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July 28, 2009

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(LICENSED IN NEW YORK ONLY)

VIA HAND DELIVERY

Ms. Ann Cole
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Key Haven Utility Corporation;
Application for Transfer of Facilities to Governmental Authority
Our File No.: 26043.12

RECEIVED-FPSC
09 JUL 28 PM 4:52
COMMISSION
CLERK

Dear Ms. Cole:

Enclosed for filing please find an original and seven (7) copies of an Application for Transfer of Facilities to a Governmental Authority. Pursuant to section 367.071(3) Florida Statutes, no filing fee is required for this Application. Should you have any questions regarding this matter, please feel free to contact me.

Sincerely,



John R. Jenkins
For the Firm

JRJ/kem
Enclosures

cc: Mr. Wayne Lujan
Kirk Zuelch, Esq.

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DOCUMENT NUMBER-DATE
07720 JUL 28 09

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for Transfer of)
Wastewater Facilities of)
Key Haven Utility Corporation)
to the Florida Keys Aqueduct Authority)
_____)

DOCKET NO.

**APPLICATION FOR TRANSFER OF FACILITIES TO A GOVERNMENTAL
AUTHORITY**

Key Haven Utility Corporation (“Key Haven”) pursuant to § 367.071, Fla. Stat., files this Application for Transfer of Facilities to a Governmental Authority and in support thereof states as follows:

1. Key Haven operates under Wastewater Certificate No. 205-S in Monroe County, Florida.
2. The name and address of Key Haven and its authorized representative, for purposes of this application, are:

Key Haven Utility Corporation
1010 Kennedy Drive, Suite 300
Key West, FL 33040

Authorized Representatives:
John R. Jenkins, Esq.
Kyle L. Kemper, Esq.
Rose, Sundstrom, & Bentley, LLP
2548 Blairstone Pines Dr.
Tallahassee, Florida 32301
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kkemper@rsbattorneys.com

DOCUMENT NUMBER-DATE
07720 JUL 28 8
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3. The Florida Keys Aqueduct Authority ("FKAA") is an Independent Special District of the State of Florida recreated by the Florida Legislature pursuant to Chapter 76-441 Laws of Florida, as subsequently amended. The name and address of FKAA and its authorized representatives for purposes of this application are as follows:

Florida Keys Aqueduct Authority
P.O. Box 1239
Key West, Florida 33041

Authorized Representatives:

Kirk Zuelch, Esq.
General Counsel
P.O. Box 1239
Key West, Florida 33041
305-296-2454
kzuelch@fkaa.com

Jim Reynolds
Executive Director
P.O. Box 1239
Key West, Florida 33041
305-296-2454
jreynolds@fkaa.com

4. On June 25, 2009, FKAA conducted a public hearing in accordance with § 125.3401, Fla. Stat., in which it considered (a) the most recent available income and expense statements for Key Haven; (b) the most recent available balance sheet for Key Haven, listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon; (c) a statement of the existing rate base of Key Haven for regulatory purposes; (d) the physical condition of Key Haven's facilities being purchased; (e) the reasonableness of the purchase price and terms; (f) the impact of the purchase on utility customers, both positive and negative; (g) any additional investment required and the ability and willingness of FKAA to make that investment; (h) the alternatives to the purchase and the potential impact on Key Haven's customers if the purchase is not made; and (i) the ability of FKAA to provide and maintain high-quality and cost-effective utility service.

5. The Florida Keys Aqueduct Authority found the transaction to be in the public interest and adopted a Resolution 09-12 ("Resolution") approving the Acquisition Agreement dated as of June 25, 2009 ("Agreement"). A copy of the Resolution is attached hereto as Exhibit "A."

6. A copy of the Agreement dated as of June 25, 2009 Key Haven and the FKAA is attached hereto as Exhibit "B."

7. The transaction is scheduled to close on or before August 25, 2009.

8. This Application must be approved as a matter of right as a sale to a governmental authority pursuant to § 367.071(4)(a), Fla. Stat.

9. Subsequent to the closing of this transaction, Key Haven will retain no assets that would constitute a system providing or proposing to provide wastewater service to the public for compensation.

10. FKAA obtained from Key Haven it's most recent available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction.

11. Pursuant to the Agreement, ninety-eight percent of the accounts receivable, net of any credit balances, due Key Haven for unpaid wastewater service as of the closing date shall be credited to the Key Haven at closing as an addition to the purchase price. FKAA will subsequently collect such receivables. There are no customer deposits.

12. There are no fines owed relative to Key Haven's wastewater facilities. Key Haven will pay any and all outstanding regulatory assessment fees and file a final Regulatory Assessment Fee Return with the Division of Administration of this Commission within the time period required by the rules of this Commission.

13. Key Haven cannot currently locate original Wastewater Certificate 205-S for cancellation, but is undertaking a diligent search therefore.

14. Pursuant to section 367.071(3) Florida Statutes, no filing fee is required for this Application.

WHEREFORE, Key Haven respectfully requests that this Commission approve the transfer of its wastewater facilities to the Florida Keys Aqueduct Authority as a matter of right, and cancel wastewater certificate 205-W.

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2548 Blairstone Pines Drive
Tallahassee, Florida 32301
(850) 877-6555

A handwritten signature in black ink, appearing to read "JR Jenkins", written over a horizontal line.

John R. Jenkins, Esq.

Kyle L. Kemper, Esq.

Attorneys for Key Haven Utility Corporation

FKAA RESOLUTION NO. 09-12

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE FLORIDA KEYS AQUEDUCT AUTHORITY DIRECTING AND AUTHORIZING THE ACQUISITION OF THE REAL AND PERSONAL PROPERTY COMPRISING THE WASTEWATER UTILITY FACILITIES OWNED BY KEY HAVEN UTILITY CORPORATION; PROVIDING FOR FINDINGS OF A PUBLIC PURPOSE; PROVIDING THAT THE ACQUISITION OF THE WASTEWATER UTILITY FACILITIES OWNED BY KEY HAVEN UTILITY CORPORATION AND THE OPERATION AND MANAGEMENT OF SUCH FACILITIES BY THE FLORIDA KEYS AQUEDUCT AUTHORITY ARE IN THE PUBLIC INTEREST IN CONFORMANCE WITH SECTION 189.423, FLORIDA STATUTES; AND PROVIDING FOR APPLICABILITY AND AN EFFECTIVE DATE JUNE 25, 2009.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FLORIDA KEYS AQUEDUCT AUTHORITY AS FOLLOWS:

SECTION 1. AUTHORITY.

This Resolution is adopted pursuant to Chapter 76-441, as amended, Laws of Florida, Section 189.423, Florida Statutes, Rules adopted by the Authority and other applicable provisions of law.

SECTION 2. PURPOSE.

This Resolution is adopted for the purpose of directing and authorizing the acquisition of the real and personal property comprising the wastewater utility facilities owned by Key Haven Utility Corporation, a Florida Corporation, hereinafter referred to as "KEY HAVEN UTILITY" as provided in the Acquisition Agreement to purchase KEY HAVEN UTILITY (the "Acquisition Agreement") attached hereto as Appendix "A".

SECTION 3. FINDINGS.

(1)The Florida Keys Aqueduct Authority, a political sub-division of the State of Florida, hereinafter to as the "Authority" is the sole provider of potable water for all of the residents of the Florida Keys and presently serves over 45,000 customers within Monroe County.

(2)In 1998 and 2002, the Authority's enabling legislation was amended to redefine the primary purpose of the Authority to include collecting, treating and disposing of wastewater in certain areas of the Florida Keys.

(3)The Authority is one of several public and private utilities providing wastewater services within Monroe County limits. Expansion of the Authority's current wastewater service area is restrained by the presence of these competing systems. Serving a larger percentage of Monroe County wastewater customers is therefore best accomplished by the acquisition of currently existing systems.



(4) Additionally, a substantial portion of the unincorporated areas of Monroe County are not served by central wastewater facilities normally and generally provided and maintained by governmental agencies and, instead, are served by an uncoordinated mix of septic tanks, small individually owned onsite disposal systems or package sewage treatment plants or investor-owned facilities.

(5) The provision of wastewater services and facilities in an uncoordinated fashion and the provision of wastewater services and facilities through septic tanks, small privately owned on-site disposal systems, package sewage treatment plants and investor owned utility systems constitute impediments to the implementation of financially feasible local comprehensive plans. The Acquisition Agreement effectively implements a more regional, governmentally-owned utility system responsive to the public demand for better utility service and for consistent protection of the environment and will provide better local governmental opportunities to conserve water resources and to provide a higher level of treatment, conservation and operation benefit to the public now and in the future.

(6) The Authority desires to advance the development of a more uniform and regional approach to the delivery of wastewater services and facilities throughout Monroe County. The Acquisition Agreement will allow the Authority to control and coordinate existing resources to avoid inefficient effort and develop a cooperative regional approach as outlined in the Acquisition Agreement to provide wastewater services and facilities and advance the conservation and environmentally sensitive use and provision of water resources.

(7) The approach outlined in the Acquisition Agreement for the delivery of wastewater services and facilities to existing KEY HAVEN UTILITY customers will allow the Authority to **(a)** provide for the coordinated, comprehensive and environmentally sensitive supply, distribution and treatment and disposal of wastewater; **(b)** seek future economies of scale resulting from the unified and coordinated provision of regional utility services by local government; **(c)** ensure that current and future users of wastewater facilities and services within Monroe County move toward and maintain reasonable rate structures imposed by local government designed to conserve water resources; **(d)** ensure that the operation and maintenance of wastewater facilities is done in a more pro-active, accountable and environmentally responsible manner; **(e)** implement elements of uniformity and conservation into resulting rates and stabilize wastewater utility rates over the long term, reduce inefficient expansion and extension of service capabilities and avoid the proliferation of smaller and inefficient treatment facilities and sites; **(f)** assure the appropriate expansion and interconnection of existing facilities and the construction of future facilities in a coordinated and uniform manner; **(g)** promote the conservation, protection and environmentally sensitive utilization of water supplies, surface water and ground water resources in Monroe County and surrounding areas; and **(h)** accomplish a greater public use and increased public benefit which result from the ownership, operation and control of water and wastewater systems and facilities by local government.

