

## Diamond Williams

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**From:** Trina Collins [TCollins@RSBattorneys.com]  
**Sent:** Monday, June 14, 2010 1:44 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Martin Friedman; Trina Collins  
**Subject:** Filing in Docket No. 060726-WS; Silver Lake Utilities, Inc.'s Application for Water and Wastewater Certificates  
**Importance:** High  
**Attachments:** PSC Clerk 01 (Lease Agreement & Memorandum).ltr.06-14-2010(2).pdf

- a. Martin S. Friedman, Esq.  
Christian W. Marcelli, Esq.  
Rose, Sundstrom & Bentley, LLP  
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[cmarcelli@rsbattorneys.com](mailto:cmarcelli@rsbattorneys.com)
- b. Docket No. 060726-WS; Silver Lake Utilities, Inc.'s Application for Water and Wastewater Certificates - Pursuant to Commission Order No.: PSC-07-0983-PAA-WS, filing the executed Lease Agreement for the Water and Wastewater Treatment Plants site along with the recorded Memorandum of that Lease Agreement.
- c. Silver Lake Utilities, Inc.
- d. 26 pages.
- e. Letter to Commission Clerk - 1 page; Lease Agreement - 21 pages; and Memorandum of Lease - 4 pages.

6/14/2010

DOCKET NUMBER-DATE

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LAW OFFICES  
**ROSE, SUNDBSTROM & BENTLEY, LLP**

www.rsbatorneys.com

Please Respond to the Longwood Office

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June 14, 2010

E-FILING

CHRISTIAN W. MARCELLI  
STEVEN T. MINDLIN, P.A.  
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WILLIAM E. SUNDBSTROM, P.A.  
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ROBERT M.C. ROSE, (1924-2006)

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

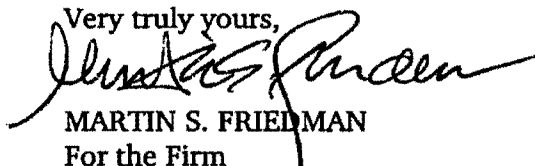
RE: Docket No. 060726-WS; Silver Lake Utilities, Inc.'s Application for Water and  
Wastewater Certificates  
Our File No.: 43005.02

Dear Ms. Cole:

Pursuant to Commission Order Nos.: PSC-07-0983-PAA-WS, enclosed is the executed  
Lease Agreement for the Water and Wastewater Treatment Plants site along with the recorded  
Memorandum of that Lease Agreement.

Should you or the Staff have any questions regarding the enclosed, please do not  
hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/tlc  
Enclosures

cc: Christopher Shoemaker, Utilities Manager (w/enclosures) (via e-mail)  
Ms. Patricia Daniel, Division of Economic Regulation (w/enclosures) (via e-mail)

M:\1 ALTAMONTE\SILVER LAKE UTILITIES (43005)\(.02) Miscellaneous\PSC Clerk 01 (Lease Agreement & Memorandum).ltr.docx

RECORDED & INDEXED  
04941 JUN 14 01  
FPSC - COMMUNICATIONS SECTION

2180 WEST STATE ROAD 434, SUITE 2118, LONGWOOD, FLORIDA 32779 (407) 830-6331 FAX (407) 830-8522  
2548 BLAIRSTONE PINES DRIVE, TALLAHASSEE, FLORIDA 32301 (850) 877-6555 FAX (850) 656-4029  
950 PENINSULA CORPORATE CIRCLE, SUITE 2020, BOCA RATON, FLORIDA 33487 (561) 982-7114 FAX (561) 982-7116

LEASE AGREEMENT

THIS LEASE is made and entered into this 24 day of May, 2010, by and between Lykes Bros. Inc., a Florida corporation ("Owner"), and Silver Lake Utilities, Inc., a Florida corporation ("Service Company").

For good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. DESCRIPTION OF THE LEASED PREMISES.

Owner is the owner of certain lands located in Glades County, State of Florida. Owner hereby leases to Service Company and Service Company leases from Owner, 83 acres of the said lands along with well sites and nonexclusive access and utility easements, as more particularly described in Exhibit A attached hereto and made a part hereof (the "Premises").

2. USE.

The Premises may be used by the Service Company to construct, operate, and maintain potable water production and treatment facilities, wastewater treatment facilities and any reasonably necessary ancillary facilities, including, but not limited to wells, pumps, valves, piping, water mains, lift stations, gravity sewer mains, access roads, disposal facilities for onsite generated byproducts, offices and maintenance buildings (the "Facilities").

3. TERM.

This Lease shall be effective for a period of ninety-nine (99) years, commencing on May 24, 2010 and ending on May 23, 2109, unless sooner terminated as provided herein.

4. ROYALTY AND RENTAL PAYMENTS.

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

In addition to royalties as set forth above, Service Company shall pay to Owner rent for the Premises, provided, however, that the Service Company and the Owner agree that there shall be no rent due hereunder until the commencement of construction of wastewater

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Owner shall notify Service Company in writing and, within forty-five (45) days thereof. Owner and Service Company shall renegotiate the rent to compensate Owner for the diminution in value. If Owner and Service Company are unable to agree on a renegotiated rent, then Service Company and Owner shall agree upon a qualified appraiser who will calculate such compensation. If the parties are unable to agree upon a qualified appraiser to be used, the Owner and Service Company shall each select a qualified appraiser of its choice to make the necessary calculations, and the average of the two appraisers shall be binding on the parties.

