

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: February 17, 2005

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Office of the General Counsel (Jaeger) *RT*
Division of Economic Regulation (Windham, Brennan) *RT WBM*

RE: Docket No. 041293-EU – Joint petition for approval of territorial agreement in Osceola and Orange Counties by City of St. Cloud and Progress Energy Florida, Inc.

AGENDA: 03/01/05 – Regular Agenda – Proposed Agency Action -- Interested Persons May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\041293.RCM.DOC

Case Background

On November 8, 2004, Progress Energy Florida, Inc. (PEF) and The City of St. Cloud (City) filed a Joint Petition for Approval of a Territorial Agreement Between The City of St. Cloud and Progress Energy Florida, Inc. (Agreement) in Osceola and Orange counties, Florida. The Agreement, dated November 4, 2004, re-establishes the retail electric territorial boundary, with minor boundary changes, previously approved by Order No. 5121, issued May 7, 1971, in Docket No. 70388-EU, In re: Application of Florida Power Corporation [now PEF] for approval of a territorial agreement with the City of St. Cloud, Florida. The prior territorial agreement expired under its own terms on May 7, 2001, 30 years after the issuance of Order No. 5121.

The proposed Agreement involves no customer or facility transfers and provides that its effectiveness is contingent upon approval of the Commission. Pursuant to Section 366.04(2)(d),

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Docket No. 041293-EU

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Florida Statutes, the Commission has the authority “to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities under its jurisdiction.”

Discussion of Issues

Issue 1: Should the Commission approve the Joint Petition for approval of Territorial Agreement Between the City of St. Cloud and Progress Energy Florida, Inc.?

Recommendation: Yes. The Agreement between the City of St. Cloud and Progress Energy Florida, Inc. appears to be in the public interest, and the Agreement and its associated maps should be approved. (Jaeger, Windham, Breman)

Staff Analysis: This territorial agreement is an update of a previous territorial agreement, which was approved by Order No. 5121, issued May 7, 1971. The previous agreement had a term of 30 years and expired in 2001. Pursuant to Sections 5.1 and 6.1, the new Agreement would not be effective until the date of the Commission's Order granting approval of the Agreement, and the term of the Agreement would be 15 years from the effective date of the approval. The new Agreement involves only minor boundary changes and no customer or facility transfers. The minor boundary changes take into account that the main road in a new development near Lake Hart, called North Shore, in Orange County does not follow the rectangular shape of the previous boundary. Staff believes that it would be more efficient for one utility to serve the developments on either side of the road. For the Lake Hart area, PEF would serve those developments north of the main road, and the City would serve those developments south of the main road. There are no other significant changes between the previously approved agreement and the new Agreement.

The Agreement is attached as Attachment A. The maps and legal description of the new agreement boundary lines were attached to the Agreement as Exhibit 1. Also, on February 7, 2005, the parties provided a supplemental set of large scale, color-coded maps that identified the parties respective territorial areas in greater detail.

Staff has reviewed the proposed Agreement and believes that the Joint Petition and the Agreement are in compliance with Rule 25-6.0440, Florida Administrative Code, and Section 366.04(2)(d), Florida Statutes, the laws governing territorial agreements. Moreover, staff believes that the Agreement is a reasonable resolution which will reduce the likelihood of future uneconomic and unnecessary duplication of facilities along the boundary lines, in accordance with Commission policy and the public interest. Therefore, staff recommends that the Commission approve the Joint Petition for approval of Territorial Agreement in Orange and Osceola counties by PEF and the City, and the associated maps. Because this action is being taken as proposed agency action, staff believes that the action approving this Agreement cannot be said to be effective until the issuance of a Consummating Order, and that the 15-year term of the Agreement will begin to run upon the issuance of the Consummating Order.

Docket No. 041293-EU
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Issue 2: Should this docket be closed?

Recommendation: Yes, this docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. (Jaeger)

Staff Analysis: If no timely protest to the proposed agency action is filed by a substantially affected person within 21 days, this docket should be closed upon the issuance of the Consummating Order.

