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FLORIDA PUBLIC SERVICE COMMISSION

INSTRUCTIONS FOR COMPLETING COMMISSION APPLICATION FOR TRANSFER TO GOVERNMENTAL AUTHORITY (Section 367.071, Florida Statutes)

General Information

The attached form has been prepared by the Florida Public Service Commission to aid utilities under its jurisdiction to file information required by Chapter 367, Florida Statutes, and Chapter 25-30, Florida Administrative Code. Any questions regarding this form should be directed to the Division of Economic Regulation, Bureau of Certification, Economics and Tariffs (850) 413-6900.

Note that, pursuant to Section 367.071(4)(a), Florida Statutes, a governmental authority, prior to taking any official action, shall request from the utility or the Commission the most recent available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction.

Instructions

- 1. Fill out the attached application form completely and accurately.
2. Complete all the items that apply to your utility. If an item is not applicable, mark it "N.A.". Do not leave any items blank.
3. Notarize the completed application form.
4. Return applicable regulatory assessment fee and form with the application.
5. Return utility's original certificate(s) with the application for transfer.
6. The original and five copies of the completed application and attached exhibits; one copy of each territory and system map (if applicable); the original and two copies of the proposed tariff sheet(s) (if applicable); the appropriate regulatory assessment form(s) and fee(s); and the original certificate(s) should be mailed to:

COM
ECR
GCL
OPC
RCP
SSC
SGA
ADM
CLK

Handwritten signature/initials

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

DOCUMENT NUMBER-DATE

03734 APR 22 8

FPSC-COMMISSION CLERK

APPLICATION FOR TRANSFER TO GOVERNMENTAL AUTHORITY

(Pursuant to Section 367.071(4)(a), Florida Statutes)

TO: Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

COMMISSION
CLERK

09 APR 22 PM 2:44

RECEIVED-FPSC

The undersigned hereby makes application for the approval of the transfer of
(all or part) of the facilities operated under Water Certificate No. N.A. and/or
Wastewater Certificate No. SU299-07-AR located in Highlands County, Florida,
and submits the following:

PART I APPLICANT INFORMATION

A) The full name (as it appears on the certificate), address and telephone number of
the seller (utility):

Highlands Utilities Corporation

 Name of utility

(863) 465-1296 () N/A

 Phone No. Fax No.

411 Kent Avenue

 Office street address

Lake Placid FL 33852

 City State Zip Code

N.A.

 Mailing address if different from street address

N.A.

 Internet address if applicable

DOCUMENT NUMBER - DATE

03734 APR 22 8

FPSC-COMMISSION CLERK

B) The name, address and telephone number of a representative of the utility to contact concerning this application:

Dixon Pugh	(863) 465-1296	
Name	Phone No.	
411 Kent Avenue		
Street address		
Lake Placid	FL	33852
City	State	Zip Code

C) The full name, address and telephone number of the governmental authority:

City of Sebring		
Name of utility		
(863) 471-5100	(863) 471-5142	
Phone No.	Fax No.	
368 South Commerce Avenue		
Office street address		
Sebring	FL	33870
City	State	Zip Code
N.A.		
Mailing address if different from street address		
www.mysebring.com		
Internet address if applicable		

D) The name, address and telephone number of a representative of the governmental authority to contact concerning this application:

Bob Boggus, Administrative Coordinator	(863) 471-5112 Ext. 221	
Name	Phone No.	
321 North Mango Street		
Street address		
Sebring	FL	33870
City	State	Zip Code

PART II FINANCIAL INFORMATION

- A) Exhibit 1 - A copy of the contract pursuant to Rules 25-30.037(4)(c) and (d), Florida Administrative Code.

 - B) Exhibit N/A - A statement regarding the disposition of customer deposits and the accumulated interest thereon.

 - C) Exhibit N/A - A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.

 - D) Exhibit 2 - A statement that the buyer (governmental authority) obtained from the utility or the Commission the utility's most recent available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction.

 - E) Indicate the date on which the buyer proposes to take official action to acquire the utility: November 20, 2008
-

If only a portion of the utility's facilities is being transferred, a revised territory description and map of the utility's remaining territory must be provided, as discussed in PART III, below.

IF THE UTILITY'S ENTIRE FACILITIES ARE BEING TRANSFERRED, PLEASE DISREGARD PART III OF THIS APPLICATION FORM.

PART III CERTIFICATION

A) **TERRITORY DESCRIPTION**

Exhibit N/A - An accurate description of the utility's revised territory. If the water and wastewater territory is different, provide separate descriptions.

Note: Use the Survey of Public Lands method (township, range, section, and quarter section), if possible, or a metes and bounds description. Give the subdivision or project name. The description should **NOT** refer to land grants or plat books, but may use geographic boundaries (i.e., road right-of-ways, railroads, rivers, creeks, etc). The object is to make the description as brief, but as accurate as possible.

B) **TERRITORY MAPS**


Exhibit N/A - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1"=200' or 1"=400' on which the remaining territory is plotted by use of metes and bounds or quarter sections and with a defined reference point of beginning. If the water and wastewater territory is different, provide separate maps.

C) **TARIFF SHEETS**

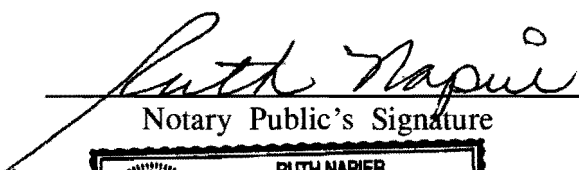
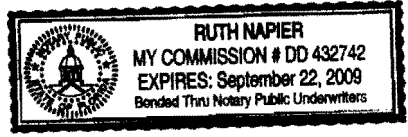
Exhibit N/A - The original and two copies of tariff sheet(s) revised to show correct service territory. Please refer to Rules 25-9.009 and 25-9.010, Florida Administrative Code, regarding page numbering of tariff sheets before preparing the tariff revisions. (Pages 11-12.) Sample tariff sheets are attached. (Pages 13-16.)

PART IV AFFIDAVIT

I Bob Boggus (applicant) do solemnly swear or affirm that the facts stated in the forgoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitutes a complete statement of the matter to which it relates.

