

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of)
Forest Utilities, Inc.) Docket No. 060169-SU
for Transfer of the Assets)
of the Laurel Oaks' Wastewater)
System.)

APPLICATION FOR TRANSFER

Applicant, FOREST UTILITIES, INC. (hereinafter "Forest" or "Utility" or "Buyer"), by and through its undersigned attorneys and files this Application for Transfer of the non-jurisdictional Laurel Oaks Wastewater System to Forest and in support thereof states as follows:

I.

The full name and address of the applicant is:

Forest Utilities, Inc.
6000 Forest Boulevard
Ft. Myers, FL 33908

II.

The full name and address of the applicant's attorney to whom all orders, notices, directives, correspondence and other communications shall be directed is:

F. Marshall Deterding
ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blainstone Pines Drive
Tallahassee, Florida 32301

III.

The assets of the Laurel Oaks wastewater system are currently owned by The Laurel Oaks Property Owners Association, Inc.

DOCUMENT NUMBER-DATE

01730 FEB 28 8

FPSC-COMMISSION CLERK

(hereinafter "Association" or "Seller"). The Association's wastewater treatment facility has become the subject of a Consent Agreement with the Florida Department of Environmental Protection whereby substantial repairs or removal of that treatment facility was required in order for the residents and members of the Association to continue to receive wastewater service. The Association could no longer operate that treatment facility to provide wastewater service to the residents of the Laurel Oaks subdivision. As such, not only were the residents in danger of losing their ability to obtain wastewater service, there was also substantial potential environmental damage resulting from continued operation of that treatment facility. Under the terms of an Agreement for Purchase and Sale of Wastewater Assets entered into between Forest and the Association (the "Sales Agreement"), the Association will transfer all ownership interest in the Laurel Oaks wastewater system to Forest Utilities, Inc. And Forest will begin providing individual wastewater service to the Association members immediately upon such transfer. That Sales Agreement is attached hereto as "**Exhibit A**".

IV.

The complete name and address of the Sellers are:

Laurel Oaks Property Owners Association, Inc.
8359 Beacon Boulevard
Ft. Myers, FL 33907

V.

The complete names and addresses of the Buyers are:

Forest Utilities, Inc.
6000 Forest Boulevard
Ft. Myers, FL 33908

VI.

The Buyer is a Corporation incorporated in Florida and providing wastewater service to customers in Lee County, Florida. The name and addresses of all of the Buyers, corporate officers and directors are as follows:

David W. Swor (PD)
6000 Forest Boulevard
Fort Myers, FL 33908

Doris Swor (VS)
6000 Forest Boulevard
Fort Myers, FL 33908

Judy Mallett (T)
6000 Forest Boulevard
Fort Myers, FL 33908

VII.

The date and state of incorporation of the Buyer is as follows:

September 12, 1980 - Florida

VIII.

Forest Utilities, Inc. owns an existing wastewater system providing service to 2,300 customers within Lee County and has

operated such system under certificates granted by the Florida Public Service Commission since 1981. The purchased system for Laurel Oaks is immediately adjacent to the existing service territory of Forest. Attached hereto as "**Exhibit A**" is a copy of the Sales Agreement, which includes the purchase price and terms of payment.

IX.

Attached hereto as "**Exhibit B**" is a list of the Laurel Oaks sanitary sewer system assets which are being purchased as determined by the Seller's engineer and a calculation of the net book value of the system as required.

X.

The Sales Agreement for transfer of the assets of the Laurel Oaks system to Forest does not provide for customer deposits, interest thereon, guaranteed revenue contracts, developer agreements, customer advances, debt of the Utility or leases, because none of these exist within the Laurel Oaks system.

XI.

Since no cash is changing hands from Buyer to Seller as a result of this transaction, there is no separate financing of the purchase. The Seller is required to transfer all of the existing assets of the Utility and the Developer is required to construct and contribute the offsite facilities necessary in order to

interconnect the existing facilities of the Laurel Oaks system to Forest's existing wastewater system and thereafter to receive wastewater service through Forest's existing collection and treatment facilities.

XII.

The transfer of the Laurel Oaks system to Forest is in the public interest in that Forest is an existing utility who has over 25 years of experience providing wastewater service in Lee County under certificates granted by the Florida Public Service Commission and is a well-managed and operated wastewater utility operation. The Laurel Oaks systems existing package treatment plant is being removed from service as a result of this transfer and as a result, a higher level of treatment will be utilized and the system will be operated by a professional utility system operator. The Buyer has demonstrated over a period of more than 25 years its technical and financial ability to provide wastewater service within its service territory in Lee County, Florida. The Buyer continues to have the same financial and technical ability to operate the Laurel Oaks system. The Buyer will fulfill the commitments, obligations and representations of the Seller with regard to utility matters.

XIII.

The Applicant is not relying upon any third party to provide funding to the Buyer, other than the Seller's obligations to

transfer the existing facilities of the Laurel Oaks wastewater collection system and Developer's obligation to construct and contribute the interconnect facilities necessary in order to provide such service through Forest's existing collection and treatment facilities.

XIV.

The proposed net book value of the system as of the date of the proposed transfer is contained as part of "**Exhibit B**" attached hereto.

XV.

No recognition of an acquisition adjustment is requested.

XVI.

The books and records of the Seller are not available or adequate for the purposes of establishing the net book value of the system. However, the Buyer has enlisted the services of an engineer to prepare an estimate of the net book value of that system, based upon information available to the engineer and to the Seller. The Buyer has made a good faith extensive effort to obtain any books and records from the Seller and has obtained the information contained in "**Exhibit B**" hereof, which enabled the Buyer to prepare the attached net book value schedules.

XVII.

The Buyer has not obtained copies of any federal income tax returns from the Seller. The Seller is a not-for-profit homeowners association registered with the State of Florida and does not therefore file conventional tax returns with the federal government.

XVIII.

The Buyer has performed a reasonable investigation and has determined that the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection and that no repairs to the collection system are needed. Because of problems being experienced by the Buyer with its treatment facilities, the decision was made to transfer the collection system to Forest Utilities, Inc. and discontinue utilization of its existing package plant.

XIX.

Attached hereto as "**Exhibit C**" is evidence that the Utility owns land upon which its existing treatment facilities are located.

XX.

There are no outstanding regulatory assessment fee fines or refunds owed by the Seller.

XXI.

The original and two copies of the appropriate additional tariff sheets necessary in order to incorporate the transferred system into the system currently operated by Forest Utilities, Inc. are attached hereto as "**Exhibit D**". These tariffs will add the territory of the Laurel Oaks system to the existing service territory certificated for Forest Utilities, Inc.

XXII.

Since the Laurel Oaks system was an unregulated system prior to the time of this transfer, Forest Utilities, Inc. intends to begin charging its standard service rates to the residents of their Laurel Oaks subdivision immediately upon approval of this transfer by the Public Service Commission. The Laurel Oaks Property Owners Association have been charging themselves rates identical to those charged by Forest Utilities, Inc. for several months. Section 4.4 of the Agreement for Purchase and Sale (attached hereto as "Exhibit A") specifically requires such implementation. Attached hereto as "**Exhibit E**" is a copy of the minutes of the May 25, 2005 meeting of the Board of Directors of the Association at which they approved the resolution to assessing themselves such charges several months before the time of transfer of the system to Forest.

XXIII.

Pursuant to Rule 25-30.020(2)(c) enclosed herewith is the appropriate fee of \$750 as the transfer involves a utility with the capacity to serve fewer than 500 ERCs.

WHEREFORE, the applicant, Forest Utilities, Inc. requests that the Florida Public Service Commission approve the transfer of the Laurel Oaks system to Forest Utilities, Inc., revise Forest Utilities, Inc.'s certificated service territory to include the Laurel Oaks subdivision, establish rate base in accordance with the net book value outlined in Exhibit B hereof and authorize collection of the Utility's standard service rates to the residents of the Laurel Oaks subdivision, which rates are identical to those already being charged by the Association to its members.

Respectfully submitted on this
28th day of *February*, 2006 by:



F. Marshall Deterding
ROSE, SUNDSTROM & BENTLEY, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555

**AGREEMENT FOR PURCHASE AND SALE OF
WASTEWATER ASSETS**

By and Between

LAUREL OAKS PROPERTY OWNERS ASSOCIATION, INC.

Seller

and

FOREST UTILITIES, INC.,

Purchaser

and

MCNEW DEVELOPMENT COMPANY, INC.

Developer



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ATTACHMENTS

Exhibit "A"	Wastewater System
Exhibit "B"	Legal Description
Exhibit "C"	Easements, Licenses, etc.
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Exhibit "E"	Certificates, Permits, etc.
Exhibit "F"	Inventory
Exhibit "G"	Developer Agreements Assumed by Purchaser

**AGREEMENT FOR PURCHASE AND SALE
WASTEWATER ASSETS**

THIS AGREEMENT FOR PURCHASE AND SALE OF WASTEWATER ASSETS ("**Agreement**") is made and entered into as of the __ day of April, 2005 ("**Effective Date**"), by and between **LAUREL OAKS PROPERTY OWNERS ASSOCIATION, INC.**, a Florida not-for-profit corporation ("**Seller**"), whose address is 8359 Beacon Boulevard, 409, Ft. Myers, Florida 33907 and **FOREST UTILITES, INC.**, a Florida corporation ("**Purchaser**"), whose mailing address is 6000 Forest Boulevard, Ft. Myers, Florida 33908 and **MCNEW DEVELOPMENT COMPANY, INC.**, a Florida corporation ("**Developer**"), whose address is 6150 Diamond Center, CT., Bldg. 1300, Ft. Myers, Florida 33912.