(8) The proposed Acquisition Agreement between the Authority and the KEY HAVEN UTILITY provides a real and positive opportunity for the Authority and affected landowners and ratepayers served by the Utility System to secure public ownership for local government within Monroe County.

SECTION 4. PUBLIC INTEREST DETERMINATION RELATIVE TO THE KEY HAVEN UTILITY.

In addition to comments received and the public briefing document prepared by the Authority's Executive Director, James C. Reynolds, and filed at this public hearing set to consider acquisition of the KEY HAVEN UTILITY in conformance with Section 189.423, Florida Statutes, the Board has considered the following:

- (1)The most recently available income and expense statement relating to the KEY HAVEN UTILITY;
- (2)The most recently available balance sheet for the KEY HAVEN UTILITY listing the assets and liabilities and showing the amount of contributions-in-aid-of construction and the accumulated depreciation thereon;
- (3)A statement of the existing rate base of the KEY HAVEN UTILITY for regulatory purposes;
- (4)The physical condition of the KEY HAVEN UTILITY;
- (5)The reasonableness of the consideration and the terms of the Acquisition Agreement as it relates to the KEY HAVEN UTILITY;
- (6)The impacts of the contemplated acquisition on utility customers served by the KEY HAVEN UTILITY customers expected to be served by the Authority, both positive and negative;
- (7)Any additional investment required and the ability and willingness of the Authority to make that investment;
- (8)The alternatives to the contemplated Acquisition Agreement and the potential impact on utility customers if the KEY HAVEN UTILITY is not acquired by the Authority as contemplated by the Acquisition Agreement;
- (9)The ability of the Authority to provide and maintain high quality and cost effective utility service; and
- (10)A memorandum prepared by the Authority's Executive Director, James C. Reynolds, reflecting: (i) the transfer of the KEY HAVEN UTILITY to the Authority pursuant to the Acquisition Agreement and the subsequent operation and management by the Authority is in the public interest, including a summary of the experience in utility operation which will be employed by the Authority; and (ii) that the Authority has the financial ability to provide, now and in the future, high quality and cost effective utility services.

SECTION 5. AUTHORITY AND DIRECTION TO ACQUIRE THE KEY HAVEN UTILITY.

The form, terms and provisions of the Acquisition Agreement submitted to this duly called public meeting are hereby approved and ratified. The acquisition of the Key Haven Utility is in the public interest in conformance with Section 189.423 Florida Statutes. This Resolution

expressly contemplates that the Authority may acquire, finance, operate and/or maintain the KEY HAVEN UTILITY; and, to the maximum extent provided by law, shall evidence the authorization to provide services and facilities within the areas served by the KEY HAVEN UTILITY. The Board authorizes the Chair, members of the Board, officers, attorneys and other agents or employees of the Authority to do all acts and things required of them by this Resolution for the full, punctual and complete performance of all terms, covenants and agreements contained in this Resolution and the Acquisition Agreement and each member of the Board, officers, attorneys and other agents or employees of the Authority is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution and the Acquisition Agreement in conjunction with the acquisition of the KEY HAVEN UTILITY.

SECTION 6. EFFECT; EFFECTIVE DATE.

(A) It is not the Authority's intention and nothing herein shall be so construed, to impair the effectiveness of any prior action or resolution taken or adopted by the Board of Directors of the Florida Keys Aqueduct Authority.


(B) This Resolution shall take effect immediately upon its passage and adoption, this 25th day of June, 2009.

**BOARD OF DIRECTORS OF THE
FLORIDA KEYS AQUEDUCT AUTHORITY**

By: 
David C. Ritz, Chairman

(CORPORATE SEAL)

ATTEST:


Kathryn A. Ovide, Recording Clerk

ACQUISITION AGREEMENT

By and between

FLORIDA KEYS AQUEDUCT AUTHORITY

and

KEY HAVEN UTILITY CORPORATION

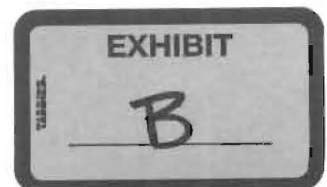


TABLE OF CONTENTS

PAGE

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. DEFINITIONS.....1
SECTION 1.02. CONSTRUCTION.....3

ARTICLE II

REPRESENTATIONS

SECTION 2.01. REPRESENTATIONS OF SELLER.....4
SECTION 2.02. REPRESENTATIONS OF BUYER.....5

ARTICLE III

CONVEYANCE OF THE SYSTEM

SECTION 3.01. CONVEYANCE.....6
SECTION 3.02. COVENANTS AND CONDITIONS
PRECEDENT TO CLOSING.....6
SECTION 3.03. PURCHASE PRICE.....7

ARTICLE IV

DUE DILIGENCE AND CLOSING

SECTION 4.01. DUE DILIGENCE.....8
SECTION 4.02. CLOSING DOCUMENTS.....9
SECTION 4.03. CLOSING DATE AND PURCHASE PRICE ADJUSTMENTS.....9
SECTION 4.04. TRANSFER OF PERMITS.....10
SECTION 4.05. EXECUTION OF AGREEMENTS.....10
SECTION 4.06. RISK OF LOSS.....10
SECTION 4.07. HOLD HARMLESS.....10
SECTION 4.08. REGULATORY APPROVAL.....10
SECTION 4.09. TITLE INSURANCE.....11

ARTICLE V

SYSTEM OPERATION

SECTION 5.01. OPERATION OF THE SYSTEM.....12

ARTICLE VI
GENERAL PROVISIONS

SECTION 6.01.	PROFESSIONAL FEES; COSTS	13
SECTION 6.02.	TERM OF AGREEMENT.....	13
SECTION 6.03.	FAILURE OF PERFORMANCE.....	14
SECTION 6.04.	DISPUTE RESOLUTION.....	14
SECTION 6.05.	AMENDMENTS AND WAIVERS	15
SECTION 6.06.	NOTICES.....	15
SECTION 6.07.	BINDING EFFECT	16
SECTION 6.08.	ASSIGNMENT.....	16
SECTION 6.09.	SEVERABILITY	16
SECTION 6.10.	EXECUTION OF COUNTERPARTS	16
SECTION 6.11.	APPLICABLE LAW AND VENUE	16
SECTION 6.12.	TIME IS OF THE ESSENCE	16
SECTION 6.13.	ENTIRE AGREEMENT.....	16

ACQUISITION AGREEMENT

THIS AGREEMENT is made and entered into as of the 25th day of June, 2009, by and between the Florida Keys Aqueduct Authority, an Independent Special District of the State of Florida ("Buyer"), and Key Haven Utility Corporation ("Seller"), a Florida corporation.

WITNESSETH:

WHEREAS, Seller owns and operates a wastewater utility serving an area known as Key Haven on Stock Island, Florida; and

WHEREAS, Buyer is an Independent Special District of the State of Florida created by special legislation Chapter 76-441 Laws of Florida, as amended, charged with providing water and wastewater service in Monroe County, Florida;

WHEREAS, the Buyer wishes to buy, and the Seller wishes to sell the System according to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration each to the other, receipt of which is hereby acknowledged by each party, Seller and Buyer hereby agree, stipulate and covenant as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. DEFINITIONS.

As used in this Agreement, the following terms shall have the meanings as defined unless the context requires otherwise:

"Accounts Receivable" (i) all customer accounts receivable and other rights to payment from customers of within the System; (ii) all other accounts or notes receivable from customers within the System and the full benefit of all security for such accounts or notes; and (iii) any claim, remedy or other right related to any of the foregoing.

"Agreement" means this Acquisition Agreement between Seller and Buyer, including any amendments and supplements hereto.

"Closing Date" means the date on which the Seller and the Buyer anticipate closing on the purchase and sale of the System.

"Excluded Assets" means cash, bank accounts, deposits maintained by Seller with any governmental authority, utility deposits and prepaid expenses of Seller which are not subject to refund to customers, provisions for payment of federal and state income taxes; monies invested

in, or proceeds from any profit sharing plan, pension plan, defined benefit plan or other such investment plan by or for the Seller, its officers or employees; any tools, equipment, and mowers, not used exclusively for the System; the name and the Florida corporation known as Key Haven Utility Corporation.

"Permitted Encumbrances" shall include, in addition to the other matters provided herein, (i) Ad valorem real estate taxes and assessments for the year 2009 and subsequent years; (ii) Restrictions set out in the recorded plats of subdivisions served by the System; (iii) Easements for utilities set out in recorded plats of subdivisions; provided, however, that none of the restrictions or easements set out in such recorded plats of subdivisions shall prevent or materially interfere with the present use of the System; (iv) Restrictions of record (except mortgages) that do not prevent or materially interfere with the present use of the System as permitted by applicable zoning and land use regulations presently in effect and that are not coupled with a forfeiture or reversionary provision; (v) All laws, ordinances, and governmental regulations, including, but not limited to, all applicable building, zoning, land use and environmental ordinances, regulations, restrictions, prohibitions and other requirements, none of which will prevent or materially interfere with the present use of the System; and, (vi) any Notices of Commencement that pertain to ongoing construction projects.

"Plant Site" means property upon which is located Seller's 200,000 gallon per day wastewater treatment plant the legal description for which is set forth in **Exhibit "A"** and incorporated herein by reference.

"Purchase Price" means the amount due Seller from Buyer at the Closing Date for the System, less any credits or debits as set forth herein.

"System" means the Seller's wastewater collection, transmission, treatment and disposal system providing service to the Key Haven area, including Utility Assets.

"Unbilled Customer Revenue" - revenue for services provided to customers of the System prior to Closing that have not yet been billed as of the Closing Date, calculated on a basis consistent with the Seller's current billing practices.

"Utility Assets" means those assets, business properties, and rights both tangible and intangible, that the Seller owns or uses in conjunction with the operation of the System, upon execution of this Agreement and through Closing, including the following:

(1) All real property and interests, whether recorded in the public records or not.

(2) All wastewater treatment plants, wells, collection, transmission, distribution, pumping, effluent and disposal facilities of every kind and description whatsoever including without limitation, all trade fixtures, leasehold improvements, lift stations, pumps, generators, controls, tanks, distribution, collection or transmission pipes or facilities, valves, meters, service connections, and all other physical facilities and property installations together with an assignment of all existing and assignable third party warranties that relate to completed or in progress construction.

