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January 6, 1997

970022-EU

Blanca S. Bayo, Director Division of Records and Reporting Florida Public Service Commission Room 110, Betty Easley Conference Center 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

Re: Petition of Florida Power & Light
Company for Enforcement of Order
No. 4285 in Docket No. 9056-EU

Dear Ms. Bayo:

Enclosed for filing are the original and fifteen (15) copies of Florida Power & Light company's Petition for Enforcement of Order. Please acknowledge receipt and filing of the above by stamping the copy of this letter attached and returning same to me.

Yours truly,

willow P. Miller

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FILE (C.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Florida Power &)
Light Company for Enforce-)
ment of Order No. 4285 in)
Docket No. 9056-EU.)

DOCKET NO. 9700 22-EU

PETITION FOR ENFORCEMENT OF ORDER

Comes now, Petitioner, Florida Power & Light Company ("FPL"), by and through its undersigned attorneys, and petitions the Commission to enforce its Order No. 4285, issued on December 1, 1967, in Docket No. 9056-EU, a copy of which is attached hereto as Exhibit A and by reference made a part hereof. Petitioner is the applicant identified in said Order. This Petition is necessary as the City of Homestead (the "City") is willfully and intentionally violating the terms of said Order to the economic detriment of the Petitioner.

The Petitioner, through its attorneys, has notified the City and has met with City officials and counsel. The City takes the position that it is not in violation of Order No. 4285 because the City owns the real estate where retail electric service is being provided and, in the City's view, the premises constitute a "city-owned facility" within the meaning of an exemption contained within the Order. Further efforts to negotiate would, in the opinion of the Petitioner, be fruitless.

In further proof and in support of this Petition, FPL offers the following for the Commission's review and consideration:

1. By Order No. 4285 (Exhibit A) issued on December 1, 1967, in Docket No. 9056-EU, the Commission approved a territorial DOCUMENT NUMBER UATE

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agreement (the "Territorial Agreement") dated as of August 7, 1967, between FPL and the City. A copy of the Territorial Agreement is attached as Exhibit B.

2. Paragraph 8 of the Territorial Agreement provides as follows:

Notwithstanding the provisions of paragraph 61 hereof, it is agreed that the City shall supply power to and, for purposes of this Agreement, shall consider that the Housing Authority Labor Camp located on the Easterly side of Tallahassee Road (SW. 137th Avenue) is within the service area of the City, including any additions to or extensions of said facilities of the Homestead Housing Authority. The City's right to furnish service to City-owned facilities, or those owned by agencies deriving their power through and from the City (including but not limited to the Homestead Housing Authority) may be served by the said City, notwithstanding that the said facilities are located within the service area of [FPL]. (Emphasis added)

3. As the Commission is aware, the City has on several occasions attempted unsuccessfully to invalidate the Territorial Agreement. In May 1988, the City notified FPL that the City was terminating the Territorial Agreement effective August 7, 1988, claiming that the lack of a specified term (i.e., duration) in the Territorial Agreement made it terminable by either party upon giving reasonable notice to the other. FPL objected, and sought a declaratory statement from this Commission with respect to the parties' rights and obligations under the Territorial Agreement.

¹Paragraph 6 of the Territorial Agreement provides that new annexations of areas by the City do not affect Florida Power & Light Company's right to serve those areas.

Shortly thereafter, the City filed a declaratory judgment action in Dade County Circuit Court regarding the Territorial Agreement. The Commission sought a writ of prohibition from the Florida Supreme Court against the judge in the Dade County Circuit Court action. Although declining to issue the writ (expressing confidence that the circuit judge would abide by the Court's ruling), the Florida Supreme Court in <u>Public Service Commission v. Fuller</u>, 551 So.2d 1210, 1212 (1989) concluded in material part:

We conclude that the purpose of the action brought by the City of Homestead in the circuit court is to modify the territorial agreement between it and FPL. We find that the agreement has no existence apart from the order approving it and that territorial agreement merged with and became a part of Florida Public Service Commission modification Order No. 4285. Any termination of that order must first be made by the PSC. The subject matter of the order is within the particular expertise of the PSC, which has the responsibility of avoiding the uneconomic duplication of facilities and the duty to consider the impact of such decisions on the planning, development, and maintenance coordinated electric power throughout the state of Florida. The PSC must have the authority to modify or terminate this type of order so that it may carry out its express statutory purpose.

4. Subsequently, in September 1990, the City filed a petition with this Commission seeking, alternatively, to have the Commission either acknowledge termination of the Territorial Agreement, or resolve a claimed territorial dispute. When the Commission granted FPL's motion to dismiss, the City appealed to the Florida Supreme Court. In City of Homestead v. Beard, 600 So.2d 450, 455 (1992),

the Supreme Court ruled that "the ... [A]greement is not terminable at will by the parties and may only be modified or terminated by the [Commission] in a proper proceeding . . .," reasoning (600 So.2d at 454):

The purpose behind settlement agreements is to end the dispute, not to delay the dispute until one of the parties decides it is advantageous to begin competing again. The benefit of territorial agreements is the elimination of competition and the unnecessary duplication of facilities and services. (Citation omitted) If a party could terminate the agreement as soon as it was favorable to do so, the benefit to the public interest, as well as to the parties, would be impaired.

5. FPL has recently learned that the City, in its process of developing a commercial tract called the Homestead "Park of Commerce" — a tract which is within the City's corporate boundaries but unquestionably within FPL's service territory — has, in violation of the Territorial Agreement and Order No. 4285, provided electric utility service to one tenant since late 1993 and has similarly offered to provide service to prospective tenants, in deliberate violation of the Territorial Agreement² and the Commission's orders approving and enforcing same. To enable it to do so, the City built a new feeder extending approximately one-half

²Paragraph 2 of the Territorial Agreement provides:

The City and [FPL] agree that each will not serve or offer to serve a customer outside its service area. Whenever a customer applies for service to the party not serving the area of the customer, it is agreed that [FPL] or the City, as the case may be, shall refer the customer promptly to the other.

mile from City-owned distribution facilities located to the east of the Park of Commerce. The City has apparently also installed an underground loop along the perimeter of the Park of Commerce. Both the feeder and underground facilities are uneconomic duplication of FPL facilities located immediately adjacent to the Park of Commerce.

6. FPL has obtained copies of various publicly available documents which are illustrative of the City's violation of the Territorial Agreement. Attached to this Petition as Exhibit C is a fifty-year-term "Lease Agreement" (the "Lease"), dated July 22, 1993, between the City and Silver Eagle Distributors, Ltd. ("Silver Eagle"). Subsection 6(h) of the Lease provides:

The [City] may have a dispute (the "FPL Dispute") with Florida Power and Light ("FPL") as to whether [the City] or FPL has the right to be the exclusive provider of electrical services to the Property. The FPL Dispute may take many months for resolution, and the outcome probably depends on whether, purposes of FPL's territorial allocation agreement with [the City], [the City] is deemed to be the owner of the Property. [The City] will indemnify and hold harmless [Silver Eagle] from any and all claims, damages or losses which [Silver Eagle] may suffer or incur by reason of the FPL dispute, including without limitation all attorneys' fees and costs (whether or not suit is filed) and losses from any interruption of electrical service to the Property and any fine, penalty, service fee or similar sum which is due to FPL with respect to any provision of electrical services by [the City] to the Property, or any conversion of electrical services from [the City] to FPL.

- 7. Subsection 6(h) of the Lease is a contractual admission on the City's part that it is, at the very least, highly questionable whether Silver Eagle's beer distribution facility located within the Park of Commerce qualifies under the "service to City-owned facilities" exception set forth in Paragraph 8 of the Territorial Agreement, and quoted above in paragraph 2 of this Petition. An abbreviated summary of portions of the Lease discloses the unconvincing nature of the City's scheme:
 - (i) Sections 1 and 2 Silver Eagle is to construct a 53,000 square foot building on a ten-acre parcel of land located in the Park of Commerce and to be leased from the City.
 - (ii) Subsection 6(b) Silver Eagle must apply for a building permit.
 - (iii) Subsection 6(f) City permits, licenses and other approvals are contingent upon Silver Eagle's "proper application, submission of plans conforming to all applicable ordinances and regulations, and payment of customary fees."
 - (iv) Subsection 6(1) The costs of constructing the 53,000 square foot warehouse, distribution and office facility, and any replacements thereof or additions thereto, are solely the responsibility of Silver Eagle.
 - (v) Section 9 Silver Eagle is to obtain and maintain liability, hazard, fire and flood insurance.

