

FLORIDA UTILITY SERVICES 1, LLC  
3336 GRAND BLVD. SUITE 102  
HOLIDAY, FL. 34690  
863-904-5574

RECEIVED-FPSC  
2016 OCT 31 AM 9:16  
COMMISSION  
CLERK

October 28, 2016

Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL. 32399

RE: Docket # 160193-WU. Application for transfer for McLeod Gardens Utilities.

Dear Commission Clerk:

Enclosed please find the corrected application for transfer and exhibit A for the above docket.

On behalf of the utility,



Mike Smallridge

**APPLICATION FOR TRANSFER OF CERTIFICATES OR FACILITIES  
FROM A REGULATED UTILITY TO ANOTHER REGULATED UTILITY**

**(Pursuant to Section 367.071, Florida Statutes, and  
Rule 25-30.037(2), Florida Administrative Code)**

Pursuant to Rule 25-30.037(1)(a), F.A.C., if a transfer occurs prior to Commission approval, the utility shall submit an application for authority to transfer no later than 90 days after the sale closing date.

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

The undersigned hereby makes application for the transfer of facilities and transfer  or cancellation  of Water Certificate No. N/A and/or Wastewater Certificate No. N/A and amendment of Water Certificate No. 619-W and/or Wastewater Certificate No. N/A in POLK County, Florida, and submits the following information:

**PART I APPLICANT INFORMATION**

A) Contact Information for Utility/Seller. The utility/seller's certificated name, address, telephone number, and if applicable, fax number, e-mail address, and website address. The utility's name should reflect the business and/or fictitious name(s) registered with the Department of State's Division of Corporations:

McLEOD GARDENS WATER COMPANY

Utility Name

616 2<sup>ND</sup> STREET S.W.

Office Street Address

WINTER HAVEN

FL

33883

City

State

Zip Code

P.O. BOX 2898

Mailing Address (if different from Street Address)

WINTER HAVEN

FL

33883

City

State

Zip Code

(863) 293-2577

Phone Number

(863) 293-2827

Fax Number

Federal Employer Identification Number

kimberlyagossett@hotmail.com

E-Mail Address

Website Address

619-W

N/A

Water Certificate No.

Wastewater Certificate No.

- B) The contact information of the seller's authorized representative to contact concerning this application:

KIM GOSSETT

Name

P.O. BOX 2898

Mailing Address

WINTER HAVEN

FL

33883

City

State

Zip Code

(863) 293-2577

Phone Number

(863) 293-2827

Fax Number

kimberlyagossett@hotmail.com

E-Mail Address

- C) Contact Information for Buyer. The buyer's name, address, telephone number, Federal Employer Identification Number, and, if applicable, fax number, e-mail address, website address, and new name of the utility if the buyer plans to operate under a different name. The buyer's business name, and if applicable, new utility name, should reflect the business and/or fictitious name(s) registered with the Department of State's Division of Corporations.

FLORIDA UTILITY SERVICES 1, LLC

Buyer's Name

3336 GRAND BLVD. #102

Office Street Address

HOLIDAY

FL.

34690

City

State

Zip Code

Mailing Address (if different from Street Address)

City

State

Zip Code

(863) 904-5574

( ) -

Phone Number

Fax Number

81-3646710

Federal Employer Identification Number

mike@fus1llc.com

E-Mail Address

McLeod Gardens Utilities, LLC

New Utility Name

- D) The contact information of the buyer's authorized representative to contact concerning this application:

MICHAEL SMALLRIDGE

Name

3336 GRAND BLVD. #102

Mailing Address

HOLIDAY

FL

34690

City

State

Zip Code

(863) 904-5574

( ) -

Phone Number

Fax Number

mike@fus1llc.com

E-Mail Address

E) The name, address, telephone number, and if available, e-mail address and fax number of the person in possession of the books and records when the application is filed.

MICHAEL SMALLRIDGE

Name

3336 GRAND BLVD #102

Mailing Address

HOLIDAY

FL

34690

City

State

Zip Code

(863) 904-5574

( ) -

Phone Number

Fax Number

mike@fus1llc.com

E-Mail Address

F) Indicate the nature of the utility's/buyer's business organization (check one). Provide documentation from the Florida Department of State, Division of Corporations, showing the utility's/buyer's business name and registration/document number for the business, unless operating as a sole proprietor.

