

State of Florida




Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 14, 2015

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Adam R. Hill, Engineering Specialist II, Division of Engineering 

RE: Docket No. 150189-WS - Application for transfer of water facilities to Marion County Utility, and cancellation of Certificate No. 419-W, by Residential Water System, Inc.

Please place the signed contract and statement regarding assets not transferred, sent by Mr. Charlie DeMenzes, in the above mentioned docket file.

Thank You

From: [Charlie deMenzes](#)
To: [Adam Hill](#)
Subject: FW: Request
Date: Wednesday, October 14, 2015 10:23:11 AM
Attachments: [image003.png](#)

[Agreement for Purchase and Sale of Water Utility Assets \(fully-executed\).pdf](#)

Adam,
We no longer have any assets after closing.



Charles deMenzes

*PO Box 4230
Ocala, FL 34478
352-622-4949 O
352-732-4366 F
352-843-7790 C
Charlie@altfo.com*

MARION COUNTY UTILITIES

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AGREEMENT FOR PURCHASE AND SALE OF

WATER UTILITY ASSETS

By and Between

RESIDENTIAL WATER SYSTEMS, INC.

Seller

and

MARION COUNTY, FLORIDA

Purchaser

TABLE OF CONTENTS

ARTICLES	<u>Page</u>
1. RECITALS	1
2. COVENANT TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS	1
3. PURCHASE PRICE	3
4. REPRESENTATIONS AND WARRANTIES OF SELLER.....	4
5. REPRESENTATIONS AND WARRANTIES OF PURCHASER.....	7
6. TITLE INSURANCE AND PERMITTED ENCUMBRANCES.....	7
7. CONDITIONS PRECEDENT TO CLOSING	8
8. PRE-CLOSING CONDUCT; COVENANTS.....	9
9. TERMINATION OF AGREEMENT	11
10. CLOSING	12
11. POST CLOSING COOPERATION	14
12. MISCELLANEOUS PROVISIONS.....	14

APPENDICES

Appendix "A" (Real Property)

Appendix "B" (Easements, licenses, etc.)

Appendix "C" (Treatment plants, etc.)

Appendix "D" (Permits, etc.)

Appendix "E" (Developer Agreements)

Appendix "F" (Contracts and Leases)

Appendix "G" (Construction Work in Progress)

AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS

THIS AGREEMENT FOR PURCHASE AND SALE OF WATER UTILITY ASSETS (the "Agreement") is made as of this 18th day of August, 2015, by and between Residential Water Systems, Inc., a Florida corporation (the "Seller"), and Marion County, Florida, a political subdivision of the State of Florida (the "Purchaser").

WHEREAS, Seller owns and operates a potable water supply, storage, transmission, and distribution system (collectively, the "Utility System"), located in Marion County, Florida; and

WHEREAS, the Florida Public Service Commission ("FPSC") has issued to Seller a Water Certificate No. 419-W which provides Seller with a certificated franchise service area to provide water to residential and general service customers in Marion County ("Utility Service Area"); and

WHEREAS, the Purchaser, pursuant to Chapter 125, Florida Statutes, has the power and authority to provide potable water infrastructure and service; and

WHEREAS, Seller agrees to sell and Purchaser desires to purchase that portion of the Utility System defined as the "Purchased Assets" herein for the consideration and on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, Purchaser has held a public hearing as required by law on the proposed purchase contemplated hereby and determined that the purchase contemplated in this Agreement is in the public interest.

NOW, THEREFORE, in consideration of the foregoing recitals and benefits to be derived from the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser hereby agree to sell and purchase the Purchased Assets upon the following terms and conditions:

1. RECITALS. The foregoing recitals are true and correct and are incorporated herein.

2. COVENANT TO PURCHASE AND SELL; DESCRIPTION OF PURCHASED ASSETS.

a. Purchaser shall buy from Seller, and Seller shall sell to Purchaser, the Purchased Assets (as defined below) upon the terms, and subject to the conditions precedent, set forth in this Agreement.

b. "Purchased Assets" means all of Seller's rights, title, and interest in and to all assets, business properties, and rights, both tangible and intangible, constituting the Utility System, including, but not limited to, Seller's rights, title, and interest in and to the following (but excluding the "Excluded Assets," as defined in section 2.c. below):

i. The real property and interests in real property owned and held by Seller, in fee simple, and all buildings and improvements located thereon, as identified in Appendix "A" to this Agreement ("Real Property").

ii. All easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, and other areas owned or used by Seller for the construction, operation and maintenance of the Purchased Assets including, but not limited to, all instruments conveying any such interests to Seller as identified in Appendix "B" to this Agreement.

iii. All water distribution facilities, water treatment facilities, wells, and facilities of every kind and description whatsoever that constitute part of the Purchased Assets, including but not limited to generators, pumps, plants, tanks, transmission mains, distribution mains, supply pipes, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used in connection with the Purchased Assets, wherever they may be stored, together with all warranties and additions or replacements thereto, including, but not limited to those identified in Appendix "C" to this Agreement.

iv. All permits, license rights, consents, grants, leaseholds, and similar rights relating to the construction, maintenance, and operation of the Purchased Assets and its plants and systems for the procuring, storage and distribution of potable water and every right of every character whatever in connection therewith, subject to the obligations thereof and all renewals, extensions, additions or modifications of any of the foregoing. Appendix "D" identifies all of the foregoing rights and indicates if any such right or rights are not transferable or require third party consent to transfer.

v. Items of inventory owned by Seller on the Closing Date for use in connection with the maintenance and operation of the Purchased Assets, which inventory shall not be unreasonably depleted prior to that date, including, but not limited to, all meters, pumps, pipes, valves, plumbing fixtures, chemicals, stored water, spare parts, and other materials and supplies used by Seller.

vi. All supplier lists, customer books and records, developer files, receipts for payment of connection charges, prints, blueprints, plans, as-built drawings showing all facilities of the Purchased Assets, including all original tracings, sepias, maps, CAD reproductions or other reproducible materials, engineering reports, surveys, specifications, shop drawings, equipment manuals, maps, CAD reproductions, and other information in Seller's possession, including any rights of Seller to obtain copies of such items from engineers, contractors, consultants or other third parties, in paper and electronic form.

vii. All rights of Seller under those Developer Agreements, as identified in Appendix "E" to this Agreement, which are to be assumed by Purchaser pursuant to section 10.b.iv. (the "Developer Agreements").

viii. All rights of Seller under those Contracts and Leases identified in Appendix "F" to this Agreement which are to be assumed by Purchaser pursuant to section 10.b.iv (the "Contracts and Leases"). Appendix "F" shall include a schedule identifying any third party consents necessary for such assumptions.

c. The following "Excluded Assets" are excluded from the Purchased Assets:

i. Cash, accounts receivable, bank accounts, equity and debt securities of any nature, deposits maintained by Seller with any governmental authority, and any prepaid expenses of Seller, which are Seller's sole property as of the Closing Date.

ii. Escrow and other Seller provisions for payment of federal and state taxes and other obligations to governmental entities. Seller shall be responsible for paying any such taxes and other obligations, to the extent that they are due from the operation of the Purchased Assets prior to the Closing Date.

iii. The name and Florida corporation known as Residential Water Systems, Inc.

d. Purchaser shall assume obligations and liabilities arising from the operation of the Purchased Assets from and after the Closing, including the debts, liabilities, and obligations of Seller only to the extent that they arise after the Closing Date under the Developer Agreements, Contracts and Leases, or other contracts or commitments expressly assumed by Purchaser. Except as provided in the preceding sentence or to the extent otherwise expressly assumed by Purchaser in writing, Purchaser does not assume and shall not be liable for any expense, assessment, exposure, fine, penalty, liability, act or omission of Seller of any kind whatsoever imposed or required by any third party (including any federal, state, or local authority), whether known or unknown, whether contingent, liquidated or unliquidated, and whether arising or accruing under contract, tort, or pursuant to statute, rule, ordinance, law, regulation or otherwise. Without limiting the foregoing, Purchaser shall not be liable for any liabilities to the extent that they are based upon or arise out of any violation of law, breach of permit obligation, breach of contract, tort, or other act or omission of Seller occurring prior to the Closing Date. Seller shall remain liable for and shall pay, perform or discharge all of Seller's liabilities and obligations, other than liabilities and obligations assumed by Purchaser; provided that Seller is not hereby limited in its right to contest in good faith any such liabilities or obligations.

