

# Utility Corporation of Florida, Inc.

*100 Clubhouse Lane, Sebring, FL 33876*

April 7, 2008

Patti Daniel, Public Utilities Supervisor  
Division of Economic Regulation  
Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Dear Ms. Daniel,

As reported on Friday, April 4, we do not yet have all of the information requested in your letter of March 7. We are seriously trying to conclude negotiations with a large utility company to purchase the wastewater treatment plant. We assume that an immediate sale may affect how we should proceed with the Public Service Commission application.

1. The first high-density development was "Country Club Villas", which was built by Golf Course Associates, Inc. The wastewater treatment plant was built at that time as well, by Spring Lake Club, Inc. Though the two companies were separate legal entities, they were both owned by Michael A. Telschow.
2. The earliest records we have come up with are from 1995 (see attachment A), which indicate that the wastewater treatment plant charged \$3.50 per unit at that time for "sewer and storm drain maintenance)
3. The developer was unaware that a certificate of authorization from the Commission was necessary, as the system was subsidized by the developer and was not operated for profit.
4. Spring Lake Club, Inc. built the facility originally.
5. SLCI was unaware that a certificate of authorization was necessary.
6. There was no transfer to SLCI. SLCI was the original builder and owner of the wastewater treatment plant.
7. All of the service areas were added while SLCI owned the wastewater treatment plant. They include:

(development began)	1988	Country Club Villas—214 units existing, project complete
"	"	1988 Oak Leafe—12 units existing, 48 more proposed
"	"	1995 Spring Lake Club clubhouse, project complete
"	"	1998 Tri-plex at 94,96, & 98 Clubhouse Lane, project complete
"	"	1998 Waterway Villas I—42 units existing, project complete
"	"	2001 Waterway Villas II—32 units, project complete
"	"	2007 Golf View Villas—10 units existing, 200 more proposed
		Oak Leafe II, (Parcel D)—none existing, 32 proposed
		Oak Leafe III—none existing, 24 proposed
		Fairway Lakes, none existing, 224 proposed
		Parcel J, none existing, 124 proposed
8. SLCI billed homeowners associations collectively, rather than billing individual homeowners. Our records indicate that a per unit breakdown would have been \$15 in 2001, \$18 in 2003, later \$20 then \$22, and finally UCFI raised it \$32 in 2008.
9. a. See Attachments B and C, letters sent to homeowners' associations and to individual homeowners.  
b. The Utility Corporation of Florida has collected only \$480 in increased fees since January 1, 2008. The bank requires an opening balance of at least \$500. We expect to be able to open the separate escrow account in a week or two, as April payments come in. See Attachment D.  
c. See Attachment D.

*Phone: 863-655-0900*

*Fax: 863-655-0600*

10. We have asked MBV Engineering in Vero Beach, Florida to provide a legal description of the territories served. They have assured us it will be available this week.
11. System maps. We are working with Kennedy & Lynch Engineering of Sebring, Florida on this. Again, we will have them for you this week.
12. Notification of our application can not be sent out until we have legal descriptions of the territories served.
13. We understand the importance of careful compliance with this regulation. Our accountant is working with a consultant to create a tariff statement that meets the requirements of this rule.
14. See Attachments E and F.
15. See Attachment G.
16. The Spring Lake Improvement District provides water service to the territories served by UCFI.
17. There is only one clubhouse served by the UCFI, at 100 Clubhouse Lane. . (The Bobcat Run clubhouse at 200 Healthy Way has its own septic system). Two separate buildings are served—the clubhouse and the cart barn—but they are on the same water meter. The clubhouse includes a full service restaurant, a bar, men's and women's locker/shower rooms, and administrative offices. The cart barn includes the Pro Shop and office, a laundry room, storage/charging area for carts, and space for washing and repairing golf carts.

Attachment H shows the clubhouse and cart barn water usage for the last three years. You will see that the water usage has increased dramatically—from an average monthly consumption of 37,190 to 70,308. The increase is due to the fact that SLCI has begun using potable water to wash the carts. Previously, water pumped from the canals was used for cart washing. Since this cart washing water is not returned to the sewer system, it should be excluded from the ERC calculation.

