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July 12, 2004

Ms. Blanca Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED-FPSC
JUL 12 AM 11:45
COMMISSION
CLERK

040730-WS

RE: In re: Application by Florida Water Services Corporation for Acknowledgment of Transfer of Portion of Land and Facilities in Seminole County to Seminole County and Amendment of Certificate Nos. 279-W and 226-S

Dear Ms. Bayo:

Enclosed for filing on behalf of Florida Water Services Corporation ("Florida Water") is the original and five copies of Florida Water's Application for Acknowledgment of Transfer of Portion of Land and Facilities in Seminole County to Seminole County and Amendment of Certificate Nos. 279-W and 226-S.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

Sincerely,

Martin P. McDonnell
Kenneth A. Hoffman

Enclosures

RECEIVED & FILED

mas
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

07546 JUL 12 04

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application by Florida Water Services Corporation for Acknowledgment of Sale of Portion of Land and Facilities to Seminole County and Amendment of Certificate Nos. 279-W and 226-S

Docket No. 040730-WS Filed: July 12, 2004

APPLICATION FOR ACKNOWLEDGMENT OF SALE OF PORTION OF LAND AND FACILITIES IN SEMINOLE COUNTY TO SEMINOLE COUNTY AND AMENDMENT OF CERTIFICATE NOS. 279-W AND 226-S

Florida Water Services Corporation ("Florida Water"), by and through its undersigned counsel, and pursuant to Section 367.071(4)(a), Florida Statutes, and Rule 25-30.038(4), Florida Administrative Code, hereby files this Application for Acknowledgment of the sale of a portion of Florida Water's land and facilities in Seminole County to Seminole County ("County"). In support of this Application, Florida Water states as follows:

- 1 The name and address of the regulated utility and applicant is:

Florida Water Services Corporation
1000 Color Place
Apopka, Florida 32703
(407) 598-4165 (Telephone)
(407) 598-4241 (Facsimile)

- 2. The name and address of Florida Water's authorized representatives are:

Kenneth A. Hoffman, Esq.
J. Stephen Menton, Esq.
Rutledge, Ecenia, Purnell & Hoffman, P.A.
P. O. Box 551
Tallahassee, Florida 32302
(850) 681-6788 (Telephone)
(850) 681-6515 (Facsimile)

3. The name and address of the purchaser for purposes of this Application is:

Seminole County Government
1101 East First Street
Sanford, Florida 32771
(407) 665-7219 (Telephone)
(407) 665-7958 (Facsimile)

4. The County's representative for purposes of this Application is:

Mr. Bob Adolphe
500 West Lake Mary Blvd.
Sanford, Florida 32773
(407) 665-2003 (Telephone)

5. Florida Water has been issued Certificate Nos. 279-W and 226-S by the Commission related to Florida Water's water and wastewater land and facilities in Seminole County. The following systems are included in the service territory granted by those certificates: Apple Valley Water and Wastewater Systems, Dol Ray Manor Water System, Druid Hills Water System, Fern Park Water System, Lake Brantley Water System, Lake Harriet Estates Water System and Merdith Manor Water and Wastewater Systems (hereinafter collectively referred to as the "Altamonte Systems"). In addition to the Altamonte Systems, Florida Water operates additional systems located in Seminole County (Chuluota Water and Wastewater Systems, Florida Central Commerce Park Wastewater System, and Harmony Homes Water System) which have been sold to a private entity, Aqua Utilities, Florida, Inc.¹

6. In May, 2004, Florida Water signed and delivered a copy of the Altamonte Springs Asset Purchase Agreement by and between Florida Water Services Corporation and the City of

¹ With the exception of the nine Seminole County systems that are the subject of this application, Florida Water sold all of its remaining systems to Aqua Utilities Florida, Inc. Florida Water and Aqua Utilities are in the process of coordinating the filing of the appropriate application for approval of the transfer of Florida Water's remaining systems.

Altamonte Springs to the City of Altamonte Springs. A copy of the Agreement is included in Exhibit "A" to the attached Application. On May 18, 2004, the City of Altamonte Springs and the Board of County Commissioners of Seminole County executed a Memorandum of Understanding wherein the City of Altamonte Springs agreed to assign its purchase rights for the Altamonte Systems to Seminole County. A copy of the executed Memorandum of Understanding is also included in Exhibit "A" to the attached Application.

7. At a public hearing conducted pursuant to Section 125.3041, Florida Statutes, on May 25, 2004, the Board of County Commissioners of Seminole County found the proposed acquisition of the Altamonte Systems to be in the public interest. A copy of Resolution No. 2004-R-106 adopted by the Board of County Commissioners of Seminole County authorizing the acquisition of the Altamonte Systems is included in Exhibit "A" to the attached Application.

8. On May 27, 2004, the City of Altamonte Springs and the County executed an Assignment of Contract wherein the County assumed all of the City of Altamonte Springs' rights and obligations under the Asset Purchase Agreement with Florida Water. A copy of the Assignment of Contract is included in Exhibit "A" to the attached Application. The County took over operations of the Altamonte Systems on June 30, 2004.

9. The County is exempt from regulation by the Commission pursuant to Section 367.022(2), Florida Statutes.²

10. The County has obtained the most recently available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-

²A county is a "governmental authority" subject to the "approval as a matter of right" provisions of Section 367.071(4)(a), Florida Statutes. See §§367.021(7) and 1.01 (8), Florida Statutes.

construction applicable to the land and facilities to be transferred by Florida Water to the County, as required by Section 367.071(4)(a), Florida Statutes.

11. The deposits and any accrued interest of Florida Water's customers in the Altamonte Systems were transferred with the individual customer accounts upon commencement of operations by the County.

12. All regulatory assessment fees for Florida Water through 2003 have been paid in full. There are no regulatory fines or refunds owed by Florida Water with respect to the Altamonte Systems.

13. The territory descriptions of the systems sold to the County are included in Exhibit "E" to the attached Application.

14. All additional and supplemental information required under Rule 25-30.038(4), Florida Administrative Code, is included in the attached Application.

15. Florida Water's Certificate Nos. 279-W and 226-S were submitted to the Commission in conjunction with Docket No. 030637-WS - Florida Water's Application for Deletion of Territory in Apple Valley and Chuluota.

WHEREFORE, Florida Water requests that this Commission:

- A. Grant Florida Water's Application;
- B. Acknowledge the sale of the land and facilities associated with Florida Water's Altamonte Systems to Seminole County, as a matter of right pursuant to Section 367.071(4)(a), Florida Statutes;
- C. Amend Certificate Nos. 279-W and 226-S as necessary to conform with the Commission's acknowledgment of the above-referenced sale; and

D. Grant such other relief as is appropriate.

Respectfully submitted this 12th day of July, 2004.

Martin P. McDew for

Kenneth A. Hoffman, Esq.

J. Stephen Menton, Esq.

Rutledge, Ecenia, Purnell & Hoffman, P.A.

P. O. Box 551

Tallahassee, Florida 32302

(850) 681-6788 (Telephone)

(850) 681-6515 (Facsimile)

APPLICATION FOR TRANSFER TO GOVERNMENTAL AUTHORITY

(Pursuant to Section 367.071(4)(a), Florida Statutes)

**TO: Director, Division of the Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850**

Part of Florida Water Services Corporation's facilities in Seminole County, Florida (Chuluota water and wastewater, Florida Central Commerce Park wastewater and Harmony Homes water systems) have been sold to a private entity, Aqua Utilities Florida, Inc. The remaining facilities in Seminole County (Apple Valley water and wastewater, Dol Ray Manor water, Druid Hills water, Fern Park water, Lake Brantley water, Lake Harriet Estates water and Meredith Manor water and wastewater systems) have been sold to Seminole County Government. The undersigned hereby makes application for the approval of the transfer of part of the facilities operated under Water Certificate No. 279-W and Wastewater Certificate No. 226-S located in Seminole County, Florida, (namely, those facilities sold to Seminole County Government) and submits the following:

PART I APPLICANT INFORMATION

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

Florida Water Services Corporation

Name of Utility

(407) 598-4100

Phone No.

(407) 598-4241

Fax No.

1000 Color Place

Office Street Address

Apopka

City

Florida

State

32703

Zip Code

PO Box 609520, Orlando, Florida, 32860-9520

Mailing address if different from street address

www.florida-water.com

Internet address if applicable

B) The name, address and telephone number of a representative of the utility to contact concerning this application:

Kenneth A. Hoffman, Esq. and/or J. Stephen Menton, Esq. (850) 681-6788
Name Phone No.

Rutledge, Ecenia, Purnell & Hoffman, P.A., PO Box 551
Mailing Address

Tallahassee Florida 32302-0551
City State Zip Code

C) The full name, address and telephone number of the governmental authority:

Seminole County Government
Name of Utility

(407) 665-7219 (407) 665-7958
Phone No. Fax No.

1101 East First Street
Office street address

Sanford FL 32771
City State Zip Code

N/A
Mailing address if different from street address

www.seminolecountyfl.gov/bcc/index.asp
Internet address if applicable

D) The name, address and telephone number of a representative of the governmental authority to contact concerning this application:

Mr. Bob Adolphe (407) 665-2003
Name Phone No.

500 West Lake Mary Boulevard
Street address

Sanford FL 32773
City State Zip Code

PART II FINANCIAL INFORMATION

- A) Exhibit A - A copy of the contract pursuant to Rules 25-30.037(4)(c) and (d), Florida Administrative Code.
- B) Exhibit B - A statement regarding the disposition of customer deposits and the accumulated interest thereon.
- C) Exhibit C - A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.
- D) Exhibit D - A statement that the buyer (governmental authority) obtained from the utility or the Commission the utility's most recent available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction.
- E) Indicate the date on which the buyer proposes to take official action to acquire the utility:

Seminole County Government took over operations on June 30, 2004.

If only a portion of the utility's facilities is being transferred, a revised territory description and map of the utility's remaining territory must be provided, as discussed in PART III, below.

IF THE UTILITY'S ENTIRE FACILITIES ARE BEING TRANSFERRED, PLEASE DISREGARD PART III OF THIS APPLICATION FORM.

PART III CERTIFICATION

A) TERRITORY DESCRIPTION

Exhibit E - An accurate description of the utility's revised territory. If the water and wastewater territory is different, provide separate descriptions.

Note: Use the Survey of Public Lands method (township, range, section, and quarter section), if possible, or a metes and bounds description. Give the subdivision or project name. The description should **NOT** refer to land grants or plat books, but may use geographic boundaries (i.e., road right-of-ways, railroads, rivers, creeks, etc). The object is to make the description as brief, but as accurate as possible.

B) **TERRITORY MAPS**

Exhibit F - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1"=200' or 1"=400' on which the remaining territory is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater territory is different, provide separate maps.

C) **TARIFF SHEETS**

Exhibit N/A - The original and two copies of tariff sheet(s) revised to show correct service territory. Please refer to Rules 25-9.009 and 25-9.010, Florida Administrative Code, regarding page numbering of tariff sheets before preparing the tariff revisions. (Pages 11-12.) Sample tariff sheets are attached. (Pages 13-16.)

PART IV AFFIDAVIT

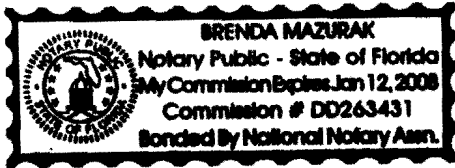
I, Tony Isaacs (applicant) do solemnly swear or affirm that the facts stated in the forgoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitutes a complete statement of the matter to which it relates.

BY: Tony Isaacs
Applicant's Signature

Tony Isaacs
Applicant's Name (Typed)

Vice President, Customer Services
Applicant's Title *

Subscribed and sworn to before me this 8th day of July, 2004 by Tony Isaacs
who is personally known to me or produced identification _____
(Type of Identification Produced)



Brenda Mazurak
Notary Public's Signature

Brenda Mazurak
Print, Type or Stamp Commissioned Name of
Notary Public

* If applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

EXHIBIT A

A copy of the contract pursuant to Rules 25-30.037(4)(c) and (d), Florida Administrative Code.

Attached as Appendix A-1 is a copy of the Altamonte Springs Asset Purchase Agreement by and between Florida Water Services Corporation and City of Altamonte Springs, dated May, 2004.

Attached as Appendix A-2 is a copy of the Memorandum of Understanding between the City of Altamonte Springs and the Board of County Commissioners of Seminole County, Florida, dated May 18, 2004.

Attached as Appendix A-3 is a copy of Resolution No. 2004-R-106 adopted by the Board of County Commissioners of Seminole County, Florida on May 25, 2004.

Attached as Appendix A-4 is a copy of the Assignment of Contract by and among City of Altamonte Springs, Florida and Seminole County, Florida, dated May 27, 2004.

APPENDIX A-1

Altamonte Springs Asset Purchase Agreement

by and between

Florida Water Services Corporation and City of Altamonte Springs

May, 2004

(CITY EXECUTION COPY)

**ALTAMONTE SPRINGS
ASSET PURCHASE AGREEMENT**

BY AND BETWEEN

**FLORIDA WATER SERVICES CORPORATION,
A FLORIDA CORPORATION,
AS SELLER**

AND

**CITY OF ALTAMONTE SPRINGS,
A FLORIDA MUNICIPAL CORPORATION,
AS BUYER**

DATED AS OF MAY _____, 2004

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is dated as of May _____, 2004, by and between **FLORIDA WATER SERVICES CORPORATION**, a Florida corporation ("Seller"), and **CITY OF ALTAMONTE SPRINGS**, a Florida municipal corporation ("Buyer");

WITNESSETH:

WHEREAS, Seller owns potable water production, supply, treatment and distribution systems, alternative water systems, wastewater collection, transmission, treatment and disposal systems and reclaimed water facilities in various incorporated and unincorporated areas in Florida;

WHEREAS, Seller desires to sell, and Buyer desires to purchase, the Assets (as hereinafter defined) of Seller for the consideration and on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, **ALLETE, INC.**, a Minnesota corporation ("Allete") and the ultimate corporate parent of Seller, has agreed to provide a guarantee of Seller's obligations pursuant to this Agreement in the form set forth on **Exhibit A**, which Guarantee shall be executed and delivered on the date hereof by Allete.

NOW THEREFORE, the parties, intending to be legally bound, do hereby agree as follows:

1. Definitions and Usage.

1.1. Definitions.

For purposes of this Agreement, the following terms and variations thereof have the meanings specified or referred to in this Section 1.1:

(a) "Accounts Receivable" -- (i) all customer accounts receivable and other rights to payment from customers of Seller within the System; (ii) all other accounts or notes receivable of Seller and the full benefit of all security for such accounts or notes; and (iii) any claim, remedy or other right related to any of the foregoing.

(b) "Affiliate" -- when used in reference to a specified Person, means any Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the specified Person.

(c) "Appurtenances" -- all privileges, rights, Easements (as hereinafter defined), hereditaments and appurtenances belonging to or for the benefit of the Land (as hereinafter defined), including all Easements appurtenant to and for the benefit of any Land (a "Dominant Parcel") for, and as the primary means of access between, the Dominant Parcel and a public way, or for any other use upon which lawful use of the

Dominant Parcel for the purposes for which it is presently being used is dependent, and all rights existing in and to any streets, alleys, passages and other rights-of-way included thereon or adjacent thereto (before or after vacation thereof) and vaults beneath any such streets.

- (d) "Assets" -- as defined in Section 2.1.
- (e) "Assignment and Assumption Agreement" -- as defined in Section 2.7(a)(ii).
- (f) "Assumed Liabilities" -- as defined in Section 2.4(a).
- (g) "Basket Amount" -- as defined in Section 11.5.
- (h) "Best Efforts" -- the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible, provided, however, that a Person required to use Best Efforts under this Agreement will not be thereby required to take actions that would result in a Material Adverse Effect in the benefits to such Person of this Agreement and the Contemplated Transactions or to dispose of or make any change to its business, expend any material funds, or incur any other material burden.
- (i) "Bill of Sale" -- as defined in Section 2.7(a)(i).
- (j) "Breach" -- any breach of, or any inaccuracy in, any representation or warranty or any breach of, or a failure to perform or comply with, any covenant or obligation, in or of this Agreement.
- (k) "Buyer" -- as defined in the first paragraph of this Agreement.
- (l) "Buyer's Closing Documents" -- as defined in Section 4.2(a).
- (m) "CERCLA" -- the United States Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601 *et seq.*
- (n) "City" -- the City of Altamonte Springs, Florida.
- (o) "Cleanup" -- as defined within the definition of "Environmental, Health and Safety Liabilities" in this Section 1.1.
- (p) "Closing" -- as defined in Section 2.6.
- (q) "Closing Date" -- the date on which the Closing actually takes place.
- (r) "Code" -- the Internal Revenue Code of 1986, as amended, or rules and regulations issued by the IRS pursuant to the Internal Revenue Code or any successor law.
- (s) "Condemnation Proceeding" -- as defined in Section 13.13(a).