WITNESSETH:

WHEREAS, Seller owns and operates a sanitary wastewater collection, treatment and effluent disposal system ("**Wastewater System**") described in **Exhibit "A"** to this Agreement located within the Developments (as defined below), and doing business as "Laurel Oaks Property Owners Association, Inc.";

WHEREAS, the Wastewater System serves the residents of the Laurel Oaks subdivision who are members of the Seller Association, as well as undeveloped lots and properties therein (collectively, the "**Development**" as described in Exhibit "B" hereof), all of which are located in Lee County, Florida; and

WHEREAS, Seller operates the Wastewater System as a utility exempt from regulation by the Florida Public Service Commission under Section 367.022, Florida Statutes, because it is a Homeowners Association providing service solely to its members; and

WHEREAS, Seller wishes to discontinue operation of its sewage treatment plant and to transfer operation of its Wastewater Collection System such that Seller will no longer operate either a wastewater treatment plant or a Wastewater Collection System.

WHEREAS, Purchaser desires to purchase the Wastewater Collection System and certain related assets from Seller, and Seller desires to sell the Wastewater Collection System and said related assets to Purchaser, upon and subject to the terms and conditions of this Agreement;

WHEREAS, the Developer wishes to contribute to the transfer and interconnection of Purchaser's existing wastewater treatment facilities to the Wastewater Collection System currently owned by the Seller in order to insure adequate capacity to serve the remaining undeveloped properties within the development;

NOW, THEREFORE, in consideration of the foregoing recitals and the benefits to be derived from the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Purchaser hereby agrees to purchase and Seller hereby agrees to sell the Wastewater Collection System and said related assets, upon and subject to the following terms and conditions and the Developer hereby agrees to contribute to the cost of interconnection of the acquired system to the existing treatment facilities of the Purchaser, subject to the following terms and conditions:

1.0 **RECITALS.** The foregoing recitals are true and correct and are incorporated herein.

2.0 **COVENANTS TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS.**

2.1 Purchaser shall purchase from Seller, and Seller shall sell to Purchaser, the Purchased Assets (as defined below), upon the terms, and subject to the conditions, set forth in this Agreement.

2.2 "Purchased Assets" shall include all of Seller's right, title and interest, to the extent transferable, in and to all assets, business properties and rights, both tangible and intangible, that Seller owns, or in which it has an interest, and used primarily in connection with the operation and maintenance of the Wastewater Collection System including, but not limited to:

2.2.1 All easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, streets and other areas owned or used by Seller primarily for the operation and maintenance of the Wastewater Collection System, and all obligations of Seller with respect thereto. These are described in **Exhibit "C"** (easements, licenses and rights-of-way)

2.2.2 All wastewater collection facilities of every kind and description whatsoever (whether located above ground or underground, and whether located within the Real Property as defined herein or elsewhere), including, but not limited to, pumps, tanks, lift stations, collection pipes or facilities, and valves, service connections and all other physical facilities, equipment and property installations owned by Seller and used primarily in connection with the collection of sewage operation and maintenance of the Wastewater Collection System, together with all additions thereto or replacements thereof prior to the Closing Date (as defined below), as identified in **Exhibit "D"** to this Agreement (all of which are included in the definition of "**Tangible Personal Property**").

2.2.3 All certificates, immunities, privileges, permits, license rights, consents, grants, ordinances and leaseholds owned or used by Seller primarily for the operation and maintenance of the Wastewater Collection System, and all rights to construct, maintain and operate the Wastewater Collection System and its systems for the collection of wastewater and every right of every character whatever in

connection therewith, including all other property related to the provision of wastewater service which is not directly related to the treatment facilities and all obligations of Seller with respect thereto; and all renewals, extensions, additions or modifications of any of the foregoing, and all obligations of Seller with respect thereto. These are identified in **Exhibit "E"** hereto.

2.2.4 All items of inventory used primarily in connection with the operation and maintenance of the Wastewater Collection System owned by Seller on the Closing Date as identified in **Exhibit "F"** to this Agreement (all of which are included in the definition of "**Tangible Personal Property**").

2.2.5 All supplier lists, customer records, prints, plans, engineering reports, surveys, specifications, shop drawings, equipment manuals and other information reasonably required by Purchaser to operate and maintain the Wastewater Collection System in Seller's possession.

2.2.6 All sets of record drawings, including as-built drawings, showing all facilities of the Wastewater Collection System, including all original tracings, sepias or other reproducible materials, in Seller's possession.

2.3 The following assets are excluded from the Purchased Assets:

2.3.1 Real Estate on which the existing sewage treatment facilities are located.

2.3.2. The existing sewage treatment plant, except to the extent that materials and parts and equipment used therein is reasonably necessary for the operators of the Wastewater Collection System acquired herein.

2.3.3 Cash, accounts receivable, bank accounts, equity and debt securities of any nature, deposits maintained by Seller with any governmental authority, utility deposits and prepaid expenses of Seller, which are Seller's sole property and are not subject to refund to customers, including developers or others.

3.0 **PURCHASE PRICE.** The consideration for the transfer of the Purchased Assets hereunder is \$10.00 and the other commitments of Purchaser in this Agreement including the Agreement to commit capacity from its existing treatment facilities to provide service to the existing customers of the system within the development including those of the shareholders of Seller.

As further inducement for Purchase to commit to service to acquire the system and commit to service the development, Developer agrees to contribute the cost of interconnecting the existing system of Purchaser to the Wastewater Collection System being acquired hereunder for the provision of wastewater services to the existing and future connections within the development. Such

commitment is limited to an amount of \$100,000 to be contributed by Developer to Purchaser and is a material an essential consideration for Purchaser's agreement to enter into this Agreement, to acquire Seller's Wastewater Collection System and to provide wastewater service to the development.

4.0 **REPRESENTATIONS AND WARRANTIES OF SELLER.** As a material inducement to Purchaser and Developer to execute this Agreement and to perform their obligations hereunder, Seller represents and warrants to Purchaser and Developer as follows:

4.1 Seller is duly organized, validly existing not-for-profit association and its status is active under the laws of the State of Florida and it is authorized to do business in the State of Florida. Seller has all requisite corporate power and authority to carry on its business as now being conducted, to enter into this Agreement and to carry out and perform the terms and conditions of this Agreement and the transactions contemplated hereby.

4.2 The execution, delivery and performance of this Agreement by Seller, and the consummation by Seller of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of Seller.

4.3 Seller has not dealt with a broker, salesman or finder in connection with any part of the transactions contemplated by this Agreement, and, to the best of Seller's knowledge, no broker, salesman or other person is entitled to any commission or fee with respect to such transactions as a result of Seller's actions. Seller hereby agrees to indemnify Purchaser for any claim for brokerage commission or finder's fee asserted by any person, firm or corporation claiming to have been engaged by Seller in connection with the transactions contemplated hereby. This indemnification shall survive Closing or earlier termination of this Agreement.

4.4 Seller has passed a resolution in the form contained herein as **Exhibit "H" (resolution) requiring that the Seller and its members implement a set of rates and charges identical to those currently charged by the Purchaser. Such residents are now, at the time of execution of this Agreement, required to pay those rates and charges for service.** That Affidavit requires that the Seller and its members implement a set of rates and charges identical to those currently charged by the Purchaser prior to the time of transfer of the Purchased Assets to Seller.

4.5 Seller will retain ownership of all of the wastewater treatment facilities currently owned by it except to the extent those facilities are reasonably needed by Purchaser in order to continue to operate the Wastewater Collection System, or to assist in the operation of its wastewater treatment facilities. Seller shall be solely responsible for all costs related to decommissioning, retiring, clean up or other required or reasonably necessary activities related to discontinuing utilization of the Seller's existing wastewater treatment facilities from use at the time of interconnection of the Purchaser's treatment facilities to the Wastewater Collection System acquired hereunder.

5.0 REPRESENTATIONS AND WARRANTIES OF PURCHASER. As a material inducement to Seller and Developer to execute this Agreement and to perform their obligations hereunder, Purchaser represents and warrants to Seller and Developer as follows:

5.1 Purchaser is duly organized, validly existing and its status is active under the laws of the State of Florida. Purchaser has all requisite corporate power and authority to carry on its business as now being conducted, to enter into this Agreement and to carry out and perform the terms and conditions of this Agreement and the transactions contemplated hereby.

5.2 The execution, delivery and performance of this Agreement by Purchaser, and the consummation by Purchaser of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of Purchaser.

5.3 Purchaser shall, subsequent to Closing, and consistent with prudent business practices, industry standards applicable thereto and the requirements of the appropriate governmental agencies having jurisdiction over the assets and business of the Wastewater Collection System, provide wastewater services to all properties, improvements thereon and the occupants thereof, located within the area served by the Wastewater Collection System, in a uniform and nondiscriminatory manner with other property and property owners served by Purchaser.

5.4 Purchaser has not dealt with a broker, salesman or finder in connection with any part of the transactions contemplated by this Agreement, and, to the best of Purchaser's knowledge, no broker, salesman or other person is entitled to any commission or fee with respect to such transactions as a result of Purchaser's actions. Purchaser hereby agrees to indemnify Seller for any claim for brokerage commission or finder's fee asserted by any person, firm or corporation claiming to have been engaged by Purchaser in connection with the transactions contemplated hereby. This indemnification shall survive Closing or earlier termination of this Agreement

5.5 Purchaser intends to interconnect the Wastewater Collection System with its existing central wastewater plant through its existing Wastewater Collection System. Purchaser will be responsible for hiring and managing the contractors that will perform the work in interconnecting the Wastewater Collection System acquired hereunder to the treatment facilities of Purchaser through the Wastewater Collection System currently operated by Purchaser. Purchaser will be responsible for any damages to homes or common areas incurred as a result of such construction and will repair or replace same. Any sod or landscaping damage by the construction will be replaced as reasonably as possibly at Purchaser's sole cost and expense.

5.6 Purchaser will be responsible for obtaining Florida Public Service Commission approval for the transfer of the facilities of Seller to the Purchaser hereunder.

5.7 No connection fees will be charged to the existing residents of the Laurel Oaks subdivision for the change over in wastewater service to be provided by Purchaser to the extent those residents have existing connections receiving wastewater service at the time of transfer of the Wastewater Collection System.

