

ORIGINAL

030948-WS

COMMISSIONERS:
LISA POLAK EDGAR, CHAIRMAN
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

STATE OF FLORIDA



OFFICE OF THE GENERAL COUNSEL
MICHAEL G. COOKE
GENERAL COUNSEL
(850) 413-6199
RECEIVED - FPSC
06 JUL 28 AM 10:04

COMMISSION
CLERK

Public Service Commission

July 27, 2006

Marshall Deterding, Esquire
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Complaint by the Fountains against Paradise Lakes Utilities

Dear Mr. Deterding:

Attached for your review is the application filed by Larry and Janice DeLucenay and Paradise Lakes Utility, Inc. for transfer of majority organizational control of the membership interest in Paradise Lakes Utility. It has several documents attached including the Membership Interest Purchase Agreement, and two Addendums. In the second Addendum, paragraph 10 makes specific reference to the Fountains.

As we discussed in Monday morning's meeting, I have made contact with Joe Richards of Pasco County attorney's office. He is researching the items we spoke about.

Sincerely,

Lisa C. Bennett
Attorney

- CMP _____
- COM _____
- CTR _____ LCB:jb
- ECR _____
- SCL _____
- DPC _____ cc: Division of the Commission Clerk and Administrative Services
Division of Economic Regulation (Daniel, Redemann)
- RCA _____
- SCR _____
- IGA _____
- IEC _____
- OTH _____

DOCUMENT NUMBER - DATE

06686 JUL 28 06

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of)
Paradise Lakes Utility, LLC) Docket No. 030948-WS
for Transfer of Majority)
Organizational Control.)
_____)

APPLICATION FOR TRANSFER OF MAJORITY ORGANIZATIONAL CONTROL

Applicant, PARADISE LAKES UTILITY, LLC (hereinafter "Paradise Lakes," "Utility," or "Applicant") and Larry and Janice DeLucenay (hereinafter "Buyer"), by and through their undersigned attorneys and pursuant to Section 367.071, Florida Statutes, and Section 25-30.037(3), Florida Administrative Code ("F.A.C"), applies to the Florida Public Service Commission for transfer of majority organizational control of the membership interest in Paradise Lakes Utility, LLC from Paradise Lakes, Inc., a Florida Corporation, to Larry and Janice DeLucenay, and in support thereof states:

I.

The full name and address of the applicant is:

Paradise Lakes Utility, LLC
P.O. Box 750
Land O' Lakes, FL 34639

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 Blairstone Pines Drive
Tallahassee, Florida 32301

*Original Tariff &
Certificates forwarded to ECR*

DOCUMENT NUMBER DATE

09022 SEP 29 8

III.

The ownership interest in Paradise Lakes Utility, LLC is currently held 100% by Paradise Lakes, Inc. Under the terms of a membership interest purchase agreement entered into between Paradise Lakes, Inc. and Larry and Janice DeLucenay dated April 25, 2002, Addendums thereto dated April 25, 2002 and June 23, 2003, and the Assignment thereof dated December 31, 2002, Paradise Lakes, Inc. will transfer all ownership interest in Paradise Lakes Utility, LLC to Buyer so that Buyer will own directly all of the ownership interest in the Utility. A copy of these agreements are attached hereto as **Exhibit "A"**.

IV.

The complete name and address of the Seller is:

Paradise Lakes, Inc.
P. O. Box 750
Land O'Lakes FL 34639-0750

V.

The complete names and addresses of the Buyers are:

Larry and Janice DeLucenay
1900 Land O'Lakes Blvd.
Suite 107
Lutz, FL 33549

VI.

The names and addresses of all of the Buyers, corporate officers, directors, and any other persons who will own an interest in the Utility is outlined below.

Larry DeLucenay - President

Janice DeLucenay - Vice President

Larry and Janice DeLucenay - 100% Ownership

VII.

The Buyers own an existing water or wastewater utility company (Mad Hatter Utility, Inc.) serving an area immediately adjacent to the area serviced by Paradise Lakes.

VIII.

Since this matter involves simply a transfer of ownership interest from an existing developer to two individuals for cash, no additional financing will be necessary.

IX.

The purpose of the transfer is to place the Utility ownership interest in the hands of two individuals who will provide full-time utility management and remove such ownership, operations and management from a company whose primary business and interest lies in property development and management.

X.

This transfer is in the public interest since it will place ownership operation and management of the Utility in the hands of an experienced full-time professional utility system operators that operate another utility immediately adjacent thereto and eliminate a small utility operation by an entity whose primary business is

property development and management. The Buyers' financial ability to provide service is clearly evidenced by its operation of a substantially larger system for over 18 years and in the long run possible consolidation of some aspects of operation and management. The Buyers will fulfill the commitments, obligations and representations of the Seller with regard to the Utility matters. The Buyers will obtain any needed funding of Utility operations through the capital sources utilized by the other larger utility system which they own. A balance sheet for the Buyers' other utility system is attached hereto as **Exhibit "B"**.

XI.

Larry and Janice DeLucenay in conjunction with Mad Hatter Utility, Inc. will provide any and all needed funding to Paradise Lakes Utility, LLC as and when needed. While there are no immediate capital needs anticipated for this currently operating utility system, the Buyer has an existing utility system with a net worth of over \$1 million which renders it more than capable of providing any needed infusion of capital for the Paradise Lakes system through either debt or equity, to the extent such capital is ever needed.

XII.

The Buyers have performed several inspections and are fully aware of the condition of the Utility system and are satisfied that

the Utility system is in satisfactory condition and compliance with all applicable standards set by the DEP.

XIII.

Evidence that the Utility owns the land upon which the Utility treatment facilities are located or has an agreement which provides for a continuous use of the land is attached hereto as Second Addendum to the Membership Purchase Agreement as part of **Exhibit "A"** and a Quit Claim Deed also as part of that Exhibit. Within that Second Addendum, the parties have agreed to long term use of the property on which the well sites are located and for transfer of fee title to the well site location after platting is complete. No other treatment facilities are owned by the Utility and as such, this agreement provides for continuous use of the land for the one piece of land necessary for operation of the water and wastewater systems.

XIV.

Because this change in ownership simply constitutes a change in membership interests of a Limited Liability Company, no change in the tariff sheets, other than the cover sheet with contact information, is necessary or anticipated. Revised versions of these sheets are attached as **Exhibit "C."**

XV.

The originals of the Utility's current certificates are attached hereto as **Exhibit "D"**.

XVI.

In accordance with the requirements of Section 25-30.020, Florida Administrative Code, for a system with the capacity to serve up to 500 ERCs, attached hereto is a filing fee in the amount of \$1,500 (\$750 each for the water and wastewater systems).

WHEREFORE, the applicant, Paradise Lakes Utility, LLC requests that the Commission issue its order approving this change in majority organizational control as outlined herein.

Respectfully submitted on this
29th day of September, 2003, by:



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

PARADISE LAKES UTILITY, LLC

Agreements

EXHIBIT A

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT is entered into as of the 25 day of April, 2002 by and between PARADISE LAKES UTILITY, LLC ("PLU"), a Florida limited liability corporation, PARADISE LAKES, INC., a Florida corporation, ("PLI" or "Member"), managing sole member of PLU, (sometimes jointly referred to as "Sellers") and MAD HATTER UTILITY, INC., a Florida corporation ("Buyer").

RECITALS

A. Paradise Lakes Utility, LLC ("PLU") is a Florida limited liability corporation, and is authorized by the Florida Public Service Commission ("FPSC") to operate as a private water and wastewater utility pursuant to Certificate Nos. 458-W and 392-S.

B. Buyer wishes to purchase all of the PLU membership interests.

AGREEMENT

1. 1.1 Efforts to Secure Certificates. PLI shall deliver Certificates and Transfer Documents for its membership interests with authority satisfactory to Buyer to deliver and otherwise transfer ownership of same to Buyer upon and subject to Closing.

1. 1.2 Delivery, Purchase and Sale of the Membership Interests. Subject to the terms and conditions set forth herein, concurrently with delivery of the Membership Certificates to Buyer at Closing, Buyer shall then purchase same by having performed its obligations hereunder and paying in full the Purchase Price therefore as and in the manner hereinafter described.