3. PURCHASE PRICE. The Purchaser shall pay to Seller on the Closing Date, subject to the additions, adjustments and prorations referenced in this Agreement, the sum of one million eight hundred thirty-seven thousand seven hundred and fifty dollars (\$1,837,750) less twenty-five thousand dollars (\$25,000) which shall be retained by Purchaser until Seller has successfully processed the quiet title action addressed in section 6(d) of this Agreement. Upon notification by Seller to Purchaser of completion of the quiet title action, Seller providing Purchaser copies of pertinent documents confirming such completion, and delivery to Purchaser of the required owner's insurance policy, Purchaser shall pay to Seller the balance of \$25,000 within ten (10) business days.

4. REPRESENTATIONS AND WARRANTIES OF SELLER. As a material inducement to Purchaser to execute this Agreement and perform its obligations hereunder, Seller represents and warrants to Purchaser as follows:

a. Residential Water Systems, Inc. is a duly organized, validly existing corporation, and its status is active under the laws of the State of Florida. Residential Water Systems, Inc. has all requisite corporate power and authority to (i) enter into this Agreement, and (ii) perform all of the terms and conditions of this Agreement.

b. The Board of Directors and shareholders of Seller have approved Seller entering into this Agreement.

c. This Agreement constitutes, and all other agreements to be executed by Seller with respect to this Agreement will constitute when executed and delivered, valid and binding obligations of Seller, enforceable in accordance with their terms.

d. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government, the articles of incorporation or by-laws of Seller, nor any indenture, agreement, or other instrument to which Seller is a party, or by which it is bound.

e. Seller has exclusive possession, control and ownership and good and marketable title to all Real Property.

f. Seller has exclusive ownership, possession, control, and good and marketable title to all Purchased Assets. At Closing, the Purchased Assets consisting of real and personal property will not be subject to any mortgage, pledge, lien, charge, security interest, or encumbrance, except Permitted Encumbrances. At Closing, Seller shall deliver title to such real and personal property free and clear of all debts, liens, pledges, charges or encumbrances whatsoever, except Permitted Encumbrances.

g. Appendix "D" contains a list of all permits, applications, or other documents relating to the Purchased Assets, together with effective dates and expiration dates (if any), issued to Seller or filed and currently pending before applicable governmental authorities including, but not limited to: (a) the Florida Department of Environmental Protection, (b) the United States Environmental Protection Agency, and (c) the Southwest Florida Water Management District. Seller is in compliance with all applicable permits, rules and regulations.

h. None of the Developer Agreements identified in Appendix "E" or any other agreements binding upon Seller commit or reserve water capacity to any entity or individual for which any advances for construction, advance facility charges, pre-paid connection charges or other such payments or charges have been made.

i. The contracts and leases identified in Appendix "F" constitute all of the contracts and leases imposing obligations on Seller. Appendix "F" shall identify those contracts and leases, if any, being assumed by Purchaser.

j. Seller has provided to Purchaser a true and correct list of customers, customer deposits and accounts receivable by name and account number, setting forth the amount of each customer deposit and receivable and their aggregate totals and identifying each deposit as refundable or non-refundable.

k. Appendix "G" contains copies of all warranties held by Seller with respect to completed, or in progress, construction work with respect to the Purchased Assets, in addition to a copy of all warranties relating to the Purchased Assets.

l. There are no current actions, suits or proceedings at law or in equity pending or, to Seller's knowledge, threatened against the Seller before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect the Purchased Assets or the Seller's right and ability to make and perform its obligations under this Agreement; nor is the Seller aware of any facts which are likely to result in any such action, suit or proceeding. Seller is not in default or non-compliance and has not received written notice of default with respect to any permit, order or decree of any court or of any administrative or governmental agency or instrumentality affecting the Purchased Assets. Seller agrees and warrants that it shall have a continuing duty to disclose up to and including the Closing Date the existence and nature of all pending judicial or administrative suits, actions, proceedings and orders which in any way relate to the operation of the Purchased Assets.

m. Environmental Law Compliance.

i. Definitions.

1. "Environmental Law" means any federal, state, or local statute, regulation, or ordinance, relating to the protection of human health or the environment in effect as of the Closing Date and includes, but is not limited to, The Florida Air and Water Pollution Control Act (Chapter 403, Florida Statutes), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA")(42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and the Safe Drinking Water Act, (42 U.S.C. § 300f et seq.), as such have been amended or supplemented as of the Closing Date, the regulations promulgated pursuant thereto, and in effect as of the Closing Date and any conditions and requirements contained in any permits possessed by Seller from any federal, state or local agencies necessary to operate the Purchased Assets.

2. "Hazardous Material" means petroleum or any substance, material, or waste which is regulated under any Environmental Law in Florida, without limitation, any material or substance that is defined as or considered to be a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "toxic waste," or "toxic substance" under any provision of Environmental Law.

3. "Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, or dispersal into the environment, at or from any property

owned or operated by Seller or related to Hazardous Materials generated by Seller, which is prohibited under any Environmental Law.

4. "Remedial Action" means all actions required under applicable Environmental Laws to (i) clean up, remove, or treat any Hazardous Material to levels at which no further action is required; (ii) prevent the further Release or threat of Release, or minimize the further Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the environment; or (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care directly related to or in connection with any such remedial action.

ii. Representations of Seller Regarding Environmental Laws Compliance:

1. Seller is in compliance with all applicable Environmental Laws and is not aware of any facts that would be a basis for Seller to believe any non-compliance exists.

2. Seller has obtained all permits required, or has submitted applications for such permits in a timely manner, under applicable Environmental Laws necessary for the operation of the Purchased Assets as presently conducted as of the date of this Agreement.

3. Seller has not received within the last three years written notice of any violation by Seller of applicable federal, state or local statutes, laws and regulations (including, without limitation, any applicable environmental, building, zoning, or other law, ordinance or regulation) relating to the Purchased Assets, which has not been cured.

4. No polychlorinated biphenyl or asbestos-containing materials, in violation of Environmental Law, are present at the Real Property, nor are there any underground storage tanks, active or abandoned, at the Real Property.

5. There is no Hazardous Material in violation of Environmental Law located at any of the Real Property; the Real Property is not listed or formally proposed for listing under CERCLA, the Comprehensive Environmental Response, Compensation Liability Information System ("CERCLIS") or on any similar state list that is the subject of federal, state, or local enforcement actions or other investigations that may lead to claims against Seller for clean-up costs, remedial work, damages to natural resources, or for personal injury claims, including, but not limited to, claims under CERCLA; and Seller is aware of no facts that would form the basis for Seller to be named in such claims or for any similar action to be brought against Seller.

6. No written or verbal notification of a Release of a Hazardous Material has been filed by or on behalf of Seller with respect to the Real Property. No such Real Property is listed or proposed for listing on the National Priority List promulgated pursuant to CERCLA, or CERCLIS, or any similar state list of sites requiring investigation or clean up.

7. No Hazardous Material has been released in material violation of Environmental Law at, on, or under the Real Property during the time period that Seller has owned the Real Property.

n. No representation or warranty made by the Seller in this Agreement contains any untrue statement of material facts or omits to state any material fact required to make the statements herein contained not misleading.

5. REPRESENTATIONS AND WARRANTIES OF PURCHASER. As a material inducement to Seller to execute this Agreement and to perform its obligations hereunder, Purchaser represents and warrants to Seller as follows:

a. Purchaser has all requisite power and authority to (i) enter into this Agreement, and (ii) carry out and perform the terms and conditions of this Agreement.

b. This Agreement constitutes, and all other agreements to be executed by Purchaser with respect to this Agreement will constitute when executed and delivered, valid and binding obligations of Purchaser, enforceable in accordance with their terms.

c. Execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Purchaser, nor any indenture, agreement, or other instrument to which Purchaser is a party, or by which it is bound.

