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August 30, 2004

Via Federal Express

Blanca S. Bayo, Director
Division of Commission Clerk & Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

COMMISSION
CLERK

AUG 31 AM 10:25

RECEIVED FPSC

Re: Application for Transfer to Governmental Authority - Water
Certificate No. 485-W filed by Quail Meadow Utilities, Inc.

Dear Ms. Bayo:

Enclosed are the original and five copies of the Application for Transfer to Governmental Authority of the Quail Meadow water treatment facilities and Water Certificate No. 485-W from Quail Meadow Utilities, Inc. to Marion County Utilities and a check in the amount of Seven Hundred Fifty and 00/100 Dollars (\$750.00) for the Application fee.

Thank you for your attention to this matter.

Sincerely,

W. Christopher Browder

W. Christopher Browder

(Signed in Mr. Browder's absence to avoid delay)

Check received with filing and forwarded
to Fiscal for deposit. Fiscal to forward
deposit information to Records.

Initials of person who forwarded check:

WCB

*Original CERTIFICATE
forwarded to ECR*

WCB:ds

Enclosures - as stated above

cc: Thomas A. Cloud, Esq. (w/out encl.)
Landis V. Curry, Esq. (w/encl.)
Vincent Riccobono (w/encl.)

88 6 W 18 90V 40

DISTRIBUTION CENTER

DOCUMENT NUMBER-DATE

09503 AUG 31

FPSC-COMMISSION CLERK

APPLICATION FOR TRANSFER TO GOVERNMENTAL AUTHORITY

(Pursuant to Section 367.071(4)(a), Florida Statutes)

TO: Director, Division of the Commission Clerk & Administrative Services
 Florida Public Service Commission
 2540 Shumard Oak Blvd.
 Tallahassee, Florida 32399-0850

The undersigned hereby makes application for the approval of the transfer of all of the facilities operated under Water Certificate No. 485-W and/or Wastewater Certificate No. N/A located in Marion County, Florida, and submits the following:

PART I APPLICANT INFORMATION

- A) The full name (as it appears on the certificate), address and telephone number of the seller (utility):

Quail Meadow Utilities, Inc.

Name of utility

(352) 237-7131

Phone No.

(352) 237-7607

Fax No.

P.O. Box 771268

Office street address

Ocala

Florida

34477

City

State

Zip Code

SAME

Mailing address if different from street address

N/A

Internet address if applicable

DOCUMENT NUMBER-DATE

09503 AUG 31 8

FPSC-COMMISSION CLERK

- B) The name, address and telephone number of a representative of the utility to contact concerning this application:

James T. Aherron, President (352) 237-7131
Name Phone No.

P.O. Box 771268
Street address

Ocala FL 34477
City State Zip Code

- C) The full name, address and telephone number of the governmental authority:

Marion County Utilities
Name of Utility

(352) 671-8510 (352) 671-8512
Phone No. Fax No.

1219 South Pine Avenue
Street address

Ocala FL 34474
City State Zip Code

Same
Mailing address if different from street address

N/A
Internet address if applicable

- D) Vince Riccobono, Utility Director (352) 671-8510
Name Phone No.

1219 South Pine Avenue
Street address

Ocala Florida 34474
City State Zip Code

PART II FINANCIAL INFORMATION

- A) Exhibit A – A copy of the contract pursuant to Rules 25-30.037(4)(c) and (d), Florida Administrative Code.
- B) Exhibit B – A statement regarding the disposition of customer deposits and the accumulated interest thereon.
- C) Exhibit C – A statement regarding the disposition of any outstanding regulatory assessment fees, fines or refunds owed.
- D) Exhibit D – The Chapter 125.3401 Briefing document showing that the buyer (governmental authority) evaluated the utility for regulatory purposes and contributions-in-aid-of-construction.
- E) Indicate the date on which the buyer proposes to take official action to acquire the utility:

September 1, 2004

If only a portion of the utility's facilities is being transferred, a revised territory description and map of the utility's remaining territory must be provided, as discussed in PART III, below.

IF THE UTILITY'S ENTIRE FACILITIES ARE BEING TRANSFERRED, PLEASE DISREGARD PART III OF THIS APPLICATION FORM.

PART III CERTIFICATION

A) TERRITORY DESCRIPTION

Exhibit N/A - An accurate description of the utility's revised territory. If the water and wastewater territory is different, provide separate descriptions.

Note: Use the Survey of Public Lands method (township, range, section, and quarter section), if possible, or a metes and bounds description. Give the subdivision or project name. The description should NOT refer to land grants or plat books, but may use geographic boundaries (i.e., road right-of-ways, railroads, rivers, creeks, etc). The object is to make the description as brief, but as accurate as possible.

B) TERRITORY MAPS

Exhibit N/A - One copy of an official county tax assessment map or other map showing township, range and section with a scale such as 1"=200' or 1"=400' on which the remaining territory is plotted by use of metes and bounds or quarter sections and with

a defined reference point of beginning. If the water and wastewater territory is different, provide separate maps.

C) **TARIFF SHEETS**

Exhibit N/A - The original and two copies of tariff sheet(s) revised to show correct service territory. Please refer to Rules 25-9.009 and 25-9.010, Florida Administrative Code, regarding page numbering of tariff sheets before preparing the tariff revisions. (Pages 11-12.) Sample tariff sheets are attached. (Pages 13-16.)

PART IV AFFIDAVIT


I, **James T. Aherron, as President of Quail Meadow Utilities, Inc.** (applicant) do solemnly swear or affirm that the facts stated in the foregoing application and all exhibits attached thereto are true and correct and that said statements of fact thereto constitutes a complete statement of the matter to which it relates.

QUAIL MEADOW UTILITIES, INC.

By: 

James T. Aherron
as President*

Subscribed and sworn to before me this 20th day of August,
2004, by **James T. Aherron, as President of Quail Meadow Utilities, Inc.**, on behalf of the
corporation, who is personally known to me ✓ ~~or produced identification~~
and did take an oath
(Type of Identification Produced)


Notary Public's Signature

LINDA TERRACINO

LINDA TERRACINO

Notary Public, State of Florida

My comm. exp. June 21, 2005

Comm. No. DD 030909

Print, Type or Stamp Commissioned

Name of Notary Public

*If applicant is a corporation, the affidavit must be made by the president or other officer authorized by the by-laws of the corporation to act for it. If applicant is a partnership or association, a member of the organization authorized to make such affidavit shall execute same.

Asset Purchase and Sale Agreement

EXHIBIT "A"

MARION COUNTY / QUAIL MEADOW
UTILITIES, INC.
WATER SYSTEM
ASSET PURCHASE & SALE AGREEMENT

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SCHEDULE OF EXHIBITS

EXHIBIT NO.	TITLE
1	Real Property (Boundary Survey)
2	Easements and Other Rights
3	Plant and Other Facilities Assets
4	Engineering Plans
5	All Permits, Certifications, Authorizations and Approvals
6	FPSC Service Area Map
7	List of Assigned Agreements

**MARION COUNTY/QUAIL MEADOW
UTILITIES, INC.
WATER SYSTEM
ASSET PURCHASE & SALE AGREEMENT**

THIS AGREEMENT is made and entered into this ____ day of June, 2004, by and between **MARION COUNTY**, a political subdivision of the State of Florida (hereafter "COUNTY"), and **QUAIL MEADOW UTILITIES, INC.**, a Florida corporation (hereafter "SELLER").

R E C I T A L S

1. SELLER owns and operates a potable water production, treatment, storage, transmission, and distribution system in Marion County, Florida, known as the Quail Meadow Water System. This water system shall hereinafter be sometimes referred to as "the Water System."
2. SELLER owns that real property described in Exhibit "1" attached to and incorporated in this Agreement as Exhibit "1" hereof.
3. The Water System (hereafter also referred to as the "Utility System") operates under Certificate of Authorization (the "Certificate") issued by the Florida Public Service Commission (the "Commission"), which authorizes SELLER to provide water service to certain territories in Marion County, Florida.
4. Pursuant to its governmental powers under Chapter 125, Florida Statutes, and other applicable laws, the COUNTY is authorized to preserve and enhance present advantages, encourage the most appropriate use of land, water and resources, consistent with public interest, facilitate adequate and efficient provision of water and sewerage facilities, and conserve, develop, utilize, and protect natural resources within its jurisdiction.
5. The SELLER is willing to sell the Utility System to the COUNTY, and the COUNTY is willing to purchase the Utility System from the SELLER.

6. The COUNTY has the power and authority to acquire the Utility System and to operate the Utility System in order to provide potable water infrastructure and service within Marion County, and the SELLER has the power and authority to sell the Utility System.

7. Pursuant to Section 125.3401, Florida Statutes, the COUNTY has examined the SELLER's Water System Assets, has examined its existing financial structure, has examined the long-range needs and goals of the COUNTY relative to the provision of water service to its present and future citizens, and has determined that the acquisition of the Utility System is in the public interest. The COUNTY has also examined those documents specified in Section 367.071(4)(a), Florida Statutes.

8. The parties have negotiated in good faith and are empowered to be bound by the terms and conditions set forth in this Agreement.

ACCORDINGLY, in consideration of the above Recitals and benefits to be derived from the mutual observation of the covenants contained herein, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

SECTION 1. RECITALS. The above recitals are true and correct, and form a material part of this Agreement.

SECTION 2. PURCHASE AND SALE OF WATER SYSTEM ASSETS. The SELLER, pursuant to the circumstances noted in the Recitals above, agrees to sell and the COUNTY agrees to buy through this Agreement those components of the Utility System, with the entire Utility System consisting of all real, personal and mixed property used or held for use in connection with the Utility System, hereinafter referred to as the "Purchased Assets" or the "Water System Assets", as more particularly set forth below in Sections 3 and 4 of this Agreement.

SECTION 3. PURCHASED ASSETS. On the Closing Date, as defined below, SELLER shall sell, assign, transfer, convey and deliver to COUNTY, and COUNTY shall purchase, accept and pay for all of the right, title and interest, in and to the following property and assets:

3.1 Real Property. All real property and interests in real property (the "Property"), owned by SELLER, as described in Exhibit "1" hereof, whereupon water production, storage, treatment, transmission, and distribution facilities and other water service facilities are located.

3.2 Easements and Other Rights. All rights, privileges, easements, licenses, prescriptive rights, rights-of-ways, and rights to use public and private roads,

highways, streets, and other areas owned and/or used by the SELLER in connection with the construction, reconstruction, installation, maintenance and operation of the Utility System and the Purchased Assets (collectively referred to as the "Easements"). The Easements are more particularly described in Exhibit "2" hereof, provided that, such easements located or shown in recorded plats and rights to locate lines in dedicated public rights-of-way are not included in this Exhibit but which are nevertheless being conveyed to the COUNTY.

3.3 Buildings, Structures and Fixtures. All buildings, structures and fixtures located on either the Property or the Easements which are used to house the plant, equipment and other facilities used or held for use in connection with the Utility System. Fixtures shall include, but are not limited to wells, yard improvements (by way of example and not limitation such items as fences, sod, landscaping, site grading and stormwater improvements) and yard piping (by way of example and not limitation such items as underground piping on the Property).

3.4 Water Plant Equipment and Other Facilities. The following assets owned by the SELLER and used or held for use in connection with the Utility System, as more specifically described in Exhibit "3" hereof, including all water production, treatment plant, storage, treatment, transmission, distribution, pumping, and other water facilities of every kind and description whatsoever including without limitation, all trade fixtures, leasehold improvements, pump stations, pumps, generators, controls, collection and transmission pipes or facilities, valves, meters, service connections, and all other water service connections, and all other water physical facilities and property installations in use in connection with the operation of the Utility System by the SELLER. The parties hereto agree that the COUNTY is buying the physical assets of the SELLER in an "as is" and "where is" condition without relying upon any warranty or representation from the SELLER regarding the physical condition of the Purchased Assets or condition of any of the improvements constructed thereon. Except for the interests in real property to be conveyed hereunder, the COUNTY has made its own investigations of the Purchased Assets and is relying solely upon these investigations in making the purchase described in this Agreement.

3.5 Other Equipment. All equipment, tools, parts, laboratory equipment and other personal property owned by the SELLER and located on the Property and/or utilized by the SELLER exclusively in connection with the operation of the Utility System.

3.6 Customer Records and Supplier Lists; Plans and Specifications. All current customer records and supplier lists, as-built surveys and water plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, any and all reproducible documents, mylars, sepias, and other original documents used or held for use with the Utility System, accounting and customer records and all other information and

business records in the possession of the SELLER that relate to the operation of the Utility System. The SELLER may make copies of its books, plans and records, at its expense, before transferring the original or copies of the books, plans and records to the COUNTY. These documents shall include any such documents related to work-in-progress, if any. A listing of the as-built engineering plans is attached to and incorporated in this Agreement as Exhibit "4."

3.7 Certificates, Permits, and Approvals. Subject to all necessary regulatory approvals and to all conditions, limitations or restrictions contained therein, all existing original certificates, permits, and other governmental authorizations and approvals of any kind in the possession of SELLER necessary to operate and maintain the Utility System in accordance with all governmental requirements, more specifically described in Exhibit "5," attached to and incorporated in this Agreement. Certificated Service Area maps and legal descriptions accurately reflecting those service areas currently certificated by the FPSC related to the Utility System are attached to and incorporated in this Agreement as Exhibit "6." The COUNTY agrees to execute necessary forms required by governmental agencies to transfer and to assume SELLER's future obligations under said permits and approvals. These certificates, permits, and approvals shall include any such certificates, permits, and approvals related to work-in-progress, if any.

3.8 Excluded Assets. The following assets of SELLER regarding the Utility System shall not be included in the assets conveyed to COUNTY as part of the Purchased Assets:

- (1) SELLER's cash and SELLER's bank account;
- (2) Federal, State or Local Tax or other deposits maintained by SELLER with any governmental authority for SELLER's use and benefit;
- (3) Vehicles or other equipment which are not utilized by SELLER exclusively in the operation and maintenance of the Utility System; and
- (4) All furniture, fixtures, office equipment, general business records and other assets of SELLER not located on the site of the Utility System or which are not held for the exclusive use or benefit of the Utility System.

SECTION 4. PURCHASE PRICE AND PAYMENT. The parties hereto have agreed upon a purchase price through a substantial and complicated negotiating process. The Purchase Price agreed upon is neither the highest, nor the lowest, amount that could be justified as a fair value of the Utility System according to the terms and conditions of this Agreement. Such Agreement has been reached in order to make the acquisition of the Purchased Assets attainable by the COUNTY with a view that the COUNTY will carry

through the written commitments of the SELLER to its consumers, and that the COUNTY will attempt to operate the system in as efficient manner as possible, subsequent to the closing.

4.1 Amount of Payment at Closing. The COUNTY hereby agrees to pay SELLER at closing, subject to the adjustments and prorations referred to elsewhere herein, a total capital fee purchase capital fee price in the amount of THREE HUNDRED THIRTY THOUSAND DOLLARS (\$330,000.00). The purchase price shall be paid at closing and in federal or other immediately available funds by wire transfer.

4.2 Additional Deferred Payment. As additional consideration for the transfer of the purchased assets from the SELLER to the COUNTY, the COUNTY agrees to make additional payments annually to SELLER in the amount of TWENTY SIX THOUSAND DOLLARS (\$26,000.00) for five (5) years with the first annual payment to be made one calendar year after the closing date, and the remaining four annual payments due on the anniversary of the closing date in the next four successive years. Notwithstanding anything to the contrary, the parties agree that: (1) the total aggregate additional payments hereunder shall equal ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000.00), and (2) no interest shall be due and owing by the COUNTY with regard to such payments.

4.3 No Assumption of Liabilities or Obligations. Although stated elsewhere in this Agreement, it is specifically agreed by and among the parties hereto, that the COUNTY shall not and at closing will not purchase or assume any of the liabilities or outstanding obligations of the Utility System and the SELLER shall remain responsible for same, including payment or satisfaction of its outstanding debts, obligations, and responsibilities, except as otherwise herein provided.

SECTION 5. TITLE EVIDENCE. The COUNTY's attorneys, GrayRobinson, P.A., shall cause to be issued, at the expense of the COUNTY, a title commitment for an owners ALTA Form B Marketability Policy in favor of the COUNTY in the amount of the Purchase Price from a title insurance company licensed in Florida as determined by the COUNTY in its sole discretion. The SELLER shall convey a marketable title subject only to the title exceptions set forth below.

5.1 Exceptions to Title. The Commitment shall show SELLER to be (i) vested with marketable fee simple title to the Property shown on Exhibit "1" and (ii) SELLER is vested with valid marketable easement interests for the easements described on Exhibit "2," subject only to the following exceptions (the "Permitted Exceptions"):

(1) Ad valorem real estate taxes and assessments for the year 2002 and subsequent years not yet due and payable;

(2) Restrictions set out in the recorded plats of subdivisions covered by the Utility System;

(3) Easements for utilities and drainage set out in such recorded plats of subdivisions; provided, however, that none of the easements set out in such recorded plats of subdivisions shall prevent, hinder or restrict the present use of the Property or Easements;

(4) (Restrictions of record (except liens, encumbrances, or mortgages) that do not impair, restrict, or inhibit the present use of or improvement to the Property or the Easements as permitted by applicable zoning and land use regulations presently in effect and that are not coupled with a forfeiture or reversionary provision; and

(5) All laws, ordinances, and governmental regulations, including, but not limited to, all applicable building, zoning, land use and environmental ordinances, regulations, restrictions, prohibitions and other requirements, none of which will prevent or hinder or restrict the present use of the Property or the Easements.

5.2 Status of Title. The COUNTY shall have until August 1, 2004 to examine the Title Commitment. If the COUNTY finds title, as shown on the Commitment, to be defective (i.e., matters which render title unmarketable in accordance with the title standards adopted by the Florida Bar and are not Permitted Exceptions), the COUNTY shall, on or before August 1, 2004, notify the SELLER specifying the defect(s), provided that if the COUNTY fails to give the SELLER notice of defect(s) on or before August 1, 2004, the defects shown in the Commitment shall, anything in this Agreement notwithstanding, be deemed to be waived as title objections to closing this transaction. If the COUNTY has given the SELLER timely notice of defect(s) and the defect(s) render the title other than as required by this Agreement, the SELLER shall use its reasonable efforts to cause such defects to be cured by the Closing Date. In the event that defects are timely raised and the SELLER, after exercising all reasonable efforts, cannot cure same prior to the Closing Date, then, in that event, the COUNTY shall have the right to purchase the Property and Easements in their then existing condition of title, or to rescind and terminate this Agreement without liability by either party to the other. Notice of such election shall be given by the COUNTY to the SELLER, prior to the Closing Date.

5.3 Deletion of Standard Exceptions. SELLER will execute at or prior to closing, in favor of the title insurance agent and company, a Seller's affidavit for mechanics' and materialmen's liens, parties in possession and the "gap" sufficient to allow the Title Company to delete all standard exceptions addressed by such affidavits. Prior to closing, the surveys shall be updated as reasonably requested by the Title Company or COUNTY so that the survey exception may be deleted.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF SELLER. The SELLER represents and warrants to COUNTY that:

6.1 Organization, Standing and Power. The SELLER is a corporation, duly organized, validly existing, and in good standing under the laws of the State of Florida. The SELLER has all requisite power and authority to own and lease its properties being conveyed hereunder and the Utility System, and to conduct its businesses related thereto as it is currently being conducted.