2. PURCHASE PRICE AND PAYMENT.

2.1 Purchase Price. The Purchase Price, subject to adjustments herein, is One Hundred Thousand Dollars (\$100,000.00). Seller acknowledges receipt of One Hundred Dollars (\$100.00) as a deposit which shall be applied to the Purchase Price at Closing.

3. THE CLOSING.

3.1 Closing Date. Subject to the provisions contained elsewhere in this Agreement, the closing ("Closing") of the transaction contemplated herein shall take place at a location in Pasco County, Florida mutually agreed upon by Buyer and

PLI, during regular business hours, within 10 days of the date of this Agreement or such other date as Buyer and PLI may agree but no later than June 15, 2002 ("Closing Date");

3.2 Closing Obligations of the Buyer. The obligations of the Buyer to consummate the transactions contemplated by this Agreement are subject, at the option of the Buyer to the occurrence or waiver of the following conditions:

- a. Corporate Documents. PLU shall deliver to the Buyer (i) certified copies of the Certificate of Organization and Operating Agreement and (ii) Certificates of Good Standing from the state of incorporation of PLU.

3.3 Update of Information. All documents, agreements, instruments, statements or other writings furnished by PLU and PLI to Buyer in connection with and pursuant to this Agreement are and shall be true, correct and complete in all material respects as of the date of such documents, agreements, instruments, statements or other writings. At all times prior to and including the Closing Date, PLU and PLI shall promptly provide to Buyer and its representatives with written notification of any event, occurrence or other information of any kind whatsoever which materially affects, or would materially affect, the continued truth, correctness or completeness of any representation, warranty, covenant or agreement made in this Agreement or of any document, agreement, instrument, certificate or writing furnished to the Buyer by PLU and PLI pursuant to and in connection with this Agreement. In furtherance thereof, immediately prior to the Closing Date, PLU and PLI shall prepare and deliver to Buyer updates of such information as may be necessary in order to satisfy the provisions of this condition.

3.4 As further referenced in Paragraph 5.1.5. hereof, this Agreement and the transfer of majority organizational control of PLU to MHU shall be expressly contingent upon FPSC approval of same, in accordance with Section 367.071, Florida Statutes. The parties shall apply for FPSC approval in the manner set forth in Paragraph 8 hereof.

4. CERTAIN DELIVERIES AS CONDITIONS TO CLOSING.

4.1 Deliveries by Members. The following must be delivered to or for Buyer as a condition to Closing, each of which shall be delivered as part of and subject to a consummated Closing on the Closing Date:

4.1.1 The (i) Certificates (or affidavits of lost certificates in lieu thereof satisfactory to Buyer) representing the Membership Interests with warranty from each Member as to his Interest that he is authorized and empowered to transfer

same and that same are then free and clear of all liens, security interests, claims, restrictions and encumbrances, duly endorsed in blank for transfer or accompanied by duly executed Membership Interests powers in blank or assignments to Buyer ("Transfer Documents"); (ii) resignations conditioned and effective upon Closing of the Managing Member and Registered Agent; (iii) the Articles of Organization and Operating Agreement, as amended to date, minute books, seals, and Certificate transfer books of PLU; (iv) the Certificate regarding Warranties and Representations described in Section 9.2; (v) other items as specified herein to be delivered by or from parties as a Condition to Closing.

4.1.2 All plans and specifications showing the water and wastewater systems, including but not limited to maps and as-built drawings.

4.1.3 All accounting books and historical records regarding customer billings, including but not limited to customer name, service address, billing address, account name and any application form.

4.1.4 The FPSC approved tariffs and Certificates of Authorization to operate PLU as a utility (subject to further FPSC approval pursuant to Paragraphs 3.4 and 5.1.5 hereof.

4.1.5 Copies of all easements or other rights in the real property upon which the water and wastewater lines and facilities are located.

4.2 Deliveries by Buyer. The following must have been delivered to PLI and other Members as a condition to Closing, each of which, if delivered, to be delivered upon, as part of and subject to a consummated Closing on the Closing Date:

4.2.1 (i) the Purchase Price as provided in paragraph 2; and (ii) other items as specified herein to be delivered by or from Buyer as a condition to Closing.

5. REPRESENTATIONS AND WARRANTIES FOR BENEFIT OF BUYER.

5.1 Limitations. The representations and warranties given to or for benefit of Buyer under or in connection with this Agreement shall survive Closing and be actionable for a period no later than one (1) year after Closing; except with regard to tax matters, in which case the representations and warranties shall be actionable for a period equal to the applicable statute of limitations under the laws of the State of Florida and the limitations periods applicable to filings before the Federal Internal Revenue Service.

Buyer acknowledges, represents and warrants to each of those extending warranties in connection with this Agreement, that to best of its actual knowledge and

belief, it has been given ample opportunity and access to thoroughly and independently investigate and satisfy itself as to all matters regarding PLU, and acknowledges and agrees that, except for the express warranties and representations specified in this paragraph 5 (as such may be modified in the Certificate delivered under paragraph 9.2) and in any Transfer Document, the membership interest Certificate and ownership of PLU is purchased "AS IS" without any other representation or warranty except the representation and warranty that to the best of Seller's knowledge the water and wastewater systems are in compliance in all material respects with all applicable laws, and are in good working condition as of Closing Date. Except as to those warranties contained in the Transfer Documents, any and all representations and warranties are exclusively to and for the Buyer, and do not and shall not run to, benefit, or be relied upon or enforceable by any other person or entity.

Subject to the foregoing and any other provision which qualifies any warranty and representation to or in favor of Buyer, PLU and Member, represent and warrant, respectively, the following, but only on the basis and to the extent of their own respective actual knowledge and belief:

5.1.1 Organization and Standing. PLU is a limited liability company duly organized and validly existing under the laws of Florida. In all jurisdictions in which PLU currently conducts business, it is in good standing, has necessary corporate power and authority to carry on its business, qualified to do business, and entitled to own or lease its properties at Closing date. PLU is authorized to do business in Florida.

5.1.2 Membership Interest Description and Capitalization. All of the outstanding Membership Interests of PLU have been duly authorized, have been validly issued, are fully paid and non-assessable; there are no outstanding and exercisable options or warrants relating to the Membership Interests of PLU. PLI is the sole member.

5.1.3 Articles of Organization and Operating Agreement. The performance of this Agreement in accordance with its terms will not violate the Articles of Organization or Operating Agreement of PLU.

5.1.4 Corporate Books and Records. The Articles of Organization and the Operating Agreement, minute book(s), and all other corporate records of PLU shall be made available to Buyer for review and investigation. The minute book(s) and certificate registers of PLU will be correct, complete, and current in all material respects and fairly reflect the corporate actions taken by the members and managers.

5.1.5 Authority and Consents. In accordance with Section 367.071, Florida Statutes, this Agreement and transfer of majority organizational control of PLU are subject to final FPSC approval; however, the transfer may occur prior to such approval as allowed by such Statute, in which case the parties shall "unwind" the sale should such transfer not be approved.

5.1.6 No Conflicts. Subject to obtaining the consents described in Section 5.1.5, the execution and delivery of this Agreement will not result in either (i) a breach, constitute a default, or constitute an event which with notice and lapse of time PLU would be in default, under any agreement or instrument to which PLU is a party or by which it is bound, or result in the creation of any lien, security interest, charge or encumbrance upon any property, lease, indenture, or other agreement of PLU, or (ii) in the loss or adverse modification of any license, franchise, or other authorization granted to or otherwise held by PLU.

5.1.7 No Defaults. PLU is not in default, or but for a requirement that notice be given or that a period of time elapse or both, would be in default, under any contract, permit, agreement, lease or other instrument to which it is a party or by which its properties is bound. Neither PLU, nor its Member, have knowledge of any default in any obligation to be performed by any party to any material contract to which PLU is a party or by which its properties are bound.

5.1.8 Full Disclosure. There is no fact known to PLU or PLI which materially and adversely affects, or in the future would materially and adversely affect the business, operations, cash flows, affairs, properties or assets or the condition (financial or otherwise) of PLU's business which has not been disclosed in this Agreement, or in the documents, instruments, agreements, papers or other written statements or certificates furnished to Buyer for use in connection with this Agreement and the transactions contemplated hereby. No representation, warranty or covenant of PLU contained in this Agreement, or any other written statement or certificate delivered by PLU hereto pursuant to this Agreement or in connection with the transactions contemplated herein, contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

5.1.9 Easements. To the best of the Seller's knowledge, the lines and facilities are located within dedicated easements. Should it be determined that lines and facilities are not located in dedicated easements, then PLI shall grant easements for such lines and facilities if it is within PLI's control to do so.

