96 Last survey date 4/21/93 Last C.I. date 10/26/94

PWS TYPE

- Community
 Non-Community
 Non-Transient Non-Community

PWS STATUS

- Approved system w/ approval # & date:
AS BUILT

- Unapproved system

SERVICE AREA CHARACTERISTICS:

Industrial Park

Food Service: Yes No

OPERATION & MAINTENANCE

Certified operator: Yes No Not required
Operators & Certification Class-Number:
Len Tabor "C" - 6649

O&M Log: Yes No

Operator visiting frequency: (Required/Actual)
Hrs/day Required Actual
Days/wk Required 3 Actual 3
Non-consecutive days? _____

MORs submitted regularly: Yes No
Any missing MOR data? No Yes: _____

Number of service connections 13
Population served 50 Basis _____
Average day (MOR) 3,622 GPD
Maximum day (MOR) 27,000 GPD
Monthly design capacity 32,400 GPD
Comments _____

RAW WATER SOURCE

- Ground (How many wells? 1)
 Surface/UDI (source _____)
 Purchased from (PWS ID _____)
 Emergency water source -
Emergency water capacity _____

AUXILIARY POWER SOURCE

(Required if ≥ 350 persons or > 150 service connections)

- Yes None Not required

Identify source _____

Capacity of standby (kw) _____

Switchover: Auto Manual

Standby plan: Yes No

Hrs operated under load/mo(wk)? _____

What equipment does it operate?

- well pump(s) _____ GPM
 high service pump(s) _____ GPM
 treatment equipment _____

Does it satisfy 1/2 max-day demand? _____

TREATMENT PROCESSES IN USE

Disinfection

What additional treatment is needed? _____

For control of what deficiencies? _____

DISTRIBUTION SYSTEM

Flow measuring device:

- None meter elapsed timer N.A.

Flow meter capacity _____

Backflow prevention devices: Yes No

Cross-connections None observed

Written cross-connection program Yes

Coliform sampling plan: Yes No

Comments _____

WELL WATER SOURCE

Well number	1		
How drilled*	UNK		
Depth drilled*	180'		
Drilling method*	Combo		
Type of grout*	Neat Cement		
Static water level*	42'		
Pumping water level*	-		
Design well yield*	-		
Test yield*	-		
Actual yield (if different than rated capacity)*	-		
Strainer*	-		
Length (outside casing)*	134'		
Diameter (outside casing)	4"		
Material (outside casing)	Steel		
Well contamination history	UNK		
Is inundation of well possible?	NO		
6' x 6' x 4" concrete pad	YES		
SET	Septic tank	> 100'	
	Reuse water	-	
BACKS	WW plumbing	> 100'	
	other sanitary hazard	None observed	
PUMP	Type	Submersible	
	Manufacturer name	Sta-Rite	
	Model number		
	Rated capacity (gpm)	45	
	Motor HP	3	
Well casing 12" above grade?	O.K.		
Well casing sanitary seal	O.K.		
Raw water sampling tap	YES		
Above ground check valve	YES		
Well enclosure/housing	YES		
Well vent protection	-		

COMMENTS

Fill in only when there is no record on file.

CHLORINATION (Disinfection)

Type: Gas Hypo
 Tank Chem-Tech Capacity 30 Gpd
 Feed rate _____
 Avg. amount of Cl₂ gas used/day _____
 Cl₂ residuals: Plant _____ Remote 1.5
 Remote tap location _____
 DPD test kit on site? yes
 Injection points _____
 Comments: _____

Chlorine Gas use Requirements	Chlorine Gas use		Comments
	Yes	No	
Dual system			
Auto-switchover			
Loss of chlorination capability alarm			
Scale			
Chained cylinders			
Reserve supply			
Adequate air-pak			
Sign of leaks			
Fresh ammonia			
Ventilation			
Room lighting			
Warning signs			
Repair kits			
Fitted wrench			
Housing/protection			
COMMENTS			

