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November 15, 2010

ROBERT M.C. ROSE, (1924-2006)

VIA HAND DELIVERY

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

100440-WU

RECEIVED-FPSC
10 NOV 15 AM 9:58
COMMISSION
CLERK


RE: Docket No.: _____; Application of O & S Water Company, Inc., for Transfer of Water Facilities to Tohopekaliga Water Authority in Osceola County, Florida
Our File Nos.: 35012.14

Dear Ms. Cole:

Enclosed for filing are an original and two (2) copies of O & S Water Company, Inc.'s Application for Transfer of Water Facilities to Tohopekaliga Water Authority in Osceola County, Florida.

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

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

DOCUMENT NUMBER-DATE
09352 NOV 15 09
FPSC-COMMISSION CLERK

COM _____
APA _____ MSF/mp
ECR Enclosures
GCL _____
RAD _____ cc: Mr. Jack Olsen (w/enclosure)
SSC _____
ADM _____
OPC _____
CLK Grant

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Application of
O & S Water Company, Inc. for
Transfer of Water facilities to
Tohopekaliga Water Authority in
Osceola County, Florida

DOCKET NO.: 100440-WU

APPLICATION FOR TRANSFER OF WATER FACILITIES
TO A GOVERNMENTAL AUTHORITY

Applicant, O & S WATER COMPANY, INC. or ("Applicant"), by and through its undersigned attorneys, and 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. Applicant operates under Water Certificate No. 510-W in Osceola County, Florida.
2. The name and address of Applicant and its authorized representatives, for purposes of this application, are:

O & S Water Company, Inc.
501 East Oak Street, Suite F
Kissimmee, FL 34744

Authorized Representatives:
Martin S. Friedman, Esquire
Rose, Sundstrom & Bentley, LLP
766 North Sun Drive
Suite 4030
Lake Mary, FL 32746
407-830-6331 (telephone)
407-830-8522 (facsimile)
mfriedman@rsbattorneys.com

DOCUMENT NUMBER-DATE

09352 NOV 15 2011

FPSC-COMMISSION CLERK

3. The name and address of the Tohopekaliga Water Authority (the "TWA") and its authorized representatives, for purposes of this application, are:

Brian L. Wheeler, Executive Director
951 Martin Luther King Boulevard
Kissimmee, FL 34744

Authorized Representative:
Mark G. Lawson, Esquire
Bryant, Miller & Olive, P.A.
101 North Monroe Street, Suite 900
Tallahassee, FL 32301

4. A copy of the Asset Purchase Agreement by and between Applicant and the TWA, Florida, dated November 1, 2010, is attached hereto as Exhibit "A" (the "Agreement"). The transaction is scheduled to close on December 8, 2010.

5. 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.

6. Subsequent to the closing of this transaction, Applicant will retain no assets that would constitute a system providing or proposing to provide water service to the public for compensation.

7. Prior to purchase, the TWA obtained from Applicant its most recent available income and expense statement, balance sheet, statement of rate base for regulatory purposes, and contributions-in-aid-of-construction.

8. Pursuant to the Agreement, the Applicant will read all customer meters. Applicant will bill for all service rendered prior to closing.

9. There are no fines owed relative to the Applicant's water facilities at closing. Applicant owes delinquent regulatory assessment fees with penalties and interest and will pay all outstanding and delinquent regulatory assessment fees through

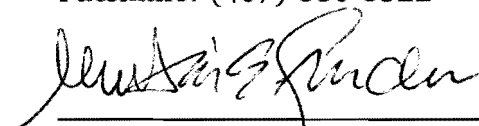
June, 2010, with any penalties and interest, at Closing and will file a final Regulatory Assessment Fee Return with the Division of Administration of this Commission for the period July, 2010, through Closing prior to the Commission's approval of this Application.

10. Applicant cannot currently locate original Water Certificate 510-W for cancellation, and such certificates are no longer issued.

WHEREFORE, Applicant respectfully requests that this Commission approve the transfer of its water facilities to the TWA as a matter of right and cancel the water certificate of this Applicant.

Respectfully submitted on this 15th day
of November, 2010, by:

ROSE, SUNDSTROM & BENTLEY, LLP
766 N. Sun Drive, Suite 4030
Lake Mary, FL 32746
Telephone: (407) 830-6331
Facsimile: (407) 830-8522



MARTIN S. FRIEDMAN, ESQUIRE
Attorney for O & S Water Company, Inc.

EXHIBIT "A"

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT ("Agreement") is made and entered into as of the 10th day of November 2010, by and between, O & S Water Company, Inc., a Florida corporation ("Seller") and Tohopekaliga Water Authority ("Buyer"), an independent special district, established and created pursuant to Chapter 189, Florida Statutes, by special act of the Florida Legislature.

WITNESSETH:

WHEREAS, Seller owns and operates water supply, treatment, storage, pumping, transmission and distribution facilities that serve an area which, among other things, Seller is authorized by the Florida Public Service Commission to serve in western Osceola County, Florida, identified on **Appendix A** to this Agreement; and,

WHEREAS, pursuant to and in accordance with its governmental powers, including those powers set forth in Chapter 2003-368, Laws of Florida, and Chapter 189, Florida Statutes, Buyer has authority to purchase all of the hereinafter described Utility Assets which comprise the Utility System, as hereinafter more fully described; and,

WHEREAS, Buyer desires to purchase and Seller desires to sell the Utility Assets and Utility System upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the benefits to be derived from the mutual promises, covenants, representations and agreements contained herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties to this Agreement do undertake, promise and agree for themselves, their permitted successors and assigns, 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 herein unless the context requires otherwise:

"Agreement" means this Asset Purchase Agreement, including appendices and any amendments, supplements, executed and delivered in accordance with the terms hereof.

"Best Efforts" means the efforts that a prudent person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible.

"Business Day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of Florida are authorized or obligated by law to close.

"Closing" or "Closing Date" means such date mutually agreed upon the parties on or prior to December 30, 2010 with an effective time of transfer of 12:01 a.m. eastern standard time

on that date. Both parties shall, however, use their Best Efforts to close on or before December 15, 2010.

"Connection Charges" means the funds collected from new customers of the Utility System at or prior to initial connection to the Utility System in order to defray the cost of making utility service available.

"Easements" means all Recorded Easements, and existing rights, privileges, easements, licenses, prescriptive rights, and rights to use right-of-ways and public and private roads, highways, streets, railroads and other areas owned or used by the Seller in connection with the construction, re-construction, installation, expansion, maintenance and operation of the Utility Assets, the Utility System or the provision of Utility Service.

"Environmental Laws" means any statute, law, regulation, ordinance, injunction, direction, guidance, judgment, order, or other decree of any federal, state or local governmental authority pertaining to the protection of human health and the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Water Pollution Control Act, the Oil Pollution Act of 1990, Toxic Substances Control Act.

"Excluded Assets" means those assets listed on Appendix C owned or used by Seller and not included in the sale.

"Fee Parcels" means those parcels of real property owned in fee simple and more particularly described in Appendix D.

"Governmental Authorization" means any consent, license, certificate of authorization, final approval for sale as contemplated by the terms of this Agreement by any Governmental Body, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement.

"Governmental Body" means any federal, state or local governmental entity or instrumentality including those subdivisions thereof set forth in section 1.01(8), Florida Statutes.

"Hazardous Materials" means any substance or material regulated by any federal, state or local governmental entity under any Environmental Law as a hazardous material, hazardous substance, hazardous waste, pollutant, contaminant, toxic waste, toxic substance or words of similar import, including petroleum and petroleum products, by-products or breakdown products.

"Knowledge" means (1) as to Seller, the actual knowledge of Seller's directors and officers, without the requirement of diligent inquiry and subsequent investigation, and (2) as to Buyer, the actual knowledge of Buyer's Board Supervisors and Executive Director, without the requirement of diligent inquiry and subsequent investigation.

"Legal Requirement" means any federal, state, local or municipal constitution, law, ordinance, principle of common law, code, regulation, or statute.

"Ordinary Course of Business" means action that is consistent in nature, scope and magnitude with the past practices of a person and is taken in the ordinary course of the normal, day-to-day operations of such person.

"Permitted Real Estate Encumbrances" means: (i) easements, rights-of-way, covenants and restrictions of record, assessments, and matters disclosed by surveys which do not, individually or in the aggregate, materially and adversely impair or restrict the use of the Fee Parcels in the operation of the Utility System; and (ii) any mortgage, lien or other matter that will be satisfied or discharged at or prior to the Closing Date.

"PSC" means the Florida Public Service Commission.

"Purchased Assets" means the assets set forth in Section 2.02 of this Agreement.

"Purchase Price" means the payment described in Section 2.04 hereof to be made at Closing by Buyer to Seller in exchange for conveyance of the Purchased Assets and the covenants bargained for herein.

"Recorded Easements" means easements not within a plat or dedicated right-of-way as set forth in **Appendix B**.

"Signature Date" means the date of this Agreement.

"Title Commitment" means the title insurance commitment with respect to the Fee Parcels in an amount not to exceed the Purchase Price, issued by the Title Company committing the Title Company to issue and deliver the Title Policy to Buyer upon compliance with the requirements stated in Schedule B, Section 1 thereof, subject to the terms and conditions contained therein.

"Title Company" means such title insurance company procured by Buyer to issue the Title Commitment and Title Policy.

"Title Policy" means the ALTA owner's policy of title insurance, issued by the Title Company in accordance with the Title Commitment that meets the requirements of Section 3.03 of this Agreement.

"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 Utility System, or any ownership interest which Seller has or hereafter acquires in the Utility Assets, including the following:

(1) All real property and interests, whether recorded in the public records or not, in real property owned, used or controlled in conjunction with the operation of any Utility System.