- (t) "Confidentiality Agreement" -- as defined in Section 12.
- (u) "Contemplated Transactions" -- all of the transactions contemplated by this Agreement.
- (v) "Cure Costs" -- as defined in Section 10.14.
- (w) "Customer Deposits" -- any amounts deposited with or held by Seller as customer deposits.
- (x) "Damages" -- any and all costs, damages, fines, fees, penalties, deficiencies, losses and expenses of any nature whatsoever, including without limitation, interest, court costs, fees of attorneys, accountants and other experts and other expenses of litigation or other proceedings or of any claim, default or assessment.
- (y) "Dominant Parcel" -- as defined within the definition of "Appurtenances" in this Section 1.1.
- (z) "Easements" -- as defined in Section 3.16(b).
- (aa) "Effective Time" -- 5:00 p.m. (EST) on the Closing Date.
- (bb) "Encumbrance" -- any charge, claim, condition, equitable interest, lien, option, pledge, security interest, mortgage, right-of-way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.
- (cc) "Environment" -- soil, land surface or subsurface strata, surface waters (including navigable waters and ocean waters), ground waters, drinking water supply, stream sediments, ambient air (including indoor air), plant and animal life and any other environmental medium or natural resource.
- (dd) "Environmental, Health and Safety Liabilities" -- any cost, damages, expense, liability, obligation or other responsibility arising from or under any Environmental Law or Occupational Safety and Health Law, including those consisting of or relating to:
- (i) any environmental, health or safety matter or condition (including on-site or off-site contamination, occupational safety and health and regulation of any chemical substance or product);
 - (ii) any fine, penalty, judgment, award, settlement, legal or administrative proceeding, damages, loss, claim, demand or response, remedial or inspection cost or expense arising under any Environmental Law or Occupational Safety and Health Law;

(iii) financial responsibility under any Environmental Law or Occupational Safety and Health Law for cleanup costs or corrective action, including any cleanup, removal, containment or other remediation or response actions ("Cleanup") required by any Environmental Law or Occupational Safety and Health Law (whether or not such Cleanup has been required or requested by any Governmental Body or any other Person) and for any natural resource damages; or

(iv) any other compliance, corrective or remedial measure required under any Environmental Law or Occupational Safety and Health Law.

The terms "removal", "remedial" and "response action" include the types of activities covered by CERLCA.

(ee) "Environmental Law" -- includes all federal, state and, local environmental laws and regulations, including, without limitation: the Clean Water Act (also known as the Federal Water Pollution Control Act), 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; CERCLA; the Superfund Amendment and Reauthorization Act of 1986, Public Law 99-499, 100 Stat., 1613; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901; the Safe Drinking Water Act, 42 U.S.C. § 300j-8; and regulations related thereto. Any reference to legislative act or regulation shall be deemed to include all amendments thereto and all regulations, orders, decrees, judgments or notices issued thereunder.

(ff) "Excluded Assets" -- as defined in Section 2.2.

(gg) "Facilities" -- the Land, leasehold, license, easement, right-of-way, prescriptive claim or other interest in real property currently owned by Seller and part of the System, including the Tangible Personal Property, and excluding the Excluded Assets.

(hh) "Feasibility Study" -- as defined in Section 5.1(a).

(ii) "FPSC" -- the Florida Public Service Commission.

(jj) "FPSC Final Order" -- the final order issued by the FPSC approving all of the Contemplated Transactions (i) which has not been reversed, stayed, enjoined, set aside, annulled or suspended, (ii) with respect to which any waiting period prescribed by law has expired, (iii) as to which all conditions to the Contemplated Transactions applicable to Seller and prescribed by the final order issued by the FPSC have been satisfied, and (iv) with respect to which any applicable appeals period has expired without any appeal being filed, or if such an appeal is filed, such appeal is fully and finally dismissed without the opportunity for further appeal.

(kk) "Governing Documents" -- the Articles or Certificate of Incorporation and the By-laws of Seller, or the City Charter and other laws applicable to Buyer.

(ll) "Governmental Authorization" -- any consent, license, registration, or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

(mm) "Governmental Body" -- any:

(i) federal, state, local, municipal, foreign or other government;

(ii) governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal, official or other instrumentality, or entity exercising governmental powers); or

(iii) body exercising any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power.

(nn) "Hazardous Activity" -- the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation, treatment or use of Hazardous Material and the withdrawal, distribution, handling, importing, management, processing, production, refinement, Release, storage, transfer, transportation, treatment or use of ground water or surface water containing Hazardous Material in, on, under, about or from any of the Facilities or any part thereof into the Environment and any other act, business, operation or thing that is or could reasonably be expected to present a risk of harm to persons, property or the Environment on or off the Facilities.

(oo) "Hazardous Material" -- any pollutant, contaminant, substance, material or waste which is regulated by any Governmental Body, including any pollutant, contaminant, material, substance or waste which is defined as a "hazardous waste", "hazardous material", "hazardous substance", "extremely hazardous waste", "restricted hazardous waste", "toxic waste" or "toxic substance" under any provision of Environmental Law, and including petroleum, petroleum products, asbestos, presumed asbestos-containing material or asbestos-containing material, urea formaldehyde and polychlorinated biphenyls.

(pp) "Improvements" -- all buildings, structures, fixtures and improvements located on the Land or included in the System, including those under construction.

(qq) "Indemnified Person" -- as defined in Section 11.4(a).

(rr) "Indemnifying Person" -- as defined in Section 11.4(a).

(ss) "Inspection Period" -- as defined in Section 5.1(a).

(tt) "Insured Exception" -- as defined in Section 5.7(c).

(uu) "Inventories" -- all inventories of Seller related to the System, wherever located within the System, including without limitation, all pumps, pipes, valves,

plumbing fixtures, chemicals, stored water, spare parts and all other materials and supplies used or to be used by Seller in the operation of the System.

(vv) "IRS" -- the United States Internal Revenue Service and, to the extent relevant, the United States Department of the Treasury.

(ww) "Knowledge" -- means (i) as to Seller, the actual knowledge, upon diligent inquiry and subsequent investigation, of: (1) Forrest Ludsen, President; (2) Mark Schober, Vice-President; (3) Carlyn Kowalsky, Vice-President, General Counsel and Secretary; (4) Judy Kimball, Chief Financial Officer; (5) Craig Anderson, Vice-President Environmental; (6) Ida Roberts, Vice-President Government and Community Affairs; (7) Tony Isaacs, Vice-President, Customer Service and Developer Relations; (8) Nancy Norris, Controller; (9) Kirk Martin, Assistant Secretary; (10) Julie MacLane, Assistant Controller; (11) Woody Hendricks, Assistant Vice-President Operations and Engineering; and (12) Melissa Maurer, Assistant General Counsel; or (ii) as to Buyer, the actual knowledge, upon diligent inquiry and subsequent investigation, of: (1) City Manager; and (2) Public Works Director.

(xx) "Land" -- all parcels and tracts of land in the System set forth in Exhibit A to the Title Commitment.

(yy) "Lease" -- any real property lease or any lease or rental agreement, license, right to use or related to the System to which Seller is a party and any other Seller Contract pertaining to the leasing or use of any Tangible Personal Property.

(zz) "Legal Requirement" -- any applicable federal, state, local, municipal, or other constitution, law, ordinance, principle of common law, code, regulation, or statute.

(aaa) "Liability" -- with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person. The term "Liability" includes Environmental, Health and Safety Liabilities.

(bbb) "Material Adverse Effect" or "Material Adverse Change" -- with due consideration to the size and complexity of the Contemplated Transactions, any event, change or effect that is materially adverse, individually or in the aggregate, to the condition (financial or otherwise), properties, Assets, Liabilities, revenues, income, business, operations, results of operations of the System, taken as a whole; provided, however, that in no event shall any of the following constitute a Material Adverse Change, or be deemed to have a Material Adverse Effect, in the business, operations, Assets, results of operations or condition of the System: (i) any change or effect resulting from conditions affecting the industry in which Seller operates or from changes in general business or economic conditions, (ii) any change or effect resulting from the announcement or pendency of any of the Contemplated Transactions, (iii) any change or

effect resulting from compliance by Seller with the terms of, or the taking of any action contemplated or permitted by, this Agreement, or (iv) any change or effect resulting from any change in Legal Requirements. In furtherance of the foregoing, and notwithstanding anything to the contrary set forth in this Agreement, any Material Adverse Effect or any Material Adverse Change with respect to the Assets shall be evaluated on the basis of the System taken as a whole (in the aggregate) and not on an individual plant-by-plant basis.

(ccc) "Material Consents" -- as defined in Section 7.3.

(ddd) "Occupational Safety and Health Law" -- any Legal Requirement designed to provide safe and healthful working conditions and to reduce occupational safety and health hazards including Legal Requirements imposed under the Occupational Safety and Health Act.

(eee) "Omitted Assets" -- as defined in Section 10.14.

(fff) "Order" -- any order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Body or arbitrator (in each case whether preliminary or final).

(ggg) "Ordinary Course of Business" -- an action taken by a Person will be deemed to have been taken in the Ordinary Course of Business only if that action is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person.

(hhh) "Permits" -- as defined in Section 3.18

(iii) "Permitted Encumbrances" -- the exceptions set forth in Schedule B, Section 2 of the Title Commitment, together with such other exceptions, encumbrances and matters as may become Permitted Encumbrances as provided in this Agreement.

(jjj) "Person" -- an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture or other entity or a Governmental Body.

(kkk) "Proceeding" -- any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

(lll) "Purchase Price" -- as set forth in Section 2.3.

(mmm) "Real Property" -- the Land and Improvements in the System.

(nnn) "Record" -- information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(ooo) "Related Person" -- any:

(i) Person that directly or indirectly controls, is directly or indirectly controlled by or is directly or indirectly under common control with such specified Person;

(ii) any Person that holds a Material Interest in such specified Person;

(iii) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity);

(iv) any Person in which such specified Person holds a Material Interest; and

(v) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity).

For purposes of this definition, (a) "control" (including "controlling", "controlled by", and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and shall be construed as such term is used in the rules promulgated under the Securities Act of 1933, as amended; (b) the "Family" of an individual includes (i) the individual, (ii) the individual's spouse, (iii) any other natural person who is related to the individual or the individual's spouse within the second degree, and (iv) any other natural person who resides with such individual; and (c) "Material Interest" means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of voting securities or other voting interests representing at least ten percent (10%) of the outstanding voting power of a Person or equity securities or other equity interests representing at least ten percent (10%) of the outstanding equity securities or equity interests in a Person.

(ppp) "Release" -- any release, spill, emission, leaking, pumping, pouring, dumping, emptying, injection, deposit, disposal, discharge, dispersal, leaching or migration on or into the Environment.

(qqq) "Remaining System" -- that system as described under the definition of "System," in Section 1.1 of that certain other Asset Purchase Agreement by and between Seller and Aqua Utilities of Florida, Inc., dated as of April 20, 2004.

(rrr) "Representative" -- with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel or other representative of that Person.

(sss) "Retained Liabilities" -- as defined in Section 2.4(b).

(ttt) "Seller" -- as defined in the first paragraph of this Agreement.

(uuu) "Seller Contract" -- those contracts, promises, or undertakings relating to the System as set forth in **Exhibit 2.1(e)** and identified with an asterisk (*).

(vvv) "Seller's Closing Documents" -- as defined in Section 3.2(a).

(www) "Service Areas" -- shall mean the areas described in Exhibit 1.1, which are the areas wherein Seller holds Certificates to provide water and/or sewer services. Said Exhibit 1.1 shall be revised as of the date of the Closing to clearly delineate and designate any additions to such areas, and shall be delivered to Buyer at the Closing.

(xxx) "System" -- shall mean the water and sewer systems located in the City of Altamonte Springs, Florida, described in Exhibit 1.1 and owned by Seller solely to provide utility service in the Service Areas, including, without limitation, the Assets. "System" also shall include all facilities currently under construction in the Service Areas for which dedication of facilities has not yet occurred.

(yyy) "Tangible Personal Property" -- all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, vehicles and other items of tangible personal property (other than Inventories) of every kind owned by Seller (wherever located and whether or not carried on Seller's books) located within the System, together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance records and other documents relating thereto.

(zzz) "Tax" -- any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, value added, alternative, add-on minimum and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Body or payable under any tax-sharing agreement or any other contract.

(aaaa) "Tax Return" -- any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Legal Requirement relating to any Tax.

(bbbb) "Third Party" -- a Person that is not a party to this Agreement.

(cccc) "Third-Party Claim" -- any claim against any Indemnified Person by a Third Party, whether or not involving a Proceeding.

(dddd) "Title Commitment" -- as defined in Section 5.7(a)(i).

(eeee) "Title Company" -- Commonwealth Land Title Company.

(ffff) "Unbilled Customer Revenue" -- revenue for services provided to customers of the System prior to Closing that have not yet been billed as of the Closing Date, calculated on a basis consistent with Seller's current billing practices.

(gggg) "Unsatisfied B-1 Requirements" -- as defined in Section 5.7(d).

(hhhh) "WARN Act" -- the Worker Adjustment Retraining and Notification Act, 29 U.S.C. § 2101 *et seq.*

1.2. Usage:

(a) Interpretation. In this Agreement, unless a clear contrary intention appears:

(i) the singular number includes the plural number and vice versa;

(ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;

(iii) reference to any gender includes each other gender;

(iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;

(v) "hereunder", "hereof", "hereto", and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof;

(vi) "including" (and with correlative meaning "include") means including by way of example and without limiting the generality of any description preceding such term;

(vii) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding";

(viii) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto; and

(ix) the phrase "the date hereof", the "date of this Agreement" or similar phrases means the date first above written.

(b) Legal Representation of the Parties. This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or

interpretation otherwise requiring this Agreement to be construed or interpreted against any party shall not apply to any construction or interpretation hereof.

2. Sale and Transfer of System; Closing.

2.1. Assets To Be Sold. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, but effective as of the Effective Time, Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase and acquire from Seller, free and clear of any Encumbrances that have a Material Adverse Effect on Buyer's use and enjoyment of the System other than Permitted Encumbrances, all of Seller's right, title and interest in and to the System, property and assets, real, personal or mixed, tangible and intangible, of every kind and description, wherever located within the System, including the following (but excluding the Excluded Assets):

- (a) all Real Property and all Appurtenances;
- (b) all Tangible Personal Property;
- (c) (1) all plant in service, (2) all plant held for future use, and (3) all construction work in progress;
- (d) all Inventories;
- (e) all Seller Contracts (other than those constituting Excluded Assets) and all outstanding offers or solicitations made by or to Seller to enter into any Seller Contract as set forth on Exhibit 2.1(e);
- (f) all Governmental Authorizations and all pending applications therefor or renewals thereof, in each case to the extent transferable to Buyer as set forth on Exhibit 2.1(f);
- (g) The following Records: (i) all information required by the FPSC to be maintained related to the Assets; (ii) all information provided through the due diligence process; (iii) engineering project files; (iv) electronic map files; (v) plans for engineering projects; (vi) environmental files; (vii) developer files located in the Apopka office; (viii) daily operations logs; (ix) operations files; (x) any consents or administrative orders; (xi) service and warranty records; (xii) equipment logs, operating guides, and manuals located at each plant; (xiii) database of customer accounts; (xiv) updated fixed asset list not warranted for accuracy (previously provided in due diligence); (xv) copies of general ledger by plant; (xvi) developer database extract; (xvii) list of electric accounts and telephone accounts by plant; and (xviii) the Donelan vehicle maintenance records for vehicles purchased by Buyer;
- (h) all claims of Seller against third parties relating to the Assets, whether choate or inchoate, known or unknown, contingent or non-contingent;

(i) all rights of Seller relating to prepaid expenses, claims for refunds and rights to offset in respect thereof and that are not excluded under Section 2.2, and not including Seller letters of credit for which Seller is an applicant;

(j) the Accounts Receivable as set forth in Section 10.12; and

(k) the Customer Deposits as set forth in Section 10.10.

All of the property and assets to be transferred by Seller to Buyer hereunder are herein referred to collectively as the "Assets".

The Assets which specifically relate to the provision of water shall, without limitation to the definition stated above, include the specific assets, properties and rights set forth in **Exhibit 2.1.1**.