BY: 
Applicant's Signature
Bob Boggus
Applicant's Name (Typed)
Administrative Coordinator
Applicant's Title *

Subscribed and sworn to before me this 21 day of April, 2009 by Bob Boggus who is personally known to me P or produced identification _____ (Type of Identification Produced)


Notary Public's Signature


Print, Type or Stamp Commissioned Name of Notary Public

* If applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

Exhibit 1

City

A. Settlement Statement

B. Type of Loan

<input type="radio"/> 1. FHA	<input type="radio"/> 2. FmHA	<input type="radio"/> 3. Conv. Unins.	6. File Number 0571-219(b)	7. Loan Number	8. Mortg. Ins. Case Num.
<input type="radio"/> 4. V.A.	<input type="radio"/> 5. Conv. Ins.			ID:	

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.," were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BUYER: City of Sebring, a Florida Municipal corporation
 Address of Buyer: 368 South Commerce, Sebring, Florida 33870

E. NAME OF SELLER: Highlands Utilities Corporation, a Florida corporation
 Address of Seller: 411 Kent Avenue, Lake Placid, Florida 33852

F. NAME OF LENDER:
 Address of Lender:

G. PROPERTY LOCATION: 130 Cougar, 2681 Rodney St. &, 1748 Robin Court, Sebring, Florida 33872

H. SETTLEMENT AGENT: Swaine & Harris, P.A.
 Place of Settlement: 425 South Commerce Avenue, Sebring, Florida 33870-3702

I. SETTLEMENT DATE: 11/20/08 DISBURSEMENT DATE: 11/20/08

TIN: 65-0515722
 Phone: 863-385-1549

COPY

J. Summary of buyer's transaction		K. Summary of seller's transaction	
100. Gross amount due from buyer:		400. Gross amount due to seller:	
101. Contract sales price	361,376.00	401. Contract sales price	361,376.00
102. Personal property	1,038,624.00	402. Personal property	1,038,624.00
103. Settlement charges to buyer (Line 1400)	2,625.50	403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance:		Adjustments for items paid by seller in advance:	
106. City/town taxes		406. City/town taxes	
107. County taxes		407. County taxes	
108. Assessments		408. Assessments	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross amount due from buyer:	1,402,625.50	420. Gross amount due to seller:	1,400,000.00
200. Amounts paid or in behalf of buyer:		500. Reductions in amount due to seller:	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	396,606.80
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204. Principal amount of second mortgage		504. Payoff of first mortgage loan	265,655.08
205.		505. Payoff of second mortgage loan	
206.		506. Deposits held by seller	
207. Principal amt of mortgage held by seller		507. Principal amt of mortgage held by seller	
208. Promissory note to Seller	500,000.00	508. Promissory note to Seller	500,000.00
209.		509.	
Adjustments for items unpaid by seller:		Adjustments for items unpaid by seller:	
210. City/town taxes		510. City/town taxes	
211. County taxes		511. County taxes	
212. Assessments		512. Assessments	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total paid by/for buyer:	500,000.00	520. Total reductions in amount due seller:	1,162,261.86
300. Cash at settlement from/to buyer:		600. Cash at settlement to/from seller:	
301. Gross amount due from buyer (line 120)	1,402,625.50	601. Gross amount due to seller (line 420)	1,400,000.00
302. Less amount paid by/for the buyer (line 220)	(500,000.00)	602. Less total reductions in amount due seller (line 520)	(1,162,261.86)
303. Cash (<input checked="" type="checkbox"/> From <input type="checkbox"/> To) Buyer:	902,625.50	603. Cash (<input checked="" type="checkbox"/> To <input type="checkbox"/> From) Seller:	237,738.14

Substitute Form 1099 Seller Statement: The information contained in blocks E, G, H, and I and on line 401 is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.

Seller Instructions: If this real estate was your principal residence, file Form 2119, Sale or Exchange of Principal Residence, for any gain, with your tax return; for other transactions, complete the applicable parts of Form 4797, Form 6262 and/or Schedule D (Form 1040).

L. Settlement charges		Buyer POC	Seller POC	Paid from Buyer's Funds at Settlement	Paid from Seller's Funds at Settlement
700. Total Sales/Brokers Com. based on price	\$361,376.00 @ % = 90,000.00				
701.	90,000.00 % to Mid-Florida Brokers, Inc				
702.	% to				
703.	Commission paid at settlement				
704.	Promissory note on balance of commissi to Mid-Florida Brokers, Inc		37500.00		90,000.00
800. Items payable in connection with loan:		Buyer POC	Seller POC		
801.	Loan origination fee % to				
802.	Loan discount % to				
803.	Appraisal fee to				
804.	Credit report to				
805.	Lender's inspection fee to				
806.	Mortgage insurance application fee to				
807.	Assumption Fee to				
808.	to				
809.	to				
810.	to				
811.	to				
900. Items required by lender to be paid in advance:		Buyer POC	Seller POC		
901.	Interest from to @ /day				
902.	Mortgage insurance premium for months to				
903.	Hazard insurance premium for years to				
904.	Flood insurance premium for years to				
905.	years to				
1000. Reserves deposited with lender:		Buyer POC	Seller POC		
1001.	Hazard insurance months @ per month				
1002.	Mortgage Insurance months @ per month				
1003.	City property taxes months @ per month				
1004.	County property taxes months @ per month				
1005.	Annual assessments months @ per month				
1006.	Flood insurance months @ per month				
1007.	months @ per month				
1008.	months @ per month				
1009.	Aggregate accounting adjustment				
1100. Title charges:		Buyer POC	Seller POC		
1101.	Settlement or closing fee to Swaine & Harris, P.A.			350.00	
1102.	Abstract or title search to Swaine & Harris, P.A.			375.00	
1103.	Title examination to				
1104.	Title insurance binder to				
1105.	Document preparation to				
1106.	Notary fees to				
1107.	Attorney's Fees to				
	(includes above item numbers:)				
1108.	Title Insurance to Swaine & Harris, P.A.			1,882.00	
	(includes above item numbers:)				
1109.	Lender's coverage (Premium):				
1110.	Owner's coverage (Premium): \$361,624.00 (\$1,882.00)				
1111.	Endorse:				
1112.	to				
1113.	to				
1200. Government recording and transfer charges:					
1201.	Recording fees Deed \$18.50 Mortgage(s) Releases \$10.00 18.50 10.00				
1202.	City/county tax/stamps Deed Mortgage(s)				
1203.	State tax/stamps Deed \$2,529.80 Mortgage(s)				2,529.80
1204.	to				
1205.	to				
1300. Additional settlement charges:		Buyer POC	Seller POC		
1301.	Survey to Swaine & Harris Trust Account				
1302.	Pest Inspection to				
1303.	Seller's p/r share of taxes (Parcel 1) to Charles L. Bryan, Tax Collector				52.00
1304.	Seller's p/r share of taxes (Parcel 2) to Charles L. Bryan, Tax Collector				3,412.50
1305.	Seller's p/r share of taxes (Parcel 3) to Charles L. Bryan, Tax Collector				471.25
1306.	Documentary stamps on note to Broker to Department of Revenue				131.25
1307.	Escrow for contract completion to Swaine & Harris Trust Account				300,000.00
1308.	to				
1309.					
1400. Total settlement charges:				2,625.50	396,606.80

(Enter on lines 103, Section J and 502, Section K)

I have carefully reviewed the Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the Settlement Statement.

City of Sebring, a Florida Municipal Corporation
 By: George Hensley, Mayor Buyer
 Highlands Utilities Corporation
 By: Dixon Pugh, President Seller

The Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused, or will cause, the funds to be disbursed in accordance with this statement.