6.2 Authority for Agreement. The SELLER has the power and authority to execute and deliver this Agreement and to carry out its obligations hereunder. This Agreement has been duly authorized by all action required to be taken by the SELLER, has been duly executed and delivered by the SELLER, and constitutes a valid and binding obligation of the SELLER, enforceable in accordance with its terms.

6.3 Good and Marketable Title. Subject only to the Permitted Exceptions, the SELLER has good and marketable title to the Purchased Assets.

6.4 No Liens or Encumbrances. Except as otherwise specifically set forth in this Agreement or as may be released at or prior to the Closing Date, there are no mortgages, liens, claims or encumbrances of any type or nature upon or against the Purchased Assets including, but not limited to, mortgages, financing statements, or security instruments filed under the Uniform Commercial Code either in the County where the Property is located or with the Secretary of State. SELLER is in exclusive ownership, possession, and control of the Purchased Assets except for non-exclusive easements and SELLER at closing shall deliver exclusive possession and control of the Purchased Assets to the COUNTY.

6.5 Litigation. There are no actions, suits, or proceedings at law or in equity, pending against the SELLER 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 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. The SELLER is not aware and has not been notified that it is in default with respect to any permit, approval 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. The 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.

6.6 Leases. None of the Purchased Assets are subject to any interest of any lessor or lessee.

6.7 No Governmental Violations. SELLER is not aware and has not been notified of the existence of any violations of any governmental rules, regulations, permitting conditions or other governmental requirements applicable to the ownership, maintenance or operation of the Utility System.

6.8 No Record Violations. The SELLER is not aware and has not been notified of any restrictions or conditions of record which would adversely affect the use of the Utility Systems on the Property or Easements as described in Exhibits "1" and "2."

6.9 Absence of Changes. After the date of the execution of this Agreement, the SELLER shall not permit any change in its condition of properties, assets, liabilities, business or operations other than changes in the ordinary course of business which are not, either in any case or in the aggregate, materially adverse to the operation of the Utility System.

6.10 Disclosure. No representation or warranty made by the SELLER in this Agreement contains any untrue statement of material facts or omits to state any material fact required to make the statements herein contained not misleading. Should the SELLER become aware that any of the representations or warranties to COUNTY provided for herein are, or may reasonably be, materially untrue or incorrect, SELLER will promptly advise the COUNTY of same, in writing, specifying in reasonable detail the reasons why the SELLER believes such representations or warranties of COUNTY are, or may reasonably be, untrue or incorrect.

6.11 Survival of Covenants. SELLER agrees that its representation and warranties set forth herein are true and correct as of the date of the execution hereof shall be true and correct at the time of the Closing Date, and shall survive the Closing Date for one hundred eighty (180) days thereafter, except that SELLER's covenants related to title to the Purchased Assets shall not expire.

6.12 FIRPTA. The SELLER is not a "foreign person" within the meaning of the United States tax laws and to which reference is made in Section 1445 (b) (2) of the Internal Revenue Code. On the Closing Date, the SELLER shall deliver to the COUNTY a certificate to such effect.

6.13 All Necessary Governmental Permits and Approvals. As of the Closing Date, the SELLER warrants that it shall transfer to the COUNTY all necessary governmental permits currently held by SELLER and approvals such that the COUNTY can operate the Utility System.

6.14 No Violation by Virtue of Election. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government, the Articles of Incorporation or any by laws of the SELLER, or any indenture, agreement, or other instrument to which the SELLER is a party, or by which it is bound.

6.15 No CERCLA Violations. The SELLER has not violated, except as disclosed by the environmental audits, in connection with the ownership, use, maintenance, or operation of the Property or the Purchased Assets, applicable environmental, federal, state, county, or local laws relating to pollution or protection of the environment, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, or the Toxic Substance Control Act ("Environmental Laws"). SELLER has not authorized the placing or depositing of hazardous substances on the real property portion of the Purchased Assets except, if at all, in accordance with the applicable Environmental Laws, and SELLER has no actual knowledge of any hazardous substance having been, or currently being, placed or deposited on the premises except in accordance with such Laws.

6.16 Location of Plants. The water plant and wells used in the operation of the Utility System are located on the Property as identified in Exhibit "1" and the use of such water plant and wells on the Property does not violate any zoning certifications, special exceptions or variances in a manner which would prohibit or materially interfere with the operation and maintenance of such water plants.

6.17 Assignment of Certain Agreements. To the extent such is required, the SELLER agrees that it shall obtain all necessary assignments, consents, and approvals in order to assign the agreements set forth in Exhibit "7" as referenced in Section 19 hereof.

6.18 No Construction. There is no construction work in progress on the Property.

6.19 All Documents. SELLER has provided all documents and information requested in furtherance of this Agreement by COUNTY in relation to the Utility System and Purchased Assets which are available or can be reasonably available to SELLER.

SECTION 7. CONDUCT PENDING CLOSING. The SELLER covenants that pending the closing:

7.1 Business Conduct. Except as otherwise consented to in writing by COUNTY, whose consent shall not be unreasonably withheld, delayed or conditioned, for

the period beginning on the date of execution of this Agreement and ending on the Closing Date, SELLER shall:

(1) operate the Utility System in, and only in, the usual, regular and ordinary course and nevertheless comply with all applicable governmental requirements and law;

(2) maintain all of the Utility System's material structures, equipment, permits and other tangible personal property in good repair, order and condition, except for depletion, depreciation, ordinary wear and tear and damage by unavoidable casualty;

(3) keep in full force and effect insurance comparable in amount and scope of coverage to insurance now carried by it for the Utility System;

(4) perform in all material respects all of its obligations under agreements, contracts and instruments relating to or affecting the Utility System's properties, assets and operation;

(5) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative judicial procedures or proceedings applicable to particular permits, comply in all material respect with all statutes, laws, ordinances, rules and regulations applicable to it and to the operation of the Utility System;

(6) promptly advise the COUNTY, in writing, of any material change which adversely affects the operation of the Utility System;

(7) not enter into any transaction, including without limitation, the purchase, sale or exchange of property the value of which exceeds \$5,000.00, which relates to the Utility System, except in furtherance of this Agreement with the SELLER, or the rendering of any service to SELLER except in the ordinary course of and pursuant to the reasonable requirements of the business of SELLER;

(8) subject to available administrative remedies pursuant to Chapter 120, Florida Statutes, or any administrative or judicial procedures or proceedings applicable to particular permits, comply with all Utility System permit requirements and obtain all necessary permit extensions or renewals with no additional operational or capital obligations such that said permits are valid as of the Closing Date; and

(9) seek and obtain any necessary permit extension or renewal so that said permits are valid, extended, or seeking extension as of the Closing Date.

7.2 Risk of Loss. The SELLER shall bear the risk of loss, damage or destruction of the Purchased Assets by fire or other casualty prior to and including the Closing Date. If any portion of the Purchased Assets is damaged by fire, act of God or other casualty before the Closing Date, the COUNTY shall have the option of (1) taking the Purchase Assets as is, without reduction in price, together with the SELLER's assignment to the COUNTY of all rights under its insurance policies and all of the insurance proceeds, if any; or (2) taking the Purchased Assets, as is, with a reduction in price, mutually agreed to by SELLER and COUNTY, based upon a percentage allocation of the Purchase Price derived by comparing the net book value of the Purchased Assets destroyed to the net book value of the Utility System and the SELLER shall maintain all rights under its insurance policies and to all of the insurance proceeds; or (3) canceling this Agreement in which event the Parties hereto shall be released from all further obligations to each other.

7.3 Access to Records. The SELLER will at all times cooperate by providing reasonable access, upon prior written notice (not less than forty-eight (48) hours in advance), to their records and facilities applicable to the Utility System for inspection to assist in acquainting the COUNTY'S operating and administrative personnel in the operation of the Utility System; provided, however, that no such inspection shall materially interfere with the operation of the Utility System or the day to day activities of the SELLER's personnel.

7.4 Performance of Closing Conditions. The SELLER shall perform all of the conditions to closing which should be performed by the SELLER prior to the Closing Date as provided herein.

7.5 Examination and Inspection. The SELLER will permit reasonable examination by the COUNTY'S authorized representatives of all existing contractual obligations, physical systems, assets, real estate, rights-of-way, easements and inventories which are utilized by the SELLER in connection with the Utility System. No such examination by the COUNTY's authorized representatives shall interfere with the SELLER's operations of the Utility System or the day to day operations of the SELLER's personnel. The SELLER shall make these assets and records available for examination by the COUNTY's authorized representatives at reasonable times and upon prior written notice (not less than forty-eight (48) hours in advance) from the COUNTY. Such facilities will be properly maintained by the SELLER within the custom and usage of the water industry in Florida until the Closing Date.

SECTION 8. REPRESENTATIONS AND WARRANTIES OF COUNTY. The COUNTY represents and warrants to the SELLER, as follows:

8.1 Organization, Standing and Power of COUNTY. The COUNTY is a municipal corporation duly chartered and validly existing under the laws of the State of

Florida and has all requisite municipal power and authority to enter into this Agreement, to own and lease real and personal property, and to carry out and perform the terms and provisions of this Agreement.

8.2 Authority for Agreement. The COUNTY has the authority and power to execute and deliver this Agreement and to carry out its obligations hereunder. The COUNTY has held all of the necessary public hearings to authorize the COUNTY's purchase of the Utility System and obtained the documents required by Section 367.071(4)(a), Florida Statutes. This Agreement has been duly authorized by all action required to be taken by the COUNTY, has been duly executed and delivered by the COUNTY, and constitutes a valid and legally binding obligation of the COUNTY, enforceable in accordance with its terms.

8.3 Disclosure. No representation or warranty made by the COUNTY in this Agreement contains or will contain any untrue statement of material facts or omits or will omit to state any material fact required to make the statements herein contained not misleading. Should the COUNTY become aware that any of the representations or warranties of SELLER provided for herein are, or may reasonably be, materially untrue or incorrect, COUNTY will promptly advise the SELLER of same, in writing, specifying in reasonable detail the reasons why the COUNTY believes such representations or warranties of SELLER are, or may reasonably be, untrue or incorrect.

8.4 Litigation. There are no actions, suits, or proceedings at law or in equity, pending against the COUNTY before any federal, state, municipal or other court, administrative or governmental agency or instrumentality, domestic or foreign, which affect the COUNTY's ability to enter into and perform this Agreement. The COUNTY shall have the 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 its ability to perform its obligations under the Agreement.

8.5 Performance of Closing Conditions. The COUNTY shall perform all of the conditions to closing which should be performed by the COUNTY prior to the Closing Date as provided herein.

8.6 Survival of Covenants. COUNTY agrees that its representation and warranties set forth herein are true and correct as of the date of the execution hereof, shall be true and correct at the time of the Closing Date, and shall survive the Closing Date.

8.7 Delivery of Resolution. If it has not already done so, COUNTY will deliver to SELLER a certified copy of a resolution of the Board approving the COUNTY's execution and performance of this Agreement with five (5) business days of COUNTY's execution hereof.

8.8 No Conflicts. The execution, delivery and performance of this Agreement will not violate any provision of law, order of any court or agency of government, the charter of the COUNTY, or any administrative regulation or decree, or any provision of the Constitution or the laws of the State of Florida relating to the COUNTY or its affairs or any ordinance, resolution, agreement, indenture, lease, or other instrument to which the COUNTY is a party, subject or by which it is bound.

8.9 Police Power. Subject to the police power of the COUNTY and its ability to charge its prevailing capital charges, COUNTY shall after closing fulfill the SELLER's obligations to furnish water service as of the Closing Date as set forth in Section 19 of this Agreement.

8.10 COUNTY Actions. The COUNTY shall take no action inconsistent with its express obligations under the terms and conditions of this Agreement.

8.11 Inspections. All inspections of the Utility System by COUNTY or its representatives performed pursuant to this Agreement shall not materially interfere with the operation of the Utility System or the day-to-day activities of the SELLER's personnel, and COUNTY agrees to indemnify and hold SELLER harmless from any third party claims, actions, expenses, or damages, including costs and attorney's fees at trial and appeal, which the SELLER incurs (for personal injury or property damage) as a direct result of the inspection of the Utility System by the COUNTY, its agents, contractors, representatives and/or employees.

SECTION 9. ADDITIONAL CONDUCT PENDING CLOSING. The COUNTY and the SELLER covenant with each other that pending the closing on this transaction, neither shall obstruct, hinder or interfere in the operation of the Utility System by the SELLER or with the processing and consideration by governmental agencies of any applications or petitions filed by the SELLER or COUNTY that are related to the Utility System. SELLER shall execute all necessary documents to assist in securing necessary governmental approval(s) for the renewal, expanded use, and transfer of said permit, and shall use its best efforts to assist the COUNTY in obtaining all such necessary governmental approvals. Prior to closing, neither the COUNTY, nor any of COUNTY's representatives, consultants, employees or agents shall file any application or petition with any governmental agency having jurisdiction over the Utility System.

SECTION 10. ADJUSTMENTS AND PRORATIONS; CLOSING COSTS. At the time of closing, the parties covenant and agree that the following adjustments shall be made:

10.1 Real and personal property taxes for 2004 on all real and personal property which is being conveyed by the SELLER to the COUNTY, shall be prorated as of

11:59 p.m. of the Closing Date and shall be paid by the SELLER in accordance with Section 196.295, Florida Statutes. The COUNTY shall not be charged with proration of any ad valorem taxes. SELLER shall remain obligated to pay real and personal property taxes for 2004 through the Closing Date.

10.2 (1) All rates, fees, and charges for water service through the Closing Date shall be the property of the SELLER. The SELLER shall include a written notice to each customer that the Utility Systems are being transferred to the COUNTY.

(2) Except as otherwise provided in Sections 10.2 (3) and (4) below, all prospective rates, fees, and charges for water service after the Closing Date shall be the property of the COUNTY.

(3) Immediately prior to the Closing Date SELLER and COUNTY shall cause a final meter reading by SELLER and an initial meter reading by COUNTY to occur simultaneously. SELLER shall cause a final billing to be sent to the customers based on the final meter reading. SELLER shall receive all revenue through its final billing as described in this subsection. COUNTY shall be entitled to receive all revenue based on billings commencing with the initial meter reading.

(4) Subject to state law, COUNTY agrees to disconnect service from any customer who fails to pay SELLER amounts owed SELLER through the Closing Date upon notification to COUNTY by SELLER that such amounts are sixty (60) days past due.

10.3 The SELLER shall request all of its suppliers and vendors to submit final invoices for services, materials, and supplies, including electricity for the period up to and including the Closing Date. The SELLER shall be responsible for, and shall provide to the COUNTY, upon request, evidence of the payment of all such invoices.

10.4 SELLER shall retain all Connection Charges, as hereinafter defined, heretofore paid to SELLER prior to the Closing Date. SELLER has entered into no agreements or commitments with developers or customers providing for the extension of services or facilities with regard to the Utility System. COUNTY shall be entitled to receive all Connection Charges paid after the Closing Date. The term Connection Charges shall mean connection, plant capacity, main extension, allowance for funds prudently invested ("AFPI") charges and/or capital charges ("Connection Charges").

10.5 All adjustments and prorations shall be calculated as of 11:59 p.m. of the Closing Date.

10.6 All costs of recording any releases, satisfactions or corrective instruments, if any, shall be paid by COUNTY.

10.7 Certified, confirmed or ratified special assessments or municipal liens prorated as of the Closing Date, will be paid by SELLER.

10.8 Any taxes on gross receipts or regulatory assessment fees incurred as of the Closing Date shall be paid by SELLER.

10.9 If applicable, rents under any lease agreement assumed by the COUNTY hereunder shall be prorated as of the Closing Date.

10.10 All bills for other services, materials and supplies rendered in connection with the operation of the Utility System prior to the Closing Date shall be paid by SELLER.

10.11 The cost of transfer or cancellation of the FPSC certificate from SELLER to COUNTY pursuant to Section 16 shall be paid by SELLER.

10.12 The cost of transferring permits from SELLER to COUNTY, unless otherwise specifically designated in this Agreement, shall be paid by COUNTY.

10.13 COUNTY shall pay for the survey, title search and title policy.

10.14 Unless otherwise specifically designated in this Agreement, COUNTY shall pay for the real property assets and other investigation necessary to bring this transaction to closing.

10.15 The COUNTY acknowledges that the SELLER has agreed to sell its assets under threat of condemnation. As such, SELLER shall not be responsible for or required to pay the documentary stamp tax on the deeds of conveyance of Property included in the Purchased Assets. However, in the event an unforeseen changes in law mandate that documentary stamp tax be paid in regards to this transaction, then the COUNTY shall pay the documentary stamp tax.

SECTION 11. INDEMNITIES. Except as otherwise provided for in this Agreement, the SELLER shall indemnify and hold the COUNTY, its representative agents and employees harmless from and against any and all claims, liability, demands, damages, surcharges, refunds, expenses, fees, fines, penalties, suits, proceedings, actions and fees, including damage to property or property rights that may arise from or are related to third party claims arising from or related to acts, errors, or omissions of the SELLER, its agents, employees, servants, licensees, invitees, or contractors or by any person under the control or direction of the SELLER arising out of (1) its operation, maintenance, or management of

the Utility System up to and including the Closing Date, (2) any local, state, or federal enforcement case that may be later filed after the Closing Date related to alleged or actual violations of local, state or federal laws, rules, ordinances, policies, or requirements that occurred prior to or on the Closing Date, or (3) any FPSC rate case proceeding related to the Utility System. The COUNTY shall indemnify and hold the SELLER, its representative agents and employees harmless from and against any and all third party claims, liability, demands, damages, surcharges, refunds, expenses, fees, fines, penalties, suits, proceedings, actions and fees, including damage to property or property rights that may arise from or which are related to the acts, errors, or omissions of the COUNTY, its agents, employees, servants, licensees, invitees, or contractors or by any person under the control or direction of the COUNTY arising out of (1) its operation, maintenance, or management of the Utility System subsequent to the Closing Date, (2) any other local, state, or federal enforcement case that may be later filed after the Closing Date related to alleged or actual violations of local, state or federal laws, rules, ordinances, policies, or requirements that occurred subsequent to the Closing Date, related to the Utility System. Except for issues related to SELLER's obligations to deliver title to the Purchased Assets, the indemnities provided hereunder shall expire two (2) years after the Closing Date.

SECTION 12. ENVIRONMENTAL MATTERS. The COUNTY shall have the right to perform both a Level I and Level II Environmental Audit, as such terms are generally understood by the environmental consulting industry in the State of Florida, of all real property associated with the operation of the System, including the Property. These audits shall be performed at COUNTY's expense. These environmental audits may include, but not be limited to, appropriate borings, samplings, "sniffer" tests, as well as an appropriate title search in order to determine that the sites are in full compliance with applicable local, state, and federal environmental and occupational health and safety statutes and regulations. If after reviewing the environmental audits, COUNTY reasonably determines that any portion of the Utility System hereunder is not in full compliance with applicable local, state, and federal environmental and occupational health and safety statutes and regulations, COUNTY may elect not to acquire the Utility System by giving SELLER written notice of its election not to acquire said Utility System five (5) days before the Closing Date. In the event COUNTY elects not to acquire the Utility System, neither party shall have any liability to the other. The COUNTY, however, shall provide SELLER prior written notice (not less than forty-eight (48) hours in advance) of any proposed inspection of the Utility Systems, which shall take place at reasonable times and without interfering with the operation of the System by SELLER. The COUNTY shall indemnify, defend and hold SELLER harmless for any claims, actions, expenses or damages, including cost and attorney's fees, at trial and appeal, which SELLER incurs for personal injury or property damage that occurs as a direct result of the inspection of the Utility System by COUNTY, its agents, contractors, representatives and/or employees. This Section 12 indemnification obligation shall survive the closing by two (2) years.