5.2 Financial Matters.

5.2.1 Financial Statements. Buyer has received for review and investigation copies of the FPSC Annual Reports prepared for all fiscal years requested as to PLU and its predecessor (the "Financial Statements"). To the best of Seller's knowledge, the Financial Statements (i) were prepared by the PLU's accountants in accordance with PLU's books and records; (ii) present fairly, in all material respects, the financial position, the results of operations and cash flows of PLU, as of and for the respective periods indicated. There are no material liabilities, contingent or otherwise, of PLU not reflected in the Financial Statements which has not been specifically disclosed to Buyer in writing.

5.2.2 Accounts Receivable, Accounts Payable. The accounts receivable and accounts payable shown on the Financial Statements, or acquired by PLU after the date thereof and prior to the Closing Date, have been collected or paid, or are valid accounts receivable and accounts payable in the amounts as carried on the books of PLU (subject to normal adjustments made in the ordinary course of business and consistent with past accounting practices of PLU). Member shall be entitled to a credit at Closing for all accounts receivable less than 60 days old, and Buyer shall be entitled to a credit at Closing in the amount of the accounts payable. All intercompany payables will be paid in full by PLU at or prior to Closing with no adjustment to the Purchase Price. PLU has no long term debt. Buyer shall be credited at Closing with a pro-rate portion of the tangible and real property taxes based upon the 2001 tangible and real property tax bills. Buyer shall also be credited at Closing with customer deposits and accrued interest thereon.

5.2.3 Tax Matters.

5.2.3.1 Tax Returns. PLU has (i) timely filed all tax returns required to be filed; and (ii) paid all taxes shown to have become due pursuant to such tax returns. The copies of all tax returns provided Buyer are true and complete and to the best of PLU's knowledge have been prepared with deference to all applicable laws. PLU has timely filed all forms 1099 that are required to be filed and each has accurately reported all information required to be included on such forms.

5.2.3.2 Proposed Assessments and Audits. PLU has not received notice of proposed assessments of taxes, or proposed adjustments to any tax returns or to the manner in which the taxes of PLU are determined; PLU has not received any currently effective notices from any taxing authority of its intention to conduct an audit or examination; neither has it received notice of deficiency or proposed notice deficiency resulting from any tax audits or examination.

5.2.3.3 Other Tax Matters. Neither PLU nor any other person acting on its behalf has ever (i) filed any consent agreement under section 341

(f) of the Code that has continuing effect; (ii) except as stated herein, executed a waiver or consent extending any statute of limitation for any tax liability that remains outstanding; (iii) joined in or been required to join in the filing of a consolidated or combined income tax return; (iv) been the subject of a closing agreement with any taxing authority that has continuing effect; or (v) been the subject of a tax ruling that has continuing effect, and PLU has not agreed to make nor is it required to make any adjustment under Section 481 of the Code by reason of a change in accounting method or otherwise; (vi) PLU does not own any interest in an entity characterized as a partnership for income tax purposes.

5.2.4 Bank Accounts and Authorized Persons. Exhibit 5.2.4, lists all banks or other financial institutions with which PLU has an account, line of credit, or safe deposit box, along with the names of persons authorized to act in connection therewith. At Closing, Member shall be credited with the balance in such accounts.

5.3 Leases. Exhibit 5.3, contains a description of each lease or sub-lease of real or personal property under which PLU is lessee or sub-lessee. Each of the leases listed in Exhibit 5.3, is in full force and effect and PLU is not in default.

5.4 List of Property and Equipment. Exhibit 5.4, contains a description of all real and personal property owned by PLU and which is necessary for the conduct of its business.

5.5 Licenses and Permits. PLU has all the required licenses and permits to conduct its business.

5.6 Operational Matters.

5.6.1 Contracts. Exhibit 5.6.1 contains a description of all contracts under which PLU is bound and copies thereof have been made available to Buyer.

5.6.2 Employees. PLU has no employees, nor has it had any employees for the past three years.

5.6.3 Insurance. Exhibit 5.6.3, contains a list of all policies of fire, liability, and other forms of insurance and all fidelity bonds held by PLU that are presently in effect.

5.7 Legal Matters.

5.7.1 Litigation. Except as noted in paragraph 9.3, there are no actions, suits, or other legal proceedings pending, filed and served against PLU, at

Handwritten signature and initials in the bottom right corner of the page.

law, in equity or before any federal, state, municipal or other governmental department commission, board, bureau, agency, or instrumentality. PLU is not presently in default under any order, writ, injunction, or decree filed and served upon it by any federal, state, municipal court, or other governmental department, commission, board, bureau, agency, or instrumentality, nor is there any investigation by any federal, state, municipal, or other governmental department, commission, board, bureau, agency, or instrumentality which is pending, filed and served against PLU.

5.8 Compliance with Environmental Laws.

PLU is not aware of, nor has it received any written notice from any governmental authority having jurisdiction that PLU is in violation of applicable Environmental Laws. "Environmental Laws" means to the extent applicable and legally enforceable against PLU valid laws, regulations, ordinances, codes, governmental orders, or decrees consented to by PLU, in effect at the time of the violation governing the emissions of, discharges of, or Releases of Hazardous Substances into the environment, governing the manufacture of, processing of, distribution of, use of, treatment of, storage of, disposal or transport of, or the handling of Hazardous Substances.

5.9 Representations and Warranties of Seller. As a Condition to Closing, PLU and PLI shall make all warranties as such may be contained in the Certificate referenced in paragraph 9.2.

5.10 No Adverse Changes. Except as specifically disclosed to Buyer in writing or as set forth in the Financial Statements referred to paragraph 5.2.1 hereof, there have been (a) no change in (i) the assets, liabilities or financial condition of PLU from that set forth in the Financial Statements or (ii) the condition (other than financial), or business of PLU, other than, with respect to clauses (i) and (ii) hereof, changes in the ordinary course of business, the effect of which changes has not caused, individually, or in the aggregate, a material adverse effect to PLU (b) no damage, destruction or loss, whether or not covered by insurance, having a material adverse effect to PLU, (c) no labor dispute, other than routine grievances by individual employees, that has caused, individually, or in the aggregate, a material adverse effect on PLU, (d) no mortgage or pledge of any assets of PLU, (e) except line extension agreements, no contractual obligation entered into by PLU providing for the obligation of a party or parties thereto in the aggregate of \$25,000 or more, (f) no agreement by PLU to borrow money or incur or guarantee indebtedness, or (g) no notice received regarding the termination or cancellation of any contract to which PLU is a party. For purposes of this paragraph, the term "material adverse effect" shall mean a material adverse effect on the business, operations, properties or assets or in the condition (financial or otherwise) of PLU.

5.11 Title to Properties. PLU has or at Closing Date shall have, good and marketable title to all of its real properties owned in fee, and good and merchantable title to all of their personal properties and assets reflected in the Financial Statements or purported to have been acquired after the date of the Financial Statements excepting, however, property and other assets, in the aggregate not material to PLU, sold or otherwise disposed of subsequent to such date in the ordinary course of business (or as agreed upon between the parties hereto) free of any mortgage, pledge, lien, charge, security interest or other encumbrance, subordination or adverse claim, except as reflected in the Financial Statements, or for such imperfections of title and encumbrances as do not individually or in the aggregate materially detract from the value of such property or impair the business or property of PLU. To the best of PLU's knowledge and belief, after due inquiry, all utility lines are in dedicated rights of way or duly recorded utility easements. Except as set forth herein or in the exhibits hereto, PLU enjoys peaceful and undisturbed possession under all permits or leases under which it is operating, and all such leases are valid, subsisting and in full force and effect. PLU has not been advised of a breach of any such permit or lease and to the best of PLU's knowledge there is no basis for any such breach to be threatened. PLU shall obtain an Owner's Title Insurance Policy at the Member's expense in the amount of \$ 100,000.00 insuring marketable title to all of its real estate owned in fee simple, with the standard exceptions deleted.