6. TITLE INSURANCE AND PERMITTED ENCUMBRANCES.

a. Within ten (10) days of this Agreement, Seller shall, through a title insurance agent of its choice (the "Title Agent"), cause a current title insurance commitment to be issued and delivered to Purchaser and Seller by a title insurance company authorized to conduct business in Florida (the "Title Insurer"), covering the Real Property in an amount equal to \$1,837,750. The cost of the title insurance commitment and title insurance policy shall be borne by Seller. The title insurance commitment shall commit the Title Insurer to issue an owner's title insurance policy to Purchaser covering the Real Property (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to the Real Property to be insurable, except for the Permitted Encumbrances (as defined in section 6.e. below), and the standard exclusions from coverage; provided, however, that the Title Insurer shall delete the standard exceptions for such items as materialman's liens, survey, and mechanic's liens. Seller shall execute at or prior to Closing, in favor of Purchaser and the Title Agent the appropriate mechanic's lien affidavit and "Gap" affidavit sufficient to allow the Title Agent to delete all standard exceptions addressed by such affidavits.

b. Purchaser shall notify Seller in writing no less than ten (10) days after receipt of the title insurance commitment of any material defect in Seller's title to the Real Property and the Permitted Encumbrances. Such written notice shall identify all exceptions, encumbrances, liens, easements, covenants, restrictions or other defects in Seller's title to the Real Property (other than the Permitted Encumbrances) which render or may render Seller's title to the Real Property (i) unmarketable in accordance with standards adopted by The Florida Bar, or (ii) uninsurable. Any

objections to title to the extent not shown on the notice furnished by Purchaser in accordance with the provisions of this paragraph shall be deemed to have been waived by Purchaser and Purchaser shall not be entitled to any damages or other remedies with respect to any such waived defects. Seller shall have five (5) days after receipt of Purchaser's notice to eliminate the objections to title set forth in Purchaser's notice or to demonstrate that actions have been taken by Seller to eliminate such objections by a date no less than twenty (20) days prior to Closing Date. If Seller fails to deliver title as herein provided, then Purchaser may:

- i. Accept whatever title Seller is able to convey with no abatement of the Purchase Price; or
- ii. Reject title and terminate this Agreement with no further liability to either Purchaser or Seller.

c. Purchaser may not object to title by reason of the existence of any mortgage, lien, encumbrance, covenant, restriction or other matter that (i) may be satisfied with a payment of money and Seller advises Purchaser that Seller elects to do so by paying same at or prior to the Closing; (ii) any mechanic's lien or other encumbrance that can be released of record, bonded or transferred of record to substitute security so as to relieve the Real Property from the burden thereof and Seller advises Purchaser that Seller elects to do so at or prior to Closing; or (iii) the Title Insurer affirmatively insures-over.

d. If Purchaser desires to have any standard survey exceptions deleted or modified in the title policy, Purchaser shall have the right to survey the Real Property and deliver to the Title Agent, no later than ten (10) days prior to the Closing, properly certified surveys of the Real Property that comply with Florida law. Notwithstanding the foregoing, Seller and Purchaser agree that Purchaser has obtained a survey of the parcels upon which Seller's water treatment facilities are located. The survey indicates that a "hiatus" or separation exists between the two parcels. The survey has been provided by Purchaser to Seller. Seller and Purchaser agree that Seller shall provide to Purchaser at closing a quit claim deed and, further, Seller shall, at Seller's sole expense, file a quiet title action with the appropriate court and pursue such action until the court has issued an order (i) sufficient to remove the hiatus defect and (ii) enable the title insurer to issue an owner's insurance policy in favor of Purchaser as provided in this section.

e. "Permitted Encumbrances" include the following:

- i. All building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the Real Property and the use thereof; and
- ii. Easements, restrictions, reservations, rights-of-way, conditions and limitations of record, if any.

7. CONDITIONS PRECEDENT TO CLOSING. The obligations of each party to close the transaction contemplated by this Agreement are subject to the conditions that at or before Closing:

- a. Neither Party is prohibited by decree or law from consummating the transaction.
- b. There is no legal action or proceeding pending that challenges the right or ability of either Party to perform its obligations under this Agreement, prohibits the acquisition or sale of the Purchased Assets or prohibits Purchaser or Seller from closing the transaction or Purchaser from paying the Purchase Price, or that inhibits or restricts in any manner Purchaser's use, title, or enjoyment of the Purchased Assets.
- c. Each of the parties hereto has performed all of the undertakings required to be performed by them under the terms of this Agreement.
- d. There is no material adverse change in laws that apply to water systems, and no material adverse change in the condition of the Purchased Assets. For purposes of this Agreement, a "material adverse change" shall mean any change that, either individually or in the aggregate, shall have been or insofar as can reasonably be foreseen will be materially adverse to the condition of the Purchased Assets or to the business operations of the Purchased Assets under Purchaser's ownership. However, a "material adverse change" does not include any of the following: (i) any action taken by Seller at Purchaser's written request; (ii) any general economic, political, and financial market changes, foreign or domestic; (iii) changes in laws or regulations or interpretations thereof that do not specifically apply to water utilities; or (iv) any circumstance, change or effect that results from any action taken at the request of Purchaser.
- e. All warranties and representations of the other party are true in all material respects as of the Closing.

8. PRE-CLOSING CONDUCT; COVENANTS. Prior to Closing the parties covenant and agree to conduct themselves as follows:

- a. Purchaser shall have thirty (30) days after the execution of this Agreement to complete, at its expense, a financial, legal, environmental, engineering and operational compliance investigation of the Purchased Assets. Purchaser shall have the right to terminate this Agreement for any defect or problem revealed. Purchaser shall provide Seller with written notice of termination within ten (10) days of completion of due diligence. During the thirty (30) day due diligence period, Seller shall provide Purchaser and its representatives access during business hours, following twenty-four (24) hours' notice from Purchaser, to the Purchased Assets (including all sites upon which water facilities are located), business and customer records, agreements, computers and software.
- b. Seller shall provide Purchaser with ready access to inspect and copy the following to the extent they are in the possession of Seller, its employees, representatives, consultants or agents (including accountants, lawyers, engineers, surveyors and other contractors utilized by Seller):
 - i. All plans and specifications showing the Utility System as now constructed (as-built), including any facilities under construction, together with a detailed engineering map showing the Purchased Assets and appurtenances as now constructed.

ii. Deeds and other evidence of ownership or rights to the Real Property identified in Appendix "A."

iii. Surveys of the Real Property.

iv. Easements, licenses, prescriptive rights and rights-of-way identified in Appendix "B."

v. Seller information and documents necessary to permit Purchaser to fulfill its obligations under section 125.3401, Florida Statutes.

c. Purchaser may cause to be performed at its sole expense a Phase I environmental site assessment (and a subsequent Phase II, if necessary) of the Real Property or any parcel thereof. A copy of the report or reports shall be provided to Seller within ten (10) days of receipt by Purchaser. If such survey discloses the presence of any Hazardous Material, Seller shall perform such cleanup and remediation as is necessary to remedy the situation. Upon Seller's failure to perform such cleanup and remediation prior to Closing, Purchaser may elect, as its sole remedy, to either (i) terminate this Agreement, in which event neither party shall have any liability to the other; or (ii) proceed to Closing with an abatement of the Purchase Price equal to the cost of remedy.

d. All necessary public hearings required to authorize Purchaser to enter this Agreement will have been duly held prior to the Closing Date.

e. During the period between the date of this Agreement and Closing, Seller shall:

i. Operate and maintain the Purchased Assets in a normal and ordinary manner to ensure that the condition of the Utility System and the Purchased Assets and the inventory on hand shall not be materially diminished or depleted, normal wear and tear and usage excepted;

ii. Promptly notify Purchaser of any notification received by Seller from any governmental authority, person, business, or agency of any existing or potential Environmental Law violation;

iii. Promptly notify Purchaser of any event, activity or occurrence that has or is reasonably likely to have, a material adverse effect upon the Purchased Assets or this transaction.

iv. Maintain its existing levels of insurance on the Purchased Assets. The risk of any loss of the Purchased Assets shall remain with Seller until the closing.

v. Not enter into any new developer agreements or modify any existing developer agreements.

vi. Not accept payment of connection charges or other monetary payment in lieu of contributed property pursuant to the terms of any current or future developer agreements.

vii. Take such steps as are necessary to notify governmental agencies of the transaction contemplated in this Agreement and to secure the transfer of permits, or portions thereof, such as are necessary for Purchaser's continued operation of the Purchased Assets after the Closing.