- (vi) Section 17F All plumbing, electrical, air conditioning, etc. repairs, all remodeling and all alterations are to be at the sole expense of Silver Eagle.
- 8. In addition, Silver Eagle has been granted an exclusive option during the period from October 1, 1994, through July 1, 2014, to purchase the real property upon which its building sits. See the "Option Agreement" dated July 22, 1993, comprising Exhibit D attached hereto. Both the Lease and the Option Agreement were subsequently amended as of January 12, 1995, by a "First Amendment to Lease and Option Agreements," attached to this Petition as Exhibit E.
- 9. FPL submits that the City cannot legitimately assert or contend that Silver Eagle's warehouse, distribution and office facility in the Park of Commerce qualifies as a "City-owned facility" entitling the City to provide electrical service to it because all electricity-consuming structures and equipment on the site are owned by, and are the sole responsibility of, Silver Eagle. As such, the City is not entitled to serve, and is barred by Paragraph 2 of the Territorial Agreement (quoted earlier in footnote #2) from serving or offering to serve, Silver Eagle or other non-City-owned tenants within the Park of Commerce. FPL has in fact learned that the City has recently negotiated a lease with a second prospective tenant, Contender Boats, under terms very similar to those of the Lease with Silver Eagle. Groundbreaking for the Contender Boats facility is underway.

- FPL is entitled to serve the disputed area under the 10. express terms of the Territorial Agreement and the Commission's own Order No. 4285 approving the Territorial Agreement, and is fully capable of providing reliable electric service to Silver Eagle and to any and all future tenants within the Park of Commerce by means of service extensions from an existing FPL distribution feeder which runs easterly along the south side of S.W. 328th Street and dead ends at Kingman Road (S.W. 152nd Avenue). FPL has a single phase lateral extending southward from S.W. 328th Street along FPL estimates that this lateral would have to be Kingman Road. upgraded to three phase to serve Silver Eagle and other future non-City-owned lessees/tenants within the Park of Commerce. description and sketch of the anticipated facilities necessary to serve Silver Eagle, including certain underground ducts and cables plus a 300 kVA pad-mounted transformer, and their cost breakdown are set forth on Exhibit F hereto. As shown thereon, FPL currently estimates that it will incur costs of \$22,656 to serve Silver Eagle.
- 11. FPL does not contest the City's ownership of the real estate underlying the facilities located thereon and therein at the Park of Commerce; however, the City has surrendered its dominion or control over the real estate for so long as Silver Eagle performs under the terms of the Lease and will permanently relinquish such control if and when Silver Eagle exercises its option to purchase by paying a small purchase price. Ownership of the realty, however, is not the issue. Ownership of the facilities, an Anheuser-Busch

beer distribution facility and a Contender Boats manufacturing facility, is the issue. Black's Law Dictionary 531 (rev. 5th ed. 1979) defines "facility" as follows:

Facility. Something that is built or installed to perform some particular function, but it also means something that promotes the ease of any action or course of conduct. Raynor v. American Heritage Life Ins. Co., 123 Ga.App. 247, 180 S.E.2d 248, 250. See also Facilities.

Similarly, Florida Statutes consistently define a "facility" not as the real estate but as the activity or purpose which is being facilitated by the operations within the premises. See Fla. Stat. §§ 509.502; 440.49; 153.02; 193.621; 252.60; 266.0002; 266.0012; 266.0022; 266.0032; 266.0042; 266.0052; 266.0062; 376.301(3), (8)-(12); 376.321(4); 393.16; 394.455(6); 404.30; 415.102; 651.011; 721.05. Ownership of the real estate is seldom, if ever, a factor.

- 12. It is abundantly clear that the City of Homestead exercises no control or dominion over either the distribution of beer or the manufacturing of boats since neither is a legitimate exercise of municipal power and would, therefore, be an ultra vires act violative of the Florida Constitution. State v. Town of North Miami, 59 So.2d 779 (Fla. 1952).
- 13. The City, in defining the purpose of the Lease in paragraph 1, states that "[t]he purpose of this lease is to provide a location for the reconstruction of the Lessee's business ... for use as a warehouse, distribution and office facility (the "Proposed Use")" (emphasis supplied). The Lease (Exhibit C) in paragraph 6(m) further gives Silver Eagle the right to remove all

of its equipment, furniture and fixtures should Silver Eagle elect to terminate the Lease. These are the properties which facilitate the use of the premises and convert the premises to a beer distribution and office facility.

- Agreement (Exhibit B) to exempt from its terms solely the Homestead Housing Authority Labor Camp and any other municipal agency performing a legitimate municipal function and to allow such municipal facilities to be served by the City's municipal utility, whether any such municipal facility was located on municipal or private property. To construe a broader intent, one would have to believe that the drafters of the Territorial Agreement anticipated that the City would be engaged in illegal activities; i.e. activities which facilitate private for-profit purposes as opposed to municipal or governmental functions, in violation of the Florida Constitution and the oaths of the City's elected officials. Such a construction cannot merit serious consideration.
- 15. Counsel for the City has acknowledged that, if it is found that the facilities in question are not "City-owned facilities", then FPL is the appropriate utility to provide retail electrical service.
- 16. In view of the uncontroverted facts that neither facility (Silver Eagle and Contender Boats) is engaged in providing a municipal or governmental service; that neither is under the dominion or control of the City of Homestead; that both are engaged in the pursuit of private enterprise for private gain; and that

these facilities could never be considered legitimate municipal facilities, FPL therefore requests the Commission to enforce its Order No. 4285 and direct an orderly transfer of retail electrical service to Silver Eagle and Contender Boats from the City of Homestead to Florida Power & Light Company in a manner which will not be injurious to the tenants.

17. If the Commission finds that the City's violation of Order No. 4285 was willful and intentional, FPL further prays that the Commission assess the City for Petitioner's reasonable attorneys' fees and such other penalties as the Commission deems appropriate.

Respectfully submitted,

WILTON R. MILLER

Bryant, Miller and Olive, P.A. 201 South Monroe St., Ste. 500 Tallahassee, FL 32301

(904) 222~8611

Florida Bar No. 055506

and

DAVID L. SMITH
Florida Power & Light Company
Post Office Box 029100
Miami, Florida 33102-9100
(305) 552-3924
Florida Bar No. 0473499

Attorneys for Florida Power & Light Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and fifteen copies of the foregoing Petition for Enforcement of Order have been filed with the Florida Public Service Commission, Division of Records and Reporting, Room 110, Betty Easley Conference Center, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850; and that a true and correct copy has been furnished by hand delivery to Lorna R. Wagner, Esquire, Division of Legal Services, Florida Public Service Commission, Room 370, Gerald L. Gunter Building, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850; and that a true and correct copy has been furnished by United States Mail, postage prepaid, to Frederick M. Bryant, Esquire, 306 East College Avenue, Tallahassee, FL 32301, Attorney for the City of Homestead, this 6th day of January, 1997.

WILTON R. MILLER MILLER

F ...

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Florida Power & Light Company for approval of an agreement with the City of Homestead, Florida, relative to service areas.

DOCKET NO. 9056-EU

ORDER NO. 4285

The following Commissioners participated in the disposition of this matter:

WILLIAM T. MAYO, Chairman JERRY W. CARTER EDWIN L. MASON

Pursuant to due notice, the Florida Public Service Commission held a public hearing in the City Council Chamber, City Hall, Homestead, Florida, commencing at 10:00 A.M., on Wednesday, November 8, 1967.

APPEARANCES:

Phillip Goldman, Scott, McCarthy, Steel, Hector & Davis, First National Bank Building, Miami, Florida, for the applicant.

Vernon Turner, City Attorney, City of Homestead, 830 North Krome Avenue, Homestead, Florida, for the City of Homestead.

Irving Peskoe, 1000 North Krome Avenue, Homestead, Florida, a protestant.

B. Kenneth Gatlin, Chief Rate Counsel, Florida Public Service Commission, for the Commission's Staff and the public generally.

The entire record herein, including the exhibits and testimony adduced at the public hearing, have all been examined by the full Commission. After due consideration the Commission now enters its order in this cause.