By: [Signature] Swaine & Harris, P.A.
 As Its Authorized Representative Date 11/20/2008

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010. DoubleTime®

Prepared by and return to:
Robert S. Swaine, Esq.
Attorney at Law
Swaine & Harris, P.A.
425 South Commerce Avenue
Sebring, FL 33870-3702
863-385-1549
File Number: 0571-219(b)

Parcel Identification No. C273428-A0000600000/others

[Space Above This Line For Recording Data]

Warranty Deed

(STATUTORY FORM - SECTION 689.02, F.S.)

This Indenture made this 20 day of November, 2008 between Highlands Utilities Corporation, a Florida corporation whose post office address is 411 Kent Avenue, Lake Placid, FL 33852 of the County of Highlands, State of Florida, grantor*, and City of Sebring, a Florida Municipal corporation whose post office address is 368 South Commerce, Sebring, FL 33870 of the County of Highlands, State of Florida, grantee*,

Witnesseth, that said grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable considerations to said grantor in hand paid by said grantee, the receipt whereof is hereby acknowledged, has granted, bargained, and sold to the said grantee, and grantee's heirs and assigns forever, the following described land, situate, lying and being in Highlands County, Florida, to-wit:

As shown on Schedule "A" attached hereto.


Subject to taxes for 2008 and subsequent years; covenants, conditions, restrictions, easements, reservations and limitations of record, if any.

and said grantor does hereby fully warrant the title to said land, and will defend the same against lawful claims of all persons whomsoever.

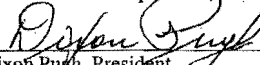
* "Grantor" and "Grantee" are used for singular or plural, as context requires.

In Witness Whereof, grantor has hereunto set grantor's hand and seal the day and year first above written.

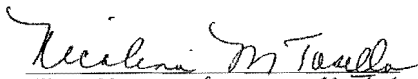
Signed, sealed and delivered in our presence:


Witness Name: J. Michael Swain

Highlands Utilities Corporation, a Florida corporation

By: 
Dixon Pugh, President

(Corporate Seal)


Witness Name: NICOLINA M. TOSELLA

State of Florida
County of Highlands

The foregoing instrument was acknowledged before me this 20 day of November, 2008 by Dixon Pugh, President of Highlands Utilities Corporation, a Florida corporation, on behalf of the corporation. He is personally known to me or has produced a driver's license as identification.

[Notary Seal]


Notary Public

Printed Name

My Commission



Schedule "A"

Parcel 1:

A portion of the West Half of the Northeast Quarter of the Southeast Quarter of Section 35, Township 34 South, Range 28 East, Highlands County, Florida, more particularly described as follows: Commence at the Southeast corner of the West Half of the Northeast Quarter of the Southeast Quarter of said Section 35, thence North 0° 08' 10" East along the East line of the West Half of the Northeast Quarter of the Southeast Quarter of said Section 35 for a distance of 53.83 feet to the POINT OF BEGINNING; thence continue North 0° 08' 10" East along said East line for a distance of 200.2 feet to a point; thence North 89° 52' 40" West for a distance of 130.50 feet to a point; thence South 0° 08' 20" West for a distance of 200.27 feet to a point; thence South 89° 52' 40" East for a distance of 130.51 feet to the POINT OF BEGINNING.

Parcel ID# C353428-A0003220000

Parcel 2:

A portion of the West Quarter of Section 27, Township 34 South, Range 28 East, Highlands County, Florida, more particularly described as follows: Commence at the Northwest corner of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 27; thence East along the North line of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 27 for a distance of 75.0 feet to the POINT OF BEGINNING; thence North for a distance of 72.60 feet to a point; thence East for a distance of 180.0 feet to a point; thence South for a distance of 145.20 feet to a point; thence West for a distance of 180.0 feet to a point; thence North for a distance of 72.60 feet to the POINT OF BEGINNING.

Parcel ID# C273428-A0000510000

Parcel 3:

Lots 64 and 65, BRUNNER'S MOBILE ESTATES, according to the map or plat thereof as recorded in Plat Book 9, Page(s) 24, Public Records of Highlands County, Florida.

Parcel ID# C263428-03000000640

**TERMINATION OF SUBORDINATION AGREEMENT
AND
LEASE AGREEMENT**

The undersigned, **PUGH SEPTIC TANK SERVICE, INC.**, a Florida corporation, as **LANDLORD**, and **HIGHLANDS UTILITIES CORPORATION**, a Florida corporation, as **TENANT**, hereby terminate the Subordination Agreement recorded in O.R. Book 1327, page 37, Public Records of Highlands County, Florida, and Lease Agreement attached thereto, and each hereby release the other of any further obligations thereunder.

DATED this 20th day of November, 2008.

LANDLORD:
PUGH SEPTIC TANK SERVICE, INC.

[Signature]
Witness Printed name J. Michael Swaine By [Signature]
Dixon Pugh, President

[Signature]
Witness Printed Name NICOLINA M. TOSELLA

TENANT:
HIGHLANDS UTILITIES CORPORATION

[Signature] Witness Printed Name J. Michael Swaine By [Signature]
[Signature] Witness Printed Name NICOLINA M. TOSELLA
Dixon Pugh, President

STATE OF FLORIDA
COUNTY OF HIGHLANDS

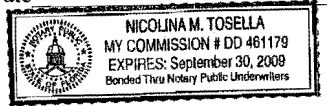
The foregoing instrument was acknowledged before me by DIXON PUGH, President of Pugh Septic Tank Service, Inc., and as President of Highlands Utilities Corporation, who is personally known to me or who produced _____ as identification.

11-20-08

[Signature]
Notary Public, State of Florida
Printed name _____
Commission No. _____
Expiration Date _____

(My commission expires:

PREPARED BY:
J. MICHAEL SWAINE
SWAINE & HARRIS, P.A.
425 South Commerce Avenue
Sebring, FL 33870



ASSIGNMENT

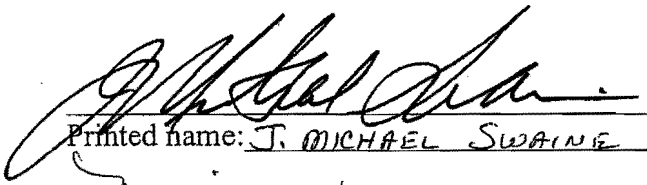
HIGHLANDS UTILITIES CORPORATION, a Florida corporation, herein called "Seller," hereby assigns to the **CITY OF SEBRING**, a Florida municipal corporation, herein called the "Buyer," all of its right, title and interest in the following in connection with the Seller's waste water collection and treatment system located in Sebring, Florida, and referenced in the Agreement for the Sale and Purchase of Sewer System dated October 1, 2008:


Any and all contracts, accounts receivable, tariffs, licenses, territory and permits together with any necessary third party consents;

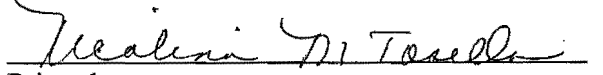
All easements, recorded and unrecorded, related to the Sewer System;

All of Sellers' customer deposits, customer records and accounts receivable.