5. PERMITS.

Prior to constructing or operating the Facilities or servicing any customer, Service Company shall obtain, at its sole expense, unless specifically provided otherwise in this Lease, all necessary permits, certificates, and approvals necessary to construct and operate the Facilities and collect tariffs for services supplied to any customer and any other person or entity, as may be required by any governmental entity, including, without limitation, the applicable water management districts, Public Service Commission, county governments, U.S. Army Corp of Engineers, and the Department of Environmental Protection. The Owner has the right to approve, prior to filing, the identity of the applicant and the form and substance of any such applications.

6. CONSTRUCTION.

Service Company has the right to erect, maintain and operate on the Premises the Facilities. In connection therewith, Service Company has the right to do all work necessary to prepare, maintain and alter the Premises for use and occupancy as Facilities. All of Service Company's construction and installation work shall be performed at Service Company's sole cost and expense, in a good and workmanlike manner in accordance with industry standards, and in accordance with all applicable laws, rules or regulations.

7. MAINTENANCE AND REPAIR.

Service Company shall be responsible for the continuous operation and maintenance of the Facilities during the term of this Lease, unless otherwise agreed in writing by Service Company and Owner. Service Company shall keep the Premises and Facilities in a neat, clean and presentable condition.

8. UTILITIES.

Service Company shall have the right to draw electricity and other utilities from the existing utilities on the Premises or obtain separate utility service from any utility company that will provide service to the Premises. Owner shall reasonably cooperate with Service Company in assisting Service Company to obtain electrical power and other utilities from the closest source. Owner shall have the right to approve the location of poles, transformers.

electrical lines, or other necessary utility installations, and Owner shall not unreasonably withhold such approval. Owner shall have the right to require underground installation of utilities. Service Company shall bear all expenses incurred in connection with the installation and continued service for all electricity and other utilities it consumes in its operations. Service Company shall reimburse Owner for any costs incurred by Owner in connection with the preparation, review, or negotiation of documents or for consultations in relation to obtaining and maintaining electrical power or other utilities for its operations.

9. INGRESS AND EGRESS.

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

10. LOCKS, GATES, FENCES.

Service Company shall place no new locks on Owner's gates without the prior consent of Owner. If Owner permits Service Company to place locks on its gates, the locks shall be clearly identified to Owner and placed so that they will not prohibit access by others who have locks on the gates. Service Company shall give keys only to authorized employees. Service Company agrees that it shall immediately close and securely fasten gates or gaps in fences that are opened by Service Company and shall promptly notify Owner of any gates observed open, whether or not such were opened by someone else. No new gaps or gates shall be made in any fence without the prior consent of Owner. Service Company shall in no way tamper with, alter, or modify any of Owner's existing fences or cattle or wildlife control equipment or devices without the prior consent of Owner. In the event any fences require repair due to the negligence or other activities of Service Company, Owner shall make such repairs and Service Company shall indemnify Owner for the costs of such repair.

11. PROHIBITED ACTIVITIES.

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

12. INSPECTION BY OWNER.

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

13. REAL ESTATE, PERSONAL PROPERTY AND INTANGIBLE TAXES.

Service Company shall pay all real estate, personal property, and intangible taxes, and all increases in real estate taxes on the Premises and Facilities accruing during the time that this Lease remains in force, whether actual payment of such taxes is made during the term of this Lease or thereafter. If this Lease begins other than on the first day of the tax year, or if this Lease ends other than on the last day of the tax year, then the parties shall make appropriate adjustments or prorations. Additionally, Owner and Service Company acknowledge and agree that the taxes imposed upon the Premises and/or Facilities and other taxes shall be computed and based on the most recently available valuations, millages, assessments, and other information (including information included in a "cut-out" customarily prepared by the county) provided by the county in which the Premises is located.

14. OTHER TAXES.

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

15. WARRANTY OF TITLE.

Owner represents that it has good and marketable title to the Premises, subject only to real estate taxes not yet due and payable, matters of public record, and such other matters that do not materially interfere with Service Company's intended uses. Service Company may at any time undertake to examine, at its sole cost and expense, title to Premises. In the event that such examination of title shall result in the determination that there are title defects that are contrary to the status of title as above stated, Service Company may so notify Owner, specifying in writing such defects. Owner shall use diligent effort to remove or cure such defects in title within six months of said notice. In the event that Owner shall be unable to remove or cure such title defects within the specified time, Service Company shall have the option of either waiving said title defects or canceling this Lease. In the event that uncured title defects shall adversely affect the Premises to the extent or degree that it materially interferes with Service Company's ability to perform its obligations under the terms of this Lease, Service Company shall be entitled to cancel this Lease and receive a prorata refund of any advance rent paid on the Premises.