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

(3) All equipment, vehicles, tools, parts, laboratory equipment, and other personal property owned by Seller in connection with the operation of any Utility System, if any.

(4) All Easements in favor of the Seller to the Utility System.

(5) All current customer records and supplier lists, as-built surveys and water plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, maintenance and operating manuals, engineering reports, computer models and studies, and all other information controlled by or in the possession of the Seller that specifically relates to the description and operation of the Utility System, inclusive of all pertinent computer records and the lawful use of all computer software which is or was used in the operation of any Utility System for billing or customer record keeping purposes, including but not limited to the lawful use of any licensed software or proprietary software developed for the Seller.

(6) All existing permits and other Governmental Authorizations and approvals of any kind necessary to operate or provide Utility Service or construct, operate, expand, and maintain the Utility System according to all governmental requirements.

"Utility Service" means the duty, obligation, power and authority to acquire, obtain, construct, provide, collect, distribute, dispose of, finance and charge for the supply of potable and non-potable water, treatment, storage or distribution systems, facilities and associated services.

"Utility System" means the potable water supply, treatment, storage, and distribution systems of every kind and nature owned by the Seller in Osceola County, Florida, including all Utility Assets associated therewith which may be owned or controlled by the Seller.

SECTION 1.02. CONSTRUCTION AND INTERPRETATION.

(A) Words that indicate a singular number shall include the plural in each case and vice versa and words that import a person shall include all legal entities of every kind.

(B) The terms "herein," "hereunder," "hereby," "hereof," and any similar terms, shall refer to this Agreement; the term "heretofore" shall mean before the Signature Date; and the term "hereafter" shall mean on or after the Signature Date.

(C) Words that reference only one gender shall include all genders.

SECTION 1.03. INCORPORATION. Each party represents that the recitals set forth in this Agreement are true and correct as they pertain to each party and are incorporated herein and made a part of this Agreement. The Appendices hereto and each of the documents referred to therein are incorporated and made a part hereof in their entirety.

SECTION 1.04. SECTION HEADINGS. Any headings preceding the texts of the several Articles, Sections or Appendices in this Agreement shall be solely for the convenience of reference and shall not constitute a part of this Agreement, nor affect its meaning, construction or effect.

ARTICLE II PURCHASE AND SALE OF ASSETS

SECTION 2.01. PURCHASE AND SALE COVENANT. At Closing, Buyer shall purchase from Seller and Seller shall sell to Buyer the Purchased Assets, upon the terms and subject to the conditions set forth in this Agreement.

SECTION 2.02. PURCHASED ASSETS.

(A) The Purchased Assets consist of the following:

- (1) the Utility Assets and the Utility System;
- (2) the Fee Parcels;
- (3) the Easements;
- (4) all applicable Governmental Authorizations including any applicable permits; and
- (5) all current customer billing information and customer deposits made to Seller in connection with the operation of the Utility System as evidenced by the customer records at the time of Closing.

SECTION 2.03. EXCLUDED ASSETS. Notwithstanding any other provision of this Agreement that may be construed to the contrary, the Purchased Assets do not include the Excluded Assets.

SECTION 2.04. PURCHASE PRICE. The Purchase Price for the Purchased Assets is Three Million Six Hundred Twenty-Five Thousand Dollars and no/cents (\$3,625,000), subject to pro-rations and adjustments set forth in this Agreement. The Purchase Price shall be due and payable by Buyer to Seller in immediately available funds at Closing, by wire transfer, pursuant to wire instructions to be provided by Seller to Buyer prior to Closing.

SECTION 2.05. ASSUMED LIABILITIES.

(A) As of the Closing Date, Buyer shall assume the following liabilities:

(1) Any liability arising from or related to the Buyer's operation of the Utility Assets or Utility System after the Closing;

(2) Any liability of Buyer under this Agreement or any other Closing document; and,

(3) Any liability of Buyer based upon Buyer's acts or omissions occurring after Closing;

(B) Notwithstanding the foregoing, the following shall not constitute an assumed liability:

(1) Any employment arrangement or contract of any nature; any liability arising out of or relating to any employee grievance by a Seller employee based on actual or alleged acts or omissions of Seller prior to Closing;

(2) Any liability of Seller arising out of or resulting from any obligation, act or omission of Seller associated with the Utility System or Utility Assets;

(3) Any liability of Seller arising out of any action commenced after Closing, which arises out of or relates to any occurrence or event happening prior to Closing, to the extent that the such action relates to Seller's obligations, actions or inactions prior Closing; and,

(4) Any liability for Seller's performance of its obligations hereunder.

SECTION 2.06. AS IS PURCHASE. The purchase of assets under this Agreement is "AS IS" and with all faults. Other than the covenant from the Seller that it has the good and lawful to title to the Purchased Assets and the power and right to convey all of Seller's right, title and interest thereto to the Buyer, Seller makes no representations, covenants, or warranties with respect to the Purchased Assets or Utility System, except those specifically set forth in this Agreement.

ARTICLE III DUE DILIGENCE ISSUES

SECTION 3.01. PROVISION OF INFORMATION BY SELLER.

(A) After the Signature Date, Seller shall cooperate with Buyer in providing access to the Utility System by Buyer's representatives during normal business hours upon reasonable advance notice.

(B) After the Signature Date, Seller shall make any existing surveys, plans and specifications for the Utility System in Seller's possession available to Buyer's representatives for inspection during normal business hours upon reasonable advance notice.

SECTION 3.02. DUE DILIGENCE DETERMINATION. Buyer has performed some preliminary due diligence, and Buyer shall have thirty (30) days from the Signature Date to complete its due diligence at the end of which Buyer may terminate this Agreement in its discretion by delivering notice of its termination as provided in Section 10.03; otherwise, Buyer and Seller shall be obligated to proceed to Closing as set forth in Article IX. Buyer may waive such right and close at any time. Upon a termination of this Agreement, Seller and Buyer shall have no liability and no further obligation one to the other under this Agreement.

SECTION 3.03. EVIDENCE OF TITLE.

(A) Within thirty (30) days after the Signature Date, Buyer shall obtain from the Title Company, at Buyer's expense, the following:

(1) a title commitment issued by the Title Company to insure title to each Fee Parcel in a cumulative amount determined by the Buyer, naming Buyer as the proposed insured and having the effective date as set forth therein, wherein the Title Company will have agreed to issue an ALTA form owner's title insurance policy, with Florida modifications;

(2) copies of all recorded documents listed as Schedule B-2 exceptions thereunder (the "Recorded Documents"); and

(3) a UCC search of State and local records.

(B) The Title Commitment shall include the Title Company's requirements for issuing the Title Policy on or before the Closing Date, including those requirements that must be met by releasing or satisfying monetary encumbrances, but excluding encumbrances that will remain after Closing as agreed to by the Buyer.

(C) The following shall be considered title objections if contained within the Title Commitment or survey ("Title Objections"):

(1) a party, other than Seller, holds title to a Fee Parcel; or

(2) a title exception disclosed in Schedule B is not one of the Permitted Real Estate Encumbrances; or

(3) a UCC statement of any nature that is outstanding and not terminated or subject to termination as a condition of closing; or

(4) a tax lien.

To the extent that the Title Company does not insure over a Title Objection, Seller shall use its Best Efforts to cure each such Title Objection. Upon Seller's failure to eliminate all such Title Objections prior to the Closing Date, Buyer may elect, as its sole and exclusive remedy, to either: (i) terminate this Agreement, in which event neither party shall have any liability to the other under this Agreement; or (ii) accept whatever title Seller is able to convey with no abatement of the Purchase Price and proceed to Closing; or (iii) upon mutual agreement of the parties extend the time for closing..

(D) Seller shall use its Best Efforts to comply with the requirements of Schedule B Section 1 of the Title Commitment. At the Closing, Seller shall identify any Schedule B Section 1 requirements that cannot be satisfied as of the Closing ("Post-Closing Schedule B Requirements"). Buyer and Seller shall agree on a post-Closing process to satisfy these requirements. Seller shall indemnify Buyer as to all Post-Closing Schedule B Requirements that are not satisfied in accordance with the agreed upon post-Closing process. Seller shall cooperate with Buyer in satisfying the Post-Closing Schedule B Requirements.

(E) Buyer shall have the right, but not the obligation, at its expense, to secure such surveys for the Fee Parcels as Buyer desires. If Buyer desires to have any standard survey exceptions deleted or modified in the Title Policy, Buyer shall deliver to the Title Company, no later than five (5) days prior to the Closing Date, properly certified and current original surveys of the specified Fee Parcels satisfactory to the Title Company.

SECTION 3.04. ENVIRONMENTAL WARRANTIES.

(A) Seller has no Knowledge of any material non-compliance with any Environmental Law or material liability under any Environmental Law by, at, or from the Utility System. To Seller's Knowledge, Seller has not disposed of any Hazardous Materials on the Fee Parcels, nor has Seller removed Hazardous Materials from the Fee Parcels, except as provided by law.

(B) Prior to the Signature Date Seller has not received notice of any violation of applicable federal, state or local statutes, laws and regulations (including, without limitation, any applicable environmental, building, zoning, or other law, ordinance or regulation) materially, adversely affecting the current condition or operation of the Utility System.

(C) Buyer may, within the due diligence period set forth herein and its expense, perform a Phase I Environmental Site Assessment ("ESA") pursuant to applicable ASTM standards. Seller shall cooperate with Buyer and its agents by providing reasonable access to the Fee Parcels so that Buyer or its agents may conduct the ESA.

(D) If the ESA reveals Hazardous Materials on the Fee Parcels that require remedial action, Seller shall have the right, but not the obligation, to perform such cleanup and remediation as is necessary hereunder.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES**

SECTION 4.01. REPRESENTATIONS AND WARRANTIES OF SELLER.