Corporation \_\_\_\_\_

Number

Limited Liability Company \_\_\_\_\_

L16000156191

Number

Partnership \_\_\_\_\_

Number

Limited Partnership \_\_\_\_\_

Number

Limited Liability Partnership \_\_\_\_\_

Number

Sole Proprietorship

Association

Other (Specify) \_\_\_\_\_

If the utility is doing business under a fictitious name, provide documentation from the Florida Department of State, Division of Corporations showing the utility's fictitious name and registration number for the fictitious name.

Fictitious Name (d/b/a) \_\_\_\_\_  
Registration Number

- G) The name(s), address(es), and percentage of ownership of each entity or person which owns or will own more than 5 percent interest in the utility (Use additional sheet if necessary).

MICHAEL SMALLRIDGE 100%

- H) Provide the date and state of incorporation or organization of the buyer.  
09/01/16- FLORIDA

**PART II**

**TRANSFER OF CERTIFICATE**

**A) DESCRIPTION OF SALE AGREEMENT**

- 1) Exhibit A - Provide a copy of the contract for sale and all auxiliary or supplemental agreements. If the sale, assignment, or transfer occurs prior to Commission approval, the contract shall include a provision stating that the contract is contingent upon Commission approval.

- 2) Exhibit B - Provide the following documentation of the terms of the transfer:  
a) The date the closing occurred or will occur.

- b) The purchase price and terms of payment.

- c) A list of and the dollar amount of the assets purchased and liabilities assumed or not assumed, including those of non-regulated operations or entities.

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- d) A description of all consideration between the parties, including promised salaries, retainer fees, stock, stock options, and assumption of obligations.

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- e) Provisions regarding the disposition, where applicable, of customer deposits and interest thereon, guaranteed revenue contracts, developer agreements, customer advances, debt of the utility, and leases.

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- f) A statement that the buyer will fulfill the commitments, obligations, and representations of the seller with regard to utility matters.

THE BUYER WILL FULFILL THE COMMITMENTS, OBLIGATIONS  
AND REPRESENTATIONS OF THE SELLER WITH REGARD TO  
UTILITY MATTERS.

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- g) A provision that the buyer has or will obtain the books and records of the seller, including all supporting documentation for rate base additions since the last time rate base was established for the utility.

THE BUYER HAS OBTAINED THE BOOKS AND RECORDS OF THE  
SELLER.

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- h) A statement that the utility's books and records will be maintained using the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA).

THE UTILITY'S BOOKS AND RECORDS WILL BE MAINTAINED USING  
NARUC UNIFORM SYSTEM OF ACCOUNTS.

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- i) A statement that the utility's books and records will be maintained at the utility's office(s) within Florida, or that the utility will comply with the requirements of Rule 25-30.110(1)(b) and (c), F.A.C., regarding maintenance of utility records at another location or out-of-state. If the records will not be maintained at the utility's office(s), the statement should include the location where the utility intends to maintain the books and records.

THE BOOKS AND RECORDS WILL BE MAINTAINED AT THE UTILITY  
OFFICE LOCATED AT 3336 GRAND BLVD.#102 HOLIDAY, FL. 34690

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**B) FINANCIAL ABILITY**

- 1) Exhibit C - Provide a detailed financial statement (balance sheet and income statement), audited if available, of the financial condition of the applicant, that shows all assets and liabilities of every kind and character. The financial statements shall be for the preceding calendar or fiscal year. The financial statement shall be prepared in accordance with Rule 25-30.115, F.A.C. If available, a statement of the sources and uses of funds shall also be provided.
  
- 2) Exhibit N/A - Provide a list of all entities, including affiliates, upon which the buyer is relying to provide funding to the utility and an explanation of the manner and amount of such funding. The list need not include any person or entity holding less than 5 percent ownership interest in the utility. The applicant shall provide copies of any financial agreements between the listed entities and the utility and proof of the listed entities' ability to provide funding, such as financial statements.