ORDER

BY THE COMMISSION:

By application in this docket Florida Power and Light Company seeks approval of a territorial agreement between it and the City of Homestead involving territory in Dade County, Florida. The applicant, with its principal offices at 4200 West Flagler Street, Mismi, Florida, is an electric utility subject to the jurisdiction of this Commission pursuant to Chapter 366, Florida Statutes. It furnishes electricity and power to customers in those areas of Florida comprising most of the east coast, with the exception of the Jacksonville area and 5 other municipalities where municipal electric systems are in operation. It also serves the area around southern and eastern Lake Okeechobee, the lower west coast area, and portions of central and north-central Florida. It furnishes electricity to customers in approximately 559 communities and in unincorporated areas in the territory described. The City of Homestead is an incorporated city with its corporate limits located in Dade County, Florida. It furnishes electricity and power to customers located in Dade County, Florida, pursuant to the provisions of Chapter 172, Florida Statutes. The City of Homestead is exempted from regulation by this Commission under the provisions of Section 366.11, Florida Statutes.

Order No. 4285 Docket No. 9056-EU Sheet 2

Involved in the application is a transfer of approximately 12 commercial accounts and 66 residential accounts from the City to Florida Power and Light Company and about 363 residential accounts from Florida Power and Light Company to the City of Homestead. Testimony adduced before the Commission indicated that there are presently duplicate electrical facilities maintained by the Company and by the municipality in certain areas in Dade County where the facilities of the two utility systems are contiguous or coincide. In view of the anticipated growth of the areas embraced in the proposed territorial agreement, further duplication of service is to be anticipated unless separate service areas are agreed to by the two utility systems. Further, the overlapping of these service areas naturally creates wasteful expenditures on the part of each of the utility systems in installing and maintaining duplicate transmission and distribution lines. The elimination of duplicate line would enhance the appearance of the involved areas. Duplicate lines result in an unnecessary hazard to the safety of employees of the utility systems and to the general public, since the lines of one utility necessarily cross the lines of the other at certain points. Further, the witnesses for the two utility systems agreed that by eliminating the necessity for duplicate service in the affected areas, each utility would be enabled to develop and plan its respective future growth in a more orderly manner in order to adequately provide for the service needs of the rapidly growing area of Dade County. In short, the parties to the proposed territorial agreement concur that it will result in the provision of high quality electric service to all of the customers on both systems.

It should be noted at the outset that this agreement is not self-executing and will not be operative unless approved by this Commission. There has been no transfer of any of the facilities owned by either utility nor have any customers been transferred. However, both the private utility and the municipality have contacted the customers who will be affected by the proposed transfer, explained the nature and effect of the proposed territorial agreement, outlined the types of service provided by each of the utilities and the rate schedules of each, and sought to explain to the customers exactly how this transfer will affect them.

Although the Commission has no jurisdiction over the municipality, it does have the power and authority to examine a territorial agreement to which a regulated public utility is a party. See City Gas Company v. Peoples Gas System, Inc., 182 So. 2d -34 (Fla. 1905). This Commission has recognized the wisdom of territorial agreements between competing utilities on several occasions. We have adhered to the general opinion that territorial agreements, when properly presented to the Commission in the proper circumstances, are advisable and indeed in the public interest. As instead in our Order No. 2948 in Docket No. 6081-EU:

"It is our opinion that territorial agreements which will minimize, and perhaps even eliminate, unnecessary and uneconomical duplication of plant and facilities which invariably accompany expansions into areas already served by a competing utility, are definitely in the public interest and should be encouraged and approved by an agency such as this, which is charged with the duty of regulating utilities in the public interest. Duplication of public utility facilities is an economic waste and results in higher rates which the public must pay for essential services. Reasonable and realistic regulation, in such cases, is better than, and takes the

Order No. 4285 Docket No. 9056-EU Sheet 3

place of competition. A public utility is entitled under the law to earn a reasonable return on its investment. If two similar utilities enter the same territory and compete for the limited business of the area, each will have fewer customers, but there will inevitably be excess facilities which must earn a reasonable return. The rates in such a situation will be higher than the service is worth, or customers in more remote areas will bear some of the unjustified expense necessary to support such economic waste. In the absence of a specific statute limiting the service areas of various public utilities, territorial agreements such as we are concerned with here, constitute no unreasonable restriction on the Commission's powers, but actually assist the Commission in the performance of its primary function of procuring for the public essential utility services at reasonable costs."

The proposed territorial agreement represents the culmination of some three years of negotiations between Florida Power and Light Company and the City of Homestead. Testimony before the Commission indicated that no customer being transferred between these two utility systems would pay more for his electrical service than prior to the transfer. Each utility testified that it could offer service to its new customers which would be equally as good, or better, than the service which these customers received before the transfer. It appeared to the Commission that the types of service offered by each system were quite similar. The Commission concludes that the customers who are affected by the proposed transfer will be in no way adversely affected by approval of the territorial agreement.

Because of the elimination of the unnecessary and uneconomical duplication of facilities which presently exists, and which can be expected to increase in the future, the long-range benefits to these customers and all members of the public should be substantial. This Commission expects that the approval of this agreement will enable each of the utility systems to better serve its customers.

In summary, this Commission finds that the evidence presented shows a clear justification and need for the territorial agreement for which approval is sought. The approval of this agreement should better enable these utilities to provide the best possible utility services to the general public at a very reasonable price. Therefore, in consideration thereof, it is

ORDERED by the Florida Public Service Commission that the application of Florida Power and Light Company for approval of a territorial agreement and establishment of boundaries between that company and the City of Homestead be and the same is hereby granted and that the said territorial agreement be and the same is hereby approved.

By Order of Chairman WILLIAM T. MAYO, Commissioner JERRY W. CARTER and Commissioner EDWIN L. MASON, as and constituting the Florida Public Service Commission, this <u>lst day</u> of <u>December</u> 1967.

DIRECTOR OF ADMINISTRATIVE SERVICES

Helarrawan

(SEAL)

Chairman Mayo dissenting:

The applicant, Florida Power and Light Company, relies on Commission Order No. 2595, dated March 28, 1958, Docket No. 5256-EU

Order No. 4285 Docket No. 9056-EU Sheet 4

which approved a territorial agreement between Florida Fower Corporation and the Orlando Utility Commission. In that proceeding, although there was some swapping of customers and facilities, only one protestant appeared at the hearing and he offered no testimony.

The applicant further relies on the language used by the Commission in Order No. 2948, Docket No. 6081-EU, entered July 5, 1966, by which a territorial agreement between Florida Power Corporation and Tampa Electric Company was approved. The philosophy followed by the Commission in that proceeding and in similar proceedings since then was that "duplication of public utility facilities is an economic waste and results in higher rates which the public must pay for essential services. Reasonable and realistic regulation in both cases is better than and takes the place of competi-tion." Unlike that case, this docket involves a utility under the jurisdiction of the Commission and a municipally owned and operated utility which is without the jurisdiction of this Commission. In the former case there would be regulation in the place of competition. That is not entirely so in this case. One of the parties will be regulated, the other will not and the effect of the Commission's approval will do away with the competition between the two parties so that we will have neither competition or regulation. Additionally, the customers of Homestead beyond the corporate limits of the city have no voice at all as to the policies and rates charged them by the city because they are not eligible to vote in city elections. Presently, those customers that are to be transferred to Homestead are being served by the applicant and have recourse to this Commission. The testimony of the seven (7) public witnesses who appeared were all in opposition to the Commission's approval of this agreement. The testimony indicates a dissatisfaction with the service being rendered, or to be rendered, by the City of Homestead and a complete satisfaction of the service being rendered and the rates being charged by Florida Power and Light. The witnesses do not feel assured about the level of rates that will be charged by the City of Homestead, even in view of the resolution passed by the city to freeze the rates at the present level.

The testimony of the company is very general as to how it will aid in serving the public interest. The witness testified that it will help promote public safety, avoid congestion of facilities, further the maintenance of a high quality of service and enable each party to avoid bad customer relations caused by unrestrained competition. Other than the witness' opinion that those conclusions are true, no evidence or exhibits were introduced to show in detail what problems, if any, that this agreement and its approval by the Commission would solve, as was done in the Florida Power Corporation-Orlando Public Utility case. For these reasons I must dissent from the majority view herein.

WHEREAS, the City and Company have electric distribution systems which serve electricity to customers who are located close to each other, and

WHEREAS, heretofore there has been no definition of service areas of each of the parties, and

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WHEREAS, as a result there have been and, if there is not now an agreement as to service areas, there will in the future continue to be uneconomical duplications of plant and facilities and expansion into areas served by the competing parties, which in turn result in avoidable economic waste and expanse,

NOW, THEREFORE, in consideration of the mutual promises herein contained, the parties agree that:

1. There is attached, as a part hereof, a map of the City and surrounding areas, designated Exhibit "A". The service eres of the City shall be the area within the heavy line marked in red on Exhibit "A", which eres is the area bounded by:

Beginning at the center lines of the intersection of Tallahassee Road (S.W. 137th Avenue) and North Canal Drive (S.W. 328th Street) and extending westward on North Canal Drive to the center line of Tower Road (S.W. 192nd Avenue), northward along said center line of Tower Road to the center line of Waldin Drive (S.W. 280th Street), eastward to the center line of Kingmen Road (S.W. 152nd Avenue), southward to the center line of Biscayne Drive (S.W. 288th Street). From this point westward to the center line of Newton Road (S.W. 157th Avenue), southward to the center line of Kings Highway (S.W. 304th Street), eastwerd to the center line of Tallahassee Road (S.W. 137th Avenue), southward to the point of beginning at North Canal Drive (S.W. 325th Street).

