

**SANFORD LAW OFFICE, PLLC**  
Jo Anne Sanford, Attorney at Law

September 13, 2018

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, North Carolina 27699-4325

**Via Electronic Filing**

Re: Application for Transfer of Public Utilities Franchise and for Approval of Rates, Filed by Pace Utilities Group, Inc. (W-1046, Sub 5) and Carolina Water Service, Inc. of North Carolina (W-354, Sub 361)

Dear Ms. Jarvis:

Attached please for filing an Application for Transfer of Public Utility Franchise and for Approval of Rates filed by Pace Utilities Group, Inc., ("Pace," the seller) and Carolina Water Service, Inc., of North Carolina ("CWSNC," the purchaser). The Application is being filed in Docket Nos. W-1046, Sub 5 and W-354, Sub 361. Exhibit 8 to the Application, the Consolidated Financial Statements for Utilities, Inc. and Subsidiaries, is stamped CONFIDENTIAL and is hereby filed with the Commission subject to a claim of confidentiality pursuant to G.S. 132-1.2 entitled "Confidential Information." I am electronically paying the filing fee. At your request we have added the Deed to the Seller at the end of the Application as Exhibit 11.

As always, thank you and your staff for your assistance; please feel free to contact me if there are any questions or suggestions.

Sincerely,

**Electronically Submitted**

/s/Jo Anne Sanford  
Attorney for Carolina Water Service,  
Inc. of North Carolina

cc: Parties of Record

FORM REVISED 6/04

SELLER DOCKET NO. W-1046  
PURCHASER DOCKET NO. W-354  
FILING FEE RECEIVED \_\_\_\_\_

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION  
APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE  
AND FOR APPROVAL OF RATES

INSTRUCTIONS

Notes or explanations placed in the margins of the application are acceptable. If additional space is needed, supplementary sheets may be attached. If any section does not apply, write "not applicable" or cross out the section.

SELLER

1. Trade name used for utility business Pace Utilities Group, Inc.
2. Mailing address 6719-C Fairview Road, Charlotte, NC 28210
3. Business telephone number 704-365-1208

PURCHASER

4. Trade name used for utility business Carolina Water Service, Inc. of North Carolina
5. Name of owner (if different from trade name) Utilities, Inc.
6. Business mailing address P.O. Box 240908  
City and state Charlotte, NC Zip code 28244
7. Business street address (if different from mailing address) 4944 Parkway Plaza Blvd., Suite 375, Charlotte, NC 28217
8. Business telephone number 704-319-0502
9. If corporation, list the following:  
President Matthew Klein Vice President Bryce Mendenhall  
Secretary Laura Granier Treasurer Jim Andrejko  
Three (3) largest stockholders and percent of voting shares held by each  
Utilities, Inc. 100%
10. If partnership, list the owners and percent of ownership held by each  
\_\_\_\_\_  
\_\_\_\_\_
11. Is the purchaser acquiring the utility assets or stock? Assets  
(No filing fee required if stock transfer only.)

PROPOSED AND PRESENT RATES

	<u>Proposed Rates</u>	<u>Present Rates</u>
12. Metered Residential Service:		
Water:	<u>\$24.44 base charge, \$7.70/1k gal usage charge</u>	<u>\$6.72 base charge, \$1.85/1k gal usage</u>
Sewer:	<u>\$45.97 base charge, \$3.11/1k gal usage charge</u>	<u>N/A</u>
13. Flat Rate Residential Service:		
Water:	<u>N/A</u>	<u>N/A</u>
Sewer:	<u>N/A</u>	<u>\$39.53</u>
14. Nonresidential Service (explain):		
Water:	<u>N/A</u>	<u>N/A</u>
Sewer:	<u>N/A</u>	<u>N/A</u>
15. Tap-on fees:		
Water:	<u>\$500</u>	<u>N/A</u>
Sewer:	<u>\$500</u>	<u>N/A</u>

OTHER PROPOSED RATES

16. Finance charge for late payment: 1% per month for bills past due 25 days after billing cycle  
(NCUC Rule R12-9) specifies not more than one percent (1.0%) per month will be applied to the unpaid balance of all bills still past due 25 days after billing date.)
17. Reconnection charge if water service cut off by utility as specified in NCUC Rule R7-20: \$27.00
18. Reconnection charge if water service discontinued at customer's request: \$27.00
19. Reconnection charge if sewer service cut off by utility as specified in NCUC Rule R10-16: Actual Cost
20. Other charges: \_\_\_\_\_

OFFICIAL COPY

Sep 13 2018

21. What date are the proposed rates to become effective: \_\_\_\_\_
22. How long have the present rates been in effect? \_\_\_\_\_

-2-

PURCHASER'S PROPOSED BILLING

1. Frequency of billing shall be (monthly, quarterly, etc.) Monthly
2. Billing shall be for service (in advance or arrears) Arrears
3. Bills past due 45 days after billing dates: (NCUC Rule R12-9 specifies that bills shall not be past due less than fifteen (15) days after billing date).
4. Will regular billing be by written statement? (yes or no) Yes
5. Will the billing statement contain the following? (Indicate yes or no for each item)
- (a) Meter reading at beginning and end of billing period ..... Yes
  - (b) Date of meter readings ..... Yes
  - (c) Gallons used, based on meter readings ..... Yes
  - (d) Amount due for current billing period listed as a separate amount ..... Yes
  - (e) Amount due from previous billing period listed as a separate amount ..... Yes
  - (f) Amount due for each special charge (i.e., deposits, tap fees, etc.) listed as a separate amount ..... Yes
6. Show how the following will appear on the billing statement:
- (a) Mailing address of Company: 4944 Parkway Plaza Blvd, Suite 375, Charlotte, NC 28217
  - (b) Address where bill can be paid in person: Not Applicable
  - (c) Name and phone number of alternative persons to contact for emergency service after business hours: Bryce Mendenhall 919-257-1182
7. Is service already metered? (yes or no) Yes
8. Does the Purchaser understand the provisions for establishing credit and collecting customer deposits set forth in NCUC Rules and Regulations, Chapter 12? (yes or no) Yes  
(Customer deposits must be refunded to customers having not more than two (2) bills overdue during a 12-month period and who are not then delinquent on the payment of their bills, per NCUC Rule R12-5.)
9. List the amount of customer deposits still held by Seller:  
Water: N/A Sewer: N/A

PURCHASER'S SERVICE ORGANIZATION

	<u>NAME</u>	<u>ADDRESS</u>	<u>TELEPHONE</u>
10. General Manager	<u>Matthew Klein</u>	<u>P.O. Box 240908 Charlotte, NC</u>	<u>800-525-7990</u>
11. Complaints or Billing	<u>Karen Sasic</u>	<u>Weathersfield Ave Altamonte Springs, FL</u>	<u>321-972-0368</u>
12. Engineering Operations	<u>Bryce Mendenhall</u>	<u>P.O. Box 240908 Charlotte, NC</u>	<u>704-319-0517</u>
13. Emergency Service	<u>Customer Service</u>	<u>P.O. Box 240908 Charlotte, NC</u>	<u>800-525-7990</u>
14. Accounting	<u>Richard Linneman</u>	<u>P.O. Box 240908 Charlotte, NC</u>	<u>704-319-0502</u>

15. Are the names and phone numbers shown above listed in the phone book by each of the proposed service areas? (yes or no) No

16. Will customers be able to make telephone calls for service without being charged for a long distance phone call? (yes or no) Yes

17. Will persons designated to receive phone calls for emergency service, after regular business hours, have authority to provide the needed repairs without first contacting owner? (yes or no) Yes

18. List the qualifications of the person in charge of the utility system:  
Larry Henry – NC C Distribution/NC Collection IV  
Kylend Mullis – NC C Distribution/NC C Well

19. List the date(s) and describe any DENR violation(s) since the last application for franchise, transfer, or rate increase: Please see attached exhibit Pace – DEQ Deficiency Report

---

---

---

---

SERVICE AREA

Fill in one column for each Subdivision or Service Area.

	(1)	(2)	(3)
1. Name of Subdivision(s) or Service Area(s)	Silverton		
2. County (or Counties)	Cabarrus		
3. Type of service (water, sewer, etc.)	Water/Sewer		
4. If water is purchased, list from whom	N/A		
5. Source of water supply (wells, etc.)	Wells		
6. Number of wells in service	2		
7. Pumping capacity of each pump in service	154 gpm		
8. Elevated storage tank capacity (gals.)	9,000		
9. Pressure tank capacity (gals.)	N/A		
10. Types of water treatment (chlorine, etc.)	N/A		
11. Number of fire hydrants installed	0		
12. Is sewage disposal by septic tank or by sewer system?	Sewer System		
13. If disposal is by sewer system, is sewage treated by utility company or by others?	Others		
14. Capacity of Company's sewage treatment plant (gallons per day)	N/A		
15. Is service metered? (yes or no)	Yes		
16. Number of water meters in use	61		
17. Number of service taps in use (list number of each size)	61		
	Water		
	Sewer	61	
18. Number of customers at the end of test year	61		
	Water		
	Sewer	61	
19. Number of customers that can be served by mains already installed (including present customers, vacant lots, etc.)	62		
	Water		
	Sewer	62	
20. Number of customers that can be served by pumping capacity	62		
	Water		
21. Number of customers that can be served by storage tank capacity	62		
	Water		
22. Number of customers that can be served by treatment plant capacity	62		
	Sewer		
23. Name nearest water/sewer utility system	Bradfield Farms		
24. Distance to nearest water/sewer utility system	<1 mile		
25. Does any other person or utility seek to furnish the service(s) proposed herein? (yes or no)	No		
26. Has the system been offered for sale to the customers, county, or municipality? (yes or no)	No		
If not, why not?			
27. a. DENR System I.D. No.	Water	01-13-219	
b. NPDES or Nondischarge Permit No.	Sewer	N/A	

FINANCIAL STATEMENT

1. Will a separate set of books be maintained for the utility business?  
Yes

---

2. Will a separate bank account be maintained for the utility business?  
No

---

3. Are the revenues and expenses listed below based on past operations or are they estimated for future operations?  
(actual or estimated) Past operations

---

REVENUES AND EXPENSES

For 12 Months Ended December 31, 2017 (Date)

<u>Revenues</u>	<u>Water</u>	<u>Sewer</u>
4. Residential service (flat rate)	\$ 4,986	\$ 29,331
5. Residential service (metered rate)	\$ 7,126	\$
6. Nonresidential service (flat rate)	\$	\$
7. Nonresidential service (metered rate)	\$	\$
8. Other revenues (describe in remarks below)	\$ 412	\$ 922
9. Total Revenues (Lines 4 thru 8)	<u>\$ 12,524</u>	<u>\$ 30,253</u>
10. Total salaries (except owner)	\$	\$
11. Salaries paid to owner	\$	\$
12. Administrative and office expense (except salaries)	\$ (966)	\$
13. Maintenance and repair expense (except salaries)	\$ 22,704	\$ 933
14. Transportation expenses	\$	\$
15. Electric power for pumping	\$ 2,610	\$
16. Chemicals for treatment	\$ 585	\$
17. Testing fees	\$ 3,393	\$
18. Permit fees	\$	\$
19. Purchased water/sewer treatment	\$	\$ 19,426
20. Annual depreciation	\$ 10,711	\$
21. Taxes: State income taxes	\$ 25	\$
22. Federal income taxes	\$	\$
23. Gross receipts (or franchise tax)	\$ 223	\$
24. Property taxes	\$ 477	\$
25. Payroll taxes	\$	\$
26. Other taxes	\$ 59	\$
27. Interest on debt during year	\$	\$
28. Other expenses (describe in remarks below)	\$ 1,178	\$
29. Total Expenses (Lines 10 thru 28)	<u>\$ 40,999</u>	<u>\$ 20,359</u>
30. Net Income (Line 9 minus Line 29)	<u>\$ (28,475)</u>	<u>\$ 9,894</u>