5.12 Intentionally blank.

5.13. Accurate and Complete Records. The books, ledgers, financial records and other records of PLU have been provided to Buyer and to the best of PLU's knowledge they:

- b. are, except as set forth in separate disclosure schedules attached hereto, in the possession of PLU;
- c. have been, in all material respects, maintained in accordance with all applicable laws, rules, and regulations; and
- d. are accurate and complete and do not contain or reflect any material discrepancies.

6. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer hereby represents and warrants the following to PLU and each Member thereof:

6.1 Organization and Standing of Buyer. Buyer is a corporation duly organized and existing and in good standing under the laws of the State of Florida and has full corporate power to carry on its business, to own and operate its properties and assets, and consummate the transactions contemplated by this Agreement.

6.2 Authority and Consents. Buyer has full power, capacity and authority to enter into and perform its obligations under the Agreement. The execution and delivery of this Agreement and the consummation of the transactions hereunder by Buyer has been, or, will have been, duly authorized by all necessary corporate action of Buyer, and no further corporate authorization is or shall be necessary on the part of Buyer. This Agreement constitutes a legal, valid and binding obligation of Buyer enforceable in accordance with its terms.

6.3 No Conflicts. Subject to obtaining the consents described in paragraph 5.1.5, the execution, delivery, and performance of this Agreement will not (i) violate or result in default under any provision of the Articles of Incorporation or By-Laws of Buyer or any material commitment, indenture, license, or other obligation to which Buyer is a party; or (ii) contravene any law, rule, or regulation of any administrative agency or governmental body or any order, writ, injunction, or decree of any court, administrative agency, or governmental agency applicable to Buyer.

6.4 Availability of Funds. Buyer has available and will have available on the Closing Date sufficient funds to pay the Purchase Price and otherwise enable it to make the payments and consummate the transactions contemplated by this Agreement.

7. CONDUCT OF BUSINESS OPERATIONS. The following shall also be conditions to Closing:

7.1. Access to Premises and Information.

7.1.1 Availability of Documents and Review of Company Operations. PLU shall have afforded and shall continue to afford Buyer and its counsel, accountants and other designated and authorized representatives up to and including the Closing Date, free and full access to all the offices, properties, books, contracts, commitments, and records of or related to PLU and shall make available to such persons on a confidential basis all information (including financial and operating data) concerning PLU affairs as they reasonably may request, including the right to make copies and extracts of pertinent records, documents, and contracts, along with assistance in the examination.

In connection with the foregoing, to the extent that PLU shall have control over the same, the accountants of PLU shall have furnished to Buyer any and all of its statements, working papers, and underlying records and data as Buyer reasonably may have requested in writing prior to the Closing Date.

7.2 Conduct of Business in Normal Course. Except as may otherwise be disclosed to Buyer, PLU shall have carried on its business diligently and in



substantially the same manner as has been carried on prior to this Agreement (i) maintain PLU's properties in good order and condition, reasonable wear and use excepted; (ii) maintain PLU's books, accounts, and records in the usual manner, on a basis consistent with prior years, and comply with all laws applicable to the conduct of its respective business.

7.3 Preservation of Business and Relationships. PLU shall have used its best efforts, without making any commitments or agreements on behalf of Buyer, to preserve their present relationship with suppliers and customers.

7.4 Maintain Insurance. Except as otherwise disclosed to Buyer, PLU shall continue to carry existing insurance, subject to variations in amounts believed to be required by the ordinary operations of its business.

7.5 New Transactions. Between Buyer's investigation and review of PLU's operations and Closing, PLU (i) will not have entered into any legally binding contract, commitment or transaction not in the usual and ordinary course of business without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed more than five (5) days, (ii) will not have waived or compromised any right or claim, or canceled, without full payment, any note, loan or other such obligation without first informing Buyer, and (iii) will not have modified, amended, canceled or terminated any of its significant and material contracts or agreements without promptly notifying Buyer.

7.6 Maintenance of Inventories. PLU shall have maintained normal quantities of materials and supplies determined in accordance with its practices in existence on December 31, 2001.

7.7 Compensation. PLU shall have apprised Buyer of any material increase in payments for contract services or management fees.

7.8 Notification of Changes. Prior to closing, PLU shall have promptly notified Buyer in writing if it knew individually or in the aggregate, of (i) any material adverse change of the financial condition of PLU, (ii) any material adverse change in the method of conducting its operations, (iii) any material amount of property used in the business of PLU other than in the ordinary course of business, (iv) the institution of or the threat of institution of legal proceedings against PLU, (v) the occurrence of any event known to them that would result in any of the representations or warranties not being true in all material respects, or (vi) the inability or unwillingness of PLU or the owners of the Membership Interests to perform.

8. FPSC APPLICATION. Buyer for itself and PLU shall use its best and diligent efforts to obtain FPSC authorization for the transfer of majority organizational

control of PLU to Buyer. PLI and Buyer shall cooperate with one another in preparing and filing such applications to the FPSC as they may deem necessary or appropriate to obtain necessary FPSC approval of the complete and satisfactory transactions contemplated by this Agreement. Buyer shall begin the application process for transfer of majority organizational control promptly upon execution hereof and cause the Application to be filed as soon as possible thereafter. Buyer shall select legal counsel for the application process. All expenses (including, without limitation, all legal fees and expenses) related to such preparation, filing and approval of the transfer of majority organizational control shall be paid and borne by Buyer.

9. ADDITIONAL CONDITIONS TO ANY OBLIGATION TO CLOSE. Buyer, PLU and PLI will be expected and required to close only if each of the conditions set forth below or otherwise contained elsewhere herein has occurred on or before the Closing Date; however, any of these conditions may be waived as PLI and Buyer may agree in writing and proceed to close without such fulfillment.

9.1 Compliance. All the terms, covenants, and conditions of this Agreement to be respectively complied with and performed by Buyer, PLU and PLI on or before the Closing Date shall have been fully complied with and performed.

9.2 Delivery of Certificate. The representations and warranties contained herein shall be true and correct on and as of the Closing Date with the same effect as though all such representations and warranties had been made as of the Closing Date. Notwithstanding the foregoing, upon and as a condition to closing, PLU and PLI shall sign and deliver to Buyer a Certificate affirming the representations and warranties contained in Paragraph 5 and compliance with the covenants in Paragraph 7.

9.3 Absence of Litigation. Other than the FPSC authorization, no action, suit or proceeding before any court or any governmental body or authority pertaining to the transactions contemplated by this Agreement or to their consummation shall have been instituted or threatened on or before the Closing Date.

9.4 Compliance by Buyer. All the terms, covenants, and conditions of this Agreement to be complied with and performed by Buyer on or before the Closing Date shall have been fully complied with and performed, including payment of the Purchase Price.

10. FEES AND EXPENSES.

10.1 Professional Fees. PLI and Buyer shall each be responsible for its legal, accounting, and other professional fees and costs that it incurs in connection with the preparation, execution, and closing of this Agreement, except as otherwise

noted herein (including as specifically noted in Paragraph 8 hereof). The parties hereto recognize and understand that such fees and costs will be incurred, and all statements for services rendered prior to the Closing hereof shall be satisfied by the appropriate party prior to Closing.

10.2 Brokers. Regardless of whether the Closing shall occur (i) PLU and PLI shall indemnify and hold harmless Buyer from and against any and all liabilities for any brokers or finders fees arising with respect to brokers or finders retained or engaged by any of them in respect to the transaction contemplated by this Agreement, and (ii) Buyer shall indemnify and hold harmless PLU and PLI from and against any and all liability for any brokers or finders fees arising with respect to brokers or finders retained or engaged by Buyer in respect to the transactions contemplated by this Agreement.

11. COOPERATION. Buyer, PLU and PLI shall reasonably cooperate with each other in connection with all post-closing matters, including the preparation of tax returns and the conduct of any tax investigation, audit or other proceeding. Each party shall preserve all information, returns, records and documents relating to tax matters for a taxable period until the later of the expiration of all applicable statutes of limitation and extensions thereof, or the conclusion of all litigation with respect to taxes for such period.

12. GENERAL MATTERS ON CONDITIONS; TERMINATION.

12.1 Efforts to Satisfy Conditions. Without incurring any legal obligation to do so, PLU and PLI agree to endeavor diligently and in good faith to satisfy all conditions specified in this Agreement for Buyer's benefit on or before the Closing Date and the timely Closing of the transactions described herein.

12.2 Closing Establishes Satisfaction of Conditions. Delivery of the Certificates to Buyer and payment and receipt of the Purchase Price by Members shall conclusively establish that all conditions to Closing have satisfactorily occurred.