(3) All equipment, inventory, tools, parts, and other personal property.

(4) All easements on, over, under and across private property for purposes of ownership or operation of the System; provided that, such easements shall not include platted public utility easements or public rights of way.

(5) All current customer records and supplier lists, as-built surveys and wastewater plans, plats, engineering and other drawings, engineering project files, designs, blueprints, plans and specifications, maintenance and operating manuals, controlled by or in the possession of the Seller that relate to the System, inclusive of all pertinent computer records and the lawful use of all computer software which is used in the operation of the System for billing or customer record keeping purposes; provided such software shall not include that maintained by billing companies or third party vendors.

(6) All necessary regulatory authority or approvals subject to all conditions, limitations or restrictions contained therein; all existing permits, consent orders, administrative orders, and other governmental authorizations and approvals of any kind necessary to operate or provide Wastewater Service or construct, operate, expand, and maintain the System according to all governmental requirements.

(7) The following Records: (i) all information required by the Florida Department of Environmental Protection ("DEP") to be maintained related to the System; (ii) environmental files, including reports of spills and effluent violations; (iii) daily operations logs, Discharge Monitoring Reports, annual sludge reports, monitoring well reports and other reports in its possession related to System operations; (iv) service and warranty records; (v) operations files, equipment logs, preventive maintenance logs; (vi) copies of the general ledger(s) for the Wastewater System for the current year.

(8) All rights and obligations under any developer agreements, agreements and contracts which specifically relate to the System as set forth in **Exhibit "D."**

"Wastewater Service" means wastewater collection, transmission, treatment, and disposal services associated with the System.

SECTION 1.02 CONSTRUCTION.

(A) Words importing the singular number shall include the plural in each case and vice versa, and words importing persons shall include firms and corporations.

(B) Each recital, covenant, agreement, representation and warranty made by a party herein shall be deemed to have been material and to have been relied on by the other parties to this Agreement. All parties shall be deemed to have participated in the drafting and preparation of this Agreement and the provisions hereof shall not be construed for or against any party by reason of authorship.

(C) Any headings preceding the texts of the several Articles and Sections of this Agreement and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall neither constitute a part of this Agreement nor affect its meaning, construction or effect.

ARTICLE II REPRESENTATIONS

SECTION 2.01. REPRESENTATIONS OF THE SELLER.

The Seller makes the following representations as the basis for the undertaking on the part of the County herein contained:

(A) The Seller is duly organized and validly existing as a Florida corporation.

(B) The Seller has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

(C) Except as disclosed in **Exhibit "B"** attached hereto, the Seller is not in violation of any provisions of the laws of the State which are material to the performance of its obligations under this Agreement.

(D) The Seller has duly authorized the execution and delivery of this Agreement and assuming the due authorization, execution and delivery by the Buyer, this Agreement constitutes a valid and legally binding obligation of the Seller, enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(E) The authorization, execution and delivery of this Agreement and the compliance by the Seller with the provisions hereof will not conflict with or constitute a material breach of, or default under, any existing law, court or administrative regulation, decree, order or any provision of the Constitution or laws of the State relating to the Seller or its affairs, or any ordinance, resolution, agreement, lease or other instrument to which the Seller is subject or by which it is bound.

(F) Except as disclosed in **Exhibit "B"** attached hereto, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best knowledge of the Seller, threatened against or affecting the Seller, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby.

(G) The Plant Site is the only real property that is owned by the Seller in fee simple and used in the operation of the System. The agreements set forth in **Exhibit "D"** are the only outstanding agreements which materially affect or could be considered an encumbrance on the

Utility Assets or the operation of the System. The Seller shall insure that the entire Plant Site will be conveyed to the Buyer and if any areas of the Plant Site have been reserved for mitigation purposes with any federal, state or local agency, such encumbrances shall be removed by Seller prior to closing.

SECTION 2.02. REPRESENTATIONS OF THE BUYER.

The Buyer makes the following representations as the basis for the undertaking on the part of Seller herein contained:

(A) The Buyer is an independent special district of the State of Florida.

(B) The Buyer has full power and authority to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

(C) The Buyer is not in default under any provisions of the laws of the State which are material to the performance of its obligations under this Agreement.

(D) The Buyer has duly authorized the execution and delivery of this Agreement and assuming the due authorization, execution and delivery by Seller, this Agreement constitutes a valid and legally binding obligation of the Buyer, enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(E) The authorization, execution and delivery of this Agreement and the compliance by the Buyer with the provisions hereof will not conflict with or constitute a material breach of, or default under, any existing law, court or administrative regulation, decree, order or any provision of the Constitution or laws of the State relating to the Buyer or its affairs, or any ordinance, resolution, agreement, lease or other instrument to which the Buyer is subject or by which it is bound.

(F) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or, to the best knowledge of the Buyer, threatened against or affecting the Buyer, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated hereby, this Agreement or any agreement or instrument to which the Buyer is a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby.

(G) Following the Closing Date, Buyer shall provide Wastewater Service on a uniform and nondiscriminatory basis to all existing units and remaining platted lots and platted commercial area within the plat of Key Haven (including Enchanted Island and Key Haven Estates), subject to payment of approved rates and charges. Buyer agrees to connect to the Wastewater Treatment Plant any collection system that is approved by DEP; provided that, the collection system construction is completed in compliance with Buyer's standard specifications

and that the provision of Wastewater Service to those properties served by the new collection system does not exceed the permitted capacity of the treatment facility.

ARTICLE III CONVEYANCE OF THE SYSTEM

SECTION 3.01. CONVEYANCE.

(A) Subject to the terms and provisions of this Agreement and for the consideration herein provided, the Seller hereby grants, bargains, sells, conveys, assigns and transfers unto the Buyer all of its right, title, and interest in the Utility Assets.

(B) On the Closing Date, the Seller shall convey to the Buyer and the Buyer shall accept all of the Seller's right, title, and interest in Utility Assets (exclusive of the Excluded Assets) and undertake to operate and provide Wastewater Service from the System.

(C) The Buyer acknowledges and agrees that it has had ample opportunity to perform such inspections, testing, records review and other investigations of the System and its operational history and, accordingly, agrees to accept the System in its "AS IS, WHERE IS, WITH ALL FAULTS" condition without any representations or warranties by the Seller whatsoever, except for any representations and warranties in and pursuant to this Agreement. The Buyer waives all claims against Seller for any defects in the Utility Assets.

(D) Without limiting the generality of the foregoing, the Seller has not made and does not hereby make (except for those set forth in this Agreement and the certificates and schedules prepared and delivered to the Buyer pursuant hereto) any express or implied representations or warranties whatsoever with respect to the System.

(E) The Buyer acknowledges and agrees that the Seller has not made, does not make and specifically disclaims any representations regarding compliance with any environmental protection or pollution laws, rules, regulations, orders or requirements, including solid waste, as defined by the U.S. Environmental Protection Agency regulations at 40 C.F.R., Part 261, as may be amended from time to time, or the disposal or existence, in, on or around the property, of any hazardous substance, as defined by the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, and regulations promulgated thereunder or the disposal or existence of any petroleum or petroleum based products in, on or around the real property or the condition, status, suitability, suitability or any storage tanks in or on the real property or compliance with provisions of Florida Statute § 376.011 Et Setq. or the Florida Administrative Code. The Buyer further acknowledges and agrees that having been given the opportunity to inspect the real property, it is relying solely on its own investigation of the real property and not on any information provided or to be provided by the Seller.

SECTION 3.02. COVENANTS AND CONDITIONS PRECEDENT TO CLOSING.

At or prior to the Closing Date:

(A) Seller and the Buyer shall be provided with a certified copy of a resolution of their respective governing boards which ratifies and confirms the intention of the Seller to sell and the Buyer to buy the Utility Assets.

(B) Buyer shall provide evidence that any public hearing required by law for the sale or transfer of the System has been duly held.

(C) Seller shall identify all known regulatory compliance issues and otherwise certifying that the Seller is not, after due inquiry, aware of any violation of any governmental rule, regulation, permitting condition, or other governmental requirement of any type or nature applicable to the ownership, maintenance, construction or operation of the System, nor is the Seller aware of any conditions which by reason of the passing of time or the giving of notice by the appropriate governmental agency would constitute such a violation, other than as previously disclosed to Buyer.

(D) The parties shall update, prior to the Closing Date, and reaffirm their representations made here.

(E) The Seller shall satisfy all requirements of the DEP Consent Order dated October 23, 2008. The Seller shall provide documentation from the DEP that Seller's obligations under the Consent Order have been satisfied.

On the Closing Date, Buyer shall assume all operation of the System. In no event shall any obligation of this Agreement require the Seller to convey less than all of the System on the Closing Date.

SECTION 3.03. PURCHASE PRICE.

(A) As consideration for the transfer of the System to Buyer, Buyer shall pay to the Seller the Purchase Price in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000.00), subject to the adjustments and proration referenced herein. Payment shall be made in full, on the Closing Date, in immediately available federal funds, by wire-to-wire transfer to an account designated by Seller.

(B) Buyer shall receive a credit at closing towards the Purchase Price to recognize the cost for certain post closing improvements to the system to be made by Buyer as agreed to by the parties and as set for in **Exhibit "C"**. To the extent Seller is not in compliance with any regulatory requirement on the Closing Date, Seller shall either remedy utilizing its own funds, or Buyer and Seller shall agree to a reasonable adjustment to the Purchase Price for the cost to repair such problem and bring the System into regulatory compliance. Should the Seller be unable to bring the System into regulatory compliance within sixty (60) days of the scheduled closing date, Buyer may terminate this Agreement.

(C) Buyer shall use its best efforts to obtain third party financing for the purchase of the Utility Assets. Buyer shall have sixty (60) days from the date of this Agreement to obtain a commitment for financing under commercially reasonable terms and conditions. In the event Buyer is unable to obtain such a commitment, Buyer may terminate the Agreement with no further obligation of the parties one to the other.

(D) Buyer and Seller authorize the law firm of Feldman, Koenig, Highsmith and Van Loon, whose address is 3158 Northside Drive, Key West, Florida 33040, and telephone number is 305-296-8851, to act as "Escrow Agent" to receive funds and other items and, subject to clearance, disburse them in accordance with the terms of this Agreement.