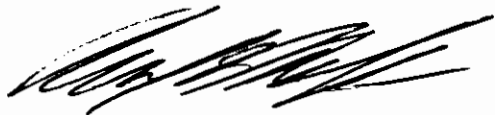
18. Collection lines for the Country Club Villas, Waterway Patio Homes, and the Oak Leafe development were constructed in-house, so there are no contractors' invoices to verify costs. The collection lines are currently being mapped to allow us to assign a cost based on size and length calculations. Golf View Village constructed their own lines; we have requested CIAC documentation from them.

18 b. SLCI's 2007 tax return and depreciation schedule will not be available until next month. The 2006 depreciation schedule was not prepared with enough detail to answer questions about utility assets as separate from SLCI's assets.

19. UCFI is not charging this fee.
20. UCFI does not charge miscellaneous service fees.
21. UCFI does not require customer deposits.

We are faxing this letter of response to you today, April 7, and will send the original documents to you by regular mail tomorrow. We hope to have territory descriptions by Wednesday or Thursday. The system map is a digital document that can be E-mailed to you immediately. Thank you for your patience.

Sincerely,



Ralph Horak  
Spring Lake Club, Inc.

*Phone: 863-655-0900*

*Fax: 863-655-0600*

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# Attachment A

COUNTRY CLUB VILLAS  
HOMEOWNERS ASSOCIATION  
1995 BUDGET REVIEW

	Annual	Monthly	Unit Monthly
<b>INCOME</b>			
Assessments	\$172,800	\$14,400	\$ 75.00
Interest			
<hr/>			
Total	\$172,800	\$14,400	\$ 75.00
 <b>EXPENSES</b>			
Building/Grounds Maint	16,888	1,407	7.33
Landscape / Mowing	29,952	2,496	13.00
Irrigation Repair / Maint	3,000	250	1.30
Sewer / Storm Drain Maint	8,064	672	3.50
SLID Water	2,100	175	.91
Florida Power / Electric	8,000	665	3.47
Accounting Services	5,760	480	2.50
<u>Management Services</u>	23,040	1,920	10.00
Licenses	850	71	.37
Legal and Professional	3,600	300	1.56
Annual Accounting - Review	1,800	150	.78
Insurance	18,000	1,500	7.81
Taxes	2,400	200	1.04
Cable Television	27,648	2,304	12.00
Pools / Two	9,000	750	3.91
Miscellaneous	1,200	100	.52
Contingency Fund / Reserves	11,520	960	5.00
<hr/>			
	\$172,800*	\$14,400	\$ 75.00

Based on 192 completed units  
as of 12/31/94 @ 75.00 per month

\*Rounded to Unit x monthly

## **Attachment B**

# **Utility Corporation of Florida, Inc.**

*100 Clubhouse Lane, Sebring, FL 33876*

January 31, 2008

Dottie Blackwell  
Country Club Villas  
Homeowners Association  
P.O. Box 455  
Lorida, FL 33857

Dear Ms. Blackwell,

Thanks to the Country Club Villas Homeowners Association for the remittance to Utility Corporation of Florida of \$4,708. As you may know, we have made application to the Florida Public Service Commission. At their request we are escrowing the \$10 per unit rate increase until their analysis and ruling are complete. If they should reject the increase, this money would be returned to our customers. If it is approved, however, the higher rate will be retroactive to January 1, 2008.

It is possible that they may approve a greater increase than we have requested. In this case, the rate of \$32 per unit would still apply through December 31, 2008.

We have no problem with your organization delaying payment of the increase until the Public Service Commission ruling. You may want to set up your own escrow account to prepare for the possibility that the increase will be approved.

Please let me know if you have any further questions.

Sincerely,

Ralph Horak

*Phone: 863-655-0900*

*Fax: 863-655-0600*

# Attachment C

## Utility Corporation of Florida, Inc.

*100 Clubhouse Lane, Sebring, FL 33876*

February 14, 2008

Gordon Robb  
6172 Oak Leafe Circle  
Sebring, FL 33876

Dear Mr. Robb,

Apparently, there is a lot of misinformation being passed around, so let me direct you to some websites that will answer some of your questions.

