

THIS SECOND AMENDED ASSET PURCHASE AGREEMENT (this “Second Amended Agreement”) is entered into as of the 22nd day of April 2020 (“Effective Date”) by and between **Fitch Creations, Inc. d/b/a Fearington Utilities**, a North Carolina corporation (“FCI”), and **ONSWC – Chatham North, LLC**, a North Carolina limited liability company (“Chatham North”) (individually referred to as a “Party” and collectively referred to as the “Parties”).

WITNESSETH:

WHEREAS, FCI and Old North State Water Company, LLC (“ONSWC”) entered into an Asset Purchase Agreement on September 22, 2017.

WHEREAS, FCI, ONSWC, and Chatham North entered into an Amendment to Asset Purchase Agreement on March __, 2019 (Amended Agreement”). In the Amended Agreement, ONSWC’s rights and obligations under the Asset Purchase Agreement were assigned to Chatham North, a subsidiary of IntegraWater LLC,.

WHEREAS, FCI and Chatham North now desire to further amend the Asset Purchase Agreement as follows.

WHEREAS, FCI is the developer of the Fearington Village Subdivision in Chatham County, North Carolina, as defined and identified on the map attached hereto as Exhibit 1, and FCI is also the owner of wastewater assets that are related to the provision of wastewater service for the Fearington Village Subdivision (collectively, the “Wastewater Assets”);

WHEREAS, Fearington Utilities holds a certificate of public convenience and necessity (“CPCN”) granted by the North Carolina Utilities Commission (the “Commission”) to provide wastewater service in the Fearington Village Subdivision; and

WHEREAS, Chatham North desires to purchase from FCI, and FCI desires to sell to Chatham North, the Wastewater Assets in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants as hereinafter set forth, the Parties hereto agree as follows:

ARTICLE I

PURCHASE AND SALE, PURCHASE PRICE AND CLOSING

- 1.1. Purchase and Sale. On the basis of the representations, warranties, and agreements herein, at the Closing, FCI shall convey good and marketable title, which shall be free and clear of and all liens, encumbrances, taxes (except current year ad valorem taxes),

and any other encumbrances of any kind, to the Wastewater Assets, as more particularly defined on Exhibit 2 hereto, to Chatham North and Chatham North shall purchase from FCI the Wastewater Assets by payment of the Purchase Price.

- 1.2. Leasehold Interest. Certain of these wastewater assets, namely a wastewater treatment facility ("Wastewater Treatment Facility") and two lift stations, the "Barnsley Station" and "the Weathersfield Station" are located on real property owned by FCI (the "Premises") and are more particularly identified in surveys as shown in Exhibit 4. FCI intends to continue to own said Premises, and fully support Chatham North in the operations of the wastewater system of Fearington Village Subdivision, shall convey a no cost (other than taxes) leasehold interest in the Premises and any easements for ingress and egress to the Premises. The Purchase Price, contemplated in this agreement, shall include said leasehold interest and shall be exclusive and perpetual for as long as the premises are needed for the transmission, conveyance, and treatment of wastewater or the disposal of treated wastewater through the outfall located at the existing Fearington Wastewater Treatment Plant.
- 1.3. Purchase Price. The purchase price for the Wastewater Assets shall be \$1.00, payable at Closing.
- 1.4. <<Deleted>>
- 1.5. Long-term Plan for Provisions of Wastewater Service to the Village Subdivision. The Parties agree and acknowledge that Chatham North intends, at its own expense, to interconnect the wastewater systems that serve the Fearington Village Subdivision and the Briar Chapel real estate development. The Parties anticipate this will involve the construction of a pump station at the Fearington wastewater treatment facility and a wastewater forcemain to transport wastewater from Fearington Village Subdivision to a treatment facility in or around the Briar Chapel real estate development. The Parties agree that, within a commercially reasonable time after FCI's wastewater treatment facility is no longer necessary for the provision of wastewater treatment, Chatham North shall its own expense take out of service and decommission said wastewater facility.
- 1.6. Closing. Subsequent to the approval by the Commission of the transfer of the CPCN from FCI to Chatham North, the Parties shall consummate the transfer of the Wastewater Assets within thirty (30) days after approval of the CPCN from FCI to Chatham North. At Closing, FCI shall deliver to Chatham North:

- a. Instruments and documents of conveyance and transfer, in a form acceptable to Chatham North, effective to transfer and assign to and vest in Chatham North, good and marketable title to the Wastewater Assets.
- b. FCI will provide an owner's policy for title insurance for all perpetual easements for the Wastewater Assets. The title insurance shall insure the perpetual easements to be free and clear of all liens and encumbrances. FCI shall procure a title commitment on behalf of Chatham North with respect to each easement prior to Closing. FCI will provide all documentation in its possession with respect to easements and their locations, including plats, easement reservations, etc. At Closing, Chatham North shall pay all costs associated with the procurement of title insurance, including attorney's fees.
- c. Access and utility easements to the wastewater treatment facility and two stations ("the Premises") as identified in Exhibit 4.
- d. Assignment and copies of any contractual obligations related to the Wastewater Assets.
- e. Keys to all buildings and/or gates. It is acknowledged that Envirolink has already been provided keys to FCI's wastewater facilities.