9. TERMINATION OF AGREEMENT.

a. This Agreement may be terminated (i) by mutual written consent of the parties, or (ii) as provided in paragraphs b. and c. below.

b. Purchaser may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:

i. The failure, in any material respect, of any conditions precedent to closing set forth in Article 7.

ii. Any material breach of this Agreement by Seller including, but not limited to, a material breach of any representation, covenant or warranty if Seller has not cured such breach on or before Closing.

iii. Any other basis for termination by Purchaser set forth in this Agreement including, but not limited to, section 8.a.

c. Seller may terminate this Agreement, in its sole discretion, upon the occurrence of any of the following:

i. The failure, in any material respect, of any of the conditions precedent to closing set forth in Article 7.

ii. Any material breach of this Agreement by Purchaser including, but not limited to, a material breach of any representation, covenant or warranty if Purchaser has not cured such breach on or before Closing.

iii. Any other basis for termination by Seller set forth in this Agreement.

d. Upon the occurrence of any of the bases for termination of this Agreement, the party seeking to terminate this Agreement shall provide written notice of its termination of this Agreement to the other party by delivering the notice as provided in section 12.c.

e. Upon the termination of this Agreement, the following shall occur:

i. Except as otherwise set forth in this Agreement, each party shall be responsible for payment of its own attorney and other professional fees and other costs of any nature whatsoever incurred prior to the termination of this Agreement.

ii. Except as provided in section 9.f. below, there shall be no liability and no further obligations between or among the Purchaser or Seller, or their respective officers, directors, representatives or consultants, other than as provided for herein.

f. If no basis for termination exists as set forth in this Agreement and if, on or before September 30, 2015, (i) a party (either Purchaser or Seller) to this Agreement (the "First Party") is ready, willing and able to complete the sale and purchase of the Purchased Assets on the terms set forth in this Agreement, (ii) all conditions precedent to the obligations of the other party (the "Other Party") set forth in Article 7 have been satisfied (or waived by the Other Party), and (iii) the Other Party is unable or otherwise declines for any reason to complete the sale and purchase of the Purchased Assets on the terms set forth herein, then the Other Party shall be in breach of this Agreement and the First Party shall have the right (1) to specific performance of the Other Party's obligation to complete the sale and purchase of the Purchased Assets, and (2) to recover the reasonable fees and expenses of attorneys' and expert witnesses incurred (at all levels of litigation) in enforcing its rights under this Agreement. The provisions of this section 9.f. shall survive any termination of this Agreement.

10. CLOSING.

a. This transaction shall be closed on or before September 30, 2015, at 11800 SE U.S. Highway 441, located in Belleview, Florida. All closing procedures shall be subject to the customary and reasonable practices and requirements of Purchaser and Purchaser's counsel.

b. At Closing:

i. Purchaser shall pay the Purchase Price set forth in Article 3 of this Agreement.

ii. Title to the Real Property shall be conveyed to Purchaser by warranty deed free of all claims, liens, or encumbrances whatsoever, other than Permitted Encumbrances. Title to the remaining Purchased Assets shall be conveyed to Purchaser by Bill of Sale free of all claims, liens, or encumbrances, whatsoever, other than those to be terminated at Closing. Seller shall further provide to Purchaser such other instruments of conveyance as shall be, in the reasonable opinion of Purchaser and its counsel, necessary to transfer the Purchased Assets in accordance with this Agreement and, when necessary or desirable, in recordable form.

iii. Seller shall assign to Purchaser its right, title and interest in those easements, licenses, etc. identified in Appendix "B."

iv. Seller and Purchaser shall enter into separate Assignment and Assumption Agreements with respect to the (i) Developer Agreements identified in Appendix "E", and (ii) the Contracts and Leases to be assumed by Purchaser identified in Appendix "F." Notwithstanding the foregoing, during the thirty-day due diligence period provided under section 8.a. of this Agreement, Purchaser may give Seller written notice of Purchaser's decision not to permanently assume any one or more of the Developer Agreements or Contracts and Leases that Purchaser determines, in its sole discretion, are not consistent with the ordinary business

practices of Purchaser or otherwise are not in Purchaser's best interest. Seller may then elect to provide Purchaser notice of Seller's decision to terminate this Agreement, which notice must be provided within three (3) days of Seller's receipt of the notification from Purchaser, and refuse to close, without any liability on the part of either party.

v. Documentary stamps shall be paid by Seller pursuant to section 201.01, Florida Statutes.

vi. Recording fees to record the deeds and any other instruments necessary to deliver title to the Purchaser shall be paid by the Purchaser.

vii. Seller shall file, before they become past due, all tax returns and shall pay, when due, all taxes due and owing from the operation of the Purchased Assets and the sale thereof to Purchaser.

viii. Seller shall be responsible for any past due and all ad valorem taxes, prorated through the Closing in accordance with the requirements of section 196.295, Florida Statutes, and shall escrow funds with the title agent or Marion County Tax Collector if so required.

ix. Impact/Connection Fees (including plant capacity, transmission line capacity, or other unit connection fees paid for the availability of utility capacity), if any, received by Seller prior to the Closing Date related to the Purchased Assets shall be retained by Seller as of the Closing Date if connections related to such Impact/Connection Fees to the Utility System have been made prior to such date. Impact/Connection Fees imposed by Purchaser and paid after the Closing Date shall be the property of Purchaser.

x. Each of the parties shall pay the fees of its own attorneys, bankers, engineers, accountants, and other professional advisers or consultants incurred in connection with the negotiation and execution of this Agreement.

xi. All costs for services, materials and supplies rendered in connection with the operation of the Purchased Assets prior to and including the day of Closing including, but not limited to, electricity, telephone service and other such services, materials and supplies ("Accounts Payable") shall be paid by Seller at or prior to the Closing Date. Purchaser shall be responsible for all such costs and expenses incurred subsequent to Closing. No prorations shall be made at Closing and Purchaser shall initiate new contracts with all vendors or suppliers of materials, supplies and services as Purchaser may desire.

xii. Seller shall convey to Purchaser by electronic transfer of funds all customer deposits and interest accumulated thereon through the day of Closing. Purchaser shall assume liability for customer deposits which are conveyed to Purchaser by Seller at Closing.

xiii. Each party shall deliver to the other party a certificate stating that:

1. The party is not prohibited by decree or law from consummating the transaction contemplated hereby.

2. There is not pending on the Closing Date any legal action or proceeding that prevents such party from closing the transaction.

3. All representations and warranties of such party contained in this Agreement are true and correct in all material respects as of the Closing, and such party has complied in all material respects with its covenants under this Agreement.

4. Except for FPSC approval of the sale of the Utility System to Purchaser, which sale the FPSC is required to approve as a matter of right under section 367.071, Florida Statutes, no consent, approval or other action by any United States, federal or state regulatory authority or other person or entity is required for the execution, delivery or performance of any of the Closing documents by Seller or to establish the validity or enforceability of such documents by Purchaser.

11. POST CLOSING COOPERATION.

a. After Closing, Seller and Purchaser shall upon reasonable request of the other execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further documents, acts, deeds, assignments, transfers, powers of attorney and assurances as may be required to implement and perform any of the obligations, covenants and agreements of the parties.

b. The respective representations and warranties of the parties contained in this Agreement or any document delivered pursuant to this Agreement shall survive the consummation of the transactions contemplated hereby and continue for a period of two years from the Closing, and thereafter shall terminate.