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**C) TECHNICAL ABILITY**

- 1) Exhibit D - Provide the buyer's experience in the water or wastewater industry.  

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- 2) Exhibit E - Provide the buyer's plans for ensuring continued operation of the utility, such as retaining the existing plant operator(s) and office personnel, or contracting with outside entities.



**D) TERRITORY DESCRIPTION, PUBLIC INTEREST, AND FACILITIES**

1) Exhibit F - Provide a legal description of the proposed service area in the format prescribed in Rule 25-30.029, F.A.C.

2) Exhibit G - Provide a statement explaining why the transfer is in the public interest.

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3) Exhibit H - Provide a statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and compliance with all applicable standards set by the DEP, or, if the system is in need of repair or improvement, has any outstanding Notice of Violation of any standard set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a description of the repairs or improvements that have been identified, the governmental entity that required the repairs or improvements, if applicable, the approximate cost to complete the repairs or improvements, and any agreements between the seller and buyer regarding who will be responsible for any identified repairs or improvements.

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4) Exhibit I - Provide documentation of the utility's right to continued long-term use of the land upon which the utility treatment facilities are located. This documentation shall be in the form of a recorded warranty deed, recorded quit claim deed accompanied by title insurance, recorded long-term lease, such as a 99-year lease, or recorded easement. The applicant may submit an unrecorded copy of the instrument granting the utility's right to access and continued use of the land upon which the utility treatment facilities are or will be located, provided the applicant files a recorded copy within the time prescribed in the order granting the transfer.

5) Exhibit J - Provide a copy of all of the utility's current permits from the Department of Environmental Protection (DEP) and the water management district.

6) Exhibit K - Provide a copy of the most recent DEP and/or county health department sanitary survey, compliance inspection report, and secondary water quality standards report.

- 7) Exhibit L - Provide a copy of all of the utility's correspondence with the DEP, county health department, and water management district, including consent orders and warning letters, and the utility's responses to the same, for the past five years.
- 8) Exhibit M - Provide a copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years.

**E) PROPOSED TARIFF**

Exhibit N - Provide a tariff containing all rates, classifications, charges, rules, and regulations, which shall be consistent with Chapter 25-9, F.A.C. See Rule 25-30.037, F.A.C., for information about water and wastewater tariffs that are available and may be completed by the applicant and included in the application.

**F) ACCOUNTING INFORMATION**

- 1) Exhibit O - Provide the proposed net book value of the system as of the date of the proposed transfer, and a statement setting out the reasons for the inclusion of an acquisition adjustment, if one is requested. If rate base has been established by this Commission, provide the docket and the order number. In addition, provide a schedule of all subsequent changes to rate base.

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- 2) Exhibit P - Provide a statement from the buyer that it has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established or the rate base was last established by the Commission, whichever is later. If the tax returns have not been obtained, provide a description of the steps taken to obtain the tax returns.

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- 3) Exhibit Q - Provide a statement regarding the disposition of outstanding regulatory assessment fees, fines, or refunds owed and which entity will be responsible for paying regulatory assessment fees and filing the annual report for the year of the transfer and subsequent years.

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- 4) Exhibit R - If the buyer currently owns other water or wastewater utilities that are regulated by this Commission, provide a schedule reflecting any economies of scale that are anticipated to be achieved within the next three years and the effect on rates for existing customers served by both the utility being purchased and the buyer's other utilities.

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**G) NOTICING REQUIREMENTS**

Exhibit - S - Provide proof of noticing pursuant to Rule 25-30.030, F.A.C. This may be provided as a late-filed exhibit.

**PART III**

**SIGNATURE**

Please sign and date the utility's completed application.