- 1 -

TURNER & HOSSEN, ATTORNEYPATLAW 530 M. ROOM ATTRICE HARMATTAR. PLANTA

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Therservice area of the Company shall be all of the area outside the boundaries of the service area of the City.

- 2. The City and the Company agree that each will not serve or offer to serve a customer outside its service area.

 Whenever a customer applies for service to the party not serving the area of the customer, it is agreed that the Company or the City, as the case may be, shall refer the customer promptly to the other.
- 3. The parties acknowledge that the Company is regulated by the Florida Public Service Commission and that it will have to apply to the Commission for the approval of this Agreement, but the parties, nevertheless, agree that this Agreement shall become effective on the date hereof and that the parties shall abide by the terms hereof and be bound hereby pending such approval.
- 4. Notwithstanding the provisions of Section 2, any applications for service in the service area of the other, which applications have been made before the date of this Agreement shall be acted upon by the party to whom the application was made. Such applications which are made after today and before final approval hereof by the Commission shall be reviewed and discussed by both parties and an agreement reached as to each application as to which party shall provide the service.
- 5. If an order of the Commission is entered approving this Agreement and the order becomes finel, then as promptly as possible, each party shall transfer to the other those of its facilities which are serving customers located in the service area of the other. Each party agrees to purchase from the other all such facilities. Each party shall promptly make the appropriate connections, disconnections, extensions of facilities and other arrangements to accomplish these transfers so that all of the

customers and facilities therefor of one party which are located in the service area of the other party shall be transferred to and purchased by such other party, and vice versa. Each party agrees that from time to time upon the transfer of any facilities to it by the other party, it will promptly pay the other party the amount of the original cost of the facilities then transferred less depreciation. Gustomers' deposits of customers who are to be transferred shall be refunded to the customer at the time of transferred shall be refunded to the customer at the time of transfer. If any customer who is to be transferred should refuse to complete an application for service with the party to whom such customer is being transferred, such party shall, nevertheless affect the transfer and serve such customer.

- 6. If at any time hereafter, the City limits of the City should be extended beyond the service area of the City and into the service area of the Company, the City agrees that the Company shall continue to serve such area and that it will continue to be in the service area of the Company under this Agreement, even though it would then be within the City.
- 7. The Company may continue to have its transmission lines and feedors located within the service area of the City, and the Company may, from time to time, locate substations and transformers and install transmission lines or feeders and other facilities in the service area of the City, so long as none of such facilities are used by the Company to provide service to customers located in the service area of the City.
- 8. Notwithstanding the provisions of paragraph 6 hereof, it is agreed that the City shall supply power to and, for purposes of this Agreement, shall consider that the Homestead Housing Authority Labor Camp located on the Easterly side of Tallahassae Road (S.W. 137th Avenue) is within the service area of the City,

including any additions to or extensions of said facilities of the Homestead Housing Authority. [The City's right to furnish service to City-owned facilities, or those owned by agencies deriving their power through and from the City (including but not limited to the Homestead Housing Authority) may be served by the said City, notwithstanding that the said facilities are located within the service area of the Company.]

APPROVED

City Attorney.

CITY OF HOMESTEAD, FLORIDA.

By W. J. Due buso

Mayor

ATTEST:

mabel M. Peluso Depety City Clerk

FLORIDA POWER & LIGHT COMPANY

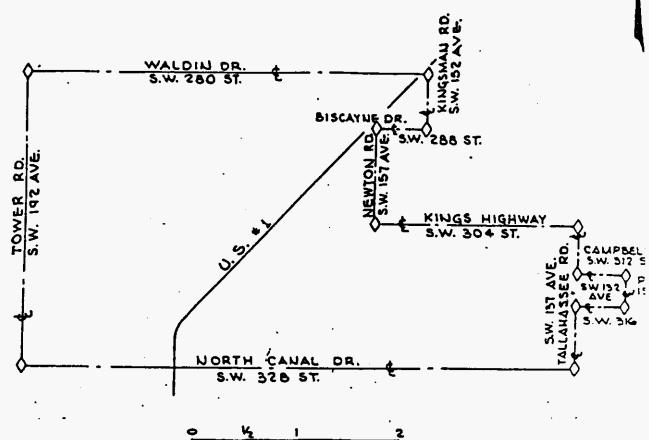
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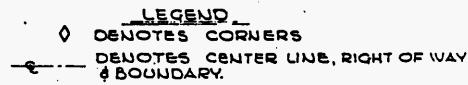
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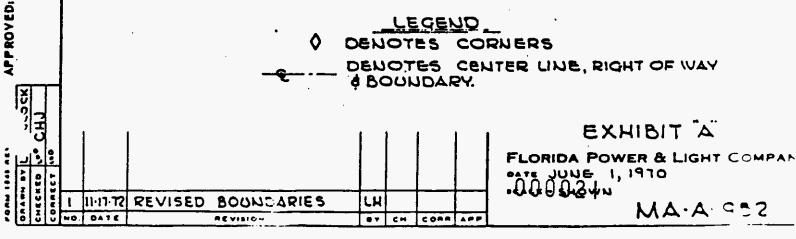
TERRITORIAL BOUNDARIES OF HOMESTEAD MUNICIPAL ELECTRIC COMPANY



APPROXIMATE SCALE IN MILES

NEW LINES MAY BE CONSTRUCTED WITHIN THESE LIMITS BUT NO NEW COSTOMERS ARE TO BE PICKED UP BY F.P. CO.





LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into this <u>2</u> day of July, 1993, by and between the City of Homestead, a municipal corporation, hereinafter referred to as "Lessor" and Silver Eagle Distributors, Ltd., a Florida limited partnership, hereinafter referred to as "Lessee".

WITNESSETE

1. PURPOSE OF THE LEASE

The purpose of this lease is to provide a location for the reconstruction of the Lessee's business in the area known as the "Park of Commerce" and to therefore provide for the continued economic redevelopment of the City of Homestead. Lessee desires to construct on the Property a one story concrete block and stucco or metal building having approximately 53,000 square feet in floor area, surrounded by an eight foot high fence consisting of masonry and metal bars on the front, and chain link on the rear and sides (the "Proposed Improvements"), for use as a warehouse, distribution and office facility (the "Proposed Use!). Lessee desires to commence construction of the Proposed Improvements on that date (the "Commencement Date") which is thirty (30) days after Lessor's issuance to Lessee of a Building Permit for the Proposed Improvements. Nothing in this Section 1 shall limit Lessee's use of the Property for any lawful purpose which is consistent with Lessor's zoning ordinances.

2. LEASED PREMISES

In consideration of the covenants herein contained, on the part of the Lessee to be kept and performed, the said Lessor hereby leases to the said Lessee the premises described in Exhibit "A" (the "Property"). Said Property shall be a ten (10) acre parcel of property located in the Northwest corner of the Park of Commerce, on filled land.

3. LENGTH OF LEASE

The term of this lease shall be for a period of fifty (50) years, and shall begin on the Commencement Date, and shall continue thereafter for a period of fifty (50) years.

At the end of said fifty (50) year period, said Lessee and Lessor may mutually agree to extend the lease on terms and conditions agreed to in writing by and between the parties, and in addition, may, during the initial fifty (50) year term, enter into such agreements as the parties mutually agree upon for the purchase

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and sale of the leased premises. Any such agreement shall be agreed upon by the parties in a separate document.

4. RENT

The Lessee hereby agrees to pay to the Lessor, without demand, at the Lessor's principal place of business, to wit: 790 N. Homestead Boulevard, Homestead, Florida, 33030, or at such other place or places as the Lessor may from time to time designate, in writing, the following rent:

- A. The Lessee and the Lessor hereby agree by and between themselves for purpose of this lease, and for no other purpose, that the Property shall have an actual value of three hundred and forty thousand dollars (\$340,000.00). Based upon said actual value of the Property, and based upon mutual agreement from the parties, the lease amounts shall be as follows:
 - i) Annually for the first (1st) five (5) years of the lease, and on the first day of each year during that five (5) year period, the Lessee shall pay to the Lessor the sum of twenty-one thousand dollars (\$21,000.00) for the annual rental on the Property.