Remarks

31. Line 8 – NSF Fee, collection of A/R previously written off
32. Line 28 – Insurance, bank service charge, licenses, permits, lawn maintenance
33. \_\_\_\_\_
34. \_\_\_\_\_
35. \_\_\_\_\_

NUMBER OF CUSTOMERS SERVED

	<u>Water</u>		<u>Sewer</u>	
	<u>Flat Rate</u>	<u>Metered</u>	<u>Flat Rate</u>	<u>Metered</u>
36. Customers at beginning of year	_____	<u>61</u>	<u>61</u>	_____
37. Customers at end of year	_____	<u>61</u>	<u>61</u>	_____
38. Average gallons used per customer	<u>5,262</u>	_____	_____	per month

PURCHASER'S COST OF UTILITY SYSTEM

1. List Purchaser's cost of utility systems:

Water: \$168,332  
 Sewer: \$120,906

ORIGINAL COST OF UTILITY SYSTEM

As of Year Ended December 31, 2017 (Date)

**Note: List the total original cost to construct and establish the system, whether or not paid for by the Seller.**

	<u>Utility Property in Service</u>	
	<u>Water</u>	<u>Sewer</u>
2. Land and rights-of-way	\$ <u>10,000</u>	\$ _____
3. Structures and site improvement	\$ _____	\$ _____
4. Wells	\$ <u>99,705</u>	\$ _____
5. Pumping equipment	\$ <u>3,794.16</u>	\$ _____
6. Treatment equipment	\$ <u>475.40</u>	\$ _____
7. Storage tanks	\$ _____	\$ _____
8. Mains (excluding service connections)	\$ <u>4,057</u>	\$ _____
9. Service connections	\$ _____	\$ _____
10. Meters (including spare meters)	\$ <u>3,144.21</u>	\$ _____
11. Office furniture and equipment	\$ _____	\$ _____
12. Transportation equipment	\$ _____	\$ _____
13. Other utility property in service (describe in remarks below)	\$ <u>47,156</u>	\$ <u>120,906</u>
14. Total utility property in service (Lines 2 thru 13)	\$ <u>168,331.77</u>	\$ <u>120,906</u>
15. Less: acquisition adjustments (difference between original cost above and cost to Seller)	\$ _____	\$ _____
16. Less: Seller's accumulated depreciation	\$ <u>127,701.30</u>	\$ <u>95,096.70</u>
17. Less: Seller's accumulated tap fees and other contributions in aid of construction	\$ _____	\$ _____
18. Seller's net investment in utility property (Line 14 minus 15, 16, & 17)	\$ <u>40,630.47</u>	\$ <u>25,809.30</u>

	<u>Utility Property Not in Service</u>	
	<u>Water</u>	<u>Sewer</u>
19. Construction work in progress	\$ _____	\$ _____
20. Property held for future use	\$ _____	\$ _____
21. Other (describe in remarks below)	\$ _____	\$ _____

Remarks

22. \_\_\_\_\_  
 23. \_\_\_\_\_  
 24. \_\_\_\_\_  
 25. \_\_\_\_\_

ANNUAL DEPRECIATION

26. If annual depreciation is claimed using a composite rate for the entire system, show rate of depreciation used:  
 Water: 13 - Other Plant and Misc. Equipment (Sewer)  
 Sewer: 13 - Customer Service ( Water)

27. If annual depreciation is claimed using individual rates for each type of equipment, show rates of depreciation used:  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

OFFICIAL COPY

Sep 13 2018

OTHER FINANCIAL INFORMATION

1. Please provide the following capital structure information for the Purchaser prior to the purchase of the new water and/or sewer system(s):

a. Capital structure as of December 31, 2017

b. Capital structure balances:

	<u>Amount</u>	<u>Percent Of Total Capital</u>
Long-term debt/loans	\$ <u>218,213,069</u>	<u>48.22</u>
Preferred stock (if any)	\$ _____	_____
Common equity:		
Common stock	\$ <u>100</u>	_____
Retained earnings	\$ <u>78,412,910</u>	<u>17.33</u>
Total common equity	\$ <u>234,265,626</u>	<u>51.78</u>
 Total capital	 \$ <u><u>452,478,695</u></u>	 <u>100%</u>

2. The purchase price of the system will be financed as follows:

a. Long-term debt	\$ _____
b. Short-term debt	\$ _____
c. Common stock	\$ _____
d. Retained earnings	\$ _____
e. Other (please describe below on Line g)	\$ <u>77,151</u>
f. Total purchase price	\$ <u><u>77,151</u></u>

g. Description of other: Cash Purchase  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. Please provide the following for improvements/additions to be made in the first year:

a. Brief description: None known at this time  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

b. Financing:

(1) Long-term debt	\$ _____
(2) Short-term debt	\$ _____
(3) Common stock	\$ _____
(4) Retained earnings	\$ _____
(5) Other (please describe below on Line (7))	\$ _____
(6) Total improvements/additions	\$ <u><u>                    </u></u>

(7) Description of other: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_





EXHIBITS

THE FOLLOWING EXHIBITS SHALL BE ATTACHED TO THE APPLICATION:

1. If the Purchaser is a corporation, enclose a copy of the Articles of Incorporation on file with the North Carolina Secretary of State. (Not required if previously filed with the Commission.)
2. If the Purchasers are doing business as a partnership, enclose a copy of the partnership agreement. (Not required if previously filed with the Commission.)
3. If the Purchaser is conducting business under a trade name or d/b/a, enclose a copy of the certificate filed with the register of deeds in each county where the Applicant will be conducting business as required by G.S. 66-68.
4. Enclose a copy of (1) exhibits showing that the Seller has ownership of all property necessary to operate the utility and (2) a purchase agreement reduced to writing. Any changes in the purchase agreement should be filed immediately with the Commission.
5. If the application is for a stock transfer, enclose a copy of the most recent financial statements, including a balance sheet, for the Seller.
6. Enclose a copy of contracts or agreements, including all attachments, exhibits, and appendices, between the utility and any other party (land developers, customers, etc.) regarding the proposed utility services, including contracts regarding tap fees, construction costs, easements, and rights-of-way, etc. (If none, write "none"). \_\_\_\_\_
7. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the Purchaser.
8. Enclose a copy of the most recent fiscal year financial statements, audited if available, for the parent company of the Purchaser.
9. If the information requested in Exhibits 7 and 8 is not available, enclose a copy of the most recent fiscal year financial statements or statement of net worth for the principals of the Purchaser and/or parent company.

FILING INSTRUCTIONS

10. Eight (8) copies of the application and exhibits shall be filed with the **North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina 27699-4325. Twenty-five (25) copies of an application to acquire a Class A or B utility company should be filed.** One of these copies must have original signatures. (Applicants must also provide any copies to be returned to them.)
11. Enclose a filing fee as required by G. S. §62-300. A Class A company (annual revenues of \$1,000,000 or more) requires a \$250 filing fee. A Class B company (annual revenues between \$200,000 and \$1,000,000) requires a \$100 filing fee. A Class C company (annual revenues less than \$200,000) requires a \$25 filing fee. **MAKE CHECK PAYABLE TO THE N.C. DEPARTMENT OF COMMERCE/UTILITIES COMMISSION.** (No filing fee required if stock transfer only.)

SIGNATURES

12. Application shall be signed and verified by the Applicants.

Signature *[Handwritten Signature]* Purchaser  
 Date 9/11/18

Signature \_\_\_\_\_ Seller  
 Date \_\_\_\_\_

13. (Typed or Printed Name) Sandra O. Porter  
 personally appearing before me and, being first duly sworn, says that the information contained in this application and in the exhibits attached hereto are true to the best of his/her knowledge and belief.

This the 11 day of SEPT., 2018.

Notary Public

Address

My Commission Expires: Feb 15 2022  
 Date




OFFICIAL COPY  
Sep 13 2018

**SELLER SIGNATURE PAGE TO  
NCUC APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE  
AND FOR APPROVAL OF RATES**

**SELLER:**

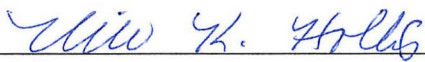
PACE UTILITIES GROUP, INC.  
a North Carolina corporation

By:   
Name: Brian S. Pace  
Title: President  
Date: September 10<sup>th</sup>, 2018

STATE OF NORTH CAROLINA  
COUNTY OF MECKLENBURG

I, Vicki K. Hollis, a Notary Public of the County and State aforesaid, do hereby certify that Brian S. Pace personally came before me this day and acknowledged that he is the President of Pace Utilities Group, a North Carolina corporation, and that he signed the foregoing instrument acting in such capacity.

Witness my hand and official stamp or seal, this 10<sup>th</sup> day of September, 2018.

  
Notary Public

My commission expires: 6-23-2021

[Affix notarial seal]



ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

**Projected Income Statement**

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
<u>Operating revenue</u>						
1.	Metered service revenue	Please see attached				
2.	Flat rate service revenue					
3.	EPA testing surcharge					
4.	Re-connect fees					
5.	Returned check charge					
6.	Late payment charge					
7.	Other operating revenue					
8.	Total operating revenue (Sum of Line 1 thru Line 7)					
<u>Operating expenses</u>						
9.	Total salaries and wages (employees only)					
10.	Outside labor expenses (non-employees)					
11.	Administrative and office expense					
12.	Maintenance and repair expense					
13.	Purchased water					
14.	Purchased sewage treatment					
15.	Electric power expense (exclude office)					
16.	Chemicals expense					
17.	Testing fees					
18.	Transportation expense					
19.	Other operating expense					
20.	Total operation and maintenance expenses (Sum of Line 9 thru Line 19)					
21.	Annual depreciation expense					
22.	Property taxes paid on utility property					
23.	Payroll taxes					
24.	Franchise (gross receipts) tax					
25.	Annual NCUC regulatory fee					
26.	Total operating expenses (Sum of Line 20 thru Line 25)					
<u>Income Taxes</u>						
27.	State income taxes					
28.	Federal income taxes					
29.	Total income taxes (Line 27 + Line 28)					
30.	Net operating income (loss) (Line 8 - Line 26 - Line 29)					
31.	Interest expense					
32.	Net income (loss) (Line 30 - Line 31)					

ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Statement of Cash Flows

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
1.	Pre-tax operating income (loss):					
2.	Total operating revenue	Please see attached				
3.	Less: Operation and maintenance expenses					
4.	Less: Taxes other than income					
5.	Pre-tax operating income (loss)					
6.	Income tax calculation:					
7.	Pre-tax operating income (loss)					
8.	Plus: Contributions in aid of construction					
9.	Less: Tax depreciation					
10.	Less: Interest expense					
11.	Taxable income (loss)					
12.	State income tax					
13.	Federal income tax					
14.	Total income taxes to be paid					
15.	Net cash provided by (used in) operating activities					
	<u>Cash Flows From Investing Activities</u>					
16.	Purchases of utility plant					
17.	Plus: Cash bonds posted					
18.	Less: Contributions in aid of construction					
19.	Less: Proceeds from disposal of utility plant					
20.	Net cash used (provided) by investing activities					
	<u>Cash Flows From Financing Activities</u>					
21.	Proceeds from issuing short term debt					
22.	Less: Principal repayment of short term debt					
23.	Plus: Proceeds from issuing long term debt					
24.	Less: Principal repayment of long term debt					
25.	Less: Interest payment for short and long term debt					
26.	Plus: Proceeds from issuing stock					
27.	Less: Dividends paid					
28.	Plus: Funds provided by owner					
29.	Net cash provided (used) by financing activities					
30.	Net increase (decrease) in cash					
31.	Cash balance at beginning of year					
32.	Cash balance at end of year					

