

OATES ENERGY SERVICE AGREEMENT

This agreement ("Agreement") is made and entered into this 16th day of December 2013 by and between Reserve at James Island Condominium Association, Inc. ("Owner"), and Oates Energy, Inc., a Florida corporation ("OEI").

- (A) Owner is the Owner of the improved real property located at 10961 Burnt Mill Road Jacksonville, FL 32256 commonly known as Reserve at James Island Condominiums (the "Property") and consisting of 354 condominiums ("Unit").
- (B) OEI is an independent contractor engaged in the business of operating a utility billing and management service.

FOR VALUABLE CONSIDERATION, THE PARTIES AGREE TO THE FOLLOWING:

(1) **MONTHLY BILLING AND REPORTING.** OEI shall read, bill and collect from the individuals occupying each Unit ("Resident") water and sewer on a monthly basis. The Resident's water and sewer bills will be determined using the existing water sub meters and a Tariff billing methodology. OEI shall furnish to Owner a composite report of individual Unit amounts billed. Owner shall use reasonable efforts to timely notify OEI of all changes in Resident status caused by move-ins, move-outs, and Resident transfers.

(2) **COLLECTION AND SERVICE FEES.** Resident shall direct payments to OEI for all amounts billed to the Residents for applicable monthly charges. Resident's can pay their utility bills directly to OEI with a check, credit card, on line or over the phone (Master Card and Visa), or by signing up for automatic drafting of their checking account. If Resident fails to pay all amounts billed by the 18th day after the monthly billing by OEI, OEI will send Resident a delinquent notice with a \$ 12.00 late fee. OEI will charge a \$ 10.00 new account setup fee to all new residents moving in to the community. OEI shall be entitled to retain 50% of all late payment charges and 50% of all new account set up fees. Within ten (10) days of OEI's monthly billing, OEI shall distribute to Owner a financial report of all collections and a disbursement check which shall be in the amount equal to all moneys received during such billing cycle from the billing of the Residents for applicable charges, less OEI's service fee (as set forth below) and 50% of all late payment charges and 50% of all new account set up fees. Payments delivered to OEI shall not be deemed "received" until such time as OEI shall have received collected funds. OEI's service fee is \$3.00 per unit billed per month for water and sewer. Postage expense is included in the service fees.

(3) **RADIO FREQUENCY TRANSMITTER INSTALLATION AND FULL SERVICE MAINTENANCE.** OEI will provide and install an Inovonics TapWatch III Radio Frequency meter reading system to the Property. One Inovonics EchoStream RF transmitter will be installed in each Unit to the existing water sub meter. A radio frequency network will be installed throughout the property consisting of a network of Inovonics Repeaters and an Inovonics RDL data collector will be installed in the clubhouse. OEI shall provide this system and provide full service maintenance to the sub metering system for \$ 1.75 per unit per month. Full service maintenance will begin once the system is operating at 100%. OEI shall be responsible for all normal maintenance and repairs to metering system equipment, including system component replacement if needed, as well as other costs such as labor and travel. On a monthly basis, OEI will analyze the reading results for the Property to determine if maintenance issues exist. If maintenance issues are detected, OEI will schedule a visit to the Property to repair said defects (provided, however, that OEI will only be required to visit the Property for repairs once every three months). This program excludes system damage caused by persons or natural events and damage to meters caused by poor water quality.

(4) **TERM.** This Agreement shall become effective on the date hereof and shall terminate after sixty (60) billing periods unless otherwise terminated as provided by this Agreement. At the initial termination date this Agreement shall continue un-amended in consecutive one month terms. Notwithstanding the forgoing, either party may terminate this agreement by giving the other party a thirty (30) day written termination notice. In the event that the Owner, or a subsequent entity, terminates this Agreement at any

time during the initial contract term, for any reason whatsoever, Owner agrees to pay OEI an early termination fee, as describe below.

Early Termination Fee. (354 Units x \$ 1.25 x remaining billing periods in agreement). The Early Termination Fee represents a portion of the monthly installation and maintenance fee detailed in Paragraph 3 of this Agreement.