Closing is defined as the point when title to the wastewater assets are transferred to Chatham North through a Bill of Sale.

- 1.7. Due Diligence and Investigations. Chatham North, with full cooperation of FCI, is entitled to investigate the Wastewater Assets and perform all appropriate due diligence. Notwithstanding the foregoing, the Parties acknowledge and agree that Chatham North is acquiring the Wastewater Assets on an "AS IS, WHERE IS" basis "WITH ALL FAULTS" and without any representation or warranty from FCI as to environmental condition or fitness for particular purpose.
- 1.8. Documents to be Furnished by FCI. No later than thirty (30) business days from the Effective Date, FCI shall provide the following exhibits to Chatham North (the "Schedules"):

Schedule 1	Customer list and account numbers (it is acknowledged that Envirolink maintains the customer list and account numbers)
Schedule 2	Easements
Schedule 3	Governmental Authorizations
Schedule 4	Map of collection system (It is acknowledged that the map of the collection system has already been provided)
Schedule 5	

Agreements or commitment to provide service
outside the Fearington Village Subdivision.

- 1.7. Connection Fees. Chatham North agrees that it will not request authorization from the Commission to charge connection fees for new wastewater utility service connections within the Fearington Village Subdivision.
- 1.8. Wastewater Service Rates. The Parties acknowledge and agree that Chatham North may request authority from the Commission to increase rates for wastewater service.

ARTICLE II

CHATHAM NORTH'S OBLIGATIONS

- 2.1 Chatham North Reservation of Capacity. Chatham North shall provide service to all customers within the Fearington Village Subdivision as of the Effective Date, and Chatham North shall reserve for FCI a minimum of 270,000 gallons per day of wastewater treatment capacity to serve future customers of Fearington Village or additional real property acquired by FCI. FCI shall be responsible for design, permitting (in Chatham North name), and construction of any collection system infrastructure or upgrades necessary to the existing Fearington Village service area including potential future growth on property owned by Fitch Creations.

Upon notice to Chatham North, FCI in its sole discretion shall have the right to assign the reserved capacity; Chatham North shall not charge a connection fee or any analogous fee for any such assigned capacity within the Fearington Village Subdivision.

To ensure that infiltration and inflow experienced outside the Fearington Village Subdivision including into the force main line from the Fearington Village Subdivision to Briar Chapel is not counted toward FCI's capacity reservation hereunder, ONSWC shall install a flow meter on the pump station at the site of Fearington's wastewater treatment facility to measure total flow from the Fearington Village Subdivision to Briar Chapel, and share such data at least annually with FCI.

- 2.2 Consent Area. Chatham North shall not serve any future customers located on real property contiguous to or in close proximity to Fearington Village Subdivision's boundaries (defined as FCI's "Consent Area" in Exhibit 3) without the prior written consent of FCI. Chatham North shall direct any party making such a connection request directly to FCI and must receive written approval from FCI prior to executing a contract with Chatham North and that if the request is approved, FCI may include restrictions or

other terms as prescribed by FCI. All parties agree hereto that Exhibit 3 accurately depicts the boundaries of said Consent Area.

The Parties further acknowledge and agree that, with the transfer of the Briar Chapel wastewater system from ONSWC to Chatham North, Chatham North or Chatham North's successor or assign is obligated to serve certain customers in Briar Chapel and elsewhere as identified in Exhibit 3 as indicated in parcel noted by "BCU Service Commitment." "BCU" stands for Briar Chapel Utilities, LLC, which was acquired by ONCWC in 2015. The Parties agree that this Exhibit shows all parcels Chatham North is required to serve and that as of the Effective Date there is no territory conflict, duplication or overlap with the parcels shown as being within FCI's Consent Area. The Parties further agree that Chatham North is not required to secure FCI's consent to serve those customers.

- 2.3 Chatham North's Obligation for Coordination. Chatham North shall routinely meet with FCI representatives to discuss the ongoing operation, maintenance and repair of the wastewater system serving the Farrington Village Subdivision. At these meetings, Chatham North shall discuss any statutory or regulatory compliance issue, future capacity needs, customer service issues, and the general state of the wastewater system. It is envisioned that these meeting will be no less frequent than annually.
- 2.4 Chatham North's Obligation to Minimize Disturbance. Chatham North shall use commercially reasonable efforts to maintain and repair the wastewater collection system in the Farrington Village Subdivision in a manner that minimizes disturbance to residents and interference with commercial operations and agricultural operations ongoing in Farrington Village Subdivision. To this end, to the extent that any portion of the wastewater collection system located in the commercial area of the Farrington Village Subdivision (the "Village Center") requires maintenance or repair, Chatham North shall use commercially reasonable efforts to coordinate its activities with FCI representatives to minimize disruption to commercial operations during normal business hours and to promptly restore any land area disturbed during the maintenance or repair activities.

