

ORIGINAL

LAW OFFICES  
ROSE, SUNDBSTROM & BENTLEY, LLP  
2548 BLAIRSTONE PINES DRIVE  
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.  
CHRIS H. BENTLEY, P.A.  
ROBERT C. BRANNAN  
DAVID F. CHESTER  
F. MARSHALL DETERDING  
JOHN R. JENKINS, P.A.  
STEVEN T. MINDLIN, P.A.  
CHASITY H. O'STEEN  
DAREN L. SHIPPY  
WILLIAM E. SUNDBSTROM, P.A.  
DIANE D. TREMOR, P.A.  
JOHN L. WHARTON  
ROBERT M. C. ROSE, OF COUNSEL  
WAYNE L. SCHIEFELBEIN, OF COUNSEL

(850) 877-6555  
FAX (850) 656-4029  
www.rsbatorneys.com

CENTRAL FLORIDA OFFICE  
SANLANDO CENTER  
2180 W. STATE ROAD 434, SUITE 2118  
LONGWOOD, FLORIDA 32779  
(407) 830-6331  
FAX (407) 830-8522

REPLY TO CENTRAL FLORIDA OFFICE

June 6, 2006

MARTIN S. FRIEDMAN, P.A.  
VALERIE L. LORD  
BRIAN J. STREET

VIA HAND DELIVERY

RECEIVED-PPSC  
06 JUN -6 PM 12:33  
COMMISSION  
CLERK

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

Re: Docket No. 060139-WU; Application of Colina Bay Water Company, LLC, for original  
Water Certificate in Lake County, Florida  
Our File No.: 40059.01

Dear Ms. Bayo:

This letter is in response to the Commission Staff's April 27, 2006 correspondence  
requesting additional information in connection with the above-referenced Application.

Deficiencies:

- 1. The map has been provided directly to Richard Redemann of the PSC Staff.
- 2. The Utility is obtaining all of its funding from Colina Bay, LLC, which is a related party. A copy of the Statement of Assets and Liabilities of Colina Bay, LLC is enclosed. There are no formal written agreements between Colina Bay, LLC and the Utility for providing this funding, however, all monies advanced will accrue interest at ten (10%) percent per annum.

Additional Information:

- 1. Enclosed is a statement that Colina Bay, LLC commits to provide funding to the Utility until the Utility's water plant reaches eighty (80%) percent capacity.

CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
OPC \_\_\_\_\_  
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04853 JUN-6 8

FPSC-COMMISSION CLERK

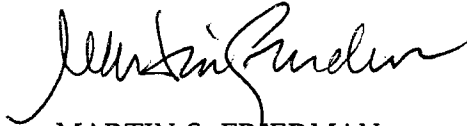
Ms. Blanca Bayo  
Commission Clerk and Administrative Services Director  
Florida Public Service Commission  
June 6, 2006  
Page 2

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2. Enclosed is a copy of the Contract for Sale and Purchase.

Should you request any additional information, please do not hesitate to have the Staff contact me.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/tlc  
Enclosures

cc: Mr. Edward A. Neal (w/o enclosures) (via U.S. Mail)  
Ms. Stephanie Clapp (w/enclosures) (via Hand Delivery)

M:\1 ALTAMONTE\COLINA BAY WATER COMPANY, LLC\PSC Clerk (Bayo) 06.ltr.wpd



A PRIVATE LAKEFRONT COMMUNITY  
"IN THE HILLS OF MONTVERDE"

May 26, 2006

To Whom It May Concern:

Colina Bay, LLC hereby commits that it will provide funding to Colina Bay Water Company, LLC as needed until Colina Bay Water Company, LLC's water plant reaches 80% capacity.

COLINA Bay, LLC, a Florida Limited  
Liability Company

By: MP Growth, LLC, a Delaware Limited  
Liability Company Member

By: \_\_\_\_\_

John W. Head, Manager

By: \_\_\_\_\_

Edward A. Neal, Member

## CONTRACT FOR SALE AND PURCHASE

This Contract for Sale and Purchase, hereinafter "Contract" or "Agreement", executed this 9<sup>th</sup> day of June, 2005 by and between Galleon Bay Landings, LLC hereinafter, referred to as "Seller", and Vista Realty Group, Inc., hereinafter referred to as "Buyer".

WHEREAS, Seller is the owner of certain real property described as Galleon Bay in Lake County, Florida being 73 residential lots.

WHEREAS, Buyer desires to purchase Seller's property for the purposes of construction improvements thereon, and Seller desires to sell such property to Buyer.

NOW, THEREFORE, for and in consideration of the premises, mutual covenants and promises hereinafter contained and in consideration of the deposit paid simultaneously with the execution of this Agreement, Seller agrees to sell and Buyer agrees to buy that certain parcel of land being 73 residential lots, and described in Exhibit "A" (legal description to be provided by the Seller), which is by reference made a part hereof the "Property", upon the following terms and conditions.