(5) **INDEMNIFICATION AGREEMENTS.** OEI shall hold Owner harmless from, and indemnify Owner against, any and all claims, demands, liabilities, damages, costs, reasonable attorney's fees, and suits and actions asserted against, or suffered by Owner arising out of or relating to the negligence or intentional acts or omissions of OEI, its employees, agents, contractors, or any of them in any combination.

Owner shall hold OEI harmless from and indemnify OEI against any and all claims, demands, liabilities, damages, costs, reasonable attorney's fees, and suits and actions against, or suffered by OEI arising out of or relating to the intentional or negligent acts or omissions of Owner, its officers, directors, shareholder, partners, agents, employees, or any of them in any combination. OEI acknowledges that Owner shall not be responsible for the intentional or negligent acts or omissions of any Resident, or any of them in combination.

(6) **SERVICE LIMITATION.** OEI assumes no responsibility for, and shall not be liable for, any interruption of service to the property named above arising from acts of God, labor disputes (other than OEI), civil insurrection, or vandalism. OEI shall not be liable for an interruption of service to the property named above arising from any action of any governmental agency regulating the services provided by OEI unless such action is a result of OEI's failure to comply with applicable laws, rules, regulations or orders. OEI will comply with applicable state and local laws, rules regulations and orders in its billing and service activities. OEI shall not be liable for the quality of the water being supplied through the above named Property's water pipes.

(7) **ASSIGNMENT.** This agreement can be assigned by Owner or OEI.

(8) **ATTORNEYS FEES.** In the event of any disputes between Owner and OEI, arising out of this Agreement, should result in litigation, including appeals, the prevailing party shall be entitled to recover, from the non-prevailing party, all costs thereof, including, without limitation, reasonable attorney fees.

(9) **GOVERNING LAW.** This Agreement shall be construed and interpreted in accordance with, shall be governed by, and shall be enforced in all respects according to the laws of the State of Florida.

(10) **COUNTERPARTS.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one instrument.

(11) **ENTIRE AGREEMENT.** This Agreement and any attached exhibits, which are by this reference incorporated herein, and all documents in the nature of such exhibits, when executed, contain the entire written and oral understandings.

(12) **BINDING EFFECT.** This Agreement shall bind and inure to the benefit of the parties hereto, and their respective heirs, personal representatives, successors, and assigns.

(13) **CONSTRUCTION.** The parties acknowledge that each party and its counsel have participated in the negotiation and preparation of the Agreement and that the normal rule of construction, to the effect that any ambiguities are to be resolved against the drafting party, shall not be employed in the interpretation or construction of this Agreement or any amendments hereto.

(14) **REPRESENTATIONS.** OEI is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Florida. This Agreement is duly executed and delivered by OEI and constitutes the valid and binding agreement enforceable in accordance with its terms.

(15) **NOTICE.** Whenever any notice is required to be given under the terms of this Agreement, the same shall be given in writing and either sent by certified mail, return receipt requested, postage pre-paid or by a national overnight delivery service or delivered by hand with written receipt acknowledged, or by telecopy followed by another permitted means of delivery. Any notice required or given hereunder shall be deemed received when received if sent by telecopy, hand or overnight delivery service, or three (3) days after posting if sent by certified mail, return receipt requested. For purposes of giving notice hereunder the addresses of the respective parties are:

OEI: Oates Energy, Inc.
14286 Beach Blvd, Suite 12
Jacksonville, FL 32250
Attn: David Garwood, President

Owner Representative:

*The Reserve at James Island - Dan Fagan
10961 Burnt Mill Rd
Jacksonville FL 32256*

IN WITNESS WHEREOF, THIS AGREEMENT HAS BEEN EXECUTED AS OF THE DATE STATED ABOVE.

OEI

By: _____

Title: _____

Date: _____

OWNER REPRESENTATIVE

By: *DM Fagan*

Title: *BOARD President*

Date: *12-16-13*