



April 18, 2016

Mr. Mike Miller
Barrington Estates Property Owners HOA
c/o Empire Management Group
1135 East Avenue
Clermont, FL 34711

Re: Barrington Estates Wastewater Facilities – Indication of Interest

Dear Mike,

Thank you for the opportunity to discuss the potential acquisition of the wastewater facilities serving Barrington Estates. Although the information we have gathered thus far has been limited, we wanted to share with you our preliminary indication of value and the benefits of ownership under Utilities, Inc. in order to give you and the HOA Board a basis for a decision to move forward.

Utilities, Inc. has been in business nearly 50 years and has been providing water, wastewater and reclaimed water services to customers in Florida since 1976 where we currently have over 60,000 connections. We have a strong track record of providing top quality service and have the people and capital to make the investments to insure safe, reliable service in the future. We have already made the investments in the facilities and people to provide this level of water service to Barrington Estates. If we were to acquire the wastewater facilities, we would assess the system needs and spend the necessary capital to upgrade and maintain the facilities in accordance with all the regulatory requirements and the level of service expected by the customers. This would include adding back up electric generation equipment to protect against power outages.

As a private utility, our rates are regulated by the Florida Public Service Commission (FPSC), in the same manner that the water rates are currently determined for Barrington Estates through our Lake Utility Services system. Under this regulation, we are limited as to the investment that can be recovered in rates which means that our offer to purchase the current assets would be set no higher than the rate base established by the FPSC. The information that was provided to us shows potential rate base of approximately \$270,000. This figure is based primarily on the original cost less depreciation so any recent investment or improvements may not be reflected. It does not reflect any portion of the original investment that was paid as a contribution from the customers which will be considered by the FPSC in establishing rate base. A final determination of rate base would need to be approved by the FPSC in a transfer proceeding. Since current rate base has not formally been established, we are willing to offer \$270,000 as a purchase price contingent on FPSC approval to include the full amount in rate base going forward. A definitive purchase agreement would therefore include a purchase price adjustment to reflect the FPSC's final rate base determination.

This letter is an indication of interest for further evaluation of the assets and the potential for a transaction between Utilities, Inc. and Barrington Estates HOA. This letter represents a strictly confidential and non-binding indication of interest and, except for the obligations regarding the Exclusivity Period described in the paragraph below which shall be binding on Barrington Estates HOA, no binding agreement shall exist until a final, formal agreement has been duly executed by Utilities, Inc., or an affiliate, and Barrington Estates HOA or an affiliate. As a result, this letter will at all times and in all respects remain non-binding on Utilities, Inc., its affiliates, officers, directors, employees and agents and will not give rise to any claims that this letter is a

binding contract. Once our evaluation process is complete, we may in our sole discretion begin the process of negotiating and documenting a purchase price and a binding agreement between the parties.

Barrington Estates HOA acknowledges that the due diligence investigation and review contemplated by this letter will involve the expenditure of time and money by Utilities, Inc. During the period from the date this letter is signed by Barrington Estates HOA until the earlier of (i) 90 days thereafter or (ii) the effective date of a definitive purchase agreement (the "Exclusivity Period"), neither Barrington Estates HOA nor its Representatives or Members shall directly or indirectly in any manner (a) entertain or solicit, (b) furnish or cause to be furnished any information to any persons or entities (other than Utilities, Inc. or its Representatives) in connection with, or (c) pursue any proposal or discussions for any possible sale of the assets, no matter how structured.

If you are in agreement with proceeding on this basis, please indicate your agreement by signing this letter in the space provided below and returning the signed copy to me by email at your earliest convenience so that we can make arrangements to proceed to the next steps.

Sincerely,

John Hoy
President, Utilities Inc. of Florida

ACKNOWLEDGED, AGREED AND ACCEPTED this _____ day of _____, 2016.

Barrington Estates HOA

Per: _____