(A) Seller represents and warrants to Buyer as follows:

(1) Seller is duly organized, validly existing and has an active status under the laws of the State of Florida. Seller has the power and authority to enter into this Agreement and to perform the terms and conditions of this Agreement.

(2) There are no legal actions, suits, mediations, arbitrations, or other legal or administrative proceedings pending or, to Seller's Knowledge, threatened against Seller that could affect the Purchased Assets or this transaction.

(3) To Seller's Knowledge, Seller is not in violation of any Governmental Authorization and Seller has not received notice of any violation with respect to any Governmental Authorization.

(4) The execution and performance of this Agreement by Seller does not and will not violate or result in the breach of any term or condition, or require the consent of any person not a party hereto under: (i) the by-laws of Seller; or, (ii) any mortgage, indenture, contract, lease, license or other instrument, document or understanding, oral or written, to which the Seller is a party or subject.

(5) Seller has not dealt with a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction as a result of Seller's actions.

SECTION 4.02. REPRESENTATIONS AND WARRANTIES OF BUYER.

(A) Buyer represents and warrants to Seller as follows:

(1) Buyer is an independent special district, established and created pursuant to Chapter 189, Florida Statutes, by the Florida Legislature as a special purpose local governmental body, corporate and politic, and has all requisite power and authority to enter into, execute and deliver this Agreement, to own real and personal property, and to carry out and perform the terms and provisions of the Agreement.

(2) On or prior to the Signature Date or execution hereof, Buyer has held and conducted a public interest hearing under Section 189.423, Florida Statutes, concerning the Buyer's purchase of the Purchased Assets pursuant to and in accordance with the terms of this Agreement.

(3) There are no actions, suits, or proceedings at law or in equity, pending against the Buyer before any federal, state, municipal or other court, administrative or

governmental agency or instrumentality, domestic or foreign, which affects the Buyer's ability to enter into and perform this Agreement.

(4) The execution and performance of this Agreement by Buyer does not and will not violate or result in the breach of any term or condition, or require the consent of any person not a party hereto under: (i) Chapter 2003-368, Laws of Florida; or, (ii) any indenture, contract, license or other instrument, document or understanding, oral or written, to which the Buyer is a party or subject.

(5) Buyer has not dealt with a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction as a result of Buyer's actions.

SECTION 4.03 SURVIVAL OF COVENANTS, INDEMNIFICATION.

(B) Seller represents to Buyer that all the representations and warranties set forth herein are true and correct as of the Closing Date and shall survive Closing for a period of two years. Except to the extent caused by acts or omissions of the Buyer, Seller shall indemnify the Buyer from and hold the Buyer harmless against any and all claims, demands, costs, losses or liabilities, damages and expenses, including legal fees, paid or incurred by the Buyer as a result of Seller's breach of warranty, or Seller's failure to adequately and timely perform any covenant.

(C) Buyer represents to Seller that all the representations and warranties set forth herein are true and correct as of the Closing Date and shall survive Closing for a period of two (2) years. Except to the extent caused by acts or omissions of the Seller, Buyer shall indemnify the Seller from and hold the Seller harmless against any and all claims, demands, costs, losses or liabilities, damages and expenses, including legal fees, paid or incurred by the Seller as a result of Buyer's breach of warranty, or Buyer's failure to adequately and timely perform any covenant. Provided, however, the liability and immunity of Buyer is governed by the provisions of Section 768.28, Florida Statutes, and nothing in this Agreement is intended to or shall be interpreted to extend the liability of Buyer or to waive any immunity enjoyed by Buyer.

(D) Notwithstanding any thing to the contrary herein or any interpretation to the contrary, Seller acknowledges and agrees that it is neither the intent of the parties, nor shall Buyer be deemed to in any manner by accepting the conveyance of the Purchased Assets to have waived any sovereign immunity or agreed to the contracting away of any police power as a result of this or any other agreement or instrument resulting from this Agreement, or by undertaking to provide Utility Service.

ARTICLE V CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATION TO CLOSE

Buyer's obligation to purchase the Purchased Assets and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the

Closing, of each of the following conditions (any of which may be waived by the Buyer, in whole or in part):

SECTION 5.01. SELLER'S PERFORMANCE. All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

SECTION 5.02. SELLER'S REPRESENTATIONS AND WARRANTIES. All representations and warranties made by Seller in this Agreement shall be true, correct and complete as of the Signature Date and shall be reaffirmed through the Closing Date; and, no breach or violation of such representations and warranties shall have occurred from the Signature Date up to and including the Closing Date.

SECTION 5.03. ADDITIONAL DOCUMENTS. Seller shall have delivered the documents and instruments required by this Agreement and such other documents as Buyer may reasonably request for the purpose of evidencing compliance by Seller with any covenant or obligation required to be performed or complied with and evidencing the payment or escrow of all taxes due and payable which are required to transfer the Purchased Assets to the Buyer free from same, and release of all liens, security interests, and other encumbrances on the Purchased Assets other than Permitted Real Estate Encumbrances.

SECTION 5.04. GOVERNMENTAL AUTHORIZATIONS. Subject to Section 6.04 herein, all Governmental Authorizations shall have been issued or transferred, as the case may be, in accordance with Article IV.

ARTICLE VI CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligation to sell the Purchased Assets and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller in whole or in part):

SECTION 6.01. THE BUYER'S PERFORMANCE. All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been performed and complied with in all material respects.

SECTION 6.02. BUYER'S REPRESENTATIONS AND WARRANTIES. All representations and warranties made by Buyer in this Agreement shall be true, correct and complete as of the Signature Date and through the Closing Date, and no breach or violation of such representations and warranties shall have occurred from the Signature Date up to and including the Closing Date.

SECTION 6.03. ADDITIONAL DOCUMENTS. Buyer shall have delivered the documents and instruments required by this Agreement, the Buyer's Resolution approving this

Agreement and such other documents as Seller may reasonably request for the purpose of evidencing compliance by the Buyer with any covenant or obligation required to be performed or complied with by the Buyer.

SECTION 6.04. PUBLIC SERVICE COMMISSION APPROVAL. Buyer is a Governmental Body and by law is entitled to PSC approval of the sale of the Purchased Assets to Buyer as a matter of right. Seller shall prepare all documents necessary to notify PSC of the closing and shall file such documents promptly upon execution of this Agreement. Seller agrees to pay all fees and costs incurred incident to such dealings with the PSC. Buyer is not subject to any jurisdiction by the PSC; however, Buyer will, in its sole discretion, reasonably cooperate with Seller incident to Seller's dealings with the PSC. In the event the Seller is unable to obtain PSC approval or unwilling to close on or before the due diligence period described in Section 3.02 herein expires, said due diligence period and the Closing Date shall be extended for ten (10) days after such approval has been obtained or Seller and Buyer agree in writing to close without such approval.

ARTICLE VII COVENANTS OF SELLER

SECTION 7.01. OPERATION OF THE BUSINESS OF SELLER.

Between the Signature Date and the Closing, Seller shall:

- (A) Conduct its business in the Ordinary Course of Business;
- (B) Confer with Buyer prior to implementing any material operational changes relating to the Utility System;
- (C) Use its Best Efforts to maintain the Purchased Assets in a state of repair and condition that complies with Legal Requirements and is consistent with the Ordinary Course of Business;
- (D) Comply with all Legal Requirements and contractual obligations applicable to the operations of Seller's business;
- (E) Cooperate with Buyer and identify the Governmental Authorizations required of Seller to operate the Utility System as of the Signature Date and either (i) transferring existing Governmental Authorizations of Seller to Buyer, where permissible, or (ii) assisting Buyer in obtaining new Governmental Authorizations;
- (F) Upon request from time to time, execute and deliver all documents and do all other acts that may be reasonably necessary to consummate this transaction, all without further consideration; and,
- (G) Maintain all books and records of Seller relating to Seller's business in the Ordinary Course of Business.

(H) The Seller is not presently undertaking and does not anticipate undertaking any capital improvements to the Utility System prior to closing; and, shall not proceed do so without first conferring with the Buyer prior to proceeding with any capital improvement related activities associated with the Utility System.

SECTION 7.02. NEGATIVE COVENANT. Except as otherwise expressly permitted herein, between the Signature Date and Closing Date, Seller shall not, without the prior written consent of Buyer, and which shall be promptly acted upon by Buyer, (a) make any material modification to any Governmental Authorization that relates to the Purchased Assets; or (b) allow the levels of materials, supplies or other materials included in the Purchased Assets to vary materially from the levels customarily maintained.

SECTION 7.03. NOTIFICATION. Between the Signature Date and Closing, Seller shall promptly notify Buyer, in writing, if it becomes aware of (a) any fact or condition that causes or constitutes a breach of this Agreement or (b) the occurrence of any fact or condition that would or be reasonably likely to cause or constitute a breach of this Agreement. During the same period, Seller also shall promptly notify the Buyer of the occurrence of any breach of any covenant of Seller in this Agreement or the occurrence of any event that may make the satisfaction of the conditions in this Agreement impossible or unlikely.

SECTION 7.04. PAYMENT OF LIABILITIES. Seller shall pay or otherwise satisfy all of its liabilities and obligations associated with the Utility Assets or Utility System as they come due; provided that, Buyer shall receive a credit (deduction from the Purchase Price) at Closing for all past due amounts and charges due from Seller for the bulk water purchases.

ARTICLE VIII COVENANTS OF BUYER

SECTION 8.01. NOTIFICATION. Between the Signature Date and Closing, Buyer shall promptly notify Seller, in writing, if it becomes aware of (a) any fact or condition that causes or constitutes a breach of this Agreement or (b) the occurrence of any fact or condition that would or be reasonably likely to cause or constitute a breach of this Agreement. During the same period, Buyer also shall promptly notify the Seller of the occurrence of any breach of any covenant of Buyer in this Agreement or the occurrence of any event that may make the satisfaction of the conditions in this Agreement impossible or unlikely.