DOCKET NO. 041293-EU
DATE: FEBRUARY 17, 2005

ATTACHMENT A

TERRITORIAL AGREEMENT
between the City of St. Cloud
and Progress Energy Florida, Inc.

AGREEMENT

Section 0.1 THIS AGREEMENT, made and entered into this 4th day of November, 2004, by and between the CITY OF ST. CLOUD, a municipal corporation organized and existing under the laws of the State of Florida (hereinafter called the "CITY"), and PROGRESS ENERGY FLORIDA, INC., formerly Florida Power Corporation, a private corporation organized and existing under the laws of the State of Florida (hereinafter called the "COMPANY"), which entities are herein collectively called the "Parties."

WITNESSETH:

Section 0.2 WHEREAS, the CITY, by virtue of legislative authority, is authorized and empowered to furnish electricity and power to private individuals and corporations, both within and without its corporate limits, and pursuant to such authority, presently furnishes electricity and power to customers both inside and outside of its corporate limits;

Section 0.3 WHEREAS, the COMPANY, by virtue of its Charter, is authorized and empowered to furnish electricity and power to persons, firms and corporations throughout the State of Florida and presently furnishes electricity and power to customers outside the City of St. Cloud, in Osceola County and Orange County;

Section 0.4 WHEREAS, the respective service areas of the Parties hereto are contiguous in many places, and in some have come to coincide, with the result that, absent an allocation of their service areas, duplication of service facilities of the other Party occupying the same area would occur;

Section 0.5 WHEREAS, any such duplication of said service facilities by the Parties would result in needless and wasteful expenditures and the creation of potentially hazardous situations, both of which would be detrimental to the economical and safe operations of the Parties;

Section 0.6 WHEREAS, the Parties hereto desire to avoid and eliminate the circumstances giving rise to the aforesaid duplications and resulting in said uneconomical and unsafe operations and to that end have agreed to an allocation of service areas;

Section 0.7 WHEREAS, in order to accomplish said service area allocation, the Parties have agreed upon a boundary hereinafter referred to as the "Boundary Line," said Boundary Line meandering in a southerly, then easterly, then northerly, and lastly a westerly direction and encompassing the herein called "City Service Area" (the area outside of the Boundary Line, being called herein the "Company Service Area"); and

Section 0.8 WHEREAS, subject to the provisions hereof, the City Service Area has been allocated to the CITY as its service area and the Company Service Area has been allocated to the COMPANY as its service area.

Section 0.9 NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements herein contained, which shall be construed as being interdependent, the Parties hereto, subject to and upon the terms and conditions herein set forth, do hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Boundary Line. As used herein, the term "Boundary Line" shall mean that line labeled "Boundary Line", as shown on the map attached hereto and marked Exhibit 1, and as more particularly described in the metes and bounds description set forth in said Exhibit 1, which Exhibit is incorporated herein by this reference thereto, and made a part hereof. In the event of any discrepancy between the map and the metes and bounds description, the latter shall prevail.

Section 1.2 City Service Area. As used herein, the term "City Service Area" shall mean all of the territory and lands in Osceola and Orange Counties, Florida, encompassed by the Boundary Line referred to in Section 1.1, including the lands excepted in the metes and bounds description of Exhibit 1.

Section 1.3 Company Service Area. As used herein, the term "Company Service Area" shall mean all of the territory and lands in Osceola and Orange Counties, Florida, lying to the north, east, south and west of the Boundary Line referred to in Section 1.1, except as excepted in the metes and bounds description of Exhibit 1.

Section 1.4 City Area. As used herein, the term "City Area" shall mean all of the territory and lands lying within and encompassed by the city limits of the City of St. Cloud as the same now exist.

Section 1.5 Annexed Area. As used herein, the term "Annexed Area" shall mean any area presently located in the Company Service Area and subsequently annexed by and to the City of St. Cloud, provided, that the term "Annexed Area" shall only include the annexation of lands in the Company Service Area which are contiguous to the City Area as it now exists or as the City Area may be subsequently expanded by an Annexed Area. Said Annexed Area shall not be deemed to be contiguous to the City Area unless there is a substantial common boundary (the width of a public street or highway may constitute such common boundary). It is expressly understood that the term "Annexed Area" shall not include any area located in the Company Service Area and subsequently annexed by and to the City of St. Cloud whenever said area is merely contiguous to a previously annexed public highway right-of-way or said area is merely contiguous to any area so previously annexed and there exists no substantial common boundary with said City Area.