12.3 Intentionally blank.

12.4 Specific Performance. Except where a default is the result of the refusal of a third party to grant or consent are required to be obtained pursuant to the terms of this Agreement, nothing herein shall be construed as relieving any party hereto from liability for damages to the other party for the breach of their obligation hereunder, or limiting Buyer's or PLU's right to seek specific performance hereof. In the event Buyer or PLU seeks specific performance hereof, suit must be instituted within six (6) months of any alleged breach hereof, otherwise, such right of specific performance shall lapse. This provision shall not be construed in any way so as to

limit Buyer's or PLU's rights to seek damages or other legal remedies that may be available to it for breach of this Agreement.

13. **RECOVERY OF LITIGATION COSTS.** If any legal action is brought for the enforcement of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding as determined by the Court.

14. **MISCELLANEOUS.**

14.1 **Amendments.** This Agreement may be amended, supplemented, or interpreted at any time by a written instrument executed by the parties signatory hereto or by the party to be bound thereby.

14.2 **Number and Gender of Words.** When the context so requires in this Agreement, words of gender shall include either or both of the other genders and the singular number shall include the plural.

14.3 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

14.4 **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the state of Florida, which State shall have exclusive jurisdiction.

14.5 **Notices.** Any notice given pursuant to the provisions of this Agreement shall be deemed to be delivered five days after mailing by certified mail return receipt or upon receipt of overnight mail return receipt addressed as follows:

If to Buyer: Mad Hatter Utility, Inc.
1900 Land O' Lakes Boulevard, Suite 107
Lutz, Florida 33549
Attn: Larry Delucenay, President

with a copy to: Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
Attn: Martin S. Friedman, Esquire

If to Sellers: PARADISE LAKES UTILITY, LLC
 2001 Brinson Road
 Lutz, Florida 33549
 Attn: Joseph Lettelier

or to such other addresses as shall have specified by notice in writing in accordance with the terms of this paragraph.

15.6 Assignment. This Agreement shall not be assignable without the express written consent of all parties signatory hereto, except that Buyer may assign this Agreement to any entity controlled by Larry Delucenay.

15.7 Exhibits. All exhibits, schedules, or other attachments mentioned in this Agreement shall be integral part thereof.

15.8 Further Assurances. From time to time and at any time, at Buyer's request, whether on or after the Closing Date, and without further consideration, the parties shall, at no expense to the Buyer, and no expense or liability to PLU and PLL, execute and deliver such further documents and instruments of conveyance and transfer and shall take further reasonable actions as may be necessary or convenient, to transfer and convey to Buyer all of their right, title and interest in and to the Membership Interests, free and clear of any and all liens, or as may otherwise be necessary or convenient to carry out the intent of this Agreement.

15.9 Confidentiality. Each party agrees that it will hold confidential the terms and conditions hereof with the exception of any necessary filings with the FPSC.

15.10 Partial Invalidity and Severability. All rights and restrictions contained herein may be exercised and shall be applicable and binding only to the extent that they do not violate any applicable laws and are intended to be limited to the extent necessary to render this Agreement legal, valid and enforceable. If any term of this Agreement or part thereof, not essential to the commercial purpose of this Agreement shall be held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, it is the intention of the parties that the remaining terms hereof, or part thereof, shall constitute their agreement with respect to the subject matter hereof and all such remaining terms, or parts thereof, shall remain in full force and effect. To the extent legally permissible, any illegal, invalid or unenforceable provision of this Agreement shall be replaced by a valid provision which will implement the commercial purpose of the illegal, invalid or unenforceable provision.

15.11 Waiver. Any term or condition of this Agreement may be waived at any time by the party which is entitled to benefit thereof, but only if such waiver is evidenced by a writing which is signed by such party.

15.12 Intentionally blank.

15.13 *In Para Materia*. It is agreed by and between the parties hereto that all words, terms, and conditions herein contained are to be read in concert, each with the other, and that a provision contained under one heading may be considered to be equally applicable under another heading in the interpretation of this Agreement.

15.14 Authority. Joseph Lettellier represents that he has the authority and approval of all of the members of PLU, and PLI to execute this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

BUYER:

MAD HATTER UTILITY, INC.

By _____
Larry Delucenay
President

SELLER:

PARADISE LAKES UTILITY, LLC
By: Paradise Lakes, Inc., Managing Member

By _____
Joseph Lettellier
President

mad\paradise\membershipint3.agr
3/22/02

ADDENDUM TO
MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS ADDENDUM is to the MEMBERSHIP INTEREST PURCHASE AGREEMENT is entered into as of the 25 day of April, 2002 by and between PARADISE LAKES UTILITY, LLC, a Florida limited liability company ("PLU"), PARADISE LAKES, INC., a Florida corporation, ("PLI"), ("sometimes jointly referred to as Sellers") and MAD HATTER UTILITY, INC., a Florida corporation ("Buyer").

For and in consideration of the mutual covenants set forth herein, the parties agree as follows:

1.0 Except as modified hereby, the parties reaffirm the provisions of the Membership Interest Purchase Agreement.

2.0 In case of conflict between the terms of this Addendum and the Membership Interest Purchase Agreement, the terms of this Addendum shall prevail.

3.0 Upon execution of this Addendum, Buyer shall pay to Sellers Twenty Five Thousand Dollars (\$25,000.00) as a deposit which shall be applied to the Purchase Price at Closing. This deposit shall be refundable to Buyer only if the Closing does not take place as a result of a default by Sellers; otherwise the deposit shall not be refundable to Buyer.

4.0 Sellers shall convey to Buyer at closing free and clear of all liens and encumbrances the parcel of real property upon which is currently located the well and tank ("Real Property"). The Real Property shall be of sufficient size to meet all local buildings codes and deed restrictions for the construction of a single family residence.

4.1 Title Insurance and Permitted Encumbrances.

a. At least thirty (30) days prior to the Closing, Buyer shall cause to be issued and delivered a current title insurance commitment issued by a title company licensed to do business in the state of Florida, covering the fee simple Real Property, which shall be in an amount equal to \$100,000. The cost of the title search, title insurance commitment and title insurance shall be split equally between the Buyer and Sellers. The title insurance commitment shall commit the insurer to issue owner's title insurance policies to Purchaser covering the fee simple real property (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to the Real Property to be marketable or insurable, except for the Permitted Encumbrances (as defined below), the standard printed exceptions usually contained in an owner's title insurance policy, and the standard exclusions from coverage;

provided, however, that the title insurance company shall delete the standard exceptions customarily deleted for such items as materialman's liens, survey, and mechanic's liens. Seller shall execute at or prior to Closing, in favor of the title insurance company, the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the title insurance company to delete all standard exceptions addressed by such affidavits, and shall provide a survey sufficient for the title insurance company to delete the survey exception.

Purchaser shall notify Seller in writing no less than ten (10) days after receipt of such title insurance commitment, of any alleged material defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances (such written notice to include all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the real estate (other than the Permitted Encumbrances), which render or may render Seller's title to the Real Property unmarketable in accordance with standards adopted by The Florida Bar uninsurable). Any objections to title to the extent not shown on the notice furnished by Purchaser in accordance with the provisions of this paragraph shall be deemed to have been waived by Purchaser and Purchaser shall not be entitled to any damages or other remedies. Seller shall have thirty (30) days after receipt of Purchaser's notice, to eliminate all of the material objections to title set forth in Purchaser's notice. However, in no event shall Seller be required to bring suit or expend any sum in excess of \$5,000 in the aggregate to cure title defects, exclusive of mortgages against the Property, which are in a liquidated amount or Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. In the event Seller fails to deliver title as herein provided, then Purchaser may:

- (1) Accept whatever title Seller is able to convey with no abatement of the Purchase Price; or
- (2) Reject title and terminate this Agreement with no liability for damages from either Purchaser or Seller, and Seller shall refund the \$25,000 deposit referenced in Section 3 hereof.

b. If Purchaser rejects title as provided above, neither party shall have any further liability under this Agreement. Purchaser shall not object to title by reason of the existence of any mortgage, lien, encumbrance, covenant, restriction or other matter that (a) may be satisfied with a payment of money and Seller elects to do so by paying same at or prior to the Closing Date; (b) any mechanic's lien or other encumbrance which can be released of record, bonded or transferred of record to substitute security so as to relieve the real estate from the burden thereof and Seller elects to do so at or prior to Closing; or (c) the title insurance company issuing the title insurance commitments affirmatively insures-over.

c. As used above, "Permitted Encumbrances" mean and include the following:

- (1) All present and future building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the Real Property and the use thereof as represented herein.
- (2) Easements, restrictions, reservations, rights-of-way, conditions and limitations of record, if any, which are not coupled with any reverter or forfeiture provisions, including (without limitation) any drainage, canal, mineral, road, or other reservations of record in favor of the State of Florida or any of its agencies or governmental or quasi-governmental entities, none of which, however, shall impair or restrict the use of the Property for the operation of the water well and tank.
- (3) Such other matters as are permitted under the terms of the Membership Interest Purchase Agreement, including but not limited to the Developer Agreements, the existence of which Seller has provided notice to Purchaser.