16. NO MECHANIC'S LIENS.

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

17. CONDEMNATION.

In the event of any condemnation of the Premises or any part thereof, Owner shall be entitled to receive all compensation for land and improvements owned by Owner taken together with all damages to the remaining property caused by such taking. Service Company shall not be entitled to participate in or to a proportion of any award for just compensation made to Owner as a result of the taking and shall have no claim against Owner therefor. Nothing contained herein shall prevent Service Company from prosecuting a claim for, and recovering and retaining, any award with respect to the taking of the Facilities. In the event of condemnation of the Premises or any portion thereof that interferes with the operation of the Facilities, Service Company may terminate this Lease by giving written notice to Owner within no more than forty-five (45) days following the date of condemnation. If Service Company does not terminate this Lease, then rent shall be reduced in proportion to the actual reduction or abatement of use of the Premises as a result of the taking.

18. SUBORDINATION AND NONDISTURBANCE.

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

19. LIMITATION OF RIGHTS.

Except for the rights given hereunder with respect to the construction, operation, and maintenance of the Facilities, Service Company shall have no interest in or ownership of the Premises or any rights to any minerals, oil, or gas therein and thereunder or any other sub-surface rights in and to the Premises.

20. INSURANCE.

Service Company shall, during the term of this Lease, at its expense, maintain in effect Commercial General Liability Insurance and Environmental Pollution Liability Insurance, with a company or companies authorized to engage in the business of general liability and environmental pollution insurance in the State of Florida and reasonably satisfactory to Owner. Each policy shall be in amounts not less than One Million (\$1,000,000.00) Dollars per occurrence and One Million (\$1,000,000.00) Dollars general aggregate for bodily injury and property damage. Such policies of insurance shall name Owner as an additional insured. Upon Owner's request, Service Company shall provide



Owner with certificates of insurance evidencing coverage required herein naming Owner as an additional insured and confirming that such coverage shall not be amended or modified without thirty (30) days prior written notice to Owner.

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

## 21. COMPLIANCE WITH ENVIRONMENTAL LAW REQUIREMENTS.

(a) In addition to the other agreements of Service Company contained in this Lease, Service Company will strictly comply, at its sole cost and expense, with any and all applicable federal, state and local environmental laws, rules, regulations, permits and orders affecting the Premises, whether now in effect or as may be promulgated hereafter, and as may be amended from time to time (hereinafter referred to as "Environmental Laws"), and Service Company will obtain and strictly comply with, at its sole cost and expense, all federal, state and local permits and other governmental approvals in connection with Service Company's use and occupancy of the Premises. Service Company acknowledges that Owner makes no representations, express or implied, concerning the availability or likelihood of obtaining any required permits or approvals for Service Company to conduct its business operations on the Premises.

(b) Without limiting the generality of subparagraph (a) above, Service Company, at its sole cost and expense, will strictly comply with any and all applicable Environmental Laws relating to the generation, recycling, reuse, sale, storage, handling, transport, disposal and presence of any "Hazardous Materials" on the Premises without Owner's express prior written consent, which consent Owner may grant or withhold in its sole discretion. As used in this Section, the term "Hazardous Materials" shall mean any substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "toxic substances", "contaminants" or other pollution under any applicable Environmental Laws. Notwithstanding anything to the contrary contained herein, Owner's consent to any action by Service Company shall not operate to relieve Service Company of the obligation to comply with all of the provisions of this Section. Service Company will not permit or allow, and will take all actions necessary to avoid, the occurrence of any spills of Hazardous Materials on or off the Premises as a result of any construction on or use of the Premises. Service Company shall promptly advise Owner in writing immediately upon becoming aware of (i) the existence of any spills, releases or discharges of Hazardous Materials that occur on or onto the Premises, or off the Premises as the result of any construction on or use of the Premises, and of any existing or threatened violation of this Section; (ii) any and all enforcement, cleanup, removal or other governmental or regulatory actions instituted, completed or threatened by any governmental authority with respect to the Premises from time to time under any applicable Environmental Laws; (iii) any and all claims made or threatened by any nongovernmental party against Service Company or the

Premises relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials or any violation of applicable Environmental Laws; and (iv) Service Company's discovery of any occurrence or condition on any real property adjoining or in the immediate vicinity of the Premises that could cause the Premises or any part thereof to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises under any Environmental Laws. Service Company acknowledges that it has inspected the Premises and has undertaken all appropriate inquiry into the present and past uses of the Premises consistent with good commercial practice to minimize potential liability for violations of any and all Environmental Laws.

(c) Without Owner's prior written consent, Service Company shall not enter into any settlement, consent or compromise with respect to any "Environmental Claim(s)," as herein defined, provided, however, that Owner's prior consent shall not be necessary for Service Company to take any remedial action if ordered by a court of competent jurisdiction or if the presence of Hazardous Materials at the Premises poses an immediate, significant threat to the health, safety or welfare of any individual or otherwise requires an immediate remedial response. As used in this Section, "Environmental Claim(s)," shall mean any claim(s) or cause(s) of action resulting from the failure of Service Company or the Premises to comply with any Environmental Law relating to Hazardous Materials, industrial hygiene or environmental conditions. In any event, Service Company shall promptly notify Owner of any action so taken.