ARTICLE IX CLOSING AND RELATED PROCEDURES AND ADJUSTMENTS

SECTION 9.01. CLOSING DATE AND PLACE. The closing shall be held on the Closing Date at the office of the Buyer, or its counsel, or at such place as is otherwise mutually agreed upon by the parties.

SECTION 9.02. RECORDING FEES AND TAXES.

(A) Fees to record the deeds and any other instruments necessary to deliver title to Buyer shall be paid by Buyer.

(B) To the extent that documentary stamp taxes or other charges are due and payable with respect to the deeds and other instruments necessary to deliver title to the Purchased Assets to Buyer, such taxes shall be paid as required by law by Seller. For the purpose of determining any documentary stamp taxes due on the transfer of the Fee Parcels, the parties shall use the most recent value as determined by the county property appraiser. Seller shall also be responsible for any income or other taxes due and payable as a result of the sale of the Purchased Assets.

SECTION 9.03. ACCOUNTS RECEIVABLE; CUSTOMER DEPOSITS.

(A) As an adjustment to the Purchase Price, Seller shall receive credit for 95% of its accounts receivable (less than 60 days old) for monthly water service revenues, net of any credit balances, due Seller for unpaid water service as of the Closing Date. Seller shall furnish to Buyer, at Closing, a listing of its accounts receivable, by customer and individual amounts due. Additionally, an estimate of the gross revenue for water and wastewater services rendered but not yet billed as of the Closing Date shall be provided to Buyer at least three (3) days prior to Closing and, upon agreement between the parties, 95% of such amount shall be credited to Seller on the Closing Statement. Buyer shall be entitled to all revenue collected from the operation of the Utility System after Closing.

(B) After Closing, Buyer shall assume responsibility to refund customer deposits, including accrued interest if applicable, to the extent it has received such deposits pursuant to section 2.02 (A)(5) herein.

(C) All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to Closing, including but not limited to water and electricity, for a period up to and including the Closing Date ("Accounts Payable"), shall be paid by Seller. Pro-rations shall be required for the following Accounts Payable: (1) water and electricity, to the extent meters are not read on the Closing Date; (2) telephone, to the extent no final bill is rendered to Seller on the Closing Date and if Buyer continues service with the provider; (3) rental, maintenance or lease charges under contracts disclosed to and assumed by Buyer at its sole discretion; (4) charges under maintenance and service contracts disclosed to and assumed by Buyer at its sole discretion; (5) purchased water to the extent meters are not read on the Closing Date; and (6) other invoices that reasonably include pre-Closing and post-Closing obligations.

(D) Seller shall be responsible for all real and personal property taxes, which must be paid or escrowed through the Closing Date as required by law.

SECTION 9.04. CONNECTION CHARGES; EXECUTORY AGREEMENTS.

(A) Connection Charges due to and collected by Seller prior to the Signature Date, for which the Seller has provided an accounting in **Appendix E**, shall be Seller's sole and separate property. The prepaid connection charges to be retained by Seller and identified in **Appendix E** represent all remaining undeveloped lots in the respective development phases for the Eagle Lake and Parkview at Lakeside projects. The Seller makes no claim to connection charges paid to, or collected by Seller and paid to, or which were collected by Seller and should have been paid to the Florida Governmental Utility Authority. Seller does not know of and represents to Buyer that there are no other prepaid connection charges other than as identified in **Appendix E**. Buyer shall have no obligation to honor any prepaid connections associated with Utility System other than for the lots identified in **Appendix E**.

(B) Seller shall use its Best Efforts to secure and provide to Buyer an Estoppel Certificate in substantially the form attached hereto as **Appendix F** from Seller and each of the three (3) parties that have prepaid connection charges. If the Seller is unable to secure an Estoppel Certificate from any of such parties, the Buyer may hold back the amount of funds in question at Closing. Thereafter, Seller shall provide alternative documentation reasonably acceptable to Buyer to confirm the payment and take down status of the prepaid connection charges and related plant capacity. If Seller fails to provide such documentation or file a declaratory judgment or other action in the appropriate court confirming the status of the prepaid connection charges within six (6) months of Closing, Buyer may retain the funds withheld at Closing. Seller shall not accept any other prepaid connection fees after the Signature Date until Closing or termination of this Agreement.

(C) Connection Charges collected from and after the Signature Date shall be Buyer's sole and separate property.

(D) Seller shall also use its Best Efforts to secure and provide to Buyer an Estoppel Certificate in substantially the form attached hereto as **Appendix F** from Seller and any other party to any executory agreement it wishes the Buyer to assume.

SECTION 9.05. COSTS AND PROFESSIONAL FEES. Each party shall be responsible for securing its own counsel and advisors for representation in connection with the negotiation of this Agreement and all other matters associated with performance, cancellation or closing hereunder, unless otherwise specified herein. Each party shall be responsible for the payment of the fees of its own attorneys, bankers, engineers, accountants, and other professional advisors or consultants in connection herewith.

SECTION 9.06. RISK OF LOSS. At all times prior to and through the time of Closing, Seller shall maintain adequate fire and extended comprehensive general insurance coverage for the cost of any replacement or repairs to the Purchased Assets that may be required as a result of casualty damage. The risk of loss until Closing is upon Seller. The risk of loss after Closing is upon Buyer.

SECTION 9.07. CLOSING PROCEDURE.

(A) On or prior to the Closing Date, Seller and Buyer shall execute all documents necessary to Close the transaction.

(B) At Closing, the appropriate party shall execute or cause to be executed and delivered to the Closing the following documents in final form, together with any exhibits or appendices:

- (1) special warranty deed for the conveyance of Fee Parcels to be conveyed;
- (2) an assignment, assumption and transfer agreement;
- (3) if necessary, general assignment of all contracts, agreements, permits and approvals;
- (4) bill of sale or other documents of assignment and transfer, with full warranties of title to the personal property portion of Purchased Assets;
- (5) "marked-up" Title Commitment consistent with Section 3.03 of this Agreement; and
- (6) any estoppel certificates, affidavits, assignments, corrective instruments, releases, satisfactions or terminations necessary to close, including, but not limited to, a no lien affidavit, non-foreign affidavit, a "gap" affidavit and such other instruments as required by the Title Company.

(C) Unless otherwise expressly addressed in this Agreement, Buyer shall not be obligated to accept or assume any executory agreement for which an estoppel certificate signed by Seller and the appropriate third party in a form acceptable to Buyer has not been delivered to Buyer on or before Closing.

(D) The forms used shall be substantially the same as included in **Appendix F**.

(E) In recognition that the Utility System is an operating business, and in order to simplify the closing process, either party at Closing may require a post-closing true up of the allocation made at Closing for accounts receivable, unbilled revenue, or guaranteed revenue within forty-five (45) days of the Closing Date. Based on the results of such true up, one party shall reimburse the other for the overpayment or underpayment of any of these items within ten (10) days of the true up calculation. At Closing, Seller may hold back any amount of the accounts receivable, unbilled revenue, or guaranteed revenue it believes requires reconciliation. In the event of any dispute concerning such reconciliation, either party shall have the right to require any funds withheld to be interplead with the local circuit court within ten (10) days of written notice to the other.

SECTION 9.08. ASSUMPTION BY THE BUYER OF RESPONSIBILITY FOR SERVICE. At Closing, Buyer shall assume responsibility for providing Utility Service to the customers of the Utility System.

SECTION 9.09. DOCUMENTS AFTER THE CLOSING. From time to time after the Closing, each party hereto shall, upon request of the other, execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further acts, deeds, assignments, bills of sale, transfers or other documentation for (1) confirming or correcting title in the name of Buyer or its successor(s) or perfecting possession by Buyer or its successor(s) of any or all of the Purchased Assets, including the establishment of a record of Easements without resort to litigation, expenditure of monies or other extraordinary means, for all facilities that are a part of the Utility System in existence or use at the time of Closing, or (2) otherwise fulfilling the obligations of the parties hereunder. Further, from time to time after Closing, should the parties discover that certain land parcels, Easements, or other rights owned or enjoyed by Seller at Closing (or any interest which may vest in Seller after Closing) and necessary to the proper operation and maintenance of the Utility System were not included in the Appendices hereto, or not otherwise transferred to the Buyer or its successor(s) at Closing in accordance with this Agreement, then the parties agree that Seller shall execute or cause to be executed the documents including, but not limited to, deeds, easements and bills of sale necessary to convey such ownership or rights to Buyer or its successor(s), at no cost to Buyer, provided such conveyances may be accomplished without resort to litigation, expenditure of monies by Seller to clear title or other extraordinary means.

ARTICLE X GENERAL PROVISIONS

SECTION 10.01. TIME IS OF THE ESSENCE. Time is of the essence in this Agreement. Time periods 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 that ends on Saturday, Sunday or a legal holiday shall extend to 5:00 p.m. on the next Business Day.

SECTION 10.02. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

SECTION 10.03. NOTICE.

(A) All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when hand delivered by facsimile service with confirmed receipt, or by next day courier service, charges prepaid, to the parties at the following addresses:

To Seller: Jack P. Olsen, President
O & S Water Company, Inc.
501 East Oak Street, Suite F
Kissimmee, Florida 34744

with a copy to: John R. Jenkins, Esq.
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, Florida 32301

To Buyer: Brian L. Wheeler, Executive Director
Tohopekaliga Water Authority
951 Martin Luther King Jr. Blvd.
Kissimmee, Florida 34741

with a copy to: Mark G. Lawson, Esq.
Bryant, Miller & Olive, P.A.
101 N. Monroe St., Suite 900
Tallahassee, Florida 32301

(B) Any written notice given to one person in subsection (A) of this Section shall also be copied and provided to all other persons identified in subsection (A).