4.2 Sellers shall obtain such easements as are necessary for the provision of water and wastewater service to all newly developed areas, and to obtain easements for all existing lines and facilities not located within dedicated easements.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the date first above written.

BUYER:

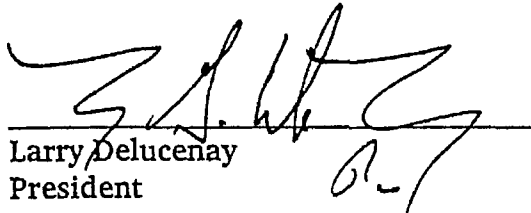
SELLER:

MAD HATTER UTILITY, INC.

PARADISE LAKES UTILITY, LLC

By: Paradise Lakes, Inc.
Managing Member

By


Larry Delucenay
President

By


Joseph Letellier
President

mad\paradise\membershipint.add

D&P. CK# 11596362



THIS DOCUMENT HAS AN ARTIFICIAL WATERMARK PRINTED ON THE BACK. THE FRONT OF THE DOCUMENT HAS A MICRO-PRINT SIGNATURE LINE. ABSENCE OF THESE FEATURES WILL INDICATE A COPY.



OFFICIAL CHECK

95-95-331-PP

11596362

22-1676
960

REMITTER

Larry & Janice Delucenay

BANK #, MARKET #, BRANCH #

DATE ***March 28, 2002***

PAY

SOUTHTRUST BANK 25,000.00 CTS

\$***25,000.00***

TO THE ORDER OF ***Paridise Lakes, Inc.***

Drawn SouthTrust Bank

BY Dawn M. Tubok
AUTHORIZED SIGNATURE

ISSUED BY: TRAVELERS EXPRESS COMPANY, INC.
DRAWEE: FIRSTAR BANK OF MINNESOTA, N.A., ST. PAUL, MN

REDACTED

SECOND ADDENDUM TO
MEMBERSHIP INTEREST PURCHASE AGREEMENT

This Second Addendum to that certain Membership Interest Purchase Agreement dated April 25, 2002 (the "Membership Interest Purchase Agreement") by and among Paradise Lakes Utility, LLC, a Florida limited liability corporation ("PLU"), Paradise Lakes, Inc., a Florida corporation and the managing and sole member of PLU ("PLI"), and Larry and Janice DeLucenay ("Buyer"), as previously amended by that certain Addendum to Membership Interest Purchase Agreement dated April 25, 2002, is hereby entered into as of the 23 day of JUNE, 2003 by and among PLU, PLI and Buyer, as follows:

1. Except as modified hereby, the parties reaffirm the provisions of the Membership Interest Purchase Agreement. Any capitalized terms not defined herein shall have meaning ascribed to them in the Membership Interest Purchase Agreement, as amended.

2. In case of conflict between the terms of this Addendum and the Membership Interest Purchase Agreement, the terms of this Addendum shall prevail.

3. Pursuant to Paragraph 4.1.1(iv) of the Membership Interest Purchase Agreement, PLU and PLI do hereby certify to Buyer that (i) the representations and warranties of PLU set forth in Paragraph 5 of the Membership Interest Purchase Agreement are true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date, and (ii) PLU has duly performed in all material respects all covenants and conditions required by Paragraph 7 of the Membership Interest Purchase Agreement to be performed by PLU on or before the Closing Date.

4. PLU and PLI hereby represent to Buyer, and Buyer hereby acknowledges and agrees, that the Real Property parcel commonly known as Lot 4 and surrounding lots are currently in the process of being replatted and recorded with the appropriate state and local agencies. The parties hereto agree that ownership of the parcel known as Lot 4, comprising approximately one-quarter acre of land, is a necessary part of the Utility system operated by PLU and PLI and therefore must be transferred as part of the acquisition of the membership interest in PLU. In accommodation to PLU and PLI, the Buyer agrees to allow some time for PLU and PLI to complete the platting process before transfer of this real property to the Buyer. However, it is acknowledged and understood by both parties that the Florida Public Service Commission will not approve the Transfer of Majority Organizational Control of the Utility until such time as Fee Simple Title is delivered by Warranty Deed to PLU. Therefore, PLI shall deliver good and marketable title to the water/wastewater facility systems and the Lot 4 parcel of approximately one-quarter acre on which those facilities are situated on the Closing Date. However, PLI shall continue to undertake the recording of the appropriate plat after the Closing Date and will deliver the recorded plat and a Warranty Deed for Lot 4 or such other quarter acre parcel as is necessary to reasonably encompass the water and wastewater treatment and pumping facilities to Buyer as soon as platting is completed, but not later than September 1, 2003. It is understood and agreed, and hereby acknowledged by Buyer, that PLU and PLI shall not be in violation of any provisions of the Membership Interest Purchase Agreement, as amended, including without limitation any such provisions relating to the marketability of or title to, or the non-existence of any liens or encumbrances on, the Real Property as of the Closing Date, by virtue or as a result of the foregoing agreement to allow up to a six month delay in transferring the appropriate real property necessary for operation of the water and sewer systems.

The parties hereto agree that there is also real property necessary for operation of the water and sewer systems other than Lot 4 above, specifically but not limited to the location of the three sewage lift station easements. All such property other than Lot 4 as discussed above, shall be transferred to PLU by Warranty Deed or by appropriate perpetual easement no later than the date of closing the Transfer of the Membership Interest Agreement.

The parties hereto acknowledge that transfer of the membership interest and of the facilities, including all Utility facilities and real property necessary for operation of the facilities cannot be complete and will not be approved by the Florida Public Service Commission until such time as ownership of land on which the Utility facilities are located or long-term rights to use such property, are in the name of the Utility itself. Therefore, the parties agree that to the extent PLI fails to have transferred all such property, real, personal and easements, to the PLU under ownership by the Buyer by September 1, 2003, then PLI will assume and promptly pay, upon presentation of invoices, all costs of the remainder of the transfer proceeding from that date forward to its conclusion and any and all costs related to continued representation of Buyer in finalizing the actual transfer of property, membership interest and of the transfer approval proceeding before the PSC and any other regulatory bodies.

5. Buyer hereby acknowledges and agrees that the Real Property shall be subject from and after the Closing Date to each and all of the Paradise Palms homeowners' association dues, fees and expenses generally and commonly applicable to all such real property located at and within the Paradise Palms homeowners' association, and Buyer shall be responsible for the payment of all such dues, fees and expenses in accordance with Paradise Palms' rules and regulations.

6. PLU, PLI and Buyer hereby agree that the Buyer has undertaken significant work on the PLU system since the execution of the original Membership Interest Purchase Agreement. The parties hereto agree that the Buyer should receive credit applied to the purchase price paid for the membership interest in PLU, for the costs related to these items or costs that have been, or will have to be, undertaken by Buyer in order to bring the system into compliance with generally accepted Utility operation and maintenance procedures and/or regulatory requirements. These items and their costs are as follows:

1.	Water plant painting and maintenance -	\$ <u>n/c</u>
2.	Placement of a master water meter at the water plant -	\$ <u>1,500</u>
3.	Furnish & Install of a high/low vacuum chlorine alarm-	\$ <u>2,100</u>
4.	Furnish and Install of a check valve -	\$ <u>289</u>
	Total	\$ <u>3,889</u>

The parties hereto agree that the total amount of these items will be offset against the purchase price outlined in Paragraph 11 hereof.