HIGHLANDS UTILITIES CORPORATION


Printed name: J. MICHAEL SWAINE

By: 
Dixon Pugh, President

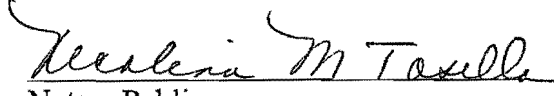

Printed name: NICOLINA M. TOSELLA

(CORPORATE SEAL)

STATE OF FLORIDA
COUNTY OF HIGHLANDS

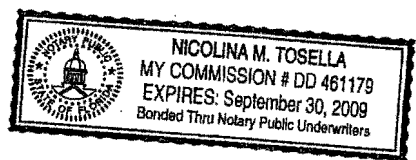
I HEREBY CERTIFY that on this day before me, an officer duly qualified to administer oaths and take acknowledgments, personally appeared DIXON PUGH, as President of HIGHLANDS UTILITIES CORPORATION, a Florida corporation, personally known to me or who produced a _____ as identification.

DATED this 20 day of November, 2008.


Notary Public
Printed name: _____
Commission No. _____
Expiration Date: _____

(affix notary seal)

PREPARED BY:
J. MICHAEL SWAINE
SWAINE & HARRIS, P.A.
425 South Commerce Avenue
Sebring, FL 33870



PROMISSORY NOTE

\$25,000.00

November 20, 2008
Sebring, Highlands County, Florida

FOR VALUE RECEIVED, the undersigned promise to pay to Mid-Florida Brokers, Inc., at P.O. Box 73, Sebring, FL 33871 or at such other address as may be indicated in writing, in the manner hereinafter specified, the principal sum of **Twenty-five Thousand and 00/100 Dollars (\$25,000.00)** with interest from January 2, 2009, at the rate of **Five percent (5 %)** per annum on the balance from time to time remaining unpaid. The said principal and interest shall be payable in lawful money of the United States of America, as follows:

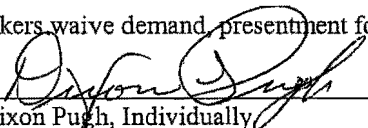
\$5,000.00 plus \$1,250.00 interest on January 2, 2010;
\$5,000.00 plus \$1,000.00 interest on January 2, 2011;
\$5,000.00 plus \$750.00 interest on January 2, 2012;
\$5,000.00 plus \$500.00 interest on January 2, 2013; and
\$5,000.00 plus \$250.00 interest on January 2, 2014

All payments shall be first applied to late charges, if any, then to the payment of accrued interest, and the balance remaining, if any, shall be applied to the payment of the principal sum.

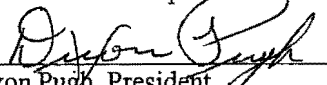
This note may be prepaid, in whole or in part, without penalty, at any time prior to maturity.

If default be made in the payment of any installment under this note, and if such default is not made good within 15 days, the entire principal sum and accrued interest shall at once become due and payable without notice at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at a later time for the same default or for any subsequent default. Any payment not received within 10 days of the due date shall include a late charge of 5% of the payment due. In the event of default in the payment of this note, and if the same is placed in the hands of any attorney for collection, the undersigned hereby agree to pay all costs of collection, including a reasonable attorneys' fee.

Makers waive demand, presentment for payment, protest, and notice of nonpayment and dishonor.


Dixon Pugh, Individually

Highlands Utilities Corporation

By: 
Dixon Pugh, President

Pugh Septic Tank Services, Inc.

By: 
Dixon Pugh, President

PROMISSORY NOTE

\$12,500.00

November 20, 2008
Sebring, Highlands County, Florida

FOR VALUE RECEIVED, the undersigned promise to pay the sum of **Twelve Thousand Five Hundred and no/100 Dollars (\$12,500.00)**, without interest, to **Mid-Florida Brokers, Inc.**, at **P.O. Box 73, Sebring, FL 33871** or at such other address as may be indicated in writing, on **January 2, 2009**.

This note may be prepaid, in whole or in part, without penalty, at any time prior to maturity.

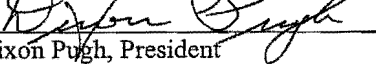
If default be made in the payment of any installment under this note, and if such default is not made good within 15 days, the entire principal sum and accrued interest shall at once become due and payable without notice at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same at a later time for the same default or for any subsequent default. Any payment not received within 10 days of the due date shall include a late charge of 5% of the payment due. In the event of default in the payment of this note, and if the same is placed in the hands of any attorney for collection, the undersigned hereby agree to pay all costs of collection, including a reasonable attorneys' fee.

Makers waive demand, presentment for payment, protest, and notice of nonpayment and dishonor.



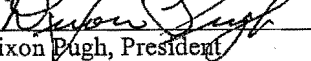
Dixon Pugh, Individually

Highlands Utilities Corporation

By: 

Dixon Pugh, President

Pugh Septic Tank Services, Inc.

By: 

Dixon Pugh, President

Closing Affidavit

(Seller)

Before me, the undersigned authority, personally appeared the undersigned ("Affiant"), who being by me first duly sworn, on oath, depose(s) and say(s) that:

1. **Highlands Utilities Corporation, a Florida corporation ("Seller")**, is the owner of and is selling the following described property to **City of Sebring, a Florida Municipal corporation ("Buyer")**, to wit:

As shown on Schedule "A" attached hereto.

2. The above described property is free and clear of all liens, taxes, encumbrances and claims of every kind, nature and description of record whatsoever, except for mortgage or mortgages, if any, described in the Deed and except for real estate and personal property taxes for the year 2008, which are not yet due and payable.
3. There have been no improvements, alterations, or repairs since acquisition by the Seller to the above described property for which the costs thereof remain unpaid, that there are no claims for labor or material furnished for repairing or improving the same, which remain unpaid since the acquisition by Seller, and that there are no mechanic's, materialmen's, or laborer's liens since acquisition by Seller against the above described property.
4. There have been no documents recorded in the Public Records of **Highlands County, Florida** subsequent to , which affect title to the Property and Seller has not entered into any contracts for the sale, disposition or leasing of the Property since said date except as may have been disclosed to **Swaine & Harris, P.A.** in writing, and Seller has no knowledge of any matter affecting title to the Property.
5. The personal property contained in the building on said property, or on the said premises, and which, if any, is being sold free and clear of all liens, encumbrances, claims and demands whatsoever. The Seller knows of no violations of Municipal or County Ordinances pertaining to the above described property. No judgment or decree has been entered in any court in this State or the United States against said Seller which remains unsatisfied. There are no persons other than Seller in possession of the above described property.
6. Seller agrees that in the event the current real estate or personal property taxes vary in amount from the figures used in making the prorations used in closing the transfer and conveyance of the above described property to said buyers, then a new proration and a correct and proper adjustment will be made upon demand.
7. There are no matters pending against the Seller that could give rise to a lien that would attach to the property between the effective date of commitment and the recording of the interest to be insured. Seller has not and will not execute any instruments that would adversely affect the interest to be insured.
8. Seller's title to, and possession and enjoyment of, the property have been open, notorious, peaceable and undisturbed, and have never been disputed nor questioned.
9. There are no disputes concerning the boundary lines of the property, and the operation of any buildings on said property has been in compliance with the applicable building codes, ordinances and statutes.
10. Affiant has received no notice of any public hearing regarding assessment for improvements or changes in applicable zoning laws concerning said property within the past ninety (90) days.
11. There are no actions or proceedings now pending in any State or Federal Court to which the Seller is a party, including but not limited to, proceedings in bankruptcy, receivership or insolvency, nor are there any judgments, bankruptcies, liens or executions of any nature which constitute or could constitute a charge or lien upon said property.
12. There are no unrecorded easements, claims of easement or rights-of-way affecting all or any portion of the property.
13. Seller understands that Section 1445 of the Internal Revenue Code provides that a Buyer of a United States real property interest must withhold tax if the Seller is a foreign person. To inform the Buyer that withholding of tax is not required upon purchase of the above described property, Seller certifies the following:

- a. Seller is not a nonresident alien individual, foreign corporation, foreign partnership, foreign trust or foreign estate for purposes of United States federal income taxation.
- b. Seller's U.S. Taxpayer Identification Number is 59-2423706.
- c. Seller's address is: 411 Kent Avenue, Lake Placid, FL 33852.
- d. No other persons or entities have an ownership interest in the above described property.

Seller understands the Buyer of the described property intends to rely on the foregoing representations in connection with the United States Foreign Investment in Real Property Tax Act. (FIRPTA). Seller understands this certification may be disclosed to the Internal Revenue Service by the Buyer and that any false statements contained in this certification may be punished by fine, imprisonment or both. Seller has the authority to sign this affidavit as either individual Seller or on behalf of an entity Seller. Under penalties of perjury, Seller states that this declaration was carefully read and is true and correct.

- 14. This affidavit is given for the purpose of clearing any possible question or objection to the title to the above referenced property and, for the purpose of inducing Swaine & Harris, P.A. and Attorneys' Title Insurance Fund, Inc. to issue title insurance on the subject property, with the knowledge that said title companies are relying upon the statements set forth herein. Seller hereby holds Swaine & Harris, P.A. and Attorneys' Title Insurance Fund, Inc. harmless and fully indemnifies same (including but not limited to attorneys' fees, whether suit be brought or not, and at trial and all appellate levels, and court costs and other litigation expenses) with respect to the matters set forth herein. "Affiant", "Seller" and "Buyer" include singular or plural as context so requires or admits. Seller further states that he/she is familiar with the nature of an oath and with the penalties as provided by the laws of the United States and the State of Florida for falsely swearing to statements made in an instrument of this nature. Seller further certifies that he/she has read, or heard read, the full facts of this Affidavit and understands its context.

Under penalties of perjury, I declare that I have read the foregoing Affidavit and that the facts stated in it are true.

Highlands Utilities Corporation, a Florida corporation

By: *Dixon Pugh*
Dixon Pugh, President

(Corporate Seal)

State of Florida
County of Highlands

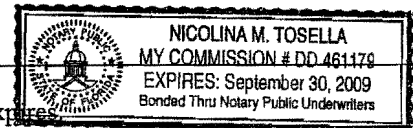
The foregoing instrument was sworn to and subscribed before me this 20 day of November, 2008 by Dixon Pugh, President of Highlands Utilities Corporation, a Florida corporation, on behalf of the corporation. He is personally known to me or has produced a driver's license as identification.

[Notary Seal]

Nicolina M. Tosella
Notary Public

Printed Name:

My Commission Expires



Schedule "A"

Parcel 1:

A portion of the West Half of the Northeast Quarter of the Southeast Quarter of Section 35, Township 34 South, Range 28 East, Highlands County, Florida, more particularly described as follows: Commence at the Southeast corner of the West Half of the Northeast Quarter of the Southeast Quarter of said Section 35, thence North 0° 08' 10" East along the East line of the West Half of the Northeast Quarter of the Southeast Quarter of said Section 35 for a distance of 53.83 feet to the POINT OF BEGINNING; thence continue North 0° 08' 10" East along said East line for a distance of 200.2 feet to a point; thence North 89° 52' 40" West for a distance of 130.50 feet to a point; thence South 0° 08' 20" West for a distance of 200.27 feet to a point; thence South 89° 52' 40" East for a distance of 130.51 feet to the POINT OF BEGINNING.

Parcel ID# C353428-A0003220000

Parcel 2:

A portion of the West Quarter of Section 27, Township 34 South, Range 28 East, Highlands County, Florida, more particularly described as follows: Commence at the Northwest corner of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 27; thence East along the North line of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 27 for a distance of 75.0 feet to the POINT OF BEGINNING; thence North for a distance of 72.60 feet to a point; thence East for a distance of 180.0 feet to a point; thence South for a distance of 145.20 feet to a point; thence West for a distance of 180.0 feet to a point; thence North for a distance of 72.60 feet to the POINT OF BEGINNING.

Parcel ID#C273428-A0000510000

Parcel 3:

Lots 64 and 65, BRUNNER'S MOBILE ESTATES, according to the map or plat thereof as recorded in Plat Book 9, Page(s) 24, Public Records of Highlands County, Florida.

Parcel ID# C263428-03000000640

Bill of Sale

This Bill of Sale, made on November 20, 2008, between Highlands Utilities Corporation, a Florida corporation ("Seller"), and City of Sebring, a Florida Municipal corporation ("Buyer").

Witnesseth, that Seller, in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration paid to Seller by Buyer, receipt and sufficiency of which is hereby acknowledged, delivers, grants, bargains, sells and transfers forever to Buyer the following goods and chattels used in connection with Seller's waste water treatment collection and treatment system located in Sebring, Florida, and referenced in the Agreement for the Sale and Purchase of Sewer System dated October 1, 2008:

- Two (2) sewer treatment plants;
- Fifteen (15) duplex lift stations;
- All other lift stations, force mains, gravity mains and manholes;
- All easements or rights of access needed to service and maintain the system
- Seller's Sebring territory, as described on Schedule "C" attached hereto;
- Seller's operating tariffs and existing customers described on Schedule "D" attached hereto; and
- All accounts receivable and customer deposits

Seller covenants to Buyer that Seller is the lawful owner of the said goods and chattels; that they are free from all encumbrances; that Seller has good right to sell that property, and that Seller will warrant and defend the sale of said property, goods and chattels unto the Buyer against the lawful claims and demands of all persons whomsoever.

"Seller" and "Buyer" shall be used for singular or plural, natural or artificial, which terms shall include the heirs, legal representatives, successors and assigns of Seller and Buyer whenever the context so requires or admits.