SECTION 13. CLOSING.

13.1 The place of closing shall be in Ocala, Marion County, Florida at the COUNTY's administration building, 601 S.E. 25th Avenue, and such closing shall occur on or before September 1, 2004 (the "Closing Date"). Notwithstanding anything to the contrary, the closing of this transaction shall take place upon the delivery of the Purchase Price to the SELLER in the manner and on the date provided for in this Agreement. The parties agree that the closing of this transaction on or before September 1, 2004, was a material part of the negotiations and absent such agreement this transaction would not have taken place. Accordingly, the closing of this transaction shall not be extended beyond the Closing Date.

13.2 The parties agree that it is their mutual intent that the entire Utility System, consisting of the real property, easements and other rights, plant and other facilities, equipment, customer records and supplier lists, plans and specifications, certificates, permits and approvals, and good will is to be conveyed to the COUNTY by the SELLER at closing. The parties acknowledge and agree that two agreements, this Agreement and a Companion Agreement, when taken together cause the entire Utility System to be transferred. Accordingly, both this Agreement and the Companion Agreement shall be fully honored and be implemented to cause the closing on the Closing Date. If for any reason the Companion Agreement is not caused to close as of the Closing Date then this Agreement may be cancelled by either party.

SECTION 14. CLOSING DOCUMENTS AND PROCEDURES.

14.1 Deliveries from SELLER. The following documents shall be delivered by the SELLER to the COUNTY at closing unless other specific dates for delivery are indicated below, with the originals of such documents being provided no later than September 1, 2004 executed on the Closing Date:

(1) Warranty deeds to all of the Property owned by the SELLER as described in Exhibit "1" conveying to the COUNTY all of the SELLER'S right, title and interest in all such property and warranting that such Property is free and clear of all liens, claims and encumbrances other than Permitted Exceptions, as that term is defined in Subsection 5.1 hereof.

(2) Instruments of conveyance, in appropriate recordable form, of all the Easements as described in Exhibit "2" conveying to the COUNTY all of SELLER'S right, title and interest in all such property, together with all utility improvements thereto, and warranting that such easement rights and rights to use dedicated rights-of-way are or shall be made pursuant to Subsection 6.3 hereof, free and clear of all liens, security

interests, encumbrances, leasehold interests, charges or options, covenants or restrictions other than Permitted Exceptions, as that term is defined herein;

(3) General assignment to the COUNTY of all other interests in the Property, together with a general assignment of all Contracts, Agreements, permits and approvals as provided for and in the manner specified in this Agreement;

(4) Bills of sale or other documents of assignment and transfer, with full warranties of title as specified in this Agreement, to all Water System Assets other than those assets covered by Subsections 14.1(2) and 14.1(3) hereof;

(5) Copies of all business records sold to the COUNTY hereby (originals thereof to be delivered at closing);

(6) Copies of all permits, governmental authorizations and approvals, together with applications for or transfer approvals from any and all agencies that have issued said permits, authorizations, and approvals (originals thereof to be delivered at closing);

(7) Standard no-lien SELLER's affidavit in a form reasonably required by the Title Company as to realty and personalty insuring against any liens, claims or encumbrances upon the Purchased Assets;

(8) A "non-foreign" affidavit or certificate pursuant to Section 1445 of the Internal Revenue Code;

(9) Such other affidavits, corporate resolutions and acknowledgments as the title company shall reasonably request in order to cause the title company to issue the policy evidencing marketable title as contemplated herein;

(10) A corporate officer's certificate confirming that the SELLER's warranties hereunder are true and correct as of the Closing Date;

(11) Evidence of insurance to the COUNTY providing coverage of the Utility System;

(12) The following listed instruments and documents:

(A) All contracts, customer service agreements, development agreements, and other agreements for service;

(B) Thirty (30) days prior to the Closing Date, documentation of all customer deposits, a complete billing register and billing information of the customers of the Water System;

(C) Documentation of accounts receivable;

(D) Inventory of that movable equipment, laboratory equipment, tools, accessories and appurtenances that is being transferred to and being paid for by COUNTY;

(E) Thirty (30) days prior to closing a listing of all vendors, vendor accounts and other related vendor information;

(13) Such other instruments and documents, in form approved by the COUNTY's counsel as may be reasonably required in order to transfer ownership and possession of the Purchased Assets to the COUNTY; provided that none of such documents shall result in any additional liability on the part of SELLER not otherwise provided for in this Agreement.

(14) All assignments of agreements listed in Section 19 that assign the agreements to COUNTY.

14.2 Deliveries from the COUNTY. On the Closing Date, the COUNTY shall pay the Purchase Price to the SELLER by wire transfer in the amount due SELLER as provided in Section 4 of this Agreement, subject to the prorations and adjustments. The COUNTY shall also deliver at the closing, the executed form of an assumption of the agreements (if any) set forth in Section 19 of this Agreement, an assumption of the leases, permits, agreements, approvals and other interests in the Purchased Assets being assigned by the SELLER, as provided by the SELLER pursuant to Subsection 14.1 hereof, and a certified copy of a resolution of the COUNTY approving this transaction, if not previously delivered to SELLER. Said documents shall be executed on the Closing Date. The assignments and assumptions being prepared by the parties may be incorporated into one document at the convenience of the parties. COUNTY shall also deliver at closing: (a) such affidavits and acknowledgments as the title Company shall reasonably request in order to cause said title Company to issue a title insurance policy evidencing a marketable title in COUNTY; (b) a County Officer's Certificate confirming that the warranties of COUNTY set forth in this Agreement applicable to the closing are true and correct as of the closing; (c) a promissory note in form acceptable to SELLER, from the COUNTY to the SELLER for the deferred portion of the Purchase Price referred to in Subsection 4.2 hereof; and (d) such other instruments and documents as SELLER's Counsel may reasonably require, in form approved by COUNTY's Counsel, in order to transfer possession and control of the Purchased Assets to COUNTY, provided that none of such

documents shall result in any additional liability on the part of COUNTY not otherwise provided for in this Agreement.

14.3 Inadvertent Omissions. If at any time within six (6) months after the Closing Date either party discovers any item associated with the Utility System which it reasonably believes was intended to be or should have been included as one of the Assets, or Excluded Assets, it shall detail such belief in a written notice to the other party. The parties shall as soon thereafter as reasonably possible meet to discuss the status of the omitted item and use good faith efforts to agree on the proper disposition of that item. Upon agreement, the parties will determine if any adjustment need be made to the Purchase Price as a result of such disposition and the affected party shall provide payment within thirty (30) days thereafter to the other based upon the agreed adjustment value of the omitted item. The party in possession of the omitted item shall promptly deliver same to the other party and cause such reasonable documentation of conveyance of such items to be executed and delivered to the other party as shall be requested by that party.

SECTION 15. RESPONSIBILITY FOR PROFESSIONAL FEES AND COSTS.

Each party hereto shall be responsible for its own attorneys' fees, engineering fees, accounting fees and other costs in connection with the preparation and execution of this Agreement, the closing of the transaction contemplated herein and in connection with all judicial and administrative proceedings related to the acquisition of the Utility System.

SECTION 16. PUBLIC SERVICE COMMISSION APPROVAL. SELLER shall apply for approval by the Florida Public Service Commission for transfer of the Purchased Assets from SELLER to COUNTY. SELLER agrees to pay all fees and costs incurred by SELLER incident to such dealings with the Florida Public Service Commission. It is agreed that COUNTY shall apply every reasonable effort to cooperate with SELLER to obtain approval from the Florida Public Service Commission and will render all reasonable assistance to SELLER necessary to obtain such approval. Copies of the Order(s) of the Commission acknowledging sale of the Utility Systems to the COUNTY shall be promptly provided to the COUNTY, upon SELLER's receipt thereof.

SECTION 17. COMMISSIONS. The SELLER and the COUNTY warrant to the other that the transaction contemplated by this Agreement is a direct, private transaction between the SELLER and the COUNTY without the use of a broker or commissioned agent.

SECTION 18. FURTHER ASSURANCES. Each of the parties hereto agrees that, from time to time, upon the reasonable request of the other party and at the expense of the requesting party, without further consideration, it shall execute and deliver to the requesting party any and all further instruments, affidavits, conveyances and transfers as may be reasonably required to carry out the provisions of this Agreement.

SECTION 19. CERTAIN AGREEMENTS.

19.1 Contracts and Agreements. The COUNTY shall take title to the Purchased Assets encumbered by no contracts or agreements subject to the declaration of covenants and restrictions of the Quail Meadow Subdivision. Notwithstanding anything to the contrary stated in this Agreement, the COUNTY is not assuming and has no obligation to honor the amount of any prepaid or discounted connections for customers or properties, dwelling units, or commercial or industrial structures not connected to the Utility System prior to the Closing Date, but rather reserves the right to charge and collect its own capital charges as precondition to providing service, giving due credit for connection fee amounts previously paid.

19.2 Other Agreements. Except as expressly set forth in this Agreement, the COUNTY is not assuming any other agreements to which SELLER is a party.

SECTION 20. NOTICES; PROPER FORM. Any notices required or allowed to be delivered hereunder shall be in writing and may either be (1) hand delivered, (2) sent by recognized overnight courier (such as Federal Express) or (3) mailed by certified or registered mail, return receipt requested, in a postage prepaid envelope, and addressed to a party at the address set forth opposite the party's name below, or at such other address as the party shall have specified by written notice to the other party delivered in accordance herewith:

COUNTY: Marion County
601 S.E. 25th Avenue
Ocala, FL 34471-2690
Attention: County Administrator

With a copy to: Thomas A. Cloud, Esq.
GrayRobinson, P.A.
301 East Pine St., Suite 1400
Orlando, FL 32801

SELLER: Quail Meadow Utilities, Inc.
5850 Southwest State Road 200
Ocala, Florida 34474
Attention: James T. Aherron
Title: President

With a copy to: Landis V. Curry, Jr., Esquire
Ayres, Cluster, Curry, McCall, Collins & Fuller, P.A.
21 Northeast 1st Ave.

Ocala, FL 34470

Notices personally delivered by hand or sent by overnight courier shall be deemed given on the date of delivery and notices mailed in accordance with the foregoing shall be deemed given three (30) days after deposit in the U.S. mail.

SECTION 21. ENTIRE AGREEMENT.

21.1 This instrument constitutes the entire Agreement between the parties and supersedes all previous discussions, understandings, and agreements between the parties relating to the subject matter of this Agreement. This Agreement may not be changed, altered or modified except by an instrument in writing signed by the party against whom enforcement of such change would be sought.

21.2 The COUNTY and the SELLER acknowledge and agree that this Agreement is a companion to the other agreement between COUNTY and SELLER and when the two agreements are taken together will fully and completely transfer the entire Utility System from the SELLER to the COUNTY. It is the intent of the parties that both agreements will close simultaneously. Both this Agreement and the Companion Agreement may be read together and considered for purposes of determining, interpreting and consummating the sale and transfer of the entire Utility System from SELLER to the COUNTY.

SECTION 22. AMENDMENT. Amendments to and waivers to the provisions of this Agreement shall be made by the parties only in writing by formal amendment.

SECTION 23. DISCLAIMER OF THIRD PARTY BENEFICIARIES. This Agreement is solely for the benefit of the formal parties herein, and no right or cause of action shall accrue upon or by reason hereof, to or for the benefit of any third party not a formal party hereto.

SECTION 24. BINDING EFFECT. All of the provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the legal representatives, successors and nominees of the COUNTY and the SELLER.

SECTION 25. TIME OF THE ESSENCE. Time is hereby declared of the essence in the performance of each and every provision of this Agreement.

SECTION 26. APPLICABLE LAW. This Agreement shall be construed, controlled, and interpreted according to the laws of the State of Florida.

SECTION 27. CORROBORATION OF PAYMENTS AFTER CLOSING. In each instance in which either the SELLER or the COUNTY is to receive money from another party after the Closing Date pursuant to the provisions of this Agreement, the party who is entitled to receive the money under the terms of this Agreement shall have the right to inspect, at its own expense, those books and records of the other party as may be necessary to corroborate the accuracy of the amount of money received by the party, within thirty (30) days of receipt of payment. In the event the party making the inspection discovers an error in payment, the party making the payment shall promptly transfer the difference in payment to the party who is entitled to payment; provided, however, that to the extent that the error in payment is ten percent (10%) or more, then the party making payment shall, in addition to paying the shortfall, reimburse to the party making the inspection the reasonable costs of the inspection.

SECTION 28. RADON GAS. RADON IS A 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.

SECTION 29. DEFENSE OF ACTIONS OR CLAIMS.

29.1 Each party who is or may be entitled to indemnity under the provisions of this Agreement (the "Indemnitee") shall promptly notify the other party who is or may be required to provide indemnity under the provisions of this Agreement, as applicable (the "Indemnitor"), of any lawsuit or claim against such Indemnitee which it has reasonable cause to believe would entitle it to indemnification under such Section of this Agreement. Failure of such Indemnitee to promptly notify the Indemnitor of any such action or claim shall constitute a defense by Indemnitor against its obligation to indemnify the Indemnitee under this Agreement with regard to such claim or action, if such failure to provide such prompt notification reasonably prejudices the defense or other successful resolution of such action or claim by Indemnitor.

29.2 Upon receipt of such prompt notification of such claim or action, the Indemnitor shall be entitled, in its absolute discretion, to select legal counsel; to assume at its expense the defense of any such action or claim, including the prosecution of any applicable cross-claims or counter claims; to direct the manner in which such defense shall be conducted; and to determine the terms of settlement of, any such suit or claim against Indemnitee, provided that no such resolution awarding relief other than money damages against the Indemnitee may be agreed to without the consent of the Indemnitee, which consent shall not be unreasonably withheld, delayed or conditioned by Indemnitee.

Indemnitee shall provide its full cooperation and assistance to Indemnitor with regard to the defense of such claim or action against Indemnitee, as afore-described, as reasonably requested by Indemnitor.

29.3 If the defendants in or to any such action or claim include both the Indemnitee and the Indemnitor and the Indemnitee reasonably concludes that there are valid legal defenses available to the Indemnitee which are different from or additional to the legal defenses being raised by the Indemnitor, and which, after written notice thereof being given to the Indemnitor by the Indemnitee, are not being asserted by the Indemnitor on behalf of the Indemnitee regarding such action or claim, the Indemnitee shall have the right to select separate counsel to assert such additional legal defenses in such action on behalf of such Indemnitee; provided such legal defenses which Indemnitee desires to assert are not reasonably inconsistent with, contrary to or would otherwise prejudice the defenses which the Indemnitor is asserting on behalf of the Indemnitee. The Indemnitee shall take no action with regard to such claim or action which is inconsistent with or may reasonably prejudice the defenses, cross-claims or counter claims being asserted by Indemnitor on behalf of Indemnitee.

29.4 If an Indemnitor elects to assume and does assume, the defense of any such suit or claim, it shall not be liable for any legal expenses incurred by the Indemnitee with respect to such matter and if the Indemnitee, after due notice to the Indemnitor of the existence of valid defenses not being employed by the Indemnitor as afore-described, employs separate counsel in connection with the assertion of such legal defenses not being raised by the Indemnitor on behalf of the Indemnitee and the Indemnitee is, in fact, ultimately successful in the assertion of those legal defenses that the Indemnitor refused to assert after due notification by the Indemnitee.

29.5 If the Indemnitor, after receipt of such prompt notification of such claim or action, does not assume the defense of any such suit or claim, it shall thereafter be barred from disputing the nature and amount of the damages ultimately incurred or determined to have been incurred by the Indemnitee in settling or litigating the action or claim.

SECTION 30. MISCELLANEOUS.

30.1 All of the parties to this Agreement have participated fully in the negotiation and preparation hereof, and, accordingly, this Agreement shall not be more strictly construed against any one of the parties hereto.

30.2 Except for the provisions of Section 4 and 14.1(1) hereof, in the event any term or provision of this Agreement be determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be

construed as deleted as such authority determines, and the remainder of this Agreement shall be construed to be in full force and effect.

30.3 In the event of any litigation between the parties under this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and court costs at all trial and appellate levels.

30.4 In construing this Agreement, the singular shall be held to include the plural, the plural shall be held to include the singular, the use of any gender shall be held to include every other and all genders, and captions and paragraph headings shall be disregarded.

SECTION 31. ADDITIONAL SELLER RESPONSIBILITIES. SELLER, at its expense, shall provide for a minimum of one month materials, supplies, and consumables to be transferred to COUNTY on the Closing Date.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.

SIGNED, SEALED, AND DELIVERED
IN THE PRESENCE OF:

x *Linda Tg*
Name: LINDA TERRACINO

x *Heidi C. Carlman*
Name: HEIDI C. CARLMAN

QUAIL MEADOW UTILITIES, INC.

BY: *James T. Aherron*
Print Name: James T. Aherron
As Its: President

DATE: June 17, 2004

[CORPORATE SEAL]

STATE OF FLORIDA
COUNTY OF MARION

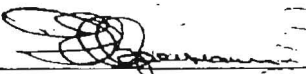
The foregoing instrument was acknowledged before me this 17th day of June, 2004, by James T. Aherron, as President, of QUAIL MEADOW UTILITIES, INC., a Florida corporation, on behalf of the corporation.

LINDA TERRACINO
Notary Public, State of Florida
My comm. exp. June 21, 2005
Comm. No. DD 030909

AFFIX NOTARY STAMP

Linda Tg
Signature of Notary Public
LINDA TERRACINO
(Print Notary Name)
My Commission Expires: June 21, 2005
Commission No.: DD 030909
☒ Personally known, or
☐ Produced Identification
~~Type of Identification Produced~~

ATTEST:



David R. Ellspermann, Clerk

BOARD OF COUNTY COMMISSIONERS
OF MARION COUNTY, FLORIDA

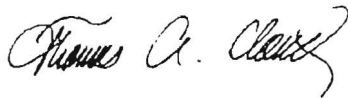
BY: 

Andy Kesselring, Chairman

Date: 08-03-2004

FOR THE USE AND RELIANCE
OF MARION COUNTY ONLY.
APPROVED AS TO FORM

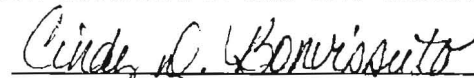
August 3, 2004



Thomas A. Cloud, Esquire
Special Utility Counsel

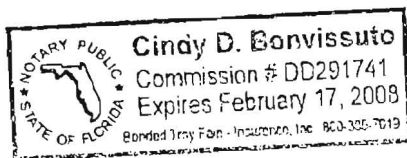
STATE OF FLORIDA
COUNTY OF MARION

The foregoing instrument was acknowledged before me this 3rd day of August, 2004, by Andy Kesselring, Chairman of the Board of County Commissioners, known to me to be the person described in and who executed the foregoing.