ARTICLE IV

DUE DILIGENCE AND CLOSING

SECTION 4.01. DUE DILIGENCE.

Seller shall timely cooperate with Buyer in the identification of the Utility Assets. Seller covenants to promptly, fully and reasonably cooperate with Buyer to provide and make available for inspection and copying information regarding the System in its, or its agents, possession. Seller also agrees to provide or make available to Buyer:

- (1) A legal description for the Plant Site and all other real property to be conveyed.
- (2) A copy of all unplatted easements, including legal descriptions, used or available for use in connection with the System.
- (3) All maps, plans and specifications in possession of the Seller that relate to the System.
- (4) All existing construction, vendor and operating contracts and third party warranties that relate to completed or in progress construction.
- (5) All current or active permits, applications or other documents which authorize the operation of the System.
- (6) An inventory of the equipment, tools, parts and other personal property predominantly used by Seller in connection with the operation of the System..
- (7) A schedule of all executory agreements including any developer agreements entered into by the Seller for the provision of Wastewater Service through the System.
- (8) Any other agreements which would be reasonably considered to materially affect or be an encumbrance upon the System.

(9) A schedule of all current tariffs with represent the most current schedule of rates, fees and charges being imposed in conjunction with the System.

(10) A schedule, description and estimate of all monies, funds, accounts and intangibles held under any Debt Obligations, indenture of trust, resolution, agreement or other instrument by Buyer, or any third party for the benefit of any ratepayers of the System or in connection with the operation of the System or in providing services and facilities to the System.

(11) A schedule of any actions, arbitrations, audits, hearings, investigations, litigation or suits (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any governmental body or arbitrator, whether actual or threatened.

SECTION 4.02. CLOSING DOCUMENTS.

On the Closing Date the parties shall execute, deliver and accept a deed, bill of sale, grant of easement and a transfer, assignment and assumption agreement together with any other necessary and reasonable documents to affect the conveyance of record of the System and the Utility Assets.

(A) From time to time after closing, each party hereto shall, upon the request to the other, execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further acts, deeds, assignments, transfers or other documentation for (1) confirming or correcting title in the name of the Buyer or perfecting undisputed possession by the Buyer of the System or any or all of the Utility Assets or (2) otherwise fulfilling the obligations of the parties hereunder.

(B) The Seller shall, on the Closing Date, deliver to the Buyer all drawings, surveys, as-built plans and similar documents in the possession of the Seller that depict and describe in detail the System and any components thereof.

SECTION 4.03. CLOSING DATE AND PURCHASE PRICE ADJUSTMENTS.

(A) It is anticipated that the transactions contemplated by this Agreement will be closed on a mutually agreed upon date on or before August 25, 2009. The closing shall be held at such place or offices convenient and mutually agreeable to the parties ("Closing Date").

(B) Ninety-eight percent (98%) of the Accounts Receivable, net of any credit balances, due Seller for unpaid Wastewater Service as of the Closing Date shall be credited to the Seller as an addition to the Purchase Price. Seller shall furnish to Buyer, not less than three (3) days prior to the Closing Date, a listing of its accounts receivable, by customer and individual amounts. No receivables owed to Seller on account of Wastewater Service more than sixty (60) days in arrears (from the billing date) shall be included as a credit.

(C) Seller has collected no customer deposits therefore there is no Purchase Price adjustment for this item.

(D) The parties recognize that the Closing may be established during the normal billing cycle of the Seller. The parties will cooperate to obtain a final meter reading and billing for all System customers as close to the Closing Date as possible to minimize unbilled revenue. Gross revenue from Wastewater Services rendered, but not yet billed, as of the Closing Date shall be paid to Seller as collected. Buyer shall utilize its standard collection and enforcement procedures for collection of this unbilled revenue.

(E) Except as set forth above, Buyer shall be entitled to all Wastewater System revenue earned from the Closing Date forward.

SECTION 4.04. TRANSFER OF PERMITS.

It shall be the obligation and responsibility of each of the parties hereto to timely cooperate to apply for and cause the transfer of all necessary permits and governmental approvals, and shall use all reasonable efforts to obtain the timely transfer of such permits. Upon transfer, the Buyer shall assume all obligations under the permits and governmental approvals necessary for continued operation of the System.

SECTION 4.05. EXECUTION OF AGREEMENTS.

The Seller hereby represents to Buyer that it has not entered into any agreement for administration, operation, billing or the provision of any services that can not be terminated at will, except for those listed in **Exhibit "D."** The Seller shall not enter into any agreement for administration, operation, billing or the provision of any services which does not include a provision that such agreement is terminable by Buyer without penalty within one hundred twenty (120) days of the Closing Date.

SECTION 4.06. RISK OF LOSS.

At all times prior to and through the Closing Date, the Seller shall maintain adequate insurance coverage for the cost of any repairs to the System or Utility Assets that may be required by casualty damage. The risk of loss during this said period of time shall fall upon the Seller. The risk of loss shall pass to Buyer on the Closing Date.

SECTION 4.07. HOLD HARMLESS.

The Buyer shall hold the Seller harmless from any liabilities, obligations or actions relating to the System which were incurred or occurred subsequent to the transfer date. The Seller shall hold the Buyer harmless from any liabilities, obligations or actions relating to the System which incurred or occurred prior to the transfer date.

SECTION 4.08. REGULATORY APPROVAL.

Seller shall apply for approval by the Florida Public Service Commission ("PSC") for transfer of the Utility Assets from Seller to Buyer. Seller agrees to pay all fees and costs incurred by Seller incident to such dealings with the PSC. Buyer shall cooperate with Seller to obtain approval from the PSC and will render all reasonable assistance to Seller necessary to obtain such approval. The parties acknowledge and agree that the sale is made contingent upon PSC approval and, subject thereto, Closing may occur prior to such approval. The parties further acknowledge that the Buyer is a governmental authority and entitled to approval as a matter of right.

In the event that the PSC denies such approval or imposes conditions on such approval that would have material adverse affect on the Buyer, then the System shall be repurchased by the Seller via the same means the System was purchased by the Buyer pursuant to this Agreement, and the obligations of the Seller and the Buyer under this Agreement shall be reversed for purposes of such repurchase. Seller agrees that in the event of such repurchase, the Seller will only reimburse the Buyer for the original Acquisition Cost. From and after the Closing Date and until the PSC approval is issued, or the repurchase of the System by the Seller, whichever occurs first, the Buyer shall operate the System in the ordinary course of business and in compliance with all applicable agreements, laws, rules and regulations with due care such that the System, if repurchased by the Seller, shall be in as good a condition as it was on the Closing Date, ordinary wear and tear excepted. Damage to the System above and beyond the foregoing shall be deducted from the repurchase price to be paid by the Seller in the event of a repurchase of the System by the Seller.

SECTION 4.09. TITLE INSURANCE.

Buyer, at its option, may obtain title insurance issued by a title company licensed to do business in the State of Florida covering the Plant Site in an amount equal to the Purchase Price. The cost of the title insurance commitment and title insurance shall be borne by Buyer. The title insurance commitment shall commit the insurer to issue owner's title insurance policies to Buyer covering the Plant Site (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to be marketable or insurable, except for the Permitted Encumbrances, the standard printed exceptions usually contained in an owner's title insurance policy, and the standard exclusions from coverage; provided, however, that the title insurance company shall delete the standard exceptions customarily deleted for such items as materialman's liens, survey, and mechanic's liens. Seller shall execute at or prior to Closing, in favor of the title insurance company, the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the title insurance company to delete all standard exceptions addressed by such affidavits.

Buyer shall notify Seller in writing no less than ten (10) days after receipt of such title insurance commitment, of any alleged material defect in Seller's title to the Plant Site, other than those accepted herein and the Permitted Encumbrances, such written notice to include all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the Real Estate (other than the Permitted Encumbrances), which render or may render Seller's title to the Real Property unmarketable in accordance with standards adopted by The Florida Bar or uninsurable. Any objections to title to the extent not shown on the notice

furnished by Buyer in accordance with the provisions of this paragraph shall be deemed to have been waived by Buyer. Seller shall have thirty (30) days after receipt of Buyer's notice, to eliminate all of the material objections to title set forth in Buyer's notice. However, Seller shall not be required to bring suit or expend any sum in excess of \$25,000 in the aggregate to cure title defects, exclusive of mortgages against the Property, which are in a liquidated amount or Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. In the event Seller fails to deliver title as herein provided, then Buyer may:

Accept whatever title Seller is able to convey with no abatement of the Purchase Price; or

Reject title and terminate this Agreement with no liability for damages from either Buyer or Seller.

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

Buyer may, at its expense, obtain a survey of the real property identified in **Exhibit "A"**, as prepared by a Florida licensed surveyor, and certified to Buyer and Seller, in accordance with the minimum technical standards adopted by the Florida Society of Professional Land Surveyors in accordance with § 472.027, Florida Statutes. The survey(s) shall set forth the area contained in each parcel of property, together with all existing easements, alleys, streets and roads thereon; show any encroachments upon or protrusions from the property; show all existing improvements constructed thereon and distances to boundary lines; specify thereon all dedicated public streets providing access to the property; and stating whether the property is within any area determined by the Department of Housing and Urban Development to be flood prone under the Federal Flood Protection Act, as amended. If Buyer provides such survey on or before the Closing Date the standard survey exception will be deleted from the title insurance policy.

ARTICLE V

SYSTEM OPERATION

SECTION 5.01. OPERATION OF THE SYSTEM.

Except as otherwise expressly approved by the Buyer in writing, between the date of this Agreement and the Closing Date, the Seller:

- (A) shall operate the System in the ordinary course of business;

(B) shall use its best efforts to preserve intact its current business organization, and maintain its relations with suppliers, customers, creditors, employees, agents and others having business relationships with it;

(C) shall confer with the Buyer prior to implementing operational decisions of a material nature which are not in the ordinary course of business;

(D) shall keep in full force and effect all rights relating to the System and the Utility Assets other than those rights, the absence of which would not have a material adverse effect on the System;

(E) shall comply with, or bring into compliance prior to closing, all legal requirements and contractual obligations applicable to the operation of the System for which the failure to comply would have a material adverse effect on the System.