Additionally, to the extent that it becomes necessary at any point in the future for Chatham North to relocate any portion of the wastewater collection system or to install a new phase of the wastewater collection system on land within the Farrington Village Subdivision as shown in Exhibit 1 attached, and notwithstanding Article III hereof, Chatham North agrees to coordinate with FCI and secure FCI's prior written approval on the location of any such relocated wastewater collection system or new phase of the wastewater collection system to maintain the aesthetics of the Farrington Village Subdivision and to minimize interference with and disruption to FCI's operations and to residential areas within the Farrington Village Subdivision.

2.5 Chatham North's Obligation with respect to the Premises.

Permitted Use. Chatham North is permitted to use the Premises for the purpose of accessing, constructing, maintaining and operating the Wastewater Assets and for no other purpose. It is anticipated that Chatham North shall take the Wastewater Treatment Facility out of service and install on said Premises a new lift station.

Debris, Noise and Odors. Chatham North acknowledges that all Premises are located in established residential neighborhoods and therefore agrees to keep all Premises clean and free from litter, debris, unused equipment, etc. and to keep noise and odor to within industry standards.

Access. To the extent that the FCI requires access to the Facilities, for example to carry out Lease Agreement duties, it shall make a good faith effort to request such access from Chatham North (such consent not to be unreasonably withheld or delayed). FCI, its subcontractors, employees and consultants, in exercising their rights of access to the Facilities, shall comply at all times with:

- a. all Applicable Laws, Operating Permits and all relevant health and safety requirements;
- b. instructions and directions issued by Chatham North which are necessary to ensure compliance by Chatham North with any Applicable Laws and any relevant health and safety requirements applicable to their respective activities at the Facility; and
- c. such health and safety regulations and site regulations as Chatham North has in effect at the Facilities from time to time.

Taxes. Chatham North shall pay, when due, any personal property taxes assessed on or attributed to the Wastewater Assets and shall reimburse FCI for any real property taxes assessed on all Premises.

Condition of Premises. Chatham North accepts the condition of the Premises on as "AS IS, WHERE IS" basis "WITH ALL FAULTS" and without any representation or warranty from FCI as to environmental condition or fitness for a particular purpose.

Subletting. Chatham North may not enter into a sublease relating to the Premises.

2.6 Chatham North's Obligation with respect to FCI's Intellectual Property. Chatham North acknowledges FCI's exclusive ownership of the intellectual property rights associated with: i) the term "Farrington Village" for which FCI has received U.S. Patent Office trademark protection; ii) the various logos and marks used by FCI including those used in

connection with Fearington Village; iii) FCI-produced marketing materials, including website, brochures, photography and videos including those depicting its herd of Belted Galloway cows; iv) the unique combination of amenities FCI offers in connection with the Fearington Village Subdivision; v) FCI physical assets such as the Village, its individual businesses, the surrounding land and farm animals; and Fearington Village Subdivision's history and story. Chatham North further agrees not to use in any way such property rights without prior written permission from FCI.

- 2.7 Chatham North's Obligation to Comply with Permits. At all times subsequent to Closing, Chatham North shall comply with any and all Governmental Authorizations, as hereinafter defined.
- 2.8 <<Deleted>>
- 2.9 Indemnification. To the fullest extent permitted by law, Chatham North shall indemnify, defend, and hold harmless FCI and its successors, assigns, officers, equity owners, officials, agents, contractors, consultants, and employees, from and against any and all liabilities, damages, claims, fines, causes of action, suits, judgements, and losses (including reasonable consultants' and attorney's fees and expenses) arising from third-party or governmental claims or actions relating to the Wastewater Assets or Chatham North's use of the Premises.

ARTICLE III

FITCH CREATIONS' OBLIGATIONS RELATED TO COLLECTION SYSTEM

- 3.1 Obligation to Design, Construct and Install Additional Components of the Wastewater Collection System. FCI, at FCI's expense, shall design, construct, and install, in each section of the Fearington Village Subdivision in which a necessary component of the wastewater collection system has not been installed, a complete wastewater collection system necessary for the provision of wastewater service in that section of the Fearington Village Subdivision. The wastewater collection system shall be designed, constructed, and installed in such a manner as to restrict the entry of groundwater and surface waters into the system to the greatest extent practicable and, at a minimum, shall conform to the minimum applicable regulatory standards related to infiltration/inflow.
- 3.2 Oversight; Required Documents. Additional components of the wastewater collection system shall be installed in accordance with the plans and specifications approved (if required) by Chatham County and the North Carolina Department of Environmental Quality ("DEQ") or its successor agency. In addition, Chatham North shall have the right to review such plans and specifications. Chatham North shall not require a fee for such

review. Approval of such plans and specifications by Chatham County and/or DEQ shall be evidence of sufficiency and adequacy of the plans and specifications.

