

TESTIMONY OF CRAIG A. DEARDEN
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
ON BEHALF OF
SUN RIVER UTILITIES, INC. (f/k/a MSM Utilities, LLC)
DOCKET NO. 070109-WS

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1 Q. Please state your name and business address.

2 A. My name is Craig A. Dearden, and my business address is 5789 Cape
3 Harbour Dr. # 201, Cape Coral, FL 33914.

4 Q. By whom are you employed?

5 A. I am the Vice President, CFO, COO of Realmark Development LLC
6 ("Realmark").

7 Q. What are your primary duties with Realmark?

8 A. I am charged with managing all corporate activities.

9 Q. Please tell us about your experience in the development industry.

10 A. I have been a CFO for the last 15 years in two capacities. I was the
11 controller for a roadway engineering firm for nearly eight years that
12 employed over 150 employees and operated seven offices throughout the
13 State of Florida. I subsequently joined the Realmark team in 2000 as the
14 CFO and have become the Chief Operating Officer. My educational
15 background is I hold a BS degree in Finance and a BS degree in
16 Accounting.

17 Q. What are Realmark's holdings?

18 A. Realmark is a multifaceted company in that we operate marinas that are
19 surrounded by residential living. In this capacity, we have planned
20 approximately one thousand residential units around the waterfront

1 basins. We are also in the business of acquiring un-entitled lands and
2 working the tracts through the County development processes to add
3 value in the form of planned communities or commercial centers.
4 Presently we own and control over 1950 acres of property in all forms of
5 development, in Florida and North Carolina. Tuckers Grade, more fully
6 described below, is one of eight large projects that we are presently trying
7 to ready for the market.

8 Q. Does Realmark have any development interests in Charlotte County?

9 A. Yes. Realmark owns the site at Tuckers Grade, located between US
10 Highway 41 and Interstate 75, north of Tuckers Grade Road in Charlotte
11 County. Contiguous to Charlotte County we operate the largest Marina on
12 the west coast named Burnt Store Marina.

13 Q. Please describe your experience with Charlotte County Utilities ("CCU") in
14 connection with Tuckers Grade.

15 A. Realmark has received very little cooperation from CCU. Realmark entered
16 into a contract to purchase the Tuckers Grade land in December of 2003.
17 Realmark went through the process of due diligence in obtaining
18 necessary approvals for development and, most importantly, obtaining a
19 Letter of Availability of water and sewer service from CCU in March of
20 2004. It should also be noted is that Tuckers Grade is designated to be
21 within their Urban Service Area by the County. With substantial reliance
22 upon CCU's assurances of utility availability, Realmark closed on this

1 purchase in July of 2004. In early 2005, Realmark entered into a contract
2 to sell the property to a NYSE-listed developer with the closing scheduled
3 for January of 2007. From that date on, Realmark has incurred hundreds
4 of thousands of dollars in costs while submitting four separate alternative
5 utility routes to serve the site. In March of 2006, CCU sent a short letter to
6 Realmark stating that water and sewer service would not be made
7 available to the property notwithstanding the March 2004 Letter of
8 Availability.

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10 Subsequent to this notice, Realmark has incurred more and more capital
11 to find alternative utility sources that have the capacity and are willing to
12 extend their franchises to serve the property. Yet in every instance, the
13 actions of CCU have obstructed our ability to provide the property with
14 utility service. Given the CCU's sudden and unexplained reversal of its
15 Letter of Availability, Realmark was unable to close on the sale of the
16 property at Tuckers Grade. Further, CCU has given notice to several other
17 developers on Burnt Store Road that the availability of services may not
18 be ready until 2010.

19 Q. Do you have an opinion as to the value of relying upon CCU for water and
20 sewer services?

21 A. Yes. It is my opinion that it would be imprudent for developers of raw
22 land to purchase property without the ability to provide utility services.

1 Based on Realmark's development order (mixed use), we are required to
2 hook up to municipal service. For the County to designate this tract to be
3 within its Urban Service Area and to have a Letter of Availability dated
4 2004, I can tell you our inability to obtain service has cost our firm \$48
5 million in revenues.

6 Q. Do you have an opinion as to the value of obtaining a Letter of Availability
7 from CCU?

8 A. Yes. Based on my experience with the CCU, it is my opinion that the
9 County does not place the same value on honoring its written
10 commitments, such as Letters of Availability, as the developers who rely
11 on such commitments. My experience and the past track record of CCU
12 has been that a Letter of Availability from the County is not reliable in
13 South Charlotte County.

14 Q. What would be a prudent course of action to obtain a reliable commitment
15 that water and sewer service will be available?

16 A. There may be more than one prudent course of action, but it would be
17 prudent obtain a binding commitment, such as a developer agreement, to
18 serve the property from a utility that has the financial and technical ability
19 to provide service to the property in question or to allow outside
20 municipal or private utility providers extend their franchise areas within
21 South Charlotte County. The County should not be able to prohibit the

1 open market in acquiring utility services for zoned and entitled property
2 for the purpose of guarding its utility franchise areas when they have no
3 ability to provide services when needed.

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