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(LICENSED IN NEW YORK ONLY)

October 6, 2008

E-FILING

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

RE: Docket No. 080213-WU; Silver Lake Utilities, Inc.'s Application for Amendment to Water Certificate No. 636-W to Extend its Service Area in Highlands County, Florida  
Our File No.: 43005.01

Dear Ms. Cole:

Pursuant to Order No. PSC-08-0520-FOF-WU, enclosed is a copy of Silver Lake Utilities, Inc.'s executed and recorded Lease Agreement and Memorandum of Lease for the land for the existing wells.

Should you have any questions or concerns regarding this matter, please do not hesitate to give me a call.

Very truly yours,



CHRISTIAN W. MARCELLI  
Of Counsel

CM/tlc  
Enclosures

cc: Christopher Shoemaker, Utilities Manager (w/enclosures) (via e-mail)  
Mr. Richard Redemann, Division of Economic Regulation (w/encs.) (via e-mail)

LEASE AGREEMENT

THIS LEASE is made and entered into as of this 12th day of September, 2008, by and between 7L Lake Placid, LLC, a Florida limited liability company ("Owner"), and Silver Lake Utilities, Inc., a Florida corporation ("Service Company").

Owner hereby leases to Service Company, and Service Company hereby leases from Owner, the Well Sites, upon the terms and subject to the conditions set forth herein.

1. DEFINITIONS.

The following definitions of terms used in this Lease shall apply unless the context indicates a different meaning:

- A. "Well Sites" – The property as described in Exhibit "A" attached hereto, and such additional Well Sites permitted pursuant to this Lease.

2. TERM.

This Lease shall be effective for a period of ninety-nine (99) years, commencing on September 12, 2008 and terminating at midnight on September 11, 2107, unless sooner terminated as provided herein.

3. ROYALTY & RENTAL PAYMENTS.

Service Company shall pay to Owner a monthly royalty of \$0.20 per thousand gallons of water withdrawn and \$1,000 per year rental for each Well Site for the initial three year period, plus sales tax, all as compensation for the Service Company's right to utilize the Well Sites and the impact of Service Company's right to utilize and withdraw water from Owner's lands and the impact of such uses on Owner's other properties. Royalty payments shall be paid in arrears on or before the first of each month based upon the volume of water withdrawn through the 15<sup>th</sup> day of the preceding month.

One hundred and eighty (180) days prior to the end of the third year of this Lease, and within the same period prior to the end of each succeeding 3-year period, Service Company and Owner shall renegotiate the periodic royalty to be paid over the next 3-year period. The purpose of renegotiating the periodic royalty is to reflect the increase in the fair value of the Well Sites and the rights to withdraw water over the last 3-year period. If Service Company and Owner are unable to agree on the amount of increase in the periodic royalty to be paid over the subject 3-year period, then at least one hundred and fifty (150) days prior to the

commencement of the subject 3-year period, Service Company and Owner shall agree upon a qualified appraiser who will calculate the increase in the periodic royalty to be paid over the subject 3-year period. If the parties are unable to agree upon an appraiser to be used, then Service Company and Owner shall each select a qualified appraiser of its choice and make the calculations, and the average of the two appraisals shall be binding on the parties. Calculations by the appraiser or appraisers shall in either case be made and delivered to Service Company and Owner at least ninety (90) days prior to the commencement of the subject 3-year period. Neither the calculations of the appraiser or appraisers nor anything contained herein shall operate to reduce the periodic royalty below the amount of the periodic royalty in effect at the time the negotiations or calculations are conducted as set forth herein or below the then existing periodic royalty plus inflation using the compounded index percentage approved for regulated water and wastewater utilities by the Florida Public Service Commission for each intervening year since that last royalty amount was set.

In addition to renegotiating the periodic royalty every 3 years as set forth above, any time that, in Owner's reasonable opinion, the impact of any local, regional, state, or federal rule, ordinance, law, or policy directly or indirectly affects Owner's use of the Well Sites or its other lands not subject to this Lease by further restricting or requiring changes in land or water uses near Well Sites, or as a result of withdrawals or activities related to withdrawals, Service Company and Owner shall renegotiate the periodic royalty. The purpose of this renegotiation shall be to reflect the diminution in value of the affected Well Sites or other lands of Owner. At anytime that Owner reasonably deems such diminution in value to have occurred, Owner shall notify Service Company in writing and, within forty-five (45) days thereof, Owner and Service Company shall renegotiate the periodic royalty to compensate Owner for the diminution in value. If Owner and Service Company are unable to agree on a renegotiated periodic royalty, then Service Company and Owner shall agree upon a qualified appraiser who will calculate such compensation. If the parties are unable to agree upon a qualified appraiser to be used, the Owner and Service Company shall each select a qualified appraiser of its choice to make the necessary calculations, and the average of the two appraisers shall be binding on the parties.

The payment of the \$1000 per year for each Well Site shall be due and payable monthly, in an amount computed by multiplying the number of Well Sites by \$1000 and dividing by 12, plus sales tax, in advance on or before the first of each month. All payments due hereunder shall be made to Owner at Owner's address as set forth herein, or as otherwise directed in writing by Owner.

The annual rental for each Well Site shall be adjusted on the same three year cycle as royalties by application of the Cost of Living Index. The Cost of Living Index as used herein shall mean the consumer price index (U.S. city average all items) published by the Bureau of Labor Statistics of the U.S. Department of Labor or such other similar and suitable index as the parties shall agree to in the absence of one published by the U.S. Department of Labor. The index shall be applied cumulatively for the preceding three year period.

By way of example:

Beginning rental	\$1,000.00
CPI year one	3.2%
Annualized Adjustment	\$1,032.00
CPI year two	3.5%
Annualized Adjustment	\$1,068.12
CPI year three	3.0%
New Rental at three year adjustment	\$1,100.16

Nothing contained herein shall operate to reduce the periodic rental below the amount of the periodic rental in effect at the time the calculations are conducted as set forth herein.

4. DESCRIPTION OF LEASED PREMISES.

The premises subject to the Lease shall initially consist of the two (2) potable Well Sites as outlined on Exhibit "A". Any portion of said Well Sites heretofore and currently used for residential or commercial facilities or purposes conflicting with the purposes of this Lease shall be excluded from the premises subject to this Lease. In the event any governmental entity or authority shall now or hereafter require a larger Well Site than as outlined on Exhibit "A", all additional or relocated Well Sites acquired pursuant to Sections 5 and 8, respectively, shall conform to the requirements of said governmental entity or authority. Owner and Service Company anticipate that this Lease may be amended in the future to include the service, operation, and lease of additional wells, surface water, or other sites, pursuant to this Lease and will negotiate the terms under which those wells, surface water, or other sites will be included in this Lease at that time.