3.3 Conveyance of Additional Components of the Wastewater Collection System. Once any additional phase of the wastewater collection system -- whether within the Fearington Village Subdivision or elsewhere within the service area -- has been installed and certified by a North Carolina – licensed professional engineer, FCI shall convey such phase to Chatham North at no cost and FCI shall thereafter have no rights or obligations related to such phase of the wastewater collection system.

3.4 Fitch Creations' Responsibility regarding the Premises. FCI shall maintain access to the Premises in a free and open condition so that no interference is caused to Chatham North's use of the Premises. FCI shall not interfere with Chatham North's use of the Premises for Permitted Use.

ARTICLE IV

GOVERNMENTAL AUTHORIZATIONS

4.1 Issuance and Transfer of Governmental Authorizations. Chatham North, at Chatham North's expense, shall apply for, and thereafter diligently seek and pursue, the issuance, cancellation, and/or transfer of all licenses, permits, approvals or authorizations from any federal, state or local governmental authority (the "Governmental Authorizations") necessary for Chatham North to own and operate the Wastewater Assets. FCI agrees to cooperate with Chatham North in these efforts.

4.2 Commission Authorization. It is a condition precedent to Chatham North's obligations hereunder that the Commission authorize the transfer of the CPCN from FCI to Chatham North and thereby allow Chatham North to provide wastewater service to the Fearington Village Subdivision.

ARTICLE V

MISCELLANEOUS

5.1 Survival. Any agreement herein that contemplates performance by either Party subsequent to Closing shall not be deemed to be merged into or waived by the instruments delivered in connection with Closing but shall expressly survive Closing and be binding upon the Parties obligated thereby and their successors or assigns. Without limiting the generality of the foregoing, the obligations of Chatham North set forth in Article II hereof shall expressly survive Closing and be binding upon Chatham North and its successors or assigns.

- 5.2 Notices. Any notice of delivery required to be made hereunder shall be made by mailing, via certified mail return receipt requested, or emailing a copy thereof addressed to the appropriate party as follows:

If to Chatham North:

Michael Myers	John McDonald	Karen Kemerait
ONSWC-Chatham North, LLC	Integra Water, LLC	Fox Rothschild LLP
4700 Homewood Ct., Suite 108	3216 6 th Avenue, Suite 200	434 Fayetteville St., Suite 2800
Raleigh, NC 27609	Birmingham, AL 35222	Raleigh, NC 27601
mmyers@envirolinkinc.com	Jmcdonald@integrawater.com	kkemerait@foxrothschild.com

If to FCI:

Fitch Creations, Inc.
2000 Fearington Village
Pittsboro, NC 27312
Attn: Roy B. Fitch and Greg Fitch
greg@fearington.com
RB@fearington.com

In the interest of administration of this Agreement, each Party agrees to provide the other Party, within a commercially reasonable period of time, current contact information, should the contact information provided herein change from time to time.

- 5.3 Release of Letter of Credit. Chatham North agrees to cooperate with FCI in securing the release of the Letter of Credit held by the North Carolina Utilities Commission, as evidenced in N.C.U.C. Docket No. W-661, Sub 7, upon the approval by the Commission of the transfer of the CPCN from FCI to Chatham North.
- 5.4 Termination. Either Party may terminate this Agreement by written notice to the other party in the event:
- a. Closing has not occurred on or by December 31, 2020, or
 - b. if Chatham North does not start construction of a pipeline from the Fearington wastewater facility to the lift station located on SD East adjacent to Highway 15-501 on or before December 31, 2021.

The dates in 5.4a and 5.4b may be extended upon mutual agreement of both parties.