ADDENDUM TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE AND FOR APPROVAL OF RATES

Instructions

---

1. These schedules should reflect all revenues, costs, investment, etc. associated with or to be associated with the utility system for which the subject franchise application is being submitted, exclusively.
2. For purposes of forecasting future expenses, as a simplifying assumption, it may be assumed that increases in such costs due to increases in general price levels, (i.e., inflation) will on average be offset by concurrent rate increases. Thus, no provision(s) for such offsetting changes will need to be made in forecasting costs.
3. A written detailed narrative explanation of all assumptions underlying the information and data contained in this addendum and five (5) copies of all workpapers developed in completing the addendum are to be filed with the Commission's Chief Clerk concurrent with the filing of the franchise application.
4. Computations for Statement of Cash Flows (Page 2 of Addendum)
  - (a) Line 2 should agree with Addendum Page 1 - Projected Income Statement, Line 8.
  - (b) Line 3 should agree with Addendum Page 1 - Projected Income Statement, Line 20.
  - (c) Line 4 should agree with Addendum Page 1 - Projected Income Statement, Sum of Line 22 thru Line 25.
  - (d) Line 14 should equal Line 12 plus Line 13.
  - (e) Line 15 should equal Line 5 less Line 14.
  - (f) Line 30 should equal Line 15 less Line 20 plus Line 29.
  - (g) Line 31 should equal the cash balance at the end of the prior year, except for the beginning balance for Year 1, which should be zero.
  - (h) Line 32 should equal Line 30 plus Line 31.

Pace Utilities Group, Inc.  
ADDENDUM TO APPLICATION FOR FRANCHISE

**Projected Income Statement - Water Operations**

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Operating revenue</b>						
1	Metered service revenue	\$29,659	\$29,659	\$29,659	\$29,659	\$29,659
2	Flat rate service revenue	17,890	17,890	17,890	17,890	17,890
3	EPA testing surcharge	-	-	-	-	-
4	Forfeited Discounts	0	0	0	0	0
5	Miscellaneous Service Revenue	0	0	0	0	0
6	Other Water Revenue	0	0	0	0	0
7	Revenue from Management Services	0	0	0	0	0
8	Total operating revenue (Sum of Line 1 thru Line 7)	47,549	47,549	47,549	47,549	47,549
<b>Operating expenses</b>						
9	Total salaries and wages (employees only)	9,500	9,785	10,079	10,381	10,692
10	Outside labor expense (non-employees)	-	-	-	-	-
11	Administrative and office expense	4,284	4,413	4,545	4,681	4,822
12	Maintenance and repair expense	22,704	23,385	24,087	24,809	25,554
13	Purchased water	-	-	-	-	-
14	Purchased sewage treatment	-	-	-	-	-
15	Electric power expense (exclude office)	3,000	3,090	3,183	3,278	3,377
16	Chemicals expense	585	603	621	639	658
17	Testing fees	3,393	3,495	3,600	3,708	3,819
18	Transportation expense	2,000	2,060	2,122	2,185	2,251
19	Other operating expenses	1,309	1,349	1,389	1,431	1,474
20	Total operation and maintenance expenses (Sum of Lines 9 thru 19)	46,775	48,179	49,624	51,113	52,646
21	Annual depreciation expense	770	770	770	770	770
22	Property taxes paid on utility property	500	500	500	500	500
23	Payroll taxes	3,800	3,914	4,031	4,152	4,277
24	Franchise (gross receipts) tax	-	-	-	-	-
25	Annual NCUC regulatory fee	67	67	67	67	67
26	Total operating expenses (Sum of Line 20 thru Line 25)	51,912	53,429	54,992	56,602	58,260
<b>Income taxes</b>						
27	State income taxes	(131)	(176)	(223)	(272)	(321)
28	Federal income taxes	(889)	(1,198)	(1,516)	(1,844)	(2,182)
29	Total income taxes (Line 27 + Line 28)	(1,020)	(1,374)	(1,739)	(2,116)	(2,503)
30	Net operating income (loss) (Line 8 - Line 26 - Line 29)	(\$3,343)	(\$4,506)	(\$5,704)	(\$6,937)	(\$8,208)
31	Interest expense	-	-	-	-	-
32	Net income (loss) (Line 30 - Line 31)	(\$3,343)	(\$4,506)	(\$5,704)	(\$6,937)	(\$8,208)

**Projected Income Statement - Sewer Operations**

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Operating revenue</b>						
1	Metered service revenue	\$11,979	\$11,979	\$11,979	\$11,979	\$11,979
2	Flat rate service revenue	33,650	33,650	33,650	33,650	33,650
3	EPA testing surcharge	0	0	0	0	0
4	Forfeited Discounts	0	0	0	0	0
5	Miscellaneous Service Revenue	0	0	0	0	0
6	Other Water Revenue	0	0	0	0	0
7	Revenue from Management Services	0	0	0	0	0
8	Total operating revenue (Sum of Line 1 thru Line 7)	33,650	33,650	33,650	33,650	33,650
<b>Operating expenses</b>						
9	Total salaries and wages (employees only)	9,500	9,785	10,079	10,381	10,692
10	Outside labor expense (non-employees)	0	0	0	0	0
11	Administrative and office expense	4,284	4,413	4,545	4,681	4,822
12	Maintenance and repair expense	933	961	990	1,020	1,050
13	Purchased water	-	-	-	-	-
14	Purchased sewage treatment	-	-	-	-	-
15	Electric power expense (exclude office)	0	0	0	0	0
16	Chemicals expense	0	0	0	0	0
17	Testing fees	0	0	0	0	0
18	Transportation expense	0	0	0	0	0
19	Other operating expenses	1,309	1,349	1,389	1,431	1,474
20	Total operation and maintenance expenses (Sum of Lines 9 thru 19)	16,026	16,507	17,002	17,512	18,038
21	Annual depreciation expense	770	770	770	770	770
22	Property taxes paid on utility property	0	0	0	0	0
23	Payroll taxes	0	0	0	0	0
24	Franchise (gross receipts) tax	0	0	0	0	0
25	Annual NCUC regulatory fee	40	41	42	44	45
26	Total operating expenses (Sum of Line 20 thru Line 25)	16,836	17,341	17,862	18,398	18,949
<b>Income taxes</b>						
27	State income taxes	841	815	789	763	735
28	Federal income taxes	3,354	3,254	3,150	3,043	2,933
29	Total income taxes (Line 27 + Line 28)	4,195	4,069	3,939	3,806	3,668
30	Net operating income (loss) (Line 8 - Line 26 - Line 29)	\$12,619	\$12,240	\$11,849	\$11,446	\$11,033
31	Interest expense	\$0	\$0	\$0	\$0	\$0
32	Net income (loss) (Line 30 - Line 31)	\$12,619	\$12,240	\$11,849	\$11,446	\$11,033

Pace Utilities Group, Inc.  
ADDENDUM TO APPLICATION FOR FRANCHISE

Statement of Cash Flows - Water Operations

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cash Flows From Operating Activities</b>						
1	Pre-tax operating income (loss):					
2	Total operating revenue	\$47,549	\$47,549	\$47,549	\$47,549	\$47,549
3	Less: Operation and maintenance expenses	46,775	48,179	49,624	51,113	52,646
4	Less: Taxes other than income	4,367	4,481	4,598	4,719	4,844
5	Pre-tax operating income (loss)	(3,593)	(5,110)	(6,673)	(8,283)	(9,941)
6	Income tax calculation:					
7	Pre-tax operating income (loss)	(3,593)	(5,110)	(6,673)	(8,283)	(9,941)
8	Plus: Contributions in aid of construction	-	-	-	-	-
9	Less: Tax depreciation	1,543.00	3,086.00	3,086.00	3,086.00	3,086.00
10	Less: Interest expense	-	-	-	-	-
11	Taxable income (loss)	(5,136)	(8,196)	(9,759)	(11,369)	(13,027)
12	State income tax	(154)	(246)	(293)	(341)	(391)
13	Federal income tax	(1,694)	(2,703)	(3,219)	(3,749)	(4,296)
14	Total income taxes to be paid	(1,848)	(2,949)	(3,511)	(4,090)	(4,687)
15	Net cash provided by (used in) operating activities	(\$1,745)	(\$2,161)	(\$3,162)	(\$4,192)	(\$5,254)
<b>Cash Flows From Investing Activities</b>						
16	Purchases of utility plant	38,575.00	-	-	-	-
17	Plus: Cash bonds posted	-	-	-	-	-
18	Less: Contributions in aid of construction	-	-	-	-	-
19	Less: Proceeds from disposal of utility plant	-	-	-	-	-
20	Net cash used (provided) by investing activities	38,575.00	-	-	-	-
<b>Cash Flows From Financing Activities</b>						
21	Proceeds from issuing short term debt	-	-	-	-	-
22	Less: Principal repayment of short term debt	-	-	-	-	-
23	Plus: Proceeds from issuing long term debt	-	-	-	-	-
24	Less: Principal repayment of long term debt	-	-	-	-	-
25	Less: Interest payment for short and long term debt	-	-	-	-	-
26	Plus: Proceeds from issuing stock	-	-	-	-	-
27	Less: Dividends paid	-	-	-	-	-
28	Plus: Funds provided by owner	-	-	-	-	-
29	Net cash provided (used) by financing activities	-	-	-	-	-
30	Net increase (decrease) in cash	(\$40,320)	(\$2,161)	(\$3,162)	(\$4,192)	(\$5,254)
31	Cash balance at beginning of year	-	(\$40,320)	(\$42,481)	(\$45,643)	(\$49,835)
32	Cash balance at end of year	(\$40,320)	(\$42,481)	(\$45,643)	(\$49,835)	(\$55,089)

Pace Utilities Group, Inc.  
ADDENDUM TO APPLICATION FOR FRANCHISE

Statement of Cash Flows - Sewer Operations

Line No.	Item	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cash Flows From Operating Activities</b>						
1	Pre-tax operating income (loss):					
2	Total operating revenue	\$33,650	\$33,650	\$33,650	\$33,650	\$33,650
3	Less: Operation and maintenance expenses	16,026	16,507	17,002	17,512	18,038
4	Less: Taxes other than income	40	41	42	44	45
5	Pre-tax operating income (loss)	17,584	17,102	16,605	16,094	15,567
6	Income tax calculation:					
7	Pre-tax operating income (loss)	17,584	17,102	16,605	16,094	15,567
8	Plus: Contributions in aid of construction	-	-	-	-	-
9	Less: Tax depreciation	-	-	-	-	-
10	Less: Interest expense	\$0	\$0	\$0	\$0	\$0
11	Taxable income (loss)	17,584	17,102	16,605	16,094	15,567
12	State income tax	879	855	830	805	778
13	Federal income tax	5,680	5,524	5,363	5,198	5,028
14	Total income taxes to be paid	6,559	6,379	6,194	6,003	5,807
15	Net cash provided by (used in) operating activities	\$11,025	\$10,723	\$10,411	\$10,091	\$9,761
<b>Cash Flows From Investing Activities</b>						
16	Purchases of utility plant	38,575.00	-	-	-	-
17	Plus: Cash bonds posted	-	-	-	-	-
18	Less: Contributions in aid of construction	-	-	-	-	-
19	Less: Proceeds from disposal of utility plant	-	-	-	-	-
20	Net cash used (provided) by investing activities	38,575.00	-	-	-	-
<b>Cash Flows From Financing Activities</b>						
21	Proceeds from issuing short term debt	-	-	-	-	-
22	Less: Principal repayment of short term debt	-	-	-	-	-
23	Plus: Proceeds from issuing long term debt	-	-	-	-	-
24	Less: Principal repayment of long term debt	-	-	-	-	-
25	Less: Interest payment for short and long term debt	-	-	-	-	-
26	Plus: Proceeds from issuing stock	-	-	-	-	-
27	Less: Dividends paid	-	-	-	-	-
28	Plus: Funds provided by owner	-	-	-	-	-
29	Net cash provided (used) by financing activities	-	-	-	-	-
30	Net increase (decrease) in cash	(\$27,550)	\$10,723	\$10,411	\$10,091	\$9,761
31	Cash balance at beginning of year	-	(\$27,550)	(\$16,827)	(\$6,416)	\$3,675
32	Cash balance at end of year	(\$27,550)	(\$16,827)	(\$6,416)	\$3,675	\$13,436