7. PLU and PLI and Seller shall deliver to Buyer at closing, all maps in the possession of PLI, PLU, its consultants or related parties, agents or employees, showing the location and sizing of all water and wastewater lines and facilities and the points of connections for all connections within or outside the territory or otherwise on the water and sewer systems transferred to Buyer. Some maps of this nature have already been provided to the Buyer. PLU, PLI, Seller, their agents and engineers shall continue to review their files and provide additional maps to the Buyer as and when discovered.



PLU, PLI and Seller shall also deliver to Buyer all maps within its possession or within the possession of its agents, engineers, or consultants which show all rights-of-way, easements necessary for operation and maintenance of all such facilities. PLU and PLI shall provide transfer of rights-of-way and easements necessary for all water and wastewater lines and facilities, to allow reasonable egress maintenance and repair of such facilities and shall obtain any such rights-of-way or easements that are not currently in existence for property owned or controlled by PLU or PLI in forms suitable for recording and shall be in the name of PLU upon the acquisition of the ownership interest in PLU by the Buyer.

8. PLU and PLI shall ensure that all appropriate DEP, Water Management District and other applicable regulatory permits are in the name of PLU at the time of the transfer of the ownership interest in PLU to Buyer and that PLU is in compliance with all permits and regulatory requirements of all agencies overseeing the water and wastewater utilities and up-to-date on all reports due to such regulatory entities. To the extent that any such regulatory requirements or reports are not up-to-date as of the date of closing, PLU and PLI hereby covet and agree that they will correct all such deficiencies within sixty days of the date of execution of this Addendum.

9. PLU and PLI hereby assure Buyer and agree that PLU has the right to provide water and reuse service in all the areas within Phases I, 2, and 3 of Paradise Lakes as well as Paradise Lakes double wide mobile home section, and single family residential section; The Palms Lots 1-4 (currently under replatting); the RV Park section, and that all such facilities are in place for provision of water service to such areas and are owned by PLU at the time of purchase of the membership interest in PLU by Buyer.

10. PLU and PLI agree that PLU has the right to provide wastewater service in all the areas within Phases I, 2, and 3 of Paradise Lakes as well as Paradise Lakes double wide mobile home section, and single family residential section; the Palms Lots 1-4 (currently under replatting); the RV Park section; the area currently known as the Fountain; the Royal Lanes bowling alley area, and that all such facilities are in place for provision of wastewater service to such areas and are owned by PLU at the time of purchase of the membership interest in PLU by Buyer.

11. PLU, PLI and Buyer each hereby acknowledge and agree that this Second Addendum shall serve to evidence the consummation and closing of the transaction contemplated in and by the Membership Interest Purchase Agreement, such that said transaction shall be deemed to be closed and consummated by and between the parties upon the execution of this Second Addendum. Simultaneous with the execution hereof, buyer shall remit and deliver to PLI the remaining balance of \$5,000, representing the balance of the Purchase Price as referenced in Paragraph 2 of the Membership Interest Purchase Agreement recognizing all deposits previously paid to Buyer pursuant to the Membership Interest Purchase Agreement, as amended.

12. In recognition of the provisions of Section 3.4, 5.1.5, and 8.0 of the Membership Interest Purchase Agreement, the parties hereto recognize that the Application for Transfer of Majority Organizational Control of the membership interest of Paradise Lakes Utility, LLC have not yet been filed, but that such filing will occur on or before July 1, 2003. The parties recognize that the closing of the transactions hereunder are subject to the unwind provisions of those sections of the original Membership Interest Purchase Agreement until such time as the Commission issues a Final Order recognizing the appropriateness of such transfer.

13. PLU and PLI shall execute the attached Bill of Sale for the transfer of membership interest to Buyer at closing of the transaction.

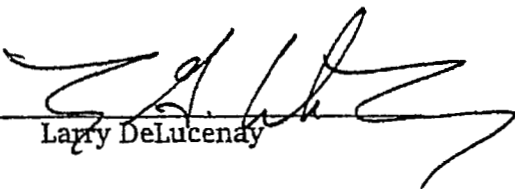


14. In light of the required additional transfer envisioned and discussed under Paragraph 4 hereof as occurring after the date of execution of this Second Addendum and after execution of the Bill of Sale, the parties recognize that this transaction is not complete and finalized until such time as the real property discussed under Section 4 hereof has been properly transferred to PLU as required under Section 4 hereof.

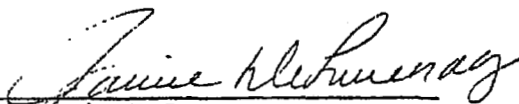
15. PLU and PLI hereby warrant that there are no outstanding debts owed by PLU to PLI or by PLI to PLU as of the date of closing, and no debts, advances or notes between the two shall survive the closing transaction.

IN WITNESS WHEREOF, this Second Addendum has been duly executed by the parties hereto as of the date first above written.


LARRY DELUCENAY

By: 
Larry DeLucenay

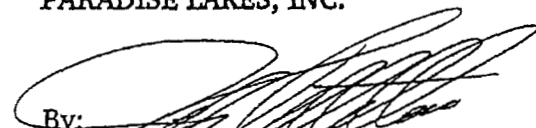
JANICE DELUCENAY

By: 
Janice DeLucenay

PARADISE LAKES UTILITY, LLC

By: 
Joseph T. Lettelleir
President

PARADISE LAKES, INC.

By: 
Joseph T. Lettelleir
President



15.00 Rec.
\$ 15.70



Prepared by and Return to:
Roger A. Larson, Esquire
Johnson, Pope, Bokor,
Ruppel & Burns, P.A.
911 Chestnut Street
Clearwater, Florida 33756

R

Rept: 709299 Rec: 15.00
DS: 0.70 IT: 0.00
08/25/03 Dpty Clerk

JED PITTMAN, PASCO COUNTY CLERK
08/25/03 09:27am 1 of 3
OR BK 5505 PG 1755

QUIT CLAIM DEED

THIS INDENTURE is made on August 12, 2003, between PARADISE LAKES, INC., a Florida corporation, whose post office address is 2001 Brinson Road, Lutz, Florida 33558 ("Grantor") and PARADISE LAKES UTILITY, L.L.C., a Florida limited liability company, whose post office address is 1900 Land-O-Lakes Blvd, Ste 107 Lutz, FL 33549 ("Grantee").

WITNESSETH:

Grantor, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, has remised, released and quitclaimed, and by these presents does remise, release and quitclaim unto Grantee all the right, title, interest, claim and demand which Grantor has in and to the following described real property located in Pasco, County, Florida:

See Exhibit "A" attached hereto and made a part hereof.

Real Estate Tax Parcel Number: 35-26-18-0000-00100-0020

Grantee's Tax Identification Number: 59-2677556

TO HAVE AND TO HOLD the same, together with all and singular appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, interest and claim whatsoever of Grantor, either in law or equity, to the only proper use, benefit and behoof of Grantee.

IN WITNESS WHEREOF, Grantor has executed this deed the day and year above written.

WITNESSES:

PARADISE LAKES, INC.,
a Florida corporation

[Signature]
Print name: Raymond

By: [Signature]
Joseph T. Lettelleir
As: President

[Signature]
Print name: ELIZABETH K SUMLIN

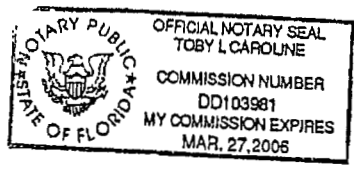
STATE OF FLORIDA)

COUNTY OF PASCO)

The foregoing instrument was acknowledged before me this 12th day of August, 2003, by Joseph T. Lettelleir, as President of Paradise Lakes, Inc., a Florida corporation, on behalf of the corporation. [He] [She] is personally known to me or has produced _____ as identification.