STORAGE FACILITIES

(G) ground (H) hydropneumatic (E) elevated (B) bladder (C) clearwell

Tank type/number	<u>H</u>		
Capacity (gal)	<u>1000</u>		
Material	<u>Steel</u>		
Gravity drain	<u>yes</u>		
By-pass piping	<u>yes</u>		
Pressure gauge	<u>yes</u>		
Sight glass / level indicator	<u>yes</u>		
Fittings for sight glass	<u>-</u>		
Protected openings	<u>-</u>		
On/Off pressure	<u>40/60</u>		
Height to bottom of elev. tank	<u>-</u>		
Height to max. water level	<u>-</u>		
Access padlocked	<u>yes</u>		
COMMENTS			

AERATION (Gases, Fe, & Mn removal)

Type _____ Capacity _____
 Aerator condition _____
 Bloodworm presence _____
 Visible algal growth _____
 Protective screen condition _____
 Comments _____

HIGH SERVICE PUMPS

Pump number			
Type			
Make			
Model			
Capacity			
Motor HP			
Date installed			
Maintenance			
Comments:			

PWS ID 3424653
 Date 25-96

COMPLIANCE MONITORING								
CONTAMINANT	PWS Screen #	# Samples Required	NTNC			NC		
			Frequency	Sample Date	Due Date	Frequency	Sample Date	Due Date
Microbiological (Bacte)	24	See Rule 17-550.518	monthly	12/95	1/96	monthly (> 1000 persons)	/	
						quarterly (≤ 1000 persons)		
Nitrate & Nitrite (as N)	30	1	annually	2-23-95	96	annually		
Turbidity	26	1	3 years (Note 3)	/	/	1 time sampling		
Inorganics	30	1	3 years (Note 3)	2-23-95	O.K.			
Radionuclides	33	(Note 4)	3 years (Note 3)	11-16-95	O.K.			
Volatile Organics	28	1	(Note 3,5)	2-23-95	O.K.			
Pesticides & PCBs	29	(Note 6)	3 years (Note 3)	2-23-95	O.K.			
Group I UOCs	35	(Note 6)	None (Note 9)	7-27-93	Waiver			
		(Note 10)	-					
Group II UOCs	34, 36, 37	1	3 years (Note 3)	7/27/93	Waiver			
		(Note 10)	-					
Asbestos	30	1 (Note 11)	9 years (Note 14)	O.K.	Waiver			
Lead and copper		(Note 15)						
Secondary	31	1						
TTHM > 10,000 persons	27	4						

See next page for description of italicized notes.

Abbreviations used: C = community water system
NTNC = non-transient non-community
NC = non-community

NOTE 1 First year of each three year compliance period.

NOTE 2 Second year of each three year compliance period.

NOTE 3 Third year of each three year compliance period.

NOTE 4 See Rule 17-550.519, F.A.C. - Compliance shall be based on the analysis of an annual composite of four consecutive quarterly samples or the average of the analysis of four samples obtained at quarterly intervals.

NOTE 5 See Rule 17-550.515(1), F.A.C. - Each system shall take four consecutive quarterly samples during its assigned year of the first compliance period. If no contaminant is detected, the system will monitor annually during the next three year compliance period. If still no contaminants are detected, one sample shall be taken during each subsequent three year compliance period. If the initial monitoring for contaminants listed in Rule 17-550.310(2)(b), F.A.C., has been completed by December 31, 1992, and the system did not detect any contaminants, then one sample shall be taken annually beginning January 1, 1993.

NOTE 6 4 consecutive quarterly samples (credit will given for samples taken before January 1, 1993).

NOTE 7 First year of the first three year compliance period beginning January 1, 1993.

NOTE 8 Second year of the first three year compliance period beginning January 1, 1993.

NOTE 9 Third year of the first three year compliance period beginning January 1, 1993.

NOTE 10 See Rule 17-550.521(3), F.A.C. - C and NTNC systems with less than 150 service connections should notify the Department that their system is available for testing. Do not send samples to the Department. If the Department determines that the system must take samples for UOCs, it will notify the owner. The samples will be taken at the system's expense. Reference Rule 17-550.410, F.A.C.

NOTE 11 See Rule 17-550.511(4), F.A.C. - A system without asbestos-containing components, and which has no free asbestos in its source water, shall certify to the Department in writing that it is asbestos free. Certification shall satisfy subsections (1), (2), and (3) of this rule, and shall be submitted each nine-year compliance cycle during the specified year the system is required to monitor.