First, you raised the question of whether the Utility Corporation of Florida, Inc. is a registered corporation in the state of Florida. Please go to "[www.sunbiz.org](http://www.sunbiz.org)", the Florida Department of State Division of Corporation's website. Click on "document searches" and select "corporations/trademarks". If you type in the name of our company, you will see that the company has been registered since September of last year.

The wastewater treatment plant is licensed by the Florida Department of Environmental Protection (PA File No. FLA014315-001-DW2P). You may contact them by phone at 239-332-6975 to verify this.

We have also made application to the Public Service Commission and were assigned a docket number on February 5, 2008. At their request, we are escrowing the 2008 rate increase until they have had time to review our application. If they were to reject our request, this money would be returned to our customers. However, if they approve our request, the rate increase will be retroactive to January 1 of this year. It is possible that they may approve a greater increase than we have requested. In this case, the rate of \$32 per unit would still apply through December 31, 2008.

I hope this clears up any confusion you may have had. Please let me know if you have any further questions.

Sincerely,

Ralph Horak

*Phone: 863-655-0900*

*Fax: 863-655-0600*

**Utility Corporation of Florida, Inc**  
**Received Payments from All Customers**  
 January 1 through April 4, 2008

Date	Name	Amount	Increase
Jan 1 - Apr 2, 08			
02/07/2008	Bailes, Tim and Jessica	32.00	10
02/17/2008	Bailes, Tim and Jessica	32.00	10
02/26/2008	Bailes, Tim and Jessica	32.00	10
01/28/2008	Cebula, Peter	32.00	10
02/14/2008	Cebula, Peter	32.00	10
03/07/2008	Cebula, Peter	32.00	10
02/06/2008	Country Club Villas Homeowners' Ass.	4,708.00	0
02/26/2008	Country Club Villas Homeowners' Ass.	4,708.00	0
03/26/2008	Country Club Villas Homeowners' Ass.	4,708.00	0
02/26/2008	Golf View Villas	320.00	110
01/30/2008	Hofman, Lois	22.00	0
02/15/2008	Hofman, Lois	32.00	10
03/11/2008	Hofman, Lois	42.00	20
01/30/2008	Johnson, Barbara	32.00	10
02/14/2008	Johnson, Barbara	32.00	10
03/10/2008	Johnson, Barbara	32.00	10
01/28/2008	Kennedy, Jean	32.00	10
02/20/2008	Kennedy, Jean	22.00	10
03/11/2008	Kennedy, Jean	42.00	20
02/17/2008	Kerr, Gary	64.00	20
01/30/2008	Muzillo, Pete and Thais	32.00	10
02/14/2008	Muzillo, Pete and Thais	32.00	10
03/07/2008	Muzillo, Pete and Thais	32.00	10
01/28/2008	Orem, Vic and Betty	32.00	10
02/14/2008	Orem, Vic and Betty	32.00	10
03/07/2008	Orem, Vic and Betty	32.00	10
03/10/2008	Rider, Mary Kaye	128.00	40
01/30/2008	Robb, Gordon	22.00	0
02/14/2008	Robb, Gordon	22.00	0
02/26/2008	Robb, Gordon	42.00	10
04/02/2008	Robb, Gordon	42.00	20
01/28/2008	Snelling, Corine	32.00	10
02/14/2008	Snelling, Corine	64.00	20
03/12/2008	Snelling, Corine	96.00	30
02/01/2008	Waterway Patio Homes, I	924.00	0
03/03/2008	Waterway Patio Homes, I	924.00	0
03/28/2008	Waterway Patio Homes, I	924.00	0
02/20/2008	Waterway Patio Homes, II	704.00	0
02/20/2008	Waterway Patio Homes, II	704.00	0
03/25/2008	Waterway Patio Homes, II	704.00	0
		<u>20,512.00</u>	<b>480</b>

**Attachment D**

# Attachment E



100 Clubhouse Lane, Sebring, FL 33876  
(863) 655-0900  
<http://www.Springlakegolf.com>  
FAX: (863)-655-0600

April 7, 2008

Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

To Whom It May Concern,

Enclosed please find the 2007 financial statement for Spring Lake Club, Inc. Although the statement reflects a loss, the financial support for the Utility Corporation of Florida, Inc. comes from the SLCI cash flow, which exceeds \$3 million per year.