Signature of Notary Public
Cindy D. Bonvissuto
(Print Notary Name)
My Commission Expires: 2/17/08
Commission No.: DD291741

AFFIX NOTARY STAMP



☒ Personally known, or
☐ Produced Identification
Type of Identification Produced

COMBINED EXHIBITS

REAL PROPERTY

EXHIBIT 1

Subsection 3.1

Subsection 3.2

EXHIBIT 2

Easements and Other Rights

EXHIBIT "1"

WELL SITE

Commence at the NW. Corner of Section 3, Township 15 South, Range 21 East, Marion County, Florida, and proceed S.89°58'20"E., along the North Boundary Line of said Section 3, a distance of 2460.21 feet to the Old West Right-Of-Way Line of NW. 44th Avenue; Thence S.00°01'12"E., along said Old West Right-Of-Way Line, a distance of 2150.16 feet; Thence S.89°37'10"W., along the South Boundary Line of Quail Meadow as recorded in Plat Book "Y", pages 89 through 91 of the Public Records of Marion County, Florida, a distance of 605.62 feet to an iron rod & cap; Thence continue S.89°37'10"W., a distance of 539.85 to a point; Thence S.89°09'21"W., a distance of 69.36 feet to an iron rod & cap; Thence S.00°01'12"E., a distance of 176.51 feet to a point; Thence S.89°40'57"E., a distance of 196.46 feet to an iron rod & cap at the POINT-OF-BEGINNING of the EXISTING WELLS AND TANK FACILITIES SITE; Thence S.89°40'57"E., a distance of 60.67 feet to an iron rod & cap; Thence S.00°19'52"W., a distance of 36.94 feet to an iron rod & cap; Thence N.89°34'20"W., a distance of 60.45 feet to an iron rod & cap; Thence N.00°00'51"W., a distance of 36.83 feet to the iron rod & cap at the POINT-OF-BEGINNING. Said EXISTING WELLS AND TANK FACILITY SITE, lying and being situate in Marion County, Florida, and contains 0.05 acres more or less.



EXHIBIT "2"

INGRESS, EGRESS AND UTILITY EASEMENT:

Commence at the NW. Corner of Section 3, Township 15 South, Range 21 East, Marion County, Florida, and proceed S.89°58'20"E., along the North Boundary Line of said Section 3, a distance of 2460.21 feet to the Old West Right-Of-Way Line of NW. 44th Avenue; Thence S.00°01'12"E., along said Old West Right-Of-Way Line, a distance of 2150.16 feet; Thence S.89°37'10"W., along the South Boundary Line of Quail Meadow as recorded in Plat Book "Y", pages 89 through 91 of the Public Records of Marion County, Florida, a distance of 605.62 feet to an iron rod & cap; Thence continue S.89°37'10"W., a distance of 539.85 to a point; Thence S.89°09'21"W., a distance of 69.36 feet to an iron rod & cap; Thence S.00°01'12"E., a distance of 176.51 feet to a point; Thence S.89°40'57"E., a distance of 196.46 feet to an iron rod & cap at the POINT-OF-BEGINNING of the 20 foot EASEMENT AROUND THE PERIMETER OF THE EXISTING WELLS AND TANK FACILITIES SITE; Thence S.89°40'57"E., a distance of 60.67 feet to an iron rod & cap; Thence S.00°19'52"W., a distance of 36.94 feet to an iron rod & cap; Thence N.89°34'20"W., a distance of 60.45 feet to an iron rod & cap; Thence N.00°00'51"W., a distance of 8.41 feet to a point; Thence N.89°34'20"W., a distance of 20.00 feet to a point; Thence S.00°00'51"E., a distance of 28.38 feet to a point; Thence N.89°34'20"E., a distance of 100.23 feet to a point; Thence N.00°19'52"E., a distance of 76.98 feet to a point; Thence N.89°40'57"W., a distance of 100.79 feet to a point; Thence S.00°00'51"E., a distance of 28.41 feet to a point; Thence S.89°40'57"E., a distance of 20.00 feet to the iron rod & cap at the POINT-OF-BEGINNING. Said 20 foot EASEMENT is for the purpose of INGRESS & EGRESS to the Existing Wells and Tank Facilities Site, said 20 foot EASEMENT lying and being situate in Marion County, Florida.

FILE: 1999-104350
OR BOOK/PAGE: 2719/105

WATERLINE AND FACILITIES EASEMENT:

Commence at the NW. Corner of Section 3, Township 15 South, Range 21 East, Marion County, Florida, and proceed S.89°58'20"E., along the North Boundary Line of said Section 3, a distance of 2460.21 feet to the Old West Right-Of-Way Line of NW. 44th Avenue; Thence S.00°01'12"E., along said Old West Right-Of-Way Line, a distance of 2150.16 feet; Thence S.89°37'10"W., along the South Boundary Line of Quail Meadow as Recorded in Plat Book "Y", pages 89 through 91 of the Public Records of Marion County, Florida, a distance of 605.62 feet to an iron rod & cap; Thence continue S.89°37'10"W., a distance of 307.38 feet to the POINT-OF-BEGINNING of a 20 FOOT WIDE EASEMENT FOR UNDERGROUND UTILITIES; Thence S.05°13'06"W., a distance of 218.87 feet to a point; Thence N.89°34'20"W., on an Easterly projection of the South Boundary Line of the WELL SITE, a distance of 4.69 feet to the Easterly Line of a 20 foot wide Around the Perimeter of the Existing Wells and Tank Facilities Site; Thence N.00°19'52"E., along said Easterly Line, a distance of 56.98 feet to a point; Thence N.89°40'57"W., along the Northerly Line of said 20 foot wide Easement Around the Perimeter of the Existing Wells and Tank Facilities Site, a distance of 10.51 feet to a point; Thence N.05°13'06"E., a distance of 161.40 feet to a point on the aforesaid South Boundary Line of QUAIL MEADOW; Thence N.89°37'10"E., along said South Boundary Line, a distance of 13.08 feet to the corner between LOT 6 and LOT 7, Block "X" of said QUAIL MEADOW; Thence continue N.89°37'10"E., along said South Boundary Line, a distance of 7.02 feet to the POINT-OF-BEGINNING. Said 20 FOOT WIDE EASEMENT FOR UNDERGROUND UTILITIES lying and being situate in Marion County, Florida.

EXHIBIT "2" CONT'D

Commence at the NW. Corner of Section 3, Township 15 South, Range 21 East, Marion County, Florida, thence S.89°58'20"E., along the North Boundary Line of said Section 3, a distance of 2460.21 feet to the West Right-Of-Way Line of NW. 44th Avenue; Thence S.00°01'12"E., along said West Right-Of-Way Line, 2150.16 feet; Thence S.89°37'10"W., along the South Boundary Line of Quail Meadow subdivision, 1145.47 feet to the Point-Of-Beginning; Thence continue along the South Boundary Line of Quail Meadow subdivision, S.89°09'21"W., 319.59 feet to the centerline of NW. 47th Avenue; Thence S.00°01'12"E., along the Southerly projection of said centerline, 40.00 feet; Thence N.89°09'21"E., 319.59 feet; Thence N.00°01'12"W., 40.00 feet to the Point-Of-Beginning.

Plant and Other Facilities Assets

EXHIBIT 3

Subsection 3.4

SECTION 2 WATER FACILITIES

DRAFT



2.1 GENERAL

Quail Meadow Utilities, Inc. (QMU) water system consists of several components that are required to provide potable water service to customers. The descriptions presented herein are based upon field inspections conducted on January 20, 2004 as well as information provided by QMU, Marion County, and various public information sources. Data sources reviewed include overall utility maps, limited interviews with QMU personnel, information contained in the Annual Reports and Tariff filed with the Florida Public Service Commission, information included in the system's permit, compliance, and operating files stored at the Florida Department of Environmental Protection, and the system's consumptive use permit as provided by the Southwest Florida Water Management District.

Figure 2-1 presents the location of the water certificated service area, which was provided by the Florida Public Service Commission. The QMU potable water system consists of the following components:

- Raw Water Supply
- Water Treatment Plant and Storage Facilities
- Water Transmission/Distribution System
- Customer Meters and Services

Each component is specifically described in the sections that follow.

2.2 RAW WATER SUPPLY

The QMU system utilizes two wells, which are piped together and flow through a single master meter, for its potable water supply. The wells are both 10-inches in diameter and range from 150 feet to 183 feet deep. The total capacity of the potable supply pumps is 1,210 gallons per minute (gpm) and with the largest well out of service the firm pump capacity is 385 gpm. Both water supply wells are equipped with auxiliary power. Table 2-1 presents a summary of the wells and their pump capacities. The 60' X 30' well site is secured entirely by a chain link fence, and is

Table 2 - 1
Quail Meadow Utilities, Inc.
Water Supply Wells

Well No.	Year ⁽¹⁾ Constructed	Well Diameter	Total Depth	Cased Depth	Pump Capacity	Pump Manufacturer	Auxiliary Power
1 (East)	1986	10"	183	78	825 gpm	Furnas	Olympian (propane) 35kW
2 (West)	1986	10"	150	85	385 gpm	Grundfos	
Total Pump Capacity					1,210 gpm		
Total Pump Capacity w/largest out of service					385 gpm		
Total Pump Capacity w/auxiliary power					1,210 gpm		

(1) Source: FDEP Sanitary Survey, Field Inspections

located on an easement that spans a 200 foot radius from each well. Additional easements provide vehicle and water distribution system access to the site.

2.3 WATER TREATMENT PLANT AND STORAGE FACILITIES

The QMU water treatment facility shares a site with the water supply wells. The plant utilizes hypochlorite chlorination as the method of disinfection. A 10,000-gallon, steel hydropneumatic tank is used for storage and chlorine contact time. The site is also equipped with an Olympian 35 kW back-up generator. The chlorination system, generator, and electrical components of the system are housed in a 10' x 10' concrete block building. The facility was constructed in 1986 and the generator was later installed in 1993. As was previously stated, the facilities are completely enclosed by a chain link fence. Table 2-2 summarizes the major equipment associated with the WTP.

2.4 WATER TRANSMISSION AND DISTRIBUTION SYSTEM

The water transmission and distribution system conveys the potable water from the WTP to the customer services. From the as-built construction drawings provided by QMU it is estimated that the system contains approximately 30,120 linear feet of PVC pipe ranging in size from 2 to 6 inches in diameter. Although the system does not contain fire hydrants, it is equipped with 4 blow-off valves, which serve as a means for flushing the system. Table 2-3 provides a listing of the water transmission and distribution mains by size and type.

2.5 CUSTOMER METERS AND SERVICES

Potable water from the transmission and distribution system is delivered to customers through a water service and meter. Water services can be either single (serving one customer) or double (serving adjacent customers). The water system contains 18 single services and 215 double services. As of January 17, 2004 the QMU water distribution system delivered potable water to approximately 414 customer meters.

Table 2 - 2
Quail Meadow Utilities, Inc.
Water Treatment Plant
Summary of Major Equipment ⁽¹⁾

I. Water Treatment Plant		
A. Hydropneumatic Tank		
1. Quantity		One (1)
2. Volume		10,000 gal.
3. Year Installed		1986
B. Chlorination System		
1. Number		One (1)
2. Type		Hypochlorite
3. Manufacturer		Chem Tech
C. Auxiliary Power		
1. Manufacturer		Olympian
2. Type		35 kW
3. Year Installed		1993
D. WTP Building		
1. Type		Concrete Block
2. Size		10' x 10'

(1) Source: FDEP Sanitary Survey, FDEP Permits, FPSC Annual Reports, and site inspections

Table 2 - 3
Quail Meadow Utilities, Inc.
Water Transmission and Distribution Lines ⁽¹⁾

Size (inches)	Material	Length (ft)
6"	PVC	9,201
4"	PVC	10,484
2"	PVC	10,435
Total		30,120

(1) Source: Quail Meadow Utilities, Inc. as-built drawings

Subsection 3.6

EXHIBIT 4
Engineering Plans

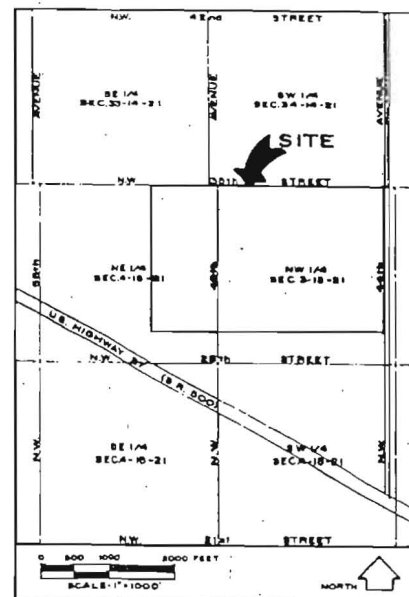
QUAIL MEADOW

SECTIONS 3 & 4, TOWNSHIP 15 SOUTH, RANGE 21 EAST
MARION COUNTY, FLORIDA

AS-BUILT

WATER DISTRIBUTION SYSTEM

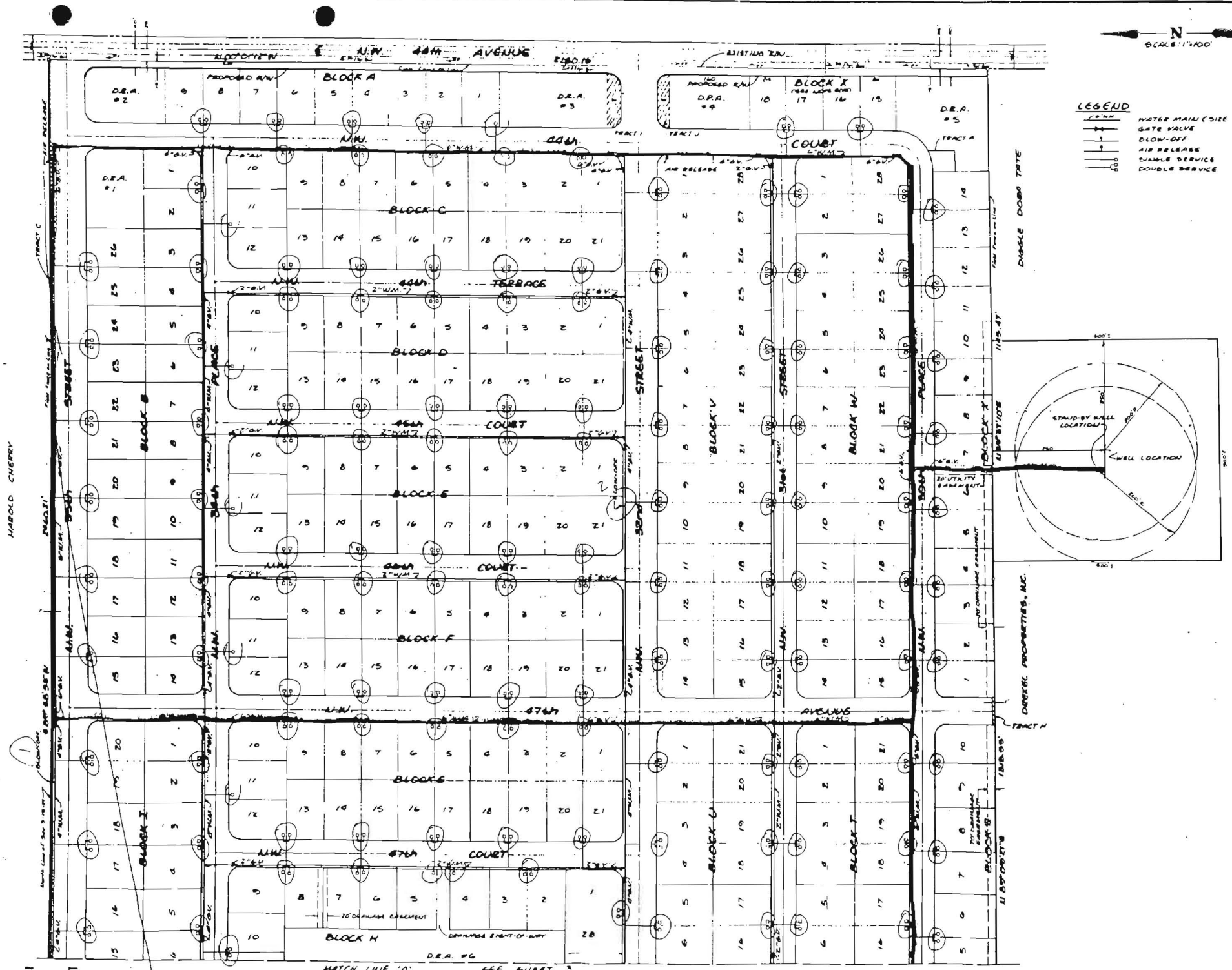
INDEX	DESCRIPTION
1	COVER SHEET
2-3	PLAN
4	DETAILS



LOCATION MAP

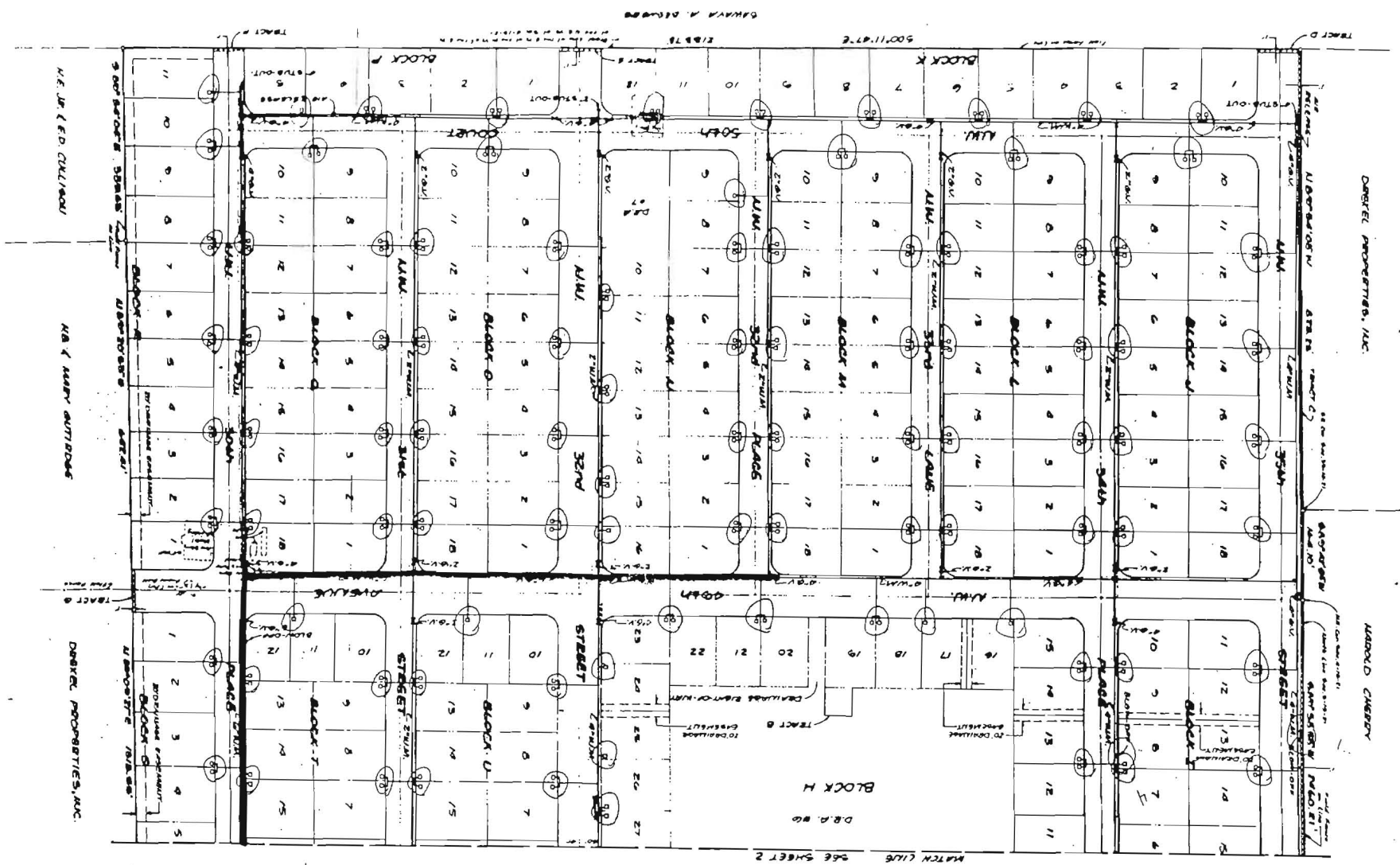
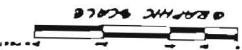
PREPARED BY
FREDERICK BELL
CONSULTING ENGINEERS, INC.
807 S.E. 1st AVENUE
OCALA, FLORIDA 32671
PH: 622-8895