The Assets which specifically relate to wastewater shall, without limitation to the definition stated above, include the specific assets, properties and rights set forth in **Exhibit 2.1.2**.

2.2. **Excluded Assets**. Notwithstanding anything to the contrary contained in Section 2.1 or elsewhere in this Agreement, the following assets of Seller (collectively, the "Excluded Assets") (i) are not part of the sale and purchase contemplated hereunder, (ii) are excluded from the Assets, and (iii) shall remain the property of Seller after the Closing:

(a) all cash, cash equivalents and short-term investments; all payments (other than Customer Deposits and any accrued interest or earnings thereon) received by Seller prior to Closing;

(b) all minute books, stock Records and corporate seals;

(c) any shares of capital stock of Seller;

(d) Seller's letters of credit outstanding at the Closing Date and which are listed on **Exhibit 2.2(d)**;

(e) all insurance policies and rights thereunder;

(f) all of the contracts listed in **Exhibit 2.2(f)**;

(g) records that Seller is required by law to retain in its possession;

(h) all claims, existing as of the Closing Date, for refund of Taxes and other governmental charges of whatever nature;

(i) all rights in connection with and assets of any employee plans;

(j) all rights of Seller under this Agreement, the Bill of Sale, the Assignment and Assumption Agreement; the Buyer's Closing Documents and the Seller's Closing Documents;

- (k) the property and assets expressly designated in **Exhibit 2.2(k)**; and
- (l) the Remaining System.

2.3. Purchase Price and Method of Payment. The Purchase Price for the Assets shall be determined as set forth in this Section 2.3. Payments shall be made as follows:

(a) Purchase Price. The Purchase Price for the Assets shall be FOUR MILLION ONE HUNDRED EIGHTY THOUSAND DOLLARS (\$4,180,000.00). Buyer shall make such payment at Closing by federal wire transfer.

2.4. Liabilities.

(a) Assumed Liabilities. Effective as of the Closing Date, Buyer shall assume and agree to discharge only those Liabilities of Seller related to the Assets being acquired by Buyer (the "Assumed Liabilities") which are specifically listed on **Exhibit 2.4(a)**.

(b) Retained Liabilities. The Retained Liabilities shall remain the sole responsibility of and shall be retained, paid, performed and discharged solely by Seller. "Retained Liabilities" shall mean all Liabilities other than Assumed Liabilities. Except for the Assumed Liabilities, Buyer shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever, whether express or implied, fixed or contingent, whatsoever.

2.5. Allocation.

(a) At Closing, Seller and Buyer shall exchange mutually acceptable and completed IRS Forms 8594, which they shall use to report the sale of the Assets to the IRS in accordance with such allocation.

(b) No party will take a position on any federal, state or local tax return before any Governmental Body that is in any manner inconsistent with the terms of any such allocation without the prior written consent of the other party.

2.6. Closing. The purchase and sale provided for in this Agreement (the "Closing") will take place at the offices of Seller's counsel in the Orlando metropolitan area commencing at 10:00 a.m. (local time) on or before thirty (30) days after full execution of this Agreement.

2.7. Closing Obligations. In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing:

(a) Seller shall deliver to Buyer, together with funds sufficient to pay all Taxes necessary for the transfer, filing or recording thereof:

(i) a bill of sale for all of the Assets that are Tangible Personal Property (the "Bill of Sale") (substantially in the form attached hereto as **Exhibit B**) executed by Seller;

(ii) an assignment of all of the Assets that are intangible personal property, including, but not limited to Seller Contracts, which assignment shall also contain Buyer's undertaking and assumption of the Assumed Liabilities (the "Assignment and Assumption Agreement") (substantially in the form attached hereto as **Exhibit C**) executed by Seller;

(iii) (A) for each fee simple interest in the Real Property, a recordable special warranty deed; (B) for all easement interests, an assignment of easements without warranty; (C) for each leasehold interest, an assignment of lease; or (D) such other appropriate document or instrument of transfer, as the case may require, together with a general assignment by Seller of any and all rights or interests Seller may otherwise have or hold (whether by license, permit, prescriptive right, or otherwise) in respect of its operation of the System, to occupy, use, traverse, spray, percolate through, burrow under, each in form and substance satisfactory to Buyer and its counsel and executed by Seller;

(iv) assignments of all construction work in progress which have not yet been placed in service as of the date of the Closing (such capital improvements which have been placed in service being part of the Facilities which are otherwise conveyed by Seller hereunder);

(v) a certificate executed by Seller as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing in accordance with Section 7.1 and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing in accordance with Section 7.2;

(vi) a certificate of the City Clerk of Buyer (A) certifying, as complete and accurate as of the Closing, attached copies of the Governing Documents of Seller, (B) certifying and attaching all requisite resolutions or actions of Seller's City Commissioner and shareholders approving the execution and delivery of this Agreement and the consummation of the Contemplated Transactions, and (C) certifying to the incumbency and signatures of the officers of Seller executing this Agreement and any other document relating to the Contemplated Transactions;

(vii) an assignment of all of the applicable Governmental Authorizations held by Seller or any Affiliate required to operate the System; and

(viii) Seller has provided Buyer with a complete and accurate listing of all customers of Seller which pertain to the Assets and/or the System.

(b) Buyer shall deliver to Seller:

(i) the Purchase Price as adjusted by the items listed on the form of closing statement attached hereto as **Exhibit 2.7(b)**, in immediately available funds by wire transfer to a domestic account of a United States bank specified by Seller in a writing delivered to Buyer on or before the Closing Date;

(ii) the Assignment and Assumption Agreement executed by Buyer;

(iii) a certificate executed by Buyer as to the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing in accordance with Section 8.1 and as to its compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing in accordance with Section 8.2; and

(iv) a certificate of the City Clerk of Buyer (A) certifying, as complete and accurate as of the Closing, attached copies of the Governing Documents of Buyer, (B) certifying and attaching all requisite resolutions or actions of Buyer's City Commission approving the execution and delivery of this Agreement and the consummation of the Contemplated Transactions, and (C) certifying to the incumbency and signatures of the officers of Buyer executing this Agreement and any other document relating to the Contemplated Transactions.

2.8. Leased Vehicles. Buyer acknowledges that certain rolling stock utilized by Seller in the operation of the System is leased from entities that will not consent to assignment of such leases to Buyer, and that such rolling stock is therefore not included in the Assets to be purchased by Buyer. Seller has provided Buyer with a buy-out cost from the leasing entities as well as a contract for purchase of those vehicles. Buyer shall have ten (10) days after the date of this Agreement to identify which, if any, of such leased vehicles Buyer requests be acquired by Seller from the leasing entities and transferred to Buyer at Closing and execute the contract for purchase of the listed vehicles and submit it to Seller. For each leased vehicle listed in the vehicle purchase contract, such leased vehicle shall be acquired by Seller from the leasing company and transferred to Buyer at Closing. Buyer shall pay Seller at Closing for the acquisition cost of each leased vehicle in accordance with the vehicle purchase contract.

2.9. No Other Representations and Warranties. Except as otherwise expressly provided herein, there are no representations, covenants, or warranties other than those specifically set forth in this Agreement.

3. Representations and Warranties of Seller.

Seller represents and warrants to Buyer as of date of this Agreement as follows:

3.1. Organization and Good Standing. Seller is qualified to do business in the State of Florida. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, with full corporate power and authority to conduct its business as it is now being conducted, to own or use the properties and the Assets, and to perform all of its obligations under this Agreement. Complete and accurate copies of the Governing Documents of Seller, as currently in effect, will be provided to Buyer prior to Closing.

3.2. Enforceability; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms. Upon the execution and delivery by Seller of the agreements to be executed or delivered by Seller at Closing

(collectively, the "Seller's Closing Documents"), each of Seller's Closing Documents will constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its respective terms. Seller has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and Seller's Closing Documents and, except as disclosed in **Exhibit 3.2(a)**, to perform its obligations under this Agreement and Seller's Closing Documents, and such action has been duly authorized by all necessary action of Seller's shareholders and board of directors.

(b) Neither the execution and delivery of this Agreement by Seller nor the consummation or performance of any of the Contemplated Transactions by Seller will (with or without notice or lapse of time):

(i) breach any provision of any of the Governing Documents of Seller or any resolution adopted by the board of directors or the shareholders of Seller;

(ii) except as disclosed in **Exhibit 3.2(b)(ii)** and **Exhibit 3.2(c)**, breach any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any Seller Contract;

(iii) except as disclosed in **Exhibit 3.2(b)(iii)**, result in the imposition or creation of any Encumbrance upon or with respect to any of the Assets; or

(iv) violate any Legal Requirement.

(c) Except as provided under Section 367.071, Florida Statutes, Seller is not required to give any notice to or obtain any material consent from any Person in connection with the execution and delivery of this Agreement or the consummation or performance of any of the Contemplated Transactions, except as set forth in **Exhibit 3.2(c)**, and all of the obligations, representations and warranties of the parties hereto under this Agreement are qualified and limited by such requirements as may be imposed pursuant to said Section 367.071, Florida Statutes.

3.3. **Regulatory Reports.** Seller has delivered or will make available to Buyer the FPSC Annual Reports for the System for 2003, 2002, 2001 and 2000. Seller represents that these reports were prepared in the Ordinary Course of Business in compliance with FPSC rules and regulations and are true, accurate and complete.

3.4. **Description of Land.** **Exhibit 3.4** contains a description of the Land.

3.5. **Description of Leases.** **Exhibit 3.5** contains a description of the Leases.

3.6. **Taxes.**

(a) **Tax Returns Filed and Taxes Paid.** Seller has filed or caused to be filed on a timely basis all Tax Returns and all reports with respect to Taxes that are or were required to be filed pursuant to applicable Legal Requirements. All Tax Returns and reports filed by Seller are true, correct and complete. Seller has paid, or made provision

for the payment of all Taxes that have or may have become due for all periods covered by the Tax Returns or otherwise, or pursuant to any assessment received by Seller, except such Taxes, if any, that are being contested in good faith. There are no Encumbrances on any of the Assets that arose in connection with any failure (or alleged failure) to pay any Tax, and Seller has no Knowledge of any basis for assertion of any claims attributable to Taxes which, if adversely determined, would result in any such Encumbrance.

(b) Specific Potential Tax Liabilities and Tax Situations. All Taxes that Seller is or was required by Legal Requirements to withhold, deduct or collect have been or will be duly withheld, deducted and collected and, to the extent required, have been paid to the proper Governmental Body or other Person.

3.7. Legal Proceedings; Orders.

(a) except as set forth in Exhibit 3.7(a), there is no pending or, to Seller's Knowledge, threatened Proceeding:

(i) by or against Seller or that otherwise relates to or may affect the System or any of the Assets; or

(ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions.

To the Knowledge of Seller, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. Seller will promptly deliver or provide access to Buyer copies of all pleadings, correspondence and other documents relating to each Proceeding listed in Exhibit 3.7(a). There are no Proceedings listed or required to be listed in Exhibit 3.7(a) that would likely have a Material Adverse Effect on the System and/or the Assets.

(b) Except as set forth in Exhibit 3.7(b), to the Knowledge of Seller, no officer, director, agent or employee of Seller is subject to any Order that prohibits such officer, director, agent or employee from engaging in or continuing any conduct, activity or practice relating to the System or the Assets.

(c) Except as set forth in Exhibit 3.7(c):

(i) Seller is in material compliance with all of the terms and requirements of each Order to which it or any of the Assets is or has been subject;

(ii) To Seller's Knowledge, no event has occurred or circumstance exists that is reasonably likely to constitute or result in a violation of or failure to comply with any term or requirement of any Order to which the Assets are subject which would likely have a Material Adverse Effect on the System or the operation of the System or any portion thereof; and

(iii) Seller has not received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible or potential violation of, or failure to comply with, any term or requirement of any Legal Requirement or Order to which Seller or any of the Assets is or has been subject, that has not already been resolved.

3.8. Absence of Certain Changes and Events. Except as set forth in Exhibit 3.8, since January 1, 2004, as to the System, Seller has operated the System only in the Ordinary Course of Business, there has not been any Material Adverse Effect and there has not been:

(a) any material damage to or destruction or loss of any material Asset, whether or not covered by insurance that has not been replaced or which will not be replaced prior to the Effective Time; or

(b) (to the extent the same might be material to the results of operations of the System or a portion thereof) a sale (other than sales of Inventories in the Ordinary Course of Business), lease or other disposition of any material Asset of Seller.

3.9. Environmental Matters.

(a) Except as disclosed in Exhibit 3.9(a), to Seller's Knowledge, Seller is in material compliance with and is not in material violation of or liable under, any Environmental Law, and Seller knows of no reasonable basis for a material violation or Liability.

(b) Except as disclosed in Exhibit 3.9(b), there are no pending or, to the Knowledge of Seller, threatened claims of any material nature arising under or pursuant to any Environmental Law with respect to or affecting any Facility.

(c) Except as disclosed in Exhibit 3.9(c), to Seller's Knowledge there are no Hazardous Materials present on or in the Environment at any Facility, that are not in material compliance with Environmental Laws, including any Hazardous Materials contained in barrels, aboveground or underground storage tanks, equipment (whether movable or fixed) or other containers, either temporary or permanent.

(d) Notwithstanding any provision contained herein to the contrary:

(i) Seller shall not be responsible for any costs associated with contamination which has come to be located on or below the Real Property solely as the result of subsurface migration from a contaminated aquifer from a source or sources outside the Real Property, provided that (a) Seller did not cause, contribute to, or exacerbate the Release or Threat of Release of the contaminants through an act or omission; (b) the person that caused the Release is not an agent or employee of Seller, and was not in a direct or indirect contractual relationship with Seller; and (c) there is no alternative basis for Seller's Liability for the contaminated aquifer, such as Liability as a generator or transporter of hazardous substances under Section 107(a)(3) and (4) of CERCLA or Liability as an owner

by reason of the existence of a source of contamination on Seller's property other than the contamination that migrated in an aquifer from a source outside the Real Property.

(ii) Seller has no Knowledge of any of the conditions described in Section 3.9(d).

3.10. Brokers or Finders. Neither Seller nor any of its Representatives have incurred any obligation or Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payments in connection with the sale of the Assets or the Contemplated Transactions.

3.11. Water Quality. Except as set forth in Exhibit 3.11, the quality of the drinking water supplied by Seller to its customers is in compliance with the maximum contaminant levels for primary contaminants established by the Safe Drinking Water Act, as amended, the U.S. Environmental Protection Agency, and the State of Florida, in effect, defined, interpreted and enforceable on the date hereof. Specifically excluded from this representation and warranty are any secondary drinking water standards and all maximum contaminant levels not in effect and enforceable on the date of the execution of this Agreement.

3.12. Personal Property. Seller owns the tangible and intangible personal property necessary for the operation of the System in the manner in which the System is presently being operated and Seller has the legal authority to convey such property to Buyer.

3.13. Labor Matters. Seller is not now a party to any collective bargaining agreement or other labor contract, and there is not presently pending or existing, and to the Knowledge of Seller, there is not threatened (i) any strike, slowdown, walkout, picketing, work stoppage, labor arbitration or other Proceeding in respect of the grievance of any employee, (ii) any application or complaint filed by any employee or union with the National Labor Relations Board, or any comparable Governmental Body, (iii) any organizational activity or other labor dispute against or affecting Seller, and no application for certification of a collective bargaining agreement is pending or, to the Knowledge of Seller, is threatened. There is no lockout of any employees by Seller and no such action is contemplated by Seller.

3.14. Compliance with Laws. Except as set forth in Exhibits 3.7(a), 3.7(c), 3.9(a), 3.9(b), 3.9(c), 3.11, and 3.15 of this Agreement and the Title Commitment, (i) the System has been operated, and the System is in compliance in all respects with all applicable Legal Requirements to which the System is subject, and (ii) Seller has not received any notice of, nor has Seller Knowledge of, any violation of a material nature of any Legal Requirements with respect to the System.

3.15. Seller Contracts. The Seller Contracts were made in the Ordinary Course of Business, and, to the Knowledge of Seller, are valid, binding and currently in full force and effect. Except as set forth in Exhibit 3.15, Seller is not in default under any of the Seller Contracts, and, to the Knowledge of Seller, no event has occurred which, through the passage of time or the giving of notice, or both, would constitute a default by Seller, or give rise to a right of termination or cancellation by another party under any of the Seller Contracts, or cause the

acceleration of any Liability of Seller. Except as set forth in **Exhibit 3.15**, to the Knowledge of Seller, no other party is in default under any of the Seller Contracts.