Spring Lake Club, Inc. pledges to continue its financial support of UCFI until it becomes profitable or is sold to a third party.

Sincerely,



Michael Tellschow, President,  
Spring Lake Club, Inc.

BALANCE SHEET  
(CONSOLIDATED)  
Spring Lake Club, Inc.  
100 Clubhouse Lane  
Sebring, Florida 33876

# Attachment F

AS OF 12/31/07

DOLLARS

## ASSETS

## CURRENT ASSETS

10000	Consolidated Total Cash	160425.02
10750	Accounts Receivable	6458.27
10751	Note Receivable RTJ	190000.00
10752	Note Receivable Lakeview	182163.40
10753	Note Receivable MLG	1240261.39
10754	Note Receivable SLH	220000.00

CURRENT ASSETS	SUBTOTAL	1999308.08
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## FIXED ASSETS

14400	Maintenance Equipment	213559.19
14500	Equip./Furniture & Fixtures	197881.88
14550	Investment Property	654637.80
15000	Buildings	1594651.24
15100	Restaurant Equipment	34759.94
15150	Sewer Plant Improvements	28524.52
15200	Land & Improvements	1692303.52
15400	Accumulated Depreciation	-1458881.54
15950	CIP-Triplex Model	248566.72

FIXED ASSETS	SUBTOTAL	3206003.27
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## OTHER ASSETS

12010	Other Inventory	78874.22
15960	Utility Deposits	12600.00

OTHER ASSETS	SUBTOTAL	91474.22
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**Attachment F**

AS OF 12/31/07

DOLLARS

OWNER EQUITY (Continued)

EQUITY TOTAL -----  
-224703.97

TOTAL LIABILITIES AND EQUITY -----  
5296785.46

\*\*\*\*\* WARNING \*\*\*\*\* ASSETS DO NOT EQUAL LIABILITIES PLUS EQUITY  
CHECK FOR OUT OF BALANCE ENTRIES

INCOME STATEMENT  
(CONSOLIDATED)  
Spring Lake Club, Inc.  
100 Clubhouse Lane  
Sebring, Florida 33876

# Attachment F

FOR PERIOD 01/01/07 TO 12/31/07

DOLLARS

PERCENT

## INCOME

## INCOME

40200	Resort Golf Sales	1132736.02	36.81
40201	Pro Shop Sales	31575.05	1.03
40202	Membership Sales	384380.33	12.49
40500	Bobcat Run Golf Sales	205378.96	6.67
41100	Total Cash Over/Short	-5190.66	-0.17
41200	Total Interest Income	26232.40	0.85
42003	Misc Income	87052.01	2.83
42102	Michael's Rest F/B	347369.94	11.29
42111	Member Money Transfer Acct	-4498.17	-0.15
42202	Spike's Rest F/B	260825.59	8.48
42250	Total Outside Food & Beverage	6695.58	0.22
42402	Hole In One Sales	32991.61	1.07
42445	Employee Discounts	-12138.76	-0.39
45000	Undistributed Package Income	54106.07	1.76
46000	PM Management Commissions	356030.52	11.57
46050	PM Owner Reimbursements	23944.78	0.78
55200	Defaulted Real Estate Deposit	150000.00	4.87
INCOME		TOTAL 3077491.27	100.00

## COST OF SALES

## COST OF SALES

45300	Total Merchandise Sales	21033.39	0.68
45400	Total Food Costs	202337.80	6.57
45500	Total Liquor Costs	85182.61	2.77
45706	Outside Green Fee's	2295.66	0.07
COST OF SALES		TOTAL 310849.46	10.10
GROSS PROFIT (LOSS)		2766641.81	89.90

## EXPENSES

## OPERATING EXPENSES

50250	Total Salaries	1270152.15	41.27
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INCOME STATEMENT  
(CONSOLIDATED)  
Spring Lake Club, Inc.  
100 Clubhouse Lane  
Sebring, Florida 33876