5. ADDITIONAL WELL SITES

In the event that Service Company shall need additional Well Sites for the purpose of supplying Owner or third parties with water, Owner agrees to negotiate with Service Company for the lease of parcels of property for use as additional Well Sites. At such time as Service Company and Owner shall agree upon the location and other pertinent matters related to such additional Well Sites, the parties shall execute an Addendum to this Lease and the same shall become subject to this Lease and Service Company and Owner shall each respectively have the rights and privileges set forth herein. Owner shall not be obligated to negotiate water rights to the detriment of its agriculture or other operations.

6. WARRANTY OF TITLE.

Owner represents that it has good and marketable title to the Well Sites, subject only to real estate taxes not yet due and payable, matters of public record, and such other matters that do not materially interfere with Service Company's intended uses, including but not limited to the lien of any existing or future lender of Owner. Service Company may at any

time undertake to examine, at its sole cost and expense, title to any of the Well Sites. In the event that such examination of title shall result in the determination that there are title defects that are contrary to the status of title as above stated, Service Company may so notify Owner, specifying in writing such defects. Owner shall use diligent effort to remove or cure such defects in title within six months of said notice. In the event that Owner shall be unable to remove or cure such title defects within the specified time, Service Company shall have the option of either waiving said title defects or canceling this Lease as to the Well Site to which title defects are applicable and receiving a prorata refund of any rents paid in advance. In the event that uncured title defects shall adversely affect the Well Sites to the extent or degree that it materially interferes with Service Company's ability to perform its obligations under the terms of this Lease, Service Company shall be entitled to cancel this Lease and receive a prorata refund of any advance rents paid under this Lease.

#### 7. USE OF WELL SITES.

The Well Sites shall be used for the sole purpose of withdrawing water and supplying it to Owner or third parties in accordance with the provisions of this Lease or third party agreements. In the event of a conflict between this Lease and any third party agreements, this Lease shall control. Service Company has the right to erect, maintain and operate on the Well Sites well casings, pumps, and water supply, transmission, and distribution pipes and equipment, and other appurtenant and associated facilities (the "Well Site Production Facilities").

#### 8. ABANDONMENT OR SUBSTITUTION OF WELL SITES.

In the event that Service Company ceases to produce water from any Well Sites by reason of insufficient quality or quantity, upon written notice of the same to Owner, the nonproducing Well Site shall either be plugged at Service Company's expense in accordance with applicable statutes, ordinances, and regulations or taken over by Owner for its use. If Owner elects to take over the Well Site, Service Company shall, at Service Company's expense, transfer all applicable permits to Owner. When the Well Site has been certified as properly abandoned by the statutorily designated agency or Owner has elected in writing to take over the Well Site for its use, the Well Site shall be removed from this Lease by Addendum and the periodic rents shall be reduced prorata accordingly.

If Owner shall reasonably determine that for Owner's beneficial use of its lands a Well Site (whether an existing Well Site or a Well Site hereafter leased) must be relocated, Owner will provide a substitute Well Site located as closely as reasonably possible to the one removed, and Owner shall bear the expense of such relocation, including cost of permitting the new facility and abandoning the existing facility. The periodic rental shall be renegotiated based upon the costs of such relocation efforts.

Upon the abandonment of any Well Site, or the removal from any Well Site, Service Company shall clean up the Well Site and leave the same in an environmentally compliant and neat and presentable condition.

9. PERMITS.

At the effective date of this Lease, Owner shall use its best efforts to transfer all applicable existing permits and electric service accounts to Service Company and Service Company shall reimburse Owner for all costs of such transfer. Prior to constructing or operating any Well Site Production Facilities or servicing any customer, Service Company shall obtain, at its sole expense, unless specifically provided otherwise in this Lease, all necessary permits, certificates, and approvals necessary to construct and operate Well Site Production Facilities, withdraw water from Well Sites, transmit water and collect tariffs for water supplied to any customer and any other person or entity, as may be required by any governmental entity, including, without limitation, the applicable water management districts, Public Service Commission, county governments, U.S. Army Corp of Engineers, and the Department of Environmental Protection. The Owner has the right to approve, prior to filing, the identity of the applicant and the form and substance of any such permit application and such approval shall not be unreasonably withheld.

10. MAINTENANCE AND REPAIR.

As of the effective date of this Lease Service Company shall be responsible for the continuous operation and maintenance of the Well Sites and Well Site Production Facilities during the term of this Lease, unless otherwise agreed in writing by Service Company and Owner. Service Company's responsibilities shall include replacement of any component parts of the Well Site Production Facilities when such becomes necessary due to destruction, wear and tear or otherwise. Service Company shall also keep the Well Sites in a neat, clean and presentable condition.

11. ELECTRICAL POWER.

Owner represents that electrical power for the proposed operations on all Well Sites requiring electricity is available from the appropriate power companies having authority to serve the Well Sites or, if not, acquiring electric power from such companies or alternative source shall be the responsibility of Service Company. Owner shall reasonably cooperate with Service Company in assisting Service Company to obtain electrical power from the closest power source of the appropriate power company to each Well Site, including additional Well Sites hereafter acquired, so as to service the operations of Service Company at each Well Site. Owner shall have the right to approve the location of poles, transformers, electrical lines, or other necessary installations, and Owner shall not unreasonably withhold such approval. Owner shall have the right to require underground installation of utilities. Service Company shall bear all expenses incurred in connection with the installation and continued service by the appropriate power company or other source of electric power.

Service Company shall reimburse Owner for any costs incurred by Owner in connection with the preparation, review, or negotiation of documents or for consultations in relation to obtaining and maintaining electrical power for the proposed operations at each Well Site, including but not limited to the placement of poles, transformers, electrical lines and other necessary installations.