(F) shall maintain all books and records of the Seller relating to the System in the ordinary course of business.

ARTICLE VI GENERAL PROVISIONS

SECTION 6.01. PROFESSIONAL FEES; COSTS.

(A) Except as expressly provided otherwise in this Agreement, each party shall be responsible for securing its own counsel for representation relative to the negotiation, preparation and implementation of this Agreement, and all other matters associated with the implementation or performance hereunder; unless otherwise specified herein, and each party shall be responsible for the payment of all costs and expenses, including the fees of its own attorneys, engineers, accountants and other professional advisors or consultants, in connection therewith.

(B) In any litigation arising out of this Agreement, the prevailing party in such litigation shall, subject to the limitation imposed by Section 768.28, Florida Statutes, be entitled to recover reasonable attorneys' fees and costs.

SECTION 6.02. TERM OF AGREEMENT.

(A) The term of this Agreement shall commence on the date of execution of this Agreement by all the parties hereto, and shall continue until closing on the Closing Date or upon termination by a written agreement between all parties hereto. The covenants contained herein shall survive any closing and this Agreement shall be deemed in full force and effect until same have been fully executed.

(B) By notice given prior to or at the Closing Date, but subject to a five (5) day opportunity for the party receiving notice to cure, this Agreement may be terminated as follows:

(1) by the Buyer, if a breach of any material provision of this Agreement has been committed by the Seller and such breach has not been waived by the Buyer;

(2) by the Seller, if a breach of any material provision of this Agreement has been committed by the Buyer and such breach has not been waived by the Seller;

(3) by the Buyer, if any condition in this Agreement has not been satisfied as of the date specified for the Closing Date or if satisfaction of such a condition by such date is or becomes impossible (other than through the failure of the Buyer to comply with its obligations under this Agreement), and the Buyer has not waived such condition on or before such date;

(4) by the Seller, if any condition in this Agreement has not been satisfied as of the date specified for the Closing Date or if satisfaction of such a condition by such date is or becomes impossible (other than through the failure of the Seller to comply with its obligations under this Agreement), and the Seller has not waived such condition on or before such date;

(5) by mutual consent of the Buyer and the Seller;

SECTION 6.03. FAILURE OF PERFORMANCE.

(A) A breach of this Agreement shall mean a material failure to comply with any of the provisions of this Agreement. If any party breaches any obligation herein, then, upon receipt of written notice by the non-breaching party, the breaching party shall proceed diligently and in good faith to take all reasonable actions to cure such breach and shall continue to take all such actions until such breach is cured.

(B) Unless otherwise provided herein, the parties to this Agreement may proceed at law or in equity to enforce their rights under this Agreement.

SECTION 6.04. DISPUTE RESOLUTION.

(A) The parties agree to resolve any dispute related to the interpretation or performance of this Agreement in the manner described in this section. Either party may initiate the dispute resolution process by providing written notice to the other party.

(B) After transmittal and receipt of a notice specifying the area or areas of disagreement, the parties agree to meet at reasonable times and places, as mutually agreed upon, to discuss the issues.

(C) If discussions among the parties fail to resolve the dispute within thirty (30) days of the notice described in subsection (A) hereof, the parties shall appoint a mutually acceptable neutral third party to act as a mediator. The mediation contemplated by this subsection (C) is intended to be an informal and non-adversarial process with the objective of helping the parties reach a mutually acceptable and voluntary agreement. The decision-making shall rest solely with the parties. The mediator shall assist the parties in identifying issues, fostering joint problem-solving and exploring settlement alternatives. It is understood that any settlement may require approval of the Board of Directors of the Buyer and the Board of Directors of the Seller.

(D) If the parties are unable to reach a mediated settlement within sixty (60) days of the mediator's appointment, any party may terminate the settlement discussions by written notice to the other party. In such event, either party may initiate litigation within sixty (60) days of the notice terminating the settlement discussions.

SECTION 6.05. AMENDMENTS AND WAIVERS.

No amendment, supplement, modification or waiver of this Agreement shall be binding unless executed in writing by all parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision of this Agreement, whether or not similar, unless otherwise expressly provided. Neither the failure nor any delay by any party hereto in exercising any right or power under this Agreement nor any course of dealing between or among the parties will operate as a waiver of such right or power, and no single or partial exercise of any such right or power will preclude any other or further exercise of such right or power or the exercise of any other right or power.

SECTION 6.06. NOTICES.

(A) All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid, or sent by nationally recognized overnight courier (with delivery instructions for "next business day" service) to the parties at the following addresses:

SELLER: Key Haven Utility Corporation
1010 Kennedy Drive, Suite 300
Key West, Florida 33040
Attention: Mr. Wayne Lujan, President
(305) 293-7222

MANDATORY COPY: Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
Attention: John R. Jenkins, Esq.
(850) 877-6555

BUYER: Florida Keys Aqueduct Authority
1100 Kennedy Drive
Key West, Florida 33040
Attention: Mr. Jim Reynolds, Executive Director
(305) 296-2454

MANDATORY COPY: Florida Keys Aqueduct Authority
1100 Kennedy Drive
Key West, Florida 33040
Attention: Kirk C. Zuelch, Esq., General Counsel
(305) 296-2454

(B) Any of the parties may, by notice in writing given to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Any notice shall be deemed given on the date such notice is delivered by hand (or facsimile transmission) or three days after the date mailed.

SECTION 6.07. BINDING EFFECT.

To the extent provided herein, this Agreement shall be binding upon the parties, their respective successors and assigns and shall inure to the benefit of the parties, their respective successors and assigns. The representations, warranties and indemnities of the parties shall survive closing as shall Buyer's service commitments set forth herein.

SECTION 6.08. ASSIGNMENT.

No assignment of this Agreement may be made in whole or in part without the written approval of the parties..

SECTION 6.09. SEVERABILITY.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

SECTION 6.10. EXECUTION IN COUNTERPARTS.

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 6.11. APPLICABLE LAW AND VENUE.

This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. Venue for any action or proceeding to construe or enforce the provisions of this Agreement shall be in the Circuit Court in and for Monroe County, Florida.

SECTION 6.12. TIME IS OF THE ESSENCE.

Time is of the essence in this Agreement. The time period specified in this Agreement shall expire at midnight on the date stated unless the parties agree in writing to a different date or time. Any time period provided for herein which ends on a Saturday, Sunday or legal holiday shall extend to 5 P.M. on the next business day.

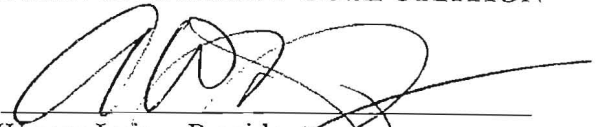
SECTION 6.13. ENTIRE AGREEMENT.

This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are

no warranties, representations or other agreements among the parties in connection with the subject matter hereof, except as specifically set forth herein.

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be duly executed and entered into as of the date first above written.

KEY HAVEN UTILITY CORPORATION

By: 
Wayne Lujan, President

Date: 6/22/09, 2009

ATTEST:


Betty Lujan Loppino

IN WITNESS WHEREOF, Seller and Buyer have caused this Agreement to be duly executed and entered into as of the date first above written.

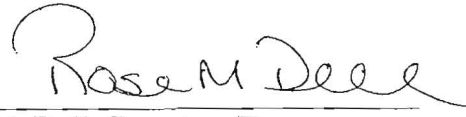
FLORIDA KEYS AQUEDUCT AUTHORITY

(SEAL)

By: 
David C. Ritz, Chairman

Date: 6-25, 2009

ATTEST:


Rose M. Dell, Secretary/Treasurer

Approved as to form and legal sufficiency solely for the use and reliance of the Florida Keys Aqueduct Authority.

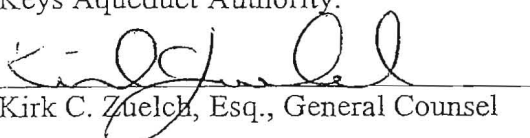

Kirk C. Zuelch, Esq., General Counsel

Exhibit "A"

EXHIBIT A

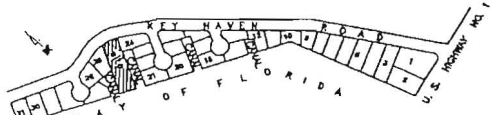
LEGAL DESCRIPTION:

A portion of land located on Racoon Key (Key Haven), Monroe County, Florida, and being a portion of land shown as Lot 33 of Key Haven Estates according to the Plat thereof, as recorded in Plat Book 7, at Page 78, of the Public Records of Monroe County, Florida, and being more particularly described as follows:

Begin at the Northwesterly corner of Lot 33, as shown on the said plat of Key Haven Estates; thence S 25° 36' 32" W along the Westerly line of said Lot 33 for 279.71 feet; thence N 57° 38' 13" W for 6.55 feet; thence N 25° 36' 32" E for 279.02 feet to a point on a curve, whose radius bears S 08° 20' 34" W and said point also being the Southerly Line of Key Haven Road; thence along the curve in a Southeasterly direction, said curve having a radius of 220.00 feet and a central angle of 0° 54' 31" for 6.66 feet to the Point of Beginning.

Containing 1815.98 square feet, more or less.

EXHIBIT A



LOCATION MAP
KEY HAVEN - 9TH ADDITION
PLAT BOOK 5 PAGE 113

Curve number 1	Curve number 2
Radius= 220.00'	Radius= 220.00'
Delta= 28°36'33"	Delta= 07°54'31"
Arc= 102.307 m, 102' d.	Arc= 3.48'
Tangent= 52.09'	Tangent= 1.74'
Chord= 101.38'	Chord= 3.48'
Chord Brg.= S.66°53'40"E.	Chord Brg.= S.53°07'08"E.