6.0 **REPRESENTATIONS AND WARRANTIES OF DEVELOPER.** As a material inducement to Purchase and Seller to execute this Agreement and to perform their obligations hereunder, Developer represents and warrants to Purchaser and Seller as follows:

6.1 Developers duly organize existing and its status is active under the laws of the State of Florida. Developer has all requisite corporate power and authority to carry on its business as now being conducted, to enter into this Agreement and to carry out and perform the terms and conditions of this Agreement and transaction contemplated hereby.

6.2 The execution, delivery and performance of this Agreement by Developer, and the consummation by Developer of the transaction contemplated hereby, have been duly authorized by all necessary action of Developer.

6.3 Developer shall contribute \$100,000 to Purchaser as a contribution toward the cost of construction and change over of service and all related interconnection and other costs to be incurred now or in the future by Purchaser related to the provision of service and interconnection of systems to the Wastewater Collection System currently owned by the Seller to the wastewater system connectivity operated by Purchaser. Such contribution by Developer shall be made within 30 days of approval of the transfer of Seller's wastewater collection facilities to Purchaser by order of the Florida Public Service Commission of execution of this Agreement by payment to the Purchaser.

7.0 **ENVIRONMENTAL LAW COMPLIANCE.**

7.1 Definitions.

7.1.1 "Environmental Law" means any federal, state, or local statute, order, regulation or ordinance or common law or equitable doctrine relating to the protection of human health or the environment in effect as of the Closing Date and is not limited to, The Florida Air and Water Pollution Control Act (Chapter 403, F.S.), the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe

Drinking
supplement as of
and in effect as of

Water Act, (42 U.S.C. § 300f et seq.), as such have been amended or
the Closing Date, and the regulations promulgated pursuant thereto,
the Closing Date.

7.1.2 "Hazardous Material" means petroleum or any substance, material, or waste which is regulated under any Environmental Law in the jurisdictions in which Seller conducts its business including, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "toxic waste," or "toxic substance" under any provision of Environmental Law.

7.2 Representations - To Seller's actual knowledge, without any independent investigation (for purposes of this Section, Seller's actual knowledge shall mean the actual knowledge of Michael Rosen), Seller hereby represents that:

7.2.1 Seller is in material compliance with all applicable Environmental Laws.

7.2.2 Seller has obtained all permits required, or has submitted applications for such permits in a timely manner, under applicable Environmental Laws necessary for the operation of the Wastewater Collection System as presently conducted as of the date of this Agreement.

7.2.3 Seller has not received, within the last 12 months, and is not aware of any pending communication from any governmental authority or other party with respect to the actual or alleged violation of any Environmental Laws with respect to the Wastewater Collection System or the Real Property.

7.2.4 There is no Hazardous Materials located on the Real Property identified on Exhibit "B" other than chemicals used in the ordinary course of Seller's operation of the Wastewater Treatment System (such as chlorine); the Real Property is not listed or formally proposed to be listed under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System ("CERCLIS") or on any similar state list nor is the Real Property or the only portions of Wastewater Treatment or Collection Systems currently the subject of federal, state, or local enforcement actions.

7.2.5 The representations in this Section 7.2 shall survive Closing for a period of six (6) months.

8.0 TRANSFER OF EASEMENTS AND OTHER REAL PROPERTY RIGHTS.

8.1 Seller and Developer will transfer to Purchaser all rights of way, easements or other property rights reasonably necessary in the sole discretion of Purchaser for the operation, maintenance of the Wastewater Collection System transferred herein. Seller and Developer shall also transfer to Purchaser all additional easement, rights of way or other property rights as may reasonably be required by the Purchaser in the future in order to serve the entire development through build out.

8.2 The form of the instruments required for transfer of any rights outlined herein shall be that as required by Purchaser in order to allow Purchaser to reasonably operate the Wastewater Collection System within existing or as constructed in the future in order to meet the reasonable needs for sewage collection services within the development. Both Seller and Developer will execute all such additional agreements required in the future within ten days of presentment of documents of same by Purchaser.

9.0 **CONDITIONS PRECEDENT TO CLOSING.** The obligations of each party to close the transactions contemplated by this Agreement are subject to the conditions that:

9.1 There shall not be pending on the Closing Date any legal action or proceeding that prohibits either party from closing the transactions.

9.2 The other party shall have performed all of the undertakings required to be performed by it under the terms of this Agreement prior to or at Closing.

9.3 All representations and warranties of the other party shall be true in all material respects as of the Closing Date, except to the extent they specifically refer to another date.

10.0 **PRE-CLOSING CONDUCT; COVENANTS.** Prior to the Closing Date, the parties covenant to each other, and shall conduct themselves, as follows:

10.1 Within twenty(20) business days after the execution of this Agreement, Seller shall either furnish to Purchaser or provide Purchaser with ready access to the following, to the extent they are in the possession of Seller, its employees, representatives or agents:

10.1.1 Copies of all plans and specifications showing the Wastewater Collection System as now constructed (as-built), including any portion of the Wastewater Collection System under construction, together with a detailed engineering map showing the wastewater collection lines, lift stations, effluent disposal facilities and appurtenances as now constructed, and all other facilities constituting the Wastewater Collection System.

10.1.2 Copies of all Developer Agreements entered into between Seller and owners or developers of property within the area serviced by the Wastewater Collection System with respect to wastewater service, including a schedule of the number of connections reserved by each Developer Agreement for which there has been no connection as of the Closing Date.

10.1.3 A schedule and copies of all other agreements entered into between Seller and other parties in connection with Seller's operation and maintenance of the Wastewater Collection System including, but not limited to, leasehold agreements, operator and vendor contracts and construction contracts.

10.1.4 Copies of permits, applications or other documents, together with effective dates and expiration dates (if any) demonstrating approval of the facilities of the Wastewater Collection System by all applicable governmental authorities including, but not limited to: (a) the Florida Department of Environmental Protection, and (b) the United States Environmental Protection Agency.

10.1.5 With respect to customers of the Wastewater Collection System, a list of any customer deposits or accounts receivable by name and account number, setting forth the amount of each individual deposit or receivable and their aggregate totals.

10.1.6 A metes and bounds legal description and a map of the development boundaries and service area of Seller.

10.1.7A legal description of any and all interests in real estate, such as easement licenses, rights of way or other real property interests currently utilized or reasonably necessary to operate and maintain the Wastewater Collection System transferred hereunder.

10.1.8 Copies of all warranties held by Seller with respect to completed, or in progress, construction work with respect to the Wastewater Collection System, together with a copy of all warranties relating to the Purchased Assets.

10.1.9 Copies of any and all effective insurance policies with respect to the Purchased Assets and the Wastewater Collection System.

10.1.10 A schedule that details plant, property, equipment and other Tangible Personal Property.

10.1.11 A legal description of the Real Property, such as easements, licenses, rights of way or deed related to any interest in the Wastewater Collection System

currently serving any Real Property interest to be transferred as prepared by a Florida licensed surveyor.

10.1.12 Any existing survey of any Real Property, as prepared by a Florida licensed surveyor.

10.1.13 Copies of all recorded and unrecorded easements, licenses, prescriptive rights and rights-of-way (if any) owned and used by Seller primarily for the operation and maintenance of the Wastewater Collection System.

10.1.14 Any environmental audits of the Real Property.

10.2 During the period between the date of this Agreement and the Closing Date,
Seller shall:

10.2.1 Operate and maintain the Wastewater Collection System and the Purchased Assets in Seller's normal and usual manner, or in accordance with Seller's business plan, to ensure that the condition of the Wastewater Collection System and the Purchased Assets shall not be materially diminished or depleted, normal wear and tear and damage or destruction by casualty excepted;

10.2.2 Promptly notify Purchaser of any written notification received by Seller from any person, business or agency of any material existing or potential environmental law violation pertaining to the operation and maintenance of the Wastewater Collection System;

10.2.3 Provide Purchaser or its designated agent(s) with reasonable access to the Real Property, the Wastewater Treatment System, the Wastewater Collection System, the Purchased Assets, Seller's books and records pertaining to the operation and maintenance of the Wastewater Treatment and Collection Systems, employees, agents or representatives, on reasonable advance notice and during business hours; and

10.2.4 Promptly notify Purchaser of any event, activity or occurrence that has, or may reasonably be expected to have, a material adverse effect on Seller's ability to carry out and perform the terms and conditions of this Agreement and the transactions contemplated hereby.

10.3 During the period between the date of this Agreement and the Closing Date,
(i) Seller shall maintain its existing levels of insurance with respect to the Purchased Assets and the Wastewater Collection System.

10.4 From the date of this Agreement until Closing, Seller shall not, without the prior written consent of Purchaser, which shall not be unreasonably withheld, conditioned or delayed, enter into any new Developer Agreements pertaining to the operation and maintenance of the Wastewater Collection System other than in the ordinary course of business or amend any existing Developer Agreements other than in the ordinary course of business. Copies of any new or amended Developer Agreements shall be promptly delivered to Purchaser. If Purchaser fails to disapprove any new or amended Developer Agreement within ten (10) days after Seller submitted it to Purchaser for approval, such new or amended Developer Agreement shall be deemed to be approved by Purchaser.

10.5 Purchaser shall, at Purchaser's sole cost and expense, make and diligently prosecute all necessary applications to obtain the approval of the transactions contemplated by this Agreement by the Commission. Seller hereby agrees that it will reasonably cooperate with Purchaser in obtaining the Commission's approval of the transactions contemplated hereby and will execute such documents as may be necessary or reasonably appropriate in connection with obtaining such approval.

10.6 Purchaser agrees to indemnify, defend and save Seller and Developer and their agents and employees, and all other persons or entities acting on behalf of or at the direction of Seller or Developer (collectively, its "Agents") harmless from any and all losses, damages, liabilities, expenses, costs, payments and expenditures, including, without limitation, costs, expenses and reasonable legal fees (collectively, "Claims") incurred, suffered or paid, whether resulting from legal proceedings, actions, claims, demands, suits against Seller, Developer or their Agents or otherwise, arising out of or related to any actions taken by Purchaser, its employees, agents or contractors with respect to the Real Property and permitted hereunder, including, but not limited to any liens against the Real Property for work, labor or materials performed or delivered in connection with Purchaser's inspections. In the event of any Claim, Seller, Developer and their Agents, at their respective options, shall have the sole authority to employ attorneys of their own selection to appear in and defend the same (at the expense of Purchaser), to direct the defense of the same and shall be the sole judges of the acceptability of any compromise or settlement. The provisions of this Section shall survive the expiration or termination of this Agreement for a period of two (2) years.