12. INGRESS AND EGRESS.

Owner hereby grants Service Company nonexclusive ingress and egress to the Well Sites during the period of time this Lease remains in force and subject to the limitations of this Section. Service Company's nonexclusive right of ingress and egress may be exercised only during the times and solely for the purposes set forth in this Lease. If county or state roads provide reasonable means of ingress and egress to the Well Sites, Service Company shall use such county or state roads. In the event that ingress and egress is available only upon roads other than county or state roads, Service Company shall so notify Owner, and Owner shall specify existing roads or ways for ingress and egress to be used by Service Company. Owner may, in Owner's sole and absolute discretion, from time to time change the location of Service Company's designated ingress and egress so long as such change complies with the terms of this paragraph. Owner shall make reasonable efforts to specify roads or ways located so as to permit Service Company to exercise and enjoy the privileges created by this Lease without undue interference, but Owner shall have no affirmative obligations to improve, maintain, or repair any such road for use by Service Company. In specifying roads for ingress and egress, Owner shall from time to time instruct Service Company as to specific gates to be used and procedures for locking and unlocking gates. Service Company agrees to comply with such instructions of Owner. Service Company shall be solely responsible for security on all gates used by Service Company for ingress and egress. Any roads or accessways used by Service Company shall be used by Service Company at its own risk and shall be maintained by Service Company so as to permit continued safe vehicular passage and shall be left in a condition at least as good as originally found by Service Company at the commencement of this Lease. Owner agrees that, in the event Owner leases additional Well Sites to Service Company, Owner shall grant to Service Company such additional permissive use as may be necessary to provide ingress and egress to such additional Well Sites.

13. LOCKS, GATES, FENCES.

Service Company shall place no new locks on Owner's gates without the prior consent of Owner. If Owner permits Service Company to place locks on its gates, the locks shall be clearly identified to Owner and placed so that they will not prohibit access by others who have locks on the gates. Service Company shall give keys only to authorized employees. Service Company agrees that it shall immediately close and securely fasten gates or gaps in fences that are opened by Service Company. No new gaps or gates shall be made in any fence without the prior consent of Owner. Service Company shall in no way tamper with, alter, or modify any of Owner's existing fences or cattle or wildlife control equipment

or devices without the prior consent of Owner. In the event any fences require repair due to the negligence or other activities of Service Company, Owner shall make such repairs and Service Company shall reimburse Owner for the costs of such repair.

14. PROHIBITED ACTIVITIES.

Service Company shall not make or permit any unlawful use of Owner's lands. Service Company shall not take or remove, kill, or otherwise molest any livestock or wildlife on any of Owner's lands, nor shall the Service Company take, remove, disturb, or otherwise molest any standing timber on Owner's lands without the prior consent of Owner. Service Company covenants that Service Company will hold Owner harmless from all damage caused by Service Company or its agents or employees to such livestock, wildlife, or timber and to promptly notify and reimburse Owner for any such damage. No hunting or fishing shall be permitted on any of Owner's lands by Service Company, its agents, or employees. Service Company shall at no time have dogs or guns or firearms on any of Owner's lands. Service Company will at no time cause any fires to be set on any of Owner's lands, except for the purposes of disposing of debris and only with the prior written consent of Owner. If Owner grants consent, Service Company shall be solely responsible for obtaining the necessary and required permits and for all expenses related thereto. If any employees, agents, or subcontractors of Service Company shall violate the provisions of this paragraph, Owner shall be entitled to require that such person or persons be prohibited from subsequently coming onto Owner's lands. Should Service Company fail to exercise reasonable measures to prevent such person or persons from subsequently coming onto Owner's lands, such act shall be deemed a default hereunder. As used in this paragraph, the term "Owner's lands" shall include the Well Sites and Well Production Facilities.

15. INSPECTION BY OWNER.

Owner or Owner's agent may at any time enter upon any Well Site to view the condition thereof and to observe Service Company's operations thereon.

16. REAL ESTATE, PERSONAL PROPERTY AND INTANGIBLE TAXES.

Service Company shall pay all real estate, personal property, and intangible taxes, and all increases in real estate taxes on the Well Sites and Well Production Facilities accruing during the time that this Lease remains in force, including any increases resulting from the construction of any additions or improvements or the installation of any equipment on the Well Sites (which in order to do, Service Company shall first obtain the written consent of Owner, except for those installations expressly permitted by Owner under this Lease), whether actual payment of such taxes is made during the term of this Lease or thereafter. If this Lease begins other than on the first day of the tax year, or if this Lease ends other than on the last day of the tax year, then the parties shall make appropriate adjustments or prorations. Additionally, Owner and Service Company acknowledge and agree that the taxes imposed upon the Well Sites and/or Well Production Facilities and other taxes shall be computed and



based on the most recently available valuations, millages, assessments, and other information (including information included in a "cut-out" customarily prepared by the county) provided by the county in which the Well Sites are located.

17. OTHER TAXES.

Service Company shall pay all sales taxes, if any, license taxes, and any and all other taxes, except income taxes of Owner, with respect to Service Company's operations hereunder.

18. INSURANCE.

Service Company shall, during the term of this Lease, at its expense, maintain in effect Commercial General Liability Insurance, with a company or companies authorized to engage in the business of general liability insurance in the State of Florida and reasonably satisfactory to Owner. Each policy shall be in amounts not less than One Million (\$1,000,000.00) Dollars per occurrence and One Million (\$1,000,000.00) Dollars general aggregate for bodily injury and property damage. Such policies of insurance shall name Owner as an additional insured. Upon Owner's request, Service Company shall provide Owner with certificates of insurance evidencing coverage required herein naming Owner as an additional insured and confirming that such coverage shall not be amended or modified without thirty (30) days prior written notice to Owner.

Service Company shall also, during the term of this Lease, at its expense, maintain in effect Workers' Compensation insurance coverage as required by law, written by an insurance company authorized and qualified to write Workers' Compensation insurance in Florida.

19. HOLD HARMLESS, ATTORNEY'S FEES.

A. Indemnity to Owner.

Service Company shall indemnify and defend Owner and hold Owner harmless from and against every claim or demand with respect to bodily injury, death, property damage, nuisance, or other loss or damage of any kind, including attorney's fees and costs incurred by Owner, arising out of Service Company's use or occupancy or operation of any Well Site, Well Site Production Facilities, or any Service Company's activities on or about any Well Site, Well Production Facilities, or any of Owner's lands. Service Company's duty to indemnify shall include indemnification from and against any fine, penalty, liability, or cost arising out of Service Company's violation of any law, ordinance, or governmental regulation applicable to Service Company's use or occupancy of any Well Site or Service Company's activities on or about any Well Site, Well Site Production Facilities, or any of Owner's lands.