APPLICATION SUBMITTED BY:

  
Applicant's Signature

MICHAEL SMALLRIDGE

Applicant's Name (Printed)

MANAGING MEMBER

Applicant's Title

10/28/2016

Date

**EXHIBIT A**  
**PURCHASE AGREEMENT.**

## **AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS**

THIS AGREEMENT FOR PURCHASE AND SALE OF WATER ASSETS ("Agreement") is entered into by and between **Florida Utility Services 1, LLC**, whose mailing address is 3336 Grand Blvd Suite #102, Holiday, Florida 34690 ("Buyer") and **Tevalo, Inc., a Florida corporation, d/b/a McLeod Gardens Water Company**, whose mailing address is P.O. Box 2898 Winter Haven, FL. 33883-2898 ("Seller") (collectively "the Parties").

Seller agrees to sell, and Buyer agrees to buy the assets used in connection with the operation of that certain utility system (the "Purchased Assets") commonly known as **McLeod Gardens Water Company**, more particularly described below, pursuant to the following terms and conditions:

1. **Utility System**. The utility system, which Seller operates under the name **McLeod Gardens Water Company**, provides domestic potable water to residential and general service customers in Polk County, Florida pursuant to Florida Public Service Commission ("FPSC") Water Certificate No. 619-W (the "Certificate of Authorization") (the "Utility System").

2. **Purchased Assets**. This is a purchase of assets only. The "Purchased Assets" shall mean (a) 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, except for the Excluded Assets, described below; (b) the real property and interests in real property owned and held by Seller, in fee simple, as identified in Exhibit "A" to this Agreement ("Real Property"); (c) an assignment of all rights described in any recorded restrictions, including the right to charge, collect and lien against any lot for nonpayment, if any; (d) all easements, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, canals, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System, if any; (e) all water distribution facilities, water treatment facilities, wells, of every kind and description whatsoever that constitute part of the Utility System, including but not limited to generators, pumps, plants, tanks, transmission mains, distribution mains, supply pipes, collection pipes or facilities, valves, meters, meter boxes, service connections and all other physical facilities, equipment and property installations owned by Seller and used in connection with the Utility System, wherever they may be stored, together with all additions or replacements thereto; (f) all certificates, permits, license rights, consents, grants, leaseholds, and similar rights relating to the construction, maintenance, and operation of the Utility System and its plants and systems for the procuring, storage and distribution of potable water, every right of every character whatever in connection therewith, subject to the obligations thereof (collectively, the "Certificates"), to the extent they can be assigned; (g) all water rights, flowage rights and all renewals, extensions, additions or modifications of any of the foregoing; together with all rights granted to Seller under the foregoing Certificates, to the extent they can be assigned; (h) all items of inventory owned by Seller, for use in connection with the maintenance and operation of

the Utility System, which inventory may be used by Seller in the ordinary course of business prior to Closing but which shall not be unreasonably depleted prior to the Closing date, including without limitation, all meters, chemicals, and other materials and supplies used by Seller; (i) all supplier lists, customer records, receipts for payment of connection charges, prints, blueprints, plans, engineering reports, specifications, shop drawings, equipment manuals, maps, 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; (j) all sets of drawings, showing all facilities of the Utility System, including all original tracings, maps, or other reproducible materials 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; and (k) Developer Agreements, if any. Seller shall prepare and deliver to Buyer a list of personal property to be conveyed at closing, 5 days prior to closing, for Buyer's review and approval.

3. **Deposits/Accounts Receivable.** Prior to closing Seller shall refund all customer deposits to its customers. After the Closing Date, the Buyer shall make reasonable efforts in the ordinary course of business and consistent with the Seller's past practices to collect the Accounts Receivable due Seller as of the Closing Date and remit the amounts collected to Seller within 10 days after collecting same. Seller shall pay the operating expenses of the Utility System prior to the Closing Date.

4. **Excluded Assets.** The following "Excluded Assets" are excluded from the Purchased Assets: (a) escrow and other Seller provisions for payment of federal and state taxes and other obligations to governmental entities; (b) seller shall be responsible for paying any such taxes and other obligations, to the extent that they are due from the operation of the Utility System prior to the Closing Date; and (c) all, computers, software, office equipment, and intellectual property owned or licensed by Seller and used by Seller in connection with the operation of the Utility System.

5. **Name of New Entity.** Buyer shall utilize, and may acquire title in the names "McLeod Gardens Utilities, LLC" and no infringement shall be claimed by Seller.