In the event of the termination of this Agreement pursuant to Section 5.4, this Agreement shall forthwith become void, neither party shall have any further obligations hereunder and shall indemnify and hold harmless the other Party to damages. FCI shall return to its role as sole owner and operator of the Fearington Subdivision's wastewater system. Chatham North agrees to cooperate in these efforts; this includes reassignment of any contractual obligations, returning any company property and renouncing any and all rights to use and legal interest in all assets as defined in Exhibit 2 – Wastewater Assets , and Section 1.2 Leasehold Interest (as shown in Exhibit 4)

- 5.5 Severability. Should any court of law or administrative or governmental entity with jurisdiction declare any provision or provisions of this Agreement to be void or unenforceable, the remaining provisions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Parties hereto have set their hands and seals the day and year above first written

ONSWC – CHATHAM NORTH, LLC
a North Carolina limited liability company

By: 
Michael Myers, Chief Executive Officer

Date: 4/22/2020

Fitch Creations, Inc. d/b/a FEARRINGTON UTILITIES, a North Carolina corporation

By: 
Roy B. Fitch, President

Date: 4/22/2020

EXHIBITS

Exhibit 1 – Fearrington Village Subdivision

Exhibit 2 – Wastewater Assets

Exhibit 3 – Consent Area Map

Exhibit 4 – The Premises

4823-6225-1837, v. 3

Exhibit 1 – Fearrington Village Subdivision

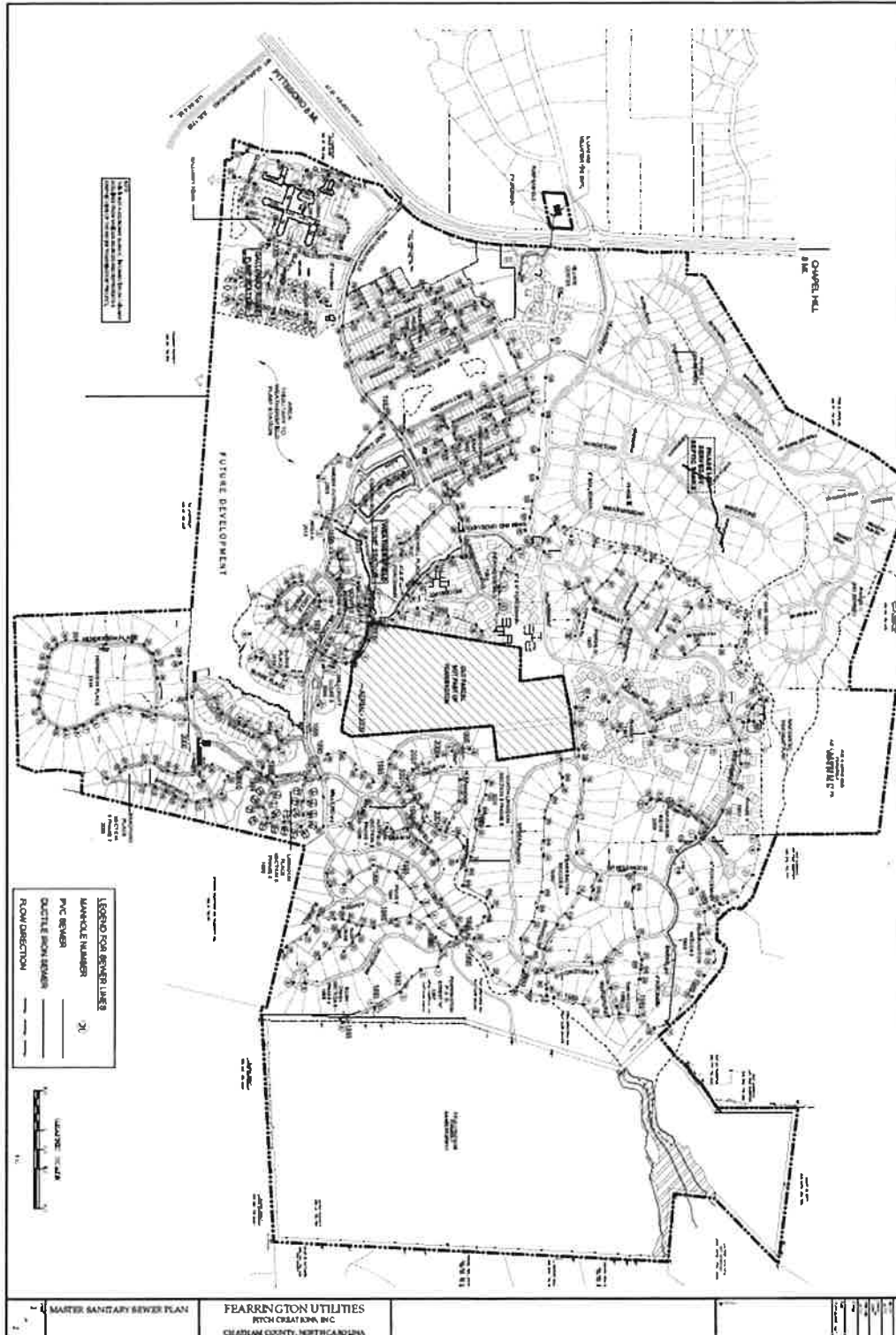


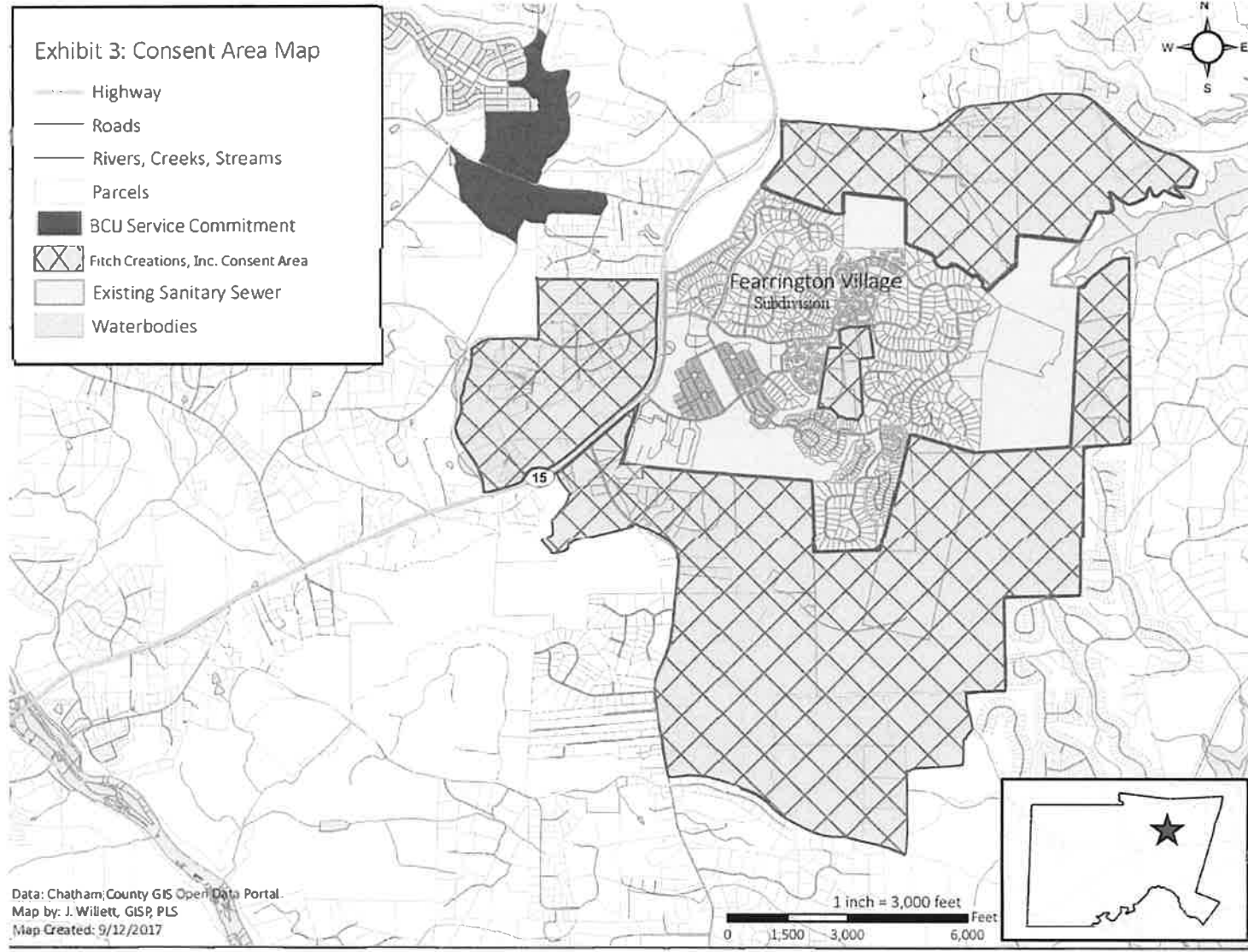
Exhibit 2 – Wastewater Assets

The Wastewater Assets include the following:

- Approximately 15 miles (79,200 ft) of gravity sewer:
 - 78,000 ft of 8"
 - 1,500 ft of 10"
- Three (3) Sewer Pump Stations:
 - Barnsley
 - Weatherfield
 - Galloway Ridge (*NOTE: owned by Galloway Ridge, not FCI*)
- Approximately 7,000 ft of Force Main
 - 3,800 ft of 4" Force main
 - 3,200 ft of 6" Force main
- A 270,000 gpd Wastewater Treatment Plant consisting of the following:
 - Three (3) 90,000 gpd extended aeration treatment plants with tablet chlorination/dechlorination and chemical phosphorus removal
- Equipment as follows:
 - CLARIFIER REPLACEMENT
 - GUARANTEED SUPOY
 - PRO-WATER SYSTEM
 - PRO WATER SYSTEM
 - SEWER ERECTION
 - WATER TREATMENT SYSTEM
 - CLARIFIER REPLACEMENT
 - PIPING & NOZZELS
 - Barnsley Lift station engineering & design
 - 2 generators
 - Transfer Switches
 - WINCE GENERATOR SET
 - Sewer pump