EXHIBITS  
TO APPLICATION FOR TRANSFER OF PUBLIC UTILITY FRANCHISE  
AND FOR APPROVAL OF RATES

1. See attached Articles of Incorporation of Purchaser.
2. N/A
3. N/A
4. See attached Utility Purchase Agreement between Seller and Purchaser.
5. N/A
6. N/A
7. N/A
8. Audited Financial Statements of the parent company of the Purchaser are being filed separately as a confidential document.
9. N/A
10. See attached DEQ – Notice of Deficiency (in response to Item 19 on Page 2 of the Application)
11. Deed to Seller

(Numbers 1-9 in the list above corresponds to list of Exhibits set forth on Page 9 of the Application)

FILED

DEC 20 11 38 AM '76

MADEURE  
SECRETARY OF STATE  
NORTH CAROLINA

ARTICLES OF INCORPORATION

OF

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA

219759

I, the undersigned natural person of the age of twenty-one years or more, do hereby form a business corporation under the laws of the State of North Carolina, as contained in Chapter 55 of the General Statutes of North Carolina, entitled "Business Corporation Act," and the several amendments thereto, and to that end do hereby set forth:

1. The name of the Corporation is Carolina Water Service, Inc. of North Carolina.

2. The duration of the corporation shall be perpetual.

3. The purpose or purposes for which the corporation is organized are:

To procure, store, supply, distribute, purchase and sell water in its natural or in a purified state; to construct, purchase or in any manner acquire, maintain and operate, lease, sell or in any manner dispose of, plants, systems and works for the storage, purification, distribution and supply of water; and to construct, lay, purchase or in any manner acquire, and to maintain, operate, sell or in manner dispose of, lines and systems of mains, pipes, conduits and appliances necessary for or useful in the sale, distribution and supply of water;

EXHIBIT

1

and to construct, purchase, lease or otherwise acquire, maintain and operate wells, dams, reservoirs, mains, pipes, conduits, pumping stations, plants, machinery, meters, buildings, distribution systems and all other necessary apparatus and appliances for the sale, distribution and supply of water; to obtain certificates of convenience and necessity, certificates of authority, franchises, licenses, rights and permits, and to do any and all things necessary, suitable and proper for the accomplishment of any of the purposes and the attainment of any of the objects hereinbefore set forth.

To own, acquire and dispose of and to construct, install, maintain and operate sewage disposal, treatment and purification plants; to construct, purchase, lease or otherwise acquire, maintain and operate mains, pipes, conduits, lift stations, collection systems and all other necessary apparatus and appliances for the purification, treatment and disposal of sewerage; to obtain certificates of convenience and necessity, certificates of authority, franchises, licenses, rights and permits and to do any and all other things necessary, suitable and proper for the accomplishment of any of the purposes and the attainment of any of the objects hereinbefore set forth.

To render all other services arising out of or incidental to any or all of the foregoing purposes; and to engage in any lawful act or activity for which corporations may be organized under the Business Corporation Act of North Carolina, as now or hereafter amended.

4. The aggregate number of shares which the corporation shall have authority to issue is 20,000 of one class and the par value of each of such shares is One Dollar (\$1.00) amounting in the aggregate to Twenty Thousand Dollars (\$20,000.00).

5. The minimum amount of consideration for its shares to be received by the corporation before it shall commence business is \$1,000.00.

6. The address of the initial registered office of the corporation (including county and city or town, and street and number, if any) is c/o C T Corporation System, Wachovia Building, 100 South Corcoran Street, Durham, Durham County, North Carolina 27702, and the name of the initial registered agent at such address is C T Corporation System.

7. The number of directors of the corporation may be fixed by the by-laws, but shall not be less than three, except as provided in Sec. 55-25.

The number of directors constituting the initial board of directors shall be three, and the names and addresses (including street and number, if any) of the persons who are to serve as directors until the first meeting of shareholders or until their successors are elected and qualified are:

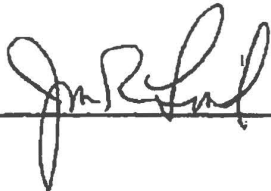
<u>NAMES</u>	<u>ADDRESSES</u>
Perry B. Owens	2335 Sanders Road Northbrook, Illinois 60062
David L. Owens	2335 Sanders Road Northbrook, Illinois 60062
Robert K. Wolfe	2335 Sanders Road Northbrook, Illinois 60062

8. The names and addresses (including street and number, if any) of the incorporator is:

<u>NAME</u>	<u>ADDRESS</u>
Jon R. Lind	One First National Plaza Suite 4200 Chicago, Illinois 60603

9. The corporation reserves the right to amend, alter, change or repeal any provision contained in these articles of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN TESTIMONY WHEREOF, I have hereunto set my hand,  
this the 15<sup>th</sup> day of December, A.D. 1976.

  
\_\_\_\_\_





**UTILITY ASSET PURCHASE AGREEMENT**

**THIS UTILITY ASSET PURCHASE AGREEMENT** (“Agreement”) is made and entered into as of the latest date of execution of this Agreement by Buyer and Seller as reflected on the signature page (the “Effective Date”), by and between CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA, a North Carolina corporation with an address of 4944 Parkway Plaza Boulevard, Suite 375, Charlotte, North Carolina 28217 (the “Buyer”), and PACE UTILITIES GROUP, INC., a North Carolina corporation, with an address of 6719-C Fairview Road, Charlotte, NC 28210 (the “Seller”).

**W I T N E S S E T H:**

**WHEREAS**, Seller owns utility assets that consist generally of water production, storage and distribution facilities used to provide water utility service in the Service Area; and

**WHEREAS**, Buyer desires to purchase, and Seller desires to sell, the Purchased Assets (hereinafter defined) upon the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants, conditions, representations, and agreements contained herein, the parties agree as follows:

**ARTICLE I**

**DEFINITIONS AND CONSTRUCTION SECTION**

As used in this Agreement, the following terms shall have the meanings as defined herein unless the context requires otherwise:

“**Closing**” or “**Closing Date**” has the meaning set forth in Section 9.01 of this Agreement.

“**Commission Approval**” means final approval of the transactions contemplated by this Agreement by the NCUC (or the “Commission”), including its approval to include the Purchase Price in the rate base for the Service Area, and approval of the transfer of Seller’s Certificate of Public Convenience and Necessity to Buyer.

“**Connection Charges**” means the funds collected from new customers of the Utility System at or prior to initial connection to the Utility System, in order to defray the cost of making utility service available, if any.

“**Customer Deposits**” means all funds or deposits required to be made by customers of the Utility System to Seller upon becoming a customer, which deposit shall be held or returned to customers as provided for in Chapter 12 of the NCUC’s Rules and Regulations (“Chapter 12”). Any such funds or deposits which were made to Seller and have not been returned to customers, including any interest due thereon, shall be transferred to Buyer at Closing. A listing of said Customer Deposits is attached hereto as **Exhibit F** and incorporated herein by this express reference. Said list shall be updated at Closing to reflect additions and subtractions from said listing from the Effective Date until the date of Closing.

“**Easements**” means all easements, licenses, prescriptive rights, rights-of-way, and rights to use public and private roads, highways, canals, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System including, without limitation, those identified in **Exhibit B** to this Agreement; provided that such rights contained within plats or dedicated rights of way shall be assigned, but may not be specifically set forth in **Exhibit B**.

“**Encumbrance**” means any charge, claim, condition, equitable interest, lien, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal or similar restriction, including any restriction on use, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

“**Excluded Assets**” means those assets, properties, and rights, tangible and intangible, real, and personal, listed on **Exhibit C**.

“**Fee Parcels**” means the fee simple real property listed in **Exhibit D**.

“**Governmental Authorization**” means any approval, license, certificate of public convenience and necessity, registration, permit, or contract issued, granted, given, or otherwise made available by or under the authority of any Governmental Body that are required, used, useable, or useful for operation of the Utility System.



“**Governmental Body**” means any governmental authority of any nature including, but not limited to, the NCUC and the North Carolina Department of Environmental Quality (“NC DEQ”).

“**NCUC**” means the North Carolina Utilities Commission.

“**Permitted Real Estate Encumbrances**” shall mean all (i) ad valorem taxes for the then current year, which shall be allocated among the parties at Closing; (ii) matters reflected on the Title Commitment which are not objected to by counsel for Buyer pursuant to **Section 3.03(B)** below; (iii) zoning and building laws or ordinances, provided they do not prohibit the use of the Fee Parcels or Easements or materially impair Buyer’s use, value or marketability of any Fee Parcel or Easement; (iv) matters of survey which are not objected to by Buyer pursuant to **Section 3.03(B)** below; rights of way, easements and covenants of record pertaining to the Fee Parcels and the Easements so long as the same do not materially impair Buyer’s use, value or marketability of any Fee Parcel or Easement. Materiality shall be based on Buyer’s reasonable needs and use for the Utility System. Permitted Real Estate Encumbrances shall not include any equitable interest, lien, option, pledge, security interest, mortgage, right of first option, right of first refusal or similar restriction, including any restriction on voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership.

“**Personal Property**” means the personal property that is owned and used by Seller in operation of the Utility System, including, but not limited to, the property identified on **Exhibit E**.

“**Purchased Assets**” has the meaning set forth in Section 2.02 hereof.

“**Service Area**” means the service area of the Utility System, and the approximate location of the Service Area is identified in **Exhibit A**.

“**Title Commitment**” means the title insurance commitment with respect to the Fee Parcels, issued by the Title Company committing the Title Company to issue and deliver the Title Policy to Buyer upon compliance with the requirements stated in Schedule B, Section 1 thereof, subject to the terms and conditions contained therein.

“**Title Company**” means the company identified by Buyer to issue the Title Commitment and Title Policy.

**“Title Policy”** means the ALTA owner’s policy of title insurance, issued by the Title Company in accordance with the Title Commitment that meets the requirements of Section 3.03 of this Agreement.

**“Utility System”** means (1) the Fee Parcels, (2) the Easements, and (3) the Personal Property used to provide water utility service in the Service Area.

## ARTICLE II

### PURCHASE AND SALE OF ASSETS

**SECTION 2.01. PURCHASE AND SALE COVENANT.** At Closing, Buyer shall purchase from Seller and Seller shall sell to Buyer the Purchased Assets, upon the terms and subject to the conditions set forth in this Agreement.