12. MISCELLANEOUS PROVISIONS.

a. This Agreement, the Appendices hereto, and the documents referred to herein, collectively embody the entire agreement and understandings between the parties and there are no other agreements or understandings, oral or written, that are not merged into and superseded by this Agreement. This Agreement may be executed in one or more counterparts, each of which shall be considered an original.

b. Within thirty (30) days after the execution of this Agreement, Seller shall prepare and submit a notice of the impending transfer of the system to the FPSC. Purchaser shall acknowledge the pending sale in a letter to FPSC in support of the transfer of the Purchased Assets to Purchaser. Seller shall file reports required to satisfy its outstanding gross receipts tax, regulatory assessment fees, and other obligations and governmental assessments through Closing. All of Seller's costs and expense relative to the termination of Seller's relationship with the FPSC shall be borne by Seller. A copy of the FPSC order acknowledging sale of the system to Purchaser shall be promptly provided to Purchaser upon Seller's receipt thereof.

c. Any notice or other document required or allowed to be given by either party to the other shall be in writing and shall be delivered personally, or by recognized overnight courier or sent by certified mail, postage prepaid, return receipt requested, or by electronic or facsimile transmission with written confirmation.

If to Seller, such notice shall be delivered at:

Charles deMenzes
President
Residential Water Systems, Inc.
P.O. Box 5220
Ocala, Florida 34478-5220
Charlie@alternativephone.com

If to Purchaser, such notice shall be delivered at:

Flip Mellinger
Marion County Utility
11800 SE U.S. Highway 441
Belleview, FL 34420-4558

with a copy to:

Guy Minter, Esq.
Marion County Attorney
601 Southeast 25th Avenue
Ocala, Florida 34471-2690

d. The headings used are for convenience only, and they shall be disregarded in the construction of this Agreement.

e. The drafting of this Agreement was a joint effort of the parties. In the interpretation hereof it shall be assumed that no party had any more input or influence than any other.

f. This Agreement is solely for the benefit of the parties hereto and no other causes of action shall accrue upon or by reason hereof to or for the benefit of any third party who or which is not a signatory to this Agreement.

g. In the event any term or provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid and unenforceable, such holding shall not invalidate or render unenforceable any other provisions of this Agreement.

h. In the event of any litigation arising between the parties with respect to this Agreement, the prevailing party shall be entitled to reasonable attorney fees at all trial and appellate levels, except as may be restricted by Florida law.

i. This Agreement may be amended or modified only if executed in writing with the same formality as the original.

j. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of Florida.

k. All words, terms, and conditions herein contained are to be read in concert, each with the other, and a definition of a word or term contained in one section of this Agreement shall apply to such word or term when used in another section.

l. Except as provided for herein, this Agreement may not be assigned without the prior written consent of the non-assigning party. If properly assigned, this Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns.

m. Seller hereby agrees that it shall, to the fullest of its ability, require any affiliate or commonly-held corporation to provide to Purchaser prior or subsequent to Closing, at no cost to Purchaser, easements, consents, or other things or acts as may be reasonably required by Purchaser to operate the Utility System subsequent to Closing.

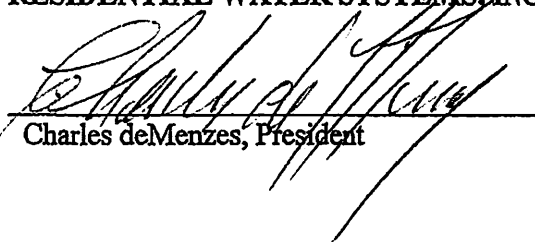
IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed the day and year aforesaid in counterparts, each counterpart to be considered an original.

ATTEST:

Secretary

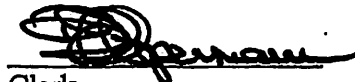
(SEAL)

RESIDENTIAL WATER SYSTEMS, INC.



Charles deMenzes, President

ATTEST:


Clerk

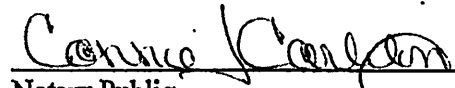
(SEAL)

MARION COUNTY BOARD
OF COUNTY COMMISSIONERS


Stan McClain, Chairman


STATE OF FLORIDA
COUNTY OF MARION

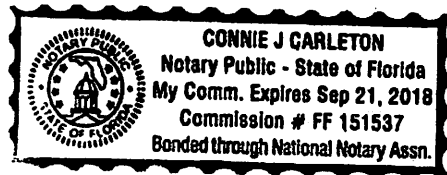
The foregoing instrument was acknowledged before me this 12 day of August, 2015 by Charles deMenzes, as President of Residential Water Systems, Inc., a Florida corporation, on behalf of the corporation. He is personally known to me.


Notary Public

My Commission Expires: Sept. 21, 2018

For Use and Reliance of Marion County Only,
Approved as to Form


Matthew G. Minter
County Attorney



APPENDIX A

REAL PROPERTY

Parcel Identification Number	Property Description
35818-000-01	WTP North Parcel
Tract "A", SUN TREE, per plat thereof recorded in Plat Book "X", pages 3 and 4, public records of Marion County, Florida.	

3581-000-001	WTP South Parcel
TRACT "A", HIGHPOINTE SUBDIVISION, as per plat thereof recorded in Plat Book W, pages 32 and 33, Public Records of Marion County, Florida.	

LESS AND EXCEPT The South 42.00 feet of said Tract "A", an area being more particularly described as follows:
Beginning at the NW Corner, go East 147.61 feet to Arc, South 46.52 feet, thence West 129.89 feet, thence North 42.00 feet to the point of beginning.

PARCEL IDENTIFICATION NUMBERS AND PROPERTY DESCRIPTIONS ARE FOR IDENTIFICATION PURPOSES ONLY. LEGAL DESCRIPTIONS MAY BE REVISED FOR USE IN DEEDS AT CLOSING BASED ON REQUIREMENTS OF THE TITLE INSURER AND UPON AGREEMENT OF THE PARTIES.

**APPENDIX B
EASEMENTS, LICENSES, ETC.**

None.

APPENDIX C
TREATMENT PLANTS, ETC.

Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group:											
107	Meters	6/30/11	600.00	0.00	0.00	600.00	0.00	600.00	0.00	150DB	20.0
114	Meters	2/04/12	672.50	0.00	0.00	395.58	20.77	416.35	256.15	150DB	20.0
	No Group		1,272.50	0.00	0.00	995.58	20.77	1,016.35	256.15		
Group: 301 Franchise											
1	FRANCHISE COST FOR UPGRAI	9/25/95	2,968.63	0.00	0.00	2,968.63	0.00	2,968.63	0.00	Amort	5.00
2	ADDITIONAL FRANCHISE COST	3/15/97	1,607.67	0.00	0.00	1,607.67	0.00	1,607.67	0.00	Amort	5.00
3	ADDITIONAL FRANCHISE	1/01/97	400.00	0.00	0.00	400.00	0.00	400.00	0.00	Amort	5.00
	301 Franchise		4,976.30	0.00	0.00	4,976.30	0.00	4,976.30	0.00		
Group: 304 Structures & Improvem											
4	FENCE	2/14/97	2,585.00	0.00	0.00	2,585.00	0.00	2,585.00	0.00	200DB	7.0
5	BUILDING	7/31/02	5,000.00	0.00	0.00	2,992.34	156.14	3,148.48	1,851.52	150DB	20.0
6	BUILDING	10/07/03	1,610.00	0.00	0.00	837.86	35.92	873.78	736.22	150DB	20.0
	304 Structures & Improvem		9,195.00	0.00	0.00	6,415.20	192.06	6,607.26	2,587.74		
Group: 310 Power Generation Equi											
7	GENERATOR	5/15/00	25,308.24	0.00	0.00	25,308.24	0.00	25,308.24	0.00	200DB	7.0
8	CAPITAL REPAIR	1/21/02	570.00	0.00	0.00	570.00	0.00	570.00	0.00	200DB	7.0
9	CAPITAL REPAIR	9/01/04	994.92	0.00	0.00	928.34	0.00	928.34	66.58	200DB	7.0
57	Crandon Electric	4/07/06	1,839.73	0.00	0.00	1,839.73	0.00	1,839.73	0.00	200DB	7.0
58	Crandon Electric	5/17/06	170.00	0.00	0.00	170.00	0.00	170.00	0.00	200DB	7.0
59	Earl's Well Drilling & Pump	6/09/06	70.00	0.00	0.00	70.00	0.00	70.00	0.00	200DB	7.0
80	2008 Power Gen Equip - CF's Sales	10/16/08	478.01	0.00	0.00	330.70	10.66	341.36	136.65	200DB	7.0
86	Power Generation Equip	6/12/09	300.00	0.00	0.00	202.25	7.33	209.58	90.42	150DB	20.0
87	Power Generation Equip	12/04/09	150.00	0.00	0.00	101.10	3.67	104.77	45.23	150DB	20.0
95	Power Generation Equip	11/24/10	100.00	0.00	0.00	100.00	0.00	100.00	0.00	150DB	20.0
	310 Power Generation Equi		29,980.90	0.00	0.00	29,620.36	21.66	29,642.02	338.88		
Group: 311 Pumping Equipment											
103	Pumping Equipment	4/15/11	6,867.00	0.00	0.00	6,867.00	0.00	6,867.00	0.00	150DB	20.0
134	Miller Bearings	7/31/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150DB	15.0
135	Power Flow Tech	10/17/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150DB	15.0
	311 Pumping Equipment		6,867.00	0.00	0.00	6,867.00	0.00	6,867.00	0.00		
Group: 320 Water Treatment											
13	WATER SYSTEM	3/11/84	125,000.00	0.00	0.00	125,000.00	0.00	125,000.00	0.00	200DB	10.00
14	CHLORINATOR	6/08/94	165.00	0.00	0.00	165.00	0.00	165.00	0.00	200DB	7.0
15	CONNECTION FOR WATER	11/05/99	215.97	0.00	0.00	215.95	0.00	215.95	0.02	150DB	15.0
136	Coast Pump Water Tech	10/17/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150DB	15.0

Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 320 Water Treatment (continued)											
	320 Water Treatment		<u>125,380.97</u>	<u>0.00</u>	<u>0.00</u>	<u>125,380.95</u>	<u>0.00</u>	<u>125,380.95</u>	<u>0.02</u>		
Group: 330 Distrib Reservoirs & St											
16	ADDITIONS	12/02/96	2,342.78	0.00	0.00	2,290.97	0.00	2,290.97	51.81	150DB	15.0
17	1997 ADDITIONS	3/15/97	35,515.94	0.00	0.00	35,515.13	0.00	35,515.13	0.81	150DB	15.0
18	TWO 20000 TANKS PLUS INSTA	7/20/00	134,184.53	0.00	0.00	130,230.19	3,954.34	134,184.53	0.00	150DB	15.0
19	EARLS WELL DRILLING	6/18/04	1,754.75	0.00	0.00	1,038.59	51.76	1,090.35	664.40	150DB	15.0
	330 Distrib Reservoirs & St		<u>173,798.00</u>	<u>0.00</u>	<u>0.00</u>	<u>169,074.88</u>	<u>4,006.10</u>	<u>173,080.98</u>	<u>717.02</u>		
Group: 333 Services											
22	2000 ADDITIONS	7/20/00	26,115.12	0.00	0.00	25,345.50	769.62	26,115.12	0.00	150DB	15.0
23	2003 ADDITIONS	6/30/03	17,916.29	0.00	0.00	11,570.28	529.43	12,099.71	5,816.58	150DB	15.0
24	2004 ADDITIONS	6/30/04	1,300.00	0.00	0.00	769.46	38.35	807.81	492.19	150DB	15.0
104	Services	9/30/11	900.00	0.00	0.00	900.00	0.00	900.00	0.00	150DB	20.0
112	Services	6/30/12	275.00	0.00	0.00	161.77	8.49	170.26	104.74	150DB	20.0
	333 Services		<u>46,506.41</u>	<u>0.00</u>	<u>0.00</u>	<u>38,747.01</u>	<u>1,345.89</u>	<u>40,092.90</u>	<u>6,413.51</u>		
Group: 334 Meters & Installation											
25	METERS	7/01/90	2,829.26	0.00	0.00	2,829.26	0.00	2,829.26	0.00	200DB	5.0
26	METERS	7/01/91	1,298.72	0.00	0.00	1,298.72	0.00	1,298.72	0.00	200DB	7.0
27	METERS	3/17/92	287.31	0.00	0.00	287.31	0.00	287.31	0.00	200DB	7.0
28	METER INSTALLATION	7/17/92	35.00	0.00	0.00	35.00	0.00	35.00	0.00	200DB	7.0
29	METERS	5/29/92	270.00	0.00	0.00	270.00	0.00	270.00	0.00	200DB	7.0
30	METER INSTALLATION	1/21/93	483.71	0.00	0.00	483.71	0.00	483.71	0.00	200DB	7.0
31	METER CONNECTIONS	5/18/93	150.00	0.00	0.00	150.00	0.00	150.00	0.00	200DB	7.0
32	METERS AND CONNECTIONS	6/11/93	244.22	0.00	0.00	244.22	0.00	244.22	0.00	200DB	7.0
33	METERS AND SUPPLIES	6/21/93	199.24	0.00	0.00	199.24	0.00	199.24	0.00	200DB	7.0
34	METERS AND CONNECTIONS	8/18/93	238.69	0.00	0.00	238.69	0.00	238.69	0.00	200DB	7.0
35	METERS AND SUPPLIES	3/03/94	669.00	0.00	0.00	669.00	0.00	669.00	0.00	200DB	7.0
36	METERS AND SUPPLIES	3/01/94	365.00	0.00	0.00	365.00	0.00	365.00	0.00	200DB	7.0
37	SETTING METERS	3/01/94	385.00	0.00	0.00	385.00	0.00	385.00	0.00	200DB	7.0
38	3 METERS INSTALLATIONS	2/26/94	155.00	0.00	0.00	155.00	0.00	155.00	0.00	200DB	7.0
39	METERS	6/16/95	232.50	0.00	0.00	232.50	0.00	232.50	0.00	200DB	7.0
40	METERS	4/25/96	1,384.44	0.00	0.00	1,384.44	0.00	1,384.44	0.00	200DB	7.0
41	METERS	4/14/97	35.00	0.00	0.00	35.00	0.00	35.00	0.00	200DB	7.0
42	METERS	1/27/98	280.00	0.00	0.00	280.00	0.00	280.00	0.00	200DB	7.0
43	MASTER METER #1	11/05/99	1,537.00	0.00	0.00	1,537.00	0.00	1,537.00	0.00	200DB	7.0
44	METERS PURCHASED FROM M	6/30/99	795.00	0.00	0.00	795.00	0.00	795.00	0.00	200DB	7.0
45	2000 ADDITION	4/30/00	70.00	0.00	0.00	70.00	0.00	70.00	0.00	200DB	7.0
46	2001 ADDITIONS	6/30/01	4,495.00	0.00	0.00	4,495.00	0.00	4,495.00	0.00	200DB	7.0
47	2002 ADDITIONS	6/30/02	10,991.25	0.00	0.00	10,991.25	0.00	10,991.25	0.00	200DB	7.0
48	2003 ADDITIONS	6/30/03	28,872.05	0.00	0.00	28,227.51	0.00	28,227.51	644.54	200DB	7.0
49	2004 ADDITIONS	6/30/04	14,629.25	0.00	0.00	13,650.22	0.00	13,650.22	979.03	200DB	7.0
50	2005 ADDITIONS	6/30/05	6,045.50	0.00	0.00	6,045.36	0.00	6,045.36	0.14	200DB	7.0

Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: 334 Meters & Installation (continued)											
60	Meters in Jan	1/31/06	1,052.50	0.00	0.00	949.04	68.94	1,017.98	34.52	200DB	10.0
61	Meters in March	3/31/06	1,900.00	0.00	0.00	1,713.23	124.45	1,837.68	62.32	200DB	10.0
62	Meters in April	4/30/06	605.00	0.00	0.00	545.54	39.63	585.17	19.83	200DB	10.0
63	Meters in May	5/31/06	890.00	0.00	0.00	802.52	58.30	860.82	29.18	200DB	10.0
64	June Meters	6/30/06	385.00	0.00	0.00	347.16	25.22	372.38	12.62	200DB	10.0
65	Aug Maint & Meters	8/31/06	895.00	0.00	0.00	807.01	58.62	865.63	29.37	200DB	10.0
66	Sept Meters	9/30/06	1,772.50	0.00	0.00	1,598.26	116.10	1,714.36	58.14	200DB	10.0
67	Oct Meters	10/31/06	1,025.00	0.00	0.00	924.25	67.14	991.39	33.61	200DB	10.0
72	Meters & Meter Installations	1/31/07	2,675.00	0.00	0.00	802.50	107.00	909.50	1,765.50	S/L	25.0
73	Meters & Meter Installation	2/28/07	1,637.50	0.00	0.00	491.25	65.50	556.75	1,080.75	S/L	25.0
74	Meters & Meter Installation	3/31/07	375.00	0.00	0.00	112.50	15.00	127.50	247.50	S/L	25.0
75	Meters & Meter Installation	5/31/07	40,950.00	0.00	0.00	11,882.13	1,638.00	13,520.13	27,429.87	S/L	25.0
76	Meter & Meter Installation	6/30/07	10,099.30	0.00	0.00	3,029.78	403.97	3,433.75	6,665.55	S/L	25.0
81	New Meters and Installation	1/31/08	2,350.00	0.00	0.00	611.00	94.00	705.00	1,645.00	S/L	25.0
82	New Meters & Installation	3/31/08	572.00	0.00	0.00	148.72	22.88	171.60	400.40	S/L	25.0
83	New Meters & Installation	4/30/08	1,725.00	0.00	0.00	448.50	69.00	517.50	1,207.50	S/L	25.0
84	New Meters & Installation	5/31/08	2,950.00	0.00	0.00	767.00	118.00	885.00	2,065.00	S/L	25.0
89	Meters	1/01/09	450.00	0.00	0.00	303.34	11.00	314.34	135.66	150DB	20.0
90	Meters	1/01/09	292.26	0.00	0.00	197.02	7.14	204.16	88.10	150DB	20.0
91	Meters	1/01/09	600.00	0.00	0.00	404.47	14.66	419.13	180.87	150DB	20.0
92	Meters	2/28/09	925.00	0.00	0.00	623.54	22.61	646.15	278.85	150DB	20.0
93	Meters	3/31/09	650.00	0.00	0.00	438.18	15.89	454.07	195.93	150DB	20.0
94	Meters	6/30/09	450.00	0.00	0.00	303.34	11.00	314.34	135.66	150DB	20.0
96	Meters	4/30/10	225.00	0.00	0.00	145.73	5.95	151.68	73.32	150DB	20.0
97	Meters	5/31/10	1,200.00	0.00	0.00	777.21	31.71	808.92	391.08	150DB	20.0
98	Meters	6/30/10	425.00	0.00	0.00	275.27	11.23	286.50	138.50	150DB	20.0
99	Meters	7/31/10	200.00	0.00	0.00	129.54	5.29	134.83	65.17	150DB	20.0
100	Meters	9/30/10	275.00	0.00	0.00	275.00	0.00	275.00	0.00	150DB	20.0
101	Meters	10/31/10	500.00	0.00	0.00	500.00	0.00	500.00	0.00	150DB	20.0
102	Meters	11/30/10	225.00	0.00	0.00	225.00	0.00	225.00	0.00	150DB	20.0
105	Meters	3/31/11	697.50	0.00	0.00	697.50	0.00	697.50	0.00	150DB	20.0
106	Meters	4/30/11	225.00	0.00	0.00	225.00	0.00	225.00	0.00	150DB	20.0
108	Meters	8/31/11	1,244.10	0.00	0.00	1,244.10	0.00	1,244.10	0.00	150DB	20.0
109	Meters	9/30/11	497.50	0.00	0.00	497.50	0.00	497.50	0.00	150DB	20.0
110	Meters	10/31/11	200.00	0.00	0.00	200.00	0.00	200.00	0.00	150DB	20.0
113	Meters	1/31/12	650.00	0.00	0.00	382.35	20.08	402.43	247.57	150DB	20.0
115	Meters	3/31/12	4,385.00	0.00	0.00	2,579.39	135.43	2,714.82	1,670.18	150DB	20.0
116	Meters	5/31/12	510.00	0.00	0.00	300.00	15.75	315.75	194.25	150DB	20.0
117	Meters	10/31/12	600.00	0.00	0.00	352.94	18.53	371.47	228.53	150DB	20.0
118	Meters	12/31/12	3,575.00	0.00	0.00	2,102.92	110.41	2,213.33	1,361.67	150DB	20.0
122	Meters	2/28/13	475.00	0.00	0.00	269.72	15.39	285.11	189.89	150DB	20.0
123	Meters	4/30/13	1,010.00	0.00	0.00	564.77	33.39	598.16	411.84	150DB	20.0
124	Meters	5/30/13	550.00	0.00	0.00	307.55	18.18	325.73	224.27	150DB	20.0
125	Meters	6/30/13	300.00	0.00	0.00	167.75	9.92	177.67	122.33	150DB	20.0
126	Meters	7/31/13	60.00	0.00	0.00	33.03	2.02	35.05	24.95	150DB	20.0
127	Meters	8/31/13	397.50	0.00	0.00	218.83	13.40	232.23	165.27	150DB	20.0
128	Meters	9/30/13	662.50	0.00	0.00	364.71	22.33	387.04	275.46	150DB	20.0
129	Meters	10/31/13	247.50	0.00	0.00	138.10	8.50	146.60	104.90	150DB	20.0
130	Meters	10/31/13	472.50	0.00	0.00	256.02	16.24	272.26	200.24	150DB	20.0