B. Indemnity to Service Company.

Owner shall indemnify and defend Service Company and hold Service Company harmless from and against every claim or demand with respect to bodily injury, death, property damage, nuisance, or other loss or damage of any kind, including attorney's fees and costs incurred by Service Company, arising out of Owner's negligence in discharging its duties under the lease of any Well Site, Well Site Production Facilities, or Owner's activities on or about any Well Site, Well Production Facilities, or any of Owner's lands. Owner's duty to indemnify shall also include indemnification from and against any fine, penalty, liability, or cost arising out of Owner's violation of any law, ordinance, or governmental regulation applicable to Owner's use or occupancy of any Well Site or Owner's activities on or about any Well Site, Well Site Production Facilities, or any of Owner's lands.

C. Costs and Attorney's Fees.

In the event Service Company or Owner brings an action to enforce this Lease by Court proceedings or otherwise, then the prevailing party shall be entitled to recover from the other party all costs incurred, together with reasonable attorney's fees at all levels, including appeals.

D. Venue

Venue for actions under this Lease not specific to geographic location shall lie in Highlands County, Florida. Actions specific to geographic location shall lie in the County in which the property at issue is located.

20. DEFAULT.

The occurrence of one or more of the following is an event of default by Service Company: the failure of Service Company to perform any obligation for the payment of money within 15 days after the time within which the payment is to be made as provided in the section of this Lease creating the obligation; the failure of Service Company to perform and comply with any obligation imposed upon Service Company by this Lease, other than the payment of money, and the failure continues beyond a reasonable period of time for curing such failure to perform, after written notice thereof from Owner to Service Company, except that any breach by Service Company of the obligations set forth in Section 14 (Prohibited Activities) shall be deemed a default hereunder without any notice, grace, or curative period; proceedings under the Bankruptcy Act for bankruptcy are filed by or against Service Company, and if filed against Service Company, have not been dismissed within thirty (30) days after the filing; assignment of Service Company's property for the benefit of creditors is made; a receiver, conservator, or similar officer is appointed by a court of competent jurisdiction to take charge of all or a substantial part of Service Company's property, and within thirty (30) days after appointment the officer is not discharged and possession of the property is not restored to Service Company; Service Company's interest in the Well Sites

and Well Site Production Facilities, or under this Lease is the subject of taking or levy under execution, attachment, or other process of law and the action is not canceled or discharged within thirty (30) days after its occurrence; Service Company abandons the Well Sites; or Service Company defaults under this Lease.

If Owner shall default in any of its obligations hereunder, Service Company shall give written notice thereof to Owner, and Owner shall have a reasonable period of time after receipt of such notice in which to cure such default.

Owner and Service Company shall have the right to terminate this Lease for any default of the other; provided that where curative periods are applicable, Owner and Service Company may only terminate if the default remains uncured through the expiration of such curative periods.

## 21. COMPLIANCE WITH ENVIRONMENTAL LAW REQUIREMENTS.

Service Company shall not bring upon any of Owner's lands or Well Sites or possess thereon or make or produce or discharge thereon any hazardous or toxic materials, wastes or substances as such terms are defined in the Resource Conservation and Recovery Act (RECRA) (PL 94-580, 90 Stat. 2796 [1976] and amendments thereto, the Clean Water Act of 1972 (33 USC 1321[f]) and subsequent amendments thereto, the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) (PL-510, 94 Stat. 27, 67 [1980]) and subsequent amendments thereto, the rules and regulations of the United States Environmental Protection Agency promulgated thereunder, Chapter 403 Florida Statutes, and the rules and regulations of the Florida Department of Environmental Protection; and shall not bring upon or leave upon said Owner's land or Well Sites any containers, receptacles or the like containing any such wastes, substances or materials. If any materials, wastes or substances left on said Owner's lands or Well Sites by the Service Company should at any time be classified or determined by a governmental authority as substances required to be removed from such Owner's lands or Well Sites or disposed of at a qualified hazardous waste or disposal site, Service Company shall be obligated at Service Company's expense to remove and dispose of the same in a regulatory approved manner. Notwithstanding the foregoing prohibitions, should Service Company while occupying or carrying on any operations or activities upon Owner's lands or the Well Sites cause the deposit on Owner's lands or the Well Sites or any other areas, any such wastes, substances or materials which pursuant to any of the foregoing laws, statutes, rules or regulations or orders of any governmental entity or agency the owner of the property or Well Sites might have an obligation to clean up or participate in the clean up from any such deposit area Service Company shall assume all such obligations of Owner thereunder. Service Company hereby agrees to indemnify and save harmless Owner from any damages, expenses or liability resulting from any violation of the provisions of this paragraph by Service Company. Service Company's obligations under this paragraph, including Service Company's indemnification obligations and Service Company's obligation to remove and dispose of in an approved manner any such materials, substances or wastes brought upon or left upon said Owner's lands or the Well Sites by Service Company and Service Company's obligations to

assume Owner's obligations or liabilities for clean up as aforesaid shall be continuous and shall survive the expiration or termination of this Lease.

22. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS.

Service Company shall not violate any laws, ordinances of the United States or the State of Florida or any governing body or any rule, regulation or order of any governmental agency, including but not limited to the U.S. Corps of Engineers, the United States Environmental Protection Agency, the Florida Department of Environmental Protection, the South Florida Water Management District, the Florida Game and Freshwater Fish Commission or any other agency applicable to Owner's land or the Well Sites or to Service Company's operations or activities thereon and shall hold Owner harmless and indemnify Owner against any and all liabilities as a result of any such violations.

23. NO MECHANIC'S LIENS.

It is hereby stipulated and agreed by and between the parties hereto that from the date of the execution of this Lease by the parties and during the entire term hereof, there shall be no mechanic's lien upon Owner's interest in Owner's land or the Well Sites and in the buildings and improvements located thereon, arising through the act of Service Company or any person claiming under or through Service Company. The mere fact of the existence of a mechanic's lien or materialmen's lien or liens, however, shall not of itself operate as a forfeiture or termination of this Lease, provided Service Company, within thirty (30) days after the receipt by it of written notice of lien from the lienor or the recording of such notice of lien among the public records of the County in which Owner's lands or the Well Sites are located, shall cause the same to be canceled, released or extinguished, or Owner's lands or the Well Sites released therefrom by the posting of a bond or by any other method prescribed by law, and proper evidence thereof shall be furnished to Owner, and if such lien or liens appear of record, Service Company shall cause the same to be canceled, satisfied and discharged of record, or Owner's lands or the Well Sites to be released from the effect thereof as above set forth. All persons with whom Service Company may deal are put upon notice that Service Company has no power to subject Owner's interest to any claim for mechanic's or materialmen's lien claims, and all persons dealing with Service Company must look solely to the credit of Service Company and to Service Company's assets and not to Owner or Owner's assets.