11.0 POST-CLOSING CONDUCT; COVENANTS. Effective as of the Closing Date; and subject to its Service Availability Policy as approved by the Commission:

11.1 Purchaser agrees and acknowledges that the Wastewater Collection System is intended to provide all wastewater collection needs of all present and future owners and occupants of the Development, as such Development may be changed or expanded, meeting all minimum requirements established by any and all applicable federal, state and local governmental authorities or agencies (the "**Minimum Requirements**"). Purchaser hereby agrees, from and after the Closing Date, to satisfy all Wastewater Collection System needs and requirements of all present and future owners and occupants of the Developments meeting all Minimum Requirements.

12.0 TERMINATION OF AGREEMENT.

12.1 This Agreement may be terminated at any time prior to Closing by mutual written agreement of the parties.

12.2 Purchaser may terminate this Agreement upon the occurrence of any of the following:

12.2.1 The failure of Seller to satisfy, in any material respect, its condition(s) precedent to Closing set forth in Section 8 hereof. Purchaser shall not be entitled to terminate this Agreement for the failure of a condition precedent to Closing controlled by or the responsibility of Purchaser.

12.2.2 Within thirty (30) days after the date of this Agreement ("**Inspection Period**"), Purchaser shall have the right to conduct such additional due diligence with respect to the Purchased Assets as Purchaser, in its sole discretion, deems appropriate, including, but not limited to, upon reasonable notice to Seller, entering upon the Real Property to inspect the Purchased Assets, to familiarize itself with the day-to-day operations and to review the practices of Seller with respect to the terms and conditions of this Agreement, and to determine Seller's compliance with any and all federal, state and local regulatory requirements. Purchaser may also, upon reasonable notice to Seller, review any and all records of Seller at the Real Property as it deems appropriate. At the conclusion of its additional due diligence, Purchaser shall return all assets, documents and other materials to the same location and condition as prior to Purchaser conducting its additional due diligence. Seller shall cooperate with Purchaser in all reasonable respects, at no cost or expense to Seller, as to Purchaser's conduct of its additional due diligence. After conducting its additional due diligence, Purchaser shall have the right to terminate this Agreement, in its sole discretion, upon delivery of written notice to that effect to Seller prior to the expiration of the Inspection Period. Purchaser acknowledges and agrees that the Purchased Assets shall be accepted by Purchaser in "AS IS" condition on the Closing Date.

12.2.3 Any material breach of this Agreement by Seller including, but not limited to, a material breach of any representation or warranty, if Seller has not cured such breach within ten (10) days after notice thereof from Purchaser; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Purchaser.

12.3 Seller may terminate this Agreement upon the occurrence of any of the following:

12.3.1 The failure of Purchaser to satisfy, in any material respect, its conditions precedent to Closing set forth in Section 8 hereof. Seller shall not be

entitled to terminate this Agreement for the failure of a condition precedent to Closing controlled by or the responsibility of Seller.

12.3.2 Any material breach of this Agreement by Purchaser including, but not limited to, a material breach of any representation or warranty, if Purchaser has not cured such breach within ten (10) days after notice thereof from Seller; provided, however, such breach must in any event be cured prior to the Closing Date unless the date for cure has been extended by Seller.

12.4 Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination of this Agreement to the other party by delivering the same as provided in Section 16.2 hereof.

12.5 Upon the termination of this Agreement, the following shall occur:

12.5.1 Each party shall return to the other party all documents, including copies, in its possession, or in the possession of its agents and consultants, as the case may be, delivered to it by the other party.

12.5.2 Each party, its agents and consultants shall treat any information previously received from the other party as confidential, and shall not disclose or use such information.

12.5.3 Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorney and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.

12.6 Each party agrees that the other party shall have the remedy of specific performance to compel such party's adherence hereto.

12.7 In the event of termination of this Agreement, this Agreement shall forthwith become void and (except for the willful breach of this Agreement by any party hereto) there shall be no liability on the part of Purchaser or Seller, or their respective officers or directors, other than as provided for herein.

13.0 CLOSING DATE AND CLOSING.

13.1 The transactions contemplated by this Agreement shall be closed (the "**Closing**") within 30 days of final approval of the transfer of Seller's Wastewater Collection System to Purchaser by the Florida Public Service Commission, unless extended by mutual agreement of the parties, at Purchaser's office, or at a location mutually acceptable to the parties. The date on which Closing occurs is referred to herein as the "**Closing Date**."

13.2 At Closing:

13.2.1 Seller shall convey all of Seller's right, title and interest in and to any Easements to Purchaser by special warranty deed ("**Deed**") free of all claims, liens or encumbrances whatsoever, other than Permitted Encumbrances.

13.2.2 Title to the Tangible Personal Property shall be conveyed to Purchaser by bill of sale, free of all claims, liens or encumbrances whatsoever, other than Permitted Encumbrances.

13.2.3 All documentary stamps, if required, on any Deed shall be paid by Purchaser.

13.2.4 Real property and personal property taxes on any Real Property, the Purchased Assets and the Wastewater Collection System, and any other applicable taxes, shall be prorated as of the Closing Date and Seller shall pay its proportionate share thereof, or credit Purchaser therefore, at Closing, with Purchaser thereafter being liable for the payment of such taxes. All other taxes and assessments accrued or owed by Seller as of the Closing Date with respect to the Purchased Assets shall be and remain the obligation of Seller. All other taxes and assessments imposed or attempted to be imposed from and after the Closing Date with respect to the Purchased Assets shall be the obligation of Purchaser.

13.2.5 Purchaser shall be responsible for the payment of regulatory assessment fees to the Commission for revenues received thereafter.

13.3 The parties recognize that Closing may occur during the normal billing cycle of Seller. Any gross revenues wastewater services rendered, but not yet billed ("**Unbilled Revenue**") as of the Closing Date, shall be billed by Purchaser and paid to Seller within ten (10) days of Purchaser's collection thereof. Purchaser shall utilize the same methods of collecting the Unbilled Revenue as it would if such Unbilled Revenue was its own. Purchaser shall be entitled to all Wastewater System revenue earned from the Closing Date forward.

13.4 "Connection Charges" (defined as connection, plant capacity, main extension, capital or other charges paid for the availability of utility services with respect to the Wastewater

System), if any, received by Seller prior to Closing shall be retained by Seller so long as the actual connection has been made. Connection Charges paid after the Closing Date or for connections not yet made by the Closing Date, if any, shall be the property of Purchaser.

13.5 All transfers required or necessary hereunder shall take place at Closing, unless extended by mutual consent.

13.6 Each party shall pay the fees of its own attorneys, bankers, engineers, accountants and other professional advisers or consultants in connection with the negotiation, preparation and execution of this Agreement and any documents associated with Closing.

13.7 All bills for services, materials and supplies rendered in connection with the operation of the Wastewater Collection System prior to Closing including, but not limited to, electricity for a period up to and including the Closing Date, shall be paid by Seller. Purchaser shall pay all such bills for the operation of the Wastewater Collection System after Closing. Seller shall continue to pay all such costs related to the sewage treatment facilities after closing since these facilities will not be transferred to the Purchaser under the Agreement.

13.8 All prorations required under this Agreement shall be made at Closing.

13.9 Purchaser shall assume Seller's liability to provide service under all Developer Agreements assumed by Purchaser. However, to the extent permitted by law, Purchaser shall have the right to impose its own rates, charges and fees from the date of closing forward.

13.10 Each party shall deliver to the other party at Closing a certificate stating that:

13.11.1 The party is not prohibited by decree or law from consummating the transaction contemplated hereby.

13.11.2 There is not pending on the Closing Date any legal action or proceeding that materially impairs the ability of such party to close the transactions contemplated hereby.

13.11.3 All warranties and representations of such party contained in this Agreement are true and correct as of the Closing Date.

13.12 Purchaser, upon the Closing, shall purchase the Purchased Assets and all other rights and interests described herein in its "AS IS" condition and "WITH ALL FAULTS" as of the expiration of the Inspection Period. Seller hereby disclaims any representation or warranty with respect to the Purchased Assets, express or implied. Notwithstanding the foregoing, from the date hereof until the Closing Date Seller shall maintain the Purchased Assets in substantially the same manner as prior to the date hereof.

13.13 Seller shall deliver to Purchaser, in a form reasonably acceptable to Purchaser, an opinion of Seller's counsel substantially to the effect that:

- 13.13.1 Seller is validly organized, existing and its status is active under the laws of the State of Florida.
- 13.13.2 This Agreement has been duly and validly executed and approved by Seller and is a valid and binding agreement upon Seller.
- 13.13.3 To Seller's counsel's actual knowledge, the execution, delivery and performance of this Agreement will not violate any agreement of or binding on, or any law applicable to, Seller.

13.14 Purchaser shall deliver to Seller in a form acceptable to Seller, an opinion of Purchaser's counsel substantially to the effect that:

- 13.14.1 Purchaser is validly organized, existing and its status is active under the laws of the State of Florida.
- 13.14.2 This Agreement has been duly and validly executed and approved by Purchaser and is a valid and binding agreement upon Purchaser.
- 13.14.3 To Purchaser's counsel's actual knowledge, the execution, delivery and performance of this Agreement will not violate any agreement of, or binding on, or any law applicable to, Purchaser.

- 13.14.4 There is a substantial likelihood that Purchaser will obtain PSC approval as contemplated by this Agreement.
- 13.14.5 The Agreement and Developer Agreement are enforceable obligations of the Purchaser.
- 13.14.6 Purchaser is certificated by the Florida Public Service Commission to provide wastewater service in Lee County, Florida, and has a wastewater treatment plant operating permit from the Department of Environmental Protection.