#### **SECTION 2.02. PURCHASED ASSETS.**

(A) The Purchased Assets consist of all assets owned by Seller that are used, useful or reasonably necessary in the operation of the Utility System, including, but not limited to, the following:

- (1) The Fee Parcels.
- (2) The Easements.
- (3) The Governmental Authorizations.
- (4) The Personal Property, including, but not limited to, all water supply and distribution facilities, pumps, tanks, plants, transmission mains, distribution mains, supply pipes, valves, meters, meter boxes, service connections, equipment, parts, tools, chemicals, and all other physical facilities, equipment, appurtenances and property installations used in the operation of the Utility System, and third party warranties that relate to the Personal Property or completed or in progress construction.
- (5) Any Customer Deposits made to Seller prior to the Closing.
- (6) Any Connection Charges as described in Section 9.04(A).
- (7) All existing records and documents possessed by Seller, whether written, electronic, recorded or any other form, related to the Utility System, including all production records, engineering records, purchasing and sales records, accounting records, business plans, budgets, cost and

pricing information, correspondence, notices or letters or communications from any Governmental Authority, prospective client information, customer and vendor lists and data and other records and files, maps, and site plans, wherever located (including any such records maintained in connection with any computer system) related to the Utility System.

(B) No later than the Closing, Seller shall provide or otherwise make available to Buyer copies of current customer records, plans, plats, engineering and other drawings, designs, blueprints, plans and specifications, maintenance and operating manuals, engineering reports, calculations, studies, reports made to and any correspondence or notices received from Governmental Bodies, assigned permits, permit applications, controlled by or in the possession of Seller that relate to the description and operation of the Utility System.

**SECTION 2.03. EXCLUDED ASSETS.** Notwithstanding any other provision of this Agreement that may be construed to the contrary, the Purchased Assets do not include the Excluded Assets as shown on **Exhibit C**.

**SECTION 2.04. PURCHASE PRICE.** (A) The Purchase Price for the Purchased Assets is an amount equal to SEVENTY-SEVEN THOUSAND ONE HUNDRED FIFTY-ONE AND NO/100 DOLLARS (\$77,151.00) subject to prorations and adjustments set forth in this Agreement. The Purchase Price shall be payable by Buyer to Seller in immediately available funds at Closing, by wire transfer, pursuant to wire instructions to be provided by Seller to Buyer at or prior to Closing. (B) To the extent the NCUC establishes the rate base for the Purchased Assets below the Purchase Price, Buyer shall have the option, at its sole discretion, to terminate the Agreement without further liability or obligation to the Seller under this Agreement. To be effective, any notice of termination must be given by Buyer to Seller within thirty (30) days after the NCUC enters its Order establishing the rate base for the Purchased Assets.

**SECTION 2.05. ASSUMED OBLIGATIONS.** With the sole exception of Buyer's agreement to provide water service to individual customers through the Utility System following the Closing, Buyer shall not assume and shall not be liable for any debt, liabilities, or contractual obligations of Seller or any

other party of any nature whatsoever. Seller shall remain fully and solely liable for any and all debts, obligations or liabilities arising from the operation of the Utility System prior to the Closing.

**SECTION 2.06. AS IS, WHERE IS.** EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT OR IN ANY DOCUMENT TO BE DELIVERED BY SELLER AT CLOSING, SELLER HAS NOT, DOES NOT, AND WILL NOT MAKE ANY WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE PURCHASED ASSETS (OR THE MAINTENANCE, USE, OPERATION, OR CONDITION THEREOF OR ANY OTHER MATTER RELATED THERETO) AND SELLER SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES (INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OR WARRANTIES ARISING BY OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, MERCHANTABILITY, HABITABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OR USE). FURTHERMORE, EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, SELLER HAS NOT, DOES NOT, AND WILL NOT MAKE ANY REPRESENTATION OR WARRANTY WITH REGARD TO COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION, OR LAND USE LAWS, RULES, REGULATIONS, ORDERS, OR REQUIREMENTS INCLUDING, BUT NOT LIMITED TO, THOSE PERTAINING TO THE HANDLING, GENERATING, TREATING, STORING, OR DISPOSING OF ANY HAZARDOUS MATERIALS OR SUBSTANCES INCLUDING, WITHOUT LIMITATION, ASBESTOS, PCB, AND RADON.

BUYER ACKNOWLEDGES THAT BUYER IS A SOPHISTICATED BUYER FAMILIAR WITH THIS TYPE OF PURCHASED ASSETS AND THAT, SUBJECT ONLY TO THE EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT AND THE DOCUMENTS TO BE DELIVERED BY SELLER AT CLOSING, BUYER WILL BE ACQUIRING THE PURCHASED ASSETS "AS IS AND WHERE IS, WITH ALL FAULTS," IN ITS PRESENT STATE AND CONDITION, SUBJECT TO NORMAL WEAR AND TEAR AND THE OTHER PROVISIONS OF THIS AGREEMENT.

BUYER ALSO ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES, OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PURCHASED ASSETS BY SELLER, ANY MEMBER, EMPLOYEE, REPRESENTATIVE, OR AGENT OF SELLER, OR ITS OR THEIR AFFILIATES, OR ANY THIRD PARTY. THE TERMS AND CONDITIONS OF THIS SECTION 2.06 SHALL SURVIVE THE CLOSING, AND NOT MERGE WITH THE PROVISIONS OF THE DEED OR ANY OTHER CLOSING DOCUMENTS. SELLER SHALL NOT BE LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS, OR INFORMATION PERTAINING TO THE PURCHASED ASSETS FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT, OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH IN THIS AGREEMENT OR IN THE DOCUMENTS TO BE DELIVERED BY SELLER AT CLOSING.

SELLER REPRESENTS AND WARRANTS THAT IT HAS DISCLOSED ALL ISSUES, PROBLEMS, DEFICIENCIES, OR REPAIR WORK REQUIRED FOR THE UTILITY SYSTEM KNOWN BY SELLER.

### **ARTICLE III**

#### **DUE DILIGENCE ISSUES**

##### **SECTION 3.01. PROVISION OF INFORMATION BY SELLER.**

(A) As of the Effective Date, Seller has provided Buyer an inventory of equipment, parts and other personal property used by Seller in connection with the operation of the Utility System.

(B) After the Effective Date, Seller shall cooperate with Buyer in providing updated information and access to the Utility System to Buyer's representatives during normal business hours upon reasonable advance notice.

(C) Within 10 days after the Effective Date, Seller shall make any real estate documents, existing plats, surveys, plans or specifications for the Fee Parcels and/or the Utility System in Seller's

possession available to Buyer, or its representatives, for inspection during normal business hours upon reasonable advance notice.

**SECTION 3.02. DUE DILIGENCE DETERMINATIONS.** Buyer shall have ninety (90) days after receipt of Commission approval within which to conduct its due diligence (the “**Inspection Period**”). At any time prior to the end of the Inspection Period, Buyer may terminate this Agreement in its sole discretion by delivering notice of its termination as provided in Section 11.02; otherwise, Buyer and Seller shall proceed to Closing as set forth in Article IX. Except for those obligations which are expressly provided to survive a termination, upon a termination of this Agreement under Section 3.02, Seller and Buyer shall have no liability and no further obligation to each other under this Agreement.

**SECTION 3.03. CURRENT EVIDENCE OF TITLE.**

(A) Within 10 business days after the Effective Date, Seller shall provide Buyer with copies of any title insurance policies and as-built surveys it has for the Fee Parcels.

(B) Buyer, at its sole expense, shall obtain a Title Commitment issued by the Title Company to insure title to the Fee Parcels, wherein the Title Company will agree to issue an ALTA form owner’s title insurance policy, with North Carolina modifications. Buyer shall promptly provide Seller with a copy of the Title Commitment. If Buyer has any objections to the title or matters of survey as to the Fee Parcels (the “**Disapproved Exception(s)**”), Buyer must give written notice of such (the “**Deficiency Notice**”) to Seller prior to the end of the Inspection Period. Buyer’s failure to timely deliver the Deficiency Notice to Seller shall be deemed to constitute Buyer’s approval of title and matters of survey for the Fee Parcels as of the end of the Inspection Period. Seller shall have a period of 10 days after its receipt of the Deficiency Notice in which to deliver written notice to Buyer (the “**Seller Response**”) of Seller’s election to either: (i) agree to remove, at Seller’s sole cost and expense, one or more of the Disapproved Exceptions prior to Closing (in which event Buyer shall be deemed to have waived its objection to those Disapproved Exception(s), conditioned upon Seller’s removal of such Disapproved Exception(s)); and/or (ii) decline to remove one or more of the Disapproved Exceptions. Seller’s failure to timely deliver the Seller Response to Buyer shall be deemed to constitute Seller’s election not to remove the Disapproved Exception(s). If Seller elects (or is

deemed to have elected) not to remove the Disapproved Exception(s), then Buyer shall have the right, by written notice to Seller (the “**Buyer Title/Survey Election**”) delivered within five business days after Buyer’s receipt of the Seller Response (or, if Seller has failed to timely deliver the Seller Response, within 15 days after Seller’s receipt of the Deficiency Notice), of either: (i) taking title “as is” and consummating the Closing, in which event such Disapproved Exception(s) in question shall be Permitted Exception(s); (ii) if Seller so requests, extending the Closing for a reasonable period of time to enable Seller to cure the Disapproved Exception(s) in question (if Seller is attempting to cure); or (iii) terminating this Agreement, by sending written notice to Seller, whether before or after expiration of the Inspection Period. The election of (ii) shall not prohibit a subsequent election of (i) or (iii) if Seller is unable to timely cure the Disapproved Exception(s) in question. Buyer’s failure to timely deliver the Buyer Title/Survey Election to Seller shall be deemed to constitute Buyer’s waiver of its objections to the Disapproved Exception(s) in question. All monetary liens or encumbrances shall be deemed Disapproved Exceptions regardless of whether Buyer disapproves of such objections, and Seller shall be obligated to eliminate such prior to or at Closing.

(C) Seller shall use its good faith, commercially reasonable efforts to comply with the requirements of Schedule B Section 1 of the Title Commitment applicable to it.

(D) Buyer shall have the right, but not the obligation, to do such surveys on the Fee Parcels as Buyer desires. Surveys procured by Buyer shall be at the sole cost and expense of Buyer. Buyer shall promptly provide Seller with a copy of any surveys obtained by Buyer.

**SECTION 3.04. ENVIRONMENTAL PROVISIONS.**

(A) For purposes of this Section:

(1) “Hazardous Materials” means any substance or material subject to regulation by any federal, state or local Governmental Body under any Environmental Law as a hazardous material, hazardous substance, hazardous waste, pollutant, contaminant, toxic waste, toxic substance as those terms or terms of similar import are defined, identified or regulated under any Environmental Laws, and any petroleum and petroleum products, by-products or breakdown products and any substance or material present in concentrations which exceed applicable standards or allowable limits implemented and enforced by the U.S.

Environmental Protection Agency (“EPA”), NC DEQ, or any local Governmental Body with authority to implement and/or enforce Environmental Laws.

(2) “Environmental Laws” means any statute, law, regulation, ordinance, injunction, judgment, order, or other decree or non-rule policy document of any governmental authority pertaining to the protection of the environment, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; the Federal Water Pollution Control Act; the Oil Pollution Act of 1990; the Toxic Substances Control Act; the Superfund Amendments and Reauthorization Act of 1986; the Clean Air Act; the Emergency Planning and Community Right-to-Know Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; and any comparable state statute, law, regulation, ordinance, injunction, judgment, order, or other decree. Any reference to legislative acts or regulations shall be deemed to include all amendments thereto and all regulations, orders decrees, judgments or notices issued thereunder.