3/1000 = 6.17%

- term of the lease, the Lessor and the Lessee agree that the Lessee shall pay and the Lessor shall accept, the sum of twenty-eight thousand dollars (\$28,000.00) per annum during said five (5) year period.
- iii) Beginning on the first (1st) day of the eleventh (11th) year of the lease and for a five (5) year period thereafter, the Lessee shall pay to the Lessor the sum of thirty-one thousand five hundred dollars (\$31,500.00) annually for each year of said five (5) year period.
 - iv) Beginning on the first (1st) day of the sixteenth (16th) year of said lease, and for each year of the ensuing five (5) year period, the Lessee shall pay and the Lessor shall accept, the sum of thirty-five thousand dollars (\$35,000.00) per year as the annual rental.

- year of said lease, and for the remainder of the term of said fifty (50) year lease, the Lessee shall pay and the Lessor shall accept, the sum of forty thousand dollars (\$40,000.00) per annum as the lease amount for the last thirty (30) years of the initial lease period.
- B. In the event that any taxing authority, other than the Lessor, should levy against the subject real property or rent derived therefrom a surcharge, interim tax or other taxes of any nature, except federal or state income taxes, the Lessee herein shall be responsible for the payment of said surcharge, interim tax or other taxes.
- C. In consideration for the Lessor leasing said property to the Lessee, the Lessee covenants to the Lessor to pay said rent in the above described manner; and to quit and deliver up the Property at the end of said term.

5. SECURITY DEPOSIT

The Lessor and the Lessee agree, that because of the long term nature of the lease, that there shall be no security deposit required by the Lessor of the Lessee.

6. CONSTRUCTION ON THE PROPERTY

- (a) Lessor represents and warrants that it has validly adopted ordinances and resolutions zoning the Property in the I (industrial) zoning district, as described in the current zoning code of the Lessor. Such zoning district permits issuance of all necessary permits for development, construction, use and occupancy of the Proposed Improvements, without the necessity for any variance, special exception or other approval which requires a public hearing, other than the public hearing before the Town Council which is required for approval of a site plan for the Proposed Improvements. Lessor is duly empowered and authorized to issue all necessary building permits for development and construction of the Proposed Improvements upon receipt of plans and specifications therefor which comply with the South Florida Building Code and the Building Code of the Lessor ("Plans"), and Lessor is duly authorized to issue a Certificate of Occupancy for the Proposed Improvements upon certification by all necessary agencies of the completion thereof in accordance with the Plans.
- (b) Within ninety (90) days after the date of execution of this Lease, the Lessee shall submit to the Lessor proposed Plans

and an application in customary form (together with payment of customary fees) for a building permit. Lessor shall promptly advise Lessee whether any changes are required to the Plans in order to bring them in compliance with the South Florida Building Code and the Building Code of the Lessor. Lessee shall, with reasonable diligence, make any necessary changes to the Plans, the Lessor shall promptly review said changes, and on approval thereof, the Lessor shall promptly issue a building permit to Lessee for construction of the Proposed Improvements in accordance with the Plans.

- (c) Lessor shall promptly upon request by Lessee inspect the development and construction of the Proposed Improvements, and shall at all times act reasonably in issuing approvals or setting conditions for approvals of such work. Upon completion of the Proposed Improvements in accordance with the Plans (with any changes thereto approved by the Lessor) the Lessor shall promptly issue a certificate of completion and/or certificate of Occupancy for the Proposed Improvements.
- (d) Lessor represents and warrants that the Property is part of a development order for a planned unit development which has already received review and approval under Part I of <u>Fla</u>. <u>Stat</u>. Chapter 380, and that neither the Property, nor any other property with which it may be aggregated requires any further review under <u>Fla</u>. <u>Stat</u>. Chapter 380 as a condition to issuance of all necessary permits for development, construction, use and occupancy of the Proposed Improvements.
- (e) Lessor represents and warrants that pursuant to the Local Government Comprehensive Planning and Land Development Regulation Act, Part II of Fla. Stat. Chapter 163 (the "Growth Management Act") and the Comprehensive Plan and Land Development Regulations for the City of Homestead, Florida, which have been duly adopted in accordance with all requirements of the Growth Management Act and the ordinances and regulations of the City of Homestead, Florida, future development orders for the Property are exempt from concurrency review, on the ground that valid development orders for the planned unit development of which the Property is a part were in existence prior to the effective date of concurrency review requirements. Neither the Comprehensive Plan, any of the Land Development Regulations, nor the exemption of the Property is now the subject of any judicial or administrative challenge, and the statutory deadlines for all such challenges have expired. Without limitation of the foregoing, the issuance of all Development Orders required for development, use, and occupancy of the Proposed Improvements is fully authorized, and prohibited or limited by the Growth Management Act. Comprehensive Plan or the Land Development Regulations on any ground whatsoever, including the ground that adequate Public Facilities to serve the Proposed Improvements will not be available concurrently with the impact thereof on such Public Facilities.

Capitalized terms in this Subsection (e) which are not otherwise defined in this lease shall have the meanings given to them in the Growth Management Act.

- (f) Lessor represents that all permits, licenses, and other governmental approvals of any nature whatsoever which are required for development, construction, use and occupancy of the Proposed Improvements are and will be available without delay upon proper application, submission of plans conforming to all applicable ordinances and regulations, and payment of customary fees.
- water disposal, potable water, fire flow water, and (except only as set forth in subsection (h) hereinbelow) all electrical utility services at the boundary of the Property (together called "Utility Services"), in capacities which are fully adequate to serve the Proposed Use of the Proposed Facilities. All Utility Services will be available for connection at the boundary of the Property not later than the Commencement Date, and Lessee may obtain such connection by compliance with ordinary and customary applications, and agreements to pay ordinary use charges. Without limitation of the foregoing, Lessee shall not be prevented or delayed from connecting to water and sewer services on account of any moratorium in effect at the Commencement Date. The Lessee will waive or pay all of its own connection fees, capital changes, impact fees, or similar charges.
- (h) The Lessor may have a dispute (the "FPL Dispute") with Florida Power and Light ("FPL") as to whether Lessor or FPL has the right to be the exclusive provider of electrical services to the Property. The FPL Dispute may take many months for resolution, and the outcome probably depends on whether, for purposes of FPL's territorial allocation agreement with Lessor, Lessor is deemed to be the owner of the Property. Lessor will indemnify and hold harmless the Lessee from any and all claims, damages or losses which Lessee may suffer or incur by reason of the FPL Dispute, including without limitation all attorneys' fees and costs (whether or not suit is filed) and losses from any interruption of electrical service to the Property, and any fine, penalty, service fee or similar sum which is due to FPL with respect to any provision of electrical services by Lessor to the Property, or any conversion of electrical services from Lessor to FPL.
- (i) The Property now has full and unrestricted access to Commerce Park Boulevard, which the Lessor shall cause to be paved and extended to the boundary of the Property on or prior to April 15, 1994.
- (j) The Property is free from contamination by any materials which now or hereafter will require the owner of the

Property to pay any sum or incur any liability for cleanup, removal, or mitigation under any applicable state, local or federal laws, ordinances or regulations.

- (k) The condition of the soil on the Property will support development and construction of the Proposed Improvements without the necessity for any fill, compaction, special foundation, or other preparation.
- (1) The cost of constructing the Proposed Improvements shall be borne solely by the Lessee, and the Lessor shall not be responsible for any cost of the Improvements, or be responsible for any maintenance of the interior or exterior of the Improvements, or any landscaping placed on the Property. All expenses occasioned by the construction of the Improvements, and any replacements thereof and/or additions thereto shall be borne by the Lessee.
- (m) Lessor and the Lessee covenant and agree, that at the end of the term of this lease, or any extensions thereof, without the purchase of the Property by the Lessee from the Lessor, all permanent improvements located on the Property, and title thereto, shall pass to the Lessor. The Lessor and the Lessee agree that the Lessee may remove all equipment, furnishings and fixtures except that no air conditioning, electrical, plumbing or other fixtures as placed in the building that would render the building to be uninhabitable by a subsequent tenant or by the Lessor, shall be removed. These fixtures shall, at the termination of this lease, become the property of the Lessor. The Lessor hereby agrees that there shall be no personal property taxes asserted by the Lessor against the Lessee for the improvements on the Property, and no real estate property taxes shall be assessed as the Property is owned by the Lessor, an exempt body.
- 7. TITLE TO THE PROPERTY. Lessor has good, marketable and insurable fee simple title to the Property, subject to no liens or encumbrances whatsoever, and subject to no covenants, conditions, easements, restrictions, boundary overlaps or encroachments or similar matters which will adversely affect the development, construction, use or occupancy of the Proposed Improvements. Lessee acknowledges that Lessor retains the right to aesthetic review of the Proposed Improvements, including but not limited to fencing, and Lessor covenants to exercise such right reasonably and without delay. Lessor and Lessee will join in any declaration of restrictions covering the Park of Commerce planned area development, which provides for reasonable restrictions and conditions on use of the Property, and all other land in the development, which use restrictions are reasonably designed to maintain the value of properties in the development, and to eliminate undesirable uses such as nightclubs, junkyards and the like.