3.16. **Real Property.** Except as set forth in the Title Commitment, with respect to the Real Property and the Leases:

(a) Except as set forth in **Exhibit 3.16**, all Florida real estate taxes or assessments which are due and payable on the Land have been paid in full;

(b) To the Knowledge of Seller, Seller is not in material default in the performance of any obligation under the Leases or easements necessary to the proper operation and maintenance of the System (the "Easements"), and to the Knowledge of Seller, none of the other parties to the Leases or Easements, is in material default in the performance of its obligations thereunder; the Leases and Easements are in full force and effect; and Seller has not assigned its rights under the Leases or Easements;

(c) Except as set forth in **Exhibit 3.16**, Seller has not leased or granted to any other Person or entity the right to use or occupy all or any portion of the Real Property, and the Real Property is not subject to an option or right to purchase in favor of any Person or entity;

(d) Except as set forth in **Exhibit 3.16**, no material consents to or approval of the Contemplated Transactions are required from any Person or entity under the terms of the Leases or Easements, and to the extent a material consent or approval is required on or before Closing, Seller shall, at its sole cost, obtain such consent, in form reasonably satisfactory to Buyer; and

(e) Notwithstanding anything to the contrary contained herein, Buyer's sole recourse for any Breach by Seller of Seller's representations or warranties in this Section 3.16 shall be governed by, and subject to the limitations of, Section 10.14.

3.17. **Books and Records.** All of the books of account and other financial and corporate records provided by Seller to Buyer pursuant to Section 2.1 herein are true, accurate and complete.

3.18. **Permits.** Except as set forth in **Exhibit 3.18**, (i) Seller has timely obtained, or applied and meet the requirements for, all permits of each Governmental Body having jurisdiction over Seller, or any of its properties or assets, required to operate and carry on the System as now being conducted (the "Permits"), and has timely applied to renew any such Permits for which such renewal application is required, and (ii) the Permits of Seller are in full force and effect such that the absence of or compliance with the requirements of any such Permit, restrictions upon or lack of force or effect of any such Permits (either obtained or applied for) would not have a Material Adverse Effect. Seller has not received notice that any Permit is being considered for non-renewal, termination, revocation or suspension.

3.19. **Insurance.** Seller has maintained, and will continue to maintain until the Closing Date, the insurance set forth in **Exhibit 3.19**, which insurance covers the tangible real and personal property and assets of Seller, whether owned or leased, against loss or damage by fire or

other casualty. All such insurance is in full force and effect as of the date of this Agreement and is either self-insured or carried with insurers licensed in the states affected by such policies.

3.20. Absence of Certain Business Practices. To the Knowledge of Seller, neither Seller nor any Person acting on its behalf has, directly or indirectly, within the past six (6) years given any gift or similar benefit in violation of any Legal Requirement to any customer, supplier, governmental employee or other Person who is or may be in a position to help or hinder the System (or assist Seller in connection with any actual or proposed transaction) which subjects Seller to any damage or penalty in any civil, criminal or governmental litigation or Proceeding.

4. Representations and Warranties of Buyer.

Buyer represents and warrants to Seller as follows:

4.1. Organization and Good Standing. Buyer is a municipal corporation of the State of Florida, with full power and authority to complete the Contemplated Transactions.

4.2. Enforceability; Authority; No Conflict.

(a) This Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Upon the execution and delivery by Buyer of the agreements to be executed or delivered by Buyer at Closing (collectively, the "Buyer's Closing Documents"), each of Buyer's Closing Documents will constitute the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its respective terms. Buyer has the absolute and unrestricted right, power and authority to execute and deliver this Agreement and Buyer's Closing Documents and, subject to the receipt of all relevant Governmental Authorizations, to perform its obligations under this Agreement and Buyer's Closing Documents, and such action has been duly authorized by all necessary corporate action.

(b) Neither the execution and delivery of this Agreement by Buyer nor the consummation or performance of any of the Contemplated Transactions by Buyer will give any Person the right to prevent, delay or otherwise interfere with any of the Contemplated Transactions pursuant to:

- (i) any provision of Buyer's Governing Documents;
 - (ii) any resolution adopted by the City Commission of Buyer;
 - (iii) any Legal Requirement or Order to which Buyer may be subject;
- or
- (iv) any contract to which Buyer is a party or by which Buyer may be bound.

Buyer is not and will not be required to obtain any consent from any Person in connection with the execution and delivery of this Agreement or, subject to the receipt of all relevant

Governmental Authorizations, the consummation or performance of any of the Contemplated Transactions.

4.3. Certain Proceedings. Except as set forth on **Exhibit 4.3**, there is no pending Proceeding that has been commenced against Buyer that challenges, or may have the effect of preventing, delaying, making illegal or otherwise interfering with, any of the Contemplated Transactions. To Buyer's Knowledge, except as set forth on **Exhibit 4.3**, no such Proceeding has been threatened.

4.4. Brokers or Finders. Neither Buyer nor any of its Representatives have incurred any obligation or Liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or other similar payments in connection with the purchase of the Assets or the Contemplated Transactions.

5. Covenants of Seller Prior to Closing.

5.1. Access and Investigation.

(a) Buyer and its agents and consultants shall have a period commencing on the date hereof and ending thirty (30) days after the date hereof (the "Inspection Period") in which to undertake, at Buyer's expense, any and all physical inspections and other investigations of and concerning the Real Property as Buyer, in its sole and absolute discretion, may deem appropriate or necessary for the determination by Buyer as to the sufficiency and desirability of the Real Property for the purposes and uses intended by Buyer, including, without limitation, obtaining and reviewing zoning approvals or regulations, surveys, percolation tests, engineering studies, soil and environmental tests, utilities, title, licenses, permits, Easements, parking availability and capacity, and leases and tests relating to the condition and structural soundness of Improvements (the "Feasibility Study").

(b) During the Inspection Period, and upon reasonable advance notice received from Buyer and subject to any applicable confidentiality obligations, Seller shall: (a) afford Buyer and its Representatives reasonable access, during regular business hours, to Seller's personnel, properties (including subsurface testing), contracts, Governmental Authorizations, books and Records and other documents and data, such rights of access to be exercised in a manner that does not unreasonably interfere with the operations of Seller; (b) furnish Buyer with copies of all contracts, Governmental Authorizations, books and Records and other existing documents and data; (c) furnish Buyer with financial, operating and other relevant data and information; and (d) otherwise cooperate, to the extent reasonably requested by Buyer, with Buyer's investigation of the properties, the Assets and financial condition related to Seller. Buyer, on its own behalf and on behalf of its Representatives and as a condition precedent to the exercise of such right of entry, specifically agrees to defend, indemnify and save and hold Seller harmless from and against any loss, damage, Liability, suit, claim, cost or expense (including reasonable attorneys' fees) arising from the exercise by Buyer or its Representatives of such right of entry and inspection.

(c) Buyer also agrees that should it cause any physical damage to the Real Property occasioned as a result of the exercise of the right of entry and inspection, including any soil borings or similar physical tests or examinations, then Buyer shall repair such property to substantially the condition that existed prior to such test or examination promptly upon the completion of any such entry or inspection.

(d) In the event the results of the Feasibility Study are, in Buyer's sole and absolute discretion, unacceptable to Buyer and Buyer so notifies Seller of that fact in writing within the Inspection Period, then this Agreement and all rights and Liabilities hereunder (except for those which specifically survive) shall be terminated.

5.2. Operation of the System. Except as otherwise expressly approved by Buyer in writing, between the date of this Agreement and the Closing Date, Seller:

(a) shall operate the System in the Ordinary Course of Business;

(b) shall use its Best Efforts to preserve intact its current business organization, and maintain its relations with suppliers, customers, landlords, creditors, employees, agents and others having business relationships with it;

(c) shall confer with Buyer prior to implementing operational decisions of a material nature which are not in the Ordinary Course of Business;

(d) shall keep in full force and effect all rights relating to the System and/or the Assets other than those rights, the absence of which would not have a Material Adverse Effect;

(e) shall comply with all Legal Requirements and contractual obligations applicable to the operation of the System for which the failure to comply would have a Material Adverse Effect;

(f) shall cooperate with Buyer and shall assist Buyer in (i) identifying the Governmental Authorizations required by Buyer to operate the System from and after the Closing Date and (ii) either transferring existing Governmental Authorizations of Seller to Buyer, where permissible, or obtaining new Governmental Authorizations for Buyer;

(g) upon request from time to time, shall execute and deliver all documents, shall make all truthful oaths, testify in any Proceedings and do all other acts that may be reasonably necessary to consummate the Contemplated Transactions; and

(h) shall maintain all books and Records of Seller relating to the System in the Ordinary Course of Business.

5.3. Required Approvals. As promptly as practicable after the date of this Agreement, Seller shall make, or cause to be made, all filings required by Legal Requirements to be made by Seller to consummate the Contemplated Transactions. Seller also shall cooperate, and cause its Related Persons to cooperate, with Buyer (a) with respect to all filings Buyer shall be required by Legal Requirements to make, and (b) in obtaining all Material Consents identified in **Exhibit**

3.2(c). Seller shall provide the information required by it for the application for transfer with the FPSC in accordance with Section 2.3(b) of this Agreement.

5.4. **Notification.** Between the date of this Agreement and the Closing Date, Seller shall promptly notify Buyer in writing if Seller or any of its Representatives becomes aware of (a) any fact or condition that causes or constitutes a Breach of any of Seller's representations and warranties herein as of the date of this Agreement or (b) the occurrence after the date of this Agreement of any fact or condition that would or be reasonably likely to (except as expressly contemplated by this Agreement) cause or constitute a Breach of any such representation or warranty had that representation or warranty been made as of the time of the occurrence of, or Seller's discovery of, such fact or condition. During the same period, Seller also shall promptly notify Buyer of the occurrence, in Seller's Knowledge, of any Breach of any covenant of Seller in this Section or of the occurrence, in Seller's Knowledge, of any event that may make the satisfaction of the conditions in Section 7 impossible or unlikely.

5.5. **Best Efforts.** Seller shall use its Best Efforts to cause the conditions in this Agreement to be satisfied on or before the Closing Date, except as otherwise provided herein.

5.6. **Payment of Liabilities.** Seller shall pay or otherwise satisfy in the Ordinary Course of Business all of its Liabilities and obligations as they come due.

5.7. **Current Evidence of Title/Survey.**

(a) **Title and Survey.**

(i) Seller, at its sole cost and expense, shall cause to be delivered at Closing, in the form of a closing endorsement, an ALTA owner's title insurance policy (10-17-92 with Florida modifications) on the Land, as herein defined, for the full amount of the Purchase Price issued by the Title Company pursuant to the Title Commitment and subject to the Permitted Encumbrances as provided herein. Seller shall prepare and deliver to Buyer within fifteen (15) days after the date of this Agreement an ALTA owner's title insurance commitment issued to Buyer on the Land (the "Title Commitment"). Seller shall also deliver to Buyer a copy of any existing surveys of the Land in Seller's possession.

(ii) Within fifteen (15) days from the receipt of the Title Commitment, Buyer shall deliver to Seller (a) a list of Schedule B-Section 2 Exceptions which appear on the Title Commitment and to which Buyer objects; and (b) Buyer's proposed title cure efforts with respect to such title objections.

(iii) Not later than five (5) days after Seller receives Buyer's title objections, Seller shall notify Buyer which of the objections, if any, Seller shall attempt to cure prior to or at the Closing or on a post closing basis, including when and in what manner said items are to be cured (and as to any matters to be handled on a post-closing basis, Seller shall include a draft of a proposed post-closing agreement). If Buyer is dissatisfied with Seller's response or lack of response, Buyer has ten (10) days from receipt of Seller's response or the date upon which Seller is required to reply, to either: (i) terminate this Agreement, in

which event this Agreement shall become null and void and neither party shall have any further obligation to the other; or (ii) agree to accept the exceptions which appear on the Title Commitment and which are not identified as those which are to be cured by Seller prior to or at the Closing and such matters shall also be deemed to constitute Permitted Encumbrances hereunder.

(iv) If Seller agrees to attempt to cure certain title objections under Section 5.7(a)(iii) above, but fails to do so by Closing, Buyer has the right at Closing to either: (i) agree to close the transaction and accept the uncured title objections as Permitted Encumbrances hereunder, or (ii) terminate this Agreement, in which event this Agreement shall become null and void and neither party shall have any further obligation to the other.

(b) Future Encumbrances. From the date of this Agreement until Closing, Seller shall notify Buyer of any further encumbrance of which Seller becomes aware and which appears of record on the Land and Buyer shall have the right to object to such encumbrances. If Buyer objects to any of such encumbrances, Seller shall have the right but not the obligation to attempt to cure the same. If Seller fails to cure or remove such encumbrances by Closing, Buyer shall have the right to either (i) agree to close the transaction and accept such uncured title objections as Permitted Encumbrances hereunder, or (ii) terminate this Agreement, in which event this Agreement shall become null and void and neither party shall have any further obligation to the other.

(c) Insured Exceptions. Any title objection that the Title Company is willing to insure over is herein referred to as an "Insured Exception". The Insured Exceptions, together with the exceptions to title set forth in the Title Commitment which are not objected to by Buyer and any title exceptions or matters disclosed by a survey and not objected to by Buyer in the manner aforesaid shall also be deemed to be acceptable to Buyer and constitute Permitted Encumbrances.

(d) B-1 Requirements. Seller shall in good faith attempt to comply with the requirements of Schedule B Section 1 of the Title Commitment. At least ten (10) days prior to the Closing, Seller shall identify any Schedule B Section 1 Requirements that will not be satisfied as of the Closing (collectively, the "Unsatisfied B-1 Requirements") together with Seller's proposal, if any, as to how to handle the same (and Seller shall include a draft post-closing agreement, which agreement shall include provisions for the establishment of an escrow account in an amount necessary to satisfy any liens or monetary encumbrances and for the administration of this escrow account (the "Post Closing Agreement"), as to such Unsatisfied B-1 Requirements). Unless a mutually acceptable Post Closing Agreement has been reached prior to Closing, the Unsatisfied B-1 Requirements shall not include any liens or monetary encumbrances, and all such items shall be satisfied by Seller on or prior to Closing. In the event that there are any Unsatisfied B-1 Requirements that are not subject to a mutually agreed upon Post-Closing Agreement, as provided above, Buyer shall have the option to either: (i) terminate this Agreement and all rights and Liabilities hereunder (except those which specifically survive); or (ii) accept such proposal of Seller with respect to such Unsatisfied B-1 Requirements and proceed with the Closing, and such requirements shall

be deemed to constitute Permitted Encumbrances hereunder. If the transaction closes, Buyer shall reasonably cooperate with Seller, at Seller's expense, in satisfying the Unsatisfied B-1 Requirements, including, but not limited to, the exercise of eminent domain powers if requested by Seller.

(e) Title Agent. The parties agree that legal counsel for Seller (i.e., Sobering, White & Luczak, P.A.) is the title agent and/or closing agent for the subject transaction and specifically waive any actual or potential conflict regarding the same.

(f) Survey. Buyer, at Buyer's sole cost and expense, may obtain surveys of the Land by a professional surveyor registered as such with the State of Florida. If a survey shows any gaps, overlaps, encroachments or other survey related defects relating to the Land that materially and adversely impact the use of the Land for its intended utility purpose, Buyer shall notify Seller in writing of the specific defect no later than fifteen (15) days from the date hereof, and the same shall be treated as a title defect and handled in accordance with subsection (a). In the event that Buyer would like to have any standard survey exceptions deleted or modified in the title policy, the Buyer shall deliver to Seller's attorneys not later than fifteen (15) days from the date hereof properly certified and current original surveys of the specified fee parcels which comply with Section 627.7842(1)(a), Florida Statutes, and are acceptable to the Title Company. As to each such survey timely delivered by Buyer, Seller shall include in the title policy a "blanket exception" as to the applicable fee parcel/survey (i.e., "as to Parcel ____, all matters which appear on the survey by _____, P.L.S. dated _____") together with any other appropriate qualifications necessitated by the survey or the Title Company.

6. Covenants of Buyer Prior to Closing.

6.1. Required Approvals. As promptly as practicable after the date of this Agreement, Buyer shall make, or cause to be made, all filings required by Legal Requirements to be made by Buyer to consummate the Contemplated Transactions. Buyer also shall cooperate, and cause its Related Persons to cooperate, with Seller (a) with respect to all filings Seller shall be required by Legal Requirements to make, and (b) in obtaining all Material Consents identified in Exhibit 3.2(c). Buyer shall provide the information required by it for the application for transfer with the FPSC in accordance with Section 2.3(b) of this Agreement.