LEGAL DESCRIPTION
D.R. 277, Page 515
On Racoon Key, Monroe County, Florida and is part of Government Lot 2, Section 25, Township 07 South, Range 25 East, and adjacent submerged land and is more particularly described as follows:

From the West corner of Lot 15, Block 2, according to the Plat of Key Haven - Second Addition, Plat Book 4, Page 83 of the Monroe County Official Records, go South 52 Degrees 40 Minutes West a distance of 82 feet more or less to a point of intersection with the Southwesterly line of Key Haven Road according to said plat, which point is the point of beginning; thence South 28 Degrees 0 Minutes West a distance of 280 feet, more or less, to a point of intersection with the Southwesterly line of submerged land described in TIF Deed 22077; thence North 5 Degrees 13 Minutes West along said Southwesterly line of submerged land a distance of 102 feet to a point; thence North 25 Degrees 0 Minutes East a distance of 251 feet, or more or less, to a point in the Southwesterly line of Key Haven Road; thence Southwesterly along said Southwesterly line of Key Haven Road following a curve concave to the Southwest having a radius of 220 feet a distance of 102 feet, more or less, back to the Point of Beginning.

LEGAL DESCRIPTION
Prepared by and designed:
A portion of land located on Racoon Key (Key Haven), Monroe County, Florida, and being a portion of land shown as NOT INCLUDED IN THIS PLAT, "KEY HAVEN-NINTH ADDITION", according to the Plat thereof, as recorded in Plat Book 5, of Page 113, of the Public Records of Monroe County, Florida, and being more particularly described as follows:
Begin at the Northwest corner of Lot 24, as shown on the said plat of Key Haven-Ninth Addition; thence S 25°36'32" W along the Westerly line of said Lot 24 and a unaccounted canal for 279.71 feet; thence N 57°38'13" W for 3.30 feet to the Easterly line of deed D.R. 277, Page 515 thence N 25°34'47" E and along the said East Line of deed D.R. 277, Page 515 for 280.00 feet to a point on a curve, whose radius bears S 08°20'34" W and said point also being the Southerly Line of Key Haven Road; thence along the curve in a Southwesterly direction, said curve having a radius of 220.00 feet and a central angle of 07°54'31" for 3.48 feet to the Point of Beginning.
Containing 923.52 square feet, more or less.

SURVEYOR'S NOTES
North arrow based on plat
Reference Bearings/R/W Key Haven Drive
3.4 denotes existing elevations
Elevations based on N.C.S.D. 1829 Datum
Bench Mark No. C-271 Elevation 8.471
Monumentation:
Ø = set 1/2" Iron Pipe, P.L.S. No. 2748
⊙ = Found 1/2" Iron Pipe
⊙ = Found 1/2" Iron Bar
Δ = Set P.K. Nail, P.L.S. No. 2749
▲ = Found P.K. Nail

Abbreviations:

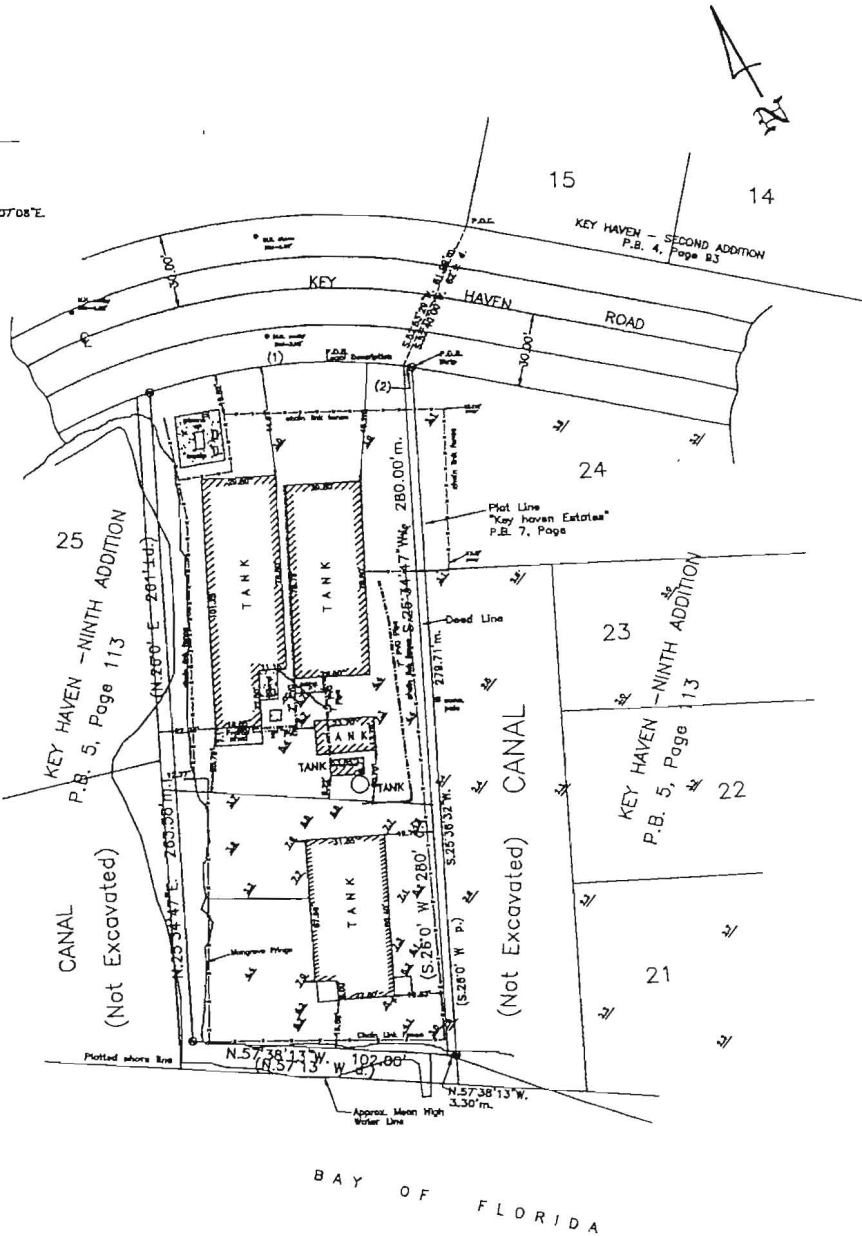
Sty. = Stopy	F.F.L. = Finish Floor Elevation
R/W = Right-of-Way	conc. = concrete
Id. = Found	LP = Iron Pipe
P. = Plat	LB. = Iron Bar
M. = Measured	C.B.S. = Concrete Block Stucco
E. = Elevation	cov'd = Covered
N.T.S. = Not to Scale	wd. = Wood
ε = Centaline	w.m. = Water Meter
Elev. = Elevation	Bal. = Balcony
B.M. = Bench Mark	PL = Planter
P.B. = Plat Book	A/C = Air Conditioner
pg. = page	U = Concrete Utility Pole
o/h = Overhead	C.B. = Storm Water Catch Basin
u/g = Underground	○ = Water Meter

Field Work performed on: 7/15/08

CERTIFICATION
I HEREBY CERTIFY that the attached BOUNDARY SURVEY is true and correct to the best of my knowledge and belief; that it meets the minimum technical standards adopted by the Florida Board of Land Surveyors, Chapter 11C17-8, Florida Statute Section 472.027, and the American Land Title Association, and that there are no visible encroachments unless shown herein.

FREDERICK H. HILDEBRANDT
Professional Land Surveyor & Mapper No. 2749
Professional Engineer No. 36810
State of Florida

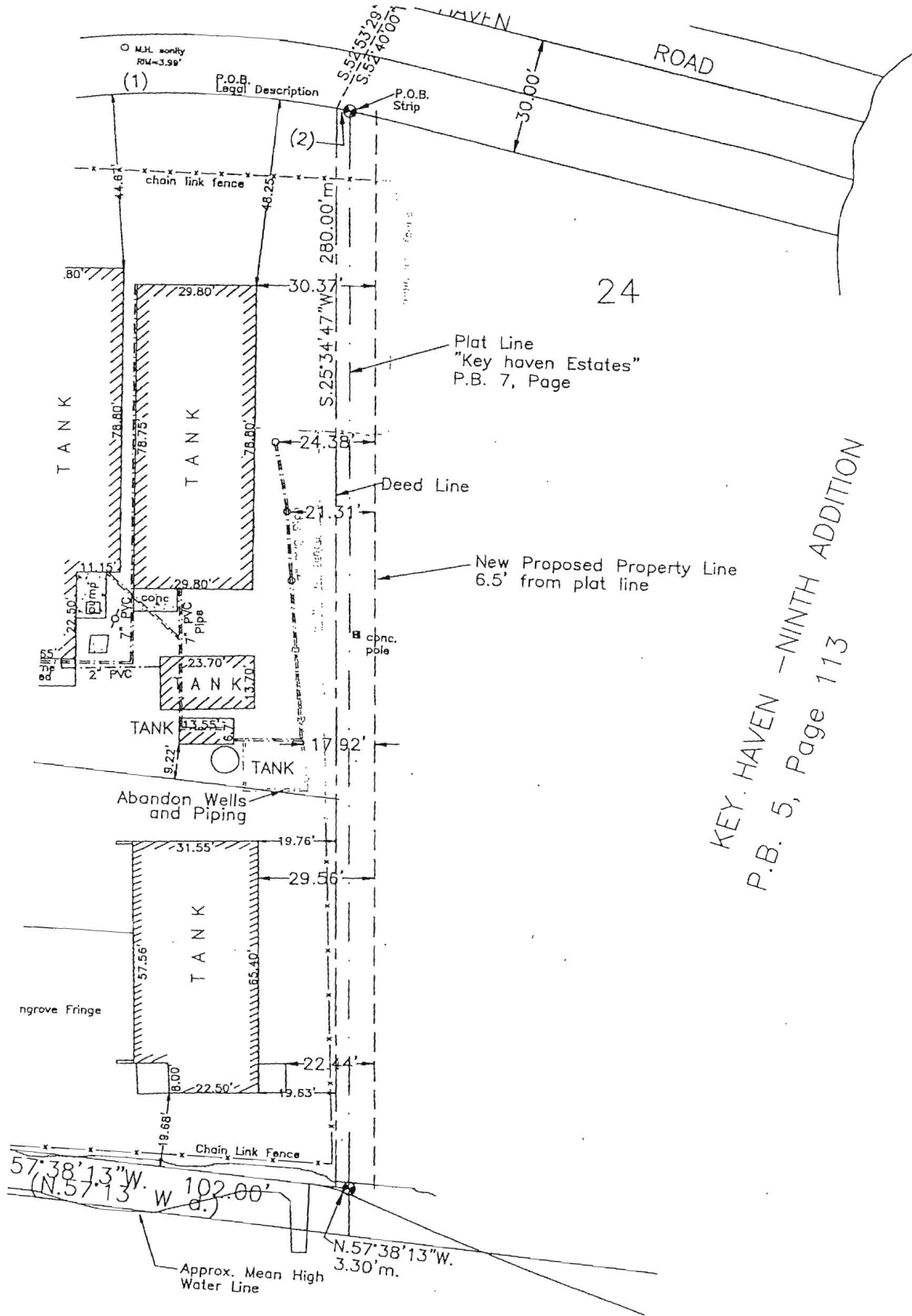
NOT VALID UNLESS EMBOSSED WITH RAISED SEAL & SIGNATURE



Key Haven Utility Corporation Key Haven Boulevard, Key Haven, Key West, FL 33040			
BOUNDARY SURVEY		Draw No. DB-368	
Scale: 1"=30'	Ref. 188-37	Flood panel No. 1828 R	Drawn By: F.H.H.
Date: 9/24/08		Flood Zone: A	Field Rev. g'
REVISIONS AND/OR ADDITIONS			