- Composite Sampler
- Pump for Barnsley Station - Fair 4" D5435W
- John Deere diesel generator set
- Barnsley Pump - 4" D5435W 30HP
- Met/Hydro Model SB3SD300M3/4-4 pump
- Submersible pump
- Hydromatic pump
- Hydraulic Pump for sewer
- Lift station - Super Quiet Pak 70 Generator
- 3 HP Pump
- Sensaphone Lift Station Weathersfield
- Sewage Pump
- Hydromatic Pump
- USA Bluebook replacement grinder
- RACO Verbatim Autodialer
- Hydromatic Submersible Sewage Pu
- Weathersfield Lift Station Submersib

Exhibit 3 – Consent Area Map



Leasehold interest conveyed to Chatham North in Wastewater Treatment Facility consists of plant facilities and extends to boundary created immediately outside perimeter fence as denoted on survey by iron pipe set ("IPS")

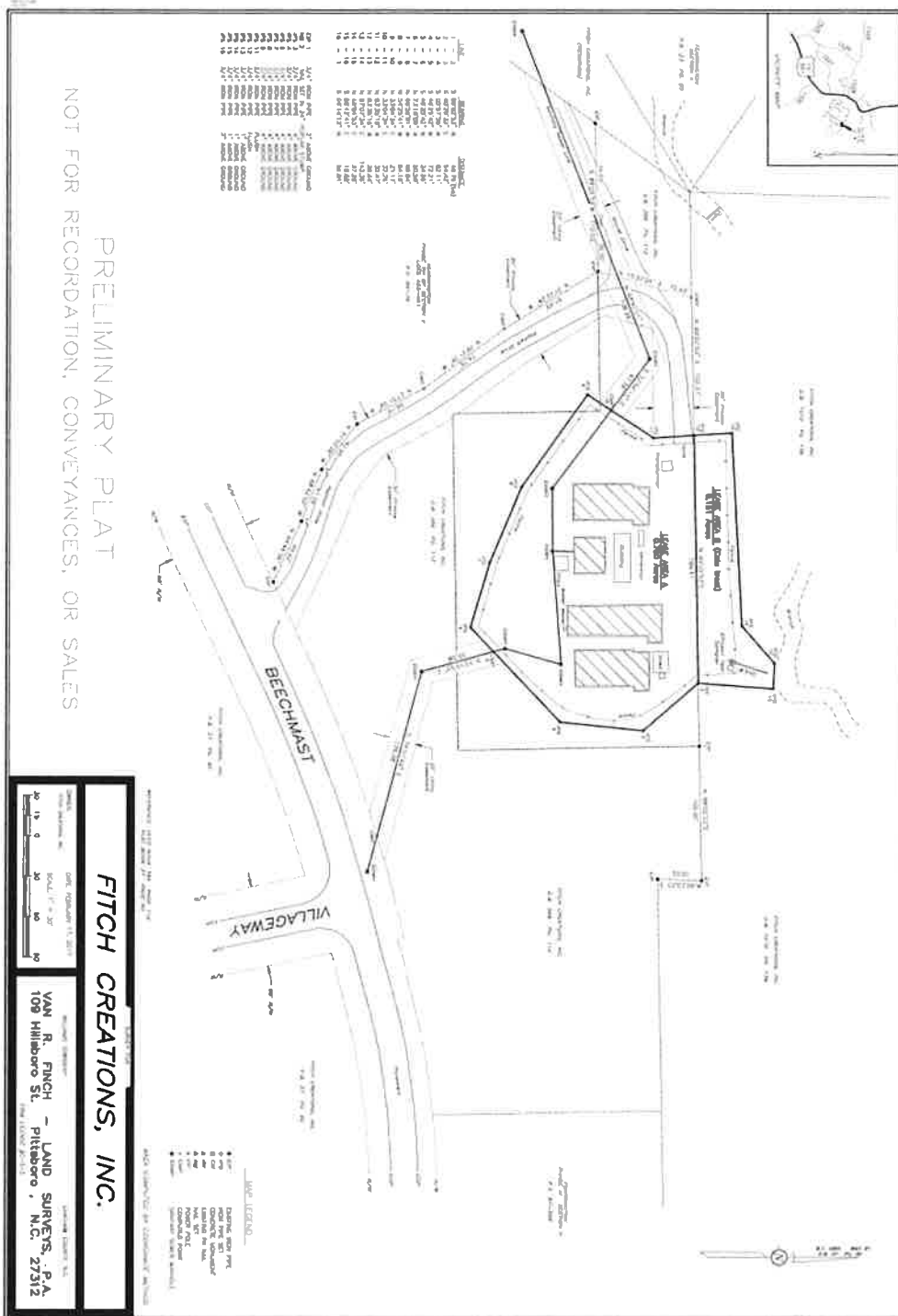


Exhibit 4 – The Premises – Weathersfield Station

Leasehold interest conveyed to Chatham North in Weathersfield Station consists of station facilities and extends to boundary created immediately outside perimeter fence and shed as denoted on survey by iron pipe set ("IPS") and as specified therein by label "Lease Area"