8. REAL ESTATE TAXES

Because the Property is owned by the Lessor, a Florida municipal corporation, that is exempt from the payment of real estate taxes, no real estate taxes shall be assessed and/paid by the Lessee, unless, and except, should a court of competent jurisdiction, in the state of Florida determine that real estate taxes are due and owing on said Property, then, in that event, the Lessee shall be solely responsible for the payment of said taxes, or, may, in its option, elect to terminate the lease agreement with the Lessor upon one (1) years written notice; during said period of time the Lessee shall be responsible for the real estate taxes that may be due and owing at that time.

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9. INSURANCE

The Lessee hereby covenants and agrees to maintain on the Property hazard, fire, extended coverage liability and flood (if required), and to na ne the Lessor as an additional insured. Liability coverage shall not be less than \$300,000/500,000.

A copy of all the master policies above mentioned shall be forwarded to the Lessor for filing as shall be forwarded a declaration for each policy showing the Lessor as a named insured and providing for thirty (30) days written notice prior to cancellation of said policy to be given by the insurance carrier to the Lessor.

10. DESTRUCTION OF PROPERTY

The Lessor and the Lessee covenant and agree that should the improvements constructed by the Lessee on the Property be damaged by fire, the elements, unavoidable accident, or other casualty, whether or not thereby rendered untenable in whole or in part, the Lessee shall promptly cause such damage to be repaired, and the rent for said Property shall not be abated; if, by any reason of such occurrence, the Property shall be rendered untenable in whole or in part, and the Lessee should desire not to reconstruct the Property, then the Lessee, at their sole cost and expense, may elect to terminate the lease with the Lessor, upon sixty (60) days written notice given by the Lessee to the Lessor, and shall deliver the Property to the Lessor, with payment or assignment of all insurance proceeds.

11. HOLDING OVER

Any holding over after the expiration of the term hereof, or any options exercised hereunder, with the consent of the Lessor, shall be construed to be a tenancy from month to month at the rent herein specified, and shall otherwise be on the terms and conditions herein specified, so far as applicable.

- A. All rights and liabilities herein given to, or imposed upon, the respective parties hereto, shall extend to and bind the respective heirs, executors, administrators, successors and assigns of the said parties.
- B. No rights, however, shall inure to the benefit of any assignee of the Lessee, unless such assignment has been approved by the Lessor, in writing.

12. QUIET ENJOYMENT

Upon payment by the Lessee of the rents herein provided, and upon the observance performance of all of the covenants, terms and conditions on the Lessee's part to be observed and performed, the Lessee shall peacefully and quietly hold and enjoy the Property for the term hereby demised without hinderance or interruption by the Lessor or any other person or persons lawfully or equitably claiming by, through or under the Lessor, subject nevertheless to the terms and conditions of this lease.

13. SURRENDER OF PROPERTY

On the last day of the term demised, or on the sooner termination thereof, the Lessee shall peaceably surrender the Property in good order, condition and repair, broom-clean fire and other unavoidable casualty, reasonable wear and tear alone excepted, surrender all keys for the Property to the Lessor of the place then fixed for the payment of rent.

Before surrendering the Property as aforesaid, the Lessee shall repair any damage to the Property caused hereby in accordance with the maintenance paragraph as set forth hereinabove, the only damages that the Lessee shall be responsible to repair shall be those items which the Lessee was required to maintain under the terms and provisions of this lease.

14. NOTICES

Any notice required or permitted under this lease shall be deemed sufficiently given or served if served personally or by certified or registered mail, postage prepaid, addressed to the Lessor at the address where rent was last payable, and any notice by the Lessee shall be served in a similar manner, such notice being addressed to the Lessee at the Property or at such other address as the Lessee shall designate by written notice.

15. WAIVER

No mention in this lease of any specific right or remedy shall preclude the Lessor from exercising any other right or from having any other remedy or from maintaining any action to which it may be

otherwise entitled, either at law or in equity; and the failure of the Lessor to insist in any one or more instances upon a strict performance of any covenant, shall not be construed as a waiver or relinquishment for the future of such covenant, right or option, but the same shall remain in full force and effect, unless the contrary is expressed, in writing by the Lessor.

16. ATTORNEY'S FEES

In the event of litigation between the parties, arriving out of this lease, the prevailing party shall be entitled to attorney's fees and costs.

17. MISCELLANEOUS PROVISIONS

- A. The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of such term, covenant or condition. Any subsequent acceptance of rent hereunder by the Lessor shall not be deemed to be a waiver of any preceding breach by the Lessee of any term, covenant or condition of this lease, other than the failure of the Lessee to pay the particular rental so accepted, regardless of the Lessor's knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term or condition of this lease shall be deemed to have been waived by either party, unless such waiver be in writing by that party.
- B. No payment by the Lessee or receipt by the Lessor of lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check, or any letter accompanying any check or payment as rent, be deemed in accord and satisfaction, and the Lessor's right to recover the balance of such rent or pursue any other remedy in this lease provided.
- C. If any term, covenant or condition of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this lease shall be valid and be enforced to the fullest extent permitted by law.

- D. It is understood and agreed between the parties hereto that time is of the essence of all of the terms and provisions of this lease.
- B. This lease contains the entire agreement between the parties and any executory agreement hereafter made shall be ineffective to change, modify or discharge it, in whole or in part, unless such executory agreement is in writing and signed by the parties against whom enforcement of the change, modification or discharge is sought.
- F. Notwithstanding anything to the contrary, that may contain in this lease, all repairs (including, but not limited to, plumbing electrical, air conditioning, etc.), remodeling and alterations are at the sole expense of the Lessee.
- G. Lessee may use the Property for any lawful purpose. Lessee has the absolute right to assign this Lease, or sublet all or any portion of it. Lessee has the absolute right to mortgage the leasehold estate, and in such event Lessor shall promptly upon request give to the holders of such mortgages: (i) a written estoppel statement, specifying the date to which rent has been paid under this Lease, whether any defaults exist hereunder, and specifying such defaults (if any) and the curative actions required; and (ii) a written agreement to give notice to such mortgagees of any defaults, and to accept curative performance from such mortgagees.
- H. Notwithstanding any contrary provision of this Agreement, if the Lessor is in default of any of its obligations under this Lease at the Commencement Date, or if the Commencement Date has not occurred on or prior to September 30, 1993 (with extension for any delay caused solely by Lessee) then, in addition to any other remedies of the Lessee, the Lessee may cancel this Agreement.
- I. Lessor represents and warrants that its execution and delivery of this lease has been duly authorized

by all necessary action of the City Council of the City of Homestead, Florida.