14.0 POST-CLOSING COOPERATION.

14.1 Seller and Purchaser shall, at any time and from time to time after the Closing Date, upon reasonable request and at the sole cost and expense of the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and assurances as may be reasonably required in order to implement and perform any of the obligations, covenants and agreements of such party hereunder.

14.2 Each of the parties hereto shall provide the other with such assistance as reasonably may be requested in connection with the preparation of any tax return, audit or other examination by any taxing authority or any judicial or administrative proceedings relating to liability for taxes relating to the transactions contemplated by this Agreement. Each party shall retain and provide the other with any records or information in its possession that may be relevant to such return, audit or examination, proceedings or determination. Such assistance shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and shall include providing copies of any relevant tax returns and supporting work schedules. The party requesting assistance hereunder shall reimburse the other for reasonable out-of-pocket costs, charges and expenses (including, but not limited to, attorneys' fees) supported by invoices and incurred in providing such assistance.

14.3 In the event that, after the Closing Date, any of the parties hereto shall reasonably require the participation of the other or of officers and employees of the other to aid in the defense or prosecution of litigation or claims, and so long as there exists no conflict of interest between the parties, each party shall use reasonable efforts to be available or to make such officers and employees reasonably available to participate in such defense or prosecution, provided that the party requiring the participation of such officers or employees shall pay all reasonable out-of-pocket costs, charges and expenses (including, but not limited to, attorneys' fees) arising from such participation.

14.4 Where there is a legitimate purpose not injurious to the other party and not related to prospective competition by such party with the other party hereto, or if there is an audit by

the Internal Revenue Service, other governmental inquiry, or litigation or prospective litigation to which Purchaser or Seller is or may become a party, making reasonably necessary any access to the records of or relating to the other party with respect to the Purchased Assets and the Wastewater System held by Purchaser or making reasonably necessary either party's access to records of or relating to the operations of the other party with respect to the Purchased Assets and the Wastewater System held by any entity other than such party, each of them shall allow representatives of the other party access to such records during regular business hours with reasonable prior notice at such party's place of business for the sole purpose of obtaining such information for use as aforesaid.

15.0 FLORIDA PUBLIC SERVICE COMMISSION MATTERS. The parties acknowledge that the transaction contemplated hereby is subject to the jurisdiction of the Florida Public Service Commission and contingent upon its approval pursuant to Section 367.071, Florida Statutes, and that such transaction may be closed prior to Commission approval. Should this transaction not be approved by the Commission, such closing must be unwound and the parties agree to cooperate in such unwinding. Each party will be responsible for all of their own costs and expenses in expeditiously accomplishing this task.

16.0 INDEMNIFICATION. Purchaser hereby agrees to defend, indemnify, save and hold Seller and Developer and their related entities harmless from and against any and all losses, damages, costs, liabilities, claims, and expenses (including attorneys' fees and costs) arising from or related to the entry by Purchaser or its agents, employees, representatives, or consultants on the Real Property pursuant to this Agreement. This indemnification shall survive Closing or earlier termination of this Agreement.

17.0 MISCELLANEOUS PROVISIONS.

17.1 This Agreement, the Exhibits attached hereto and the documents referred to herein collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, with reference to this Agreement that are not merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original.

17.2 Any notice or other document required or allowed to be given pursuant to this Agreement by either party to the other shall be in writing and shall be delivered personally or by recognized overnight courier, or sent by certified mail, postage prepaid, return receipt requested, or by facsimile transmission with written confirmation. A single notice delivered to either party shall be sufficient notice.

If to Seller, such notice shall be addressed to Seller at:

Board of Directors

Laurel Oak Property Owners Association, Inc.
c/o Sherry Nassoie
Cornerstone Association Management, Inc.
8359 Beacon Boulevard, 409
Fort Myers, FL 33907

with a copy to:

Christina Harris Schwinn
Senior Associate
Pavese Law Firm
1833 Hendry Street
Fort Myers, FL 33901

If to Purchaser, such notice shall be addressed to Purchaser at:

Forest Utilities, Inc.
6000 Forest Boulevard
Fort Myers, FL 33908

with a copy to:

Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive, Tallahassee, Florida 32301
Attn: F. Marshall Deterding, Esquire

If to Developer, such notice shall be addressed to Developer at:

McNew Development
6150 Diamond Center, CT., Bldg. 1300
Fort Myers, FL 33912

17.3 The headings used herein are for convenience only, and they shall be disregarded in the construction of this Agreement.

17.4 The drafting of this Agreement constituted a joint effort of the parties, and in the interpretation hereof it shall be assumed that no party had any more input or influence than any other. All words, terms and conditions herein contained are to be read in concert, each with the other, and a provision contained under one heading may be considered to be equally applicable under another heading in the interpretation of this Agreement.

17.5 This Agreement is solely for the benefit of the parties hereto and no causes of action shall accrue by reason hereof to or for the benefit of any third party who or which is not a formal party hereto.

17.6 In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed as deleted, as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

17.7 In the event any litigation arises between the parties with respect to this Agreement, the prevailing party shall be entitled to reasonable attorney fees and court costs at all trial and appellate levels.

17.8 This Agreement may be amended or modified only if such amendment or modification is in writing and executed in the same manner as the original.

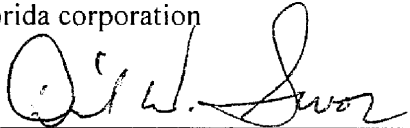
17.9 This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida.

17.10 This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

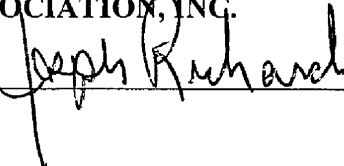
17.11 Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.


IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first aforesaid in counterparts, each counterpart to be considered an original.

FOREST UTILITIES, INC.,
a Florida corporation

By: 

**LAUREL OAKS PROPERTY OWNERS
ASSOCIATION, INC.**

By: 


President

Print Name: Quinton B. McNew
Title: President

MCNEW DEVELOPMENT CO., INC.

By: Quinton B. McNew
Title: _____

11/28/05

EXHIBIT A

Wastewater System

The entire wastewater collection treatment and disposal system as outlined in the system drawings referenced below:

Phase I: Drawings prepared by:

Ink Engineering, Inc.
6320 Beau Drive
N. Ft. Myers, FL 33903

Drawing # 8254, Dated August, 1991 as revised 7/9/92 and printed 3/5/93

Phase II: Drawings Prepared by:

Banks Engineering, Inc.
10501 Six Mile Cypress Parkway
Ft. Myers, FL 33912

File # 36-45-24
Project # M510084
Dated 12/10/93

and all such wastewater transmission, collection, treatment and disposal facilities, whether or not outlined in those drawings and all related real and personal property utilized for the purposes of providing wastewater service located within the property described in Exhibit "B" and all offsite facilities constructed for the interconnection of such system to the Purchaser's system, which may be located within or outside the property described in Exhibit "B."

EXHIBIT B
The Development

All of the property described in the attached legal descriptions and the certified plats of all Phases of Laurel Oaks attached hereto.

EXHIBIT C

Easements, Licenses, and Rights-of-Way

All of the easements, licenses, rights-of-way reasonably necessary for Purchaser to operate all of the wastewater collection facilities located on the Property described in Exhibit "B" including but not limited to those attached hereto; and all the additional facilities constructed, or to be constructed (onsite or offsite), in order to interconnect those existing facilities of the Seller and/or Developer with the facilities of the Purchaser.

Purchaser, Seller and Developer all agree that additional easements will be required for facilities from the existing lift stations located within the Development on the southwest side of the Property and running south to the new facilities to be constructed to interconnect those existing facilities the facilities owned and operated by Purchaser. Seller and Developer agree to provide any and all easements reasonably necessary as determined by Purchaser at its sole discretion for the operation of the onsite wastewater distribution and collection facilities and for operation of the onsite facilities constructed for the interconnection of the existing onsite system to the existing system of the Purchaser.

EXHIBIT D

Tangible Personal Property

All of those facilities described in Exhibit "A" that are located either onsite of the development as described in Exhibit "B" or as constructed offsite for interconnection of those facilities to the facilities of the Purchaser which are currently utilized or are necessary for the operation of the wastewater collection and distribution system located on or outside the Development described in Exhibit "B".

Such facilities specifically excluded those facilities utilized for treatment and disposal of wastewater, which are not otherwise necessary for operation of the wastewater collection and transmission facilities.

EXHIBIT E

Certificates, Permits and Licenses

Seller and Developer shall provide all certificates, permits, licenses and other documents reasonably necessary for the operation of the system. Seller hereby assures the Purchaser that other than the wastewater treatment and collection system permit, that no other such documents exist within this definition and that Seller will ensure that this license and any others reasonably necessary for the operation of the wastewater collection and transmission facilities will be transferred to Seller immediately and as needed in the future.

EXHIBIT F

Inventory of Parts and Supplies

Seller shall transfer to the Purchaser all inventory of parts and supplies reasonably related to the wastewater collection and transmission facilities within the development or related to any facilities outside the development constructed for the interconnection of the onsite facilities to the facilities of the Purchaser.

Seller covenants that there are no other such facilities in existence, other than those specified in Exhibit "A."

EXHIBIT G

Developer Agreements

Seller covenants that there are no Developer Agreements assumed by the Purchaser.

EXHIBIT H

Resolution to Implement Rates and Charges

See attached excerpt of Minutes of Laurel Oaks Homeowners Association Board of Directors dated May 25, 2005.