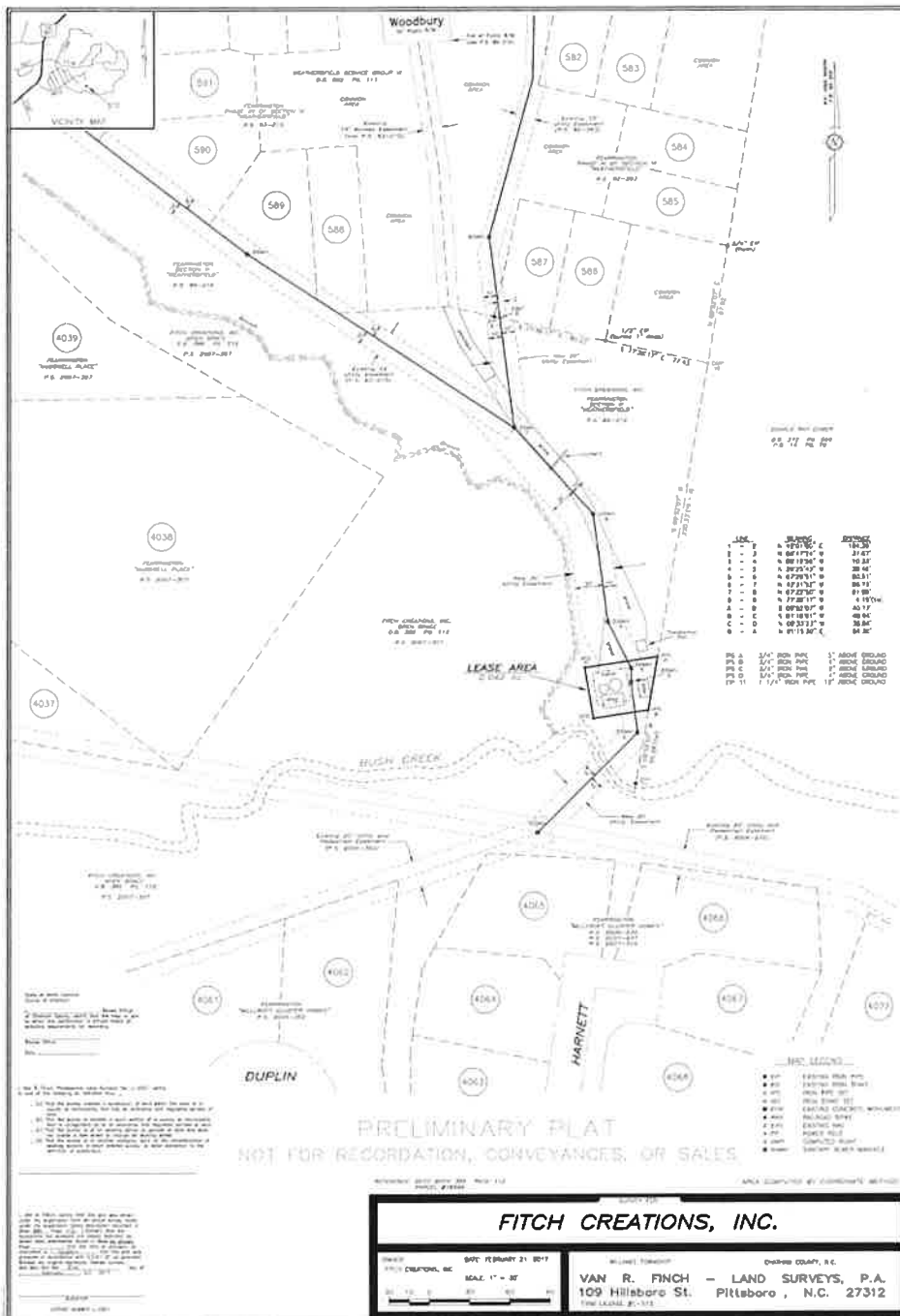


Exhibit 4 – The Premises – Barnsley Station

Leasehold interest conveyed to Chatham North in Weathersfield Station consists of station facilities and extends to boundary created immediately outside perimeter fence as denoted on survey by iron pipe set ("IPS") in Inset "A" (also further enlarged below). Barnsley Station is located at the end of Barnsley between lots 621 and 622.