(d) Without limiting the generality of subparagraph (a) above, at all times during the term of this Lease, Service Company, at its sole cost and expense, shall comply with any and all applicable laws, regulations, ordinances, permits and orders regulating the type and quantity of waste that may be discharged into the Facilities, including, but not limited to, all rules, regulations, permits, and orders of the water and sewer authority having jurisdiction over the Service Company's utility operations, or its successor. Service Company agrees to limit its customers' discharges of waste into the Facilities to "Domestic Waste Water", as such term is defined by Rule 62-6.030(22) of the Florida Administrative Code, as amended from time to time, or as the term may be defined by other laws, regulations, ordinances, permits or orders presently in effect or hereafter enacted, as such laws, regulations, ordinances, permits or orders may be amended from time to time. In no event, however, shall Domestic Waste Water be construed to mean or include any "Non-Domestic Waste Water" that has undergone "Pre-treatment" as the latter term is defined in Rule 62-6.030(63) of the Florida Administrative Code or as defined by other laws, regulations, ordinances, permits or orders presently in effect or hereafter enacted, as such laws, regulations, ordinances, permits or orders may be amended from time to time.

(e) Service Company agrees that Owner and Owner's agents and independent contractors may enter and inspect the Premises or Facilities at any time, and from time to time, to verify that Service Company's operations on the Premises or in the Facilities do not violate any of the provisions of this Section and that they comply with any and all applicable Environmental Laws. Owner may obtain, from time to time, reports from licensed

professional engineers or other environmental scientists with experience in environmental investigations and may require Service Company to permit such licensed professional engineers or other environmental scientists to conduct complete and thorough on-site inspections of the Premises and Facilities, including without limitation, sampling and analysis of the soil, surface water, groundwater and air, to determine whether Service Company is in compliance with the provisions of this Section and all Environmental Laws. Service Company and its agents shall cooperate with Owner and its agents in connection with the conduct of such investigations. In the event such investigations disclose that Service Company is in default under this Section, Service Company shall, immediately upon demand, reimburse Owner for all costs and expenses of such investigations; moreover, Owner may, at its option, undertake such steps as it deems necessary to cure such default and to bring the Premises or Facilities into compliance with the terms of this Section, and Service Company shall, immediately upon demand, reimburse Owner for all costs and expenses incurred in curing such default and bringing the Premises or Facilities into compliance with the terms of this Section.

(f) Service Company shall indemnify and hold Owner harmless from and against any all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits, and other proceedings, costs, and expenses (including without limitation reasonable attorney's fees and costs at trial and all appellate levels), arising directly or indirectly from, or in any way connected with: (i) the presence, or use, generation, treatment or storage on, under or about the Premises of any Hazardous Materials on the Premises, or the disposal or release of Hazardous Materials on the Premises, whether or not expressly approved by Owner in writing, (ii) the presence of any Hazardous Materials off the Premises as the result of any use of the Premises, (iii) any violation or alleged violation of any Environmental Law including, but not limited to, violations of the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980 and regulations promulgated thereunder, as the same may be amended from time to time, (iv) the costs of any necessary inspection, audit, cleanup or detoxification of the Premises under any Environmental Laws, and the preparation and implementation of any closure, remedial or other required plans, consent orders, license applications or the like, or (v) any default by Service Company under this Section. All sums paid and costs incurred by Owner with respect to any Environmental Claim or any other matter indemnified against hereunder shall be due and payable by Service Company immediately upon demand. The indemnification contained herein shall survive the termination of the leasehold estate created hereby and any assignment by Owner of its rights under this Lease.

(g) Any breach of the covenants, representations or warranties contained in this Section shall constitute a default under this Lease, and shall entitle Owner to immediately terminate this Lease. No waiver of any breach of any provision of this Section shall constitute a waiver of any preceding or succeeding breach of the same, or any other provision hereof.

22. COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS.

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

23. DEFAULT.

The occurrence of one or more of the following is an event of default by Service Company: the failure of Service Company to perform any obligation for the payment of money within 15 days after the time within which the payment is to be made as provided in the section of this Lease creating the obligation; the failure of Service Company to perform and comply with any obligation imposed upon Service Company by this Lease, other than the payment of money, and the failure continues beyond a reasonable period of time for curing such failure to perform, after written notice thereof from Owner to Service Company, except that any breach by Service Company of the obligations set forth in Section 11 (Prohibited Activities) and Section 21 (Compliance with Environmental Law Requirements) shall be deemed a default hereunder without any notice, grace, or curative period; proceedings under the Bankruptcy Act for bankruptcy are filed by or against Service Company, and if filed against Service Company, have not been dismissed within thirty (30) days after the filing; assignment of Service Company's property for the benefit of creditors is made; a receiver, conservator, or similar officer is appointed by a court of competent jurisdiction to take charge of all or a substantial part of Service Company's property, and within thirty (30) days after appointment the officer is not discharged and possession of the property is not restored to Service Company; Service Company's interest in the Facilities, or under this Lease is the subject of taking or levy under execution, attachment, or other process of law and the action is not canceled or discharged within thirty (30) days after its occurrence; Service Company abandons the Premises; or Service Company defaults under this Agreement.

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

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

24. SURRENDER OF THE PROPERTY.

Upon the termination or expiration of the tenancy created hereby, Service Company shall, if required by Owner by written notice within ninety (90) days of such termination or expiration, remove any or all of the Facilities or other structures or improvements installed by Service Company on the Premises and return the Premises to the condition that existed at the commencement of said Lease or as otherwise agreed to by Owner. In the event that Service Company does not remove the Facilities or other structure or improvements as required by Owner, Owner shall have the right to remove said Facilities or other structure or improvements at Service Company's expense.

