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COMMISSION CLERK

Water and Wastewater Utility Operations, Maintenance, Engineering, Management

May 20, 2004

Division of Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

DISTRIBUTION CENTER
04 MAY 21 AM 9:00

RE: Docket No: 030458-WU
Holiday Utility Company, Inc / Pasco County
Application for Majority Control and amendment
Certificate No. 222-W

Dear Commission:

Please find the information below and items enclosed in response to your letter dated April 19, 2004:

Deficiencies:

CMP _____ **Item 1:** Per previous correspondence from our office dated May 19, 2004, please find 99 year lease agreement recorded in the county records with requested multiple copies. Title insurance remains pending.

COM _____
CTR _____
ECR _____ You may contact me at 727-848-8292 ext.223 , 727-639-5522 cell phone or by email at VPenick@uswatercorp.com if clarification is required.

GCL _____
OPC _____
MMS _____
RCA _____
SCR _____
SEC _____
JTH _____
JTH cover ltr

Respectfully,

Victoria Penick
Administrative Services Director

4939 Cross Bayou Boulevard * New Port Richey, Florida * 34652
Tel: 727-848-8292 * Fx: 727-848-7701 * Toll Free: 866-753-8292

DOCUMENT NUMBER-DATE

05842 MAY 21 3

FPSC-COMMISSION CLERK



LAND LEASE AGREEMENT

This agreement made as of the 1st day of May 2003 is between **Holiday Waterworks Corporation** (hereinafter called **The Owner**) and **Holiday Utility Company, Inc.** (hereinafter called **The Utility**). The Owner leases to The Utility the right to withdraw water from the water supply facilities on the property located within the Anclote Section of the Utility System per Exhibit A, and Owned by Holiday Waterworks Corporation, under the following conditions:

TERM: 1. The initial term of this lease shall be **99 (ninety nine) years**, beginning **May 1st, 2003**, and ending **Noon April 30th, 2102**.

POSSESSION: 2. If there is a delay in delivery of possession by Owner, rent shall be abated on a daily basis until possession is granted. If possession is not granted within seven (7) days after the beginning day of initial term, then The Utility may void this agreement and have full refund of any deposit. Owner shall not be liable for damages for delay in possession.

LEASE: 3. Land Lease shall be payable by The Utility to The Owner at the rate of **Fourteen Thousand Four Hundred and 00/100 Dollars, (\$14,400.00) annually** with applicable sales tax with lawful money of the United States. Annual base rate will increase on the anniversary date each year of the lease by rate of each annual Consumer Price Index as listed by the United States Government Department of Labor. The lease shall be payable monthly in advance. During year one, lease is payable at a rate of **One Thousand Two Hundred and 00/100 Dollars (\$1,200.00) per month** and an additional amount is due totaling **Seventy Two 00/100 Dollars (\$72.00) per month** for applicable 6% Florida State Sales Tax. The Utility agrees to pay \$35 for each dishonored check. This lease is identified as a "Net/Net" lease and the Utility is responsible for all costs associated with said land including but not limited to Property Taxes, Special City, County or State assessments, Insurances, etc.

CANCELLATION: 5. If the lease payment called for in paragraph 3 hereof has not been paid by the tenth (10th) of the month, then The Owner shall automatically and immediately have the right to cancel this agreement with notice of intent provided to the Utility allowing a grace period of fifteen (15) days.

INDEMNIFICATION 6. The Utility agrees to indemnify The Owner against damage to the land leased by the utility and for The Utility's fulfillment of the conditions of this agreement, as well as personal injury to the public and provide liability insurance listing Owner as additionally insured.

RENEWAL TERM: 7. It is the intent of both parties that this lease is for a period of **Ninety Nine (99) Years** and that the last month's rent will apply only to the last month of the lease period. Should this lease be breached by The Utility, The Utility will owe rent through the last month of a five year period from the date of the breach.

SUBLET: 8. The Utility may not sublet or assign this lease without written consent of The Owner.

FIRE AND CASUALTY: 10. If land or wells become unusable by reason of fire, explosion, or by other casualty, The Owner may, at its option, terminate rental agreement or repair damages within 30 days. If The Owner does not do repairs within this time or if well structures are fully destroyed, the rental agreement hereby created shall be prorated from the date of the fire, explosion, or other casualty to the date of reoccupancy. The date of reoccupancy shall be the date of notice that residence is ready for occupancy.

HOLD OVER: 11. The Utility shall deliver possession of the land and any improvements thereon, in good order and repair to The Owner upon termination or expiration of this agreement.

DOCUMENT NUMBER-DATE

05842 MAY 21 03

FPSC-COMMISSION CLERK

Rcpt: 784371 Rec: 24.00
DS: 0.00 IT: 0.00
05/20/04 Dpty Clerk

JED PITTMAN, PASCO COUNTY CLERK
05/20/04 03:14pm 1 of 5
OR BK 5863 PG 678

RIGHT OF ACCESS:

12. The Owner and its representatives shall have the right of access to leased property for inspection, repair or maintenance, at any time. The Owner has the right to utilize the property by any means that does not interfere with The Utility's intended use of well water withdrawal, well operations, well maintenance or well enclosure maintenance. In case of emergency, The Owner may enter the premises at any time to protect life and prevent damage to the property.