AS-BUILT

[illegible]



AS-BUILT

FREDERICK BELL
CONSULTING ENGINEERS INC.
OCALA, FLORIDA

QUAIL MEADOW
CLASS A GROUP I

WATER DISTRIBUTION
SYSTEM

[illegible]

CROSS WITH PLUG TIE WITH PLUG TYPICAL SECTION 45° BEND & SMALLER

THRUST BLOCK DETAILS

TYPICAL WATER SERVICE CONNECTION

SPEAKER	SPEECH ACT	CONVERSATION TOPIC				
		TOPIC 1	TOPIC 2	TOPIC 3	TOPIC 4	TOPIC 5
1	1	1	1	1	1	1
2	2	2	2	2	2	2
3	3	3	3	3	3	3
4	4	4	4	4	4	4
5	5	5	5	5	5	5
6	6	6	6	6	6	6
7	7	7	7	7	7	7
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62	62	62	62	62	62	62
63	63	63	63	63	63	63
64	64	64	64	64	64	64
65	65	65	65	65	65	65

UTILITY POSITIONS IN RIGHT-OF-WAY

AIR-RELEASE VALVE

TYPICAL TRENCH DETAIL

TYPICAL GATE VALVE &
VALVE BOX

BLOW - OFF VALVE

WATER SPECIFICATIONS

1. PRIMARY WELL PUMP
THE WELL PUMP SHALL BE A 3/4-HP/1750 MODEL 8050B008C, B7
SERIES, 1/2" DISCHARGE, 1/2" NPT, CAPABLE OF DISCHARGING
855 GPM AT 233 TCM AND 1750 RPM. THE PUMP SHALL BE COMPLETE WITH
MAGNETIC STARTER, 240V/1PH, 60 HZ. AND 1/2" NPT VALVE.
2. STANDBY WELL PUMP
THE STANDBY WELL PUMP SHALL BE A 3/4-HP/1750 MODEL 8050B08B, B7
SERIES, 1/2" DISCHARGE, 1/2" NPT, CAPABLE OF DISCHARGING 855
GPM AT 233 TCM. IT SHALL BE INSTALLED COMPLETE WITH MAGNETIC
STARTER, 240V/1PH, 60 HZ. AND 1/2" NPT VALVE.
3. STANDBY GENERATOR
THE STANDBY GENERATOR/GENERATOR SHALL BE A DIESEL GENERATOR
FUELED AT 60 HZ/1800 RPM STARTING CAPABLE OF 270 KVA, CAPABLE OF
STARTING THE STANDBY WELL PUMP AND MOTOR. AS SPECIFIC, ABOVE
GENERATOR SHALL BE 100% DIESEL, 100% LOAD, 100% EFFICIENCY, START
DELAY 15 SECS, AND OTHER ACCESSORIES NECESSARY TO INSURE EFFICIENT
OPERATION. DIESEL WATER-PAIRED STAINLESS STEEL 2" BORE, 4"
DISCHARGE, SUFFICIENT TO POWER THE PUMP AND THE GENERATOR
UNDER INSTALLED CONDITIONS. THE ELECTRIC SET SHALL BE
ELECTRICALLY CONTROLLED WITH 480V/3-PHASE/4-WIRE, INTERMEDIATE
AND PROTECTED FOR OUTSIDE OPERATION. THE 100% DIESEL INFLUENCE
SHALL BE 100% DIESEL. THE GENERATOR SHALL BE 100% DIESEL. THE
2" DISCHARGE FOR APPROVAL. THE INSTALLATION SHALL INCLUDE ALL
NECESSARY ELECTRICAL CONNECTION, REACTION, STARTING, AND OPERATION
CONTRACT SHALL ALSO PROVIDE TRANSFER 1" TO STANDBY PUMP AND
GENERATOR IN CASE OF ELECTRICAL TROUBLE FAILURE.
4. WATER PRESSURE TANK
TANK SHALL BE DESIGNED FOR A 7.5 PSI WORKING
PRESSURE. 100 PSI TEST PRESSURE. THE INTERIOR IS UNCOATED
STEEL.
5. WATER INLET PIPING
THE WATER INLET SHALL BE A "3/4" DIA. 6" INCH METER OR EQUAL
STEEL PIPE.
6. COMPONENTS
THE GENERATOR SHALL BE MODEL 801 "ADVANCE" CAP/COMBINATION
TANK 100% DIESEL OR EQUAL WITH A 100 PSI CAPACITY & FLOW
METER WITH 1/2" DISCHARGE. ALSO INCLUDE THE GENERATOR SET TO
THE ENGINEER FOR APPROVAL. 2" COMPONENTS, BOOSTER PUMP, SINGLE
OUTLET, 1/2" DIA. 6" BORE.
7. WATER
ALL WATER SUPPLY PIPING, EXCEPT AS NOTED ON DRAWINGS, SHALL
BE 1/2" DIA. 6" BORE, 100 PSI TEST PRESSURE. THE INTERIOR IS UNCOATED
STEEL. THE COMPONENTS SHALL BE 1/2" DIA. 6" BORE, 100 PSI TEST PRESSURE.
THE COMPONENTS SHALL BE 1/2" DIA. 6" BORE, 100 PSI TEST PRESSURE.
THE COMPONENTS SHALL BE 1/2" DIA. 6" BORE, 100 PSI TEST PRESSURE.
8. WATER
ALL WATER SUPPLY PIPING, EXCEPT AS NOTED ON DRAWINGS, SHALL
BE 1/2" DIA. 6" BORE, 100 PSI TEST PRESSURE. THE INTERIOR IS UNCOATED
STEEL. THE COMPONENTS SHALL BE 1/2" DIA. 6" BORE, 100 PSI TEST PRESSURE.
THE COMPONENTS SHALL BE 1/2" DIA. 6" BORE, 100 PSI TEST PRESSURE.
THE COMPONENTS SHALL BE 1/2" DIA. 6" BORE, 100 PSI TEST PRESSURE.
9. FENCE
INSTALL A 6 FOOT CHAIN LINK SECURITY FENCE, WITH A 10 FOOT
SIDE SETBACK, AROUND THE COMPLETED INSTALLATION OF
GENERATOR.
10. WELLS
WELLS SHALL BE 10" DIA. METER, DRILLED AND CAGED TO
CONFORM TO THE REGULATIONS IN PART IV CHAPTER 17-81, PART II
AND CHAPTER 17-81, PART II & III, FLORIDA ADMINISTRATIVE CODE.
11. DIVISION
FROM THE ABOVE SPECIFICATIONS SHALL BE REPORTED TO

WATER PLANT

WATER PLANT & DISTRIBUTION SYSTEM DETAILS

W. QUAIL MEADOW
MARION COUNTY, FLORIDA

FREDERICK BELL
CONSULTING ENGINEERS INC.
OCALA, FLORIDA

[illegible]

JOB NO.
88-298
DATE
NOV. '88
SHEET
4 OF 4

AS-BUILT

EXHIBIT 5

All Permits, Certifications, Authorizations and Approvals



An Equal
Opportunity
Employer

Southwest Florida Water Management District

Tampa Service Office
7601 Highway 301 North
Tampa, Florida 33637-6759
(813) 965-7481 or
1-800-836-0797 (FL only)
SUNCOM 578-2070

Bartow Service Office
170 Century Boulevard
Bartow, Florida 33830-7700
(883) 534-1448 or
1-800-492-7862 (FL only)
SUNCOM 572-6200

2379 Broad Street, Brooksville, Florida 34604-6899
(352) 796-7211 or 1-800-423-1476 (FL only)
SUNCOM 628-4150 TDD only 1-800-231-6103 (FL only)
On the Internet at: WaterMatters.org

Sarasota Service Office
6750 Fruitville Road
Sarasota, Florida 34240-9711
(941) 377-3722 or
1-800-320-3503 (FL only)
SUNCOM 531-6900

Lecanto Service Office
3600 West Sovereign Path
Suite 226
Lecanto, Florida 34461-8070
(352) 527-8131
SUNCOM 667-3271

Thomas G. Dabney, II
Chair, Sarasota

Watson L. Haynes, II
Vice Chair, Pinellas

Janet D. Kovach
Secretary, Hillsborough

Maggie N. Dominguez
Treasurer, Hillsborough

Edward W. Chance
Manatee

Ronnie E. Duncan
Pinellas

Pamela L. Fontrose
Highlands

Ronald C. Johnson
Polk

Heidi B. McCree
Hillsborough

T. G. "Jerry" Rice
Pasco

Judith C. Whitehead
Hernando

David L. Moore
Executive Director

Gene A. Heath
Assistant Executive Director

William S. Bilecky
General Counsel

January 8, 2004

James T. Aherron
Quail Meadow Utilities
PO Box 771268
Ocala, FL 34477

**Subject: Final Agency Action Transmittal Letter- Approval
Modification of Permit by Letter**

Project Name: Quail Meadows Utilities
County: Marion
Sec/Twp/Rge: 3/15S/21E
WUP Application No.: 20008165.002

Reference: Chapter 40D-2, Florida Administrative Code (F.A.C.)
Section 40D-2.331(2)(b), F.A.C.

Dear Mr. Aherron:

This letter constitutes Final Agency Action (FAA) on the request received by the District on December 22, 2003, to modify Water Use Permit (WUP) No. 20008165.001 by letter. The specific modifications are listed in Attachment A and are considered a part of your WUP.

You or any person whose substantial interests are affected by the District's action regarding a permit may request an administrative hearing in accordance with Sections 120.569 and 120.57, Florida Statutes (F.S.), and Chapter 28-106, F.A.C., of the Uniform Rules of Procedure. A request for hearing must: (1) explain how the substantial interests of each person requesting the hearing will be affected by the District's action, or proposed action, (2) state all material facts disputed by the person requesting the hearing or state that there are no disputed facts, and (3) otherwise comply with Chapter 28-106, F.A.C. Copies of Sections 28-106.201 and 28-106.301, F.A.C., are enclosed for your reference. A request for hearing must be filed with (received by) the Agency Clerk of the District at the District's Brooksville address within 21 days of receipt of this notice. Receipt is deemed to be the fifth day after the date on which this notice is deposited in the United States mail. Failure to file a request for hearing within this time period shall constitute a waiver of any right you or such person may have to request a hearing under Sections 120.569 and 120.57, F.S. Mediation pursuant to Section 120.573, F.S., to settle an administrative dispute regarding the District's action in this matter is not available prior to the filing of a request for hearing.

Enclosed is a "Noticing Packet" that provides information regarding the District Rule 40D1.1010, F.A.C., which addresses the notification of persons whose substantial interests may be affected by the District's action in this matter. The packet contains guidelines on how to provide notice of the District's action, and a notice that you may use.

LETTER MODIFICATION
WUP NO. 20008165.002

MODIFICATIONS

The following constitutes modifications to the terms and conditions of Water Use Permit No. 20008165.002, effective January 8, 2004.

1. Total quantities authorized under this permit (In gpd) are:

Annual Average: 120,000
Peak Month: 160,000
Crop Protection: N/A

2. Water Use: Public Supply

3. This letter modification is to change the wording of Special Condition 18 to indicate that the two wells are metered jointly. The modification is not expected to create impacts to area surface water features, or wells.

4. Changes to the Conditions of the permit:

18. The Permittee shall continue to maintain and operate the existing flow meter or other flow measuring device, as approved by the Director, Brooksville Regulation Department, Resource Regulation, for District ID Nos. 1 and 2, jointly.

5. All other terms and conditions of this permit shall remain as stated on WUP No. 20008165.001, unless specifically modified by this Letter Modification, and this permit will expire on September 18, 2014.

Southwest Florida Water Management District
2379 Broad Street (U.S. 41 South) Brooksville, Florida 34609-6899
(352)796-7211 or 1-800-423-1476(Florida Only) (SUNCOM 628-4150)

PLEASE ATTACH TO THE FACE OF YOUR PERMIT

07/28/98

DREXEL PROPERTIES

5850 S.W. STATE ROAD 200
OCALA, FL 32676-

TRANSFERRED ON: April 9, 1999

TO: Quail Meadow Utilities, Inc.
Post Office Box 771268
Ocala, FL 34477

NEW EXPIRATION DATE: September 18, 2014

Subject: EXTENSION - Water Use Permit No. 8165.01

Dear Permittee:

We are pleased to inform you that THE EXPIRATION DATE OF YOUR ABOVE REFERENCED WATER USE PERMIT HAS BEEN EXTENDED TO 09/18/14. Through a process of random selections by computer, the District has extended the expiration date of certain permits with annual average daily withdrawals of less than 500,000 gallons. This process will ensure that the number of renewal applications received in any one year does not exceed our capacity to evaluate and process the applications.

This extension of permit duration does not require any action on your part and is at no cost to you. However, you will need to update your records so that you will file an application for renewal during the year prior to the new expiration date.

Although the expiration date of your permit has been extended, you are still required to comply with all the terms and conditions of your permit. For example, if your permit was issued with conditions requiring data, reports, etc. to be submitted, you must continue to submit all such required information at the regular intervals specified in the conditions of your permit. For any permit condition that has the expiration date as the date by which action, report submission or other compliance is required, the previous expiration date applies, not the newly extended expiration date.

As a further reminder, your extended permit is still subject to and must comply with all applicable District rules, including those relating to:

- the conditions of issuance for water use permits, and
 - relevant established minimum flows and levels and associated prevention and recovery strategies,
- and can be modified or revoked for noncompliance with the permit, District rules, and Chapter 373, Florida Statutes.

PAGE 2

If the withdrawals on the referenced permit are no longer in use or if you have sold the property, please inform us by return letter. Also, please provide the name and mailing address of the new owner.

If you have any questions about this one-time extension of your permit duration, please contact Steve DeSmith in our Brooksville Regulation department at (352)796-7211 or 1-800-423-1476 (Florida only).

PLEASE KEEP THIS LETTER ATTACHED TO THE FACE OF YOUR PERMIT AT ALL TIMES, indicating that your permit expiration date is now 09/18/14. We appreciate your assistance in this matter and it will help us to serve you better in the future when you submit your renewal application.

Sincerely,

(Signed)
BJ Jarvis, Director
Records and Data Department

BJJ/

cc: File of Record - Water Use Permit No. 8165.01

TRANSFERRED ON: April 9, 1999
TO: Quail Meadow Utilities, Inc.
Post Office Box 771268
Ocala, FL 34477
NE.. EXPIRATION DATE: September 18, 2014

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
WATER USE
GENERAL
PERMIT NO. 208165.01

EXPIRATION DATE: September 18, 2001

PERMIT ISSUE DATE: September 18, 1991

This permit may require various activities to be performed by the Permittee. Read the entire permit carefully, and particularly note any activities required of the Permittee by the special permit conditions starting at Item No. 17. This Permit, subject to all terms and conditions, meets all District permitting criteria.

GRANTED TO: Drexel Properties
5850 S.W. State Road 200
Ocala, FL 32676

TOTAL QUANTITIES AUTHORIZED UNDER THIS PERMIT:

ANNUAL AVERAGE: 120,000 gallons per day
PEAK MONTHLY: 160,000 gallons per day
MAXIMUM: Not Applicable

(See Withdrawal Table for quantities permitted per withdrawal point)

PROPERTY LOCATION: Marion County, approximately 1 mile northwest of
Ocala on U.S. 27.

ACRES: 6 Owned; 171 Serviced

WATER USE CAUTION AREA: N/A

TYPE OF APPLICATION: Renewal

DATE APPLICATION FILED: July 26, 1991

WATER USE:

PUBLIC SUPPLY:	<u>SERVICE AREA NAME</u>	<u>POPULATION SERVED</u>	<u>PER CAPITA RATE</u>
	Quail Meadow Subdivision	975	123

I.D. NO. USER/DIST	LOCATION LAT/LONG	DIAM. (INCHES)	DEPTH TOTAL/CASED	USE	GALLONS PER DAY		
					AVERAGE	PEAK MO	MAXIMUM
1 / 1	291300/821203	10	183/ 78	PS	120,000	160,000	N/A
2 / 2	291300/821204	10	150/ 85	PS	120,000	160,000	Standby N/A

PS-Public Supply

TERMS AND CONDITIONS OF THIS PERMIT ARE AS FOLLOWS:

1. If any of the statements in the application and in the supporting data are found to be untrue and inaccurate, or if the Permittee fails to comply with all of the provisions of Chapter 373, F.S., Chapter 40D, or the conditions set forth herein, the Governing Board shall revoke this permit in accordance with Rule 40D-2.341, following notice and hearing.
2. This permit is issued based on information provided by the Permittee demonstrating that the use of water is reasonable and beneficial, consistent with the public interest, and will not interfere with any existing legal use of water. If, during the term of the permit, it is determined by the District that the use is not reasonable and beneficial, in the public interest, or does impact an existing legal use of water, the Governing Board shall modify this permit or shall revoke this permit following notice and hearing.
3. The Permittee shall not deviate from any of the terms or conditions of this permit without written approval by the District.
4. In the event the District declares that a Water Shortage exists pursuant to Chapter 40D-21, the District shall alter, modify, or declare inactive all or parts of this permit as necessary to address the water shortage.
5. The District shall collect water samples from any withdrawal point listed in the permit or shall require the permittee to submit water samples when the District determines there is a potential for adverse impacts to water quality.
6. The Permittee shall provide access to an authorized District representative to enter the property at any reasonable time to inspect the facility and make environmental or hydrologic assessments. The Permittee shall either accompany District staff onto the property or make provision for access onto the property.
7. Issuance of this permit does not exempt the Permittee from any other District permitting requirements.
8. The Permittee shall cease or reduce surface water withdrawal as directed by the District if water levels in lakes fall below applicable minimum water level established in Chapter 40D-8 or rates of flow in streams fall below the minimum levels established in Chapter 40D-8.
9. The Permittee shall cease or reduce withdrawal as directed by the District if water levels in aquifers fall below the minimum levels established by the Governing Board.
10. The Permittee shall practice water conservation to increase the efficiency of transport, application, and use, as well as to decrease waste and to minimize runoff from the property. At such time as the Governing Board adopts specific conservation requirements for the Permittee's water use classification, this permit shall be subject to those requirements upon notice and after a reasonable period for compliance.
11. The District may establish special regulations for Water-Use Caution Areas. At such time as the Governing Board adopts such provisions, this permit shall be subject to them upon notice and after a reasonable period for compliance.