Signed, Sealed and delivered in the presence of:

"LESSOR":

CITY OF HOMESTRAD

City Manager

Attest: Moland House

(Corporate Seal)

"LESSEE":

SILVER EACHE DISTRIBUTORS LTD., a Florida limited partnership

Ramon Oyanzun, as its Managing General Partne

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LEGAL DESCRIPTION S._VER EAGLE DISTRIBUTORS, LTL AT THE VILLAGES OF HOMESTRAD

A PARCEL OF LAND BEING A PORTION OF BLOCK 1, SECTION 21, TOWNSHIP B7 SOUTH, RANGE 39 EAST AS SHOWN ON THE "PLAT OF LANDS BELONGING TO THE MIAMI LAND AND DEVELOPMENT COMPANY", ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 5, PAGE 10 OF THE PUBLIC RECORDS OF DADS COUNTY, PLORIDA. SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHWEST CORNER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 21; THENCE MS9'31'49"E ALONG THE MORTH LINE OF SAID NORTHEAST ONE-QUARTER FOR 20.00 FEET TO AN INTERSECTION WITH THE CENTERLINE OF KINGMAN ROAD AS DESCRIBED IN OFFICIAL RECORDS BOOK 13410 AT PAGE 145 OF THE PUBLIC RECORDS OF DADE COUNTY, FLORIDA, BAID INTERSECTION BEING ON THE ARC OF A CIRCULAR CURVE CONCAVE TO THE NORTHEAST AND BEARING N89'34'54'E FROM THE CENTER OF SAID CURVE; THENCE SOUTHERLY ALONG SAID CENTERLINE AND THE ARC OF SAID CURVE HAVING A RADIUS OF 2555.93 FEST AND A CENTRAL ANGLE OF 3.42'12" FOR 165.21 FEST TO A POINT ON THE ARC OF SAID CURVE, SAID POINT BEARING 885'52'42"W FROM THE CENTER OF SAID CURVE, THENCE N85°52'42"E ALONG SAID RADIAL LINE FOR 55.00 FEET TO THE RASTERLY RIGHT-OF-WAY LINE OF SAID KINGMAN ROAD, SAID POINT BEING AT THE POINT OF TANGENCY: THENCE SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 2500.93 FRET AND A CENTRAL ANGLE OF 8'24'51" FOR 367.27 FEET TO THE POINT OF BEGINNING OF THE POLLOWING DESCRIBED PARCEL; THENCE NEO*51'30'E POR 312.88 FEET TO AN INTERSECTION WITH THE ARC OF A CIRCULAR CURVE CONCAVE TO THE NORTHEAST, SAID POINT BEARING 871°36'24"W PRON THE CENTER OF SAID CURVE, THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE MAVING A RADIUS OF 63.50 PEET AND A CENTRAL ANGLE OF 126°35'41° FOR 140.30 FEET TO A POINT OF REVERSE CURVATURE OF A CIRCULAR CURVE CONCAVE TO THE SOUTHEAST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 55-12'23" FOR 24.09 FEET TO THE POINT OF TANGENCY, THENCE \$89°46'53"E FOR 183.25 FRET TO A POINT OF CURVATURE OF A CIRCULAR CURVE CONCAVE TO THE SOUTHWEST; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 25.00 PEET AND A CENTRAL ANGLE OF 64°02'17" FOR 36.67 FEET TO THE POINT OF TANGENCY; THENCE \$5*44*36"B FOR 361.58 FEET TO THE POINT OF CURVATURE OF A CIRCULAR Curve concave to the northeast; thence southeasterly along the ARC of said curve having a radius of \$21.25 Feet and a central angle OF 17'47'03" FOR 285.95 FEET TO A POINT ON THE ARC OF SAID CURVE, SAID POINT BEARING 864°53'51"W FROM THE CENTER OF SAID CURVE; THENCE 867°07'33"W FOR 491.63 FEET TO AN INTERSECTION WITH THE aporementioned easterly right-of-way line of Kingman road; thence along said easterly right-of-way line for the following two (2) Courses: (1) M25°28'26"W for 299.91 to a point of curvature of a CIRCULAR CURVE CONCAVE TO THE NORTHEAST; (2) MORTHMESTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 2500.93 FEET AND A CENTRAL Angle of 12°56'17" for 564.74 feet to the point of beginning, CONTAINING 10.00 ACRES MORE OR LESS.

SAID PARCEL BEING SUBJECT TO ANY/ALL RESERVATIONS, DEDICATIONS, COVENANTS AND RASEMENTS.

64-811.90

EXHIBIT

"A"

OPTION AGREEMENT

This Option Agreement is made and entered into this 22 day of July, 1993, by and between the CITY OF HOMESTEAD, a municipal corporation under the laws of Florida ("Grantor") and SILVER RAGLE DISTRIBUTORS, LTD., a Florida limited partnership ("Grantee").

In consideration of their mutual covenants set forth hereinafter, and in consideration of that separate Lease Agreement between Grantor and Grantee dated of even date herewith (the "Lease"), the Grantor and Grantee hereby agree as follows:

- 1. Grant to Option. Subject to the terms set forth hereinafter, the Grantor hereby grants to the Grantee the exclusive right and option to purchase (the "Option") that certain parcel of real property described on Exhibit "A" attached hereto (the "Land"), together with all improvements now or hereafter existing hereon and all related furniture, fixtures and equipment (the "Improvements"). The Land and the Improvements, together with all rights, easements, privileges and appurtenances pertaining or belonging thereto, are together hereinafter called the "Property."
 - 2. <u>Price</u>. The purchase price for the Property shall be the sum of \$340,000.00 (the "Price"), subject to prorations and adjustments, and the Grantee's right of offset, all as set forth hereinafter.
 - 3. Term and Exercise of Option. The Grantee may exercise the Option by written notice delivered to the Grantee (the "Notice of Exercise") at any time which is after October 1, 1994 and prior to July 1, 2014 (the "Termination Date").
 - 4. Closing Date. The closing of the purchase and sale of the Property (the "Closing") shall be on that date (the "Closing Date") which is thirty (30) days after delivery of the Notice of Exercise, at the office of the Grantee's counsel in Miami, Florida.

Closing Conditions.

(a) <u>Deed</u>. At the Closing, the Grantor shall convey good marketable and insurable title to the Property by statutory general warranty deed, free and clear of all liens, encumbrances, mortgages, encroachments, overlaps, boundary line disputes, easements, restrictions, limitations, security interests, claims, reversions, licenses, leases, or other possessory rights of any kind or nature, and free and clear of any and all other matters of any kind whatsoever which may affect title, except matters which do not impair marketability or interfere with use of the Property for industrial, warehouse, and office purposes.

- (b) <u>Bill of Sale</u>. At the Closing, Grantor shall also execute a general warranty bill of sale for all personal property, free and clear of all rights and claims whatsoever.
- (c) Other Items. At the Closing, Grantor shall also execute and deliver a closing statement, a seller's affidavit in customary form, and such other documents as are ordinary and customary for closings of real property in Dade County, Florida.
- (d) <u>Costs and Prorations</u>. At the Closing, Grantee shall receive a credit against the Price for all documentary stamps and surtax imposed on the conveyance of the Property, together with all other customary prorations and adjustments.
- Right of Offset. Grantee shall, unless it expressly elects in writing at the closing to pursue other remedies, receive a credit against the Price equal to the full unpaid cost to cure or correct any inaccuracies in the representations and warranties of the Grantor as the Lessee under the Lease. If there is any disagreement between the parties as to whether any such inaccuracy exists, or as to the cost of correcting or curing any such inaccuracy, the Closing shall nevertheless occur in accordance with this Agreement, but the net proceeds of the Price payable to the Grantor (the "Escrow Fund") shall be placed in escrow with Valdes-Fauli, Cobb, Bischoff & Kriss, P.A. (the "Escrow Agent") pursuant to an escrow agreement satisfactory in form and content to all parties, whereunder the Escrow Agent shall invest the Escrow Fund in an interest-bearing bank account, and pay the proceeds only as directed in writing by Grantor and Grantee, or as ordered by a court of competent jurisdiction pursuant to a final, non-appealable order, judgment or decree. Except to the extent that Grantee receives full credit under this Section 6, nothing herein shall prevent Grantee from recovering or seeking recovery of Grantee's damages for breach of any representation or warranty of Grantor under the Lease.
- 7. Recording. The parties shall record in the Public Records of Dade County, Florida a memorandum setting forth the principal terms of this Agreement and the Lease, and attaching a legal description of the Land.
- 8. No Conveyance or Encumbrance. Grantor shall not, at any time from the date of this Agreement until that date which is ninety (90) days after any expiration or termination of the Option, grant, suffer, or permit any conveyance, encumbrance, or other transfer of any nature whatsoever of all or any part of its rights with respect to the Property, and any such transfer shall be of no effect and void.

9. No Brokers. Bach party represents to the other that it has not incurred liability to any broker on the transaction of which this Agreement is a part, and each party will indemnify and hold the other harmless from any breach of its own representation.

10. Miscellaneous.

- (a) <u>Construction</u>. Should any provision of this Agreement require judicial interpretation, it is agreed that the court interpreting or construing the same shall not construe this Agreement against one party more strictly, it being agreed that the representatives of each party have participated in the preparation of this Agreement and that each party hereto consulted with independent legal counsel of its own selection prior to its execution of this Agreement.
- (b) <u>Notice</u>. All notices provided for herein may be by hand (or courier) delivery, by confirmed fax to the fax numbers above, or by certified or registered-return receipt requested mail, addressed as follows:

If to Grantee:

Silver Ragle Distributors, Ltd.