Section 1.6 Merely Contiguous to a Public Highway Right-of-Way. As used herein, "merely contiguous to a public highway right-of-way" shall mean that the sole and only connecting link between the Annexed Area in the Company Service Area and the City Area is a public highway right-of-way extending from said City Area to said Annexed Area.

Section 1.7 Enfranchised Area. As used herein, the term "Enfranchised Area" shall mean any area in the Company Service Area now or hereafter incorporated, wherein the COMPANY has a franchise to serve and which is subsequently annexed by and to the City of St. Cloud.

Section 1.8 New Customer. As used herein, the term "New Customer" shall mean any person that applies to either the CITY or the COMPANY for retail electric service after the effective date of this Agreement.

Section 1.9 Transmission Lines. As used herein, the term "Transmission Lines" shall mean all transmission lines of either Party having a capacity of 69 KV or more.

Section 1.10 Commission. As used herein, the term "Commission" shall mean the Florida Public Service Commission.

ARTICLE II
AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations. The City Service Area, as herein defined, is hereby allocated to the CITY as its service area for the period of time hereinafter specified; and the Company Service Area, as herein defined, is hereby allocated to the COMPANY as its service area for the same period; and, except as otherwise specifically contemplated herein, neither Party shall deliver any electric energy at or across the Boundary Line for use in any service area of the other. However, in those instances where the Boundary Line traverses the property of an individual customer or prospective customer, the Party in whose service area the preponderance of the customer's electric energy usage is expected to occur shall be entitled to serve all of the customer's usage. The Parties recognize that in some such instances, the information needed to locate the various points of the customer's usage in relation to the Boundary Line with reasonable certainty may be unavailable or difficult to determine, and agree that in such event the Party with the greater portion of the customer's property in its service area shall be entitled to serve all of the customer's usage.

Section 2.2 Responsibility for Service. It shall be the responsibility of the CITY to provide or arrange for service to any customer located within the City Service Area and requesting the same; and it shall be the responsibility of the COMPANY to provide or arrange for service to any customer located in the Company Service Area requesting the same; provided, however, that neither Party shall hereafter serve any customer located in the service area herein allocated to the other Party, except as specified in this Agreement.

Section 2.3 Service to New Customers. The Parties agree that neither of them will knowingly serve any New Customer whose end use facilities are located within the territorial area, as described in this Agreement of the other Party, except as specifically provided in this Section of this Agreement.

Section 2.4 Temporary Service. The Parties recognize that in exceptional circumstances, economic constraints or good engineering practices may indicate that a New Customer's end use facilities either cannot or should not be immediately served by the utility in whose territorial area they are located. In such instance, upon written request by the Party in whose territorial area the end use facilities are located, to the other Party, the

other Party may agree in writing to temporarily provide service to such customer's end use facilities. Any such agreement for temporary service which lasts or is anticipated to last for longer than one year shall be submitted to the Commission for approval in accordance with Article V, Section 5.1 hereof, . The Party providing temporary service hereunder shall not be required to pay the other Party for any loss of revenue associated with the provision of such temporary service.

Section 2.5 Referral of Service Request. In the event that a New Customer or prospective New Customer requests or applies for service from either Party at a location within the service area of the other Party, the Party receiving such a request or application shall refer the New Customer or prospective New Customer to the other Party with citation to this Agreement as approved by the Commission pursuant to Article V below, and shall notify the other Party of such request or application.

Section 2.6 There are no known customers to be transferred pursuant to this Agreement.