# Attachment F

FOR PERIOD 01/01/07 TO 12/31/07

DOLLARS      PERCENT

## OPERATING EXPENSES      (Continued)

50259	Tips Deducted	-57428.28	-1.87
50265	Payroll Fees	7642.09	0.25
50500	Total Payroll Taxes	123520.88	4.01
50506	ADP Payroll Fees	300.00	0.01
50510	Management Fees	27500.00	0.89
51000	Total Insurance	139560.89	4.53
51250	Total Leased Equipment	204351.92	6.64
51500	Total Advertising	73255.89	2.38
51550	Total Printing	6348.32	0.21
51750	Total Gasoline	48066.56	1.56
52000	Total Miscellaneous	21258.65	0.69
52500	Total Taxes and Licenses	6965.65	0.23
52600	Total Repair and Maintenance	222751.25	7.24
52611	R & M Equipment Golf Course	47517.07	1.54
52612	R & M Equipment Restaurants	3153.90	0.10
52613	R & M Equipment Villa's	7019.91	0.23
52614	R & M Equipment Clubhouse	2325.70	0.08
52670	Total Fertilizers	38922.41	1.26
52680	Total Chemicals	52676.93	1.71
52690	Total Seeds	1798.31	0.06
52750	Total Cleaning Supplies	2179.04	0.07
52850	Total Linens	8415.10	0.27
52900	Total Uniforms	5939.84	0.19
52950	Total Supplies	63860.39	2.08
53000	Total Travel Exp	26591.16	0.86
53250	Total Electric & Gas	126400.86	4.11
53300	Total Water & Garbage	14880.22	0.48
53350	Total Cable TV	2047.58	0.07
53500	Total Telephone	31768.55	1.03
53749	Rent Laundry Room	9736.00	0.32
53750	Total Consulting Fees	31602.00	1.03
53800	Total Outside Contractor	34477.80	1.12
53850	Total Donations	3494.03	0.11
53900	Total Legal Fees	5699.13	0.19
54000	Total Office Expense & Postage	62970.73	2.05
54200	Total Real Estate Taxes	47866.24	1.56
54250	Total Interest	252719.01	8.21
54500	Total Depreciation	74525.00	2.42
55001	Travel Agent Commissions	4938.74	0.16
55010	Resort Promotions	8518.34	0.28

INCOME STATEMENT  
(CONSOLIDATED)  
Spring Lake Club, Inc.  
100 Clubhouse Lane  
Sebring, Florida 33876

**Attachment F**

FOR PERIOD 01/01/07 TO 12/31/07

DOLLARS PERCENT

OPERATING EXPENSES (Continued)

EXPENSES	TOTAL	<u>3066289.96</u>	<u>99.64</u>
NET PROFIT (LOSS)		<u>-299648.15</u>	<u>-9.74</u>

# Attachment G

## COMMERCIAL LEASE AGREEMENT

This Commercial Lease Agreement (Lease) is entered into on this \_1st day of January, 2008, by and between Spring Lake Club, Inc. (Landlord) and Utility Corporation of Florida, Inc. (Tenant). Landlord is the owner of land and improvements whose address is: 2501 Duane Palmer Blvd, Sebring, FL

Landlord desires to lease the Leased Premises to Tenant, and Tenant desires to lease the Leased Premises from Landlord for the term, at the rental and upon the provisions set forth herein.

THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration, it is agreed:

### Term.

The Initial Term of the Lease shall begin on the 1st day of January, 2008, and continue in perpetuity for a term of 99 years, unless terminated by mutual agreement of all parties.

### Rent.

Tenant shall pay \$950 to Spring Lake Club, Inc. at the first of each month. Rent shall be adjusted to the cost of living but will be raised no less than 3%, at each 5 year anniversary.

### Prohibited Uses.

Notwithstanding the forgoing, Tenant shall not use the Leased Premises for the purposes of storing, manufacturing or selling any explosives, flammables or other inherently dangerous substance, chemical, thing or device.

### Sublease and Assignment.

Tenant shall have the right without Landlord's consent, to assign this Lease to a business with which Tenant may merge or consolidate, to any subsidiary of Tenant, to any corporation under common control with Tenant, or to a purchaser of substantially all of Tenant's assets.

Except as set forth above, Tenant shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Landlord's consent, such consent not to be unreasonably withheld or delayed.