ATTN: Mr. Ramon Oyarzun,

Managing General Partner

7227 N.W. 32nd Street Miami, Florida 33122 Fax: (305) 592-8303

With a copy to:

Thomas C. Cobb, Esq.
Valdes-Fauli, Cobb, Bischoff
& Kriss, P.A.
Suite 3400 - One Biscayne Tower
Two South Biscayne Boulevard
Miami, FL 33131-1897
Fax: (305) 376-6010

If to Grantor:

Alex Muxo, Jr.
City Manager
City of Homestead
790 North Homestead Blvd.
Homestead, FL 33030
Fax: (305) 246-3241

Notice to any party shall be deemed completed upon hand delivery to it, confirmed fax delivery, or five business days after depositing the same with the United States Postal Service, addressed to that party with the proper amount of postage affixed thereto, registered or certified mail, return receipt requested. Receipt of any notice by any law firm listed above to receive copies of notices to a party shall constitute actual receipt of such notice by that party.

- (c) <u>Modification and Waiver</u>. No provision of this Agreement shall be amended, waived or modified except by an instrument in writing signed by the parties hereto.
- (d) <u>Counterparts</u>. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument.
- (e) Attorneys Fees and Costs. In any action which either party brings against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs from the non-prevailing party.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth hereinabove.

Witnesses:	CITY OF HOMESTRAD, a municipal corporation
Print Name: Nichael E. Cathins Print Name: Name: Name: Saroun	By: City Manager
Print Name:	SILVER EAGLE DISTRIBUTORS, LTD., a Florida limited partnership By: Ramon/Oyarzin Managing General Partner
Print Names 15045. Surcin	

Attachment: Exhibit A

LATOCASEHOMEST.OP2

LEGAL DESCRIPTION SILVER BAGLE DISTRIBUTORS, LTD. AT THE VILLAGES OF HOMESTEAD

A PARCEL OF LAND BEING A PORTION OF BLOCK 1, SECTION 21, TOWNSHIP 57 SOUTH, RANGE 39 EAST AS SHOWN ON THE "PLAT OF LANDS BELONGING TO THE MIAMI LAND AND DEVELOPMENT COMPANY", ACCORDING TO THE PLAT THEREOF AS RECORDED IN PLAT BOOK 5, PAGE 10 OF THE PUBLIC RECORDS OF DADS COUNTY, FLORIDA. SAID PARCEL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

commence at the northwest corner of the northeast one-quarter of SAID SECTION 21; THENCE MS9*31'49"E ALONG THE NORTH LINE OF SAID NORTHEAST ONE-QUARTER FOR 20.00 PEET TO AN INTERSECTION WITH THE CENTERLINE OF KINGMAN ROAD AS DESCRIBED IN OFFICIAL RECORDS BOOK 13410 AT PAGE 145 OF THE PUBLIC RECORDS OF DADE COUNTY, FLORIDA, Said intersection being on the arc of a circular curve concave to the northeast and bearing N89°34'54"E from the center of said CURVE; THENCE SOUTHERLY ALONG SAID CENTERLINE AND THE ARC OF SAID CURVE HAVING A RADIUS OF 2555.93 FEET AND A CENTRAL ANGLE OF 3.42'12" FOR 165.21 FEET TO A POINT ON THE ARC OF SAID CURVE, SAID Point Bearing 885°52'42"W from the center of Said Curve; Thence N65°52'42°B ALONG SAID RADIAL LINE FOR 55.00 FEET TO THE BASTERLY right-of-way line of said kingman road, said point being at the POINT OF TANGENCY, THENCE SOUTHERLY ALONG SAID EASTERLY RIGHT-OF-WAY LINE, ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 2500.93 PRET AND A CENTRAL ANGLE OF 8'24'51" FOR 367.27 FEET TO THE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED PARCEL; THENCE NOO'51'30"E POR 312.88 FEET TO AN INTERSECTION WITH THE ARC OF A CIRCULAR CURVE concave to the northeast. Said point bearing 871°36'24"W from the center of said curve; thence southerly along the arc of said curve having a radius of 63.50 feet and a central angle of 126°35'41° for 140.30 FEET TO A POINT OF REVERSE CURVATURE OF A CIRCULAR CURVE CONCAVE TO THE SOUTHEAST; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 25.00 FEET AND A CENTRAL ANGLE OF 55°12'23" FOR 24.09 FEST TO THE POINT OF TANGENCY; THENCE 889"46'53"E FOR 183.25 FRET TO A POINT OF CURVATURE OF A CIRCULAR curvs concave to the southwest; thence southeasterly along the arc OF SAID CURVE HAVING A RADIUS OF 25.00 FRET AND A CENTRAL ANGLE OF 84.02'17" FOR 36.67 FEET TO THE POINT OF TANGENCY; THENCE \$5*44'36"B FOR 361.58 FEET TO THE POINT OF CURVATURE OF A CIRCULAR curve concave to the northeast; thence southeasterly along the arc OF SAID CURVE HAVING A RADIUS OF 921.25 FEET AND A CENTRAL ANGLE OF 17*47'03* FOR 285.95 FEET TO A POINT ON THE ARC OF SAID CURVE, SAID POINT BEARING 864.53'51"W FROM THE CENTER OF SAID CURVE; THENCE 867.07'33"W FOR 491.63 FEFT TO AN INTERSECTION WITH THE Aforementioned Easterly Right-of-Way Line of Kingman Road; Thence along said easterly right-of-way line for the following two (2) (1) N25°28'26"W FOR 299.91 TO A POINT OF CURVATURE OF A CIRCULAR CURVE CONCAVE TO THE NORTHEAST; (2) MORTHWESTERLY ALONG THE ARC OF SAID CURVE HAVING A RADIUS OF 2500.93 PERT AND A CENTRAL angle of 12°56'17" for 564.74 feet to the point of beginning, Containing 10.00 acres more or less.

BAID PARCEL BEING SUBJECT TO ANY/ALL RESERVATIONS, DEDICATIONS, COVENANTS AND EASEMENTS.

04-811.90

EXHIBIT

<u>"A"</u>

FIRST AMENDMENT TO LEASE AND OPTION AGREEMENTS

THIS FIRST AMENDMENT TO LEASE AND OPTION AGREEMENTS (the "First Amendment") dated this 2 day of January, 1995, between THE CITY OF HOMESTEAD, a municipal corporation (the "Lessor") and SILVER EAGLE DISTRIBUTORS, LTD., a Florida limited partnership (the "Lessee"), recites and provides as follows:

WHEREAS, Lessor and Lessee have entered into that certain Lease Agreement dated July 22, 1993 (the "Lease") whereby Lessor has leased to Lessee a parcel of real property more particularly described in the Lease (the "Property"); and

WHEREAS, in connection with the Lease, Lessor and Lessee have entered into that certain Option Agreement dated July 22, 1993 (the "Option"), whereby Lessor has granted to Lessee an option to purchase the Property on the terms and conditions set forth in the Option; and

WHEREAS, Lessor and Lessee wish to correct certain inaccuracies in the Lease and to adjust the purchase price for the Property set forth in the Option;

NOW, THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged by the parties, Lessor and Lessee agree as follows:

- 1. Payment for Fill. Lessor acknowledges that Lessee has incurred unanticipated costs for demucking and filling the Property in the amount of \$272,719.75 (the "Fill Cost"). Lessor hereby agrees to reimburse Lessee for the Fill Cost by allowing Lessee to credit the Fill Cost against the purchase price to be paid by Lessee for the Property pursuant to the Option.
- 2. <u>Modification of Lease</u>. Paragraph 6(k) is hereby deleted from the Lease.
- 3. <u>Limitation of Liability</u>. Except as expressly set forth in this First Amendment, Lessor shall have no further liability for any fees or costs incurred by Lessee in connection with the demucking and filling of the Property.

4. Ratification of Lease and Option. Lessor and Lessee hereby acknowledge that the Lease and the Option, as modified by this First Amendment, remain in full force and effect.

IN WITNESS WHEREOF, Lessor and Lessee have executed this First Amendment as of the dates set forth below their respective signatures.

Witnesses:

LESSOR:

THE CITY OF HOMESTEAD a municipal corporation

By: Will tuel

William T. Rudd, City Manager

Attest:

elva J. Buggh, City Clerk

Date Executed: ///2/95

LESSEE:

SILVER EAGLE DISTRIBUTORS, LTD., a Florida / Timited partnership,

By:

Ramon Oyarzun

its Managing General Partner

Date Executed:

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