24. CONDEMNATION.

In the event of any condemnation of the Well Sites or any part thereof, Owner shall be entitled to receive all compensation for land and improvements taken together with all damages to the remaining property caused by such taking. Service Company shall not be entitled to participate in or to a proportion of any award for just compensation made to Owner as a result of the taking and shall have no claim against Owner therefor. Any Well Sites taken by condemnation shall no longer be subject to the terms of this Lease, and the

periodic rents shall be reduced prorata accordingly.

25. SUBORDINATION AND NONDISTURBANCE.

Service Company agrees and acknowledges that all of Service Company's right, title and interest under this Lease is subordinate to the lien of any existing or future lender, provided that such existing or future lender has agreed in writing that, so long as Service Company complies with the terms, conditions and covenants of this Lease and performs its obligations under this Lease, such existing or future lender will take no action that will interfere with or disturb Service Company's possession or lawful use of Owner's lands or the Well Sites during the term of this Lease. Upon Service Company's request, Owner agrees to obtain a nondisturbance agreement, in form and substance satisfactory to Service Company, from any existing or future lender.

26. LIMITATION OF RIGHTS.

Except for the rights given hereunder with respect to the withdrawal of water from the Well Sites and the use of Owner's lands in connection therewith, Service Company shall have no interest in or ownership of Owner's lands or the Well Sites or any rights to any minerals, oil, or gas therein and thereunder or any other sub-surface rights in and to Owner's lands or the Well Sites.

27. SURRENDER OF THE PROPERTY AND WELL SITES.

Upon the termination or expiration of the tenancy created hereby, except due to the default of Service Company, Service Company shall have ninety (90) days to remove all Well Site Production Facilities from the Well Sites or Owner's lands. Upon the expiration of the ninety (90) days granted herein, all Well Site Production Facilities remaining on Owner's lands or Well Sites shall become property of the Owner. Upon removal of any Well Site Production Facilities, Service Company shall return the Well Site to the condition as it existed prior to the installation of the Well Site Production Facilities.

28. TERMINATION OR RELOCATION IN EVENT OF SALE.

In the event that Owner receives and accepts a bonafide offer to purchase the lands containing all or substantially all of the Well Sites and the potential purchaser will not purchase the lands subject to this Lease, then notwithstanding anything to the contrary contained in this Lease, Owner shall have the right to terminate this Lease upon ninety (90) days written notice to Service Company and Owner shall not be liable to Service Company for any loss, costs, expenses or damages for said termination. Owner's right of termination under this paragraph is subject to Owner providing the Service Company with a right of first refusal to purchase the lands containing the Well Sites upon the same terms and conditions as accepted by the Owner. In the event that Owner receives and accepts a bonafide offer to purchase lands containing less than all or substantially all of the Well Sites, the purchase is

not subject to this Lease, and said lands includes any Well Sites, then, upon the request of Service Company, Owner shall provide a substitute Well Site as discussed in Paragraph 8 hereof.

29. NO EXPRESS OR IMPLIED WARRANTY.

Service Company agrees that it has inspected the Well Sites carefully and is satisfied with their condition and accepts the Well Sites for lease. SERVICE COMPANY ACCEPTS THE WELL SITES AS IS AND WITH ALL FAULTS. OWNER MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, FITNESS FOR A PARTICULAR PURPOSE, OR ANY OTHER MATTER CONCERNING THE WELL SITES, EXCEPT AS TO OWNERSHIP OF THE WELL SITES. Service Company hereby waives any claim it might have against Owner for any loss, damage or expense caused by any defect, use, repair or maintenance of the Well Sites.

30. ASSIGNABILITY.

Service Company may not assign, or otherwise transfer all or any part of its interest in this Lease, the Well Sites or the Well Site Production Facilities without the prior written consent of Owner, which shall not be unreasonably withheld. Owner may assign this Lease upon written notice to Service Company, as set forth above, subject to the assignee assuming all of the Owner's obligations herein. Notwithstanding anything to the contrary contained in this Lease, Service Company may assign, mortgage, pledge, hypothecate or otherwise transfer without notice or consent its interest in this Lease to any financing entity, or agent on behalf of any financing entity to whom Service Company (i) has obligations for borrowed money or in respect of guaranties thereof, (ii) has obligations evidenced by bonds, debentures, notes or similar instruments, or (iii) has obligations under or with respect to letters of credit, bankers acceptances and similar facilities or in respect of guaranties thereof.

31. RECORDING.

As required by the Florida Public Service Commission, the parties shall execute a memorandum of this Lease in the form attached hereto as Exhibit "B" (the "Memorandum"). Service Company shall, at Service Company's expense, record the Memorandum in each County in which Well Sites under this Lease occur. In the event of termination of this Lease (in whole or in part), Service Company shall cause a notice of such termination to be filed in the public records of the County(s) in which the termination applies.

32. ADDRESSES, NOTICES; TIME.

Notices hereunder shall be given by personal delivery, facsimile with evidence of transmission, or certified mail addressed as provided below. For the purpose of this Lease, the addresses of the parties are:

Owner: 7L Lake Placid, LLC  
c/o Lykes Bros. Inc.  
400 N. Tampa Street  
Tampa, FL 33602  
Attn: Chief Financial Officer

Copy to: Lykes Bros. Inc.  
106 SW CR 721  
Okeechobee, FL 32974  
Attn: Director of Land Management

Service Company: Silver Lake Utilities, Inc.  
106 SW CR 721  
Okeechobee, FL 32974  
Attn: President

Notice given by facsimile shall be deemed received when noted on the evidence of the transmission of said facsimile. Notice given by certified mail shall be deemed received when deposited in the United States mails, postage prepaid. Notice given otherwise shall be deemed received when received at the address to which sent or when actually received by the party to whom addressed. Either party may change its address by giving written notice to the other, but the change shall not become effective until the notice is actually received by the other party. If the last day for giving any notice or performing any act hereunder falls on a Saturday, Sunday, or a day on which the United States post offices are not open for the regular transaction of business, the time shall be extended to the next day that is not a Saturday, Sunday, or post office holiday.

33. BINDING EFFECT OF LEASE.

This Lease shall be binding upon and shall inure to the benefit of Owner, Service Company, and their respective assigns and successors by merger, consolidation, conveyance, or otherwise, subject to the limiting terms of this Lease.

34. DOCUMENTATION.

Service Company and Owner agree that each shall execute such other documentation as may reasonably be required from time to time to effectuate the intent of this Lease.