January 19, 2006



Mr. Ron Inge
McNew Development Company, Inc.
5571 Halifax Avenue
Fort Myers, FL 33912

Re: Laurel Oaks
Estimates of Contributory Assets

Dear Ron:

Attached please find Estimates of Contributory Assets for the sanitary sewer system serving the Laurel Oaks subdivision located in Lee County, Florida. The installation cost for both phases of the system is estimated at \$237,004.25. Quantities and unit prices used for the Phase 2 estimate are actual values provided by the contractor responsible for installing the system in 1994. The estimate for the Phase 1 system, installed a year prior to Phase 2, is based on the same unit prices as Phase 2 with consideration of the area's economic conditions in the early 1990's likely having a negligible affect on unit prices from Phase 1 to Phase 2.

If you should have any questions, or require additional information, please advise.

Very Truly Yours,

DBS Consulting, Inc.

Andrew D. Fitzgerald, P.E.
President

DBS PN 1043-01

DBS Consulting, Inc.

ENGINEER'S ESTIMATE OF CONTRIBUTORY ASSETS

for sanitary sewer system serving

Laurel Oaks - Phase 1

January, 2006

Item No.	Description	Quantity	Units	Unit Price	Amount
I. SANITARY SEWER SYSTEM					
A.	8" PVC Sewer (SDR 35) (0' -6' Cut)	1,096	LF	\$16.15	\$17,700.40
B.	3" PVC Forcemain	208	LF	\$18.00	\$3,744.00
C.	2" PVC Forcemain	449	LF	\$16.50	\$7,408.50
D.	Sanitary Sewer Manholes (0'-6' Cut)	7	EA	\$900.00	\$6,300.00
E.	Single Sewer Services	14	EA	\$225.00	\$3,150.00
F.	Double Sewer Services	13	EA	\$280.00	\$3,640.00
G.	Master Lift Station	1	EA	\$25,201.00	\$25,201.00
H.	Grinder Lift Stations	3	EA	\$10,000.00	\$30,000.00
				TOTAL	\$97,143.90

DBS Consulting, Inc.

ENGINEER'S ESTIMATE OF CONTRIBUTORY ASSETS

for sanitary sewer system serving

Laurel Oaks - Phase 2

January, 2006

Item No.	Description	Quantity	Units	Unit Price	Amount
I. SANITARY SEWER SYSTEM					
A.	8" PVC Sewer (SDR 35) (0' -6' Cut)	1,308	LF	\$16.15	\$21,124.20
B.	8" PVC Sewer (SDR 35) (6'-8' Cut)	969	LF	\$17.35	\$16,812.15
C.	8" PVC Sewer (SDR 35) (8' -10' Cut)	870	LF	\$20.40	\$17,748.00
D.	8" PVC Sewer (SDR 35) (10' -12' Cut)	552	LF	\$25.00	\$13,800.00
E.	4" PVC Forcemain	360	LF	\$19.50	\$7,020.00
F.	Connection of Forcemain to Treatment Plant	1	LS	\$1,000.00	\$1,000.00
G.	Sanitary Sewer Manholes (0'-6' Cut)	8	EA	\$900.00	\$7,200.00
H.	Sanitary Sewer Manholes (6'-8' Cut)	5	EA	\$1,100.00	\$5,500.00
I.	Sanitary Sewer Manholes (8'-10' Cut)	3	EA	\$1,360.00	\$4,080.00
J.	Sanitary Sewer Manholes (10'-12' Cut)	3	EA	\$2,400.00	\$7,200.00
K.	Single Sewer Services	15	EA	\$225.00	\$3,375.00
L.	Double Sewer Services	35	EA	\$280.00	\$9,800.00
M.	Lift Station	1	EA	\$25,201.00	\$25,201.00
				TOTAL	\$139,860.35

1794819

This Indenture

1770992

Made this 30th day of December, A. D. 1983,

Between

TIMBERLAKES LIMITED PARTNERSHIP,
Florida limited partnership,

1713 R2514

and THE FOREST UTILITIES, INC., a Florida corporation,
1723 R1712

Witnesseth, that the said party of the first part, for and in consideration of the sum of --- Ten (\$10.00) and O.G. T.V.C. --- Dollars, in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has remised, released and quitclaimed, and by these presents does remise, release and quitclaim unto the said party of the second part all the right, title, interest claim and demand which the said party of the first part has in and to the following described lot, piece or parcel of land, situate lying and being in the County of Lee, State of Florida, to wit:

A part of the South-west Quarter of Section 1, Township 46 South, Range 24 East, further described as follows: Begin at the Southwest corner of Section 1, Township 46 South, Range 24 East; thence N 0°22'48" W along the west line of said Section 1, 800.0'; thence N 73°57'27.5" E, 250.82'; thence N 29°02'14.3" E, 30.0'; thence S 43°18'15" E, 239.90'; thence S 19°38'44" E, 99.31'; thence S 32°29'07.4" E, 120.0'; thence S 44°40'30" W, 67.0'; thence N 45°19'30" W, 125.0'; thence S 44°40'30" W, 140.0'; thence S 45°15'22" E, 180.0'; thence N 89°40'30" E, 35.36'; thence N 14°40'30" E, 115.0'; thence S 45°19'30" E, 135.0'; thence S 44°40'30" W, 68.29'; thence S 43°22'51" E, 197.82'; thence N 17°55'42" E, 45.57' to a point on a curve to the southwest, said curve having a central angle of 7°11'09"; a radius of 235', a chord 31.5' bearing S 66°43'04" E; thence southwestward along the arc of said curve 31.52'; thence S 19°26'22" W, 154.77'; thence S 51°29" E, 59.0' to the southerly line of Section 1, Township 46 South, Range 24 East; thence S 99°08'21" W along said southerly line, 714.70' to the southwest corner of said Section 1 and the Point of Beginning.

Subject to easements, reservations and restrictions of record and taxes for the current and all subsequent years.

We Have and to Hold the same, together with all and singular the appurtenances thereto belonging or in anywise appertaining, unto the said party of the second part, right, title, interest and claim whatsoever of the said party of the first part, either in law or equity, to the only proper use, benefit and behoof of the said party of the second part.

In Witness Whereof, the said party of the first part has hereunto set his hand and seal the day and year first above written.

Signature and Delivered in Our Presence:
TIMBERLAKES LIMITED PARTNERSHIP, a Florida limited partnership
DAVID W. SWOR, a General Partner
JOHN SANTINI, a General Partner
3:41 PM '84
State of Florida
County of Lee
NOTARIAL PUBLIC
LEE COUNTY, FLORIDA
RETURN VERIFIED

I Hereby Certify That on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgments, DAVID W. SWOR and JOHN SANTINI, General Partners of TIMBERLAKES LIMITED PARTNERSHIP, a Florida limited partnership,

to me well known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that they executed the same freely and voluntarily for the purposes therein expressed.

Witness my hand and official seal at Fort Myers, Florida, this 30th day of December, A. D. 1983.

Notary Public
My Commission Expires 11-23-84

THIS INSTRUMENT WAS PREPARED BY
PAUL S. SPINER, CIVIL ENGINEER, 2415 W. 10th St., Ft. Myers, FL 33901
PETER J. GRANZIA



AMERICAN LAND TITLE ASSOCIATION
LOAN POLICY (10-17-92)
(WITH FLORIDA MODIFICATIONS)

10 2510 107 00000016

CHICAGO TITLE INSURANCE COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, CHICAGO TITLE INSURANCE COMPANY, a Missouri corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land;
5. The invalidity or unenforceability of the lien of the insured mortgage upon the title;
6. The priority of any lien or encumbrance over the lien of the insured mortgage;
7. Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material:
 - (a) arising from an improvement or work related to the land which is contracted for or commenced prior to Date of Policy; or
 - (b) arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance;
8. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title or the lien of the insured mortgage, as insured, but only to the extent provided in the Conditions and Stipulations.

In Witness Whereof, CHICAGO TITLE INSURANCE COMPANY has caused this policy to be signed and sealed as of Date of Policy shown in Schedule A, the policy to become valid when countersigned by an authorized signatory.

CHICAGO TITLE INSURANCE COMPANY

By:

Issued by: EDWARDS &
SMOOT, ADAMS, JOHNSON GREEN,
~~WINE, KUMBAQ & CLARK~~ P.A.
12800 UNIVERSITY DRIVE, SUITE 600
FORT MYERS, FLORIDA 33907
(813) 489-1776


President

By:




Secretary

SCHEDULE A

OFFICE FILE NUMBER	POLICY NUMBER	DATE OF POLICY	AMOUNT OF INSURANCE
1 2023.0085 NB/Forest	2 10 2510 107 00000016	3 February 13, 1996 at 4:35 P.M.	4 \$ 400,000.00

1. Name of Insured: NationsBank, N.A. (South), a national banking association, f/k/a NCNB National Bank of Florida

2. The estate or interest in the land which is encumbered by the insured mortgage is:
Fee Simple

3. Title to the estate or interest in the land is vested in: Forest Utilities, Inc., a Florida corporation.

4. The insured mortgage and assignments thereof, if any, are described as follows:
Mortgage Modification Agreement by and between Forest Utilities, Inc., a Florida corporation, and NationsBank, N.A. (South), a national banking association, f/k/a NCNB National Bank of Florida, as to that certain Junior Lien Mortgage recorded in O.R. Book 2240, Page 2372, as recorded in O.R. Book 2676, Page 1563, Public Records of Lee County, Florida on February 1, 1996, with a current principal balance pf \$400,000.00.

5. The land referred to in this Policy is described as follows:
See legal description attached.

SCHEDULE B

Policy Number: 10 2510 107 00000016

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

General Exceptions:

- (1) Rights or claims of parties in possession not shown by the public records.
- (2) Encroachments, overlaps, boundary line disputes, and any other matters which would be disclosed by an accurate survey and inspection of the premises.
- (3) Easements or claims of easements not shown by the public records.
- (4) Any lien, or right to a lien, for services, labor, or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
- (5) Taxes or special assessments which are not shown as existing liens by the public records.

Special Exceptions: The mortgage, if any, referred to in Item 4 of Schedule A., if this schedule is attached to an Owner's Policy.