12. The Permittee shall mitigate, to the satisfaction of the District, any adverse impact to existing legal uses caused by withdrawals. When adverse impacts occur or are imminent, the District shall require the Permittee to mitigate the impacts. Adverse impacts include:
 - a. A reduction in water levels which impairs the ability of a well to produce water;
 - b. Significant reduction in levels or flows in water bodies such as lakes, impoundments, wetlands, springs, streams or other watercourses; or
 - c. Significant inducement of natural or manmade contaminants into a water supply or into a usable portion of any aquifer or water body.
13. The Permittee shall mitigate to the satisfaction of the District any adverse impact to environmental features or offsite land uses as a result of withdrawals. When adverse impacts occur or are imminent, the District shall require the Permittee to mitigate the impacts. Adverse impacts include the following:
 - a. Significant reduction in levels or flows in water bodies such as lakes, impoundments, wetlands, springs, streams, or other watercourses;
 - b. Sinkholes or subsidence caused by reduction in water levels;
 - c. Damage to crops and other vegetation causing financial harm to the owner; and
 - d. Damage to the habitat of endangered or threatened species.
14. When necessary to analyze impacts to the water resource or existing users, the District shall require the Permittee to install flow metering or other measuring devices to record withdrawal quantities and submit the data to the District.
15. A District identification tag shall be prominently displayed at each withdrawal point by permanently affixing the tag to the withdrawal facility.
16. The permittee shall notify the District within 30 days of the sale or conveyance of the permitted water use system or the land on which the system is located.

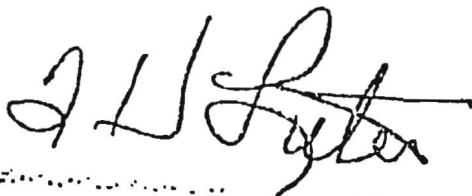
SPECIAL CONDITIONS:

17. All reports of data required by the permit shall be submitted to the District on or before the tenth day of each month and shall be addressed to:

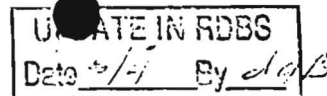
Permits Data Group
Southwest Florida Water Management District
2379 Broad Street
Brooksville, Florida 34609-6899

18. The Permittee shall continue to maintain and operate the existing flow meters or other flow measuring devices as approved by the Director, Brooksville Permitting Department, Resource Regulation, for District I.D. Nos. 1 & 2.

19. Total withdrawal from each monitored source shall be recorded on a monthly basis and reported to the District (using District forms) on or before the tenth day of the following month.



Authorized Signature
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT



SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
(SWFWMD)
CONSUMPTIVE USE PERMIT

PERMIT GRANTED TO:

Drexel Properties n/k/a
DREXEL INVESTMENTS, INC.
6785 SW SR 200

Ocala, FL 32670

(Legal Name and Address)

PERMIT NO.: 208165 .01
DATE PERMIT GRANTED: September 4, 1985
DATE PERMIT APPLICATION
FILED: June 26, 1985
PERMIT EXPIRES ON: September 4, 1991
SOURCE CLASSIFICATION: Groundwater
USE CLASSIFICATION: Public supply

Section 03, T15S, R21E

TERMS AND CONDITIONS OF THIS PERMIT ARE AS FOLLOWS:

1. That all statements in the application and in supporting data are true and accurate and based upon the best information available, and that all conditions set forth herein will be complied with. If any of the statements in the application and in the supporting data are found to be untrue and inaccurate, or if applicant fails to comply with all of the conditions set forth herein, then this Permit shall automatically become null and void.
2. This Permit is predicated upon the assertion by applicant that the use of water applied for and granted is and continues to be a reasonable beneficial use as defined in Section 373.019(5), Florida Statutes, is and continues to be consistent with the public interest, and will not interfere with any legal use of water existing on the date this Permit is granted.
3. In granting this Permit, SWFWMD has, by regulation, reserved from use by applicant, water in such locations and quantities, for such seasons of the year, as it determines may be required for the protection of fish and wildlife and the public health and safety. Such reservations are subject to periodic review and revision in light of changed conditions.
4. Based upon the application and supporting documents, SWFWMD finds that the applicant's consumptive use of water of -0- gallons per day was in existence before January 1, 1975 at the average annual withdrawal rate of -0- gallons per day.
5. Nothing in this Permit should be construed to limit the authority of Southwest Florida Water Management District to declare water shortages and issue orders pursuant to Section 373.175, Florida Statutes, or to formulate a plan for implementation during periods of water shortage pursuant to Section 373.246, Florida Statutes.
6. This Permit authorizes the applicant named above to make a combined average annual withdrawal of 159,000 gallons of water per day with a maximum combined withdrawal rate not to exceed 238,000 during a single day. Withdrawals are authorized as shown in the table below.

WITHDRAWAL POINT		GALLONS PER DAY AVERAGE	GALLONS PER DAY MAXIMUM
LATITUDE	LONGITUDE		
29 13 12	82 11 38	159,000	238,000
29 13 12	82 11 36	159,000	Standby 238,000

8. The use of said water is restricted to the use classification set forth above. Any changes in the use of said water will require a modification of this Permit.
9. In the event an emergency water shortage should be declared, the District may alter, modify or declare to be inactive, all or parts of this Permit. An authorized District Representative may, at any reasonable time, enter the property to inspect the facilities and may require that this Permit be shown.
10. The following points (Well Nos. 1 & 2) shall be equipped with totalizing flow meters or other flow measuring devices as approved in writing by the Director, Resource Regulation Department. Such devices shall have and maintain an accuracy within five percent of the actual flow. Those designated withdrawal points not equipped with such devices on the date the Consumptive Use Permit is granted shall be so equipped within 120 days of the permit date or upon completion of construction of the withdrawal facility, unless an extension is approved in writing by District staff.
11. Total flow from each metered source shall be recorded on a monthly basis and reported to the District (on District forms) by the tenth day of the following month.

Reports shall be addressed to:

Permits Data Collection
Southwest Florida Water Management District
2379 Broad Street
Brooksville, Florida 33512-9712

12. The District reserves the right, at all reasonable times, to collect water samples from any withdrawal point listed in the Permit, or may, at the option of the District, provide mailable containers to the Permittee to forward samples from any withdrawal point within a reasonable prescribed period of time.
13. The District may, at a future date, establish a minimum water level in the aquifer or aquifers hydrologically associated with these withdrawals, which may require Permittee to limit withdrawal from these groundwater sources at times when water levels fall below these minimums.
14. Water conservation shall be practiced by the Permittee to increase the efficiency of transport, application, and use, to decrease waste and to minimize runoff from the property. At such time as the Governing Board adopts specific conservation criteria for the Permittee's water use classification, this Permit will be subject to such criteria upon notice and after a reasonable period for compliance.



Authorized Signature, SWFWMD

Applicant hereby certifies that applicant is the owner of the property covered by this application, that the information contained in this application is true and accurate and, if applicant is a corporation or a partnership, that the undersigned has the legal authority to execute this application and affidavit on behalf of said corporation or partnership.

DREXEL PROPERTIES, INC., n/k/a
DREXEL INVESTMENTS, INC.

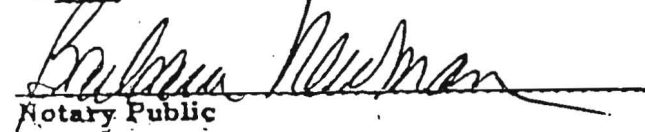


Signature of Applicant

Stephen G. Mehallis, Vice President

Sworn to and subscribed before me this

2nd day of October
1985.



Notary Public

My Commission Expires: 2/4/86

TRANSFeree SHOULD COMPLETE ALL ITEMS. INCOMPLETE INFORMATION MAY DELAY PROCESSING

Please Print or Type DREXEL INVESTMENTS, INC. APPLICATION FOR TOTAL TRANSFER OF WUP NO. 208165.01

TOTAL OWNED OR LEGALLY CONTROLLED ACRES TO BE TRANSFERRED FROM PERMIT

Use Classification(s): PUBLIC SUPPLY USE (from current Permit) County: MARTON

Section(s) 3; Township(s) 15; Range(s) 21

Number of acres 5.7 ± owned X leased* legally controlled = 5.7 ± total acres to be transferred.

Application for Leased property must be either a joint application in the name of the lessee and the property owner or be in the name of the property owner.

TRANSFeree QUAIL MEADOW UTILITIES, INC.

Address 5850 SW State Road 200

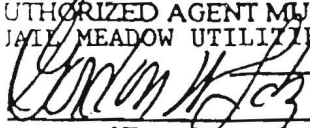
City OCALA State FL Zip 34474

Telephone (352) 237-3604

The transferee having acquired the ownership, or other legal control of all of the permitted water withdrawal facility or the land on which the facility is located and all of the withdrawals subject to such permit, does hereby accept such Transfer subject to all terms and conditions contained in such permit issued with this Transfer, and does assume responsibility for complying with all such terms and conditions.

TRANSFeree MUST SIGN BELOW.

AUTHORIZED AGENT MUST SUBMIT AUTHORIZATION TO SIGN QUAIL MEADOW UTILITIES, INC.


Signature of Transferee or Authorized Agent

GORDON W. LATZ, PRESIDENT
Name and Title (Print or Type)

Date: 3-16-99

DREXEL INVESTMENTS, INC.
(f/k/a DREXEL PROPERTIES, INC.)



BY
Signature of Permittee Stephen G. Mehallis, Pres
(Not required, but may be submitted)

Date: 3/16/99

SWFWMD USE ONLY

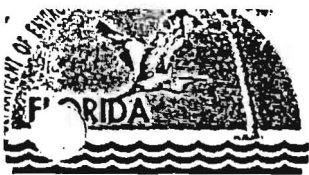
Based upon the information furnished, the transfer of this permit including all withdrawals subject to such permit was approved by the District on APRIL 9, 1999 and the permit is transferred to the transferee. This total transfer is subject to all terms and conditions set forth in the prior permit.

PAUL DESMARAIS, P.E., DIRECTOR
SUNSHINE REGULATION DEPARTMENT
Authorized District Representative

BJ JARVIS, DIRECTOR, RECORDS & DATA DEPT.
Name and Title

FLORIDA WATER MANAGEMENT DISTRICT

Attachment: MIA-ETBWUCA Map (Page 3), and MIA-ETBWUCA Section-Township-Range List (Page 4), R. 3-17-92
JP Assign Permit Form No.: 46,10-001, Rev. 09-09-93



Jeb Bush
Governor

Department of Environmental Protection

Southwest District
3804 Coconut Palm Drive
Tampa, Florida 33619



David B. Struhs
Secretary

July 8, 2003

Jim Aherron
5850 SW Hwy 200
Ocala, FL 34476


Re: Compliance Inspection
Quail Meadow
PWS-ID No. 642-4645
Marion County

Dear Mr. Aherron:

The attached compliance inspection was conducted on the referenced public water system. No deficiencies were noted at the time of this inspection.

If you have any questions, please contact me at (813) 744-6100 extension 460.

Sincerely,


James Berghorn
Environmental Specialist
Drinking Water Section

JB/msb

Enclosure

cc: Len Tabor, Operator

"More Protection, Less Process"

Printed on recycled paper.

OWNER/ADDRESS

Jim Aherron
5 J SW Hwy 200
Ocala, FL 34476

SYSTEM NAME

Quail Meadow
COUNTY Marion
SYSTEM TYPE C

ID# 6424645DATE OF INSPECTION: 7/7/03SUPERVISOR: Bill DunnINSPECTOR: Jim Berghorn

Check List:

- () Well Protection - Housing ____ Security Fencing ____
() Well Abandonment
*() Sanitary Seal/Disinfection Port
*() 6' x 6' x 4" Concrete Apron - Cracked ____ Missing ____ Inadequate size ____
() Raw Water Tap - Missing ____ Threaded ____ Wrong location ____
*() Check Valve - Inoperable ____ Missing ____ Wrong location ____
() Time Clock / Flow Meter - Missing ____ Broken ____ Make Water Specialties
*() Sanitary Hazard ____
() Water Pressure Gauge - Missing ____ Broken/Cracked ____
() Water Pressure Adequate On/Off ____ P.S.I. ____
*() Disinfection Free Cl₂ - Residual Plant 0.82 mg/l Remote ____ mg/l
A minimum of 0.2 mg/l chlorine residual must be maintained at all times throughout the distribution system
* () Gas Chlorination: Need Separate Room ____ Cross-Ventilation ____
Scales; Safety Equipment; Dual Gas; Cylinders Chained; Breathing Apparatus;
Ammonia; Wrenches Auto Switch Over; Lack of Chlorination Capability Alarm
*() Alarm Requirements Of New/Modified Systems After 1/1/93 ____
*() Cross-Connection - Location: ____
*() Auxiliary Power/Second Well (For 350 persons/150 connections)
Needs Auto Start ____ Operated Monthly - Yes X No ____
*() Certified Operator Name: Len Tabor Number C-6649
() Maintenance Logs
() NSF or UL Approved Chlorine Yes ____ No ____
() OTHER TREATMENT - Softeners ____ Filters ____ Aerators ____ Other ____
() Miscellaneous
(X) NO DEFICIENCIES THIS DATE

*(X) REQUIRES REINSPECTION

COMMENTS

OWNER/ADDRESS
Jim Ahern
38 S.W. SR 200
Ocala, Fl. 34476

SYSTEM NAME
Quail Meadow
COUNTY Marion
SYSTEM TYPE *AC*

ID# *6424645*
#1-AAC 1468
#2-AAC 1467

DATE OF INSPECTION: *7/2/03*
SUPERVISOR: *Bill Dunn*
INSPECTOR: *Jim Berghorn*

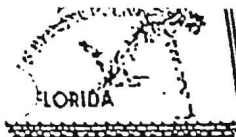
light blue
By Pass
PEV
10,000 gal flow

Check List:

- () Well Protection - Housing ____ Security Fencing ____
- () Well Abandonment
- *(X) Sanitary Seal/Disinfection Port — *around conduit line*
- *() 6' x 6' x 4" Concrete Apron - Cracked ____ Missing ____ Inadequate size ____
- () Raw Water Tap - Missing ____ Threaded ____ Wrong location ____
- () Check Valve - Inoperable ____ Missing ____ Wrong location ____
- () Time Clock / Flow Meter - Missing ____ Broken ____ Make ____ *Water Specialist*
- *() Sanitary Hazard ____
- () Water Pressure Gauge - Missing ____ Broken/Cracked ____
- () Water Pressure Adequate On/Off ____ P.S.I. *Chem Tech 30 psi*
- *() Disinfection Free Cl₂ - Residual Plant *0.82* mg/l Remote ____ mg/l
A minimum of 0.2 mg/l chlorine residual must be maintained at all times throughout the distribution system
- *() Gas Chlorination: Need Separate Room ____ Cross-Ventilation ____
Scales; Safety Equipment; Dual Gas; Cylinders Chained; Breathing Apparatus;
Ammonia; Wrenches Auto Switch Over; Lack of Chlorination Capability Alarm
- *() Alarm Requirements Of New/Modified Systems After 1/1/93 ____
- *() Cross-Connection - Location: ____
- *() Auxiliary Power/Second Well (For 350 persons/150 connections) *Olympian 35KW*
Needs Auto Start ____ Operated Monthly - Yes ____ No ____
- *() Certified Operator Name: ____ Number *Len Tabor C-6649*
- () Maintenance Logs
- () NSF or UL Approved Chlorine Yes ____ No ____
- () OTHER TREATMENT - Softeners ____ Filters ____ Aerators ____ Other ____
- () Miscellaneous
- () NO DEFICIENCIES THIS DATE

*(X) REQUIRES REINSPECTION

COMMENTS *Repairs made while on site by operator*



FEB 27 2003

D.E.P. SOUTHWEST DISTRICT

Department of Environmental Protection

Asbestos-Free Certification or Asbestos Sampling Plan for Public Water Systems

INSTRUCTIONS: See Page 2.

I. GENERAL WATER SYSTEM INFORMATION

System Name: QUAIL MEADOW UTILITIES PWS Identification No.: 642-4645
 System Owner Name: JAMES T. AHERN Telephone No.: 352-237-7131
 Address: 7963 S.E. 12th CIR. 237-4764
 City: Ocala, FL 34480 State: FL Zip Code: 34480
 Community
 System Type: G community, G non-transient non-community

II. ASBESTOS-FREE CERTIFICATION BY OWNER OR AUTHORIZED REPRESENTATIVE OF WATER SYSTEM

This certification is for the following scheduled monitoring year: 2002. I, the undersigned owner or authorized representative* of QUAIL MEADOW UTILITIES certify that, to the best of my knowledge and belief, there are no asbestos-cement pipes or other asbestos-containing components in this water system.

I understand that, because of this certification, we do not have to monitor for asbestos during the above mentioned monitoring year unless the Department directs us in writing to monitor our source water for asbestos and that, therefore, we do not have to monitor for asbestos at any time during the current nine-year compliance cycle unless the Department directs us in writing to monitor our source water for asbestos.

James T. Ahern 2-18-03
 Signature and Date

JAMES AHERN OWNER
 Name and Title (please type or print)

* Attach a letter of authorization.

III. ASBESTOS SAMPLING PLAN FOR WATER SYSTEM

Monitoring Year: _____
 Asbestos Sampling Location*: _____

Reason Why Above Asbestos Sampling Location Was Chosen: NA

Conditions Under Which Asbestos Sample Will Be Taken^H: _____

* The asbestos sampling location shall be a tap served by asbestos-cement pipe. (This does not mean that the asbestos sampling location must be a consumer's tap. The asbestos sampling location may be any convenient place in a part of the distribution system served by asbestos-cement pipe.)

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.



DIVISION OF WATER & WASTEWATER
DANIEL M. HOPPE, DIRECTOR
(850) 413-6900

Public Service Commission

September 9, 1999

Mr. Stephen G. Mehallis
Quail Meadow Utilities, Inc.
2477 East Commercial Blvd.
Ft. Lauderdale, FL 33308-4041

Re: Docket No. 981623-WU; Application for transfer of majority organizational control of Quail Meadow Utilities, Inc., holder of Certificate No. 485-W in Marion County, from Harry T. Mangurian, Jr. to Tracy L. Aherron.

Dear Mr. Mehallis:

Enclosed please find Certificate No. 485-W which have been issued for Quail Meadow Utilities, Inc. This certificate should be retained in the utility's office. The certificate will have to be returned to the Commission along with any application you may file in the future requesting amendment of your certificated territory, transfer of ownership, or change in name of the utility.

Also enclosed with this letter are the following documents:

1. **Chapter 367, Florida Statutes (F.S.)**, which details the Commission's jurisdiction over private water and wastewater utilities;
2. **Chapter 25-9, Florida Administrative Code (F.A.C.)**, which details the rules governing the filing of utility tariffs;
3. **Chapter 25-22, Florida Administrative Code (F.A.C.)**, which details rules governing general Commission practices such as the procedures for conducting meetings, rule-making, hearings and the issuance of orders;
4. **Chapter 25-30, Florida Administrative Code (F.A.C.)**, which details the specific rules promulgated to carry out the jurisdiction of the Commission over private water and wastewater utilities;
5. **Uniform System of Accounts for Class C Water Utilities**, which is the system of record keeping required pursuant to Section 25-30.110, Florida Administrative Code.

Mr. Mehallis
Page 2
August 26, 1999

Be advised that Section 367.161, F.S., provides that violation of any Commission rule, statute, or order could result in penalties of up to \$5,000 per day. Therefore, it is important that you review this material and make yourself aware of your responsibilities as a regulated utility. These documents should be placed in a binder and kept in a safe place for easy referral by utility staff and owners. Also, Chapter 25-30.135, F.A.C., requires all utilities to maintain for customer inspection in the utility office a current copy of Chapters 25-9, 25-22 and 25-30, Florida Administrative Code, and Chapter 367, Florida Statutes, as well as a current copy of the utility's tariffs and developer agreements.