Section 2.7 Corrected Maps and Property Descriptions. If any situation is discovered during the term of this Agreement in which either of the Parties is inadvertently providing retail electric service to end use facilities located within the service area of the other Party, then, at the option of the Party in whose service area such end use facilities are actually located, service to such end use facilities will be transferred to the Party in whose service area such facilities are actually located. In the event of any such transfer, any electric facilities of the transferring Party used solely to provide retail electric service to the end use facilities being transferred will also be transferred to the other Party in consideration for the payment by the other Party to the transferring Party of the replacement cost new, less depreciation, calculated on a thirty (30) year straight line basis, of the electric facilities being transferred. Any such transfer shall occur within six (6) months of the discovery of the inadvertent error.

Section 2.8 Bulk Power for Resale. Nothing herein shall be construed to prevent either Party from providing a bulk power supply to wholesale customers for resale purposes wheresoever they may be located. Further, no other provision of this Agreement shall be construed as applying to a bulk power supply for resale.

ARTICLE III
OPERATION AND MAINTENANCE

Section 3.1 Facilities to Remain. All Generating Plants, Transmission Lines, Substations, and related facilities now or hereafter constructed and/or used by either Party in conjunction with their respective electric utility systems, shall be allowed to remain where situated and shall not be subject to removal hereunder; PROVIDED, HOWEVER, that each Party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other Party and so as not to interfere unreasonably with the exercise of police power; with respect to the use of public ways; AND PROVIDED FURTHER, that this Section shall likewise be applicable to any such COMPANY lines and facilities, including substations, now or hereafter located in any part of the Company Service Area which subsequently may become an Annexed Area, as defined herein, and to any CITY lines and facilities, including Generating Plants and/or Substations, now or hereafter located on any part of the Company Service Area or elsewhere.

Section 3.2 Municipal Facilities to be Served. Nothing herein shall be construed to prevent or in any way inhibit the right and authority of the CITY to serve any municipal facility of the City of St. Cloud located in the Company Service Area and for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the CITY shall construct, operate and maintain said lines and facilities in such manner as to minimize any interference with the operations of the COMPANY in the Company Service Area.

Section 3.3 Company Facilities to be Served. Nothing herein shall be construed to prevent or in any way inhibit the right and authority of the Company to serve any Company facility located in the City Service Area and for such purpose to construct all necessary lines and facilities; PROVIDED, HOWEVER, that the Company shall construct, operate, and maintain said lines and facilities in such manner as to minimize any interference with the operation of the CITY in the City Service Area.

Section 3.4 Retail Service at Facility Sites. Where either Party provides service to its facility located in the service area of the other Party pursuant to Sections 3.2 or 3.3 above, such Party may provide limited retail service on the site of the facility to prevent potential safety hazards or unsound operating conditions that would result from the

construction and maintenance of lines and related facilities by the other Party to provide retail service at the site. As used in this section, limited retail service shall mean no more than three separate retail accounts with a combined load of 25 kW or less.

ARTICLE IV ANNEXATIONS

Section 4.1 Annexed Area. Upon any part of the Company Service Area becoming an Annexed Area as defined herein, and subject to the provisions of the next succeeding Section, the COMPANY shall transfer to the CITY all customers and related facilities located in said Annexed Area. Prior to commencement of such transfer, the CITY shall pay the COMPANY a sum equal to two and one-half (2.5) times the total annual revenues derived by the COMPANY from the customers to be transferred during the preceding calendar year, together with the replacement cost (new), less depreciation calculated on a thirty (30) year straight line basis, of the facilities to be transferred.

Section 4.2 Enfranchised Area. The provisions of the foregoing Section shall not apply to customers of the COMPANY located in an Enfranchised Area, as herein defined, until the expiration by the terms of the COMPANY's franchise covering such area.

ARTICLE V PREREQUISITE APPROVAL

Section 5.1 Florida Public Service Commission. The provisions of this Agreement are subject to the regulatory authority of the Commission, and appropriate approval by that body of the provisions of this Agreement shall be a prerequisite to the validity hereof. This Agreement shall have no effect whatsoever until that approval has been obtained, and the date of the Commission's Order, if any, granting approval of this Agreement shall be deemed to be the effective date of this Agreement. Any proposed modification to this Agreement shall be submitted to the Commission for approval. The Parties agree to jointly petition the Commission to resolve any dispute concerning the provisions of this Agreement or the Parties' performance of this Agreement.