(B) To Seller’s knowledge, it has obtained all environmental permits and other Governmental Authorizations that are required in connection with the business and operation of the Utility System and Seller has not received any written notice of the absence or lapse of any required environmental permits and other Governmental Authorizations

(C) To Seller’s knowledge, the Utility System is in full compliance with all applicable Environmental Laws and environmental permits. Seller represents and warrants that it has no knowledge of any violation, alleged violation, or liability regarding applicable Environmental Laws and environmental permits.

(D) Seller warrants that, except as set forth in Schedule 4.01(C), it has not received notice of any violation, alleged violation or liability arising under any applicable federal, state, or local statutes, laws, and regulations (including, without limitation, any applicable environmental, building, zoning, or other law, ordinance, or regulation) materially or adversely affecting the Purchased Assets or Utility System.

(E) Seller warrants that there are no Hazardous Materials present on or in the environment of the Utility System that are not in compliance with Environmental Laws, including any Hazardous Materials



contained in barrels, aboveground or underground storage tanks, equipment (whether moveable or fixed) or other containers, either temporary or permanent. Seller has not disposed of any Hazardous Materials on the Fee Parcels or Easements, nor has Seller removed Hazardous Materials from the Fee Parcels or Easements, except as provided by law.

(F) Buyer, at its expense, may perform assessments, as it deems appropriate, including Phase I Environmental Site Assessments (“ESA’s”) pursuant to applicable ASTM standards and Phase II Environmental Site Assessments for recognized environmental conditions identified in the ESA’s. Seller shall cooperate with Buyer and its agents by providing reasonable access to the Utility System and Fee Parcels so that Buyer or its agents may conduct any ESA’s.

(G) If any ESA reveals Hazardous Materials on the Fee Parcels that require remedial action, Buyer, in its sole discretion, shall either: (a) request that Seller take prompt action as necessary to expeditiously remediate the reported Hazardous Materials and provide the Buyer with copies of all documentation verifying that all remediation has occurred and applicable regulatory requirements have been satisfied; (b) attempt to negotiate with Seller a lesser Purchase Price for the Purchased Assets and proceed to Closing under the terms contained herein; provided, however, that if Seller and Buyer are unable to negotiate a lesser Purchase Price within twenty (20) days of Buyer’s first offer to Seller, Buyer may terminate this Agreement; or (c) terminate this Agreement. Seller shall be required to remediate under Section 3.04(G)(a) unless the cost is estimated to exceed \$1,000, in which case Seller shall have the option to terminate this Agreement or renegotiate the purchase price with Buyer in accordance with Section 3.04(G)(b). Upon any termination under this Section 3.04, Seller and Buyer shall have no liability and no further obligation to each other under this Agreement.

#### ARTICLE IV

#### REPRESENTATIONS AND WARRANTIES

#### SECTION 4.01. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller

represents and warrants to Buyer as follows:

(A) Seller is duly organized, validly existing and has an active status under the laws of the State of North Carolina. Seller has the power and authority to enter into this Agreement and to perform the terms and conditions of this Agreement. This Agreement constitutes, and each document and instrument contemplated hereby to be created and delivered by Seller, when executed and delivered, shall constitute the legal, valid, and binding obligation by Seller, enforceable against Seller in accordance with its respective terms.

(B) Except as set forth in Schedule 4.01(B), there are no pending or threatened legal actions, suits, mediations, arbitrations, or other legal or administrative proceedings pending or threatened against Seller that could affect the Purchased Assets and there exist no facts that might result in any action, suit, mediation, arbitration, or other proceedings that might result in any adverse change in the Purchased Assets.

(C) Except as set forth in Schedule 4.01(C), there is no default under any Governmental Authorization and Seller has not received notice of any claim of default with respect to any Governmental Authorization. Seller is not in default with respect to any judgment, order, writ, verdict, injunction, decree, or award applicable to Seller or the Purchased Assets of any court or other government instrumentality or arbitrator having jurisdiction over Seller or the Purchased Assets.

(D) The execution and performance of this Agreement by Seller does not and will not violate or result in the breach of any term, or condition, or require the consent of any person not a party hereto, including under: (i) the by-laws of Seller or (ii) any material mortgage, indenture, contract, lease, license or other instrument, document or understanding, oral or written, to which Seller is a party or subject.

(E) Except as set forth in Schedule 4.01(E), there is no default under any contract, agreement, lease or other instrument to which Seller or the Purchased Assets are bound. Except as set forth in Schedule 4.01(C), there are no outstanding debts or to Seller's knowledge, encumbrances relating to the Purchased Assets.

(F) All taxes applicable to Seller for the Purchased Assets that are due and payable have been paid. All returns of taxes, information and other reports required to be filed in any jurisdiction by Seller have been timely filed and all such tax returns are true, correct, and complete in all material respects.

(G) Seller has not dealt with a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows; no broker, salesman or other person is entitled to any commission or fee with respect to such transaction as a result of Seller's actions.

(H) Except for the Permitted Real Estate Encumbrances, Seller warrants that Seller is the sole legal owner and has full right, power, and ability to convey the fee simple absolute interest and good and marketable title to the Fee Parcels, free and clear of all liens, claims, encumbrances, and interests in the Fee Parcels.

(I) Seller warrants that the Purchased Assets include all property, assets, and equipment currently used and necessary for the operation of the Utility System.

(J) Without limiting the generality of any other provision of this Section 4.01, Seller warrants that Seller is the sole legal owner and has full right, power, and ability to convey to Buyer clear title to all of the Purchased Assets.

(K) Seller's environmental representations and warranties contained in Section 3.04 are true and accurate and incorporated by reference into this Section 4.01.

(L) No representation or warranty by Seller contained in this Agreement nor any statement or certificate furnished or to be furnished by or on behalf of any Seller to the Buyer or its representatives in connection herewith or pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to make the statements contained herein or therein not misleading. There is no fact (other than matters of a general economic or political nature which do not affect the Utility System uniquely) known to Seller that has not been disclosed by Seller to the Buyer that might reasonably be expected to have or result in any event, occurrence, fact, condition, change or effect that is materially adverse to the business, operations, results of operations, prospects, condition (financial or otherwise), properties (including intangible properties), assets (including intangible assets) or liabilities of the Utility System.

**SECTION 4.02. REPRESENTATIONS AND WARRANTIES OF BUYER.** Buyer represents and warrants to Seller as follows:

(A) Buyer is duly organized, validly existing and has an active status under the laws of the State of North Carolina. Buyer has the power and authority to enter into this Agreement and to perform the terms and conditions of this Agreement.

(B) Buyer is not subject to, nor a party to any proceeding, legal requirement or any other restriction of any kind or character that would prevent consummation of the transactions contemplated by this Agreement.

(C) Buyer has not dealt with a broker, salesman, or finder in connection with any part of the transaction contemplated by this Agreement, and, insofar as it knows, no broker, salesman or other person is entitled to any commission or fee with respect to such transaction.

(D) The execution and performance of this Agreement by Buyer does not and will not violate or result in the breach of any term or condition or require the consent of any person not a party hereto under: (i) the by-laws of Buyer or (ii) any material mortgage, indenture, contract, lease, license or other instrument, document or understanding, oral or written, to which Buyer is a party or subject.

## ARTICLE V

### ISSUANCE AND TRANSFER OF GOVERNMENTAL AUTHORIZATIONS

**SECTION 5.01. ISSUANCE AND TRANSFER OF GOVERNMENTAL AUTHORIZATIONS.** Within no more than thirty (30) days following the Effective Date, Seller and Buyer jointly shall apply for, and thereafter diligently seek and pursue, Commission Approval. The parties shall apply for, and diligently seek and pursue, all other Governmental Authorizations, to become effective subject to and no later than the Closing. Each party shall be responsible for its own fees and pay their own legal fees associated with prosecuting the applications.

## ARTICLE VI

### CONDITIONS PRECEDENT TO THE BUYER'S OBLIGATION TO CLOSE

Buyer's obligation to purchase the Purchased Assets and to take the other actions required to be taken by Buyer at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by the Buyer, in whole or in part):

**SECTION 6.01. SELLER'S PERFORMANCE.** All of the covenants and obligations that Seller is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been duly performed and complied with in all material respects.

**SECTION 6.02. SELLER'S REPRESENTATIONS AND WARRANTIES.** All representations and warranties made by Seller in this Agreement shall be true, correct, and complete in all material respects as of the Effective Date, and no breach or violation of such representations and warranties shall have occurred from the Effective Date up to and including the Closing Date.

**SECTION 6.03. ADDITIONAL DOCUMENTS.** Seller shall have caused the documents and instruments required by this Agreement and the following documents to be delivered (or made available) to the Buyer, in a form reasonably satisfactory to the Buyer:

- (A) Resolutions reflecting approval of this Agreement by Seller;
- (B) Such other documents as Buyer may reasonably request for the purpose of evidencing the release of all liens, security interests, and other encumbrances relating to the Purchased Assets other than Permitted Real Estate Encumbrances.
- (C) A certificate executed by a duly authorized officer of Seller confirming that Seller has complied with all obligations and agreements contained in this Agreement to be performed and complied with by Seller on or prior to the Closing Date.

**SECTION 6.04. NO CONFLICT.** Neither the consummation nor the performance of this Agreement will, directly or indirectly, materially contravene or conflict with or result in a material violation of or cause Buyer to suffer any material adverse consequence under any applicable Governmental Authorization or other legal order.

**SECTION 6.05. GOVERNMENTAL AUTHORIZATIONS.** All Governmental Authorizations including Commission Approval shall have been issued, cancelled, or transferred, as the case may be, in accordance with Article V on terms satisfactory to Buyer.

## ARTICLE VII

### CONDITIONS PRECEDENT TO SELLER'S OBLIGATION TO CLOSE

Seller's obligation to sell the Purchased Assets and to take the other actions required to be taken by Seller at the Closing is subject to the satisfaction, at or prior to the Closing, of each of the following conditions (any of which may be waived by Seller in whole or in part):

**SECTION 7.01. BUYER'S PERFORMANCE.** All of the covenants and obligations that Buyer is required to perform or to comply with pursuant to this Agreement at or prior to the Closing (considered collectively), and each of these covenants and obligations (considered individually), shall have been performed and complied with in all material respects.

**SECTION 7.02. BUYER'S REPRESENTATIONS AND WARRANTIES.** All representations and warranties made by Buyer in this Agreement shall be true, correct, and complete as of the Effective Date, and no breach or violation of such representations and warranties shall have occurred from the Effective Date up to and including the Closing Date.

**SECTION 7.03. GOVERNMENTAL AUTHORIZATIONS.** All Governmental Authorizations shall have been issued, cancelled, or transferred, as the case may be, in accordance with Article V on terms satisfactory to Seller.

## ARTICLE VIII

### COVENANTS OF SELLER

**SECTION 8.01. OPERATION OF THE BUSINESS OF SELLER.** Between the Effective Date and the Closing, Seller shall:

- (A) Not violate any legal requirements or contractual obligations applicable to the operation of Utility System, except as disclosed in Schedule 4.01(C);
- (B) Cooperate with Buyer to maintain its relations and good-will with its suppliers, customers and any others having business relations with it;
- (C) Not transfer any interest in any of the Purchased Assets or alter any of the Purchased Assets;

(D) Cooperate with Buyer and assist Buyer in identifying the Governmental Authorizations required by Buyer to operate the business from and after the Closing Date and either (i) transferring existing Governmental Authorizations of Seller to Buyer, where permissible, or (ii) assisting Buyer in obtaining new Governmental Authorizations;

(E) Upon request from time to time, execute and deliver all documents, make all truthful oaths, testify in any proceedings, whether before or after Closing, and do all other acts that may be reasonably necessary to consummate this Agreement, all without further consideration;

(F) Maintain all books and records of Seller relating to Seller's business in the ordinary course of business;

(G) Cooperate with Buyer in sending any customer notices, after closing, that in Buyer's judgment are necessary or desirable in connection with the transactions contemplated herein;

(H) Not make any material modification to any Governmental Authorization that relates to the Purchased Assets.