Tax Future Depreciation FYE: 12/31/15

Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	End Depr. Tax	Book Value	Tax Net	Tax Method	Tax Period
137	Mar Maintenance	3/31/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150DB	15.0
138	May Maintenance	5/31/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150DB	15.0
139	Meter	10/31/14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	150DB	15.0
Group: 334 Meters & Installation (continued)												
334 Meters & Installation												
			172,012.30	0.00	0.00	116,829.64	3,667.80	120,497.44	51,514.86		150DB	15.0
Group: 340 Office Equipment												
340 Office Equipment												
55	MINOLTA COPIER	10/21/92	3,082.80	0.00	0.00	3,082.80	0.00	3,082.80	0.00	0.00	200DB	5.0
Group: Equipment												
Equipment												
			29,288.11	0.00	0.00	29,288.03	0.00	29,288.03	0.00	0.00	200DB	7.0
56	BOBCAT PURCHASE	8/27/02	22,926.16	0.00	0.00	22,926.16	0.00	22,926.16	0.00	0.00	200DB	5.0
78	Bobcat	10/25/07	4,361.95	0.00	0.00	4,361.87	0.00	4,361.87	0.00	0.00	200DB	7.0
79	Trailer	12/31/07	2,000.00	0.00	0.00	2,000.00	0.00	2,000.00	0.00	0.00	200DB	7.0
Group: Hydrants												
Hydrants												
			8,300.00	0.00	0.00	6,616.52	244.71	6,861.23	1,438.77		150DB	15.0
51	2 HYDRANTS	8/15/00	4,500.00	0.00	0.00	4,367.39	132.61	4,500.00	0.00	0.00	150DB	15.0
52	HYDRANTS IN 2001	6/21/01	3,800.00	0.00	0.00	2,249.13	112.10	2,361.23	1,438.77	0.00	150DB	0.0
53	FIRE HYDRANTS IN 2004	6/30/04	3,800.00	0.00	0.00	2,249.13	112.10	2,361.23	1,438.77	0.00	150DB	0.0
Group: Intangible Assets												
Intangible Assets												
			11,290.25	0.00	0.00	9,343.89	528.06	9,871.95	1,418.30		Amort	5.00
85	Loan Costs	1/01/09	4,532.00	0.00	0.00	4,532.00	0.00	4,532.00	0.00	0.00	Amort	5.00
111	Unamortized Debt Discount SRF	1/01/00	5,599.25	0.00	0.00	4,536.31	296.26	4,832.57	766.68	18.90	Amort	18.90
131	Loan Costs	10/21/13	419.00	0.00	0.00	104.75	83.80	188.55	230.45	5.00	Amort	5.00
132	Loan Costs	10/29/13	315.00	0.00	0.00	78.75	63.00	141.75	173.25	5.00	Amort	5.00
133	Loan Costs	12/23/13	425.00	0.00	0.00	92.08	85.00	177.08	247.92	5.00	Amort	5.00
Group: Other Tangible Plant & MI												
Other Tangible Plant & MI												
			6,920.00	0.00	0.00	6,919.96	0.00	6,919.96	0.04		200DB	7.0
54	OTHER EQUIPMENT	7/01/90	4,920.00	0.00	0.00	4,920.00	0.00	4,920.00	0.00	0.00	200DB	5.0
77	Golf Cart	11/08/07	2,000.00	0.00	0.00	1,999.96	0.00	1,999.96	0.04		200DB	7.0
Group: Pumping Equipment												
Pump House												
10	PUMP HOUSE	6/01/84	2,949.70	0.00	0.00	2,949.70	0.00	2,949.70	0.00	0.00	200DB	10.00
11	PUMP HOUSE PHASE	1/01/85	2,520.68	0.00	0.00	2,520.68	0.00	2,520.68	0.00	0.00	200DB	10.00
12	NEW PUMP AND WELL UPGRA	9/26/03	11,723.64	0.00	0.00	7,571.08	346.43	7,917.51	3,806.13	15.0	150DB	15.0
70	Pumping Equipment	6/15/07	90.00	0.00	0.00	27.00	3.60	30.60	59.40	25.0	S/L	25.0

C-5

RESI305, Residential Water Systems, Inc.
 59-2393057
 FYE: 12/31/2014

Tax Future Depreciation FYE: 12/31/15

Asset	Property Description	Date In Service	Tax Cost	Tax Sec 179 Exp	Tax Salvage Value	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
Group: Pumping Equipment (continued)											
71	Pumping Equipment	7/13/07	2,643.30	0.00	0.00	792.98	105.73	898.71	1,744.59	S/L	25.0
88		5/31/09	824.58	0.00	0.00	555.85	20.15	576.00	248.58	150DB	20.0
119	Pumping Equipment	11/27/13	2,225.84	0.00	0.00	1,206.05	76.48	1,282.53	943.31	150DB	20.0
120	Pumping Equipment	12/13/13	2,650.00	0.00	0.00	1,435.88	91.05	1,526.93	1,123.07	150DB	20.0
121	Pumping Equipment	12/17/13	2,016.54	0.00	0.00	1,092.64	69.29	1,161.93	854.61	150DB	20.0
	Pumping Equipment		<u>27,644.28</u>	<u>0.00</u>	<u>0.00</u>	<u>18,151.86</u>	<u>712.73</u>	<u>18,864.59</u>	<u>8,779.69</u>		
Group: Transmission & Dist Mains											
20	EXTENSION 66TH STREET	6/26/91	410.56	0.00	0.00	410.56	0.00	410.56	0.00	200DB	7.0
21	EXTENSION ;66TH STREET	11/14/91	450.00	0.00	0.00	450.00	0.00	450.00	0.00	200DB	7.0
	Transmission & Dist Mains		<u>860.56</u>	<u>0.00</u>	<u>0.00</u>	<u>860.56</u>	<u>0.00</u>	<u>860.56</u>	<u>0.00</u>		
	Grand Total		<u>657,375.38</u>	<u>0.00</u>	<u>0.00</u>	<u>573,170.54</u>	<u>10,739.78</u>	<u>583,910.32</u>	<u>73,465.06</u>		

C6

**APPENDIX D
PERMITS, ETC.**

Department of Environmental Protection

Public Water System ID No. 3424625

St. Johns River Water Management District

Consumptive Use Permit No. 3002

**APPENDIX E
DEVELOPER AGREEMENTS**

None.

**APPENDIX F
CONTRACTS AND LEASES**

None.

**APPENDIX G
CONSTRUCTION WORK IN PROGRESS**

None.

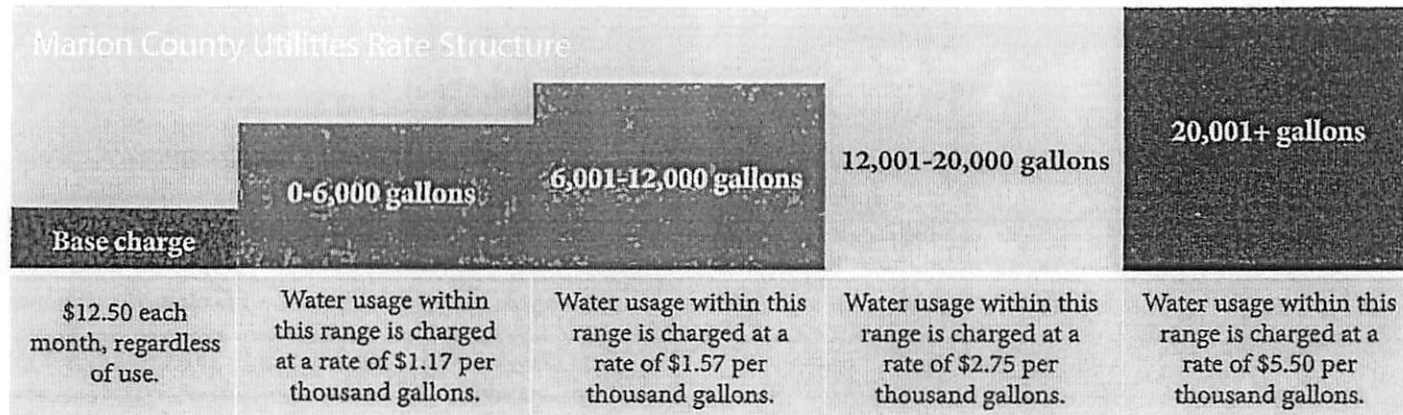
APPENDIX C
SCHEDULE OF RATES AND CHARGES



Marion County Utilities Rate Structure

Much like your current utility, Marion County Utilities uses a **tiered rate structure**, which means that the rate varies based on how much water you use (the first few thousand gallons are charged at a lower rate) to encourage water conservation. The following charts explain our rates and compare them with Residential Water System, Inc.'s to give you an idea of what you could expect.

Utility	Base monthly charge	0-6,000 gallons	6,001-12,000 gallons	12,001-20,000 gallons	20,001+ gallons
Marion County Utilities	\$12.50	\$1.17 per thousand gallons	\$1.57 per thousand gallons	\$2.75 per thousand gallons	\$5.50 per thousand gallons
Utility	Base monthly charge	0-10,000 gallons		10,001+ gallons	
Residential Water Systems, Inc.	\$8.46	\$1.48 per thousand gallons		\$1.68 per thousand gallons	



Sample Marion County Utilities water bill for 6,000 gallons.

Base charge (\$12.50) + (6,000 gal. x \$1.17 per thousand gal.) = \$19.52 total bill.

Sample Marion County Utilities water bill for 7,000 gallons (average water use for a Utilities customer household).

Base charge (\$12.50) + (6,000 gal. x \$1.17 per thousand gal.) + (1,000 gal. x \$1.57 per thousand gal.) = \$21.09 total bill.

Questions?

Let us know if you have any questions or concerns. Please give us a call at 352-307-4630 or email us at utilities@marioncountyfl.org. Visit www.MarionCountyFL.org/Utilities and click on the Residential Water Systems, Inc. customer link for more information.