ARTICLE VI
DURATION

Section 6.1 The term of this Agreement shall be fifteen (15) years from the effective date hereof, as provided in Section 5.1 above.

ARTICLE VII
CONSTRUCTION OF AGREEMENT

Section 7.1 It is understood and agreed that the purpose of this Agreement is to set up an administrative working arrangement between the COMPANY and the CITY for the term hereof, which working arrangement is deemed to be to their mutual best interest, but nothing herein contained shall be construed as an abandonment or relinquishment by the CITY of its statutory authority now or hereafter existing for such CITY to serve consumers outside its corporate limits or of any other authority now existing, with respect to the operation and maintenance of the utilities owned and operated by said CITY.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Intent and Interpretation. It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to eliminate and avoid the needless and wasteful expenditures, and the hazardous situations, which result from unrestrained competition, between two utilities operating in overlapping service areas.

Section 8.2 Negotiations. Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth herein, and no alteration, modification, enlargement or supplement to this Agreement shall be binding upon either of the Parties hereto unless the same shall be writing and hereto attached and signed by both Parties.

Section 8.3 Successors and Assigns. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon or give to any person or corporation other than the Parties hereto any right, remedy or claim under or by reason of this Agreement or any provisions or conditions hereof; and all of the provisions, representations, covenants and conditions herein contained shall inure to the sole benefit

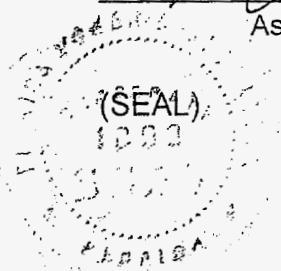
of and shall be binding upon the Parties hereto and their respective representatives, successors and assigns.

Section 8.4 Notices. Notices given hereunder shall be deemed to have been given to the CITY if mailed by certified mail, postage prepaid, to: City Manager, City Hall, 1300 Ninth Street, St. Cloud, Florida; and to the COMPANY if mailed by certified mail, postage prepaid, to: President, Progress Energy Florida, P. O. Box 14042, St. Petersburg, Florida 33733. Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

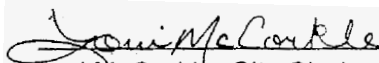
IN WITNESS WHEREOF, this Agreement is hereby executed in the name of the CITY by its Mayor-Councilman, duly authorized thereto by a resolution of the St. Cloud City Council adopted on the 8th day of July, 2004, and its corporate seal hereto affixed by its City Clerk, and by the COMPANY in its name by one of its duly authorized Vice Presidents and its corporate seal hereto affixed and attested by its Assistant Secretary, on the day and year first above written.

ATTEST:


Assistant Secretary

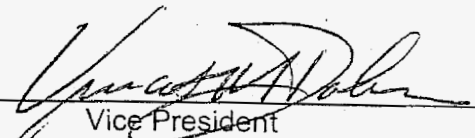


ATTEST:



Lori McCorkle, City Clerk



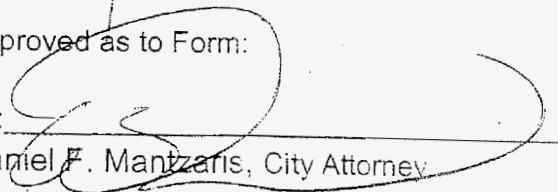
PROGRESS ENERGY FLORIDA, INC.