### Alterations and Improvements.

Tenant, at Tenant's expense, shall have the right, upon obtaining Landlord's consent, to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Tenant

may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade

fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that Tenant shall repair, at Tenant's expense, all damage to the Leased Premises caused by such removal.

# Attachment G

may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Tenant shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade

fixtures and temporary installations, whether acquired by Tenant at the commencement of the Lease term or placed or installed on the Leased Premises by Tenant thereafter, shall remain Tenant's property free and clear of any claim by Landlord. Tenant shall have the right to remove the same at any time during the term of this Lease provided that Tenant shall repair, at Tenant's expense, all damage to the Leased Premises caused by such removal.

## Property Taxes.

Landlord shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Leased Premises, and all personal property taxes with respect to Landlord's personal property, if any, on the Leased Premises. Tenant shall be responsible for paying all personal property taxes with respect to Tenant's personal property at the Leased Premises.

## Insurance.

If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from any act of negligence by Tenant or by any of Tenant's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Tenant shall be responsible for the costs of repair not covered by insurance.

Landlord shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amount as Landlord shall deem appropriate. Tenant shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

Tenant and Landlord shall, each at its own expense, maintain a policy or policies of comprehensive general liability insurance with respect to the particular activities of each in the Building with the premiums thereon fully paid on or before due date. Such insurance policy shall be issued by and binding upon an insurance company approved by Landlord, and shall afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or combination thereof. Tenant shall provide Landlord with current Certificates of Insurance evidencing Tenant's compliance with this Paragraph.

## Utilities.

Tenant shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by Tenant on the Leased Premises during the term of this Lease unless otherwise expressly agreed in writing by Landlord. In the event that any utility or service provided to the Leased Premises is not separately metered, Landlord shall pay the amount due and separately invoice Tenant for Tenant's pro rata share of the charges.

## Signs.

Following Landlord's consent, Tenant shall have the right to place on the Leased Premises, at locations selected by Tenant, any signs which are permitted by applicable zoning ordinances and private restrictions. Landlord may refuse consent to any proposed signage that is in Landlord's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other tenant. Landlord shall assist and cooperate with Tenant in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Tenant to place or construct the foregoing signs. Tenant shall repair all damage to the Leased Premises resulting from the removal of signs installed by Tenant.

## Entry.

Landlord shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with Tenant's business on the Leased Premises.

# Attachment G

## Damage and Destruction.

If the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects, such damage or defects not being the result of any act of negligence by Tenant or by any of Tenant's agents, employees or invitees, that the same cannot be used for Tenant's purposes, then Tenant shall have the right within ninety (90) days following damage to elect by notice to Landlord to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises, and if such damage does not render the Leased Premises unusable for Tenant's purposes, Landlord shall promptly repair such damage at the cost of the Landlord. In making the repairs called for in this paragraph, Landlord shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Landlord. Tenant shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Tenant's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Tenant. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Tenant's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Tenant's purposes.

## Default.

In the event of a default made by Tenant in the payment of rent when due to Landlord, Tenant shall have fifteen (15) days after receipt of written notice thereof to cure such default. In the event of a default made by Tenant in any of the other covenants or conditions to be kept, observed and performed by Tenant, Tenant shall have thirty (30) days after receipt of written notice thereof to cure such default. In the event that the Tenant shall fail to cure any default within the time allowed under this paragraph, Landlord may declare the term of this Lease ended and terminated by giving Tenant written notice of such intention, and if possession of the Leased Premises is not surrendered, Landlord may reenter said premises. Landlord shall have, in addition to the remedy above provided, any other right or remedy available to Landlord on account of any Tenant default, either in law or equity. Landlord shall use reasonable efforts to mitigate its damages.

## Quiet Possession.

Landlord covenants and warrants that upon performance by Tenant of its obligations hereunder, Landlord will keep and maintain Tenant in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

## Condemnation.

If any legally, constituted authority condemns the Building or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Landlord and Tenant shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

## Subordination.

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, or upon the Building and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises of the Building. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and

# Attachment G

effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges a default stating the nature of such alleged default) and further stating such other matters as Landlord shall reasonably require.