ISLAND SURVEYING INC.
ENGINEERS PLANNERS SURVEYORS
3152 Northside Drive
Suite 201
Key West, FL 33040
(305) 293-0444
Fax: (305) 293-0277
Bldg#106@islandsurvey.com

EXHIBIT A



KEY HAVEN - NINTH ADDITION
P.B. 5, Page 113

EXHIBIT "B"

1. Consent Order dated October 23, 2008 entered into with the Florida Department of Environmental Protection.

EXHIBIT B

BEFORE THE STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL PROTECTION

STATE OF FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION,)	IN THE OFFICE OF THE SOUTH DISTRICT
Complainant,)	
vs.)	OGC FILE NO. 08-2409-44-DW
KEY HAVEN UTILITY CORPORATION (Key Haven Utility Corporation WWTP))	
Respondent)	

CONSENT ORDER

This Consent Order is entered into between the State of Florida Department of Environmental Protection ("Department") and KEY HAVEN UTILITY CORPORATION ("Respondent") to reach settlement of certain matters at issue between the Department and Respondent.

The Department finds and the Respondent admits the following:

1. The Department is the administrative agency of the State of Florida having the power and duty to protect Florida's air and water resources and to administer and enforce the provisions of Chapter 403, Florida Statutes F.S., and the rules promulgated thereunder, Title 62, Florida Administrative Code F.A.C. The Department has jurisdiction over the matters addressed in this Consent Order.
2. Respondent is a person within the meaning of Section 403.031(5), F.S.
3. Respondent is the owner and is responsible for the operation of Key Haven Utility Corporation Wastewater Treatment Plant, a 0.200 MGD extended aeration wastewater treatment facility ("Facility") with chlorinated effluent to six Class V injection wells. The Facility is located at latitude 24° 34' 23" N longitude 81° 44' 08"W.

4. The Department finds that the Respondent operates the Facility under Department permit FLA014867 which expires on March 17, 2013. From February 12, 2008 through March 17, 2008 your Facility was operating without a permit. F.A.C. Rule 62-4.030 states that any stationary installation which will reasonably be expected to be a source of pollution shall not be operated, maintained, constructed, expanded, or modified without the appropriate and valid permits issued by the Department, unless the source is exempted by Department rule.

5. The Department finds that the Respondent failed to report a spill that was observed by Department personnel on August 15, 2007. An injection well was rejecting effluent, which was flowing onto the grounds of the facility as well as an adjacent vacant lot. The spill was not reported in a timely manner. Rule 62-620.610(20), F.A.C. states that the permittee shall report to the Department orally within twenty-four hours any noncompliance which may endanger health or the environment as well as a written submission within five days of the time the permittee becomes aware of the circumstances. In addition, the above violates Rule 62-600.740(2)(a) of the F.A.C. which prohibits the release of inadequately treated wastewater.

6. The Department finds that the Respondent failed to maintain the Facility clarifiers as well as the Facility's four sand filters. On March 13, 2008 an inspection conducted by the Department in conjunction with the Florida Rural Water Association found that three of the four clarifiers had a thick layer of solids floating on the surface. Also, the four sand filters were rejecting the flow causing them to be bypassed. In addition, the operator stated on May 21, 2008 that electrical problems existed at the facility causing the breakers that control the lift station pumps to fail. The operator stated that this was an ongoing problem and documentation was provided in the operator's daily log. F.A.C. Rule 62-600.740(2)(c) states that a facility shall be maintained in a condition which will enable the intended function.

7. The Department finds that the Respondent failed to maintain the Facility's flow splitter box. During an inspection on June 11, 2008 Department personnel observed a leak in the bottom of the flow splitter box. This is a violation of the above-mentioned Rule regarding the release of inadequately treated wastewater.

8. The Department finds that the Respondent failed to maintain the Class V injection wells. During an inspection on May 21, 2008 the Department found all six of the Class V injection wells seeping effluent which was reaching Facility grounds. Also, during an inspection on July 29, 2008 Department personnel observed three of the six Class V injection wells rejecting effluent which was reaching Facility grounds. This is a violation of the above-mentioned Rules regarding the release of inadequately treated wastewater and Facility maintenance.

9. Having reached a resolution of the matter the Department and the Respondent mutually agree and it is

ORDERED:

10. Within five (5) days after the effective date of this Consent Order the Respondent shall retain the services of a Florida professional engineer for the purpose of:

(a) Providing a comprehensive evaluation the wastewater treatment plant (WWTP), wastewater collection system, and Class V injection well system to discover the cause or causes of the noncompliance and to recommend corrective actions to bring this facility into compliance with all applicable Department regulations.

(b) Designing any facility modifications that are recommended in the engineer's evaluation referenced in Subparagraph 10a above to ensure the WWTP, wastewater collection system and Class V Injection Well system will function in full and consistent compliance with all applicable rules of the Department.

(c) Completing an application for a Department permit to construct the modifications listed in Subparagraph 10b, above, if such a permit is required.

(d) Overseeing the construction of any modifications to the WWTP, wastewater collection system and Class V Injection Well system.

(e) Submitting to the Department an engineer's certification of completion stating that the construction of modifications to the WWTP, wastewater collection system and Class V Injection Well system have been completed in accordance with the provisions of the permit referenced in Subparagraph 10c, above, if applicable.

(f) Contacting the Department's Domestic Wastewater Compliance Inspector by telephone or in person prior to the initiation of the treatment system evaluation listed in Subparagraphs 10a and 10b, above.

(g) Providing all requested information in writing within thirty (30) days after receipt of such a request in the event the Department requires additional information in order to process the WWTP, wastewater collection system and Class V Injection Well system permit applications listed in Subparagraph 10c, above.

11. Within thirty (30) days of effective date of this order, the Respondent shall submit to the Department an engineer's report containing the results of the evaluation referenced in Subparagraph 10a, above. This report shall be signed and sealed by the engineer conducting the evaluation.

12. Within ninety (90) days of the effective date of this order, the Respondent shall submit to the Department applications for permits to construct the modifications referenced on Subparagraph 10b, if applicable.

13. Respondent shall complete the construction of the facility modifications referred to in Subparagraph 10b, above, and submit an engineer's certification of completion to the Department within sixty (60) days after the wastewater permit for modifications is issued. In the event that the modifications do not require a Department permit, Respondent shall complete said

modifications, and submit notification of completion of construction to the Department, no later than one hundred and eighty (180) days from the effective date of this order.

14. Every calendar quarter after the effective date of this Consent Order, Respondent shall submit in writing to the Department a report containing information concerning the status and progress of projects being completed under this Consent Order, information as to compliance or noncompliance with the applicable requirements of this Consent Order including construction requirements and effluent limitations, and any reasons for noncompliance. Such reports shall also include a projection of the work to be performed pursuant to this Consent Order during the following 12 month period. The reports shall be submitted to the Department within thirty (30) days following the end of the quarter.

15. In the event of a sale or conveyance of the facility or of the property upon which the facility is located, if all of the requirements of this Consent Order have not been fully satisfied, Respondent shall, at least 30 days prior to the sale or conveyance of the property or facility, (1) notify the Department of such sale or conveyance, (2) provide the name and address of the purchaser, or operator, or person(s) in control of the facility, and (3) provide a copy of this Consent Order with all attachments to the new owner. The sale or conveyance of the facility, or the property upon which the facility is located shall not relieve the Respondent of the obligations imposed in this Consent Order.

16. Within thirty (30) days of the effective date of this Consent Order, Respondent shall pay the Department a total of \$7,500 in settlement of the matters addressed in this Consent Order. This amount includes \$500 for costs and expenses incurred by the Department during the investigation of this matter and the preparation and tracking of this Consent Order. The civil penalty is apportioned as follows: \$1,000 for violation of Rule 62-4.030, Fla. Admin. Code;

\$1,000 for violation of Rule 62-620.610(20), Fla. Admin. Code; \$4,000 for violation of Rule 62-600.740(2)(a), Fla. Admin. Code; \$1,000 for violation of Rule 62-600.740(2)(c). Payment shall be made by cashier's check or money order. The instrument shall be made payable to the "Department of Environmental Protection" and shall include thereon the OGC number assigned to this Consent Order and the notation "Ecosystem Management and Restoration Trust Fund".

17. Respondent agrees to pay the Department stipulated penalties in the amount of \$100 per day for each and every day Respondent fails to timely comply with any of the requirements of Paragraphs 10 through 16 of this Consent Order. A separate stipulated penalty shall be assessed for each violation of this Consent Order. Within 30 days of written demand from the Department, Respondent shall make payment of the appropriate stipulated penalties to "The Department of Environmental Protection" by cashier's check or money order and shall include thereon the OGC number assigned to this Consent Order and the notation "Ecosystem Management and Restoration Trust Fund." Payment shall be sent to the Department of Environmental Protection, 2295 Victoria Ave, P.O. Box 2549, Fort Myers, FL 33902-2549. The Department may make demands for payment at any time after violations occur. Nothing in this Paragraph shall prevent the Department from filing suit to specifically enforce any terms of this Consent Order. Any penalties assessed under this Paragraph shall be in addition to the settlement sum agreed to in Paragraph 16 of this Consent Order. If the Department is required to file a lawsuit to recover stipulated penalties under this Paragraph, the Department will not be foreclosed from seeking civil penalties for violations of this Consent Order in an amount greater than the stipulated penalties due under this Paragraph.