Highlands Utilities Corporation, a Florida corporation

By: Dixon Pugh
Dixon Pugh, President

(Corporate Seal)

State of Florida
County of Highlands

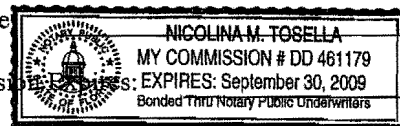
The foregoing instrument was acknowledged before me this 20 day of November, 2008 by Dixon Pugh, President of Highlands Utilities Corporation, a Florida corporation, on behalf of the corporation. He is personally known to me or has produced a driver's license as identification.

[Notary Seal]

Nicolina M. Tosella
Notary Public

Printed Name

My Commission Expires



C. J. J.

Prepared by and return to:
Robert S. Swaine, Esq.
Attorney at Law
Swaine & Harris, P.A.
425 South Commerce Avenue
Sebring, FL 33870-3702
863-385-1549
File Number: 0571-219(a)

Parcel Identification No. C273428-A0000600000/others

[Space Above This Line For Recording Data]

COPY

Warranty Deed

(STATUTORY FORM - SECTION 689.02, F.S.)

This Indenture made this 20 day of November, 2008 between Pugh Septic Tank Service, Inc., a Florida corporation whose post office address is 411 Kent Avenue, Lake Placid, FL 33852 of the County of Highlands, State of Florida, grantor*, and City of Sebring, a Florida Municipal corporation whose post office address is 368 South Commerce, Sebring, FL 33870 of the County of Highlands, State of Florida, grantee*,

Witnesseth, that said grantor, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable considerations to said grantor in hand paid by said grantee, the receipt whereof is hereby acknowledged, has granted, bargained, and sold to the said grantee, and grantee's heirs and assigns forever, the following described land, situate, lying and being in Highlands County, Florida, to-wit:

As shown on Schedule "A" attached hereto.

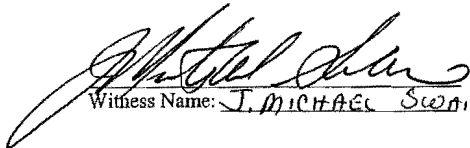
Subject to taxes for 2008 and subsequent years; covenants, conditions, restrictions, easements, reservations and limitations of record, if any.

and said grantor does hereby fully warrant the title to said land, and will defend the same against lawful claims of all persons whomsoever.

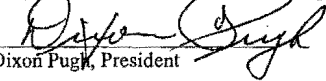
* "Grantor" and "Grantee" are used for singular or plural, as context requires.

In Witness Whereof, grantor has hereunto set grantor's hand and seal the day and year first above written.

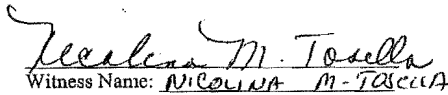
Signed, sealed and delivered in our presence:


Witness Name: J. MICHAEL SWAINE

Pugh Septic Tank Service, Inc., Florida corporation

By: 
Dixon Pugh, President

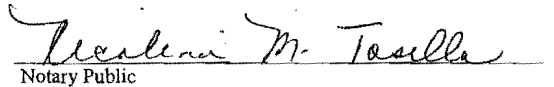
(Corporate Seal)


Witness Name: NICOLINA M. TOSELLA

State of Florida
County of Highlands

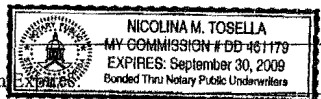
The foregoing instrument was acknowledged before me this 20 day of November, 2008 by Dixon Pugh of Pugh Septic Tank Service, Inc., Florida corporation, on behalf of the corporation. He is personally known to me or has produced a driver's license as identification.

[Notary Seal]


Notary Public

Printed Name:

My Commission



Schedule "A"

Parcel 1:

The North half (N 1/2) of the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4) of Section 27, Township 34 South, Range 28 East, Highlands County, Florida, Less and Except that part described as follows: Commence at the Northwest corner of the Northwest 1/4 of the Southwest 1/4 of the Northwest 1/4 of Section 27 for a distance of 75.0 feet to the Point of Beginning; thence North for a distance for 72.60 feet to a point; thence East for a distance of 180.00 feet to a point; thence South for a distance of 145.20 feet to a point; thence West for a distance of 180.00 feet to a point; thence North for a distance of 72.60 feet to the Point of Beginning.

Parcel ID #C273428-A0000600000

Parcel 2:

The South 53.83 feet of the East 130.5 feet of the Southwest 1/4 of the Northeast 1/4 of the Southeast 1/4 of Section 35, Township 34 South, Range 28 East, Highlands County, Florida.

Parcel ID #C353428-A0032100000

Parcel 3:

The South half (S 1/2) of the Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4) of the Northwest Quarter (NW 1/4) of Section 27, Township 34 South, Range 28 East, Highlands County, Florida, Less and Except that part described as follows: Commence at the Northwest corner of the Northwest 1/4 of the Southwest 1/4 of the Northwest 1/4 of Section 27; thence East along the North line of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 27 for a distance of 75.0 feet to the Point of Beginning; thence North for a distance for 72.60 feet to a point; thence East for a distance of 180.00 feet to a point; thence South for a distance of 145.20 feet to a point; thence West for a distance of 180.00 feet to a point; thence North for a distance of 72.60 feet to the Point of Beginning.

Parcel ID #C273428-A0000500000

A. Settlement Statement

B. Type of Loan

<input type="radio"/> 1. FHA	<input type="radio"/> 2. FmHA	<input type="radio"/> 3. Conv. Unins.	6. File Number 0571-219(a)	7. Loan Number	8. Mortg. Ins. Case Num.
<input type="radio"/> 4. V.A.	<input type="radio"/> 5. Conv. Ins.			ID:	

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BUYER: City of Sebring, a Florida Municipal corporation
Address of Buyer: 368 South Commerce, Sebring, Florida 33870

E. NAME OF SELLER: Pugh Septic Tank Service, Inc., Florida corporation
Address of Seller: 411 Kent Avenue, Lake Placid, Florida 33852 TIN:

F. NAME OF LENDER:
Address of Lender:

G. PROPERTY LOCATION: 120 & 140 Cougar Blvd. &, 2685 Rodney St., Sebring, Florida 33872

H. SETTLEMENT AGENT: Swaine & Harris, P.A. TIN: 65-0515722
Place of Settlement: 425 South Commerce Avenue, Sebring, Florida 33870-3702 Phone: 863-385-1549