6. **Assumption of Obligations.** Buyer shall assume all obligations and liabilities arising from the operation of the Utility System after the day of Closing, under the Certificates or under contracts or commitments expressly assumed by Buyer. Seller warrants that there are no known contracts to be assumed by Buyer. Buyer 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 un-liquidated, and whether arising or accruing under contract, tort, or pursuant to statute, rule, ordinance, law, regulation or otherwise, arising from the operation of the Utility System prior to the Closing Date. Without limiting the foregoing, Buyer 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, arising from

the operation of the Utility System. 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 Buyer.

7. **Purchase Price.** On the Closing Date, Buyer shall pay to Seller, subject to the additions, adjustments and pro-rations referenced in this Agreement the purchase price of \$20,300.00 ("Purchase Price"), in cash or other immediately available funds, subject to prorations and credits as set forth in this Agreement.

8. **Warranties.** Seller represents and warrants to Buyer that to the best of Seller's knowledge, the execution and performance of this Agreement will not violate any provision of law, order of any court or agency of government applicable to Seller, 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. Seller has exclusive possession and marketable title to all Real Property. The Purchased Assets are not subject to any mortgage, pledge, lien, charge, security interest, or encumbrance and Seller shall, at closing deliver title to such personal property free and clear of all debts, liens, pledges, charges or encumbrances whatsoever. To the best of Seller's knowledge, Seller warrants there are no current actions, suits or proceedings at law or in equity pending or, to Seller's knowledge, threatened against the Seller or the Utility System before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect the Utility System or any of 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 to its knowledge are likely to result in any such action, suit or proceeding. To the best of Seller's knowledge, Seller is not in material default with respect to any permit, order or decree of any court or of any administrative or governmental agency or instrumentality affecting the Utility System or any of 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 Utility System.

9. **Environmental Law Compliance.** Seller warrants that the Utility System is in material compliance with all applicable Environmental Laws, including 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 any conditions and requirements contained in any permits possessed by Seller from any federal, state or local agencies necessary to operate the Utility System.

10. **Title Insurance.** At least seven (7) days prior to the Closing, Buyer shall, through a title insurance agent of Buyer's choice (the "Title Agent"), cause a current title insurance commitment to be issued by a title insurance company authorized to conduct business in Florida (the "Title Insurer"), and delivered to Buyer and Seller. The cost of the title insurance commitment and title insurance policy shall be borne by Buyer. The title insurance commitment shall commit the Title Insurer to issue owner's title insurance policies to Buyer covering the Real Property (substantially in accordance with the ALTA Standard Owner's Form B), reflecting title to the Real Property to be insurable, subject only to Permitted Encumbrances, as defined below, and encumbrances acceptable to Buyer, in Buyer's sole discretion; provided, however, that the Title Insurer shall delete the standard exceptions customarily deleted for such items as material man's liens, survey, and mechanic's liens. Seller shall execute at or prior to Closing, in favor of Buyer 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.

11. **Title Defects.** Buyer shall notify Seller in writing prior to closing of any material defect in Seller's title to the Real Property, other than those accepted herein and the Permitted Encumbrances. Seller shall have thirty (30) days after receipt of Buyer's notice to eliminate the objections to title set forth in Buyer's notice. However, in no event shall Seller be required to bring suit or expend any sum to cure title defects, exclusive of mortgages against the Real Property that Seller has an obligation to discharge on or before Closing pursuant to the terms of this Agreement. If Seller fails to cure the title objections as herein provided, then Buyer may accept whatever title Seller is able to convey with no abatement of the Purchase Price; or reject title and terminate this Agreement, following which termination the Buyer and the Seller shall have no further liability hereunder. Buyer shall have the right, but not the obligation, to do such surveys on the Real Property as Buyer desires. Surveys procured by Buyer shall be at the sole cost and expense of Buyer. Title Agent shall deliver, promptly after Closing, the title insurance policy issued on the binder. "Permitted Encumbrances" include present and future building restrictions, zoning regulations, laws, ordinances, resolutions, regulations and orders of any governmental authority having jurisdiction over the Real Property and the use thereof.