25. TERMINATION.

In addition to any other termination provisions set forth herein, this Lease shall terminate should Service Company or its successors no longer use the Premises as a public utility. Further, Owner shall have the right to terminate this Lease at any time upon written notice to the Service Company prior to commencement of the wastewater treatment facilities.

26. TERMINATION IN EVENT OF SALE.

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

27. NO EXPRESS OR IMPLIED WARRANTY.

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

28. HOLD HARMLESS, ATTORNEY'S FEES.

A. Indemnity to Owner.

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

B. Indemnity to Service Company.

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

C. Costs and Attorney's Fees.

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

29. ASSIGNABILITY.

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

30. RECORDING.

Neither Owner nor Service Company shall record this Lease without prior written consent of the other, which consent shall not be unreasonably withheld. Contemporaneous with the execution of this Lease, the parties shall execute a memorandum of this Lease in the form attached hereto as Exhibit "B" (the "Memorandum"). Service Company shall, at Service Company's expense, record the Memorandum in the public records of Glades County, Florida. In the event of termination of this Lease (in whole or in part), Service Company shall cause a notice of such termination to be filed in the public records of Glades County.

31 ADDRESSES, NOTICES; TIME.

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

Owner: Lykes Bros. Inc.  
400 N. Tampa Street, Suite 2200  
Tampa, FL 33602  
Attn: Chief Financial Officer

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

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

32. BINDING EFFECT OF LEASE.

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

33. DOCUMENTATION.

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

34. INTERPRETATION.

It is agreed by and between the parties hereto that all words, terms and conditions contained herein are to be read in concert, each with the other, and that a provision contained under one heading may be considered to be equally applicable under another in the interpretation of this Lease.

35. EFFECTIVE DATE.

This Lease shall become effective and binding upon Owner and Service Company at the time of execution by both parties.

36. STRICT COMPLIANCE.

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

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

Signed, Sealed and Delivered  
in the Presence of:

*Richard Chase*

LYKES BROS. INC.

By: *Frederick J. Bennett*  
Name: Frederick J. Bennett  
Title: Chief Financial Officer

Signed, Sealed and Delivered  
in the Presence of:

*Richard Chase*

SILVER LAKE UTILITIES, INC.

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



EXHIBIT "A"

PREMISES

DESCRIPTION:

The East 555.00 feet of the South 1136.20 feet of the Northeast one-quarter of Section 16.

The West 1610.00 feet of the South 1135.00 feet of the Northwest one-quarter of Section 15.

The South 490.00 feet of the Northwest one-quarter of Section 15, LESS the West 1610.00 feet thereof.

The South 490.00 feet of the Northeast one-quarter of Section 15, lying West of State Road No. 29 right-of-way.

All being in Township 42 South, Range 29 East, Glades County, Florida. Containing 82.55 acres, more or less.

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

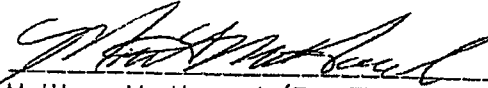
NOTES:

1. Sketch of Description for a parcel of land lying within Sections 15 and 16, Township 42 South, Range 29 East, Glades County, Florida.
2. THIS IS NOT A BOUNDARY SURVEY NOR IS IT INTENDED TO BE USED AS ONE.
3. Bearing Reference: Bearing of  $N00^{\circ}17'37''E$  on the East line of the Northeast 1/4 of Section 16, Township 42 South, Range 29 East. State Plane Coordinate, Florida East Zone, North American Datum 1983 (1999).
4. Description prepared as requested by Silver Lake Utilities.
5. This sketch of description is subject to easements, restrictions, reservations and rights-of-way of record.
6. This is not a determination of the limits of ownership.

This sketch of description is only for the benefit of:

Silver Lake Utilities

I hereby certify that this sketch of description was prepared by me and is correct to the best of my knowledge and belief and meets the minimum technical standards for surveys as required by law. Florida Statutes Chapter 472: Chapter 5J-17 F.A.C.

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

Date Signed 5-21-10

Not valid without the signature and original raised seal of a Florida licensed surveyor and mapper.