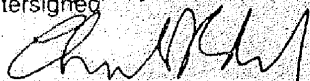
- (6) Any claim that any portion of said lands are sovereignty lands of the State of Florida, including submerged, filled or artificially exposed lands and lands accreted to such lands.
- (7) Taxes and assessments for the year **1996** and subsequent years, **which are not yet due and payable.**
- (8) **General Exceptions 1 and 4 are hereby deleted.**

Smoot Adams Edwards & Green, P.A.

P.O. Box 60259

Fort Myers, FL 33906-6259

Countersigned



Charles B. Edwards
Authorized Signatory

Note: If this schedule is attached to a Loan Policy, junior and subordinate matters, if any, are not reflected herein.

Note: This Policy consists of insert pages labeled Schedules A and B. This Policy is of no force and effect unless both pages are included along with any added pages incorporated by reference.

SCHEDULE B

Loan or Owners

Reorder Form No. 1535

LOAN

SCHEDULE B - PART II

Policy Number: 10 2510 107 00000016

EXCEPTIONS FROM COVERAGE

In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in Schedule A is subject to the following matters, if any be shown, but the Company insures that these matters are subordinate to the lien or charge of the insured mortgage upon the estate or interest:

- (9) Mortgage which was executed by Forest Utilities, Inc., a Florida corporation, to NCNB National Bank of Florida in the principal amount of \$100,000.00, dated December 29, 1988, recorded August 14, 1989 in O.R. Book 2090, Page 169;
- (10) Collateral Assignment of Leases and Rents as security for loan recorded in O.R. Book 2090, Page 174, and UCC Financing Statement recorded in O.R. Book 2090, Page 177; as modified by Mortgage Modification Agreement recorded in O.R. Book 2240, Page 2377, on August 14, 1991, all in the Public Records of Lee County, Florida.
- (11) Security Agreement by and between Forest Utilities, Incorporated and NCNB National Bank of Florida, recorded in O.R. Book 2305, Page 3662, on June 15, 1992, Public Records of Lee County, Florida.
- (12) UCC Financing Statement from Forest Utilities, Incorporated to NCNB National Bank of Florida, recorded in O.R. Book 2240, Page 2379, on August 14, 1991, Public Records of Lee County, Florida.
- (13) UCC Financing Statement from Forest Utilities, Incorporated to NCNB National Bank of Florida, recorded in O.R. Book 2306, Page 3671, on June 15, 1992, Public Records of Lee County, Florida.
- (14) UCC Financing Statement recorded in O.R. Book 2676, Page 1566, Public Records of Lee County, Florida, on February 13, 1996.
- (15) UCC Financing Statement filed with the Secretary of State of the State of Florida, under Filing No. 960000030074, on February 12, 1996.
- (16) Temporary easement recorded in O.R. Book 1430, Page 90, Public Records of Lee County, Florida.

(17) Water Pipeline easement recorded in O.R. Book 1887, Page 3823, Public Records of Lee County, Florida.

(18) Iona drainage district canal over and across South boundary of subject land.

Smoot Adams Edwards & Green, P.A.
Post Office Box 60259
Fort Myers, FL 33906-6259



Charles B. Edwards
Authorized Signatory

Schedule B of this Policy consists of 3 pages.

EXHIBIT "A"

A part of the Southwest quarter (SW $\frac{1}{4}$) of Section 1, Township 46 South, Range 24 East, Lee County, Florida, further described as follows:

Begin at the Southwest corner of Section 1, Township 46 South, Range 24 East; thence N 0° 22' 48" W along the West line of said Section 1, 800.0'; thence N 73° 57' 27.5" E, 230.82'; thence N 29° 02' 14.3" E, 30.0'; thence S 40° 18' 15" E, 239.90'; thence S 19° 38' 44" E, 99.31'; thence S 32° 29' 07.4" E, 120.0'; thence S 44° 40' 30" W, 60.0'; thence N 45° 19' 30" W, 125.0'; thence S 44° 40' 30" W, 180.0'; thence S 45° 19' 30" E, 180.0'; thence N 89° 40' 30" E, 35.36'; thence N 44° 40' 30" E, 115.0'; thence S 45° 19' 30" E, 135.0'; thence S 44° 40' 30" W, 68.29'; thence S 68° 42' 51" E, 197.82'; thence N 17° 55' 42" E, 45.57' to a point on a curve to the Southeast, said curve having a central angle of 7° 41' 09", a radius of 235', a chord 31.5' bearing S 66° 43' 04" E; thence Southeastward along the arc of said curve 31.52'; thence S 19° 26' 22" W, 154.17'; thence S 0° 51' 29" E, 50.0' to the Southerly line of Section 1, Township 46 South, Range 24 East; thence S 99° 08' 31" W along said Southerly line, 714.70' to the Southwest corner of said Section 1 and the Point of Beginning.

LESS AND EXCEPT THE FOLLOWING DESCRIBED PROPERTY.

A tract lying in the Southwest Quarter (SW $\frac{1}{4}$) of Section 1, Township 46 South, Range 24 East, Lee County, Florida, more particularly described as follows:

Beginning at the Southwest corner of Lot 3, Block 10, The Forest, Unit One, thence run S 89° 08' 31" W along the North line of I.O.D. Drainage Canal "T" for 410.00 feet; thence run N 0° 51' 29" W for 241.00 feet; thence run N 79° 09' 00" E for 59.00 feet; thence run S 81° 05' 00" E for 194.00 feet; thence run N 72° 00' E for 81.46 feet to a point on the southerly right of way line of Deer Run S.W. as shown on the plats of The Forest, Unit One; thence run S 45° 19' 30" E along said southerly line for 58.75 feet; thence run southeasterly for 103.50 feet along said southerly line on the arc of a curve to the left having a radius of 235.00 feet (chord bearing S 57° 56' 34" E, chord distance 102.67 feet) to the Northwest corner of said Lot 3; thence run S 19° 26' 22" W along the West line of said Lot 3 for 154.17 feet to the point of beginning.

Commissioners:
SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA



DIVISION OF WATER &
WASTEWATER
CHARLES HILL
DIRECTOR
(904) 413-6900

Public Service Commission

March 13, 1996

Mr. Martin S. Friedman
Rose, Sundstrom & Bentley
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

Dear Mr. Friedman:

Re: Docket No. 960229-SU, Application for amendment of Certificate No. 300-S in Lee County by Forest Utilities, Inc.

As we discussed by phone today, the above referenced application has been reviewed by staff and is determined to have the following deficiency:

Proof of Ownership: As part of Exhibit A to the application, two Quit Claim Deeds were provided for:

Any and all lines, lifts, laterals, and supports located in, under and through the following described property, but without conveying the referenced real property of any interest therein.

The two combined deeds were for the ten (10') foot easement dedicated in the plat books as part of the Public Records of Lee County for:

The Forest, Unit One , as recorded at Plat Book 33, Pages 85-88,
The Forest, Unit Two , as recorded at Plat Book 34, Pages 20-22,
The Forest, Unit Three, as recorded at Plat Book 35, Pages 34-37, and
The Forest Oaks, as recorded in Plat Book 37, Pages 51-55.

Also part of Exhibit A to the application, was a bill of sale which provided for:

Any and all lines, lifts, laterals and supports as might be located under and through The Forest Subdivision Units One, Two and Three and The Forest Oaks, Lee County, Florida.

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
EEO _____
LIN _____
OPC _____
RCH _____
SEC _____
WAS _____
OTH _____

DOCUMENT NUMBER-DATE
03232 MAR 19 96
PSC-BILLINGS/REPORTING

Mr. Martin S. Friedman

Page 3

March 13, 1996

cc: Alice Crosby, Division of Legal Services
Raj Agarwal, Division of Legal Services
Records and Reporting

Between

TIMBERLAKES LIMITED PARTNERSHIP, a Florida limited partnership, #1713 102514

Lee and State of Florida

of the County of party of the first part,

and THE FOREST UTILITIES, INC., a Florida corporation,

#1723 101712

Lee and State of Florida

of the County of party of the second part,

Witnesseth, that the said party of the first part, for and in consideration of the sum of Ten (\$10.00) and O.G. & V.C. Dollars, in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, has remised, released and quitclaimed, and by these presents does remise, release and quitclaim unto the said party of the second part all the right, title, interest claim and demand which the said party of the first part has in and to the following described lot, piece or parcel of land, situate lying and being in the County of Lee, State of Florida, to wit:

A part of the Southwest Quarter of Section 1, Township 46 South, Range 24 East, further described as follows: Begin at the Southwest corner of Section 1, Township 46 South, Range 24 East; thence N 0°22'48" W along the west line of said Section 1, 800.0'; thence N 73°57'27.5" E, 250.82'; thence N 29°02'14.3" E, 30.0'; thence S 42°18'15" E, 239.80'; thence S 19°38'44" E, 99.31'; thence S 32°29'07.4" E, 120.0'; thence S 44°40'30" W, 60.5'; thence N 45°19'30" W, 125.0'; thence S 44°40'30" W, 180.0'; thence S 45°19'30" E, 180.0'; thence N 89°40'30" E, 35.36'; thence W 14°40'30" E, 115.0'; thence S 45°19'30" E, 130.0'; thence S 44°10'30" W, 68.29'; thence S (3°12'51" E, 197.82'; thence N 17°55'42" E, 45.87' to a point on a curve to the southeast, said curve having a central angle of 7°11'09", a radius of 235', a chord 31.5' bearing S 66°43'04" E; thence southeasterly along the arc of said curve 31.52'; thence S 19°26'22" W, 154.3' thence S 0°51'29" E, 30.0' to the southerly line of Section 1, Township 46 South, Range 24 East; thence S 92°08'21" W along said southerly line, 714.70' to the southwest corner of said Section 1 and the Point of Beginning.

Subject to easements, reservations and restrictions of record and taxes for the current and all subsequent years.

To Have and to Hold the same, together with all and singular the appurtenances thereto belonging or in anywise appertaining, full and entire right, title, interest and claim whatsoever of the said party of the first part, either in law or equity, to the only proper use, benefit and behoof of the said party of the second part.

In Witness Whereof, the said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in Our Presence:

Signatures of David W. Snor and John Santini, General Partners of Timberlakes Limited Partnership.