35. INTERPRETATION.

It is agreed by and between the parties hereto that all words, terms and conditions contained herein 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 in the interpretation of this Lease.

36. EFFECTIVE DATE.

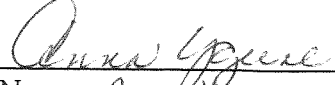
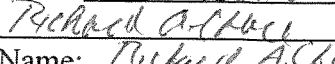
This Lease shall become effective and binding upon Owner and Service Company on September 12, 2008.

37. STRICT COMPLIANCE.


Failure to insist upon strict compliance of any of the terms, covenants, or conditions hereof shall not be deemed a waiver of such terms, covenants, or conditions, nor shall any waiver or relinquishment of any right or power hereunder at any one time be deemed a waiver or relinquishment of such right or power at any other time or times.

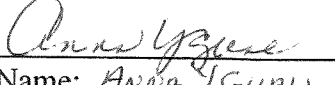
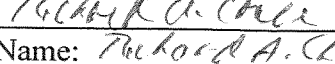
IN WITNESS WHEREOF, Owner and Service Company have caused this Lease, with the named Exhibits attached, to be duly executed in several counterparts, each of which shall be considered an original executed copy for all purposes.

Signed, Sealed and Delivered  
in the Presence of:

  
Name: Anna Lykes  
  
Name: Richard A. Chace

7L Lake Placid, LLC  
By: Lykes Bros. Inc., Sole Manager

By:   
Name: Frederick J. Bennett  
Title: Executive Vice President

  
Name: Anna Lykes  
  
Name: Richard A. Chace

Silver Lake Utilities, Inc.

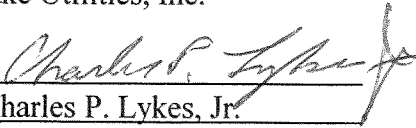
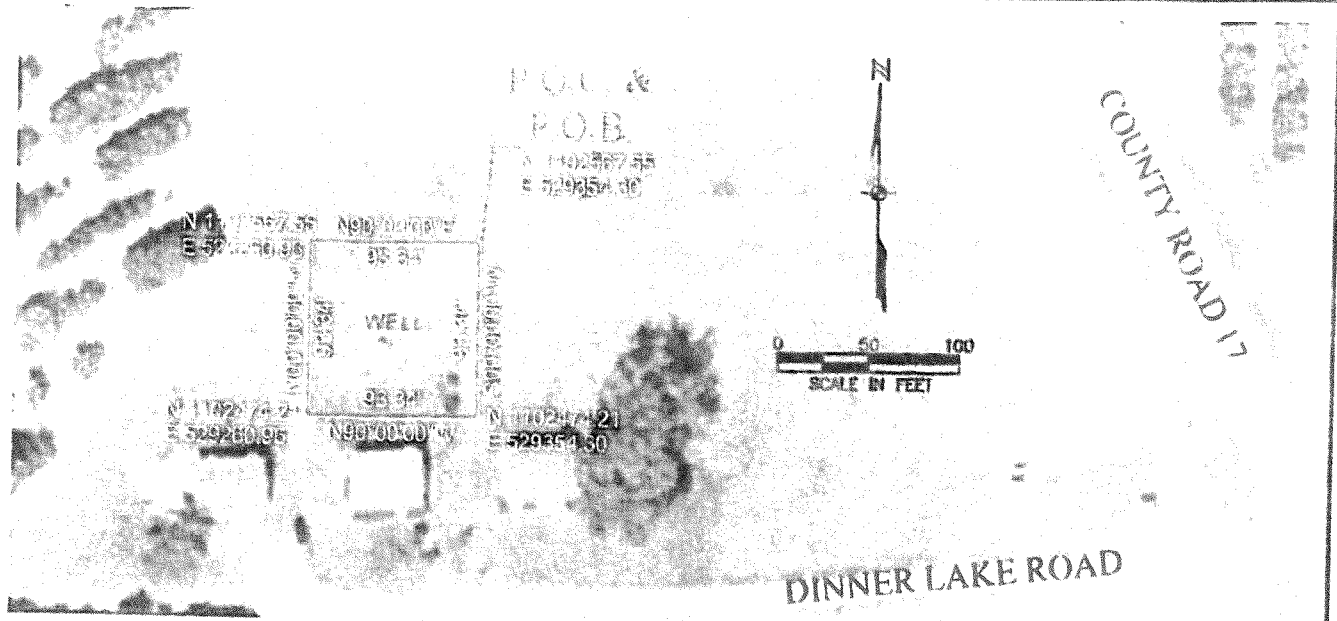
By:   
Name: Charles P. Lykes, Jr.  
Title: President



EXHIBIT "A"

WELL SITES



Sketch of description of a parcel of land lying within Section 11, Township 36 South, Range 29 East, Highlands County, Florida.

THIS IS NOT A BOUNDARY SURVEY, NOR IS IT INTENDED TO BE USED AS ONE.

Bearings, dimensions and coordinates shown hereon are based on State Plane Coordinate, Florida East Zone, NAD 83(2007), US Survey Feet, and were established with GPS observations.

Sketch of description prepared as requested by Chris Shoemaker.

This is not a determination of the limits of ownership.

This sketch of description is subject to easements, restrictions, reservations and rights-of-way of record.

**DESCRIPTION:**

A parcel of land lying within Section 11, Township 36 South, Range 29 East, Highlands County, Florida, being more particularly described as follows:  
 Commence at a point with coordinates of Northing 1102567.55 and Easting 529354.30 (State Plane Coordinate, Florida East Zone, NAD 83(2007), US Survey Feet) as the Point of Beginning of the parcel of land herein described; Thence S00°00'00"W a distance of 93.34 feet to coordinate Northing 1102474.21 and Easting 529354.30; Thence N90°00'00"W a distance of 93.34 feet to coordinate Northing 1102474.21 and Easting 529260.96; Thence N00°00'00"W a distance of 93.34 feet to coordinate Northing 1102567.55 and Easting 529260.96; Thence N90°00'00"E a distance of 93.34 feet to the Point of Beginning.  
 Containing 0.2 acres.

Subject to easements, restrictions, reservations and rights-of-way of record.

Matthew M. Howard (For The Firm LB-642)  
 Professional Surveyor and Mapper  
 Florida Certificate No. 4912

Date signed: 9-4-08  
 Not valid without the signature and original raised seal of a Florida licensed surveyor and mapper.