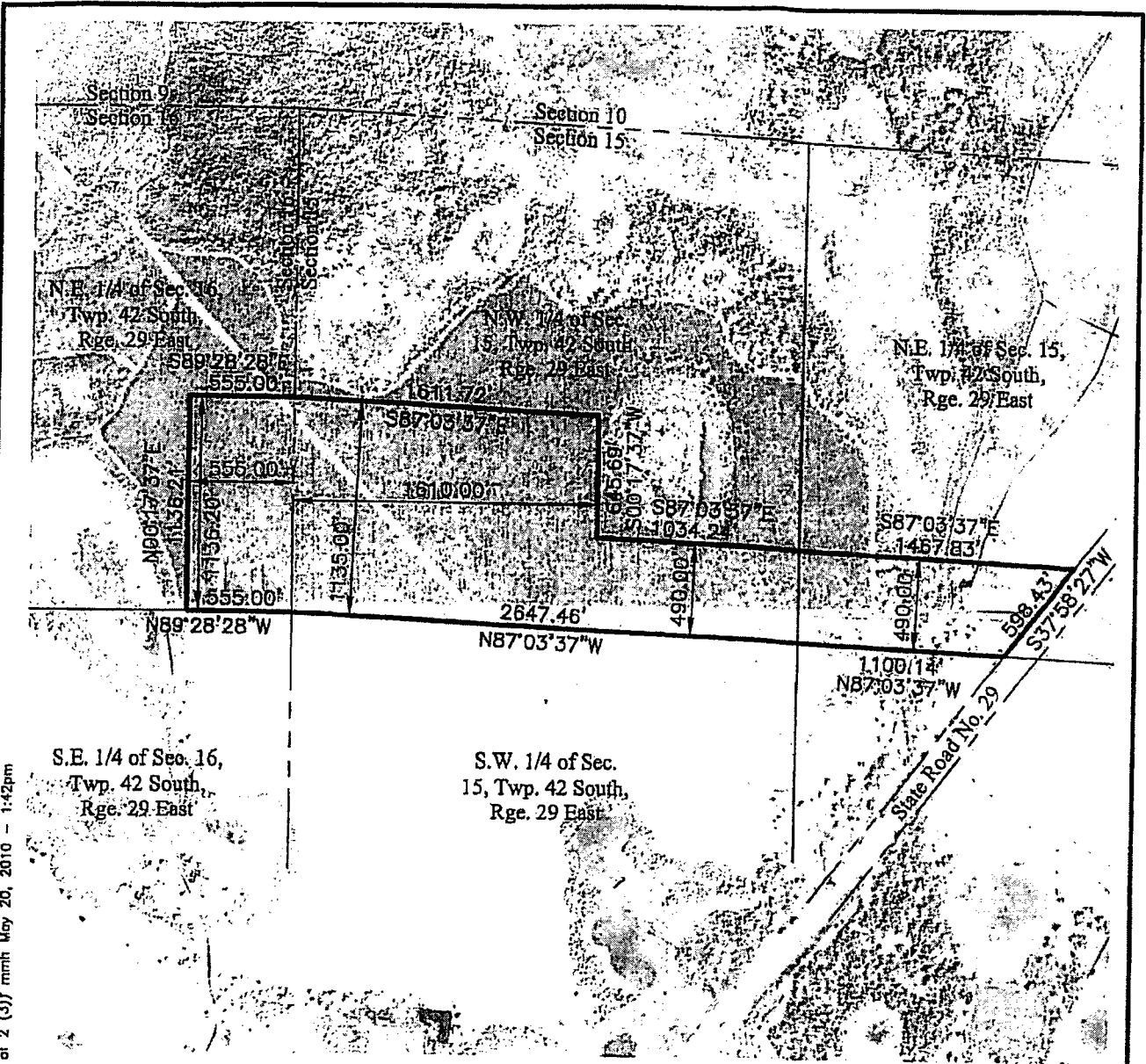
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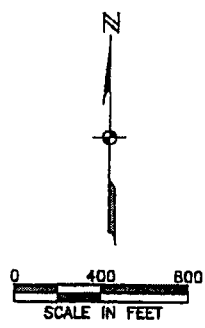
251 WEST HICKPOCHEE AVENUE  
LABELLE, FLORIDA 33935  
PHONE (863) 612-0584  
FAX (863) 612-0341  
E.B. #642 & L.B. #642

SILVER LAKE UTILITIES  
SKETCH OF DESCRIPTION

DATE	PROJECT NO.	FILE NO.	SCALE	SHEET
May 20, 2010	20108399-000	15-42-29	As Shown	1 of 2



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**LEGEND & ABBREVIATIONS**  
 SEC = SECTION  
 TWP = TOWNSHIP  
 RGE = RANGE  
 N = NORTH  
 S = SOUTH  
 E = EAST  
 W = WEST

**JOHNSON**  
**ENGINEERING**

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

**SILVER LAKE UTILITIES  
 SKETCH OF DESCRIPTION**

DATE	PROJECT NO.	FILE NO.	SCALE	SHEET
May 20, 2010	20108398-000	15-42-29	As Shown	2 of 2

EXHIBIT "B"

**PREPARED BY AND RETURN TO:**

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

**MEMORANDUM OF LEASE**

**THIS MEMORANDUM OF LEASE** is entered into on this \_\_\_ day of May, 2010, by and between **LYKES BROS. INC.**, a Florida corporation, with an office at 400 N. Tampa Street, Suite 2200, Tampa, Florida 33602 ("Landlord"), and **SILVER LAKE UTILITIES, INC.**, a Florida corporation, with an office at 106 SW CR 721, Okeechobee, Florida 32974 ("Tenant").

Landlord and Tenant entered into a Lease Agreement, as amended, modified or supplemented, effective as of May \_\_, 2010, pursuant to which Landlord agreed to lease to Tenant and Tenant agreed to rent from Landlord, approximately 83 acres of land along with well sites and nonexclusive access and utility easements located in Glades County, Florida, as more particularly described in Exhibit "A" annexed hereto, for the purposes of constructing, operating and maintaining potable water production and treatment facilities and wastewater treatment facilities in connection with Tenant's certification as a wastewater utility by the Florida Public Service Commission, and such other operations as may be approved by Landlord. The parcel identification numbers of the real property are A15-42-29-A00-0010-0000, and A16-42-29-A00-0010-0000.

The term of the Lease Agreement is for ninety-nine (99) years commencing on May \_\_, 2010 and terminating at midnight on May \_\_, 2109.