12. **Survey.** Buyer shall have the right, but not the obligation, to do such surveys on the Real Property as Buyer desires. Surveys procured by Buyer shall be at the sole cost and expense of Buyer.

13. **Conditions Precedent to Closing.** This contract is contingent upon The Florida Public Service Commission (FPSC) agreeing to the transfer of the Certificate of Authorization for McLeod Gardens Water Company to Buyer. Buyer agrees apply for and to diligently pursue FPSC's approval for the transfer, at its expense. The sale, assignment and transfer of the Utility System's Certificate of Authorization and the Purchased Assets is contingent upon FPSC approval.



**14. Documents to be provided by Seller.** Within five (5) days of the effective date of this Agreement, Seller shall provide Buyer all plans and specifications showing the Utility System, together with a map showing the Utility System and appurtenances as now constructed; any contracts or leases; all documents identifying equipment, tools, parts and all other personal property owned or used by Seller in connection with the operation of the Utility System; a schedule and copies of documents reflecting the rates, fees and charges currently being collected by Seller; copies of all permits, applications, or other documents, together with effective dates and expiration dates (if any), issued to Seller by all 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; a list of all customers, customer deposits and accounts receivable by name and account number, setting forth the amount of each individual deposit and receivable and their aggregate totals and identifying each deposit as refundable or non-refundable; all warranties held by Seller with respect to completed, or in progress, construction work with respect to the Utility System, in addition to a copy of all warranties relating to the Purchased Assets; any and all effective insurance policies with respect to the Purchased Assets and Utility System; all deed and other evidence of ownership or rights to the Real Property identified in Exhibit "A"; all surveys of the Real Property, if any; all easements, licenses, prescriptive rights and rights-of-way identified in Exhibit "A"; and all environmental permits and applications (the "Due Diligence Documents").

**15. Due Diligence Period.** Buyer, its agents, representatives and consultants, shall have the right to go upon the Real Property for the purposes of inspecting the same, including without limitation, for the purposes of conducting soil tests, soil borings and groundwater tests, performing surveys, environmental audits and inspections, performing physical facility inspections, and for such other purposes as shall be appropriate, in the judgment of Buyer in order for Buyer to determine whether, in Buyer's judgment, the Real Property and the Purchased Assets are suitable for Buyer's intended use as a water company ("Intended Use"). Buyer shall have the right to make such other investigations with respect to the Real Property and Purchased Assets, including, without limitation, investigations relating to zoning, land use, development agreements, availability of utilities and the like, and inspection of the books and records, as Buyer may deem to be appropriate in making the determination of whether or not the Real Property and the Purchased Assets are suitable for Buyer's Intended Use. Buyer shall indemnify, defend, and hold Seller harmless from any and all liabilities, claims and damages arising out of the rights granted to Buyer in this Section 15, which covenant shall survive Closing or the earlier termination of this Agreement. Buyer shall restore the Real Property to as close (as it is reasonably able) to the condition as the Real Property was in immediately prior to Buyer conducting the tests set forth above, which obligation shall survive termination of this Agreement. The foregoing inspection rights shall be subject to: (A) advance notice to Seller; and (B) Seller's right to have a representative present during the inspections; and (C) take all actions and implement all protections necessary to ensure that all actions taken in connection with the Inspections, and the equipment, materials and substances generated, used or brought onto the Real Property and/or existing improvements pose no threat to the safety or health of persons or the environment, and cause no damage to the