1. Purchase Price and Method of Payment: The purchase price for the real property shall be as follows: Eleven Million & Three Hundred Thousand (\$11,300,000) Dollars, which purchase price shall be payable as follows:

a. One Hundred Thousand (\$100,000) Dollars earnest money deposit to be paid to the John Vernon Head, P.A. Trust Account, upon the execution hereof by both parties. This deposit shall be released as outlined in Paragraph 13d. This deposit is refundable to Buyer by giving notice to Seller on or before Five (5) days from date of the non-compliance with contingencies set forth herein.

b. One Hundred & Fifty Thousand (\$150,000) Dollars additional earnest money to be paid to the John Vernon Head, P.A. Trust Account, upon completion of the inspection period as outlined in paragraph 13d. This deposit is refundable to Buyer by giving notice to Seller on or before Five (5) days from date of the non-compliance with contingencies set forth herein.

c. Eleven Million & Fifty Thousand and 00/100 (\$11,050,000) Dollars in cash, cashiers check or tellers check on local funds paid to Seller at closing, plus such lesser or greater amounts as may be required as the result of extension payments, prorations and adjustments in accordance with this Contract.

2. Title: Seller shall furnish and convey title by general warranty deed showing the property to be free and clear of all leases, liens, encumbrances, environmental issues and encroachments, but subject, however, to ad valorem real property taxes for the year of closing (prorated) and subsequent years. Seller shall deliver a site with all governmental approvals completed including approved final engineering plans and St. Johns Water Management Permits to immediately commence construction of 73 residential lots pursuant to the attached plans Exhibit "B" (plans to be provided by Seller).

3. Time for Acceptance: If this Contract is not executed and delivered by the Seller and by the Buyer on or before June 9, 2005 at 5:00 PM., this Agreement shall be null and void. The date of the Contract, for purposes of performance hereunder, shall be regarded as the date when the last one of the Seller and the Buyer has properly executed the Contract.

4. Closing Date: The closing shall be held on a date and time mutually agreeable to Seller and Buyer, to wit: on or before sixty (60) days following the end of the Inspection Period. The closing shall be held in the law office of the Graham, Builder, Pratt, P.A.

8/15  
5. Evidence of Title: Within twenty (20) days from the end of the Inspection Period, the Buyer shall, at the Seller's sole expense, obtain an Owner's Title Insurance Binder underwritten by First American Title Insurance Company, or some other title company acceptable to Buyer and Buyer's lender, agreeing to insure title to the property in the amount of the purchase price, subject to no exceptions other than those matters set forth on the standard printed exceptions customarily contained in an owner's marketable policy.

6. Curative Rights: If the title commitment discloses matters that render the title unmarketable, Seller shall have thirty (30) days from the date of delivery thereof to have the exceptions removed from the commitment or closing shall be extended thirty (30) days after removal of curing, or the time expressly specified in this Agreement, whichever is later, If the Seller fails to have the commitment exceptions removed or the defects cured within the specified time, Buyer may terminate this Contract and receive the return of the aforementioned deposit(s) or Buyer may elect, upon notice to the Seller within ten (10) days after the expiration of the thirty (30) days curative period, to

take title as it then is. Should the title commitment or abstract reveal the presence of mechanics' liens, or other matters curable by payment of money, the bonding of such liens shall be deemed to have cured the defect arising because of such liens.

7. Expenses: Documentary stamps on the deed shall be paid by Seller. The cost of the title insurance shall be paid by the Seller. Buyer shall pay for recording the deed.

8. Prorations: Real property taxes shall be prorated as of 12:01 A.M. of the day of delivery of possession, the same being the closing date.

9. Applications of Deposit Upon Default: In the event of a dispute between the Buyer and the Seller with regard to whether or not a default has occurred by either party, or to whom the deposit should be transmitted, the escrow agent shall interplead the deposit into the registry of the Circuit Court.

10. Default by Buyer: Should Buyer be in default pursuant to the terms of this Contract, upon written notice of default by Seller, Buyer shall have thirty (30) days to cure said default. Buyer must close under the terms of this agreement. Failure to close within the timeframe as provided for in this Agreement shall not be cause for a 30 day right to cure. If the conditions precedent to Buyer's obligation to purchase have been fulfilled in the time required herein above, and thereafter Buyer defaults on its obligations to purchase under this Agreement, then and in that event this Agreement shall terminate, and all sums paid hereunder shall be retained by Seller as liquidated damages in full settlement of all claims Seller may have against Buyer for breach of contract. In addition, Seller may re-enter and remove Buyer as trespasser without liability for damages, or dispossess Buyer by summary proceeding, if Buyer shall have occupied the property in any manner not permitted hereunder prior to the date of closing. In the event litigation is necessary to enforce the provisions of this paragraph, Buyer shall pay Seller's cost and reasonable attorney fees, including all appeals.