**SECTION 8.02. NOTIFICATION.** Between the Effective Date and Closing, Seller and Buyer shall promptly notify the other, in writing, if it becomes aware of (a) any fact or condition that causes or constitutes a breach of this Agreement or (b) the occurrence after the Effective Date of any fact or condition that would or would be reasonably likely to (except as expressly contemplated by this Agreement) cause or constitute a breach of this Agreement. During the same period, the parties also shall promptly notify each other of the occurrence of any breach of any covenant in this Agreement or the occurrence of any event that may make the satisfaction of the conditions in this Agreement impossible or unlikely.

**SECTION 8.03. PAYMENT OF LIABILITIES.** Seller shall pay or otherwise satisfy in the ordinary course of business all of its liabilities and obligations as they come due.

## ARTICLE IX

### CLOSING AND RELATED PROCEDURES AND ADJUSTMENTS

**SECTION 9.01. CLOSING DATE AND PLACE.** The closing (“Closing”) shall be held at such place as is mutually agreed upon by the parties within thirty (30) days following the expiration of the Inspection Period. The effective date for the Closing is referred to as the “Closing Date”.

**SECTION 9.02. RECORDING FEES AND TAXES.**

(A) Fees to record the deeds and any other instruments necessary to deliver title to Buyer shall be paid by Buyer.

(B) To the extent that taxes or other charges are due and payable with respect to the deeds and other instruments necessary to deliver title to the Purchased Assets to Buyer, said transfer taxes shall be paid by Seller. Any income taxes due and payable by Seller as a result of the sale of the Purchased Assets shall be paid by Seller.

**SECTION 9.03. ACCOUNTS RECEIVABLE; ACCOUNTS PAYABLE; CUSTOMER DEPOSITS.**

(A) All accounts receivable generated for services provided to customers prior to the Closing Date shall belong to Seller and Seller shall have the right and obligation to collect such accounts receivable, however, any payments received by Buyer after Closing for services provided to customers by Seller prior to Closing shall be remitted to Seller by Buyer. All accounts receivable generated for services provided to customers on and after the Closing Date shall belong to Buyer and Buyer shall have the right and obligation to collect such accounts receivable, however, any payments received by Seller after Closing for services provided to customers by Buyer on or after Closing shall be remitted to Buyer by Seller.

(B) All bills for services, materials and supplies rendered in connection with the operation of the Utility System prior to the Closing Date (“Accounts Payable”), shall be paid by Seller.

(C) General real estate taxes and assessments imposed by governmental authority and any assessments imposed by private covenant constituting a lien or charge on the Fee Parcels for the then current calendar year or other current tax period (collectively, “Taxes”) shall be prorated on a calendar year basis. In prorating taxes, the maximum discount which may be achieved by paying the taxes as soon as possible after Closing shall be assumed. If the Closing occurs prior to the receipt by Seller of the tax bill for the



calendar year or other applicable tax period in which the Closing occurs, Buyer and Seller shall prorate Taxes for such calendar year or other applicable tax period based upon the amount of the last applicable tax bill and shall adjust as necessary upon delivery of the tax bill for the calendar year or other applicable period in which the Closing occurs.

**SECTION 9.04. CONNECTION CHARGES.**

(A) Any Connection Charges collected by Seller prior to the Closing Date for which the connection was not completed prior to Closing shall be a Purchased Asset.

(B) Connection Charges collected from and after Closing shall be Buyer's sole and separate property.

**SECTION 9.05. COSTS AND PROFESSIONAL FEES.**

(A) Each party shall be responsible for securing its own counsel and advisors for representation in connection with the negotiation of this Agreement and all other matters associated with performance, cancellation or closing hereunder, unless otherwise specified herein. Each party shall be responsible for the payment of the fees of its own attorneys, bankers, engineers, accountants, and other professional advisors or consultants in connection herewith.

**SECTION 9.06. RISK OF LOSS.** At all times prior to and through the time of Closing, Seller shall maintain adequate fire and extended loss insurance coverage for the cost of any repairs to the Purchased Assets that may be required as a result of casualty damage. The risk of loss to the Utility System prior to Closing shall be borne by Seller. The risk of loss to the Utility System after Closing shall be borne by Buyer.

**SECTION 9.07. CLOSING PROCEDURE.**

(A) On or prior to the Closing Date, Seller and Buyer shall execute all documents necessary to close the transaction.

(B) At Closing, the appropriate party shall execute and deliver or cause to be executed and delivered to the Closing attorney the following documents in final form, together with any exhibits or appendices:

- (1) General warranty deed for the conveyance of the Fee Parcels in substantially the form attached hereto as **Exhibit H** (the “Deed”);
- (2) Assignment of easement rights, to the extent required by Buyer, in a form satisfactory to the Buyer;
- (3) If necessary, to the extent permitted by law, general assignment of any Governmental Authorizations;
- (4) Bill of Sale in substantially the form attached hereto as **Exhibit G**, and other appropriate documents of assignment and transfer, with full warranties of title to the personal property portion of Purchased Assets;
- (5) Non-foreign affidavit; and
- (6) Any evidence of authority, affidavits, assignments, certificates, estoppel certificates, corrective instruments, releases, satisfactions, terminations, or waivers necessary to close and obtain the Title Policy in form satisfactory to Buyer, including, but not limited to, the appropriate North Carolina Land Title Association form of lien waiver, and those instruments identified by the Title Company insuring the Fee Parcels.

**SECTION 9.08. DOCUMENTS AFTER THE CLOSING.** From time-to-time after the Closing, each party hereto shall, upon request of the other, execute, acknowledge and deliver, or shall cause to be executed, acknowledged and delivered, all such further acts, deeds, assignments, bills of sale, transfers or other documentation for (1) confirming or correcting title in the name of Buyer or its successor(s) or perfecting possession by Buyer or its successor(s) of any or all of the Purchased Assets, including the establishment of a record of Easements without resort to litigation, expenditure of monies or other extraordinary means, for all facilities that are a part of the Utility System in existence or use at the time of Closing, or (2) otherwise fulfilling the obligations of the parties hereunder. Further, from time-to-time after Closing, should the parties discover that certain land parcels, Easements, or other rights owned or used by Seller at Closing and necessary to the proper operation and maintenance of the Utility System were not

included in the Appendices hereto, and thus not transferred to the Buyer or its successor(s) at Closing in accordance with this Agreement, then the parties agree that Seller shall execute or cause to be executed the documents including, but not limited to, deeds, easements and bills of sale necessary to convey such ownership or rights to Buyer or its successor(s), at no cost to Buyer, provided such conveyances may be accomplished without resort to litigation, expenditure of monies or other extraordinary means.

## ARTICLE X

### INDEMNITY AND ATTORNEYS FEES

**SECTION 10.01. INDEMNITY.** Seller agrees to indemnify (or defend at Buyer's sole option) Buyer, its successors and assigns, and hold them harmless against any loss, claim, damage, liability, expense or cost of the Utility System, arising out of or attributable to: 1) any act or omission of Seller or its agents, employees or contractors relating to Seller's ownership, maintenance, or operation of the Utility System prior to Closing, or 2) any misrepresentation or breach of any representation, warranty or covenant on the part of Seller under this Agreement. Buyer agrees to indemnify (or defend at Seller's sole option) Seller, its successors and assigns, and hold them harmless against any loss, claim, damage, liability, expense or cost of the Utility System, arising out of or attributable to: 1) any act or omission of Buyer or its agents, employees or contractors relating to Buyer's ownership, maintenance, or operation of the Utility System after Closing, or 2) any misrepresentation or breach of any representation, warranty or covenant on the part of Buyer under this Agreement.

**SECTION 10.02. ATTORNEYS FEES.** In the event litigation is necessary to resolve any dispute arising under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and expenses to the extent allowed by North Carolina law.

## ARTICLE XI

### GENERAL PROVISIONS

**SECTION 11.01. APPLICABLE LAW; JURISDICTION AND VENUE.** This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina excluding any choice of law rules that may direct the application of the laws of any other jurisdiction. The courts of

North Carolina shall have exclusive jurisdiction over any legal matters (including torts) relating to or arising out of this Agreement or the relationship of the parties under this Agreement; and by their signature below, each party consents to the exclusive, personal jurisdiction by the courts of North Carolina, and, except where otherwise mandated by North Carolina law, venue to be in Cabarrus County, North Carolina, or in the federal courts of the Middle District of North Carolina, as applicable (the “**Court of Jurisdiction**”) and irrevocably waives any objection thereto. Notwithstanding the preceding to the contrary, a party may commence a legal action in any court of competent jurisdiction solely for the purpose of enforcing an arbitration award or a judgment or order issued by the Court of Jurisdiction.

**SECTION 11.02. NOTICE.** All notices, demands, requests, consents, approvals, or other communications required or permitted to be given by this Agreement shall be in writing and shall be either personally delivered, or sent via fax or electronic mail, or by Federal Express or other regularly scheduled overnight courier. Said notices shall be deemed received and effective on the date actually received (which, in the case of fax or e-mail notice, shall be the date such fax or e-mail is transmitted, and, in the case of notices sent by overnight courier, shall be deemed to be the day following delivery of such notices to such overnight courier). A party’s address may be changed by written notice to the other party; provided, however, that no notice of such change shall be effective until actual receipt of such notice. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of such notice. Copies of notices are for informational purposes only, and a failure to give or receive copies of any notice shall not be deemed a failure to give notice.

Said notices shall be sent to the parties hereto at the following addresses, unless otherwise notified in writing:

To Seller:	Pace Utilities Group, Inc. 6719-C Fairview Road Charlotte, NC 28210 Attn: Brian Pace Fax: 704-365-5506 Email: bpace@pacedevlop.com
------------	---

With a copy to: Woodward & Woodward PLLC  
1023 West Morehead Street, Suite 301  
Charlotte, NC 28210  
Attn: Russell S. Woodward  
Fax: 704-334-3507  
Email: russell@woodwardandwoodward.com

To Buyer: Carolina Water Service, Inc. of North Carolina  
c/o Utilities, Inc.  
2335 Sanders Road  
Northbrook, IL 60062-6108  
Attn: Matthew Klein, President  
Fax: (847) 498-6498  
Email: Matthew.Klein@carolinawaterservicenc.com

with a copy to: Utilities, Inc.  
2335 Sanders Road  
Northbrook, IL 60062-6108  
Attn: Laura Granier, General Counsel  
Fax: (847) 498-6498  
Email: Lgranier@uiwater.com

And a copy to: Poyner Spruill LLP  
301 Fayetteville Street, Suite 1900  
Raleigh, NC 27601  
Attn: Stephanie L. Sanders  
Fax: 919-783-1075  
Email: ssanders@poynerspruill.com

**SECTION 11.03. ASSIGNMENT AND JOINDER.**

(A) This Agreement may not be assigned without the prior written consent of the non-assigning party, which consent shall not be unreasonably withheld.