6.2. Best Efforts. Buyer shall use its Best Efforts to cause the conditions in this Agreement to be satisfied on or before the Closing Date, except as otherwise provided herein.

7. Conditions Precedent to Buyer's Obligation to Close.

Buyer's obligation to purchase the Assets and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Buyer, in whole or in part):

7.1. Accuracy of Representations. All of Seller's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall have been accurate in all material respects as of the date of this Agreement and shall be accurate in all material respects as of the time of the Closing as if then

made. Seller shall provide Buyer a statement as to the continuing accuracy of such representations and warranties as of the time of the Closing. If the statement discloses that a representation or warranty is not accurate and such inaccuracy would have a Material Adverse Effect on the System, the Assets, or Seller's ability to perform its material obligations under this Agreement, then Buyer may terminate this Agreement.

7.2. Seller's Performance. All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

7.3. Consents.

(a) Seller shall use its Best Efforts to obtain each of the material consents identified by Seller with an "X" in the column labeled "Seller will use Best Efforts" in Exhibit 3.2(c) prior to Closing. Seller shall continue to use its Best Efforts to obtain such Material Consents after Closing to the extent the same have not been acquired prior to Closing.

(b) Seller shall obtain each of the Material Consents identified by Seller with an "X" in the column labeled "Seller will obtain consent" in Exhibit 3.2(c) prior to Closing.

(c) The material consents listed in Exhibit 3.2(c) shall be collectively referred to as the "Material Consents".

7.4. Additional Documents. Seller shall have caused a legal opinion in the form attached hereto as Exhibit 7.4, to be delivered to Buyer and the documents and instruments required by Section 2.7(a) and the following documents to be delivered (or made available) to Buyer:

(a) The Articles of Incorporation and all amendments thereto of Seller, duly certified as of a recent date by the Secretary of State;

(b) A certificate to be provided by Seller:

(i) evidencing the accuracy of all of Seller's representations and warranties;

(ii) evidencing the performance by Seller of, or the compliance by Seller with, any covenant or obligation required to be performed or complied with by Seller;

(iii) evidencing the satisfaction of any condition referred to in this Section 7; and

(iv) evidencing the release of all liens and security interests other than Permitted Encumbrances (but excluding any Permitted Encumbrances that encumber the Assets).

(c) The Assignment and Assumption Agreement; and

(d) The Bill of Sale; and

(e) The ALTA owner's title insurance policy referenced in Section 5.7(a)(i).

7.5. No Conflict. Neither the consummation nor the performance of any of the Contemplated Transactions will, directly or indirectly, materially contravene or conflict with or result in a material violation of or cause Buyer or any Related Person of Buyer to suffer any Material Adverse Effect under (a) any applicable Legal Requirement or Order, or (b) any valid Legal Requirement or Order that has been entered by any Governmental Body.

7.6. No Injunction. There shall not be in effect any Legal Requirement or any injunction or other Order that (a) prohibits the consummation of the Contemplated Transactions and (b) has been adopted or issued, or has otherwise become effective, since the date of this Agreement.

7.7. System Operators. A sufficient number of employees of Seller shall have accepted offers of employment with Buyer as is reasonably required for Buyer to operate the System in the same manner as the System was operated by Seller as of the date of this Agreement.

8. Conditions Precedent to Seller's Obligation to Close.

Seller's obligation to sell the Assets and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller, in whole or in part):

8.1. Accuracy of Representations. All of Buyer's representations and warranties in this Agreement (considered collectively), and each of these representations and warranties (considered individually), shall have been accurate in all material respects as of the date of this Agreement and shall be accurate in all material respects as of the time of the Closing as if then made.

8.2. Buyer's Performance. All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

8.3. Additional Documents. Buyer shall have caused a legal opinion in the form attached hereto as **Exhibit 8.3**, to be delivered to Seller and the documents and instruments required by Section 2.7(b) and the following documents to be delivered or made available to Seller:

of: (a) such other documents as Seller may reasonably request for the purpose

(i) evidencing the accuracy of all of Buyer's representations and warranties;

(ii) evidencing the performance by Buyer of, or the compliance by Buyer with, any covenant or obligation required to be performed or complied with by Buyer; or

(iii) evidencing the satisfaction of any condition referred to in this Section.

8.4. No Injunction. There shall not be in effect any Legal Requirement or any injunction or other Order that (a) prohibits the consummation of the Contemplated Transactions and (b) has been adopted or issued, or has otherwise become effective, since the date of this Agreement.

9. Termination.

9.1. Termination Events. By notice given prior to or at the Closing, but subject to a five (5) day opportunity for the party receiving notice to cure, and further subject to Section 9.2, this Agreement may be terminated as follows:

(a) by Buyer, if a Breach of any material provision of this Agreement has been committed by Seller and such Breach has not been waived by Buyer;

(b) by Seller, if a Breach of any material provision of this Agreement has been committed by Buyer and such Breach has not been waived by Seller;

(c) by Buyer, if any condition in Section 7 has not been satisfied as of the date specified for Closing or if satisfaction of such a condition by such date is or becomes impossible (other than through the failure of Buyer to comply with its obligations under this Agreement), and Buyer has not waived such condition on or before such date;

(d) by Seller, if any condition in Section 8 has not been satisfied as of the date specified for Closing or if satisfaction of such a condition by such date is or becomes impossible (other than through the failure of Seller to comply with its obligations under this Agreement), and Seller has not waived such condition on or before such date;

(e) by mutual consent of Buyer and Seller;

(f) except if litigation has ensued as described in Section 2.6, in which event the provisions of Section 2.6 shall govern, by Buyer, if the Closing has not occurred on or before June 30, 2004, or such later date as the parties may agree upon, unless Buyer is in material Breach of this Agreement; or

(g) except if litigation has ensued as described in Section 2.6, in which event the provisions of Section 2.6 shall govern, by Seller, if the Closing has not occurred on or before June 30, 2004, or such later date as the parties may agree upon, unless Seller is in material Breach of this Agreement.

9.2. Effect of Termination. Each party's right of termination under Section 9.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 9.1, all obligations of the parties under this Agreement will terminate, except that the obligations of the parties in this Section 9.2 will survive; provided, however, that, if this Agreement is terminated because of a Breach of this Agreement by the non-terminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the non-terminating party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired. Neither Buyer nor Seller shall be liable to the other in the event that after the execution of this Agreement there occurs (i) a change of law that prevents the Closing, (ii) any action by a third party that prevents the Closing, or (iii) any order by a Governmental Agency or court that prevents the Closing.

10. Additional Covenants.

10.1. Seller Employees.

(a) Seller shall provide Buyer with a list of Seller's employees and other pertinent information with respect to such employees as reasonably requested by Buyer.

(b) No later than 5:00 p.m. on the day which is fifteen (15) days after the date of this Agreement, Buyer shall deliver to Seller a written list of all Seller's employees to whom Buyer will offer employment as of the Closing Date upon terms and conditions comparable to those applicable to Buyer's other employees in Florida. Seller shall be responsible for payment of all wages, salaries and benefits accrued and payable to individuals employed by Seller through the Effective Time and Buyer shall be responsible for payment of all wages, salaries and benefits, under Buyer's benefit plans, relating to the employees hired by Buyer for the period commencing on and from the Effective Time. Seller will comply with the WARN Act, if applicable, or any similar federal, state or local legislation with respect to such employee matters in connection with the Contemplated Transactions. It is expressly understood and agreed that Buyer is not and shall not be responsible or liable, directly or indirectly, for payment of any benefits, severance liability, compensation, pay or other obligations, of whatever nature, due or alleged to be due to any employee of Seller, whether or not hired by Buyer, attributable to any time period up to or as a result of Closing.

10.2. Payment of all Taxes Resulting From Sale of Assets by Seller. Seller shall pay in a timely manner all Taxes resulting from or payable in connection with the sale of the Assets pursuant to this Agreement.

10.3. Payment of Other Retained Liabilities. Seller shall pay, or make adequate provision for the payment, in full when due, of all of the Retained Liabilities and other Liabilities of Seller under this Agreement. If any such Liabilities are not so paid or provided for, or if Buyer reasonably determines that failure to make any payments will impair Buyer's use or enjoyment of the Assets or operation of the System, Buyer may, upon ten (10) days notice, at any time after the Closing Date, elect to make all such payments directly (but shall have no obligation to do so) and will invoice Seller to reimburse Buyer.

10.4. Removing Excluded Assets. Within sixty (60) days after the Closing Date, Seller shall remove all Excluded Assets from all Facilities and other Land to be occupied by Buyer. Such removal shall be done in such manner as to avoid any damage to the Facilities and other properties to be occupied by Buyer and any disruption to the operation of the System after the Closing. Any damage to the Assets or to the Facilities resulting from such removal shall be paid promptly by Seller. Should Seller fail to remove the Excluded Assets as required by this Section 10.4, Buyer shall have the right, but not the obligation, (a) to remove the Excluded Assets at Seller's sole cost and expense; (b) to store the Excluded Assets and to charge Seller all storage costs associated therewith; (c) to treat the Excluded Assets as unclaimed and to proceed to dispose of the same under the laws governing unclaimed property; or (d) to exercise any other right or remedy conferred by this Agreement or otherwise available at law or in equity. Seller shall promptly reimburse Buyer for all costs and expenses incurred by Buyer in connection with any Excluded Assets not removed from the Land by Seller within the timeframe provided above.

10.5. Reports and Returns. Seller shall promptly after the Closing prepare and file all reports and returns required by Legal Requirements relating to the Assets and/or the System, to and including the Effective Time.

10.6. Assistance in Proceedings. Seller and Buyer will cooperate with each other and their respective counsel in the contest or defense of, and make available their respective personnel and provide any testimony and access to their respective books and Records in connection with, any Proceeding involving or relating to (a) any Contemplated Transaction, or (b) any action, activity, circumstance, condition, conduct, event, fact, failure to act, incident, occurrence, plan, practice, situation, status or transaction involving Buyer, Seller, the System, or the Assets.

10.7. Retention of and Access to Records.

(a) After the Closing Date, Buyer shall retain for a period consistent with Buyer's record-retention policies and practices those Records of Seller delivered to Buyer. Buyer also shall provide Seller and its Representatives reasonable access thereto, during normal business hours to enable them to prepare financial statements or tax returns or deal with tax audits.

(b) After the Closing Date, Seller shall retain for a period consistent with Seller's record-retention policies and practices its records relating to the System. Seller also shall provide Buyer and its Representatives reasonable access to Records that are Excluded Assets, during normal business hours for any reasonable business purpose specified by Buyer in such notice.

10.8. Further Assurances. Subject to the provisions of this Agreement, the parties shall cooperate reasonably with each other and with their respective Representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the Contemplated Transactions.

10.9. Intentionally Omitted.

10.10. Customer Deposits. Seller shall transfer to Buyer by electronic fund transfer all Customer Deposits, including any interest earned, accrued or due thereon. Such transfer shall occur, at the election of Buyer, on either the Closing Date or promptly following the termination of the Transition Services Agreement. Upon receipt of the Customer Deposits, Buyer will (i) assume responsibility for maintaining accurate books and records of the funds, and (ii) Liability for repaying the Customer Deposits plus accrued interest.

10.11. Regulatory Approval Contingency. The parties acknowledge and agree that the FPSC has the power and jurisdiction to approve or disapprove the Contemplated Transactions. The sale and transfer of the Assets pursuant to this Agreement is contingent, as a post-Closing matter, upon receipt of the FPSC Final Order. In the event that the FPSC denies such approval or imposes conditions on such approval that would have a Material Adverse Effect on either Buyer or Seller, then the System shall be repurchased by Seller via the same means the System was purchased by Buyer pursuant to this Agreement, and the obligations of Seller and Buyer under this Agreement shall be reversed for purposes of such repurchase. Seller agrees that in the event of such repurchase, Seller will reimburse Buyer for capital expenditures made for the improvement of the System, provided such expenditures are made in accordance with Seller's 2004 and 2005 budget for the System or are otherwise required to maintain the System in good working order or to comply with applicable Legal Requirements. From and after the Closing, and until the FPSC Final Order is issued, or the repurchase of the System by Seller, whichever occurs first, Buyer shall operate the System in the Ordinary Course of Business and in compliance with all applicable agreements, laws, rules and regulations with due care such that the System, if repurchased by Seller, shall be in as good a condition as it was on the Closing Date, ordinary wear and tear excepted. Damage to the System above and beyond the foregoing shall be deducted from the repurchase price to be paid by Seller in the event of a repurchase of the System by Seller.

10.12. Accounts Receivable and Unbilled Customer Revenue. Seller shall furnish to Buyer, at least ten (10) days prior to Closing, a listing of all Accounts Receivable and Unbilled Customer Revenue. A summary of such listing, as of February 29, 2004 is attached hereto as Exhibit 10.12. Seller shall assign to Buyer at Closing, the Accounts Receivable and Unbilled Customer Revenue and all rights of collection therefor in accordance with the following terms. At the Closing, Buyer shall reimburse Seller for the sum of Accounts Receivable that are not more than sixty (60) days in arrears plus ninety-eight percent (98%) of Unbilled Customer Revenue. Unbilled Customer Revenue shall be based upon the actual billings for the month immediately preceding the month of the Closing and shall be prorated through the Closing Date based on the number of days that have elapsed since the last billing period. All amounts received

by Seller through the Closing Date for Accounts Receivable which were collected by Seller subsequent to the date Seller provided Buyer with the list of Accounts Receivable, shall be credited to Buyer at the Closing. After the Closing, Seller will promptly pay to Buyer any payments received by Seller on a customer's account. At Closing, Buyer shall pay Seller for the book value of Seller's meter inventory in stock ten (10) days prior to Closing.

10.13. Transition Services Agreement. Buyer shall notify Seller within fifteen (15) days from the date of this Agreement if it chooses to utilize the Transition Services Agreement provided in **Exhibit 10.13**. If Buyer so notifies Seller, at Closing, Seller and Buyer will execute the Transition Services Agreement.

10.14. Documents after the Closing. Subject to the limits contained herein, from time to time after Closing, each party hereto shall, upon request of the other, execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further acts, special warranty deeds, assignments, bills of sale, transfers or other documentation for (1) confirming or correcting title in the name of Buyer or its successor(s) or perfecting possession and ownership by Buyer or its successor(s) of any or all of the System and/or the Assets, including the establishment of record of Easements for all Facilities which are a part of the System in existence or use at the time of the execution of this Agreement, or (2) otherwise fulfilling the obligations of the parties hereunder. Specifically, for a period of one (1) year from the Closing Date, should the parties discover that certain land parcels, Easements, or other real estate rights owned or enjoyed by Seller at Closing and necessary to the proper operation and maintenance of the System, the Assets, and/or the Facilities had not been transferred to the Buyer or its successor(s) at Closing in accordance with this Agreement, (such assets are referred to herein as the "Omitted Assets"), then the parties agree that Seller shall execute or cause to be executed all appropriate documents including, but not limited to, deeds, easements and bills of sale necessary to convey such ownership or rights to the Buyer or its successor(s), at no cost to the Buyer; provided such conveyances may be accomplished without resort to litigation, expenditure or reimbursement of monies, or other extraordinary means, except as specifically provided herein. With respect to those Omitted Assets which consist of above-ground facilities, for a period of one (1) year from the Closing Date, Seller shall be obligated to reimburse Buyer for actual reasonable costs, including attorneys fees (the "Cure Costs"), incurred in order to acquire the minimum legal rights necessary to establish Buyer's right to use such above-ground facilities in the manner used by Seller on the Closing Date, provided further that Seller shall not be responsible for the Cure Costs unless and until Buyer shall have sustained cumulative Cure Costs of TEN THOUSAND DOLLARS (\$10,000.00). Once the aggregate Cure Costs exceed TEN THOUSAND DOLLARS (\$10,000.00), Seller shall provide indemnification for all Cure Costs incurred up to a maximum amount of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00); and (ii) Seller shall have no obligation under this Section 10.14 to cure Permitted Encumbrances.

11. Indemnification; Remedies.

11.1. Indemnification by Buyer. From and after the Effective Time, Buyer will reimburse, indemnify and hold Seller and its affiliates, officers and directors harmless from and against any and all Liabilities, obligations, Damages, losses, actions, audits, deficiencies, claims, fines, costs and expenses, including attorney's fees and costs resulting from, relating to, or arising out of:

(a) the Assumed Liabilities that are specifically assumed by Buyer pursuant to Section 2.4(a);

(b) the provision of water and/or wastewater service by Buyer for the period following the Effective Time;

(c) regulatory compliance for events that occur following the Effective Time that are not attributable to events that occurred prior to the Effective Time;

(d) the failure of Buyer to perform any of its covenants following the Effective Time;

(e) any misrepresentation, Breach of warranty or non-fulfillment of any agreement or covenant on the part of Buyer under this Agreement, or from any misrepresentation in, or omission from, any exhibit or information furnished by Buyer pursuant to this Agreement;

(f) any claim for a brokerage commission or finder's fee made by any party claiming by or through Buyer; and

(g) the enforcement of this Section 11.1.