11. Default of Seller: Provided the Buyer shall not be in default, should Seller, after good faith and due diligence, be unable to comply with and perform in accordance with the title status provisions of this Agreement, Buyer shall have the option of either accepting the title as it then is or demanding a refund of the deposit(s) referenced in Paragraph 1 above, which shall immediately be returned to Buyer; thereupon, Buyer and Seller shall release each other of all further obligations under the Contract. In the event litigation is necessary to enforce the provisions of this Contract, the prevailing party shall be entitled to attorney's fees, including all appeals.

No default as to any provisions of this Agreement, on the part of either Buyer or Seller shall be claimed or charged by either party against the other until notice thereof has been given to the defaulting party in writing, and such default remains uncured for a

period of ten (10) days after the defaulting party's receipt of such notice.

12. Survey: Seller shall, within five days of execution of this Contract, provide Buyer with a copy of an existing survey in its possession prepared by a licensed surveyor. Buyer may, at its option and sole expense, obtain a new survey for closing. If the survey shows any encroachments, overlaps, rights of way or easements on the land herein described, other than the permitted exceptions, or that any improvements located on the land herein described encroach on other land, written notice to that effect shall be given to Buyer and Seller shall have the same time to remove such defects as the Contract allows to cure other defects of title. If the Seller shall fail to remove said defects within the period of time then at the option of the Buyer, the Seller shall return the deposit(s) referred to in Paragraph 1 above, to the Buyer and this Contract shall be terminated, whereupon the Seller and the Buyer shall be relieved of all obligations to each other under this Contract.

13. Intended Purposes and Contingencies: Seller acknowledges and recognizes that Buyer is purchasing the property with the intent to use and develop the property for a 73 lot residential development. To the extent Buyer is unable to use property in such manner, because Buyer cannot obtain site plan approval or permits as required from the appropriate governmental bodies or agencies, or Buyer in its sole discretion determines property is not suitable for Buyer's intended purpose, for any reason whatsoever, Buyer shall be relieved from the obligations of this Agreement and receive back the deposit(s) referred to in Paragraph 1 above. The following are specific conditions and contingencies that must be met or waived by Buyer, before Buyer is obligated to proceed to close.

- a. The property shall be zoned residential use in Lake County, Florida and will allow Buyer to develop the property for the intended purpose and be without restrictions or prohibitions imposed by governmental authority which would prohibit its use for the intended purpose.
- b. Receive site plan approval/permits/engineering approvals from all necessary governmental authorities for the property to be constructed and developed immediately after closing for the intended purpose.
- c. Buyer shall have reasonable access to the property at all times, prior to the expiration of the inspection period, for the purposes of making soil and subsoil tests, drainage test, preparation of site plans and other appropriate inspections, which must meet Buyer's reasonable approval with gross easements as required. Buyer agrees to contact Seller prior to doing any on site work or inspections, so as not to disturb the existing vegetation.
- d. Buyer shall have 45 days (inspection period), which shall commence on the day following the execution of this agreement by both parties, to satisfy the above referenced contingencies. Immediately at the expiration of the inspection period, the entire \$250,000 deposit shall become nonrefundable and remain in escrow until closing, with the only exception that in the event Seller is unable to provide Buyer all permits, including the Water Management District Permit, as described in section 13e.

If Buyer determines within the inspection period that property cannot be used as intended, Buyer shall notify Seller of its intent to withdraw from the contract and receive an immediate full refund of its initial Deposit, or accept the property as is and continue under the terms of the contract. Should Buyer fail to provide notice of intent to proceed to Seller prior to the end of the inspection period, then Buyer is relieved of all its responsibilities under the terms of this Contract.

e. Seller confirms that all governmental approvals have been obtained for the Property with the exception of the St. Johns Water Management Permits. Should these Permits not be obtained by the end of the inspection period, the Seller will be allowed an additional 60 days to obtain these permits. The closing date will be extended by an additional day for each day beyond 30 days required to obtain these permits. If the permits are not obtained by the Seller within the additional 60 day period, the Buyer will be allowed to obtain the permits, at Seller's expense, and proceed to closing within 30 days of obtaining the permits; or obtain the refund of all Buyer's Deposits in paragraph 1. and be relieved of all its responsibilities under the terms of this Contract, and Seller shall no longer be obligated to close under the terms of this Agreement. Not with standing, this Agreement shall expire 120 days from expiration of the inspection period and neither Buyer nor Seller shall have any further obligations under this agreement.