## Notice.

Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by United States certified mail, return receipt requested, addressed as follows:

Landlord: Michael Tellschow, President, Spring Lake Club, Inc., 100 Clubhouse Lane, Sebring, FL 33876

Tenant: Utility Corporation of Florida, Inc., 100 Clubhouse Lane, Sebring, FL 33876

Landlord and Tenant shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

## Waiver.

No waiver of any default of Landlord or Tenant hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Landlord or Tenant shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

## Memorandum of Lease.

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Landlord and Tenant shall execute a Memorandum of Lease to be recorded for the purpose of giving record notice of the appropriate provisions of this Lease.

## Headings.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease.

## Successors.

The provisions of this Lease shall extend to and be binding upon Landlord and Tenant and their respective legal representatives, successors and assigns.

## Consent.

Landlord shall not unreasonably withhold or delay its consent with respect to any matter for which Landlord's consent is required or desirable under this Lease.

## Performance.

If there is a default with respect to any of Landlord's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Tenant to Landlord specifying the default, Tenant may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost



# Attachment G

thereof from the next accruing installment or installments of rent payable hereunder until Tenant shall have been fully reimbursed for such expenditures, together with interest thereon at a rate equal to the lesser of \_\_\_\_\_ percent (%) per annum or the then highest lawful rate. If this Lease terminates prior to Tenant's receiving full reimbursement, Landlord shall pay the un-reimbursed balance plus accrued interest to Tenant on demand.

## Compliance with Law.

Tenant and Landlord each shall comply with all laws, orders, ordinances and other public requirements now or hereafter affecting the Leased Premises.

## Final Agreement.

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.

Michael Telschow, President, Spring Lake Club, Inc.,

 Landlord

Michael Telschow, President, Utility Corporation of FL, Inc.

 Tenant

# Attachment H

## Water Bills

### Customer Detail

**SPRING LAKE CLUB**

**Account Number**

**452**

SPRING LAKE CLUB  
100 CLUBHOUSE LN

SEBRING FL  
33876-8300 (863)655-0900  
Service Address: 100 CLUBHOUSE LN

Months On System	48
Total Usage	2,058,690
Average Usage	42,889 <i>per month</i>
Sequence Number	4630
Meter Serial Number	3712284
Route Number	1
Last Read Date	2/21/2008
12 Month Average	70,308 <i>per month</i>
Last Year Average	57,730
Previous Year Average	37,190
Last 'Paid On Time' Date	3/10/2008
Last Late Charge Date	10/17/2007
Number Of Late Months	31
Next Due Date	4/15/2008
Year To Date Charges	\$640.11

Date Turned On	3/11/2004
Date Turned Off	
Meter Check Date	3/3/2006
Rate Code	3
Pump/Well Number	1
Last Reading	133714
Previous Reading	124741
Usage	89,730

RADIO ID 4277021

METER SIZE 1

METER TYPE R

OLD ACCT# 01-2649  
LEGAL 100/CLUBHOUSE

#### Deposit Information

Deposit Amount	\$50.00	Deposit Date	3/11/2004	Certificate Number	4174
Deposit Amount 2	\$0.00	Deposit 2 Date		<u>Services</u>	<u>Current Balance</u>
	Usage	Charges	Read Date	Reading	
January	78,920	136.39	1/23/2008	124741	
February	89,730	151.84	2/21/2008	133714	
March	70,470	123.32	3/13/2007	63422	
April	103,550	170.63	4/24/2007	73777	
May	0	22.55	4/24/2007	73777	
June	99,770	165.22	6/20/2007	83754	
July	52,540	99.68	7/26/2007	89008	L
August	41,130	81.37	8/23/2007	93121	
September	41,970	82.57	9/20/2007	97318	
October	59,240	110.24	10/24/2007	103242	L
November	89,040	150.86	11/26/2007	112146	
December	47,030	90.78	12/19/2007	116849	
Last Payment	3/10/2008	\$151.84	Check Number	50305	Previous Charges \$151.84
Age 1	\$0.00	Age 2	\$0.00	Age 3	\$0.00
					<u>Paid This Month</u> \$151.84
					<u>Account Balance</u> 0.00

100 CLUBHOUSE LN