NOTE 12 First year of each nine year compliance period.

NOTE 13 Second year of each nine year compliance period.

NOTE 14 Third year of each nine year compliance period.

NOTE 15 Contact local DER or ACPHU, or FRWA.

EXHIBIT 4
Certificated Service Areas
DESCRIPTION OF RAVEN HILL SYSTEM

THIS SYSTEM LIES WITHIN PORTIONS OF SECTION 27 AND 28, TOWNSHIP 15 SOUTH, RANGE 22 EAST; FURTHER DESCRIBED HEREINAFTER AS THE NORTH ½ OF THE SE ¼ OF SECTION 28, AND COMMENCE AT THE NW CORNER OF THE SW ¼ OF SECTION 27 DEFINED AS THE POINT OF BEGINNING, THENCE RUN NORTH 89°45'31" EAST 848.76 FEET, THENCE SOUTH 00°05'02" EAST 1051.62 FEET, NORTH 89°16'11" EAST 1131.68 FEET, THENCE SOUTH 00°40'20" EAST 1529 FEET, THENCE SOUTH 89°16'11" WEST A DISTANCE 1697.92 FEET; THENCE NORTH 00°04'16" WEST 2634.67 FEET TO THE POINT OF BEGINNING.

DESCRIPTION OF SOUTH OAK SYSTEM

THIS SYSTEM LIES WITHIN PORTIONS OF SECTION 34 AND 35, TOWNSHIP 15 SOUTH, RANGE 22 EAST; FURTHER DESCRIBED AS HEREINAFTER; AS SE ¼ OF SECTION 34, AND THE SW ¼ OF SECTION 35.

DESCRIPTION OF PEPPERTREE/EVERGREEN SYSTEM

THIS SYSTEM LIES WITHIN A PORTION OF SECTION 24, TOWNSHIP 15 SOUTH, RANGE 22 EAST, AND SECTION 18, TOWNSHIP 15 SOUTH, RANGE 23 EAST, AND FURTHER DESCRIBED AS HEREINAFTER; NW ¼ OF THE SE ¼ OF SECTION 24 AND THE EAST ½ OF THE NE ¼ OF SECTION 24, AND THE NW ¼ OF THE SE ¼ OF SECTION 18, AND THE AREA DESCRIBED AS FOLLOWS: BEGIN AT THE SW CORNER OF THE N ½ OF THE SW ¼ OF SECTION 18, THENCE NORTH 00°01'32" EAST 661.76 FEET, THENCE S 88°26'24" EAST 1858.46 FEET, THENCE SOUTH 00°17'42" WEST 509.42 FEET, THENCE NORTH 88°66'31" WEST TO THE "POINT OF BEGINNING."

DESCRIPTION OF SOUTH OCALA INDUSTRIAL PARK

THIS SYSTEM LIES WITHIN A PORTION OF SECTION 35, TOWNSHIP 15 SOUTH, RANGE 22 EAST AND FURTHER DESCRIBED AS HEREINAFTER: COMMENCE AT THE SE CORNER OF THE NE ¼ OF THE NE ¼ OF SAID SECTION, THENCE SOUTH 89°27'43" WEST 679.73 FEET, THENCE NORTH 19°39'17" WEST 144.68 FEET, THENCE NORTH 24°22'10" WEST 301.50 FEET, THENCE SOUTH 64°29'05" WEST 147.33 FEET, THENCE NORTH 24°22'10" WEST 288.46 FEET, THENCE NORTH 33°53'22" EAST 424.65 FEET, THENCE SOUTH 59°32'25" EAST 363.95 FEET, THENCE SOUTH 34°21'00" WEST 111.23 FEET, THENCE SOUTH 55°39'00" EAST 404.45 FEET, THENCE NORTH 54°08'04" EAST 85.53', THENCE NORTH 55°36'51" WEST 425.83 FEET, THENCE SOUTH 00°21'00" EAST 161.16 FEET TO THE "POINT OF BEGINNING".

EXHIBIT 5

List of Existing Systems Developer Contracts, Service Contracts, and Vendor Agreements

- 1) Raven Hill System - None
- 2) South Oak System - None
- 3) Evergreen - Peppertree Village System - None
- 4) South Ocala Industrial Park System - None