(C) The parties may, by notice in writing given to the others, designate any future or different addresses to which the 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 by facsimile service with confirmed receipt, or by next day courier service.

SECTION 10.04. AMENDMENTS, ASSIGNMENT AND WAIVERS. Except as otherwise provided in this Agreement, no amendment, modification or waiver of this Agreement shall be binding upon any party hereto unless executed in writing by such party. 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. This Agreement shall be construed as solely for the benefit of Seller and Buyer and their successors and assigns and no claim or cause of action shall accrue to or for the benefit of any other party.

SECTION 10.05. ENTIRE AGREEMENT. This Agreement is the entire agreement between the parties and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions of the agreements, understandings, negotiations and discussions of the parties, whether oral or written, pertaining to the subject matter hereof, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

SECTION 10.06. TERMINATION EVENTS. By notice given prior to or at the Closing, subject to Section 10.07, this Agreement may be terminated as follows:

(A) By either party for any reason on or before the expiration date of the due diligence period set forth in Section 3.02 herein.

(B) Buyer may terminate this Agreement for any material breach of this Agreement by Seller, including, but not limited to, a material breach of any representation or warranty, if at Buyer's option, Seller has not cured such breach within thirty (30) days after notice from Buyer; provided, however, such breach must in any event be cured at least ten (10) days prior to the Closing Date unless the date for cure has been extended by Buyer.

(C) Seller may terminate this Agreement for any material breach of this Agreement by Buyer, including, but not limited to, a material breach of any representation or warranty, if at Seller's option, Buyer has not cured such breach within thirty (30) days after notice from Seller; provided, however, such breach must in any event be cured at least ten (10) days prior to the Closing Date unless the date for cure has been extended by Seller.

(D) As otherwise provided in this Agreement.

SECTION 10.07. EFFECT OF TERMINATION

(A) Each party's right of termination under Section 10.06 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination is not an election of remedies. If this Agreement is terminated pursuant to Section 10.06, all obligations of the parties under this Agreement shall terminate unless otherwise stated in this Agreement; provided, however, that, if this Agreement is terminated because of a breach of this Agreement by the non-terminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

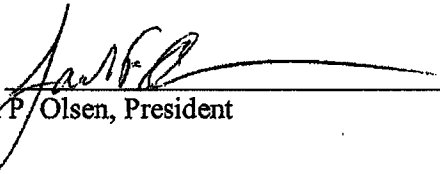
(B) Neither Seller nor Buyer shall be liable to the other in the event that after the Signature Date there occurs: (1) a change of law that prevents the Closing, (2) any lawful order, Legal Requirement, or action of a Governmental Body (other than Buyer) that prevents the Closing.

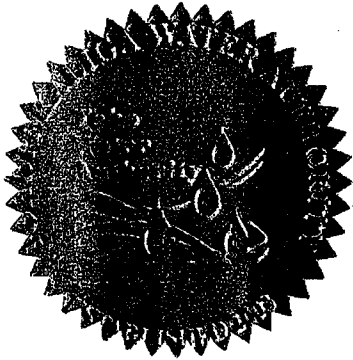
SECTION 10.8. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be considered an original.

[Remainder of page intentionally left blank.]

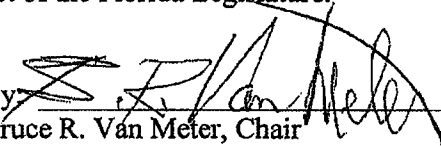
IN WITNESS WHEREOF, the Seller and Buyer have caused this Agreement to be duly executed and entered into on the date first above written.

O & S WATER COMPANY, INC., a Florida corporation.

By: 
Jack P. Olsen, President



BOARD OF SUPERVISORS OF THE TOHOPEKALIGA WATER AUTHORITY, an independent special district, established and created pursuant to Chapter 189, Florida Statutes, by special act of the Florida Legislature.

By: 
Bruce R. Van Meter, Chair

APPENDIX A
SERVICE TERRITORY

Township 26 South, Range 29 East, Section 20 and 21, Osceola County, Pleasant Hill Subdivisions Units 1-9. The North one quarter of Sections 20 and 21.

AND

Township 26 South, Range 29 East

Section 16

The South 1/2, lying West of Lake Tohopekaliga

The South 1/2 of the North 1/2, lying West of Lake Tohopekaliga

Section 17

The South 1/2

The South 1/2 of the North 1/2

Section 20

The South 1/2

The South 1/2 of the North 1/2

Section 21

The South 1/2, lying West of Lake Tohopekaliga

The South 1/2 of the North 1/2, lying West of Lake Tohopekaliga

Section 28

All of Section 28, lying West of Lake Tohopekaliga

Sections 29

All of Section 29, lying East of County Road 531, also known as Pleasant Hill Road.

Sections 32

All of Section 32, lying East of County Road 531, also known as Pleasant Hill Road.

Sections 33

All of Section 33, lying West of Lake Tohopekaliga.

AND

The Northeast 1/4 of Northeast 1/4 of Northeast 1/4, and North 1/2 of Northwest 1/4 of Northeast 1/4 of the Northeast 1/4 of Section 6, Township 27 South, Range 29 East, Osceola County, Florida; and the Southeast 1/4 of the Southeast 1/4 of Section 31, Township 26 South, Range 29 East, Osceola County, Florida; and the North 1/2 of the Northwest 1/4 of the Northeast 1/4 of Section 5, Township 27 South, Range 29 East, in Osceola County, Florida.

APPENDIX B
RECORDED EASEMENTS

1. Grant of Easement dated September 21, 2004 by and between Henry C. Yates and O&S Water Company, Inc. and Florida Governmental Utility Authority as recorded in OR Book 2602, Page 360 of public records of Osceola County.
2. A 30 foot access easement as identified in that certain Warranty Deed dated September 8, 1992 by Douglas B. Stewart, d/b/a C&S Water Company to O&S Water Company, Inc. recorded at OR Book 1097, Page 1646 of the public records of Osceola County.
3. A 100 foot radius easement for the purpose of prohibiting the construction of any pollution source identified in that certain Warranty Deed dated September 8, 1992 by Douglas B. Stewart, d/b/a C&S Water Company to O&S Water Company, Inc. recorded at OR Book 1097, Page 1646 of the public records of Osceola County.
4. A 200 foot radius easement for the purpose of prohibiting the construction and/or placement of a septic tank or drain field set forth in that certain Warranty Deed dated September 8, 1992 by Douglas B. Stewart, d/b/a C&S Water Company to O&S Water Company, Inc. recorded at OR Book 1097, Page 1646 of the public records of Osceola County.

APPENDIX C
EXCLUDED ASSETS

1. Two laptop computers
2. The Corporation and the name: "O&S Water Company" and related logo and signage owned or used by Seller.
3. Deposits with third party service providers (not customer deposits).
4. Cash on hand.
5. Leased 2008 BMW 528

APPENDIX D
FEE PARCELS

Lot 7, Pleasant Hill Lakes Unit 7, according to the Plat thereof as recorded in Plat Book 6, Page 92, Public Records of Osceola County, Florida.

AND

Commencing at the Northeast corner of Lot 45 of Pleasant Hill Lakes, Unit Eight, as recorded in Plat Book 4, Page 56, of the Public Records of Osceola County, Florida, run S 89° 55' 02" E, along the North line of Section 20, T 26 S, R 29 E, Osceola County, Florida, 891.82 ft; run thence S 00° 04' 58" W, 170.68 ft., to the Point of Beginning; continue thence S 00° 04' 58" W, 100.0 ft; run thence N 89° 55' 02" W, 60.0 ft; run thence N 00° 04' 58" E, 100.0 ft; run thence S 89° 55' 02" E, 60.0 ft, to the Point of Beginning.

APPENDIX E
ACCOUNTING OF CONNECTION CHARGES

Developer: D.R. Horton, Inc.
Project: Parkview at Lakeshore; Phase 2

Remaining Lots: 305

Lot Numbers: 34-70, 73-75, 79, 81-108, 159, 169-184
109-158, 160-168, 185-199, 202-233, 237-251
252-265, 270-311, 318-335, 342-365

Developer: Standard Pacific of Central Florida
Project: Eagle Lake

Phase 3 Remaining Lots: 1
Lot Number: 57E

Phase 4 Remaining Lots: 223
Lot Numbers: 1G-166G, 1H-58H

Developer: Henry Yates
Project: Orange Branch Bay

Lot Numbers: 6-11, 13-21, 25-38, 40-46, 52-54, 65-68
71, 76-81, 123, 125-127, 134, 137-142
144, 146, 147, 154-158, 161-162

Note: Seller makes no claim to connection charges associated with this project as they were paid or payable to the Florida Governmental Utility Authority.

APPENDIX F
FORM OF INSTRUMENTS

_____[Space Above This Line For Recording Data]_____

BILL OF SALE

THIS BILL OF SALE evidencing the sale and conveyance of the Purchased Assets, as described in that certain Asset Purchase Agreement dated as of November 10, 2010, is made and executed this ___ day of December 2010, by O&S Water Company, Inc., a Florida corporation, whose address is 501 East Oak Street, Suite F, Kissimmee, Florida 34744, hereinafter "Seller", to the Tohopekaliga Water Authority, an independent special district, established and created pursuant to Chapter 189, Florida Statutes, by special act of the Florida Legislature, whose address is 951 Martin Luther King Jr. Blvd., Kissimmee, Florida 34741, hereinafter "TWA" or "Buyer";

WITNESSETH: That the Seller, for and in consideration of the sum of \$10 and other valuable considerations, receipt whereof is hereby acknowledged, by these presents does grant, bargain, sell, alien, remise, release, convey and confirm unto the Buyer, all those certain Purchased Assets as shown and more particularly described in the Asset Purchase Agreement and incorporated herein by reference.