By: 
Vice President

CITY OF ST. CLOUD, FLORIDA

By: 
Glenn Sangiovanni, Mayor-Councilman

Approved as to Form:


By: 
Daniel F. Mantzaris, City Attorney

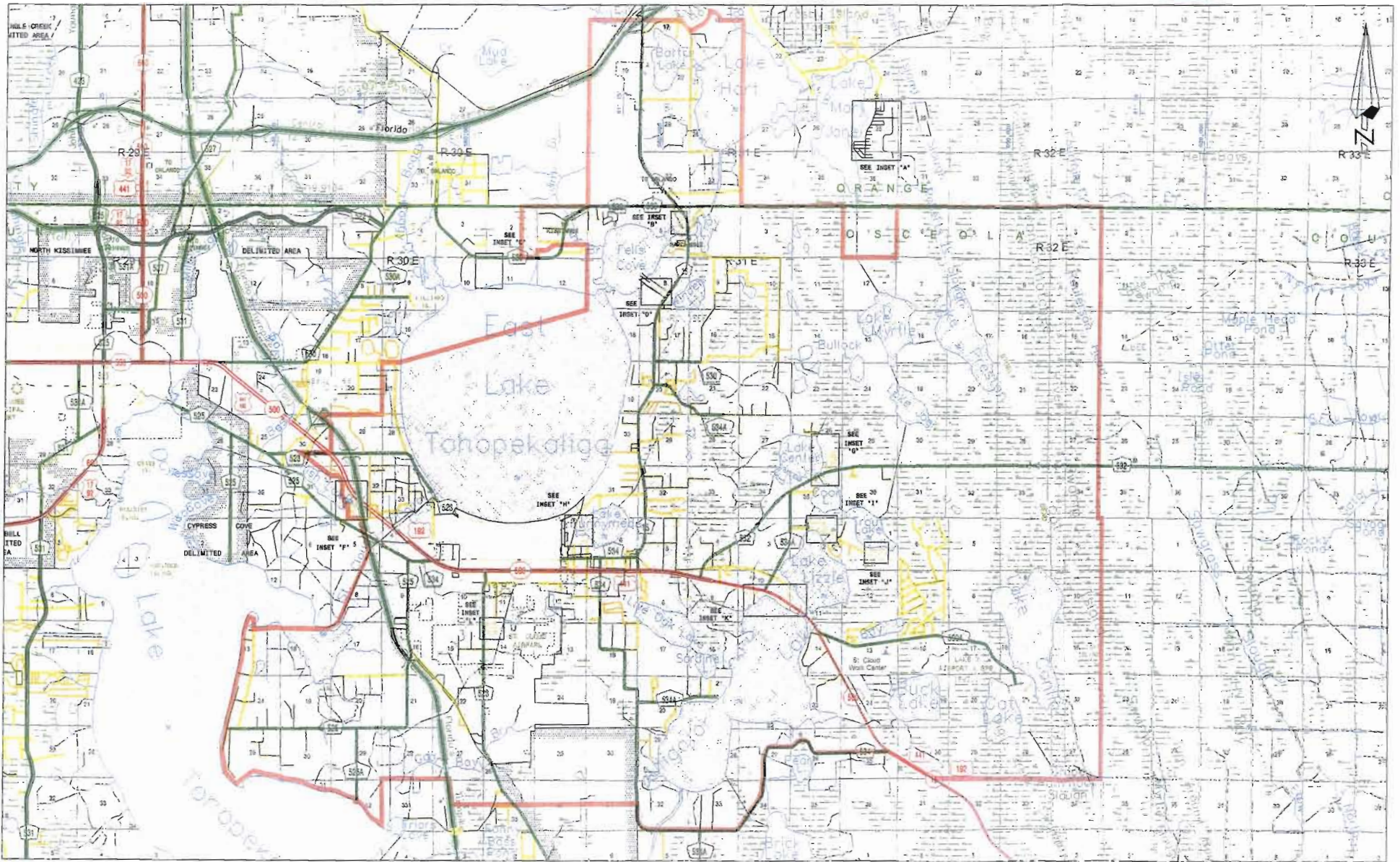
DOCKET NO. 041293-EU
DATE: FEBRUARY 17, 2005