Property or other property of Seller or other persons.. Buyer shall and does hereby indemnify Seller and hold Seller harmless and defend Seller from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements at all trial and appellate levels), suffered or incurred by Seller and arising out of or in connection with (i) Buyer's and/or Buyer's Agents' entry upon the Real Property and/or existing improvements; (ii) any inspection or other due diligence activities conducted with respect to the Real Property by Buyer or Buyer's Agents; and/or (iii) any liens or encumbrances filed or recorded against the Real Property, or any portion thereof, as a consequence of the inspections or any and all other activities undertaken by Buyer or Buyer's Agents. The foregoing rights of Buyer to inspect the Property shall extend for fifteen (15) days after the Effective Date ("**Due Diligence Period**"). Buyer agrees to keep the Real Property free of any lien or encumbrance created or caused directly or proximately by Buyer or Buyer Agents, including, without limitation, liens for services, labor or materials furnished in connection with the inspections, and to cause any such liens or encumbrances to be removed within ten (10) days after notice of recordation of such lien or encumbrance. On or before the end of the Due Diligence Period, Buyer may terminate this Agreement in writing, and neither party shall have any further liability under the Agreement except for the indemnity described in this Section 15. Upon the expiration of the Due Diligence Period, Buyer shall deposit with Peterson & Myers, P. A., as escrow agent the sum of \$1,000.00 as a Deposit. The Deposit shall be applied against the Purchase Price at Closing or paid to Seller upon Buyer's default, or returned to Buyer as provided herein. The Deposit shall be non-refundable to Buyer after the expiration of the Due Diligence Period, subject to Seller's ability to perform under this Agreement, including Seller's ability to cure Title Defects as set forth in Section 11 hereof.

16. **ACCEPTANCE "AS IS-WHERE IS, WITH ALL FAULTS"**. Buyer hereby agrees that the Due Diligence Period gives the Buyer sufficient opportunity to thoroughly investigate the Purchased Assets and determine whether the Purchased Assets are satisfactory. Buyer has not relied and will not rely on any representation of Seller other than as expressly set forth in this Agreement. Buyer hereby agrees and acknowledges that all materials, data and information delivered by Seller to Buyer in connection with the transaction contemplated hereunder is as a convenience only and that any reliance on or use of such materials, data, or information by Buyer shall be at the sole risk of the Buyer. Buyer further acknowledges and agrees that Seller has made no representations, is not willing to make any representations, nor held out any inducements to Buyer other than those expressly set forth in this Agreement; and Seller is not and shall not be liable or bound in any manner by any express or implied warranties, guaranties, statements, representations or information pertaining to the Purchased Assets, except as may be specifically set forth in this Agreement. In no event shall Seller have any obligation to make or effectuate any repairs or improvements to the Property, or to obtain any zoning variances, governmental regulation modifications, platting or other governmental approvals relating to the Real Property; provided however, that Seller represents that the Real Property is properly and duly zoned for its current use. Except for the Seller's representations and warranties expressly set forth herein, Buyer acknowledges and agrees that upon Closing Seller shall sell and Buyer shall accept the Purchased Assets in their existing condition "**AS IS-WHERE IS, WITH ALL**

**FAULTS". Buyer specifically acknowledges that the Buyer has been informed that the hydropneumatic water tank used in the operation of the Utility System has recently been inspected by Southeast Technical and Design Services, LLC and that the inspection recommended that the water tank needs to be rehabilitated by, among other things, recoating the interior of the tank, and that Buyer has agreed to assume the obligation and expense for such rehabilitation.**

16. **Obligations of Seller.** The risk of any loss of the Purchased Assets shall remain with Seller until closing. Seller shall not enter into any new contracts or obligations without Buyer's written consent, except in the ordinary course of operating the Utility System.

17. **Closing.** This transaction shall be closed on or before September 1, 2016, unless extended by both parties, at the office of Peterson & Myers, P.A. or at any other time and place agreed to by the parties. At Closing (a) Buyer shall pay the Purchase Price;; (b) the parties shall execute such documents as are necessary to meet the conditions described herein; (c) title to the Real Property shall be conveyed to Buyer 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 Buyer by Bill of Sale free of all claims, liens, or encumbrances, whatsoever, other than Permitted Encumbrances; (d) Seller shall assign its right, title and interest in those easements, licenses, etc. identified in Exhibit "A."