SAID Purchased Assets also include all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, including but not limited to, all water facilities of every kind and nature owned by Seller and/or lying within the lands described on Exhibit A attached hereto and incorporated herein and all appurtenant and in gross easement rights for the operation, installation and maintenance of said facilities.

TO HAVE AND TO HOLD, the same in fee simple forever.

AND the Seller, for itself and its successors, hereby covenants with said Buyer that it is the lawful owner of said Purchased Assets in fee simple; that it has good, right and lawful authority to sell and convey said Purchased Assets; that it hereby fully warrants the title to said Purchased Assets and will defend the same against the lawful claims of all persons claiming by, through or under the seller, but not otherwise.

SUBJECT TO, the sale of the Purchased Assets "AS IS" with all faults, Seller makes no warranty with respect to the condition of the assets, and the Permitted Exceptions (as such term is defined in the Asset Purchase Agreement) affecting same.

IN WITNESS WHEREOF the seller has caused these presents to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers thereunto duly authorized, the day and year first above written.

O & S WATER COMPANY, INC., a Florida corporation.

[Seal]

By: _____
Jack P. Olsen, President

ATTEST:

Secretary

STATE OF FLORIDA
COUNTY OF _____

The foregoing Bill of Sale was sworn to and subscribed before me this ____ day of December 2010 by Jack P. Olsen, President, O&S Water Company, Inc., a Florida corporation, on behalf of the corporation. He [] is personally known to me, or [] has produced a driver's license as identification.

(Notary Seal)

Signature of Notary Public

Name of Notary Typed, Printed or Stamped

NON-FOREIGN AFFIDAVIT

In Re: Estate or interest in the Purchased Assets described in the Asset Purchase Agreement dated November 10, 2010, (the "Asset Purchase Agreement") and _____
_____ Commitment No. _____ (hereinafter the "Property"); O&S
Water Company, Inc. sale to the Tohopekaliga Water Authority ("TWA").

The undersigned Affiant (the "Affiant"), being first duly sworn, deposes and says that Affiant makes these representations, based on Affiant's knowledge and belief, to TWA, [title company], and Bryant, Miller and Olive, P.A. to induce the closing, disbursement of funds, and issuance of title insurance relative to the captioned transaction, and says that:

1. Affiant is the duly elected President of O&S Water Company, Inc., a Florida corporation (the "Corporation"); and

2. The Corporation's taxpayer identification number (federal employer identification number) is _____; and

3. The Corporation is not a "foreign person" as that phrase is used in Section 1445(b)(2) of the Internal Revenue Code of 1986, as amended; and

4. The principal place of business of the Corporation is 501 East Oak Street, Suite F, Kissimmee, Florida 34744; and

5. Affiant has personal knowledge of the matters herein set forth and is fully authorized and qualified to make this Affidavit on behalf of the Corporation. Affiant understands that this Affidavit may be disclosed to the Internal Revenue Service and that any false statement made herein is subject to punishment by fine, imprisonment or both. This Affidavit is given with the knowledge that it is an inducement to and will be relied upon by TWA, [title insurance company], and Bryant, Miller and Olive, P.A.

[Remainder of page intentionally left blank.]

Affiant warrants that all these statements shall be true and correct at settlement, and Affiant shall notify each of the parties mentioned above of any changes in these representations before closing. Affiant intends for each of the parties mentioned above to rely on these representations.

O & S WATER COMPANY, INC., a
Florida corporation.

[Seal]

By: _____
Jack P. Olsen, President

ATTEST:

Secretary

STATE OF FLORIDA
COUNTY OF _____

The foregoing Non-Foreign Affidavit was sworn to and subscribed before me this ____ day of December 2010 by Jack P. Olsen, President, O&S Water Company, Inc., a Florida corporation, on behalf of the corporation. He [] is personally known to me, or [] has produced a driver's license as identification.

(Notary Seal)

Signature of Notary Public

Name of Notary Typed, Printed or Stamped

NO LIEN AFFIDAVIT

In Re: Estate or interest in the Purchased Assets described in the Asset Purchase Agreement dated November 10, 2010, (the "Asset Purchase Agreement") and _____ Commitment No. _____ (hereinafter collectively the "Property"); O&S Water Company, Inc. sale to the Tohopekaliga Water Authority ("TWA").

The undersigned affiant (the "Affiant"), being first duly sworn, deposes and says, to the best of my knowledge, that:

1. O&S Water Company, Inc. (the "Owner") has owned the Property now being sold by it continuously for _____ years approximately, and its possession thereof has been peaceable and undisturbed and title to said Property has never been disputed or questioned to my knowledge, nor do I know of any facts by reason of which the title to, or possession of, said Property might be disputed or questioned, or by reason of which any claim to any of said Property might be asserted adversely to said Owner.
2. No proceedings in bankruptcy or receivership have ever been instituted by, or against said Owner and it has never made an assignment for the benefit of creditors.
3. I know of no action or proceeding whatever which is now pending in any State or Federal Court in the United States to which said Owner is a party, nor do I know of any Federal Court Judgment, tax lien, or any other lien of any kind or nature whatever which now constitutes a lien or charge upon the above described Property, except: _____
4. The Owner has received no notice from any public authority, requiring any improvement, alteration or change to be made in or about said Property, except: [PSC Dockets] _____
5. There are no tenancies or leases.
6. There are no unrecorded special assessment liens or unrecorded liens arising by virtue of ordinances, unrecorded agreements as to impact or other development fees, unpaid waste fees payable to a county or other service provider or any other unpaid service charges due a municipality or county.
7. There are no unpaid bills or claims for labor, services performed or material furnished or delivered during the last twelve months for alterations, repair work or new construction on the Property, except as follows (if none, state "none"): _____
8. I know of no contract for the making of repairs or improvements on the Property except as follows (if none, state "none"): _____

9. All of the Property has been paid for in full. There are no chattel mortgages, conditional bills of sale, retention of title agreements, security agreements, financing statements, or personal property leases not otherwise disclosed in the Asset Purchase Agreement or title commitment which affect any fixtures, appliances, equipment or other personal property now installed in or upon the Fee Parcels or Utility System (as such terms are used in the Asset Purchase Agreement) and the construction of all pumping, telemetry, water, collection, distribution, treatment or transmission facilities, and other equipment is fully paid for, including all bills for the repair thereof, except as follows (if none, state "none"):
- _____

The Affiant has been duly authorized to execute, and executes, this affidavit in the capacity of a corporate officer.

O & S WATER COMPANY, INC., a
Florida corporation.

[Seal]

By: _____
Jack P. Olsen, President

ATTEST:

Secretary

STATE OF FLORIDA
COUNTY OF _____

The foregoing No Lien Affidavit was sworn to and subscribed before me this ____ day of December 2010 by Jack P. Olsen, President, O&S Water Company, Inc., a Florida corporation, on behalf of the corporation. He [] is personally known to me, or [] has produced a driver's license as identification.

(Notary Seal)

Signature of Notary Public

Name of Notary Typed, Printed or Stamped

OWNER'S "GAP" AFFIDAVIT

In Re: Estate or interest in the Purchased Assets described in the Asset Purchase Agreement dated November 10, 2010, (the "Asset Purchase Agreement") and _____ Commitment No. _____ (hereinafter collectively the "Property"); O&S Water Company, Inc. sale to the Tohopekaliga Water Authority ("TWA").

The undersigned affiant (the "Affiant"), being first duly sworn, deposes and says that Affiant makes these representations, based on Affiant's knowledge and belief, to TWA, [title insurance company], and Bryant, Miller and Olive, P.A. to induce the closing, disbursement of funds, and issuance of title insurance relative to the captioned transaction, and says, to the best of my knowledge, that:

1. O&S Water Company, Inc. (the "Owner") is the only owner of the real property described above, subject only to easements, restrictions, reservations of record, taxes for the current year and subsequent years as of the last title insurance commitment effective date for the subject property which was dated [last update before closing].
2. Other than any unpaid personal property taxes the payoff of which will be escrowed at closing, there are no matters pending against the Owner that could give rise to a lien that would attach to the Purchased Assets, including the Fee Parcels (as such terms are used in the Asset Purchase Agreement) or cause a loss of title or impair the title between the last title insurance commitment effective date and the recording of the interest to be insured, and to my knowledge the Owner has not and will not execute any instrument that would adversely affect the title or interest of same to be conveyed or insured.
3. Other than as reflected in the last title insurance commitment which was dated [last update before closing], the Owner has undisputed possession of the Purchased Assets, including the Fee Parcels and there is no other person or entity in possession, or who has any possessory right therein. The Owner does not possess any knowledge of defects in the title to the Purchased Assets, including the Fee Parcels.
4. No "Notice of Commencement" has been recorded which pertains to the Purchased Assets since the last title insurance commitment effective date, there are no unrecorded labor, mechanics, or materialmen liens against the Purchased Assets, and all material has been paid for in full.
5. There are no due, or to come due, unpaid bills, liens or assessments for mowing, water, sanitary sewers, paving, solid waste management or other public services, utilities, or improvements made by any governmental instrumentality. Should any bill be found which relates to the period of Owner's possession, Owner will pay such bill upon demand, subject to the terms of the Asset Purchase Agreement. No notice has been received of any public hearing regarding future or pending zoning changes, or assessments for improvements by any governmental instrumentality.