EXHIBIT 1

MAPS DEPICTING BOUNDARY LINE AND LEGAL DESCRIPTION OF BORDER

St. Cloud Electric Service Area

 - St. Cloud Electric Service Area



Progress Energy – City of St. Cloud Territorial Boundary Legal Description

Starting East along the Osceola/Orange County line along the north lines of Sections 2 and 1, Township 25 S, Range 30 E to the Southwest corner of Section 31, Township 24 S, Range 31 E; thence North (into Orange County) along West section lines of Sections 31, 30, 19 and 18 to the Northwest corner of the Southwest 1/4 of Section 18, all Sections being in Township 24 S, Range 31 E; thence East along the East-West 1/2 Section lines of Sections 18, 17 to the point of departure of the north right-of-way of Kirby Smith Road from the 1/2 section line of Section 17; thence southeasterly along the northeasterly right-of-way line of Kirby Smith Road to the intersection of North Shore Golf Club Boulevard; thence northeasterly along the northwesterly right-of-way line of North Shore Golf Club Boulevard to the westerly extension of the north line of Tract "J", North Shore at Lake Hart Parcel 4 as recorded in Plat Book 47, Page 135, Orange County, Florida; thence easterly and southerly along the rear lot lines of Tract "J" and Lots 1 through 18, North Shore at Lake Hart Parcel 4 as recorded in Plat Book 47, Page 135, Orange County, Florida, to the East-West 1/2 Section line of Section 16; thence east along said East-West 1/2 Section line of Section 16 to the Northeast corner of the Southeast 1/4 of Section 16, all Sections being in Township 24 S, Range 31 E, in Orange County; thence South along the East section lines of Sections 16, 21, 28 and 33, all sections being in the Township 24 S, Range 31 E to the Northwest corner of Section 3 Township 25 S, Range 31 E; thence East along the North Section lines (Orange-Osceola County line) of Sections 3 and 2 to the Northeast corner of Section 2, all Sections being in Township 25 S, Range 31 E; thence South along the East section line of Section 2 to the Northwest corner of Section 12, all Sections in Township 25 S, Range 31 E; thence East along the North Section line of Section 12 Township 25 S, Range 31 E; to the Southwest corner of Section 6, Township 25 S, Range 32 E; thence North along the West Section line of Section 6 to the Northwest corner of Section 6, Township 25 S, Range 32 E; thence East along North Section line (Orange-Osceola County Line)

Exhibit 1

of Sections 6,5,4 and 3 to the Northeast corner of Section 3, all Sections being in Township 25 S, Range 32 E; thence continue South along the East Section lines of Sections 3, 10, 15,22, 27 and 34 to the Southeast corner of Section 34, all Sections being in Township 25 S, Range 32 E; thence South along the East Section Lines of Sections 3, 10, 15,22 and 27 to the Southeast corner of Section 27, all Sections being in Township 26 S, Range 32 E; thence West along the South Section Lines of Section 27, 28, 29 and 30 to the point where it intersects with the centerline of State Road # 500 all Sections being in Township 26 S, Range 32 E; thence Northwesterly along the centerline of State Road # 500 to the point where centerline of State Road #534 intersects with the centerline of State Road #500 in Section 25, Township 26 S, Range 31 E; thence Westerly, Southerly, Westerly, Northerly along the center line of State Road #534 to the point where it intersects East-West 1/2 Section Line of Section 31, Township 26 S, Range 31 E; thence West along the East-West 1/2 Section line of Section 31, Township 26 S, Range 31 E; to the Northeast corner of the Southeast 1/4 of Section 36, Township 26 S, Range 30 E; continue West along East-West 1/2 Section Lines of Sections 36,35 and 34 to the point where it intersects with the easterly right-of-way line of the Florida State Turnpike, all Sections being in Township 26 S, Range 30.E; thence Northerly along the easterly right-of-way line of the Florida State Turnpike to the point where it intersects with North Section line of Section 34, Township 26 S, Range 30.E; continue West along the North Section lines of Sections 34 and 33 to the Northwest corner of Section 33, all sections being in Township 26 S, Range 30 E; thence South along the West Section line of Section 33, Township 26 S, Range 30 E to the point where it intersects with Tohopekaliga Lake; thence meandering along the East shoreline of said Lake to the point where St. Cloud canal enters to Tohopekaliga Lake in Section 8, Township 26 S, Range 30 E.