I. SETTLEMENT DATE: 11/20/08 **DISBURSEMENT DATE:** 11/20/08

J. Summary of buyer's transaction		K. Summary of seller's transaction	
100. Gross amount due from buyer:		400. Gross amount due to seller:	
101. Contract sales price	150,000.00	401. Contract sales price	150,000.00
102. Personal property		402. Personal property	
103. Settlement charges to buyer (Line 1400)	1,568.50	403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance:		Adjustments for items paid by seller in advance:	
106. City/town taxes		406. City/town taxes	
107. County taxes		407. County taxes	
108. Assessments		408. Assessments	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross amount due from buyer:	151,568.50	420. Gross amount due to seller:	150,000.00
200. Amounts paid or in behalf of buyer:		500. Reductions in amount due to seller:	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	3,107.25
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204. Principal amount of second mortgage		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506. Deposits held by seller	
207. Principal amt of mortgage held by seller		507. Principal amt of mortgage held by seller	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller:		Adjustments for items unpaid by seller:	
210. City/town taxes		510. City/town taxes	
211. County taxes		511. County taxes	
212. Assessments		512. Assessments	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total paid by/for buyer:	0.00	520. Total reductions in amount due seller:	3,107.25
300. Cash at settlement from/to buyer:		600. Cash at settlement to/from seller:	
301. Gross amount due from buyer (line 120)	151,568.50	601. Gross amount due to seller (line 420)	150,000.00
302. Less amount paid by/for the buyer (line 220)	0.00	602. Less total reductions in amount due seller (line 520)	(3,107.25)
303. Cash (<input checked="" type="checkbox"/> From <input type="checkbox"/> To) Buyer:	151,568.50	603. Cash (<input checked="" type="checkbox"/> To <input type="checkbox"/> From) Seller:	146,892.75

Substitute Form 1099 Seller Statement: The information contained in blocks E, G, H, and I and on line 401 is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.

Seller Instructions: If this real estate was your principal residence, file Form 2119, Sale or Exchange of Principal Residence, for any gain, with your tax return; for other transactions, complete the applicable parts of Form 4797, Form 6262 and/or Schedule D (Form 1040).

L. Settlement charges				Buyer POC	Seller POC	Paid from Buyer's Funds at Settlement	Paid from Seller's Funds at Settlement
700. Total Sales/Brokers Com. based on price	\$150,000.00 @	% =					
701.	90,000.00	% to	Mid-Florida Brokers, Inc				
702.		% to					
703. Commission paid at settlement							
704.		to					
800. Items payable in connection with loan:				Buyer POC	Seller POC		
801. Loan origination fee		% to					
802. Loan discount		% to					
803. Appraisal fee		to					
804. Credit report		to					
805. Lender's inspection fee		to					
806. Mortgage insurance application fee		to					
807. Assumption Fee		to					
808.		to					
809.		to					
810.		to					
811.		to					
900. Items required by lender to be paid in advance:				Buyer POC	Seller POC		
901. Interest from		to	@ /day				
902. Mortgage insurance premium for		months to					
903. Hazard insurance premium for		years to					
904. Flood insurance premium for		years to					
905.		years to					
1000. Reserves deposited with lender:				Buyer POC	Seller POC		
1001. Hazard insurance		months @	per month				
1002. Mortgage insurance		months @	per month				
1003. City property taxes		months @	per month				
1004. County property taxes		months @	per month				
1005. Annual assessments		months @	per month				
1006. Flood insurance		months @	per month				
1007.		months @	per month				
1008.		months @	per month				
1009. Aggregate accounting adjustment							
1100. Title charges:				Buyer POC	Seller POC		
1101. Settlement or closing fee		to	Swaine & Harris, P.A.			350.00	
1102. Abstract or title search		to	Swaine & Harris, P.A.			375.00	
1103. Title examination		to					
1104. Title insurance binder		to					
1105. Document preparation		to					
1106. Notary fees		to					
1107. Attorney's Fees		to					
(includes above item numbers:)							
1108. Title Insurance		to	Swaine & Harris, P.A.			825.00	
(includes above item numbers:)							
1109. Lender's coverage (Premium):							
1110. Owner's coverage (Premium):	\$150,000.00		(\$825.00)				
1111. Endorse:							
1112.		to					
1113.		to					
1200. Government recording and transfer charges:							
1201. Recording fees	Deed	\$18.50	Mortgage(s) Releases			18.50	
1202. City/county tax/stamps	Deed		Mortgage(s)				
1203. State tax/stamps	Deed	\$1,050.00	Mortgage(s)				1,050.00
1204.		to					
1205.		to					
1300. Additional settlement charges:				Buyer POC	Seller POC		
1301. Survey		to					
1302. Pest inspection		to					
1303. Seller's p/r share of taxes (Parcel 1)		to	Charles L. Bryan, Tax Collector				1,017.25
1304. Seller's p/r share of taxes (Parcel 2)		to	Charles L. Bryan, Tax Collector				16.25
1305. Seller's p/r share of taxes (Parcel 3)		to	Charles L. Bryan, Tax Collector				1,023.75
1306.		to					
1307.		to					
1308.		to					
1309.							
1400. Total settlement charges:							
(Enter on lines 103, Section J and 502, Section K)						1,568.50	3,107.25

I have carefully reviewed the Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the Settlement Statement.

City of Sebring, a Florida Municipal Corporation
 By: George Hensley, Mayor Buyer
 Pugly Sebring Tank Service, Inc
 By: Dixon Pugh, President Seller

The Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused, or will cause, the funds to be disbursed in accordance with this statement.

By: [Signature] Swaine & Harris, P.A.
 As Its Authorized Representative Date: 11/20/2008

Closing Affidavit

(Seller)

Before me, the undersigned authority, personally appeared the undersigned ("Affiant"), who being by me first duly sworn, on oath, depose(s) and say(s) that:

1. **Pugh Septic Tank Service, Inc., a Florida corporation ("Seller")**, is the owner of and is selling the following described property to **City of Sebring, a Florida Municipal corporation ("Buyer")**, to wit:

As shown on Schedule "A" attached hereto.