6. To the knowledge of the Affiant there are no unrecorded deeds, judgments, liens, mortgages, encumbrances, or adverse interests with respect to the aforesaid Purchased Assets, including the Fee Parcels.
7. The Owner is the owner of, and there are no claims, liens or security interests whatsoever of any kind or description against the Purchased Assets and sold as part of this transaction and not otherwise disclosed in the Asset Purchase Agreement, except as follows (if none, state "none"): _____.
8. There are no existing contracts for sale (other than those being now closed) affecting the Purchased Assets.
9. There is no action for bankruptcy pending against the Owner.
10. There is no civil, criminal, administrative or other action pending which involves the Purchased Assets in any way except for [PSC docket numbers _____].
10. The Affiant has been duly authorized to execute, and executes, this affidavit in the capacity as a corporate officer.

[Remainder of page intentionally left blank.]

Affiant warrants that all these statements shall be true and correct at settlement, and Affiant shall notify each of the parties mentioned above of any changes in these representations before closing. Affiant intends for each of the parties mentioned above to rely on these representations.

O & S WATER COMPANY, INC., a
Florida corporation.

[Seal]

By: _____
Jack P. Olsen, President

ATTEST:

Secretary

STATE OF FLORIDA
COUNTY OF _____

The foregoing Owner's Gap Affidavit was sworn to and subscribed before me this ____ day of December 2010 by Jack P. Olsen, President, O&S Water Company, Inc., a Florida corporation, on behalf of the corporation. He [] is personally known to me, or [] has produced a driver's license as identification.

(Notary Seal)

Signature of Notary Public

Name of Notary Typed, Printed or Stamped

_____ [Space Above This Line For Recording Data] _____

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED made and executed this ____ day of December, 2010 by O&S Water Company, Inc., a Florida corporation, whose address is 501 East Oak Street, Suite F, Kissimmee, Florida 34744, hereinafter "grantor", to the Tohopekaliga Water Authority, an independent special district, established and created pursuant to Chapter 189, Florida Statutes, by special act of the Florida Legislature, whose address is 951 Martin Luther King Jr. Blvd., Kissimmee, Florida 34741, hereinafter "TWA" or "grantee";

WITNESSETH: That the grantor, for and in consideration of the sum of \$10 and other valuable considerations, receipt whereof is hereby acknowledged, by these presents does grant, bargain, sell, alien, remise, release, convey and confirm unto the grantee, all of grantor's rights, title and interest in and to that certain land and appurtenant easements situate in Osceola County, Florida and more particularly described on Exhibit A attached hereto and incorporated herein.

TOGETHER with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, including but not limited to, all water facilities of every kind and nature lying within said land and all appurtenant or in gross easement rights for the operation, installation and maintenance of said facilities.

TO HAVE AND TO HOLD, the same in fee simple forever.

AND the grantor, for itself and its successors, hereby covenants with said grantee that grantor is lawfully seized of said land in fee simple or as otherwise provided on Exhibit A hereto; that grantor has good, right and lawful authority to sell and convey said land and appurtenant easements; that grantor hereby fully warrants the title to said land and appurtenant easements and will defend the same against the lawful claims of all persons claiming by, through or under the grantor, but not otherwise.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the grantor has caused this Special Warranty Deed in favor of the Tohopekaliga Water Authority to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officer thereunto duly authorized, the day and year first above written.

O & S WATER COMPANY, INC., a Florida corporation.

[Seal]

By: _____
Jack P. Olsen, President

ATTEST:

Secretary

STATE OF FLORIDA
COUNTY OF _____

The foregoing Special Warranty Deed was sworn to and subscribed before me this ____ day of December 2010 by Jack P. Olsen, President, O&S Water Company, Inc., a Florida corporation, on behalf of the corporation. He [] is personally known to me, or [] has produced a driver's license as identification.

(Notary Seal)

Signature of Notary Public

Name of Notary Typed, Printed or Stamped

TRANSFER, ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT, is made and entered into this ____ day of December 2010, by and between the Tohopekaliga Water Authority, an independent special district, established and created pursuant to Chapter 189, Florida Statutes, by special act of the Florida Legislature, whose address is 951 Martin Luther King Jr. Blvd., Kissimmee, Florida 34741, hereinafter "TWA", and O&S Water Company, Inc., a Florida corporation, whose address is 501 East Oak Street, Suite F, Kissimmee, Florida 34744, hereinafter "O&S".

WITNESSETH:

WHEREAS, O&S has as of even date conveyed to TWA, pursuant to that certain Asset Purchase Agreement (the "Asset Purchase Agreement") between O&S and TWA, all of the real and personal property, both tangible and intangible, which comprises the Purchased Assets as described therein.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and agreements contained herein, together with \$10 and other good and valuable consideration exchanged between the parties, the parties do undertake, promise and agree for themselves, their successors and permitted assigns as follows:

SECTION 1. PURPOSES AND DEFINITIONS. This Agreement is intended to (a) supplementally transfer and assign O&S's rights, remedies, powers, title and interest in the Purchased Assets, arising by virtue of the authorizations to provide service granted by the any permits or other authorizations relating to the Utility System, or arising by virtue of TWA assuming the operation and control over the Utility System, (b) establish certain post closing relationships of the parties, (c) in conjunction with the Asset Purchase Agreement and other closing documents provide for the assumption by TWA of the operation of the Utility System, and (d) identify specific contractual obligations of O&S that TWA hereby assumes. This Agreement is supplemental to the Asset Purchase Agreement. All capitalized words and terms not otherwise defined herein shall have the meanings set forth in the Asset Purchase Agreement.

SECTION 2. REPRESENTATIONS.

(A) The representations and warranties of O&S and TWA in the Asset Purchase Agreement are true and correct in all material respects as of the date hereof with the same effect as if such representations and warranties were made or given on the date hereof.

(B) To the best of each party's knowledge and belief, O&S and TWA have performed in all material respects all of their obligations and have complied in all material respects with all of the covenants and agreements required by the Asset Purchase Agreement to be performed or complied with by O&S and TWA prior to or on the date of closing, unless waived in writing.

SECTION 3. TRANSFER AND ASSIGNMENT. O&S shall, and does hereby, transfer, assign, convey, and grant, bargain and sell unto TWA all of O&S's rights, remedies,

powers, title or interest in the Purchased Assets, including any rights, remedies, powers, title or interest arising by virtue of the prior authorizations to provide service granted by any permits or other authorizations relating to the Utility System or arising by virtue of TWA assuming the operation and control of the Utility System. The foregoing transfer and assignment is supplemental to all other instruments and actions necessary to close pursuant to the Asset Purchase Agreement.

SECTION 4. POST CLOSING RELATIONSHIP. From time to time after closing, each party hereto shall, upon request of 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 TWA or perfecting undisputed possession by TWA of any or all of the Purchased Assets, including the establishment of record of utility easements for all water utility facilities which are a part of the Utility System and in existence at the time of closing, or (2) otherwise fulfilling the obligations of the parties under the Asset Purchase Agreement.

SECTION 5. ASSUMPTION.

(A) TWA hereby assumes the operation of the Utility System and only those obligations, duties and liabilities (1) accruing thereto after TWA takes possession of the Purchased Assets, (2) expressly assumed by TWA in the Asset Purchase Agreement, or (3) expressly assumed as follows:

(a) the obligation to return customer deposits in due course;

(b) the rights and obligations of O&S under the following agreements:

(i) Unrecorded Developer Agreement (Name of Project: Eagle Lake subdivision, Phase I) made and entered into January 10, 2001 by and between Silco, Inc. and O&S Water Company;

(ii) Unrecorded Developer Agreement (Name of Project: Bellalago) dated November 15, 2002 by and between Avatar Properties, Inc. and O&S Water Company, Inc.;

(iii) Unrecorded Developer Agreement (Name of Project: Concord Estates, Phase I) made and entered into on February ___ 2003 (notary block dated May 5, 2003) by and between D.R. Horton, Inc. and O&S Water Company, Inc.;

(iv) Unrecorded Developer Agreement (Name of Project: Eagle Lake, Phase II) made and entered into May 5, 2003 by and between Silco, Inc. and O&S Water Company, Inc.;

(v) Unrecorded Developer Agreement (Name of Project: Audubon Reserve) dated July 29, 2003 between Henry Yates and O&S Water Company, Inc.;

(vi) Unrecorded Developer Agreement (Name of Project: Orange Branch Bay) made and entered into June 28, 2004 by and between Henry Yates and O&S Water Company;

(vii) Unrecorded Agreement (Name of Project: Parkview at Lakeside, Phase II f/k/a Concord Estates, Phase II) made and entered into on January __, 2005 by and between D.R. Horton, Inc. and O&S Water Company, Inc.;

(viii) Unrecorded Developer Agreement (Name of Project: Eagle Lake, Phase III) made and entered into August 25, 2005 by and between Colony Communities and O&S Water Company;

(ix) Unrecorded Agreement made and entered into on August 25, 2006 by and between D.R. Horton Homes, Inc. and O&S Water Company, Inc.;

(x) Unrecorded Developer Agreement (Name of Project: Eagle Lake, Phase IV) made and entered into January 25, 2007 by and between Standard Pacific of Central Florida and O&S Water Company;

(xi) All obligations and liabilities of O&S, not to exceed the aggregate amount of \$2,500, for outstanding and unfulfilled purchase orders or other unfulfilled contracts for materials, supplies and services reasonably ordered by O&S relative to the operation of the Utility System in the ordinary course of business but not delivered prior to the date of closing; and

provided, however, any assumption of the foregoing is subject to the provisions of Section 9.07(C) of the Asset Purchase Agreement.