From time to time, the rules and statutes will change. You need to be aware of these changes in order to stay current on your responsibilities and to maintain a current copy of the rules and statutes in the utility office. When the Commission proposes to revise any of its existing rules affecting the water and wastewater industry (Chapters 25-9, 25-22 and 25-30, F.A.C.), a notice of proposed rulemaking will be sent to you. After rulemaking is completed, a final Commission order adopting and attaching the new or revised rule will also be sent to you. This new or revised rule should be incorporated into your copy of the Commission rules. The Commission does not furnish utilities with changes enacted by the Florida Legislature relating to Chapter 367, F.S. However, changes to the Florida Statutes are published annually and copies may be obtained by visiting your local public library.

In addition to the above, periodically the Commission will be sending you copies of Commission orders which relate to the water and wastewater industry, in general, and notices of hearings in dockets of related utilities. These are sent for your information. Whenever you have any questions concerning material you receive from the Commission, you may contact the Division of Water and Wastewater for assistance at (850) 413-6900.

I would like to direct you to certain areas within the rules and statute which will affect your day to day operations as a utility:

1. As you should be aware, you were granted certain specific territory in the certificate process you just completed. It is a violation of Section 367.045, F.S., for a utility to serve outside this territory. If, in the future, you want to serve additional territory, you must file an application for amendment of your certificated territory. See Section 25-30.036, F.A.C., for the current filing requirements for an application for amendment.
2. The utility's approved rates and charges and service availability policy are contained in its approved tariff. Please note that your approved tariff will be sent under a separate cover letter. When you receive this document, it should also be placed in a binder and retained in the utility office for referral and review by utility personnel and customers. A utility may not charge customers any rates or charges not included in its approved tariff. If you find you need to revise any

rates or charges, you should refer to Part V of Chapter 25-30, F.A.C., which contains the necessary steps for rate adjustment changes. Part VI of Chapter 25-30, F.A.C., contains the steps necessary to change service availability charges or policies. In addition, you may contact the Division of Water and Wastewater for guidance.

3. To help your rates keep up with inflation, and to avoid the costly expense of filing a full rate case, the Commission allows utilities to increase rates by a certain percentage each year. This index is established on or before March 31 of each year. In addition, utilities are allowed to pass on increases in certain expenses, such as purchased power and property tax. Sections 25-30.420 and 25-30.425, F.A.C., contain the criterion for water and wastewater utilities to follow in order to increase rates based upon the application of the price index or pass through rate adjustments. The Commission strongly encourages all regulated water and wastewater utilities under its jurisdiction to utilize these options which are available to them.
4. I encourage you to review carefully Part IV of Chapter 25-30, F.A.C. This part of the water and wastewater rules describes the utility's responsibilities to its customers. They include customer deposits, termination of service, customer billing, refusal or discontinuance of service, backbilling, complaints, and refunds.
5. Each utility shall maintain its records in accordance with the NARUC uniform system of accounts (see Section 25-30.110, F.A.C.). A copy of this system of accounts is enclosed for Class C utilities. However, should your utility be Class A or B or should you need additional copies please contact NARUC, Post Office Box 684, Washington, D.C. 20044. For further information or telephone orders, please call (202) 898-2200 in Washington, D.C.
6. Regulated water and wastewater industries are also required to file two related reports with the Commission on an annual basis:
 1. **Annual Report.** Each utility is required to submit an annual report which contains certain financial and operational data relating to the utility. (See Rule 25-30.110, F.A.C.)
 2. **Regulatory Assessment Fee form.** Each utility is required to remit an annual regulatory assessment fee. The fee is currently 4-1/2% of gross operating revenue and is designed to cover the Commission's costs of regulating water and wastewater utilities. (See Rule 25-30.120, F.A.C.)

Mr. Mehallis
Page 4
August 26, 1999

For your convenience, the Commission will send these two report forms by January 15th of each year. The annual report and regulatory assessment form and fee are due to the Commission by March 31st of each year for the previous calendar year.

To familiarize you and your utility staff with the Division of Water and Wastewater, let me briefly describe the division's composition:

The **Bureau of Policy Development and Industry Structure**, as you already know, is responsible for the certification of water and wastewater utilities, as well as any amendments or transfers thereof. Any questions relating to your certificated territory or the possible sale of the utility should be directed to John Williams, Bureau Chief, Bureau of Policy Development and Industry Structure.

The **Bureau of Economic Regulation** is responsible for accounting, engineering and rates concerns for all filings involving file and suspend rate cases (MFR's), staff assisted rate cases (SARC's), limited proceedings, allowance for funds prudently invested and service availability. Any questions concerning the filing of a rate case, a staff assisted rate case, limited proceeding, tariff or engineering related matters, should be directed to Marshall Willis, Bureau Chief, Bureau of Economic Regulation.

The **Bureau of Special Assistance** is responsible for Annual Report review, Regulatory Assessment Fee (RAF) compliance, processing of Index and Pass Through applications and post hearing advisory duties relating to all classes of utilities and encompassing all issues. Any questions relating to Annual Reports, RAF's, index or pass through applications should be directed to Patti Daniel, Bureau Chief, Bureau of Special Assistance.

We welcome and encourage regulated water and wastewater utilities under the Commission's jurisdiction to contact our staff and maintain working liaisons with us. This accomplishes better relations between the Commission staff and utilities and provides for faster and more efficient completion of regulatory requirements.

If we can be of any assistance to you and your utility, please do not hesitate to contact us at (850) 413-6900.

Sincerely,



Daniel M. Hoppe
Director

C:\wp6\981623c4.rpr

Enclosures

cc: Division of Water and Wastewater (Iowe, Redemann, Messer, Brady)

FLORIDA PUBLIC SERVICE COMMISSION

Certificate Number

485 - W

Upon consideration of the record it is hereby ORDERED
that authority be and is hereby granted to:

QUAIL MEADOW UTILITIES, INC.

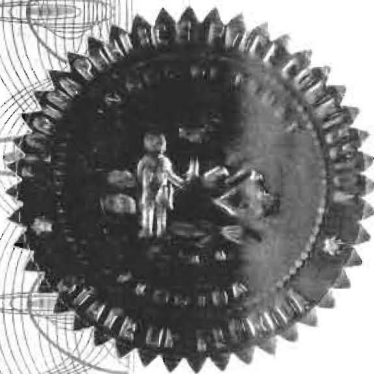
Whose principal address is:

4600 N.W. 30th Place
Ocala, FL 34482 (Marion County)

to provide water service in accordance with the
provision of Chapter 367, Florida Statutes, the Rules,
Regulations and Orders of this Commission in the
territory described by the Orders of this Commission.

This Certificate shall remain in force and effect until
suspended, cancelled or revoked by Orders of this
Commission.

ORDER	17211	DOCKET	861604-WU
ORDER	PSC-99-0637-FOF-SU	DOCKET	981623-WU
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	
ORDER		DOCKET	



FLORIDA PUBLIC SERVICE COMMISSION

Daniel S. Davis

Director

Division of Records and Reporting

EXHIBIT 6
FPSC Service Area Map



Quail Meadow Utilities
Water Service Area

Well #2

Well #1

27

75



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QUAIL MEADOW UTILITIES WATER SERVICE AREA
MARION COUNTY, FLORIDA

Blumberg No. 0119

EXHIBIT

6

EXHIBIT 7

List of Assigned Agreements

NONE

EXHIBIT “B”

STATEMENT REGARDING DISPOSITION OF CUSTOMER DEPOSITS

There are no customer deposits to be transferred to Marion County upon transfer by Quail Meadow Utilities, Inc. of its water system to Marion County.

EXHIBIT “C”

STATEMENT OF OUTSTANDING FINES, FEES, ASSESSMENTS AND REFUNDS

Quail Meadow Utilities, Inc. currently has no fines, penalties or assessments outstanding against it or the water utility operations which are the subject of this Application.

EXHIBIT “D”

Marion County Chapter 125.3401 Briefing Document

**FLORIDA STATUTE 125.3401
BRIEFING DOCUMENT
QUAIL MEADOW UTILITIES, INC.**

PREPARED FOR:

**MARION COUNTY
601 S.E. 25th Avenue
Ocala, Florida 34471**

Prepared by:

**HARTMAN & ASSOCIATES, INC.
201 EAST PINE STREET, SUITE 1000
ORLANDO, FLORIDA 32801**

July 2004

HAI # 95.0539.132



HARTMAN & ASSOCIATES, INC.

engineers, hydrogeologists, surveyors & management consultants
A Tetra Tech Company

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James R. Warner, E.I.

July 8, 2004

HAI # 95.0539.132

County Commission
Marion County
601 S.E. 25th Avenue
Ocala, FL 34471

Subject: Quail Meadow Utilities - Requirements of Section 125.3401 Florida Statutes

Dear County Commissioners:

This document has been prepared to comply with Section 125.3401 Florida Statutes which is required when a County is considering the purchase or sale of a water, wastewater, and/or reclaimed water utility. Hartman & Associates, Inc. (HAI) has assembled herein the necessary information and data to assist in fulfilling the requirements of the statute.

The document has been organized in sections to reflect the numeric order of the statute requirements. All information and data, as of the date of this letter, is believed to be the most current available. Actual events could occur subsequent to the date of this document which could affect parts or all of the information or data contained herein.

We appreciate the opportunity to be of service in this important matter.

Very truly yours,

Hartman & Associates, Inc.



Andrew T. Woodcock, P.E., M.B.A.
Florida Registration No. 47118

ATW/jev/95.0539.132/Reports/R-3/cvr ltr

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FLORIDA STATUTE 125.3401
BRIEFING DOCUMENT
QUAIL MEADOW UTILITIES, INC.

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QUAIL MEADOW UTILITIES, INC.**

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FIGURE

<u>Figure Number</u>	<u>Title</u>
1-1	Water Service Area Map

SECTION 1



SECTION 1

OVERVIEW OF FACILITIES TO BE ACQUIRED

1.1 INTRODUCTION

Quail Meadow Utilities, Inc. (QMU) is a privately owned utility that furnishes water service in Marion County, Florida. Its service area is located in northwestern Marion County off of US Highway 27 as shown on Figure 1-1.

Marion County Utilities Department (MCUD) desires to acquire the assets of QMU's water system. This section provides an overview and general description of the potable water system of QMU. These descriptions are based upon HAI site inspections, and information received from QMU, the Florida Department of Environmental Protection (FDEP), the Southwest Florida Water Management District (SWFWMD), the Florida Public Service Commission (FPSC), and other public information sources.

1.2 QUAIL MEADOW UTILITIES WATER FACILITIES

The QMU potable water system consists of the following components:

- Raw Water Supply
- Water Treatment Plant and Storage Facilities
- Water Transmission/Distribution System
- Customer Meters and Services

Each component is specifically described in the sections that follow.

1.2.1 Raw Water Supply

The QMU system utilizes two wells, which are piped together and flow through a single master meter, for its potable water supply. The wells are both 10-inches in diameter and range from 150 feet to 183 feet deep. The total capacity of the potable supply pumps is 1,210 gallons per minute (gpm), however due to their proximity the wells cannot operate simultaneously. Therefore, the firm pump capacity is 385 gpm. Both water supply wells are equipped with auxiliary power. The

60' X 30' well site is secured entirely by a chain link fence, and is located on an easement that spans a 200 foot radius from each well. Additional easements provide vehicle and water distribution system access to the site.

1.2.2 Water Treatment Plant

The QMU water treatment facility shares a site with the water supply wells. The plant utilizes hypochlorite addition as the method of disinfection. A 10,000-gallon, steel hydropneumatic tank is used for storage and chlorine contact time. The site is also equipped with an Olympian 35 kW back-up generator. The chlorination system, generator, and electrical components of the system are housed in a 10' x 10' concrete block building. The facility was constructed in 1986 and the generator was later installed in 1993. As was previously stated, the facilities are completely enclosed by a chain link fence.

1.2.3 Water Transmission and Distribution System

The water transmission and distribution system conveys the potable water from the WTP to the customer services. From the as-built construction drawings provided by QMU it is estimated that the system contains approximately 30,120 linear feet of PVC pipe ranging in size from 2 to 6 inches in diameter. Although the system does not contain fire hydrants, it is equipped with 4 blow-off valves, which serve as a means for flushing the system.

1.2.4 Customer Meters and Services

Potable water from the transmission and distribution system is delivered to customers through a water service and meter. Water services can be either single (serving one customer) or double (serving adjacent customers). The water system contains 18 single services and 215 double services. As of January 17, 2004 the QMU water distribution system delivered potable water to approximately 414 customer meters.

1.2.5 Historic Water Demands

The annual average daily demand (AADD) for the system has ranged from 0.109 MGD in 2001 to 0.128 MGD in 2003. Some increase is observed in the AADD between 2001 and 2003. This increase generally follows customer growth during the same period of time.

The maximum day demand (MDD) for the system 0.310 MGD, occurred in April 2003. The MDD/ADD ratio ranged from 1.188 in January 2003 to 1.902 in July 2001, which is low to average of what is typically observed in systems of this size.

Using average year 2002 ERCs, the annual average demand per ERC is 305 gpd/ERC which is typical for this type of service area. QMU does not reconcile the volume of water pumped versus the volume of water sold. Therefore, it is difficult to determine the amount of water lost due to flushing or system deficiencies.

1.2.6 Capacity Analysis

As part of the review, a capacity analysis was conducted for the system. In systems such as QMU, where well pumps pump directly to the system, the firm capacity of the pumps must meet the peak hour demand (PHD) of the system. Firm capacity represents the system capacity with the largest pump out-of-service. Since PHD is not monitored, the system's MDD is adjusted by a standard design factor of 2.0 PHD/MDD. The MDD for the system is 0.310 MGD (215 gpm) which yields a PHD of 430 gpm. The firm capacity of the system is 385 gpm. This results in a reliable system capacity of 112%.

With 112% of the firm capacity utilized, the reliable capacity of the system is exceeded. If the largest well pump should be out-of-service during an annual peak hour event, pressures in the system will drop and levels of service may decline.

1.2.7 Regulatory Review

Florida Department of Environmental Protection

The Florida Department of Environmental Protection (FDEP) under public water system (PWS) number 642-4645 regulates potable water quality for the Quail Meadow system. A review of the system compliance records and discussions with FDEP staff and inspectors showed that the system is currently in compliance. The system was last inspected on July 8, 2003, with no deficiencies noted.

Southwest Florida Water Management District

The water supply for the Quail Meadow system is regulated by the Southwest Florida Water Management District (SWFWMD) under water use permit number 208165.01 issued September 18, 1991. The utility received an extension in July 1998, resulting in a permit expiration date of September 18, 2014. The water use permit restricts usage to an annual average consumption of 120,000 gpd and peak monthly consumption of 160,000 gpd, as well as other terms and conditions.

Based on a review of Monthly Operating Reports (MORs) submitted to FDEP, the system exceeded its annual average permitted capacity in 2003. The annual average usage for 2003 is 128,417 gpd, an exceedence of 7%. The system also reportedly exceeded its peak monthly capacity of 160,000 gpd by 30% and 26% in 2002 and 2003, respectively. Although there is no enforcement action pending on the system it is recognized that a modification to the existing water use permit will be required.

1.2.8 Environmental Site Assessment

On January 20, 2004 HAI conducted an Environmental Site Assessment (ESA) of the QMU water facilities. No recognized environmental conditions were observed.

1.3 SUMMARY OF WATER SYSTEM COST REQUIREMENTS

In general, based on the inspection and document review, the QMU water system is in average to good condition. Table 1-1 summarizes the condition of facilities. There are some cost requirements identified in the system, however. Cost requirements include deficiencies, deferred maintenance and capital improvement items. Deferred maintenance is considered to be work required on the system that does not currently affect its operation or level of service but is nevertheless required to keep the facilities functioning properly in the future. Deficiencies are identified as those items that directly affect the operations, level of service, regulatory compliance, or other issues. The cost requirements identified by HAI are listed below:

1. Soft start system not connected
2. SWFWMD withdrawal limit exceedences
3. Firm capacity inadequacy

An allowance of \$60,000 is estimated to correct the deficiencies and deferred maintenance items listed above.



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QUAIL MEADOW UTILITIES WATER SERVICE AREA
MARION COUNTY, FLORIDA

FIGURE
1-1

Table 1-1
Quail Meadow Utilities, Inc.
Condition of Facilities ⁽¹⁾

	System Component	Condition
I.	Wells	Average
II.	Water Treatment Plant	Good
III.	Transmission Distribution	Good

Note: (1)	Excellent	Facilities are in proper working order, well-maintained, and no deferred maintenance.
	Good	Facilities are in proper working order and well-maintained with only minor deferred maintenance identified.
	Average	Facilities are in proper working order, maintained at industry standards with some deficiencies and deferred maintenance identified.
	Fair	Facilities may not be in proper working order and are not maintained to industry standards, with significant deficiencies and deferred maintenance.
	Poor	Facilities cannot properly function due to excessive deficiencies and deferred maintenance.

SECTION 2

SECTION 2

INCOME AND EXPENSE STATEMENT

125.3401(1) **The most recent available income and expense statement for the utility.**

2.1 GENERAL

The income statement provides a listing of a company's revenues, expenses, and net income over a specified period of time (typically a 12-month calendar or fiscal year). This statement is used by accountants and other interested parties to evaluate the financial performance of a business operation.

The most recent income statement for the QMU system that is available to the County is based on information provided by QMU for the year ended December 31, 2003. This information was obtained from QMU's Annual Report filed with the FPSC in 2003 and is summarized on Table 2-1.

TABLE 2-1

**FLORIDA STATUTE 125.3401(1) BRIEFING DOCUMENT FOR
QUAIL MEADOW UTILITIES, INC.**

Income & Expense Statement For 12 Months Ended December 31, 2003

Description	Water ⁽³⁾
Operating Revenue	
Water/Sewer Sales	\$ 114,680
Other Revenue	240
Total Operating Revenue	\$ 114,920
Operating Expenses	
Salaries and Wages - Employees	\$ 70,006
Salaries and Wages -Officers, Directors and Majority Stockholders	0
Employee Pensions and Benefits	0
Purchased Water	0
Purchased Sewage Treatment	0
Sludge Removal	0
Purchased Power	4,142
Fuel for Power Purchased	60
Chemicals	0
Materials and Supplies	0
Contractual Services - Billing	1,626
Contractual Services - Professional	5,865
Contractual Services - Testing	8,801
Contractual Services - Other	0
Rents	0
Transportation Expenses	0
Insurance Expense	3,360
Regulatory Commission Expenses - Amortization of Rate Case Expense	0
Bad Debt Expense	0
Miscellaneous Expenses	8,731
Subtotal	\$ 102,591
Other Operating Expenses	
Depreciation Expense	\$ 15,997
Amortization of CIAC	(9,769)
Taxes Other than Income	6,843
Income Taxes	-
Subtotal	\$ 13,071
Total Operating Expenses	\$ 115,662
TOTAL OPERATING INCOME	\$ (742)

Notes:

(1) Source: Quail Meadow Utilities, Inc.'s Calendar Year 2003 Annual Report as filed with the FPSC

SECTION 3

SECTION 3 BALANCE SHEET

125.3401(2) *The most recent available balance sheet for the utility, listing assets and liabilities and clearly showing the amount of contributions-in-aid-of-construction and the accumulated depreciation thereon.*

3.1 GENERAL

Among the financial statements included in the Annual Report filed with the FPSC is a comparative balance sheet. Table 3-1 presents a summary of QMU's comparative balance sheet for the year ended December 31, 2003.

TABLE 3-1
FLORIDA STATUTE 125.3401(2) BRIEFING DOCUMENT FOR
QUAIL MEADOW UTILITIES, INC.