14. Assignment: This Agreement may be assigned by the Buyer to a designated person, partnership, or corporation and Buyer may elect to appoint a nominee to take title, without Buyer being required to obtain prior written approval. In the event of such assignment, Seller and the assignee or nominee shall proceed under the terms and conditions hereof. Any such assignee shall be liable for damages as discussed under Paragraphs 10 and 11 elsewhere herein.

15. Notices: All notices provided for in this Contract shall be sent by facsimile or delivered by registered or certified mail to the parties, with a copy forwarded to their respective attorneys, at the addresses set forth below or at such other addresses as the parties shall designate to each other in writing:

**Seller: Galleon Bay Landings, LLC**  
**Attn: Robert W. Holston**  
**232 S. Dillard St., Ste 213**  
**Winter Garden, FL 34787**  
**Phone: 407-481-0002**  
**Fax: 407-905-6232**

**Buyer: Vista Realty Group, Inc.**  
**Attn: Edward A. Neal**  
**7512 Dr. Phillips Blvd., Suite 50-513**  
**Orlando, FL 32819**



**Phone: (407) 234-5476**

**Fax: (407) 352-5535**

**Copy to: Graham, Builder, Jones, Pratt & Marks, LLP**

**Attn: James R. Pratt**

**369 N. New York Avenue, Third Floor**

**Winter Park, FL 32789**

**Phone: 407-647-4455**

**Fax: 407-740-7063**

**Copy to: John Vernon Head, P.A.**

**Attn: John Vernon Head**

**138 East Central Avenue**

**Howie-in-the-Hills, Fl 34737**

**Phone: 352-324-3131**

**Fax: 352-324-3455**

**16. Non-Merger:** The provisions of all paragraphs of this Contract which by their sense and context are intended to survive the closing, shall so survive, and shall not be merged in the deed of conveyance from the Seller to the Buyer at closing.

**17. Successor and Assigns:** The rights and obligations created by this Contract shall be binding upon and insure to the benefit of the parties hereto, their successors and assigns. Whenever used the singular number shall include the plural, the singular, and the use of any gender shall include all genders.

**18. Entire Contract:** This Contract contains the entire understanding between the parties and the parties agree that no representation was made by or on behalf of the other which is not contained in this Contract, and that in entering into this Contract neither relied upon any representation not herein contained. This Contract shall be interpreted and enforced under the laws of the State of **Florida** this Contract may not be changed, amended, altered, or modified, except by expressed written agreement duly and properly executed by the parties hereto.

**19. Typewritten or Handwritten Provisions:** Handwritten provisions inserted in this Agreement and typed provisions initialed by both parties shall control over the typewritten provisions in conflict therewith.

**20. Time of Essence:** Time and timely performance is of the essence of this Agreement and of the covenants and provisions hereunder.

21. Captions: The captions of this Contract are for convenience and reference only and in no way define, describe, extend, or limit the scope of intent of this Contract, or the intent of any provision hereof.

22. Recording: This Contract may not be recorded.

23. Brokerage: Seller and Buyer acknowledge that Micki Blackburn Realty is acting as broker in this transaction and that Seller shall be solely responsible for the entire commission of Three Hundred & Fifty Thousand (\$350,000) Dollars due to the broker, which amount shall be due and payable by Seller to broker at Closing.

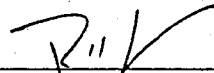
24. 1031 Exchange: The parties mutually agree that Buyer and/or Seller may structure this transaction as part of an exchange in such a manner as shall qualify under the provisions of the Internal Revenue Service Code Section 1031. Buyer and Seller agree to cooperate in executing contracts or documents necessary to the exchange. Buyer and Seller shall bear all of their own costs and/or expenses not anticipated by this Contract or occasioned by the exchange. This provision shall survive the closing.

25. Due Diligence: Seller shall provide Buyer, within five business days from the date of execution of this Agreement, copies of the latest survey, existing environmental reports, soils reports, groundwater reports, title reports, copy of title deed and any other documentation that would affect the property.


26. Radon Gas: Notification pursuant to Florida statute 404.056(8): "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 hereto have this day set their hands and seals.

Date: 6/9/05

By:   
Seller: Galleon Bay Landings, LLC

Date: 6/9/05

By:   
Buyer: Vista Realty Group, Inc.

**Colina Bay, LLC**  
**Statement of Assets and Liabilities**  
**12/31/2005**

**Assets:**

Cash	\$74,406
Land under Development	<u>12,574,327</u>
Total	<u><u>\$12,648,733</u></u>

**Liabilities:**

Accounts Payable and Accrued Liabilities	\$443,214
Bank Loan	9,828,019
Member Advances	<u>2,377,500</u>
Total	<u><u>\$12,648,733</u></u>