11.2. Indemnification by Seller. From and after the Effective Time, but subject to the limitations contained in Section 11.5, Seller will reimburse, indemnify and hold Buyer and its affiliates, officers, and directors harmless from and against any and all Liabilities, obligations, Damages, losses, actions, audits, deficiencies, claims, fines, costs and expenses, including attorney's fees and costs resulting from, relating to, or arising out of:

(a) the Retained Liabilities;

(b) the provision of water and/or wastewater service by Seller for the period prior to the Effective Time;

(c) issues of regulatory compliance, including any Environmental, Health and Safety Liabilities, for events or occurrences, and claims by Third Parties for events or occurrences, that occurred prior to the Effective Time;

(d) the ownership or operation of the System on or prior to the Effective Time;

(e) Seller's failure to perform any of its covenants to be performed following the Effective Time;

(f) any misrepresentation, Breach of warranty or non-fulfillment of any agreement or covenant on the part of Seller under this Agreement, or from any misrepresentation in, or omission from, any exhibit or information furnished by Seller pursuant to this Agreement;

(g) any claim by any present or former employee of Seller relating to his or her employment with Seller, including, but not limited to, claims regarding Seller's handling of accrued sick leave, accrued vacation leave, termination bonuses, severance payment and/or compensatory time;

(h) intentionally deleted;

(i) any non-payment or underpayment of, or deficiency in the Taxes to be paid by Seller, and any interest, additions to tax, or penalties thereon, for any period up to and including the Effective Time, or as claimed to be due prior to the Effective Time by any taxing authority from Seller or upon or measured by the properties, assets or income of Seller;

(j) with the exception of those matters that are specifically excluded as the responsibility of Seller by Section 3.9(d) of this Agreement, Damages (including costs of cleanup, containment or other remediation, natural resource damages, and costs incurred to bring the System into compliance with Environmental Laws) arising from or in connection with any Third Party bodily injury (including illness, disability and death, regardless of when any such bodily injury occurred, was incurred, or manifested itself), personal injury, property damage (including trespass, nuisance, wrongful eviction and deprivation of the use of real property) or other damage of or to any Person or any Assets in any way arising from the ownership or operation of the System or any of the Facilities on or prior to the Effective Time, the environmental condition of any Facility existing on or prior to the Effective Time, any Hazardous Activity conducted by Seller prior to the Effective Time, the Release or threat of Release of any Hazardous Material by Seller or in connection with the ownership or operation of the System at any time on or prior to the Effective Time;

(k) any claim for a brokerage commission or finder's fee made by any party claiming by or through Seller;

(l) any claims against Buyer arising from any claim in Section 3.7, except the Assumed Liabilities;

(m) the enforcement of this Section 11.2; and

(n) the matters indemnified against by Seller in Section 2.6.

11.3. Survival of Indemnification Obligations.

(a) All representations, warranties, covenants and obligations in this Agreement, the certificates delivered pursuant to Section 2.7, and any other certificate or document delivered pursuant to this Agreement shall survive the Closing and the consummation of the Contemplated Transactions for a period of two (2) years from the Closing Date. Notwithstanding the foregoing, the representations and warranties contained in Section 3.9 hereof shall survive the Closing and the consummation of the Contemplated Transactions until the expiration of the applicable statute of limitations for the underlying claim.

(b) Except for the matters identified in (c) below, Buyer shall have the right to make claims for indemnification hereunder with respect to all indemnification claims for which Buyer notifies Seller during the period of two (2) years following the Closing Date.

(c) Seller's indemnities provided in Sections 11.2(a), (e), (g), (h), (i), (k), (l) and (n) shall survive the Closing.

11.4. Third-Party Claims.

(a) Promptly after receipt by a Person entitled to indemnity (an "Indemnified Person") of notice of the assertion of a Third-Party Claim against it, such Indemnified Person shall give notice to the Person obligated to indemnify under such Section (an "Indemnifying Person") of the assertion of such Third-Party Claim, provided that the failure to notify the Indemnifying Person will not relieve the Indemnifying Person of any Liability that it may have to any Indemnified Person, except to the extent that the Indemnifying Person demonstrates that the defense of such Third-Party Claim is prejudiced by the Indemnified Person's failure to give such notice.

(b) If an Indemnified Person gives notice to the Indemnifying Person of the assertion of a Third-Party Claim, the Indemnifying Person shall be entitled to participate in the defense of such Third-Party Claim and, to the extent that it wishes (unless (i) the Indemnifying Person is also a Person against whom the Third-Party Claim is made and the Indemnified Person determines in good faith that joint representation would be inappropriate or (ii) the Indemnifying Person fails to provide reasonable assurance to the Indemnified Person of its financial capacity to defend such Third-Party Claim and provide indemnification with respect to such Third-Party Claim), to assume the defense of such Third-Party Claim with counsel satisfactory to the Indemnified Person. After notice from the Indemnifying Person to the Indemnified Person of its election to assume the defense of such Third-Party Claim, the Indemnifying Person shall not, so long as it diligently conducts such defense, be liable to the Indemnified Person under this Section 11.4 for any fees of other counsel or any other expenses with respect to the defense of such Third-Party Claim, in each case subsequently incurred by the Indemnified Person in connection with the defense of such Third-Party Claim, other than reasonable costs of investigation. If the Indemnifying Person assumes the defense of a Third-Party Claim, (i) such assumption will conclusively establish for purposes of this Agreement that the claims made in that Third-Party Claim are within the scope of and subject to indemnification, and (ii) no compromise or settlement of such Third-Party Claims may be effected by the Indemnifying Person without the Indemnified Person's consent unless (A) there is no finding or admission of any violation of Legal Requirement or any violation of the rights of any Person; (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Person; and (C) the Indemnified Person shall have no Liability with respect to any compromise or settlement of such Third-Party Claims effected without its consent. If notice is given to an Indemnifying Person of the assertion of any Third-Party Claim and the Indemnifying Person does not, within ten (10) days after the Indemnified Person's notice is given, give notice to the Indemnified Person of its election to assume the defense of such Third-Party Claim, the Indemnifying Person will be bound

by any determination made in such Third-Party Claim or any compromise or settlement effected by the Indemnified Person.

(c) Notwithstanding the foregoing, if an Indemnified Person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it or its Related Persons other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Person may, by notice to the Indemnifying Person, assume the exclusive right to defend, compromise or settle such Third-Party Claim, but the Indemnifying Person will not be bound by any determination of any Third-Party Claim so defended for the purposes of this Agreement or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) Seller hereby consents to the nonexclusive jurisdiction of any court in which a Proceeding in respect of a Third-Party Claim is brought against any Buyer Indemnified Person for purposes of any claim that a Buyer Indemnified Person may have under this Agreement with respect to such Proceeding or the matters alleged therein and agree that process may be served on Seller with respect to such a claim anywhere in the world.

(e) With respect to any Third-Party Claim subject to indemnification under this Section:

(i) both the Indemnified Person and the Indemnifying Person, as the case may be, shall keep each other fully informed of the status of such Third-Party Claim and any related Proceedings at all stages thereof where either the Indemnified Person or the Indemnifying Person is not represented by its own counsel; and

(ii) the parties agree (each at its own expense) to render to each other such assistance as they may reasonably require of each other and to cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third-Party Claim.

(f) With respect to any Third-Party Claim subject to indemnification under this Section, the parties agree to cooperate in such a manner as to preserve in full (to the extent possible) the confidentiality of all confidential information and the attorney-client and work-product privileges. In connection therewith, each party agrees that:

(i) it will use its best efforts, in respect of any Third-Party Claim in which it has assumed or participated in the defense, to avoid production of confidential information (consistent with applicable law and rules of procedure); and

(ii) all communications between any party hereto and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.

11.5. Limitations on Liability. Seller shall not be liable for any indemnification given by Seller pursuant to this Agreement unless and until Buyer shall have sustained cumulative losses as a result of one or more claims under such indemnification of FIFTY THOUSAND DOLLARS (\$50,000.00) (the "Basket Amount"). Once the aggregate of losses exceeds the Basket Amount, the maximum liability for which Seller shall provide indemnification of a loss or losses under this Agreement shall not exceed the amount of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00). Notwithstanding the foregoing, the limitations described in this section 11.5 shall not apply to Sections 11.2 (a), (e), (g), (h), (i), (k), (l) and (n).

12. Intentionally Deleted.

13. General Provisions.

13.1. Expenses. Except as otherwise provided in this Agreement, each party to this Agreement will bear its respective fees and expenses incurred in connection with the preparation, negotiation, execution and performance of this Agreement and the Contemplated Transactions, including all fees and expense of its Representatives. Seller will pay all amounts payable to the Title Company in respect of the Title Commitment, copies of exceptions and the Title Policy, including premiums (including premiums for endorsements) and search fees. If this Agreement is terminated, the obligation of each party to pay its own fees and expenses will be subject to any rights of such party arising from a Breach of this Agreement by another party.

13.2. Notices. All notices, consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment; or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, e-mail address or person as a party may designate by notice to the other parties):

As to Seller:

Florida Water Services Corporation
1000 Color Place
Apopka, Florida 32703
Attention: Forrest Ludsen
Telephone: (407) 598-4201
Fax: (407) 598-4219
E-mail: forrestl@florida-water.com

with a mandatory copy to:

Lowndes, Drosdick, Doster, Kantor & Reed, P.A.
215 North Eola Drive
Orlando, Florida 32801
Attention: Morey Raiskin, Esquire
Telephone: (407) 843-4600
Fax: (407) 843-4444
E-mail: morey.raiskin@lowndes-law.com

with a mandatory copy to:

Deborah Amberg
VP/General Counsel
30 West Superior Street
Duluth, Minnesota 55802
Telephone: (218) 723-3964
Fax: (218) 723-3960
E-mail: damberg@allete.com

As to Buyer:

City of Altamonte Springs
225 Newberryport Avenue
Altamonte Springs, Florida 32710
Attention: City Manager
Telephone: _____
Fax: _____
E-mail: _____

with a mandatory copy to:

Fowler & O'Quinn, P.A.
28 West Central Boulevard
Orlando, Florida 32801
Attention: James A. Fowler, Esquire
Telephone: (407) 425-2684
Fax: _____
E-mail: _____

13.3. Jurisdiction; Service of Process. Any Proceeding arising out of or relating to this Agreement or any Contemplated Transaction shall be brought in the courts of the State of Florida, County of Orange, or, if it has or can acquire jurisdiction, in the United States District Court for the Middle District of Florida, and each of the parties irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the Proceeding shall be heard and determined only in any such court and agrees not to bring any Proceeding arising out of or relating to this Agreement or any Contemplated Transaction in any other court. The parties agree that either or both of them may file a copy of this Section 13.3 with any court as written evidence of the knowing, voluntary and bargained agreement between the parties irrevocably to waive any objections to venue or to convenience of forum. Process in any Proceeding referred to in the first sentence of this Section may be served on any party anywhere in the world.

13.4. Waiver; Remedies Cumulative. The rights and remedies of the parties to this Agreement are cumulative and not alternative and the parties hereto reserve all legal and equitable rights that each of them may have with respect to the matters addressed in this Agreement. Neither any failure nor any delay by any party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement or any of the

documents referred to in this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of that party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement. Notwithstanding the foregoing, the respective indemnification obligations of the parties set forth in Paragraphs 10.14, 11.1 and 11.2 of this Agreement are the exclusive remedies of the parties and their successors, assigns or others seeking to claim by, through, or on behalf of a party, under this Agreement, and no other remedy or remedies, whether arising under any applicable law, common law or otherwise, may be used, asserted or prosecuted in connection with this Agreement and any transaction, occurrence, or omission arising from, in connection with or otherwise based upon this Agreement; provided, however, that all equitable remedies shall remain available other than rescission, which shall not be an available remedy of either party hereto, or their respective successors and assigns, under or pursuant to this Agreement. This Section 13.4 shall not be applicable in the specific instances in which a party hereto has committed fraud.

13.5. Entire Agreement and Modification. This Agreement supersedes all prior agreements, whether written or oral, between the parties with respect to its subject matter (including any letter of intent between Buyer and Seller) and constitutes (along with the Confidentiality Agreement, exhibits and other documents delivered pursuant to this Agreement) a complete and exclusive statement of the terms of the agreement between the parties with respect to its subject matter. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by Buyer and Seller.

13.6. Assignments, Successors and No Third-Party Rights. No party may assign any of its rights or delegate any of its obligations under this Agreement without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this Section.

13.7. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

13.8. Construction. The headings of Sections in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Sections" refer to the corresponding Sections of this Agreement.

13.9. Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

13.10. Governing Law. This Agreement will be governed by and construed under the laws of the State of Florida without regard to conflicts-of-laws principles that would require the application of any other law.

13.11. Execution of Agreement. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile shall be deemed to be their original signatures for all purposes.

13.12. Radon Gas. RADON IS 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 TESTING MAY BE OBTAINED FROM THE COUNTY PUBLIC HEALTH UNIT.

13.13. Eminent Domain.

(a) Between the date hereof and the Closing Date, Seller shall immediately notify Buyer if a Governmental Authority commences condemnation, expropriation, eminent domain or similar Proceedings affecting all or any portion of the Real Property, the Facilities or the System (a "Condemnation Proceeding").

(b) Between the date hereof and the Closing Date, with respect to any Condemnation Proceeding, Seller shall not enter into any settlement without the prior written consent of Buyer unless: (i) the settlement pays Seller at least rate base for the condemned property as compensation from the Governmental Authority; (ii) Seller shall deposit any monies resulting from any such settlement that do not exceed said rate base into a separate escrow account, together with fifty percent (50%) of the monies resulting from any such settlement that do exceed said rate base; and (iii) Seller shall cause such monies to be transferred from Seller to Buyer on the Closing Date; provided, however, that Seller shall be entitled to retain as an Excluded Asset or otherwise, fifty percent (50%) of any monies resulting from any such settlement that exceeds said rate base.

(c) In the event that a Condemnation Proceeding is pending at the time of Closing, Seller shall assign Seller's rights to the proceeds of any such Condemnation Proceeding to Buyer at Closing, and Buyer shall be substituted for Seller as the party in interest to such Condemnation Proceeding. Buyer shall submit any claim for attorney's fees and costs of Seller in such Condemnation Proceeding prior to Closing to the court and shall remit to Seller any attorneys' fees awarded by the court for Seller's attorneys' fees and costs.

(d) Except as set forth in Exhibit 13.13(d), there are no Condemnation Proceedings pending or, to the Knowledge of Seller, threatened. Exhibit 13.13(d) sets

forth all private condemnation proceedings that have been initiated against Seller under a statutory power of condemnation.

13.14. Exhibits. All exhibits identified in this Agreement shall be deemed to be attached hereto and incorporated herein by such reference, unless otherwise expressly set forth herein.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement, for the System in Altamonte Springs, Florida, as of the date first written above.

Signed, sealed and delivered in the Presence of the following witnesses:

Signature of Witness

Printed Name of Witness

Signature of Witness

Printed Name of Witness

“SELLER”:

FLORIDA WATER SERVICES CORPORATION, a Florida corporation

By: _____

Printed Name: _____

Title: _____

(CORPORATE SEAL)

Signed, sealed and delivered in the presence of the following witnesses:

Signature of Witness

Printed Name of Witness

Signature of Witness

Printed Name of Witness

“BUYER”:

CITY OF ALTAMONTE SPRINGS, a Florida municipal corporation

By: _____

Printed Name: _____

Title: _____

(CORPORATE SEAL)

IN WITNESS WHEREOF, the parties have executed this Agreement, for the System in Altamonte Springs, Florida, as of the date first written above.

Signed, sealed and delivered in the Presence of the following witnesses:

Signature of Witness

Printed Name of Witness

Signature of Witness

Printed Name of Witness

"SELLER":

FLORIDA WATER SERVICES CORPORATION, a Florida corporation

By: _____

Printed Name: _____

Title: _____

(CORPORATE SEAL)

Signed, sealed and delivered in the presence of the following witnesses:

[Signature]

Signature of Witness

MARK T. BUTLER

Printed Name of Witness

[Signature]

Signature of Witness

JAMES H. PARDON III

Printed Name of Witness

"BUYER":

CITY OF ALTAMONTE SPRINGS, a Florida municipal corporation

By: *[Signature]*

Printed Name: **RUSSEL E. HAUCK**

Title: **MAYOR**

(CORPORATE SEAL)



IN WITNESS WHEREOF, the parties have executed this Agreement, for the System in Altamonte Springs, Florida, as of the date first written above.