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

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

Signed, sealed and delivered in the presence of:

\_\_\_\_\_  
Print Name: \_\_\_\_\_

**LYKES BROS. INC.**

By: \_\_\_\_\_

Frederick Bennett  
Chief Financial Officer

\_\_\_\_\_  
Print Name: \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this \_\_\_\_ day of May, 2010, by Frederick Bennett, as Chief Financial Officer of Lykes Bros. Inc., a Florida corporation, who is personally known me and who did take an oath.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Print Name

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

Signed, sealed and delivered in the presence of:

\_\_\_\_\_  
Print Name: \_\_\_\_\_

**SILVER LAKE UTILITIES, INC.**

By: \_\_\_\_\_

Charles P. Lykes, Jr.  
President

\_\_\_\_\_  
Print Name: \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of May, 2010, by Charles P. Lykes, Jr., as President of Silver Lake Utilities, Inc., a Florida corporation, who is personally known me and who did take an oath.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Print Name

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

L:\Agreement\Lease Agreements\SilverLakeUtilitiesGroundLeaseWastewaterMuseFacilitiesRevision2.doc

**PREPARED BY AND RETURN TO:**

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

inst:201022001171 Date:6/3/2010 Time:2:45 PM  
Joe Flint, Glades County B:288 P:766  
*Joe Flint*

**MEMORANDUM OF LEASE**

**THIS MEMORANDUM OF LEASE** is entered into on this 24<sup>th</sup> day of May, 2010, by and between **LYKES BROS. INC.**, a Florida corporation, with an office at 400 N. Tampa Street, Suite 2200, Tampa, Florida 33602 ("Landlord"), and **SILVER LAKE UTILITIES, INC.**, a Florida corporation, with an office at 106 SW CR 721, Okeechobee, Florida 32974 ("Tenant").

Landlord and Tenant entered into a Lease Agreement, as amended, modified or supplemented, effective as of May 24, 2010, pursuant to which Landlord agreed to lease to Tenant and Tenant agreed to rent from Landlord, approximately 83 acres of land along with well sites and nonexclusive access and utility easements located in Glades County, Florida, as more particularly described in Exhibit "A" annexed hereto, for the purposes of constructing, operating and maintaining potable water production and treatment facilities and wastewater treatment facilities in connection with Tenant's certification as a wastewater utility by the Florida Public Service Commission, and such other operations as may be approved by Landlord. The parcel identification numbers of the real property are A15-42-29-A00-0010-0000, and A16-42-29-A00-0010-0000.

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

Signed, sealed and delivered in the presence of:

*Richard Chase*  
Print Name: Richard Chase

*Linda Bennett*  
Print Name: Linda Bennett

**LYKES BROS. INC.**

By: *Frederick Bennett*  
Frederick Bennett  
Chief Financial Officer

STATE OF FLORIDA  
COUNTY OF HILLSBOROUGH

The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of May, 2010, by Frederick Bennett, as Chief Financial Officer of Lykes Bros. Inc., a Florida corporation, who is personally known me and who did take an oath.

WITNESS my hand and official seal.

*Anna G. Ygual*  
Notary Public

ANNA G. YGUAL  
Notary Public, State of Florida  
My comm. exp. Apr. 25, 2013  
Comm. No. DD 853819

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

Signed, sealed and delivered in the presence of:

*Richard Chae*  
Print Name: Richard Chae

*Linda Bennett*  
Print Name: Linda Bennett

SILVER LAKE UTILITIES, INC.

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

STATE OF FLORIDA  
COUNTY OF Hillsborough

The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of May, 2010, by Charles P. Lykes, Jr., as President of Silver Lake Utilities, Inc., a Florida corporation, who is personally known me and who did take an oath.

WITNESS my hand and official seal.

*Anna G. Ygual*  
Notary Public

ANNA G. YGUAL  
Notary Public, State of Florida  
My comm. exp. Apr. 25, 2013  
Comm. No. DD 853819

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



EXHIBIT A

DESCRIPTION:

The East 555.00 feet of the South 1136.20 feet of the Northeast one-quarter of Section 16.

The West 1610.00 feet of the South 1135.00 feet of the Northwest one-quarter of Section 15.

The South 490.00 feet of the Northwest one-quarter of Section 15, LESS the West 1610.00 feet thereof.

The South 490.00 feet of the Northeast one-quarter of Section 15, lying West of State Road No. 29 right-of-way.

All being in Township 42 South, Range 29 East, Glades County, Florida. Containing 82.55 acres, more or less.

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NOTES:

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2. THIS IS NOT A BOUNDARY SURVEY NOR IS IT INTENDED TO BE USED AS ONE.
3. Bearing Reference: Bearing of N00°17'37"E on the East line of the Northeast 1/4 of Section 16, Township 42 South, Range 29 East. State Plane Coordinate, Florida East Zone, North American Datum 1983 (1999).
4. Description prepared as requested by Silver Lake Utilities.
5. This sketch of description is subject to easements, restrictions, reservations and rights-of-way of record.
6. This is not a determination of the limits of ownership.

This sketch of description is only for the benefit of:

Silver Lake Utilities

I hereby certify that this sketch of description was prepared by me and is correct to the best of my knowledge and belief and meets the minimum technical standards for surveys as required by law. Florida Statutes Chapter 472: Chapter 5J-17 F.A.C.