Progress Energy – City of St. Cloud Territorial Boundary Legal Description

Starting East along the Osceola/Orange County line along the north lines of Sections 2 and 1, Township 25 S, Range 30 E to the Southwest corner of Section 31, Township 24 S, Range 31 E; thence North (into Orange County) along West section lines of Sections 31, 30, 19 and 18 to the Northwest corner of the Southwest 1/4 of Section 18, all Sections being in Township 24 S, Range 31 E; thence East along the East-West 1/2 Section lines of Sections 18, 17 to the point of departure of the north right-of-way of Kirby Smith Road from the 1/2 section line of Section 17; thence southeasterly along the northeasterly right-of-way line of Kirby Smith Road to the intersection of North Shore Golf Club Boulevard; thence northeasterly along the northwesterly right-of-way line of North Shore Golf Club Boulevard to the westerly extension of the north line of Tract "J", North Shore at Lake Hart Parcel 4 as recorded in Plat Book 47, Page 135, Orange County, Florida; thence easterly and southerly along the rear lot lines of Tract "J" and Lots 1 through 18, North Shore at Lake Hart Parcel 4 as recorded in Plat Book 47, Page 135, Orange County, Florida, to the East-West 1/2 Section line of Section 16; thence east along said East-West 1/2 Section line of Section 16 to the Northeast corner of the Southeast 1/4 of Section 16, all Sections being in Township 24 S, Range 31 E, in Orange County; thence South along the East section lines of Sections 16, 21, 28 and 33, all sections being in the Township 24 S, Range 31 E to the Northwest corner of Section 3 Township 25 S, Range 31 E; thence East along the North Section lines (Orange-Osceola County line) of Sections 3 and 2 to the Northeast corner of Section 2, all Sections being in Township 25 S, Range 31 E; thence South along the East section line of Section 2 to the Northwest corner of Section 12, all Sections in Township 25 S, Range 31 E; thence East along the North Section line of Section 12 Township 25 S, Range 31 E; to the Southwest corner of Section 6, Township 25 S, Range 32 E; thence North along the West Section line of Section 6 to the Northwest corner of Section 6, Township 25 S, Range 32 E; thence East along North Section line - Orange-Osceola County Line

Exhibit 1

of Sections 6,5,4 and 3 to the Northeast corner of Section 3, all Sections being in Township 25 S, Range 32 E; thence continue South along the East Section lines of Sections 3, 10, 15,22, 27 and 34 to the Southeast corner of Section 34, all Sections being in Township 25 S, Range 32 E; thence South along the East Section Lines of Sections 3, 10, 15,22 and 27 to the Southeast corner of Section 27, all Sections being in Township 26 S, Range 32 E; thence West along the South Section Lines of Section 27, 28, 29 and 30 to the point where it intersects with the centerline of State Road # 500 all Sections being in Township 26 S, Range 32 E; thence Northwesterly along the centerline of State Road # 500 to the point where centerline of State Road #534 intersects with the centerline of State Road #500 in Section 25, Township 26 S, Range 31 E; thence Westerly, Southerly, Westerly, Northerly along the center line of State Road #534 to the point where it intersects East-West 1/2 Section Line of Section 31, Township 26 S, Range 31 E; thence West along the East-West 1/2 Section line of Section 31, Township 26 S, Range 31 E; to the Northeast corner of the Southeast 1/4 of Section 36, Township 26 S, Range 30 E; continue West along East-West 1/2 Section Lines of Sections 36,35 and 34 to the point where it intersects with the easterly right-of-way line of the Florida State Turnpike, all Sections being in Township 26 S, Range 30.E; thence Northerly along the easterly right-of-way line of the Florida State Turnpike to the point where it intersects with North Section line of Section 34, Township 26 S, Range 30.E; continue West along the North Section lines of Sections 34 and 33 to the Northwest corner of Section 33, all sections being in Township 26 S, Range 30 E; thence South along the West Section line of Section 33, Township 26 S, Range 30 E to the point where it intersects with Tohopekaliga Lake; thence meandering along the East shoreline of said Lake to the point where St. Cloud canal enters to Tohopekaliga Lake in Section 8, Township 26 S, Range 30 E.