Signed, sealed and delivered in the Presence of the following witnesses:

[Handwritten signature]

Signature of Witness
KIRK D. MARTIN

Printed Name of Witness

Melissa Mauer

Signature of Witness
Melissa Mauer

Printed Name of Witness

“SELLER”:

FLORIDA WATER SERVICES CORPORATION, a Florida corporation

By: *[Handwritten signature]*

Printed Name: FORREST L. LUDSEN

Title: PRESIDENT

(CORPORATE SEAL)

Signed, sealed and delivered in the presence of the following witnesses:

Signature of Witness

Printed Name of Witness

Signature of Witness

Printed Name of Witness

“BUYER”:

CITY OF ALTAMONTE SPRINGS, a Florida municipal corporation

By: _____

Printed Name: _____

Title: _____

(CORPORATE SEAL)

APPENDIX A-2

Memorandum of Understanding

between

**the City of Altamonte Springs and
the Board of County Commissioners of Seminole County, Florida**

May 18, 2004

de la PARTE & GILBERT
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

VIVIAN ARENAS
DAVID M. CALDEVILLA*
RONALD A. CHRISTALDI*
TRAVIS J. COY
EDWARD P. de la PARTE, JR.
L. DAVID de la PARTE
DAVID D. DICKEY
CHARLES R. FLETCHER
RICHARD A. GILBERT**
DANIEL J. McBRENN
PATRICK J. McNAMARA
NICOLAS Q. PORTER
PATRICIA A. ZAGAMI
K. PRISCILLA ZAHNER
KELLY A. ZARZYCKI

101 E. KENNEDY BLVD.
SUITE 3400
POST OFFICE BOX 2350
TAMPA, FLORIDA 33601-
2350
(813) 229-2775
FACSIMILE (813) 229-2712

FOUNDER
LOUIS A. de la PARTE, JR.

- * BOARD CERTIFIED APPELLATE LAWYER
- * BOARD CERTIFIED IN BUSINESS LITIGATION LAW
- † BOARD CERTIFIED CIVIL TRIAL LAWYER
- ◆ BOARD CERTIFIED IN HEALTH LAW

FAX TRANSMITTAL COVER SHEET
PROTECTED BY ATTORNEY-CLIENT PRIVILEGE
AND WORK PRODUCT DOCTRINE
PERSONAL AND CONFIDENTIAL

TO: Melissa Taylor FAX #: (407) 598-4241
DATE: July 6, 2004 PAGES: 3 (including cover page)
FROM: Linda C. Sanchez, Paralegal FILE #: 030146-2
SENT BY: Linda C. Sanchez, Paralegal
RE: Altamonte Springs Utilities Asset Purchase

As you requested, attached for your review is a copy of the Memorandum of Understanding between the City of Altamonte Springs and the Board of County Commissioners of Seminole County, Florida relative to the above-referenced transaction.

Please call me or Chip if you have any questions or require additional information.

cc: Charles R. Fletcher (w/attachment)

CONFIDENTIALITY NOTE:

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HARD COPY WILL NOT FOLLOW.

NEW DEMAND UNDERSTANDING

WHEREAS, the City of Altamonte Springs has a right of first refusal to purchase certain water and sewer systems owned by Florida Water; and

WHEREAS, these systems are located in unincorporated Seminole County and do not provide service to residents of the City of Altamonte Springs; and

WHEREAS, Florida Water Services, the City and the County have agreed that the County shall purchase these systems; and

WHEREAS, the City presently provides wholesale water and wastewater treatment to these systems and wishes to continue and to improve said service; and

WHEREAS, the City and the County desire to work in a cooperative fashion to enable the County to acquire the systems and allow the City to continue and to expand its wholesale service,

NOW THEREFORE, in consideration of the premises and of the mutual covenants contained herein and other good and valuable consideration, the parties agree as follows:

- 1. As consideration for the City's agreement to assign its purchase rights, as aforesaid, to the County and in furtherance of the cooperative approach to the provision of utility service by the parties, the County agrees to continue and to expand as and where possible the provision of wholesale wastewater treatment by the City.**
- 2. Additionally, to the extent that the City's Consumptive Use Permit (CUP) can be amended to include the CUP capacities of the seven (7) service areas currently served by Florida Water Services which are to be acquired by the County, the City will provide wholesale water for retail sale by the County to these areas.**
- 3. As further consideration, the County will undertake to study the feasibility of requiring sewer services as and when available as a condition of development in the area west of Bunnell Road and south of SR 436 to the Orange County line. Such sewer services would be provided utilizing wholesale wastewater treatment provided by the City.**

**BARBARA MORSE
CLERK OF CIRCUIT COURT
SEMINOLE COUNTY, FLORIDA**

[Signature]

4. The parties shall negotiate in good faith wholesale services agreements for the provision of wholesale wastewater treatment and to the extent deemed feasible, without jeopardizing the City's CUP and unencumbered capacity, wholesale water.

IN WITNESS WHEREOF, the City and the County have executed this Agreement as of the day and year first above written.

ATTEST:

Patsy Wainright
Patsy Wainright, City Clerk

CITY OF ALTAMONTE SPRINGS

By: *[Signature]*
RUSSEL HASKER, Mayor

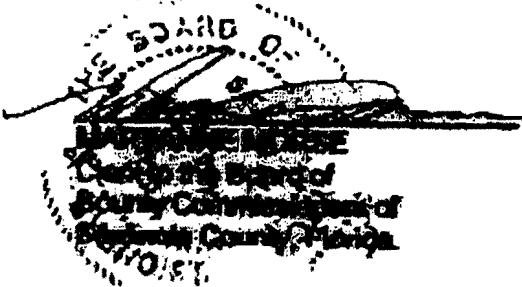
Date: 5-17-04

Approved as to form and legal sufficiency.

[Signature]
James A. Fowler, City Attorney



ATTEST:



BOARD OF COUNTY COMMISSIONERS
SEMINOLE COUNTY, FLORIDA

By: *[Signature]*
DARYL S. McLAIN, Chairman

Date: 5-27-04

For the use and reliance
Seminole County only.
Approved as to form and
legal sufficiency.

[Signature]
County Attorney

As authorized for execution by of
the Board of County Commissioners at
their 25 May 2004, regular meeting.

APPENDIX A-3

Resolution No. 2004-R-106

**Adopted by the Board of County Commissioners
of Seminole County, Florida**

May 25, 2004

de la PARTE & GILBERT
PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

VIVIAN ARENAS
DAVID M. CALDEVILLA*
RONALD A. CRISTALDI*
TRAVIS J. COY
EDWARD P. de la PARTE, JR.
L. DAVID de la PARTE
DAVID D. DICKEY
CHARLES R. FLETCHER
RICHARD A. GILBERT†
DANIEL J. MCBREEN
PATRICK J. MCNAMARA
NICOLAS Q. PORTER
PATRICIA A. ZAGAMI
K. PRISCILLA ZAHNER

June 14, 2004

101 E. KENNEDY BLVD.
SUITE 3400
POST OFFICE BOX 2350
TAMPA, FLORIDA 33601-2350
(813) 229-2775
FACSIMILE (813) 229-2712

FOUNDER
LOUIS A. de la PARTE, JR.

* BOARD CERTIFIED APPELLATE LAWYER
* BOARD CERTIFIED IN BUSINESS LITIGATION LAW
† BOARD CERTIFIED CIVIL TRIAL LAWYER
* BOARD CERTIFIED IN HEALTH LAW

VIA U.S. MAIL AND TELEFACSIMILE NO. 407-647-9336

Barry J. Sobering
Sobering, White & Luczak, P.A.

Dear Mr. Sobering:

As we discussed, please find enclosed a copy of Resolution No. 2004-R-106 as adopted by the Board of County Commissioners of Seminole County, Florida, at their regularly scheduled meeting of May 25, 2004. This resolution authorized acquisition of the Altamonte Springs water and wastewater utilities pursuant to state law.

If you have any questions please feel free to call me.

Sincerely,
de la PARTE & GILBERT, P.A.



Charles R. Fletcher

cc: Steve Lee
Robert G. Adolphe

Enclosure
CRF/lis

RESOLUTION NO. 2004-R-106

SEMINOLE COUNTY, FLORIDA

THE FOLLOWING RESOLUTION WAS ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA, AT THEIR REGULARLY SCHEDULED MEETING OF MAY 25, 2004

WHEREAS, the Board of County Commissioners is specifically authorized by Section 125.3041, Florida Statutes, to acquire water and wastewater utilities.

WHEREAS, on May 11, 2004 the Board of County Commissioners directed the County Manager to review the Altamonte Springs Asset Purchase Agreement by and between Florida Water Services, a Florida Corporation, as Seller and City of Altamonte Springs, a Municipal Corporation of Florida, as Buyer (the "Asset Purchase Agreement").

WHEREAS, the Asset Purchase Agreement was offered by Florida Water Services to the City of Altamonte Springs to satisfy a right of first refusal by the City of Altamonte Springs.

WHEREAS, the City of Altamonte Springs has agreed to assign its right of first refusal to the County and Florida Water Services has consented to this assignment, subject to certain terms and conditions.

WHEREAS, on May 25, 2004 the Board of County Commissioners, held a public hearing as required by Section 125.3041, Florida Statutes.

WHEREAS, the Board of County Commissioners, through consideration of testimony and evidence presented at the public hearing, has considered the information identified in Section 125.3041, Florida Statutes.

WHEREAS, the County presently owns and operates a water and wastewater utility, the County has an experienced staff of highly qualified individuals knowledgeable in the ownership, operation and

financial management of water and wastewater utilities, and the County is able to provide and maintain high-quality and cost-effective water and wastewater utility service.
NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SEMINOLE COUNTY, FLORIDA, THAT:

1. After consideration of the testimony and evidence presented at the public hearing held pursuant to Section 125.3041, Florida Statutes, the Board of County Commissioners has determined that acquisition by the County of the Florida Water Services utilities identified in the Asset Purchase Agreement is in the public interest;
2. Upon the recommendation and approval of counsel as to the form and legal sufficiency of the Asset Purchase Agreement as same may be amended in order to clarify or remove provisions which, while appropriate between private entities, are legally objectionable when governmental entities are involved, the Chairman is authorized to execute same. The Chairman is also authorized to execute the assignment from the City of Altamonte and the Memorandum of Understanding between the City and the County;
3. The County Manager is authorized to conduct any and all due diligence he deems necessary or convenient during the Inspection Period under Asset Purchase Agreement;
4. The Chairman, Clerk of the Board and all other County officials are hereby authorized to execute all necessary closing documents; and
5. The Chairman, upon the advice of the County Manager and the County Attorney, is authorized to: (A) exercise any or all of the various purchase options provided for in the Asset Purchase Agreement,


and (B) find and determine that the results of the due diligence investigation render the closing of the purchase and sale inadvisable and to so inform the Seller pursuant to the terms of the Asset Purchase Agreement.

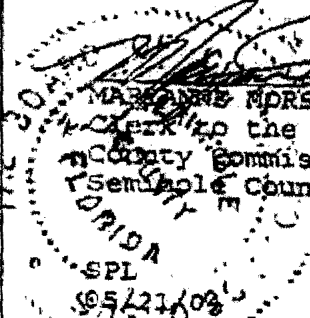
ADOPTED this 25th day of May, 2004.

ATTEST:

BOARD OF COUNTY COMMISSIONERS
SEMINOLE COUNTY, FLORIDA

By: 
DARYL G. MCLAIN, Chairman


MARGANN MORSE
Clerk to the Board of
County Commissioners of
Seminole County, Florida



05/21/04

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APPENDIX A-4

Assignment of Contract

by and among

**City of Altamonte Springs, Florida and
Seminole County, Florida**

May 27, 2004

ASSIGNMENT OF CONTRACT

CERTIFIED COPY
 MARYANNE MORSE
 CLERK OF CIRCUIT COURT
 SEMINOLE COUNTY, FLORIDA
 BY S. Miller
 DEPUTY CLERK

THIS ASSIGNMENT OF CONTRACT ("Assignment") made as of the 12 day of May, 2004, by and among CITY OF ALTAMONTE SPRINGS, FLORIDA, a municipal corporation of the State of Florida (the "Assignor"), and SEMINOLE COUNTY, FLORIDA, a political subdivision of the State of Florida (the "Assignee");

WITNESSETH:

WHEREAS, Assignor, as buyer, and Florida Water Services Corporation, a Florida corporation ("Florida Water"), as seller, entered into that certain Altamonte Springs Asset Purchase Agreement (the "Contract"), for the purchase of certain facilities located in Seminole County, Florida, as more particularly set forth therein (the "Property"); and

WHEREAS, effective as of the date hereof, Assignor wishes to assign and Assignee wishes to assume all of the Assignor's rights and obligations under the Contract under the terms and conditions hereinafter stated.

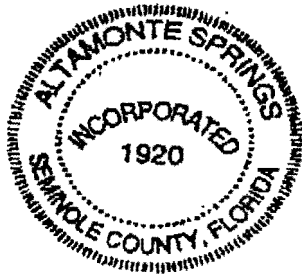
NOW THEREFORE, in consideration of the above, the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The foregoing recitals are true and correct and are incorporated herein by reference.
2. Assignor hereby assigns to Assignee all of its right, title and interest in, and to the Contract.
3. Assignee hereby assumes, agrees to be bound by and undertakes to perform each and every one of the terms, covenants and conditions contained in the Contract.
4. Assignor represents to Assignee that (a) Assignor has not made any prior assignment or transfer of Assignor's interest in the Contract; (b) Assignor has all requisite power and authority to enter into the Contract; and (c) Assignor is not in default of any of the obligations of buyer under the Contract, and has no knowledge of any default under the Contract by seller thereunder.
5. Assignor agrees that it shall remain liable, jointly and severally with Assignee, for the performance of all obligations of the buyer under the Contract.
6. All of the terms and provisions of this Assignment shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, successors and assigns, and to Florida Water.
7. This Assignment sets forth the entire understanding of the parties and it may not be changes except by a written document signed by the parties hereto.

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment to be executed as of the day and year first above written.

"ASSIGNOR":

**CITY OF ALTAMONTE SPRINGS, a
Municipal corporation of the State of Florida**



By: *Russel E. Hauck*
Printed Name: RUSSEL E. HAUCK
Title: MAYOR

Attest:

By: *Sharon Miller*
Printed Name: SHARON MILLER
Title: DEPUTY CITY CLERK

(SEAL)

"ASSIGNEE":

**SEMINOLE COUNTY, FLORIDA, a
Political subdivision of the State of Florida**

By: *Daryl G. McLain*
Printed Name: DARYL G. MCLAIN
Title: CHAIRMAN

ATTEST:

By: *Maryanne Morse*
Printed Name: MARYANNE MORSE
Title: CERK TO BCC

(SEAL)

**ASSIGNMENT OF CONTRACT
(FLORIDA WATER SERVICES / ALTAMONTE SPRINGS)**

EXHIBIT B

A statement regarding the disposition of customer deposits and the accumulated interest thereon.

The deposits and any accrued interest of Florida Water's customers in the Apple Valley, Dol Ray Manor, Druid Hills, Fern Park, Lake Brantley, Lake Harriet Estates and Meredith Manor systems in Seminole County were transferred with the individual customer accounts upon commencement of operations by Seminole County Government.

EXHIBIT C

A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.

All regulatory assessment fees for Florida Water have been paid in full. There are no fines or refunds owed.

EXHIBIT D

A statement that the buyer (governmental authority) obtained from the utility of the Commission the utility's most recent available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction.

Seminole County Government has obtained the most recently available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction applicable to the land and facilities transferred by Florida Water to Seminole County Government.

EXHIBIT E

An accurate description of the utility's revised territory. If the water and wastewater territory is different, provide separate descriptions.

The following appendices contain the territory descriptions of the systems sold to Seminole County Government:

- Appendix E-1 - Apple Valley water
- Appendix E-2 - Dol Ray Manor water
- Appendix E-3 - Druid Hills water
- Appendix E-4 - Fern Park water
- Appendix E-5 - Lake Brantley water
- Appendix E-6 - Lake Harriet Estates water
- Appendix E-7 - Meredith Manor water
- Appendix E-8 - Apple Valley wastewater
- Appendix E-9 - Meredith Manor wastewater

The territory descriptions of the systems sold to Aqua Utilities Florida, Inc., namely Chuluota (water and wastewater), Florida Central Commerce Park (wastewater) and Harmony Homes (water), are on file with the Florida Public Service Commission. The sale of the systems to Seminole County Government did not result in any changes to the descriptions of the systems sold to Aqua Utilities Florida, Inc.