2. The above described property is free and clear of all liens, taxes, encumbrances and claims of every kind, nature and description of record whatsoever, except for mortgage or mortgages, if any, described in the Deed and except for real estate and personal property taxes for the year 2008, which are not yet due and payable.
3. There have been no improvements, alterations, or repairs since acquisition by the Seller to the above described property for which the costs thereof remain unpaid, that there are no claims for labor or material furnished for repairing or improving the same, which remain unpaid since the acquisition by Seller, and that there are no mechanic's, materialmen's, or laborer's liens since acquisition by Seller against the above described property.
4. There have been no documents recorded in the Public Records of **Highlands County, Florida** subsequent to **October 22, 2008**, which affect title to the Property and Seller has not entered into any contracts for the sale, disposition or leasing of the Property since said date except as may have been disclosed to **Swaine & Harris, P.A.** in writing, and Seller has no knowledge of any matter affecting title to the Property.
5. The personal property contained in the building on said property, or on the said premises, and which, if any, is being sold free and clear of all liens, encumbrances, claims and demands whatsoever. The Seller knows of no violations of Municipal or County Ordinances pertaining to the above described property. No judgment or decree has been entered in any court in this State or the United States against said Seller which remains unsatisfied. There are no persons other than Seller in possession of the above described property.
6. Seller agrees that in the event the current real estate or personal property taxes vary in amount from the figures used in making the prorations used in closing the transfer and conveyance of the above described property to said buyers, then a new proration and a correct and proper adjustment will be made upon demand.
7. There are no matters pending against the Seller that could give rise to a lien that would attach to the property between the effective date of commitment and the recording of the interest to be insured. Seller has not and will not execute any instruments that would adversely affect the interest to be insured.
8. Seller's title to, and possession and enjoyment of, the property have been open, notorious, peaceable and undisturbed, and have never been disputed nor questioned.
9. There are no disputes concerning the boundary lines of the property, and the operation of any buildings on said property has been in compliance with the applicable building codes, ordinances and statutes.
10. Affiant has received no notice of any public hearing regarding assessment for improvements or changes in applicable zoning laws concerning said property within the past ninety (90) days.
11. There are no actions or proceedings now pending in any State or Federal Court to which the Seller is a party, including but not limited to, proceedings in bankruptcy, receivership or insolvency, nor are there any judgments, bankruptcies, liens or executions of any nature which constitute or could constitute a charge or lien upon said property.
12. There are no unrecorded easements, claims of easement or rights-of-way affecting all or any portion of the property.
13. Seller understands that Section 1445 of the Internal Revenue Code provides that a Buyer of a United States real property interest must withhold tax if the Seller is a foreign person. To inform the Buyer that withholding of tax is not required upon purchase of the above described property, Seller certifies the following:

- a. Seller is not a nonresident alien individual, foreign corporation, foreign partnership, foreign trust or foreign estate for purposes of United States federal income taxation.
- b. Seller's U.S. Taxpayer Identification Number is 59-1458777.
- c. Seller's address is: 411 Kent Avenue, Lake Placid, FL 33852.
- d. No other persons or entities have an ownership interest in the above described property.

Seller understands the Buyer of the described property intends to rely on the foregoing representations in connection with the United States Foreign Investment in Real Property Tax Act. (FIRPTA). Seller understands this certification may be disclosed to the Internal Revenue Service by the Buyer and that any false statements contained in this certification may be punished by fine, imprisonment or both. Seller has the authority to sign this affidavit as either individual Seller or on behalf of an entity Seller. Under penalties of perjury, Seller states that this declaration was carefully read and is true and correct.

14. This affidavit is given for the purpose of clearing any possible question or objection to the title to the above referenced property and, for the purpose of inducing Swaine & Harris, P.A. and Attorneys' Title Insurance Fund, Inc. to issue title insurance on the subject property, with the knowledge that said title companies are relying upon the statements set forth herein. Seller hereby holds Swaine & Harris, P.A. and Attorneys' Title Insurance Fund, Inc. harmless and fully indemnifies same (including but not limited to attorneys' fees, whether suit be brought or not, and at trial and all appellate levels, and court costs and other litigation expenses) with respect to the matters set forth herein. "Affiant", "Seller" and "Buyer" include singular or plural as context so requires or admits. Seller further states that he/she is familiar with the nature of an oath and with the penalties as provided by the laws of the United States and the State of Florida for falsely swearing to statements made in an instrument of this nature. Seller further certifies that he/she has read, or heard read, the full facts of this Affidavit and understands its context.

Under penalties of perjury, I declare that I have read the foregoing Affidavit and that the facts stated in it are true.

Pugh Septic Tank Service, Inc. Florida corporation

By: *Dixon Pugh*
Dixon Pugh, President

(Corporate Seal)

State of Florida
County of Highlands

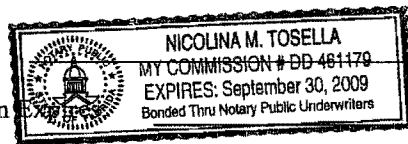
The foregoing instrument was sworn to and subscribed before me this 20 day of November, 2008 by Dixon Pugh of Pugh Septic Tank Service, Inc., Florida corporation, on behalf of the corporation. He is personally known to me or has produced a driver's license as identification.

[Notary Seal]

Nicolina M. Tosella
Notary Public

Printed Name:

My Commission



Schedule "A"

Parcel 1:

The North half (N 1/2) of the Northwest Quarter (NW 1/4) of the Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4) of Section 27, Township 34 South, Range 28 East, Highlands County, Florida, Less and Except that part described as follows: Commence at the Northwest corner of the Northwest 1/4 of the Southwest 1/4 of the Northwest 1/4 of Section 27 for a distance of 75.0 feet to the Point of Beginning; thence North for a distance for 72.60 feet to a point; thence East for a distance of 180.00 feet to a point; thence South for a distance of 145.20 feet to a point; thence West for a distance of 180.00 feet to a point; thence North for a distance of 72.60 feet to the Point of Beginning.

Parcel ID #C273428-A0000600000

Parcel 2:

The South 53.83 feet of the East 130.5 feet of the Southwest 1/4 of the Northeast 1/4 of the Southeast 1/4 of Section 35, Township 34 South, Range 28 East, Highlands County, Florida.

Parcel ID #C353428-A0032100000

Parcel 3:

The South half (S 1/2) of the Southwest Quarter (SW 1/4) of the Northwest Quarter (NW 1/4) of the Northwest Quarter (NW 1/4) of Section 27, Township 34 South, Range 28 East, Highlands County, Florida, Less and Except that part described as follows: Commence at the Northwest corner of the Northwest 1/4 of the Southwest 1/4 of the Northwest 1/4 of Section 27; thence East along the North line of the Northwest Quarter of the Southwest Quarter of the Northwest Quarter of said Section 27 for a distance of 75.0 feet to the Point of Beginning; thence North for a distance for 72.60 feet to a point; thence East for a distance of 180.00 feet to a point; thence South for a distance of 145.20 feet to a point; thence West for a distance of 180.00 feet to a point; thence North for a distance of 72.60 feet to the Point of Beginning.

Parcel ID #C273428-A0000500000

Exhibit 2

GEORGE HENSLEY, JR., MAYOR

COUNCIL:

JOHN GRIFFIN, PRESIDENT
JOHN CLARK, PRO-TEMPORE
MARGIE RHOADES
SCOTT STANLEY
BUD WHITLOCK

THE CITY OF SEBRING

UTILITIES DEPARTMENT

321 N. MANGO STREET
SEBRING, FL 33870
(863) 471-5112
(863) 471-5148(FAX)

KATHY HALEY, CMC
CITY CLERK/TREASURER

SCOTT NOETHLICH
CITY ADMINISTRATOR

MARTY ROEPSTORFF
UTILITIES DIRECTOR

April 21, 2009

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

Dear Sirs;

This letter is to confirm that Highlands Utilities Corporation has provided to the City of Sebring a copy of their most recent Annual Report. This report contains financial information including an available income and expense statement, balance sheet and statement of rate base for regulatory purposes and contributions-in-aid-of-construction.

Please let me know if you have any questions or need additional information.

Sincerely,



Bob Boggus
Administrative Coordinator