State of Florida, County of Lee

Notary Public seal for John Santini, a General Partner.

I Hereby Certify That on this day personally appeared before me, an officer duly authorized to administer oaths and take acknowledgments,

DAVID W. SNOR and JOHN SANTINI, General Partners of TIMBERLAKES LIMITED PARTNERSHIP, a Florida limited partnership,

to me well known to be the persons described in and who executed the foregoing instrument and they acknowledged before me that they executed the same freely and voluntarily for the purposes therein expressed.

Witness my hand and official seal at Fort Myers,

County of Lee and State of Florida, this 30th day of December A. D. 1983

Notary Public

My Commission Expires 11-23-84

THIS INSTRUMENT WAS PREPARED BY PAVLE SPILDS SAHER, REGISTERED PATENT & MARK SM O.G. ENGINEER, FT. MYERS, FLORIDA BY PETER J. CRAVATH

727

FOREST UTILITIES, INC.

Proposed Tariff Sheet

EXHIBIT D

(Continued from Sheet No. 3.1)

DESCRIPTION OF TERRITORY SERVED

Laurel Oaks Subdivision
Legal Description
Phases I and II

Laurel Oaks, Unit 1, according to the Plat thereof, recorded in Plat Bok 52, Pages 24 through 29, inclusive, of the Public Records of Lee County, Florida

Laurel Oaks, Unit II, a subdivision, as recorded in Plat Book 56, Pages 13 through 17, inclusive, of the Pubic Records of Lee County, Florida

Also described as:

The South One-Half (S1/2) of the North One-Half (N1/2) of the Southeast Quarter (SE1/4) of Section 36, Township 45 south, Range 24 East, Lee County Florida.

EFFECTIVE DATE:

DAVID SWOR
ISSUING OFFICER

TYPE OF FILING: Transfer

President
TITLE

Approved
June 27, 2005

**LAUREL OAKS HOMEOWNERS ASSOCIATION
BOARD OF DIRECTORS MEETING
May 25, 2005, 6:30 PM**

ATTENDEES:

Jody Richards, jrsnook@comcast.net
Keb Bell, bellecustomtravel@juno.com
Ray Fuson, ray58sun@aol.com

Paul Yeany, forchan@comcast.net
Scott Paul, spaul@gate.net
Russ Hilderbrand, rholderbrand@comcast.net

ABSENT

Gail Vollman, gdvollman@comcast.net

Call to Order / Establish Quorum

Jody Richards, President, called the meeting to order at 6:30 PM at Laurel Oaks Clubhouse.

Meeting Minutes

Paul Yeany motioned to waive the reading of the minutes of the April 25, 2005 Board of Directors meeting and approve the minutes as written. Keb Bell seconded the motion, and it carried unanimously.

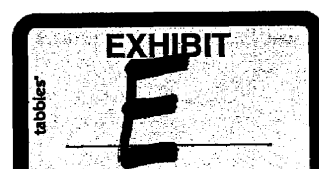
Management Report

- Home Sales / Rentals - Sherry Nassoioy of Cornerstone Association Management, Inc. noted that the following homes / lots were pending sale or had closed and were pending receipt of the recorded warranty deed.
 - 5774 Elizabeth Ann Way - Closed 03-28-05
 - 15606 Laurel Dawn - Closed 03-28-05
 - 5873 Elizabeth Ann Way - Closed 03-28-05
 - 5942 Golden Bear - Pending 07-01-05
 - 5930 Grey Fox - Closed 05-13-05
- Violations - She noted that she had sent communications to the new owners of 5850 Elizabeth Ann Way because they had been parking partially on the lawn. This will continue to be monitored.
- Cross Connection Control Devices - She noted that a certified company (Avis Plumbing) had checked back flow preventers, and the paperwork for the water department had been completed and filed. She noted that this is an annual inspection that is required.
- Florida Recycling - She noted that the trash collection company had a truck that leaked hydraulic fluids / oils on the roadways. She noted that while the trash company did attempt to clean up the spill, the roads were still noticeably marked. She and Scott Paul met with a local paving contractor regarding the damage. She stated that she had been working with Chuck Mencie of Florida Recycling regarding re-sealing the roads. She is waiting on the written report from the paver before she can proceed with Florida Recycling. Russ Hilderbrand communicated that he has photos of the damage to the roads.

Financial Report - provided by Keb Bell, Treasurer.

As of April 30, 2005 there was \$15,831.76 in the Operating Account at Colonial Bank which included the funds from the Operating Account at Fifth Third Bank which had been transferred to the Colonial Operating Account after the Operating Account at Fifth Third was closed. Keb communicated that there was \$43,992.50 in the Reserve Accounts at Colonial Bank. He noted that there was \$6,085.85 in outstanding debt from unit owners. He stated that this amount is comprised mostly of nine unit owners. He stated that one of the unit owners is delinquent \$2,289.90. Keb Bell motioned that that Association initiate foreclosure procedures on that property with legal council that is delinquent \$2,289.90. Scott Paul seconded the motion and it carried unanimously. He noted that the Association was under budget for the month in administrative expenses, building expenses, and grounds expenses and over budget for the month on utility expenses and pool expenses. He stated that year to date the Association was over budget on administrative expenses and utility expenses but under budget on building expenses, grounds expenses, and pool expenses.

Scott Paul motioned to approve the financial report, and Russ Hilderbrand seconded the motion. The motion carried unanimously.



Approved
June 27, 2005

Committee Reports

Architectural Committee

- Ray Fuson stated that the Committee Members had met just prior to this meeting. It was noted that all authorizations for modifications would be approved or denied by the Board of Directors and that the Committee would not have executive powers.

Social Committee Report

Joyce Hendricks communicated that they are still in need of life vest for the July 4th activities. She asked for volunteers to supervise the activities in the lake. She noted that volunteers would wear armbands so that they could be easily identified. She noted that information regarding the activities would be in the newsletter. She provided the Board Members with a copy of a release of liability for the individuals to sign that will be participating in the raft race. The Board Members agreed to use the release.

Old Business

Sewage Treatment System / Hooking up to The Forrest Utilities

- Paul Yeany noted that The Forrest Utilities had provided a contract to him for Laurel Oaks to consider. Paul Yeany motioned to submit the contract to legal council for review, and Scott Paul seconded the motion. The motion carried unanimously.
- Paul Yeany noted that The Forrest has requested that Laurel Oaks go on official record with regards to accepting the rate that they previously provided to the Association in the amount of \$25.26. Keb Bell motioned to accept the \$25.26 rate that the membership is currently paying, and Scott Paul seconded the motion. The motion carried unanimously.

*Resolution
implementing
rates*

Board Member participation in negotiations to hook up to The Forest Utilities

It was agreed without motion that Paul Yeany would be the facilitator of communication between The Forest Utilities and Laurel Oaks.

Community Documents - Review proposed revisions

Previously legal council had prepared a new set of documents for Laurel Oaks to consider. The Association turned those documents over to a group of volunteers to review and revise them. The volunteers completed their work, and Jody Richards provided a copy of those revised documents to management at the April Board Meeting. Management then made a copy of those documents for each of the Board Members to consider prior to this meeting. Paul Yeany communicated that he was dissatisfied with the revisions and stated that they required additional changes. Jody Richards communicated that the revised documents were a template for the Board to review. He suggested that the Board Members consider meeting on a Saturday to sit together and review any items of concern to any of the Board Members. Sherry Nassosy communicated that the revisions of the documents should be sent to the homeowners prior to recording them. Paul Yeany communicated that he believed that the Association could have McNew make changes to the documents and record them without sending them to the owners in that McNew still owns a lot(s) in the Community. Paul communicated that he had verified this with the Association's legal council. Russ Hilderbrand motioned that the Board Members should review the proposed documents and then the Board Members should meet to review any concerns from the individual Board Members regarding the proposed documents. Keb Bell seconded the motion. The motion carried unanimously. Scott Paul could not verify his availability for a Saturday meeting at this time. He will contact management with his available dates. Management will also check their availability for the meeting.

Keys for the Clubhouse

Sherry Nassosy noted that she met with a new company called Gates in Motion. The proprietor of Gates in Motion is a person who previously worked for I.S.N., the current gate maintenance company. Gates in Motion communicated to management that they would be able to assist the Association in maintaining their electric key card system. They are in the process of verifying that they have the appropriate software. Sherry Nassosy noted that I.S.N. has not provided Laurel Oaks with appropriate customer service, and she encouraged the Board Members to use the services of Gates in Motion.

Approved
June 27, 2005

Owner Comments

Howard Grabow - asked for clarification of the fencing criteria within the Community. Paul Yeany noted that he has a copy of the criteria that he will give to Mr. Grabow. He noted that fences couldn't be higher than 4'. They cannot come anymore forward on the lot than the back of the home. They must be brown or green chain link materials, and shrubs must be planted along it for a visual barrier. Paul Yeany noted that fences are not permitted at all at the homes around the lake.

Howard Grabow - communicated that he believes that the Association's grounds keeper is supposed to be trimming the shrubs along the inside of the entrance wall. Management will follow up with the contractor.

One of the owners communicated that they would like to see the Board Members add into the documents more control with regard to lawn ornaments.

One of the owners communicated that they would like to see the Board Members act on replacing the flooring in the Clubhouse.

One of the owners communicated that he was in favor of installing speed bumps.

One of the owners suggested that the Board Members remove condominium verbiage from the new documents.

One of the owners suggested that the Board Members not allow the new documents to empower the Board of Directors with the right to pass a special assessment.

One of the owners suggested installing twelve stop signs as an alternative to speed bumps.

Next Meeting - The next scheduled meeting of the Board of Directors is June 27, 2005 at 6:30 pm at the Laurel Oaks Clubhouse.

Adjournment

Jody Richards motioned to adjourn the meeting at 9:21 p.m. and Scott Paul seconded the motion. The motion carried unanimously.

Respectfully Submitted,
Sherry Nassicy, CornerStone Association Management, Inc.