APPENDIX E-1

APPLE VALLEY WATER

Township 21 South, Range 29 East, Seminole County, Florida.

Section 1

The West 1/2 of the Southwest 1/4 of Section 1, less the North 175.00 feet of the Northeast 1/4 of the Northwest 1/4 of the Southwest 1/4 of said Section 1, and also less the North 50.00 feet of the Northwest 1/4 of the Northwest 1/4 of the Southwest 1/4 of said Section 1.

Section 2

The Southeast 1/4 of Section 2, less the North 650.00 feet of the Northwest 1/4 of the Southeast 1/4 of said Section 2, and also less the Northeast 1/4 of the Northeast 1/4 of the Southeast 1/4 of said Section 2; together with that portion of the South 3/4 of the Southwest 1/4 of said Section 2 lying East of Interstate Highway No. 4.

Section 10

The West 1/2 of the Northeast 1/4 of the Southeast 1/4; together with the North 1/2 of the East 1/2 of the Northeast 1/4 of the Southeast 1/4 of Section 10.

Section 11

That portion of the North 3/4 of Section 11, lying West of Interstate Highway No. 4, less the South 700.00 feet of the Northwest 1/4 of the Southwest 1/4 of said Section 11, also less the South 365.00 feet of the West 220.00 feet of the Northeast 1/4 of the Southwest 1/4 of said Section 11, also less the East 1/2 of the Northwest 1/4 of the Northwest 1/4 of said Section 11; also less that portion of the Northwest 1/4 of the Northeast 1/4 of the Northwest 1/4 of Section 11, lying West of Interstate Highway No. 4, also less the North 165.00 feet of the East 200.00 feet of the West 390.00 feet of the Southwest 1/4 of the Northeast 1/4 of the Northwest 1/4 of said Section 11; together with that portion of the North 1/2 of said Section 11 lying East of Interstate Highway No. 4; together with the West 1/2 of the Northeast 1/4 of the Northwest 1/4 of the Southeast 1/4 of said Section 11; together with the Northeast 1/4 of the Southeast 1/4 of said Section 11; together with the Northeast 1/4 of the Southwest 1/4 of Section 11, lying East of Interstate 4.

Section 12

The North 3/4 of the West 1/4 of Section 12; together with the North 180.00 feet of the Southwest 1/4 of the Southwest 1/4 of said Section 12; together with the North 480.00 feet of the Southeast 1/4 of the Northwest 1/4 of said Section 12, less the North 185.00 feet of the West 182.11 feet of the Southwest 1/4 of the Southwest 1/4 of said Section 12, also less the North 185.00 feet of the East 129.74 feet of the Southwest 1/4 of the Southwest 1/4 of said Section 12, also less the East 275.96 feet of the North 473.15 feet of the South 830.25 feet of the Northwest 1/4 of the Southwest 1/4 of said Section 12, also less the East 87.63 feet of the North 141.05 feet of the South 971.30 feet of the Northwest 1/4 of the Southwest 1/4 of said Section 12; together with the West 88.00 feet of the North 496.50 feet of the Southwest 1/4 of the Northeast 1/4 of said Section 12; together with, beginning at the Southwest corner of the Northwest 1/4 of the Northeast 1/4 of said Section 12; thence North 01°12'00" East 475.10 feet; thence East 374.86 feet; thence North 64°55'14" East 165.31 feet; thence North 76°11'40" East 127.46 feet; thence South 19°08'12" East 609.14 feet; thence West 431.52 feet; thence South 25.00 feet; thence West 427.01 feet; thence North 01°23'39" West 27.63 feet; to the Point of Beginning.

APPENDIX E-2
DOL RAY MANOR WATER

Township 21 South, Range 29 East, Seminole County, Florida.

Section 14

The East 1/2 of the Northwest 1/4 of the Southeast 1/4, less the North 145.33 feet thereof, also less the West 50.75 feet of the East 250.75 feet of the South 125 feet of the Northwest 1/4 of the Southeast 1/4 of said Section 14; together with the North 55.0 feet of the East 200.0 feet of the Southwest 1/4 of the Southeast 1/4 of said Section 14; together with, commencing from a concrete monument marking the Northeast corner of the West 1/2 of the Southwest 1/4 of the Northeast 1/4 of Section 14, run South 00°32'50" East along the East line of said West 1/2 of the Southwest 1/4 of the Northeast 1/4 181.02 feet to Point of Beginning. Thence continue South 00°32'50" East along said East line 998.31 feet to the North right-of-way line of State Road 436, said right-of-way line being on a curve concave Northerly and having a radius of 2,764.93 feet, thence from a tangent bearing of South 86°15'24" West, run Westerly along said right-of-way and along the arc of said curve an arc distance of 183.08 feet, through a central angle of 03°47'38", thence North 00°32'50" West 225.00 feet, thence North 89°52'46" West 100.00 feet, thence North 00°32'50" West 779.60 feet, thence South 89°52'46" East 283.00 feet to the Point of Beginning.

LESS:

Beginning at the previously described Point of Beginning, run South 00°32'50" East, a distance of 491.98 feet; thence North 89°14'45" West a distance of 283.05 feet to a point on the West line of the previously described parcel; thence North 00°32'50" West along said West line, a distance of 488.85 feet; thence South 89°52'46" East, a distance of 283.00 feet to the Point of Beginning.

APPENDIX E-3
DRUID HILLS WATER

Township 21 South, Range 29 East, Seminole County, Florida.

Section 23

Hidden Estates

The Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 23 and that portion of the Northeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ lying East of Interstate Highway No. 4 as it is now constructed. Also, that portion of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ lying East of Interstate Highway No. 4.

Bretton Woods

The Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 23.

Druid Hills

The Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of said Section 23.

APPENDIX E-4 FERN PARK WATER

Township 21 South, Range 30 East, Seminole County, Florida.

Section 18

Commencing at the Southwest corner of the Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 18, run Easterly along the South line of said Section 18 a distance of 245.27 feet to the Point of Beginning; thence run North 130 feet more or less to the South edge of Prairie Lake; thence meander Easterly along said South edge 225 feet; thence run South 200 feet more or less to aforementioned South line of Section 18; thence run Westerly along said South line 225 feet to the Point of Beginning.

Section 19

The West 800 feet of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 19; together with the North $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 19; LESS the West 125 feet thereof; together with the North 250 feet of the South $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of said Section 19; together with that portion of the Southwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 19, lying Westerly of U.S. Highway No. 17-92; LESS the South 550 feet thereof; and also LESS the North 391 feet thereof.

APPENDIX E-5
LAKE BRANTLEY WATER

Township 21 South, Range 29 East, Seminole County, Florida.

Section 5

The Southwest 1/4 of the Northeast 1/4 of Section 5; together with, beginning at the Southwest corner of the Northeast 1/4 of the Northeast 1/4 of said Section 5, thence run North 271.57 feet; thence North 89°21'45" East 165.05 feet; thence South 0°26'15" East 48.97 feet to a point on a curve concave Southeasterly, having a radius of 149.50 feet, a central angle of 36°17'24", and a chord bearing of South 17°42'27" West; thence Southerly along the arc of said curve an arc distance of 94.69 feet to the point of tangency; thence South 0°26'15" East 195.00 feet; thence South 89°21'45" West 138.58 feet; thence North 60.85 feet to the Point of Beginning; together with, commence at the Southwest corner of the Northeast 1/4 of the Northeast 1/4 of said Section 5, run South 60.85 feet to the Point of Beginning; thence continue South 184 feet; thence North 89°40'45" East 144.95 feet; thence North 0°09'15" West 184 feet; thence South 89°40'45" West 144.49 feet to the Point of Beginning.

APPENDIX E-6
LAKE HARRIET ESTATES WATER

Township 21 South, Range 29 East, Seminole County, Florida.

Section 8

The Southeast $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 8.

Section 9

The Southwest $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ of Section 9.

Section 16

That portion of the Northwest $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ of Section 16, lying North of State Road 436 as it is now constructed.

Section 17

That portion of the Northeast $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 17, lying Northerly of State Road No. 436 (Semoran Blvd.).

APPENDIX E-7
MEREDITH MANOR WATER

Township 21 South, Range 29 East, Seminole County, Florida.

Section 3

That portion of the Southwest 1/4 of said Section 3 lying South of State Road No. 434.

LESS the following:

Begin at the Southeast corner of the Southwest 1/4 corner of said Section 3; thence run West along the South line of said Section 3 a distance of 660.11 feet; thence North 00°07'50" West a distance of 150.00 feet; thence West a distance of 88.02 feet; thence North 00°02'20" West a distance of 200.00 feet; thence East a distance of 87.70 feet; thence North 00°07'50" West a distance of 835.00 feet; thence West a distance of 86.36 feet; thence North 00°02'20" West a distance of 135.88 feet; thence South 89°52'11" East a distance of 746.24 feet; thence South 00°07'50" East a distance of 1,319.19 feet to the Point of Beginning.

Together with:

That portion of the North 1/2 of the Southwest 1/4 of the Southeast 1/4 of said Section 3 lying South of State Road No. 434 (LESS the West 33.00 feet).

Also LESS the following:

The East 100.00 feet of the West 166.82 feet of the South 100.00 feet of the East 1/2 of the Northeast 1/4 of the Southwest 1/4 of the Southeast 1/4 of said Section 3.

Together with:

The West 3/4 of the South 1/2 of the Southwest 1/4 of the Southeast 1/4 of said Section 3 (LESS the West 25.00 feet).

Also LESS the following:

Commence at the Northwest corner of the Southwest 1/4 of the Southwest 1/4 of the Southeast 1/4 of said Section 3; thence run South 88°38'41" East 25.00 feet to the Northwest corner of Block "A", Tract 47, Sanlando Springs, as recorded in Plat Book 7, Page 4, of the Public Records of Seminole County, Florida, said point also being the Point of Beginning; thence continue South 88°88'41" East along the North line of said Block "A" a distance of 305.80 feet; thence South 00°32'58" West along the East line of said Block "A" a distance of 284.45 feet; thence North 89°12'58" West a distance of 151.13 feet; thence North 01°02'44" East a distance of 85.55 feet to a point of curvature of a curve to the left having a radius of 25.00 feet and a central angle of 90°00'00"; thence along the arc of said curve an arc distance of 39.27 feet; thence North 01°02'44" East a distance of 25.00 feet; thence North 88°24'54" West a distance of 130.80 feet to a point on the West line of aforementioned Block "A"; thence North 00°32'02" East along said West line a distance of 150.00 feet to the Point of Beginning.

APPENDIX E-7
MEREDITH MANOR WATER
(Continued)

Together with:

Begin at the West 1/4 corner of said Section 3; thence run North along the West line of the Northwest 1/4 of said Section 3 a distance of 792.20 feet more or less to a point on the Westerly right-of-way line of Wekiva Springs Road; thence South 39°11'05" East along the said Westerly right-of-way line of Wekiva Springs Road a distance of 1,546.90 feet; thence South 50°48'55" West 15.00 feet to a point on the Westerly right-of-way line of Wekiva Springs Lane; thence South 39°11'05" East along said Westerly right-of-way line (Wekiva Springs Lane) a distance of 212.37 feet to the point of curvature of a curve to the right having a radius of 1,670.61 feet and a central angle of 19°41'45"; thence run along the arc of said curve an arc distance of 574.28 feet; thence South 44°58'43" West a distance of 16.57 feet to a point on the Northerly right-of-way line of State Road No. 434; thence North 70°52'46" West along said Northerly right-of-way a distance of 124.56 feet to the point of curvature of a curve to the left having a radius of 1,482.29 feet and a central angle of 35°32'00"; thence run along the arc of said curve an arc distance of 919.28 feet to the point of tangency of said curve; thence South 73°35'14" West a distance of 360.84 feet more or less to a point on the West line of the Southwest 1/4 of said Section 3; thence North along said West line a distance of 1,130.60 feet more or less to the Point of Beginning.

Section 4

Begin at the Northeast corner of Section 4; thence run South along the East line of Section 4 a distance of 1,670.00 feet to the Point of Beginning. From the Point of Beginning run North 39°50'05" West a distance of 910.00 feet; thence South 00°01'02" West a distance of 855.00 feet; thence South 89°47'25" West a distance of 876.00 feet; thence South 12°56'57" West a distance of 488.00 feet; thence South 56°18'37" West a distance of 358.50 feet; thence South 56°39'60" West a distance of 561.00 feet; thence South 52°49'18" West a distance of 139.00 feet; thence South 64°31'47" West a distance of 642.00 feet; thence South 84°01'51" West a distance of 349.00 feet; thence South 43°07'53" West a distance of 269.50 feet; thence South 07°24'46" West a distance of 507.00 feet; thence South 03°10'21" East a distance of 206.00 feet; thence South 14°16'41" East a distance of 180.00 feet; thence South 62°21'59" West a distance of 776.00 feet; thence South 00°02'09" East a distance of 365.00 feet; thence South 89°57'34" East a distance of 289.50 feet; thence South 00°14'35" East a distance of 55.60 feet; thence South 89°57'53" East a distance of 1,416.00 feet; thence North 27°36'52" East a distance of 298.00 feet; thence North 38°04'59" East a distance of 446.00 feet; thence North 54°09'59" East a distance of 362.00 feet; thence North 74°13'28" East a distance of 962.17 feet; thence South 18°46'38" East a distance of 348.00 feet; thence South 44°36'18" West a distance of 600.00 feet; thence South a distance of 529.80 feet; thence North 89°58'25" East a distance approximately 1,175.00 feet to the East line of Section 4; thence proceed North along the East line of Section 4 a distance of approximately 3,658.00 feet to the Point of Beginning less any road right-of-ways.

Section 9

The West 1/2 of the Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of said Section 9.

APPENDIX E-8
APPLE VALLEY WASTEWATER

Township 21 South, Range 29 East, Seminole County, Florida.

Section 11

All of Section 11 lying West of Interstate 4 (State Road 400), less and except, the East ½ of the Northwest ¼ of the Northwest ¼, less and except, that portion of the Northwest ¼ of the Northeast ¼ of the Northwest ¼ lying West of Interstate 4 (State Road 400) of said section, less and except, the South 700 feet of the Northwest ¼ of the Southwest ¼ of said section, less and except, the Southwest ¼ of the Southwest ¼ of said section, less and except, that portion of the Southeast ¼ of the Southwest ¼ lying West of Interstate 4 (State Road 400) of said section, less and except, the South 365 feet of the West 220 feet of the Northeast ¼ of the Southwest ¼ of said section, less and except, the North 165 feet of the East 200 feet of the West 390 feet of the Southwest ¼ of the Northeast ¼ of the Northwest ¼ of said section.

APPENDIX E-9
MEREDITH MANOR WASTEWATER

Township 21 South, Range 29 East, Seminole County, Florida

Section 4

That portion of the West $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 4 lying Northerly of State Road No. 434 and South of Susie Channel and Lake Rena.

And:

Commencing at the Southeast corner of the Northeast quarter of the Southwest quarter of Section 4, proceed N $00^{\circ}13'51''$ E a distance of 509.29 feet, more or less; thence proceed N $89^{\circ}35'10''$ W a distance of 223.65 feet, more or less, to the Point of Beginning; thence proceed N $84^{\circ}15'00''$ E a distance of 110.00 feet; thence proceed N $05^{\circ}52'16''$ W a distance of 228.00 feet; thence proceed S $24^{\circ}07'21''$ W a distance of 22.00 feet; thence proceed S $74^{\circ}30'34''$ W a distance of 100.00 feet; thence proceed S $05^{\circ}45'00''$ E a distance of 192.00 feet to the Point of Beginning, containing 0.51 acre, more or less.

EXHIBIT F

One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1" = 200' or 1" = 400' on which the remaining territory is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater territory is different, provide separate maps.

Territory maps for each of the systems operated by Florida Water Services in Seminole County and sold to Seminole County Government are on file with the Florida Public Service Commission.

EXHIBIT G

The utility's current certificate(s) or, if not applicable, an explanation of the steps the applicant took to obtain the certificate(s).

Florida Water Service Corporation's Water Certificate No. 279-W and Wastewater Certificate No. 226-S in Seminole County, Florida were submitted to the Florida Public Service Commission in conjunction with FWSC's application for deletion of territory in Apple Valley and Chuluota, Docket No. 030637-WS.