18. If any event, including administrative or judicial challenges by third parties unrelated to the Respondent, occurs which causes delay or the reasonable likelihood of delay, in

complying with the requirements of this Consent Order, Respondent shall have the burden of proving the delay was or will be caused by circumstances beyond the reasonable control of the Respondent and could not have been or cannot be overcome by Respondent's due diligence. Economic circumstances shall not be considered circumstances beyond the control of Respondent, nor shall the failure of a contractor, subcontractor, materialman or other agent (collectively referred to as "contractor") to whom responsibility for performance is delegated to meet contractually imposed deadlines be a cause beyond the control of Respondent, unless the cause of the contractor's late performance was also beyond the contractor's control. Upon occurrence of an event causing delay, or upon becoming aware of a potential for delay, Respondent shall notify the Department orally within 24 hours or by the next working day and shall, within seven calendar days of oral notification to the Department, notify the Department in writing of the anticipated length and cause of the delay, the measures taken or to be taken to prevent or minimize the delay and the timetable by which Respondent intends to implement these measures. If the parties can agree that the delay or anticipated delay has been or will be caused by circumstances beyond the reasonable control of Respondent, the time for performance hereunder shall be extended for a period equal to the agreed delay resulting from such circumstances. Such agreement shall adopt all reasonable measures necessary to avoid or minimize delay. Failure of Respondent to comply with the notice requirements of this Paragraph in a timely manner shall constitute a waiver of Respondent's right to request an extension of time for compliance with the requirements of this Consent Order.

19. Persons who are not parties to this Consent Order, but whose substantial interests are affected by this Consent Order, have a right, pursuant to Sections 120.569 and 120.57, Florida Statutes, to petition for an administrative hearing on it. The Petition must contain the

information set forth below and must be filed (received) at the Department's Office of General Counsel, 3900 Commonwealth Boulevard, MS# 35, Tallahassee, Florida 32399-3000 within 21 days of receipt of this notice. A copy of the Petition must also be mailed at the time of filing to the District Office named above at the address indicated. Failure to file a petition within the 21 days constitutes a waiver of any right such person has to an administrative hearing pursuant to Sections 120.569 and 120.57, Florida Statutes.

The petition shall contain the following information:

- (a) The name, address, and telephone number of each petitioner; the Department's Consent Order identification number and the county in which the subject matter or activity is located;
- (b) A statement of how and when each petitioner received notice of the Consent Order;
- (c) A statement of how each petitioner's substantial interests are affected by the Consent Order;
- (d) A statement of the material facts disputed by petitioner, if any;
- (e) A statement of facts which petitioner contends warrant reversal or modification of the Consent Order;
- (f) A statement of which rules or statutes petitioner contends require reversal or modification of the Consent Order;
- (g) A statement of the relief sought by petitioner, stating precisely the action petitioner wants the Department to take with respect to the Consent Order.

If a petition is filed, the administrative hearing process is designed to formulate agency action. Accordingly, the Department's final action may be different from the position taken by it in this Notice. Persons whose substantial interests will be affected by any decision of the

Department with regard to the subject Consent Order have the right to petition to become a party to the proceeding. The petition must conform to the requirements specified above and be filed (received) within 21 days of receipt of this notice in the Office of General Counsel at the above address of the Department. Failure to petition within the allowed time frame constitutes a waiver of any right such person has to request a hearing under Sections 120.569 and 120.57, Florida Statutes, and to participate as a party to this proceeding. Any subsequent intervention will only be at the approval of the presiding officer upon motion filed pursuant to Rule 28-106.205, Florida Administrative Code.

A person whose substantial interests are affected by the Consent Order may file a timely petition for an administrative hearing under Sections 120.569 and 120.57, Florida Statutes, or may choose to pursue mediation as an alternative remedy under Section 120.573, Florida Statutes, before the deadline for filing a petition. Choosing mediation will not adversely affect the right to a hearing if mediation does not result in a settlement. The procedures for pursuing mediation are set forth below.

Mediation may only take place if the Department and all the parties to the proceeding agree that mediation is appropriate. A person may pursue mediation by reaching a mediation agreement with all parties to the proceeding (which include the Respondent, the Department, and any person who has filed a timely and sufficient petition for a hearing) and by showing how the substantial interests of each mediating party are affected by the Consent Order. The agreement must be filed in (received by) the Office of General Counsel of the Department at 3900 Commonwealth Boulevard, MS #35, Tallahassee, Florida 32399-3000, within 10 days after the deadline as set forth above for the filing of a petition.

The agreement to mediate must include the following:

(a) The names, addresses, and telephone numbers of any persons who may attend the mediation;

(b) The name, address, and telephone number of the mediator selected by the parties, or a provision for selecting a mediator within a specified time;

(c) The agreed allocation of the costs and fees associated with the mediation;

(d) The agreement of the parties on the confidentiality of discussions and documents introduced during mediation;

(e) The date, time, and place of the first mediation session, or a deadline for holding the first session, if no mediator has yet been chosen;

(f) The name of each party's representative who shall have authority to settle or recommend settlement; and

(g) Either an explanation of how the substantial interests of each mediating party will be affected by the action or proposed action addressed in this notice of intent or a statement clearly identifying the petition for hearing that each party has already filed, and incorporating it by reference.

(h) The signatures of all parties or their authorized representatives.

As provided in Section 120.573, Florida Statutes, the timely agreement of all parties to mediate will toll the time limitations imposed by Sections 120.569 and 120.57, Florida Statutes, for requesting and holding an administrative hearing. Unless otherwise agreed by the parties, the mediation must be concluded within sixty days of the execution of the agreement. If mediation results in settlement of the administrative dispute, the Department must enter a final order incorporating the agreement of the parties. Persons whose substantial interests will be affected by such a modified final decision of the Department have a right to petition for a hearing

only in accordance with the requirements for such petitions set forth above, and must therefore file their petitions within 21 days of receipt of this notice. If mediation terminates without settlement of the dispute, the Department shall notify all parties in writing that the administrative hearing processes under Sections 120.569 and 120.57, Florida Statutes, remain available for disposition of the dispute, and the notice will specify the deadlines that then will apply for challenging the agency action and electing remedies under those two statutes.

20. Respondent shall allow all authorized representatives of the Department access to the property and facility at reasonable times for the purpose of determining compliance with the terms of this Consent Order and the rules and statutes of the Department.

21. All submittals and payments required by this Consent Order to be submitted to the Department shall be sent to the Florida Department of Environmental Protection, 2295 Victoria Ave, P.O. Box 2549, Fort Myers, FL 33902-2549.

22. This Consent Order is a settlement of the Department's civil and administrative authority arising under Florida law to resolve the matters addressed herein. This Consent Order is not a settlement of any criminal liabilities, which may arise under Florida law, nor is it a settlement of any violation, which may be prosecuted criminally or civilly under federal law.

23. The Department hereby expressly reserves the right to initiate appropriate legal action to prevent or prohibit any violations of applicable statutes, or the rules promulgated thereunder that are not specifically addressed by the terms of this Consent Order, including but not limited to undisclosed releases, contamination or polluting conditions.

24. The terms and conditions set forth in this Consent Order may be enforced in a court of competent jurisdiction pursuant to Sections 120.69 and 403.121, Florida Statutes.

Failure to comply with the terms of this Consent Order shall constitute a violation of Section 403.161(1)(b), Florida Statutes.

The Department, for and in consideration of the complete and timely performance by Respondent of the obligations agreed to in this Consent Order, hereby waives its right to seek judicial imposition of damages or civil penalties for alleged violations through the date of the filing of this Consent Order as addressed in this Consent Order.

26. Respondent is fully aware that a violation of the terms of this Consent Order may subject Respondent to judicial imposition of damages, civil penalties up to \$10,000.00 per day per violation, and criminal penalties.

27. Entry of this Consent Order does not relieve Respondent of the need to comply with applicable federal, state or local laws, regulations or ordinances.

No modifications of the terms of this Consent Order shall be effective until reduced to writing and executed by both Respondent and the Department.

29. Respondent acknowledges and waives its right to an administrative hearing pursuant to Sections 120.569 and 120.57, Florida Statutes, on the terms of this Consent Order. Respondent acknowledges its right to appeal the terms of this Consent Order pursuant to Section 120.68, Florida Statutes, and waives that right upon signing this Consent Order.

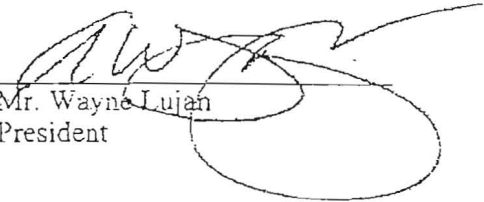
THIS SPACE LEFT BLANK INTENTIONALLY.

30. This Consent Order is a final order of the Department pursuant to Section 120.52(7), Florida Statutes, and it is final and effective on the date filed with the Clerk of the Department unless a Petition for Administrative Hearing is filed in accordance with Chapter 120,

OGC CASE NUMBER: 08-2409-44-DW

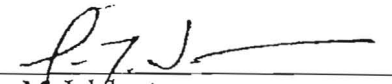
Florida Statutes. Upon the timely filing of a petition this Consent Order will not be effective until further order of the Department.

10/14/08
Date


Mr. Wayne Lujan
President

DONE AND ORDERED this 23rd day of October, 2008, in Fort Myers, Florida.

STATE OF FLORIDA DEPARTMENT
OF ENVIRONMENTAL PROTECTION


Jon M. Iglehart
Director of District Management

FILED, on this date, pursuant to §120.52 Florida Statutes, with the designated Department Clerk, receipt of which is hereby acknowledged.


Clerk

10-23-08
Date

EXHIBIT "C"

Shall be amended at the time of closing to include any repairs to the System that were unknown to the parties at the signing of the Acquisition Agreement but were discovered prior to the Closing Date.

1. Electric control panel at Plant Site, which primarily controls the blowers.	\$15,000
2. Miscellaneous upgrades	<u>10,000</u>
Total	\$25,000

EXHIBIT "D"

NONE