USE:

13. This agreement shall secure to the utility the right to withdraw water from the land referenced herein via water wells existing on said property. Said land shall not be occupied under any circumstances by The Utility. The land shall be used so as to comply with all state, county, and municipal laws and ordinances. The Utility shall not use land or permit it to be used for any disorderly or unlawful purpose or in any manner so as to interfere with preservation of the land, the wells, or any improvements thereof.

PROPERTY LOSS:

14. The Owner shall be held harmless and shall not be liable for damage to any property of any type associated with or belonging to The Utility, for any reason or cause whatsoever.

CONDEMNATION:

15. In the event that the property covered by this Lease is taken in whole or in part by condemnation proceedings or eminent domain, or in the event that Lessor and Lessee shall convey all or a part of said premises in avoidance or settlement or threat of such proceedings, at the time of taking of physical possession by the actual or proposed condemnor, the rent therefor shall abate in proportion to the value of the part condemned bears to the value of the rights assigned by this lease and access to premises. If the ability of the utility to continue to use the property for the purpose intended in this lease is not diminished, the lease will continue at full value.

FURTHER INDEMNIFICATION:

16. The Utility releases The Owner from liability for and agrees to indemnify The Owner against losses incurred by The Utility as a result of (a) The Utility's failure to fulfill any condition of this agreement; (b) any damage or injury happening on or about the property or premises to the general public or The Utility's invitees or licensees; (c) The Utility's failure to comply with any requirements imposed by any governmental authority; (d) any judgment, lien, or other encumbrance filed against property as a result of The Utility's action.

FAILURE OF MANAGEMENT TO ACT:

17. Failure of Owner to insist upon compliance with the terms of this agreement shall not constitute a waiver of any violation.

REMEDIES CUMULATIVE:

18. All remedies under this agreement or by law or equity shall be cumulative. If a suit for any breach of this agreement establishes a breach by either party, each party shall be responsible for its own expense, and all expenses incurred in connection representation, including but not limited to filings, legal counsel, arbitration or mediation.

NOTICES:

19. Any notice required by this agreement shall be in writing and shall be delivered personally or mailed by registered or certified mail.



The Owner:
Holiday Waterworks Corporation
4939 Cross Bayou Boulevard
New Port Richey, FL 34652

The Utility:
Holiday Utility Company, Inc.
PO Box 398
New Port Richey, FL 34652

REPAIRS:

20. The Utility will make necessary repairs to the wells to maintain proper operation. The Utility shall make all necessary repairs to the well buildings and keep premises in a safe, clean, and sanitary condition. The Utility shall make contact with all repair or service people and will be responsible for paying all charges associated with same. The Utility may not remodel or paint or structurally change, nor remove any fixture or piece of equipment there from land or buildings thereon without written permission from the Owner. All improvements shall become the property of the Owner.

ABANDONMENT:

21. The Utility shall not remove or attempt to remove property from the premises, other than in the usual course of continuing occupancy, without permission of The Owner. The Owner shall have the right to store or dispose of any of The Utility's property remaining on the premises after the termination of this agreement. Any such property shall be considered The Owner's property and title thereto shall vest in The Owner. No changes shall be made to any structure or wells on the premises without written permission of the owner.

**RULES AND
CLARIFICATIONS:**

22. (a) **Signs:** The Utility shall not display any signs, exterior lights, or markings. No awnings or other projections shall be attached to the outside of the building without permission of The Owner.
- (b) **Locks:** It is noted that The Utility must have control of the property and subsequent wells in order to meet regulatory guidelines that cover Utility Operation in Florida. Owner shall have access to the property during inspections arranged with the Utility and with Utility personnel present. All keys must be presented to The Owner of the premises upon termination of the occupancy.
- (c) **Entrances, walks, lawns, and driveways** shall not be obstructed or used for any purpose other than ingress and egress.
- (d) **Radio or television aerials** shall not be placed or erected on the roof or exterior of the well houses or on the land.
- (e) **Parking:** Non-operative vehicles are not permitted on premises. Any such non-operative vehicle may be removed by The Owner at the expense of The Utility owning same, for storage or public or private sale, at The Owner's option, and The Utility owning same shall have no right of recourse against The Owner therefore.
- (f) **Storage:** No goods or materials of any kind or description which are combustible or would increase fire risk or shall in any way increase the fire insurance rate with respect to the premises or any law or regulation, may be taken or placed in a storage area or the land itself. Storage in all such areas shall be at The Utility's risk and The Owner shall not be responsible for any loss or damage.
- (g) No changes to land or buildings contained thereon, will be permitted without permission of The Owner.
- (h) Any improvements to said premises shall become property of the owner.
- (i) Cost of operation of the wells including but not limited to Licensed Utility Operations, Chemicals required and maintenance cost of pumping equipment and wells, is the responsibility of The Utility.