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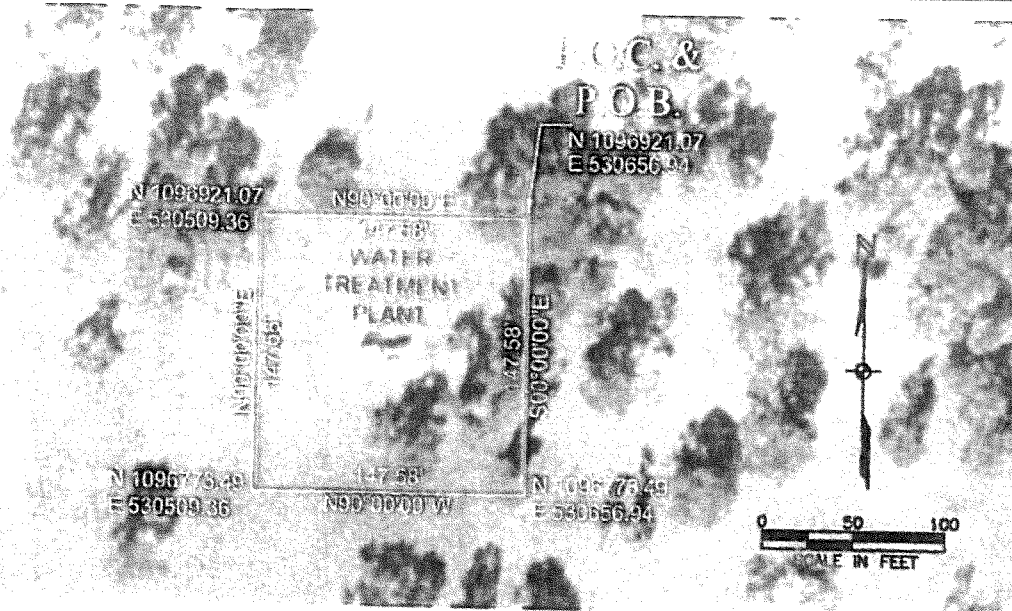
251 WEST HICKPOCHEE AVENUE  
 LABELLE, FLORIDA 33935  
 PHONE (863) 612-0594  
 FAX (863) 612-0341  
 E.B. #642 & L.B. #642

Silver Lake Utilities  
 Sketch of Description

DATE	PROJECT NO.	FILE NO.	SCALE	SHEET
Sept. 4, 2008	20087697	11-36-29	1"=100'	1 Of 1

U.S. 27

COUNTY ROAD 17



Sketch of description of a parcel of land lying within Section 14, Township 36 South, Range 29 East, Highlands County, Florida.

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 Containing 0.5 acres.  
 Subject to easements, restrictions, reservations and rights-of-way of record.

*Matthew M. Howard*  
 Matthew M. Howard (For The Firm LB--642)  
 Professional Surveyor and Mapper  
 Florida Certificate No. 4912

Date signed: 9-4-08  
 Not valid without the signature and original raised seal of a Florida licensed surveyor and mapper.

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Silver Lake Utilities  
 Sketch of Description

DATE	PROJECT NO.	FILE NO.	SCALE	SHEET
Sept. 4, 2008	20087697	14-36-29	1"=100'	1 Of 1

**PREPARED BY AND RETURN TO:**

Richard Chase  
Lykes Bros. Inc.  
400 North Tampa Street, Suite 2200  
Tampa, FL 33602

AR  
35.50



**MEMORANDUM OF LEASE**

**THIS MEMORANDUM OF LEASE** is entered into on this 7<sup>th</sup> day of September, 2008, by and between **7L LAKE PLACID, LLC**, a Florida limited liability company, with an office at 400 N. Tampa Street, Suite 2200, Tampa, Florida 33602 ("Landlord"), and **SILVER LAKE UTILITIES, INC.**, a Florida corporation, with an office at 106 SW CR 721, Okeechobee, Florida 32974 ("Tenant").

Landlord and Tenant entered into a Lease Agreement, as amended, modified or supplemented, effective as of September 12, 2008, pursuant to which Landlord agreed to lease to Tenant and Tenant agreed to rent from Landlord, approximately 1.0 acres of land located in Highlands County, Florida, as more particularly described in Exhibit "A" annexed hereto, for the purposes of providing non-potable and potable water in connection with Tenant's certification as a water utility by the Florida Public Service Commission, and such other operations as may be approved by Landlord. The parcel identification numbers of the real property are C11-36-29-A00-0010-0000, and C14-36-29-A00-0130-0000.

The term of the Lease Agreement is for ninety-nine (99) years commencing on September 12, 2008 and terminating at midnight on September 11, 2107.

The Lease provides that during the entire term thereof there shall be no mechanic's lien upon Landlord's interest in its land or the Well Sites and in the buildings and improvements located thereon, arising through the act of Tenant or any person claiming under or through Tenant. Further, all persons with whom Tenant may deal are put on notice that Tenant has no power to subject Landlord's interest to any claim for mechanic's or materialmen's lien claims, and all persons dealing with Tenant must look solely to the credit of Tenant and to Tenant's assets and not to Landlord or Landlord's assets.

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

Signed, sealed and delivered in the presence of:

Richard A. Chase  
Print Name: Richard A. Chase

**7L LAKE PLACID, LLC**  
By: Lykes Bros. Inc., Sole Manager

Linda Barnett  
Print Name: Linda Barnett

By: [Signature]  
Frederick Bennett  
Chief Financial Officer & EVP

STATE OF FLORIDA

COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of September, 2008, by Frederick Bennett, as Chief Financial Officer and Executive Vice President of Lykes Bros. Inc., a Florida corporation and the Sole Manager of 7L Lake Placid, LLC, a Florida limited liability company, who is personally known me and who did take an oath.

WITNESS my hand and official seal.

Anna G. Ygual  
Notary Public

ANNA G. YGUAL  
Notary Public, State of Florida  
My comm. exp. Apr. 25, 2009  
Comm. No. DD 382678

My commission expires: \_\_\_\_\_

Signed, sealed and delivered in the presence of:

Richard A. Chase  
Print Name: Richard A. Chase

SILVER LAKE UTILITIES, INC.