Consolidated Balance Sheet - December 31, 2003

Assets	Consolidated Combined System
Utility Plant	
Utility Plant	\$ 391,180
Less: Accumulated Depreciation and Amortization	(155,502)
Net Plant	\$ 235,678
Utility Plant Acquisition Adjustments	0
Total Net Utility Plant	\$ 235,678
Current and Accrued Assets	
Cash	\$ 23,010
Special Deposits	0
Accounts and Notes Receivable	3,420
Total Current and Accrued Assets	\$ 26,430
Total Assets and Other Debits	\$ 262,108
Equity Capital	
Common Stock Issued	\$ 100,000
Other Paid-in Capital	0
Retained Earnings	(17,726)
Total Equity Capital	\$ 82,274
Long Term Debt	
Accounts Payable	\$ -
Notes Payable	5,039
Customer Deposits	0
Accrued Tax	11,009
Accrued Professional Fees	1,006
N/P Stockholder	11,624
Director's Fee Payable	12,000
Total Current and Accrued Liabilities	\$ 40,678
Contributions in Aid of Construction	
C.I.A.C. Net	\$ 139,156
Total C.I.A.C.	\$ 139,156
Total Equity Capital and Liabilities	\$ 262,108

Notes:

(1) Source: Quail Meadow Utilities, Inc.'s Calendar Year 2003 Annual Report as filed with the FPSC

SECTION 4

SECTION 4 EXISTING RATE BASE

125.3401(3) *A statement of the existing rate base of the utility for regulatory purposes.*

4.1 GENERAL

The rate base represents the amount of capital invested by the utility in order to provide service. Determination of rate base includes utility plant in service, less provisions for accumulated depreciation, deferred income taxes, and contributions in aid of construction, plus an allowance for working capital. The rate base also includes an adjustment to account for the used and useful portion of the invested capital.

The rate base for the QMU system generated from data reported in its 2003 FPSC Annual Report is shown on Table 4-1.

TABLE 4-1

**FLORIDA STATUTE 125.3401(3) BRIEFING DOCUMENT FOR
QUAIL MEADOW UTILITIES, INC.**

Rate Base - December 31, 2003

Description	Water ⁽¹⁾
Utility Plant in Service	\$ 391,180
Less:	
Nonused and Useful Plant	\$ 0
Accumulated Depreciation	155,502
Accumulated Amortization	0
Contribution in Aid of Construction (CIAC)	228,489
Advances for Construction	0
Subtotal	<u>\$ 7,189</u>
Additions:	
Accumulated Amortization of Contribution in Aid of Construction	\$ 95,208
Balance	<u>\$ 102,397</u>
Plus or Minus	
Acquisition Adjustments	\$ 0
Accumulated Amortization of Acquisition Adjustments	0
Working Capital Allowances	12,824
Other	0
Subtotal	<u>\$ 12,824</u>
RATE BASE	<u>\$ 115,221</u>

Notes:

(1) Source: Based on data presented in QMU's Calendar Year 2003 Annual Report as filed with the FPSC



SECTION 5



SECTION 5
PHYSICAL CONDITION OF FACILITIES

125.3401(4) *The physical condition of the utility facilities being purchased, sold or subject to a wastewater facility privatization contract.*

The water facilities are specifically described in Section 1. The condition of the facilities ranges from good to average, with most systems being in average condition as detailed on Table 5-1.

Table 5-1
Quail Meadow Utilities, Inc.
Condition of Facilities ⁽¹⁾

	System Component	Condition
I.	Wells	Average
II.	Water Treatment Plant	Good
III.	Transmission Distribution	Good

Note: (1)	Excellent	Facilities are in proper working order, well-maintained, and no deferred maintenance.
	Good	Facilities are in proper working order and well-maintained with only minor deferred maintenance identified.
	Average	Facilities are in proper working order, maintained at industry standards with some deficiencies and deferred maintenance identified.
	Fair	Facilities may not be in proper working order and are not maintained to industry standards, with significant deficiencies and deferred maintenance.
	Poor	Facilities cannot properly function due to excessive deficiencies and deferred maintenance.

SECTION 6

SECTION 6
REASONABLENESS OF PURCHASE PRICE AND TERMS

125.3401(5) The reasonableness of the purchase, sales or wastewater facility privatization contract price and terms.

The County will acquire the QMU, with both parties being willingly involved. Forest Hills has agreed to a total purchase price of \$ 460,000. The purchase and sale agreement includes the following terms and conditions for the utility acquisition:

1. The County will acquire the real property, easements and other rights, buildings, structures, fixtures, water plant equipment and other facilities, other equipment, customer records and supplier lists, plans and specifications, and permits and approvals, as defined in the agreement.
2. The County will pay \$330,000 in cash at closing, in addition to annual payments of \$26,000 for five years not to exceed \$130,000.
3. The County will deliver a title insurance commitment in the amount of the purchase price. The commitment shall show fee simple title, subject to certain requirements.
4. In the event that the title is not clear, the County may choose to terminate the purchase and sale agreement without liability by either party to the other, once QMU has been provided the opportunity to perform due diligence and mitigate any encumbrances.
5. QMU represents and warrants that, at the time of execution and as of the closing date:
 - a. QMU is a legitimate, legal corporation in the State of Florida;
 - b. QMU has the authority to execute and deliver this agreement;
 - c. QMU has good and marketable title subject to certain permitted exceptions;
 - d. There are no liens upon the purchased assets except as stated in the Agreement;
 - e. There is no outstanding litigation;
 - f. There are no governmental or record violations related to the ownership and operation of the utility system;

- g. The Seller is not a “foreign person”, (FIRPTA);
 - h. The Seller will transfer all necessary government approvals to the County;
 - i. No CERCLA violations;
 - j. Seller agrees to obtain all necessary assignments consent and approvals;
 - k. There is no construction work in progress;
 - l. The present zoning of the property does not prohibit the operation of the System;
 - m. The purchased assets are not subject to the interest of any lessor or lessee;
 - n. QMU is not aware of any restrictions of record that would affect the use of the system;
 - o. QMU will not materially change the physical condition, general financial structure, or operation of the utility system;
 - p. QMU is not currently committed to any agreements unknown to the County and shall not enter into any such agreements pertaining to the System;
 - q. There are no existing contracts in default;
 - r. QMU agrees that its representations and warranties set forth in the purchase and sale agreement are true and correct.
6. QMU shall conduct itself in the following manner from the date of execution until closing:
- a. Business Conduct
 - i. Carry on its business in the usual course and comply with all government requirements and laws;
 - ii. Maintain all of its assets;
 - iii. Maintain insurance coverage comparable to that being now carried;
 - iv. Maintain all obligations relating to the assets of the business;
 - v. Maintain its books of account and records in the regular manner;
 - vi. Use its best efforts to maximize the profits of its utilities business;
 - vii. Comply in all material respects with all statutes, laws, ordinances, rules, and regulations applicable to it and to the conduct of its business;
 - viii. Notify the County of any material adverse change in its operations or business;
 - ix. Not engage in any operationally non essential transactions;
 - x. Uphold and renew necessary permits;

- xi. Cooperate with the County in obtaining transfers of all necessary permits;
 - b. QMU shall bear the risk of loss for the property up to and including the closing date.
 - c. QMU will cooperate by providing full access of utility records and facilities to the County's operating and administrative staff in order to acquaint them with the operation of the system.
7. The County represents as follows:
- a. The County is a political subdivision of the State of Florida with the requisite power to carry out the terms of this agreement.
 - b. The County has the authority and power to execute and deliver this agreement and to carry out its obligations hereunder.
 - c. The County has made no untrue representations or warranties in this agreement.
 - d. There is no litigation affecting the County's ability to acquire the facilities.
 - e. No conflicts will prevent execution and performance of the Agreement.
 - f. County inspections of the QMU system will not materially interfere with operation of the system.
8. At the time of closing, the parties covenant and agree that the following adjustments shall be made:
- a. Taxes owed by the related to all real and personal property will be prorated through the day of closing based on the most current tax records available.
 - b. All rates, fees, and charges for water service received through the closing date shall be the property of QMU.
 - c. Immediately prior to closing QMU and the County shall simultaneously read meters for billing purposes.
 - d. QMU is responsible for the payment of all invoices for services, materials and supplies through the date of closing.
 - e. QMU shall retain connection charges paid through the closing date.
 - f. All costs of recording releases, satisfactions, etc shall be paid by County.
 - g. Any taxes on gross receipts as of the closing date shall be paid by QMU.
 - h. The date of closing shall, for purposes of adjustments and prorations be deemed a seller ownership day.

- i. QMU is agreeing to sell the assets under threat of condemnation such that QMU is not responsible for documentary stamp tax.
9. The Utility shall furnish proof that the Florida Public Service Commission gross receipts tax have been paid and shall indemnify the County from any claim for such taxes arising between the date of certification and closing.
10. QMU shall indemnify the County of all claims that may arise from a third party as a result of acts, errors, and/or omissions of QMU. Similarly, the County shall indemnify QMU of all claims that may arise from a third party as a result of acts, errors, and/or omissions of the County. This indemnification shall survive closing for a period of 2 years.
11. Closing shall take place at the County's Administration Building provided all the conditions of this agreement have been met.
12. QMU shall deliver all closing documents as outlined in the agreement prior to the closing date.
13. Each party shall be responsible for its own professional service fees.
14. QMU will apply for approval by the Florida Public Service Commission to transfer the utility to the County.
15. Each party warrants to the other that the agreement is a direct, private transaction between QMU and the County without the use of a broker or commissioned agent.
16. Each party agrees that upon reasonable request of the other party, at the requesting party's expense, the other will provide additional instruments or documentation as needed to reasonably carry out the provisions of this agreement.
17. Any notices required or allowed to be delivered shall be in writing and either hand delivered to those appropriately designated in the agreement, or mailed to such individuals at the address designated in the agreement.
18. This agreement constitutes the entire agreement and supercedes all previous correspondences between the parties relating to the subject matter of this agreement.
19. Amendments to this agreement shall only be made in writing by formal amendment.
20. This agreement is solely for the benefit of the parties contained herein.
21. All of the provisions of this agreement shall be binding and enforceable by legal representatives, successors, and nominees of the County and QMU.

22. Time is hereby declared of the essence to the performance of this agreement.
 - a. **This agreement shall be construed, controlled, and interpreted according to the laws of the State of Florida.**

In the professional opinion of the consultants involved, the above terms and conditions are typical for this type of transaction and are reasonable given the circumstances and context of the negotiations.

A valuation analysis indicated a value \$485,000 for the QMU system. The \$460,000 purchase price of QMU yields a per ERC value of \$1,124. This compares favorably with the County's recent purchase of \$1,495 per ERC for the Florida Water Services Corp systems. In addition, a financial analysis of the transaction indicates that revenues of the QMU system will support the purchase price.



SECTION 7

SECTION 7 IMPACT OF THE PURCHASE

125.3401(6) *The impacts of the purchase, sale or wastewater facility privatization contract on utility customers both positive and negative.*

7.1 POSITIVE IMPACTS

There are positive impacts on the utility customers resulting from the acquisition of QMU by the County. Such positive impacts are summarized as follows:

1. The purchase will add to the unified utility system within the Marion County area. Growth management and master planning efforts can address system expansions and repairs in an effective and economical manner.
2. Decisions concerning the systems will be made by utility operational staff and the County Commission as representatives of the customers, which should be more responsive to service requirements and will be sensitive to the needs of the customers.
3. The County will be able to better control and correct environmental impacts and provide surface, groundwater and other environmental protection to promote the public health, safety, and welfare of Marion County's citizens.
4. Over the long term, both the County's customers and the customers of QMU will benefit from the economy of scale as a result of the acquisition. Through combined utilization of most fixed and administrative overhead expenses as well as a larger facilities base.
5. The County can interconnect, loop, and improve the systems to provide reliable and quality services.
6. Management and financial policies will be more beneficial to the community under County ownership. If the County acquires the system, improvements can be made tax-free and the need for profit in rate collection eliminated. The County will operate

Quail Meadow as a “user pays” enterprise fund so that no general tax monies are used for its purchase or operation.

7. There will be an elimination of investor profit, tax expense, regulatory expense and certain other investor-owned utility costs.

7.2 NEGATIVE IMPACTS

There are also some negative impacts of the proposed utility acquisitions. Such negative impacts are summarized below:

1. As owner of the system, the County would assume responsibility for regulatory compliance, operations and maintenance, which typically involves meeting minimum requirements, addressing problems and customer complaints. The County would also assume the liabilities involved in ownership and responsibility for rates and charges.
2. The anticipated near-term investment for deficiencies, deferred maintenance, and capital improvements to the QMU system is estimated at \$60,000, as shown in Section 1 herein.
3. There will be a transition from investor ownership to County ownership with associated costs, notices, changes and differences in billing and interim QMU operations.
4. Depending upon usage QMU customers will experience and overall rate increase under County rates. For the average customer using 9,000 gallons of water per month the bill will increase by 8.6%. The rate increases are partially due to the County’s inclining block rate structure which encourages water conservation. Table 7-1 presents a summary of monthly bills based on usage.
5. Long-term planning and integration costs will be borne by the system.

TABLE 7-1
MONTHLY BILL COMPARISON
QUAIL MEADOW UTILITY - SINGLE-FAMILY RESIDENCE

Flow (Gallons)	Monthly Charge		Percentage Increase
	Quail Meadow Rates	Marion County Rates	
1,000	\$ 10.80	\$ 11.14	3.15%
2,000	11.96	12.26	2.51%
3,000	13.12	13.38	1.98%
4,000	14.28	14.50	1.54%
5,000	15.44	15.62	1.17%
6,000	16.60	16.74	0.84%
7,000	17.76	18.43	3.77%
8,000	18.92	20.12	6.34%
9,000	20.08	21.81	8.62%
10,000	21.24	23.50	10.64%
15,000	27.04	31.95	18.16%
20,000	32.84	40.40	23.02%
30,000	44.44	57.30	28.94%
40,000	56.04	74.20	32.41%
50,000	67.64	91.10	34.68%

SECTION 8

SECTION 8

ADDITIONAL INVESTMENT REQUIRED

125.3401(7) (a) Any additional investment required, and the ability and willingness of the purchaser or private firm under a wastewater facility privatization contract to make that investment, whether the purchaser is the municipality or the entity purchasing the utility from the municipality; (b) In the case of a wastewater facility privatization contract, the terms and conditions on which the private firm will provide capital investment and financing or a combination thereof for contemplated capital replacements, additions, expansions, and repairs. The municipality shall give significant weight to this criterion.

8.1 WATER FACILITIES

Based on the investigative efforts conducted to date, several cost requirements have been identified in the water system including deficiencies, deferred maintenance, and capital improvements. This section discusses these issues and determines the actions required and costs to correct. Deferred maintenance is considered to be work required on the system that does not currently affect its operation or level of service but is nevertheless required to keep the facilities functioning properly in the future. Deficiencies are defined as those items that directly affect the operations, level of service, regulatory compliance, or other issues. Finally, capital improvements are betterments to the facilities that improve the operations or level of service. The total cost requirements for the water system is estimated at \$60,000.

Connect System Soft Start:

During the due diligence activities it was determined that the soft start system for the well pumps was not connected. A total of \$25,000 is budgeted to correct this deficiency.

SWFWMD Permit Exceedences:

Based on the demand data submitted to the regulatory agencies the system periodically exceeds the withdrawal limits stimulated in the water use permit. A total of \$35,000 is budgeted to conduct a system water audit and implement conservation measures to reduce system usage.

Firm Capacity Inadequacy:

Although it is recognized that the firm capacity of the system is slightly less than peak demands it is recognized that with the implementation of water conservation measures the demands may drop. Furthermore it does not appear that the loss in level of service has reached a significant level. It is anticipated that at a later date the QMU system will be interconnected with other County water systems in the area and improve system reliability.

SECTION 9

SECTION 9 ALTERNATIVES TO THE SALE

125.3401(8) The alternatives to the purchase, sale or wastewater facility privatization contract, and the potential impact on utility customers if the purchase, sale or wastewater facility privatization contract is not made.

9.1 GENERAL

There are several alternatives to the sale of QMU to the County. These include:

1. No sale.
2. Sale to an investor.
3. Sale to another government entity or not-for-profit corporation.

If the County does not acquire the QMU water and wastewater system, QMU can either continue to operate the facilities or sell to another party.

9.1.1 No Sale

The “no sale” option results in the following:

1. Continued intermixing of investor and County water and wastewater service area.
2. Rate and certain operating regulatory jurisdiction by Florida Public Service Commission (indirect representation).
3. Continuation of existing management and operations practices.
4. Limited control over growth management and system development.
5. Limited control over water resources, environmental concerns, and related issues.
6. Increased future acquisition cost.

9.1.2 Sale to an Investor or Other Entity

Many of the same items listed in the “no sale” option would be considerations for the sale to an investor alternative. To the best of our knowledge, no outside investor has offered to buy QMU in a fashion that would elicit a sale from QMU.

9.1.3 Sale to Another Government Municipality or Not-for-Profit Entity

If the water system was sold to another government municipality or not-for-profit entity, the following impacts could be realized:

1. Any not-for-profit entity would have a higher cost of financing and assuming the same purchase price, probably higher rates.
2. Limited control over growth management and system development.
3. Limited control over water resources, environmental concerns and related issues.
4. Increased future acquisition cost.

SECTION 10

SECTION 10
STATEMENT OF QUALITY SERVICE

125.3401(9) (a) The ability of the purchaser or the private firm under a wastewater facility privatization contract to provide and maintain high-quality and cost-effective utility service, whether the purchaser is the municipality or the entity purchasing the utility from the municipality. (b) In the case of a wastewater facility privatization contract, the municipality shall give significant weight to the technical expertise and experience of the private firm in carrying out the obligation specified in the wastewater facility privatization contract.

10.1 GENERAL

The County currently has an experienced staff of highly qualified individuals knowledgeable in the ownership and operation of public water and wastewater utilities and is able to provide and maintain high-quality and cost-effective utility service. The existing and experienced County staff is capable of providing full operations including overseeing, managing, and directing the operations of the facilities and services provided by QMU.

It is anticipated that a significant amount of management and operating costs can be shared by both the County's existing water and wastewater utilities and those of the QMU system. Such shared activities will result in economies of scale materially reducing the unit cost of operating services. It is further anticipated that as the opportunities develop, consolidation of facilities will occur, again resulting in additional economies of scale. Such economies of scale will result in reducing the demand for both financial and natural resources, which will benefit not only the residents of the County, but also the state of Florida.

This is not a privatization contract.

SECTION 11

SECTION 11
APPLICATION OF MONIES PAID BY A PRIVATE FIRM
TO A MUNICIPALITY

125.3401(10) All moneys paid by a private firm to a municipality pursuant to a wastewater facility privatization contract shall be used for the purpose of reducing or offsetting property taxes, wastewater service rates, or debt reduction or making infrastructure improvements or capital asset expenditures or other public purpose; provided, however, nothing herein shall preclude the municipality from using all or part of the moneys for the purpose of the municipality's qualification for relief from the repayment of federal grant awards associated with the wastewater system as may be required by federal law or regulation.

Not applicable.

SECTION 12

SECTION 12

STATEMENT OF PUBLIC INTEREST

12.1 GENERAL

The County currently owns and operates water and wastewater utilities. County commissioners, managers, administrators, and staff are experienced and knowledgeable of utility operation and financial matters. Based upon the foregoing, it is the opinion of the consultants, attorneys, and public utilities staff that the acquisition of QMU by the County is in the public interest, and the County has the experience and the financial ability to provide service to the customers.

The County Commissioners shall make the determination of public interest after consideration of the testimony and evidence at the 125.3401 hearing.