18. **Closing Costs:** (a) recording fees to record the deeds and any other instruments necessary to deliver title to the Buyer shall be paid by the Buyer including all real property transfer and transaction taxes and levies relating to the purchase or sale of the Real Property including, without limitation, the documentary stamps which shall be affixed to Seller's warranty deed;; (b) 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; (c) Seller shall be responsible for all costs for services, materials and supplies rendered in connection with the operation of the Utility System prior to and including the day of Closing including, but not limited to, electricity, purchased water or telephone service and other such services, materials and supplies ("Accounts Payable"). Buyer shall be responsible for all such costs and expenses incurred subsequent to Closing. (

19. **Prorating of Taxes and Assessments.** All real property ad valorem taxes and general assessments applicable to the Property shall be prorated as of the Closing Date between Seller and Purchaser, said proration to be based upon the most recently available tax or general assessment rate and valuation with respect to the Property; provided, however, that upon the issuance of the actual tax or general assessment statement or bill for the year of the Closing, Purchaser and Seller shall promptly make such reপরations as may be necessary to ensure that the actual amount of such taxes and general assessments for the year of Closing shall be prorated between Purchaser and Seller as of the Closing Date, said agreement to survive Closing hereunder. All special assessments which have been levied or certified prior to Closing shall be paid in full by Seller.

20. **Post-Closing Cooperation.** After Closing, Seller and Buyer 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. The terms of this Agreement shall survive closing.

21. **Miscellaneous Provisions.** This Agreement constitutes the entire agreement between the parties. In the event that any action or proceeding is commenced by any party hereto for the purpose of enforcing any provision of this Agreement, the parties to such action, proceeding, or appeal of any award, judgment, decision or resolution shall be entitled to receive as part of any award, judgment, decision or other resolution of such action, proceeding, or appeal, their costs and reasonable attorneys' fees as determined by the person or body making such award, judgment, decision or resolution. This Agreement may be modified only in writing. This Agreement shall be governed by the laws of the State of Florida with venue shall be in Polk County, Florida. Except as provided for herein, this Agreement may not be assigned without the prior written consent of the non-assigning party, except that Buyer shall create a new LLC and Buyer may assign all of its rights to the new entity without any further consent by Seller. If properly assigned, this Agreement shall be binding upon and inure to the benefit of the parties' successors and assigns. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument notwithstanding that all parties are not signatories to each counterpart. Additionally, the parties agree that a facsimile signature to this Agreement will be recognized and accepted as an original signature. Buyer and Seller each hereby represents and warrants to the other that neither Buyer nor Seller has engaged or dealt with any agent, broker or finder in regard to this Agreement or to the sale and purchase of the Purchased Assets contemplated hereby. Buyer and Seller hereby indemnifies the other and agrees to hold the other free and harmless from and against any and all liability, loss, cost, damage and expense, including, but not limited to, attorney's fees and costs of litigation, both prior to and on appeal, which the other shall ever suffer or incur because of any claim by any agent, broker or finder engaged by the indemnifying party, whether or not meritorious, for any fee, commission or other compensation with respect to this Agreement or to the sale and purchase of the Purchased Assets contemplated hereby. Any notices which may be permitted or required hereunder shall be in writing and shall be deemed to have been duly given as of the date and time the same are personally delivered, transmitted electronically (i.e., facsimile) or within three (3) days after depositing with the United States Postal Service, postage prepaid by registered or certified mail, return receipt requested, or within one (1) day after depositing with Federal Express or other overnight delivery service from which a receipt may be obtained, and addressed to the addresses set forth in the first paragraph of this Agreement. Wherever under the terms and provisions of this Agreement the time for performance falls upon a Saturday, Sunday, or Legal Holiday, such time for performance shall be extended to the next business day. When used herein, the term "Effective Date" or the phrase "the date hereof" or "the date of this Agreement" shall mean the last date

that either Buyer or Seller execute this Agreement.

22. **Radon.** Radon is naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

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.

Buyer:

**Florida Utility Services 1, LLC**

*Michael Smokey*

*6-17-16*

Buyer

Date

Seller:

**Tevalo, Inc., a Florida corporation, d/b/a McLeod Gardens Water Company**

*Laura V. Griffith*

*6-25-16*

Laura V. Griffith, President

Date

EXHIBIT A- REAL PROPERTY

## TBD- PENDING SURVEY AND NEW LEGAL DESCRIPTION.

Any and all other real property, including easements, whether platted or not, licenses, prescriptive rights, rights-of-way and rights to use public and private roads, highways, canals, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System.