**ENTIRE
AGREEMENT:**

23. This agreement and any attached addendum constitute the entire agreement between the parties and no oral statements shall be binding. It is the intention of the parties herein that if any part of this lease agreement is invalid, for any reason, such invalidity shall not void the remainder of the lease agreement.

SUCCESSORS:

24. This Lease shall be binding upon and shall enure to the benefit of the parties hereto, their assigns, heirs, successors and personal representatives.

REMEDIES OF DEFAULT:

25. Should there be a default, discrepancy of definition or circumstance that cannot be resolved between Lessee and Lessor, mediation through arbitration will be required. Venue will be held in Pasco County, Florida. Both Lessor and Lessee with select separate mediators, who will then select a third mediator unfamiliar with Lessor and Lessee. Lease payment shall continue during the mediation period and shall be paid to Lessor as scheduled.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be signed in person the day and year first above written.

Accepted by: [Signature]
OWNER - Holiday Waterworks Corporation
Print: Gary Deremer
Title: Pres.
Witness: [Signature]

Accepted by: [Signature]
THE UTILITY - Holiday Utility Company, Inc.
Print: Gary Deremer
Title: President
Witness: [Signature]

OWNER Notary:
State of Florida
County of Pasco

The foregoing instrument was acknowledged before me this 1st of May, 2003 by Gary Deremer, who is personally known to me.

Notary Public: [Signature]
Commission Expires:

UTILITY Notary:
State of Florida
County of Pasco

The foregoing instrument was acknowledged before me this 1st of May, 2003 by Gary Deremer, who is personally known to me.

Notary Public: [Signature]
Commission Expires:

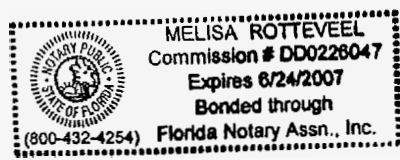
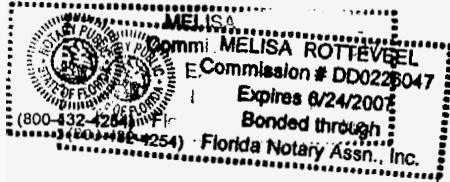


Exhibit A

DESCRIPTION:

A PORTION OF THE TAMPA-TARPON SPRINGS LAND COMPANY SUBDIVISION IN THE NORTHEAST 1/4 OF SECTION 34, AND A PORTION OF THE NORTHWEST 1/4 OF SECTION 35, TOWNSHIP 26 SOUTH, RANGE 15 EAST, PASCO COUNTY, FLORIDA, BEING FURTHER DESCRIBED AS FOLLOWS:

BEGIN AT THE WEST 1/4 CORNER OF SAID SECTION 35; THENCE RUN ALONG THE SOUTH BOUNDARY LINE OF THE NORTHEAST 1/4 OF SAID SECTION 34, NORTH 87°42'53" WEST, 15.00 FEET; THENCE ALONG THE WEST RIGHT-OF-WAY LINE OF THE ORIGINAL 15.00 FOOT TAMPA-TARPON SPRINGS LAND COMPANY SUBDIVISION RIGHT-OF-WAY IN SECTION 34, NORTH 01°27'28" EAST, 49.21 FEET; THENCE NORTH 89°07'33" EAST, 283.01 FEET; THENCE NORTH 00°52'27" WEST, 572.19 FEET; THENCE NORTH 89°07'33" EAST, 517.35 FEET; THENCE SOUTH 00°52'27" EAST, 422.19 FEET; THENCE ALONG THE SOUTH BOUNDARY LINE OF THE NORTHWEST 1/4 OF SAID SECTION 35, ALSO BEING THE NORTH BOUNDARY LINE OF GULF VIEW HEIGHTS AND THE EASTERLY EXTENSION THEREOF AS SHOWN ON PLAT RECORDED IN PLAT BOOK 3, PAGE 63 OF THE PUBLIC RECORDS OF PASCO COUNTY, FLORIDA, SOUTH 89°07'33" WEST, 787.38 FEET TO THE POINT OF BEGINNING.

THE WESTERLY 60.00 FEET THEREOF SUBJECT TO AN EASEMENT FOR INGRESS AND EGRESS.

CONTAINING 5.340 ACRES MORE OR LESS.

STATE OF FLORIDA
COUNTY OF PASCO

THIS IS TO CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF THE DOCUMENT ON FILE OR OF PUBLIC RECORD IN THIS OFFICE. WITNESS MY HAND AND OFFICIAL SEAL THIS 15 DAY OF April 2004
JED PITTMAN, CLERK OF CIRCUIT COURT
BY Stacy Hill DEPUTY CLERK

STATE OF FLORIDA
COUNTY OF PASCO

THIS IS TO CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF THE DOCUMENT ON FILE OR OF PUBLIC RECORD IN THIS OFFICE. WITNESS MY HAND AND OFFICIAL SEAL THIS 20 DAY OF April 2004

JED PITTMAN, CLERK OF CIRCUIT COURT
BY Stacy Hill DEPUTY CLERK