(B) Upon closing pursuant to the Asset Purchase Agreement and the transfer of possession of the Purchased Assets to TWA thereunder, O&S shall no longer provide water services to the Utility System or act or serve as a provider of water services for the Utility System. Notwithstanding the foregoing, O&S shall prior to or immediately upon closing apply for termination of all certificates of authorization issued by the Florida Public Service Commission, which shall be issued as a matter of right pursuant to Section 367.071 (4)(a), Florida Statutes. Accordingly, upon execution and delivery hereof, TWA acknowledges and accepts the responsibility and obligation to provide water and wastewater services, as a governmentally owned and controlled service provider within the unincorporated area of Osceola County previously served by O&S.

(C) Notwithstanding any thing to the contrary herein or any interpretation to the contrary, O&S acknowledges and agrees that it is neither the intent of the parties, nor shall TWA be deemed to in any manner by accepting the conveyance of the Purchased Assets to have waived any sovereign immunity or agreed to the contracting away of any police power as a result of this or any other agreement or instrument resulting from the Asset Purchase Agreement, or by undertaking to provide Utility Service.

SECTION 6. BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon O&S and TWA and their successors and permitted assigns.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the Tohopekaliga Water Authority and O&S Water Company, Inc. have caused this Agreement to be duly executed and entered into on the date first above written.

**BOARD OF SUPERVISORS OF
TOHOPEKALIGA WATER AUTHORITY**

[SEAL]

By: _____
Bruce R. Van Meter, Chair

ATTEST:

John E. Moody, Secretary

STATE OF FLORIDA
COUNTY OF OSCEOLA

Acceptance of the foregoing Transfer, Assignment and Assumption Agreement was acknowledged before me this ____ day of December 2010, by Bruce R. Van Meter, as Chair of the Board of Supervisors of the Tohopekaliga Water Authority. He [] is personally known to me, or [] has produced a driver's license as identification.

(Notary Seal)

Signature of Notary Public

Name of Notary Typed, Printed or Stamped

IN WITNESS WHEREOF, the Tohopekaliga Water Authority and O&S Water Company, Inc. have caused this Agreement to be duly executed and entered into on the date first above written.

O & S WATER COMPANY, INC., a Florida corporation.

[Seal]

By: _____
Jack P. Olsen, President

ATTEST:

Secretary

STATE OF FLORIDA
COUNTY OF _____

The foregoing Transfer, Assignment and Assumption Agreement was sworn to and subscribed before me this ____ day of December 2010 by Jack P. Olsen, President, O&S Water Company, Inc., a Florida corporation, on behalf of the corporation. He [] is personally known to me, or [] has produced a driver's license as identification.

(Notary Seal)

Signature of Notary Public

Name of Notary Typed, Printed or Stamped

ESTOPPEL CERTIFICATE

In Re: Developer Agreement dated the ___ day of _____, 200__, by and between _____ and O&S Water Company, Inc.

WHEREAS, O&S Water Company, Inc., a Florida corporation ("O&S"), is negotiating to sell its water system assets to the Tohopekaliga Water Authority, an independent special district, established and created pursuant to Chapter 189, Florida Statutes, by special act of the Florida Legislature ("TWA"), and has or expects to enter into a written agreement and close on such sale in the immediate future; and

WHEREAS, this certificate concerns the above-referenced agreement (collectively the "Developer Agreement"; a true and correct copy of same being appended hereto as Exhibit A).

NOW, THEREFORE, for value received each of the undersigned parties do hereby confirm, represent, and warrant the following information to TWA and agree that TWA may rely on such information in acquiring and undertaking the operation of the above-referenced utility system:

1. The undersigned acknowledge and agree that the Developer Agreement referenced herein is the entire agreement between the parties thereto, there are no modifications or amendments thereto, and **[the remaining prepaid connection charges for capacity reserved under the Developer Agreement are as follows:**

Phase ____, with ____ ERCs remaining.
Phase ____, with ____ ERCs remaining].

2. The undersigned acknowledge and agree that the Developer Agreement has not been assigned or assumed by any third party and is hereby ratified and reaffirmed.

3. The undersigned acknowledge and agree that there currently is no breach under the Developer Agreement and there are no defenses, offsets or monies owed or due as of the date of execution hereof which may be asserted against O&S or its predecessors as a result of past performance under the Developer Agreement.

4. The undersigned covenant and agree to immediately notify TWA (Attention: Brian L. Wheeler, Executive Director, Tohopekaliga Water Authority, 951 Martin Luther King Jr. Blvd, Kissimmee, Florida 34741) in writing and by facsimile transmission (407-944-5121) in the event, prior to December 30, 2010, either party becomes aware of any change to the information provided herein.

IN WITNESS WHEREOF, the undersigned have caused this certificate to be duly executed on the ____ day of December 2010.

O & S WATER COMPANY, INC., a Florida corporation.

[Seal]

By: _____
Jack P. Olsen, President

ATTEST:

Secretary

Developer

[Seal]

By: _____
Print Name: _____
Title: _____

ATTEST:

Secretary

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, is made and entered into as of this ____ day of December 2010, by and between the Tohopekaliga Water Authority, an independent special district, established and created pursuant to Chapter 189, Florida Statutes, by special act of the Florida Legislature, ("TWA"), O&S Water Company, Inc., a Florida corporation ("O&S"), and Bryant, Miller and Olive, P.A. (the "Agent").

WITNESSETH:

WHEREAS, TWA and O&S are parties to that certain Asset Purchase Agreement (the "Asset Purchase Agreement"); and

WHEREAS, in order to close under the Asset Purchase Agreement, TWA and O&S enter into this Escrow Agreement to provide for the escrow of all documents necessary to close in advance of TWA's authorization to fund the purchase price (the "Bonds"); and

WHEREAS, Agent also serves as agent for the [title insurance company] and has been selected by TWA to issue an owners title insurance policy covering all real property identified in the Asset Purchase Agreement; and

WHEREAS, it is necessary that disbursement of proceeds shall be at the direction of the title insurer, or its agent, in order to secure coverage against adverse matters or defects in title which are recorded during the period of time between the effective date of the title insurance commitment and the date of recording of instruments creating the estate or interest of lands to be insured.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and agreements contained herein, together with \$10 and other good and valuable consideration exchanged amongst the parties, the parties to this Escrow Agreement do undertake, promise and agree for themselves or their permitted successors and assigns as follows:

SECTION 1. CREATION OF ESCROW, RECEIPT OF ESCROW DOCUMENTS.

(A) Subject to the terms and conditions set forth herein, TWA and O&S desire to appoint Agent to perform the duties set forth herein, and Agent is willing to perform such duties.

(B) TWA and O&S hereby deliver to Agent the documents identified in Exhibit A hereto necessary to deliver and convey the Purchased Assets to TWA (the "Escrow Documents").

(C) Agent hereby acknowledges its receipt of the Escrow Documents from each party and the Escrow Documents shall be held in escrow pending disbursement and disposition as provided for herein.

(D) Under Florida law if the disbursement of proceeds is at the direction of the title insurer, or its agent, the title insurer shall insure against the possible existence of adverse matters or defects in the title which are recorded during the period of time between the effective date of the title insurance commitment and the date of recording of the document creating the estate or interest to be insured (the "Gap Coverage"). In order to secure such Gap Coverage, the Agent, who also issued [title company] Commitment No. _____, is required to direct disbursement of the funds. The Agent is hereby directed and authorized to direct disbursement in accordance with a closing memorandum prepared in conjunction with the Bonds or other closing statement agreed to and acknowledged by O&S and TWA, so long as such memoranda provides for the immediate wire transfer to O&S of the net purchase price proceeds due O&S under the Asset Purchase Agreement.

SECTION 2. DISTRIBUTION OF ESCROW DOCUMENTS. Upon notification from TWA to Agent and O&S that TWA has authorized the sale and delivery of the Bonds or otherwise has available all funds necessary to close and upon Agent's confirmation that bank wire transfer(s) to O&S have been instituted, Agent shall cause the delivery of the Escrow Documents and cause their recordation in the public records. If Agent has not been notified on or before December 30, 2010 to disburse and deliver the Escrow Documents, Agent shall thereafter promptly return each document held to the party respectively providing such document to Agent.

SECTION 3. DUTIES AND RESPONSIBILITIES OF AGENT.

(A) The Agent's actions under this Escrow Agreement shall be deemed ministerial and so long as the Agent reasonably performs as provided herein, TWA and O&S hereby agree to hold harmless and indemnify the Agent with respect to any loss or damage experienced by the Agent, including reasonable attorneys' fees, as a result of its good faith performance hereunder.

(B) Upon disbursement of proceeds to O&S at the direction of Agent as provided herein and the delivery of the Escrow Documents as provided herein, or alternatively, upon the return of the Escrow Documents to TWA and O&S respectively as provided herein, this Escrow Agreement shall terminate.

SECTION 4. ENTIRE AGREEMENT. This Escrow Agreement is irrevocable and shall not be amended or modified unless executed in writing by all parties hereto. This Escrow Agreement shall be governed by the applicable laws of the State of Florida and is the entire agreement between the parties pertaining to the subject escrow.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, TWA, O&S and Agent have caused this Escrow Agreement to be duly executed and entered into by their duly authorized officers and their corporate seals to be hereunto affixed and attested on the date first above written.

**BOARD OF SUPERVISORS OF
TOHOPEKALIGA WATER AUTHORITY**

[SEAL]

By: _____
Bruce R. Van Meter, Chair

Date: _____, 2010

ATTEST:

John E. Moody, Secretary

O & S WATER COMPANY, INC., a Florida corporation.

[Seal]

By: _____
Jack P. Olsen, President

Date: _____, 2010

ATTEST:

Secretary

BRYANT MILLER OLIVE, P.A.

By: _____
Shareholder

Date: _____, 2010

EXHIBIT A TO ESCROW AGREEMENT

List of Escrow Documents