[Signature]
Notary Public
Print name: TOBY L. CAROLINE

My commission expires:



DESCRIPTION: LOT 4, PARADISE PALMS, A CONDOMINIUM

A PORTION OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 35, TOWNSHIP 26 SOUTH, RANGE 18 EAST IN PASCO COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SAID SECTION 35, RUN THENCE N88°48'04"W., A DISTANCE OF 35.50 FEET ALONG THE SOUTH BOUNDARY LINE OF SAID NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 35, THENCE N00°18'59"W., A DISTANCE OF 240.00 FEET TO THE SOUTHEAST CORNER OF PROPOSED PARADISE PALMS, A CONDOMINIUM; THENCE N88°13'44"W ON THE SOUTH BOUNDARY THEREOF A DISTANCE OF 39.87 FEET TO THE SOUTHEAST CORNER OF LOT 1 OF PROPOSED PARADISE PALMS, A CONDOMINIUM FOR A POINT OF BEGINNING. THENCE CONTINUE ON STATED SOUTH BOUNDARY OF PROPOSED PARADISE PALMS, A CONDOMINIUM N88°43'44"W A DISTANCE OF 67.24 FEET; THENCE DEPARTING SAID SOUTH BOUNDARY OF PROPOSED PARADISE PALMS, A CONDOMINIUM, N21°40'10"W A DISTANCE OF 85.78 FEET TO THE SOUTH BOUNDARY OF PROPOSED PARADISE PALMS COURT; THENCE ON STATED SOUTH BOUNDARY OF PARADISE PALMS COURT THE FOLLOWING FOUR (4) COURSES AND DISTANCES: (1) S85°05'35"E A DISTANCE OF 28.52 FEET TO A POINT OF CURVATURE OF A TANGENT CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 8.00 FEET; (2) THENCE ON SAID CURVE TO THE RIGHT A DISTANCE OF 12.05 FEET, THROUGH A CENTRAL ANGLE OF 86°17'30", CHORD BEARING S41°56'49"E, A CHORD DISTANCE OF 10.94 FEET TO A POINT OF TANGENCY; (3) THENCE S01°11'56"W A DISTANCE OF 1.42 FEET; (4) THENCE S88°43'44"E A DISTANCE OF 40.00 FEET; THENCE DEPARTING STATED PROPOSED SOUTH BOUNDARY OF PARADISE PALMS COURT, S18°45'43"E A DISTANCE OF 72.16 FEET TO THE POINT OF BEGINNING.

ASSIGNMENT AND ASSUMPTION
OF
MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT dated and effective as of December 31, 2002, is by and between Mad Hatter Utility, Inc., a Florida corporation, ("Assignor"), and Larry and Janice DeLucenay ("Assignee"), a married couple.

WHEREAS, Assignor wishes to assign to Assignee all of its rights, title, interests and benefits arising out of, relating to or in any way associated with the Membership Interest Purchase Agreement dated April 25, 2002 between Mad Hatter Utility, Inc. and Paradise Lakes, and all addendums thereto (the "Agreement"), and Assignee will assume all of Assignor's liabilities and obligations under the Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

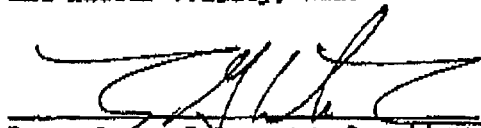
1. Assignor hereby assigns, transfers and sets over to Assignee and its successors and assigns all of Assignor's right, title, interest and benefits in and to the Agreement. Assignee hereby accepts such assignment and assumes all obligations and liabilities of Assignor arising under the Agreement accruing on or after the date hereof. Assignor shall perform all obligations accruing under the Agreement arising at any time prior to the date hereof.

2. Assignor represents that as of the date hereof (a) there are no violations or breaches by Assignor of the Agreement, (b) all of Assignor's obligations accruing or arising prior to the date hereof have been performed in full under the Agreement, to the extent performance is required pursuant thereto prior to the date hereof, and (c) Assignor has full right and authority to assign the Agreement to Assignee.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the date first above written.

WITNESS:

Mad Hatter Utility, Inc.

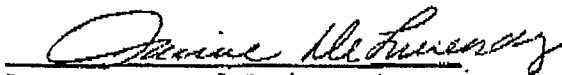


By: Larry DeLucenay, President

(12-31-02)

WITNESS:

Donnda S. Yawn



By: Larry and Janice DeLucenay,
a married couple

mad\assignment

PARADISE LAKES UTILITY, LLC

Balance Sheet

EXHIBIT B

Analysis of Paradise Lakes Utility Rate Base
July 1, 2003

BALANCE SHEET

The 2002 Balance Sheets of the original 2002 Annual Report, revised for the 1998 Order, and revised for correction of the 1998 Order are presented below. Note that the original balance sheet was out of balance. Since we do not have information regarding the trial balance at year end, the balance sheets will remain out of balance until such information is obtained.

	<u>2002 Annual Report</u>	<u>Revised for 1998 Order</u>	<u>If Commission Revises</u>
Assets:			
Utility Plant in Service	\$ 938,595	\$ 670,553	\$ 676,802
Accumulated Depreciation	<u>(532,092)</u>	<u>(196,270)</u>	<u>(274,450)</u>
Net Utility Plant	<u>406,503</u>	<u>474,283</u>	<u>402,352</u>
Cash	12,501	12,501	12,501
Other Assets	11,579	11,579 (1)	11,579
Deferred Loss on Abandonment		17,920	41,742
Non Utility Depreciation	<u>13,933</u>	<u>13,933 (1)</u>	<u>13,933</u>
Total Assets	<u>\$ 444,516</u>	<u>\$ 530,216</u>	<u>\$ 482,107</u>
Liabilities and Capital:			
Proprietary Capital	\$ 422,366	511,012	462,903
Accounts Payable	23,812	23,812	23,812
Accrued Taxes	8,893	8,893	8,893
Intercompany Payables	(223)	(223)	(223)
CIAC	83,520	83,520	83,520
Accum Amort of CIAC	<u>(20,205)</u>	<u>(23,151)</u>	<u>(23,151)</u>
Total Liabilities & Capital	<u>\$ 518,163</u>	<u>\$ 603,863</u>	<u>\$ 555,754</u>
Difference	<u>\$ (73,647)</u>	<u>\$ (73,647)</u>	<u>\$ (73,647)</u>
Net Rate Base	<u>\$ 343,188</u>	<u>\$ 413,914</u>	<u>\$ 341,983</u>

Note (1): It is not clear as to what these assets relate, so I do not know how they will be impacted by the adjustments related to the 1998 Order

PARADISE LAKES UTILITY, LLC

Revised Tariff Sheets

EXHIBIT C

FIRST REVISED SHEET NO. 1.0
CANCELS ORIGINAL SHEET NO. 1.0

WATER TARIFF

Paradise Lakes Utility, LLC
NAME OF COMPANY

1900 Land O'Lakes Boulevard

Suite 107

Lutz, FL 33549
(ADDRESS OF COMPANY)

(813) 949-2167
(Business & Emergency Telephone Numbers)

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

JOSEPH LETTELLEIR
ISSUING OFFICER

PRESIDENT
TITLE

FIRST REVISED SHEET NO. 1.0
CANCELS ORIGINAL SHEET NO. 1.0

WASTEWATER TARIFF

Paradise Lakes Utility, LLC
NAME OF COMPANY

1900 Land O'Lakes Boulevard

Suite 107

Lutz, FL 33549
(ADDRESS OF COMPANY)

(813) 949-2167
(Business & Emergency Telephone Numbers)

FILED WITH
FLORIDA PUBLIC SERVICE COMMISSION

JOSEPH LETTELLEIR
ISSUING OFFICER

PRESIDENT
TITLE

PARADISE LAKES UTILITY, LLC

Certificates

EXHIBIT D

FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

392 - S

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to:

Paradise Lakes Utility, L.L.C.

Whose principal address is:

P.O. Box 750
Land O'Lakes, FL 34639-0750 (Pasco County)

to provide wastewater service in accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER	15668	DOCKET	850211-WS
ORDER	PSC-02-0803-FOF-WS	DOCKET	020411-WS
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

Laura S. Lajo

Commission Clerk and Administrative Services Director



FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

458 - W

Upon consideration of the record it is hereby ORDERED that authority be and is hereby granted to:

Paradise Lakes Utility, L.L.C.

Whose principal address is:

P.O. Box 750
Land O'Lakes, FL 34639-0750 (Pasco County)

to provide water service in accordance with the provision of Chapter 367, Florida Statutes, the Rules, Regulations and Orders of this Commission in the territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until suspended, cancelled or revoked by Orders of this Commission.

ORDER	15668	DOCKET	850211-WS
ORDER	PSC-02-0803-FOF-WS	DOCKET	020411-WS
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	

BY ORDER OF THE
FLORIDA PUBLIC SERVICE COMMISSION

Blanca L. Davis

Commission Clerk and Administrative Services Director