By: Charles P. Lykes, Jr.  
Charles P. Lykes, Jr.  
President

Sinda Burnett  
Print Name: Sinda Burnett

STATE OF FLORIDA  
COUNTY OF Hillsborough

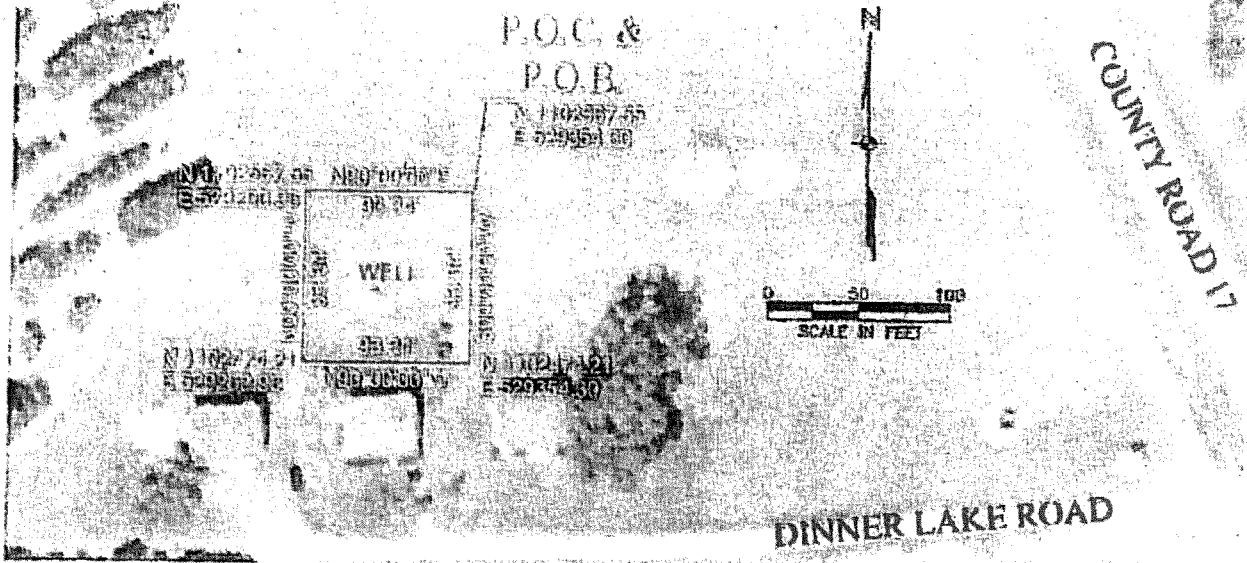
The foregoing instrument was acknowledged before me this 22<sup>nd</sup> day of September, 2008, by Charles P. Lykes, Jr., as President of Silver Lake Utilities, Inc., a Florida corporation, who is personally known me and who did take an oath.

WITNESS my hand and official seal.

Anna G. Ygual  
Notary Public

ANNA G. YGUAL  
Notary Public, State of Florida  
My comm. exp. Apr. 25, 2009  
Comm. No. DD 382678

My commission expires: \_\_\_\_\_



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Matthew M. Howard (For The Firm LB-642)  
Professional Surveyor and Mapper  
Florida Certificate No. 4912

Date signed: *9-4-08*  
Not valid without the signature and original raised seal of a Florida licensed surveyor and mapper.

S:\20087697\DWG\20087697.dwg (8.5x11-P Dinner Lake Road (2)) mmh Sep 04, 2008 - 12:38pm



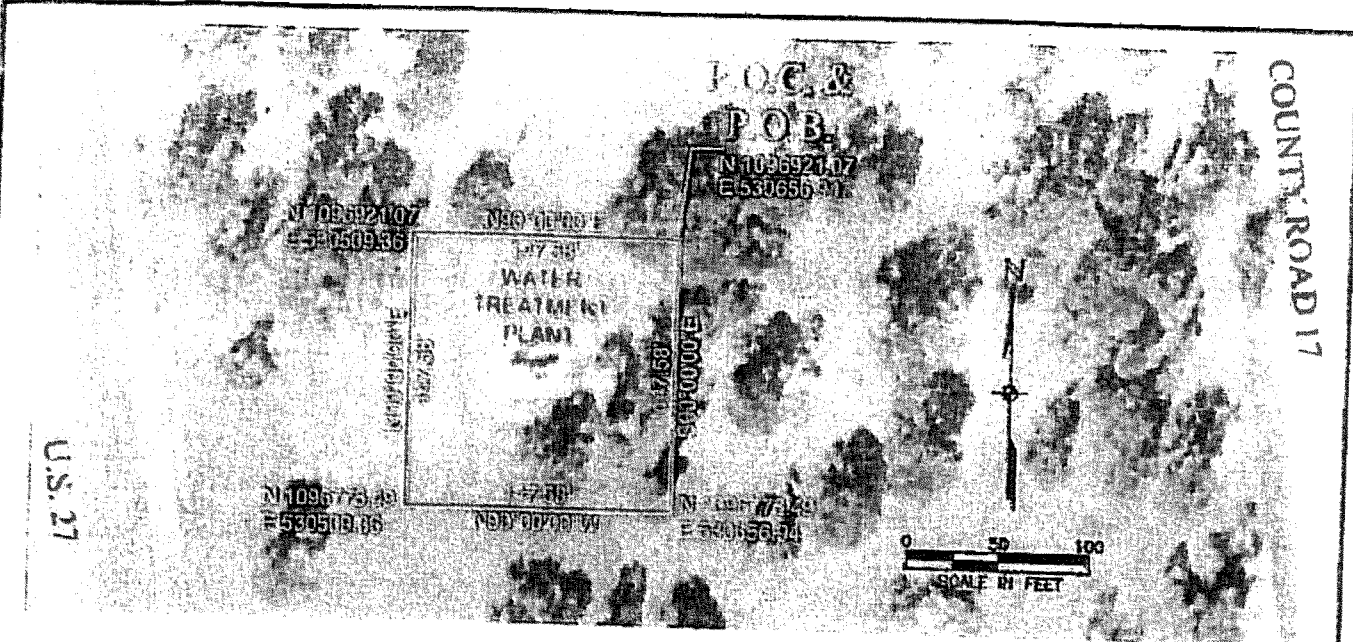
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Silver Lake Utilities  
Sketch of Description

DATE	PROJECT NO.	FILE NO.	SCALE	SHEET
Sept. 4, 2008	20087697	11-36-29	1"=100'	1 of 1

EXHIBIT A (1 of 2)

RECORDER'S MEMO:  
Legibility of Writing or Printing  
Unsatisfactory in this Document When Received



Sketch of description of a parcel of land lying within Section 14, Township 36 South, Range 29 East, Highlands County, Florida.

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*Matthew M. Howard*  
 Matthew M. Howard (For The Firm LB-642)  
 Professional Surveyor and Mapper  
 Florida Certificate No. 4912

Date signed: *9-4-08*  
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