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

Date Signed 5-21-10

Not valid without the signature and original raised seal of a Florida licensed surveyor and mapper.

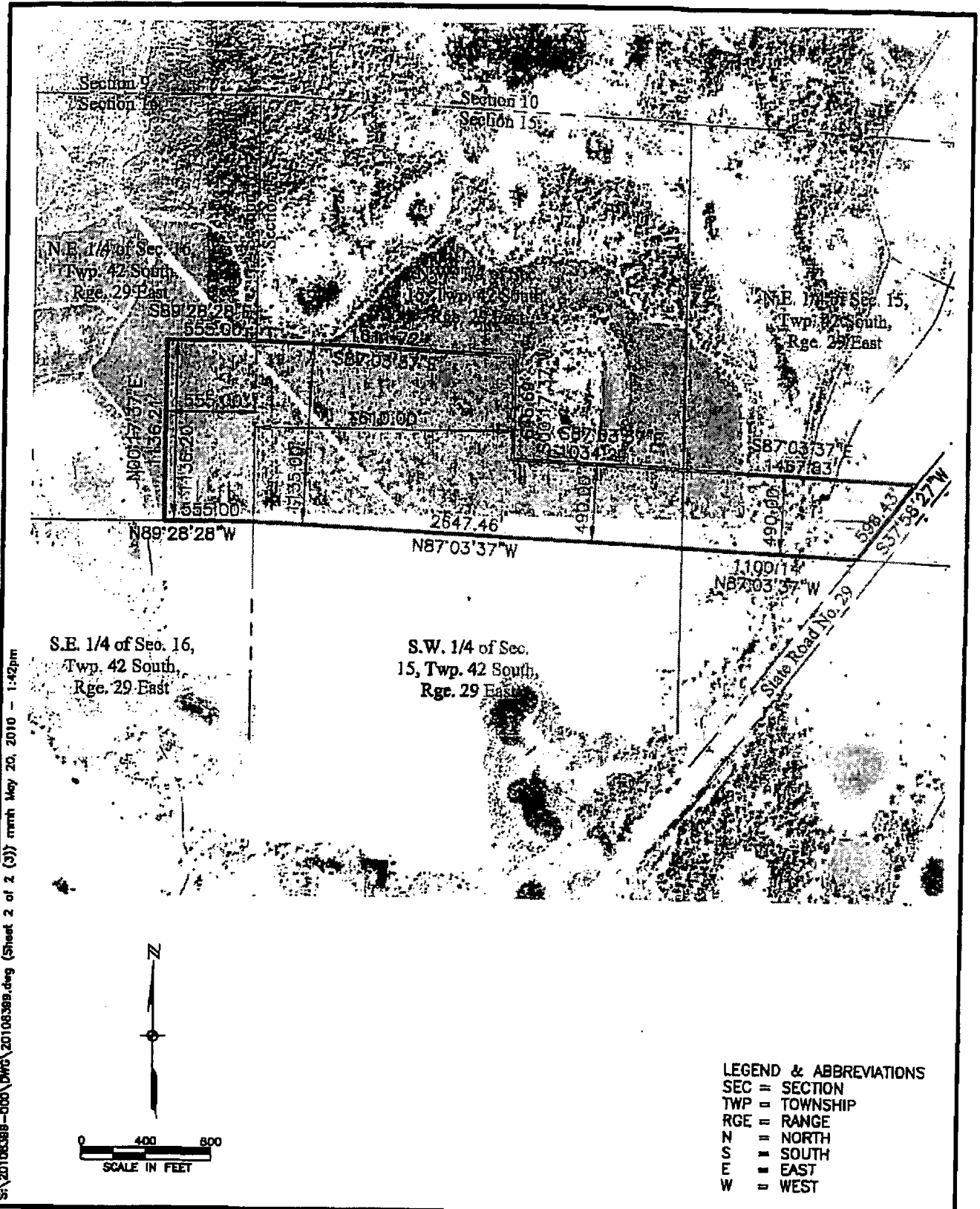
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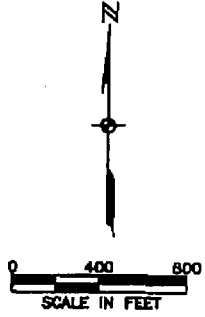
251 WEST HICKPOCHEE AVENUE  
LABELLE, FLORIDA 33935  
PHONE (863) 612-0594  
FAX (863) 612-0341  
E.B. #642 & L.B. #542

<b>SILVER LAKE UTILITIES SKETCH OF DESCRIPTION</b>				
DATE	PROJECT NO.	FILE NO.	SCALE	SHEET
May 20, 2010	Z0108399-000	15-42-29	As Shown	1 of 2

EXHIBIT A



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**JOHNSON**  
**ENGINEERING**

251 WEST HICKPOCHEE AVENUE  
 LABELLE, FLORIDA 33835  
 PHONE (863) 612-0594  
 FAX (863) 612-0341  
 E.B. #542 & L.B. #842

**SILVER LAKE UTILITIES  
 SKETCH OF DESCRIPTION**

DATE	PROJECT NO.	FILE NO.	SCALE	SHEET
May 20, 2010	20108398-000	15-42-29	As Shown	2 of 2