(B) This Agreement shall be construed as solely for the benefit of Seller and Buyer and their successors and assigns and no claim or cause of action shall accrue to or for the benefit of any other party.

(C) This Agreement shall be binding on and shall inure to the benefit of the parties to it and their respective successors and permitted assigns.

**SECTION 11.04. AMENDMENTS AND WAIVERS.** Except as otherwise provided in this Agreement, no amendment, supplement, modification, or waiver of this Agreement shall be binding upon any party hereto unless executed in writing by such party. No waiver of any of the provisions of this

Agreement shall be deemed or shall constitute a waiver of any other provision of this Agreement, whether or not similar, unless otherwise expressly provided in writing.

**SECTION 11.05. ENTIRE AGREEMENT.** This Agreement is the entire agreement between the parties and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions of the agreements, understandings, negotiations, and discussions of the parties, whether oral or written, pertaining to the subject matter hereof, and there are no warranties, representations, or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein.

**SECTION 11.06. TERMINATION EVENTS.** By notice given prior to or at the Closing, this Agreement may be terminated as follows:

(A) Without limiting the rights and remedies available to Buyer arising from Seller's failure to comply with its obligations under this Agreement, if the Governmental Authorizations set out in Article V, or if all conditions precedent to Buyer's obligation to close set out in Article VI have not been satisfied within 10 months after the Effective Date, Buyer shall have the right of termination, without further recourse by or liability to Seller, by delivery of written notice to Seller.

(B) Without limiting the rights and remedies available to Seller arising from Buyer's failure to comply with its obligations under this Agreement, if the Governmental Authorizations set out in Article V, or if all conditions precedent to Seller's obligation to close set out in Article VII have not been satisfied within 10 months after the Effective Date, Seller shall have the right of termination, without further recourse by or liability to Buyer, by delivery of written notice to Buyer.

(C) As otherwise provided in this Agreement.

**SECTION 11.07. EFFECT OF TERMINATION.**

(A) Each party's right of termination under Section 11.06 is in addition to any other rights it may have under this Agreement or otherwise and the exercise of such right of termination is not an election of remedies. If this Agreement is terminated pursuant to Section 11.06, all obligations of the parties under this Agreement shall terminate unless otherwise stated in this Agreement; provided, however, that if this

Agreement is terminated because of a breach of this Agreement by the non-terminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

(B) Neither Seller nor Buyer shall be liable to the other in the event that after the Effective Date there occurs (1) a change of law that prevents the Closing, (2) any action by an unrelated third party that prevents the Closing, or (3) any legal order that prevents the Closing. Both parties shall diligently defend against a third party's attempt to prevent a Closing or Governmental Authorization.

(C) If a material breach of any provision of this Agreement has been committed by Buyer and such breach has not been waived by Seller, but does not result in termination of the Agreement, Seller retains all remedies available to it at law or in equity with respect to such breach. Provided, however, in no event shall Buyer be liable to Seller for any special, exemplary, or punitive damages.

(D) If a material breach of any provision of this Agreement has been committed by Seller and such breach has not been waived by Buyer, but does not result in termination of this Agreement, Buyer retains all remedies available to it at law or in equity with respect to such breach. Provided, however, in no event shall Seller be liable to Buyer for any special, exemplary, or punitive damages.

**SECTION 11.08. COUNTERPARTS.** This Agreement may be executed in counterparts, each of which shall be considered an original. The Parties expect that the Seller will execute this Agreement before execution by the Buyer. Seller understands and agrees that Buyer will not execute this Agreement without the prior approval of its Board of Directors, whose discretion to accept or reject this Agreement prior to execution by Buyer shall in no way be limited by Seller's execution hereof.

**SECTION 11.09. SECTION HEADINGS.** Any headings preceding the texts of the several articles, sections or exhibits in this Agreement shall be solely for the convenience of reference and shall not constitute a part of this Agreement, nor affect its meaning, construction, or effect.

**SECTION 11.10. SEVERABILITY.** In the event any term or provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability

shall not affect any other provisions of this Agreement and the remainder of this Agreement shall be construed to be in full force and effect.

**SECTION 11.11. EXHIBITS AND SCHEDULES.** All exhibits, schedules and attachments referred to herein are intended to be and hereby are made specifically a part of this Agreement.

**SECTION 11.12. INTERPRETATION.** Each party agrees that (a) it has participated substantially in the negotiation and drafting of this Agreement and is thoroughly aware of all of the terms of this Agreement and the intent of same, and (b) all presumptions and/or burdens of proof concerning any interpretation of this Agreement shall not be affected by any statutory or judicial principles casting such presumptions against and/or burdens of proof on a party responsible for the drafting and/or written form of an agreement or contract.

**SECTION 11.13. SURVIVAL.** All covenants, agreements, representations, and warranties made herein and in documents delivered in support of this Agreement shall be deemed to have been material and relied on by the parties and shall survive the Closing and delivery of the Deed(s).

**[SIGNATURES ON THE FOLLOWING PAGE]**



IN WITNESS WHEREOF, the Seller and Buyer have caused this Agreement to be duly executed and entered into on the date first above written.

SELLER:

PACE UTILITIES GROUP, INC., a North Carolina corporation

By:   
Name: Brian S. Pace  
Title: President  
Date: 8/1, 2018

BUYER:

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA, a North Carolina corporation

By: \_\_\_\_\_  
Name: Matthew Klein  
Title: President  
Date: \_\_\_\_\_, 2018



IN WITNESS WHEREOF, the Seller and Buyer have caused this Agreement to be duly executed and entered into on the date first above written.

SELLER:

PACE UTILITIES GROUP, INC., a North Carolina corporation

By: \_\_\_\_\_  
Name: Brian S. Pace  
Title: President  
Date: \_\_\_\_\_, 2018

BUYER:

CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA, a North Carolina corporation


By:  \_\_\_\_\_  
Name: Matthew Klein  
Title: President  
Date: August 6, 2018

Exhibit A – Service Area  
Exhibit B – Easements  
Exhibit C – Excluded Assets  
Exhibit D – Fee Parcels  
Exhibit E – Personal Property  
Exhibit F – Customer Deposits  
Exhibit G – Bill of Sale  
Exhibit H – General Warranty Deed  
Schedule 4.01(B)  
Schedule 4.01(C)  
Schedule 4.01(E)

**Exhibit A**

Service Area

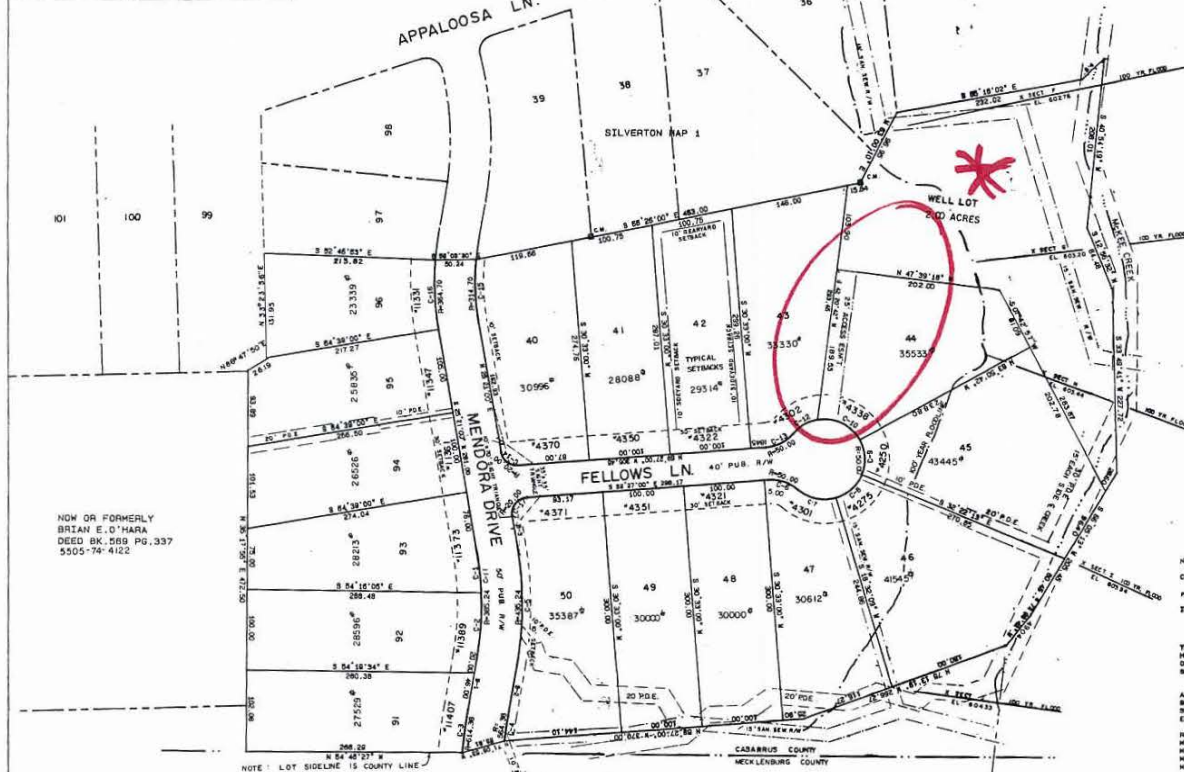
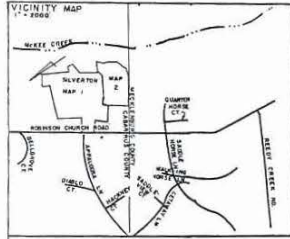
See attached map of the Service Area, as well as attached listing of the service addresses for current customers of the Utility System.

Map 2 Page 95



Silverton Dr Sep 13 2018 OFFICIAL COPY





NOW OR FORMERLY  
BRIAN E. O'HARA  
DEED BK. 589 PG. 337  
9505-74-4122

NOW OR FORMERLY  
BESSIE ERVIN JONES  
DEED BK. 308 PG. 109  
5503-92-7761

NOTES  
C. M. - CONCRETE MONUMENT  
P.B.E. - PUBLIC DRAINAGE EASEMENT  
IRON PINS ON ALL CORNERS UNLESS OTHERWISE NOTED

THESE LOTS ARE SUBJECT TO FLOODING DURING  
HEAVY RAINFALL AND THE CONSTRUCTION OF BUILDINGS  
OR STRUCTURES BELOW THE FLOOD PROTECTION ELEVATION  
IS PROHIBITED.

ALL BUILDINGS OR STRUCTURES SHALL BE BUILT  
SO THAT THE LOWEST FLOOR, INCLUDING BASEMENT,  
SHALL BE ELEVATED TO OR ABOVE THE BASE FLOOD  
ELEVATION.

MIN. 30' ZONING  
MIN. LOT AREA 20000 SQ. FT.  
MIN. SETBACK 30'  
MIN. SIDEYARD 10'  
MIN. REARYARD 10'

WATER PROVIDED BY GRANARY HILL SYSTEM  
SANITARY SEWER TREATMENT PROVIDED BY SANITARY  
SEWER TREATMENT PLANT AT BRADFIELD PARK

CURVE NO.	Radius	Delta	Length	Tangent	Chord
1	385.24	007 26 11	50.00	26.04	N 29 04 04 E 48.08
2	385.24	011 05 49	80.22	40.25	N 38 45 08 E 80.07
3	614.38	005 07 22	64.03	27.48	S 42 59 19 W 54.81
4	654.38	003 11 16	31.40	15.70	S 43 07 22 W 31.40
5	435.24	019 22 00	147.12	74.27	N 35 02 00 E 146.42
6	50.00	045 34 33	39.77	21.00	N 36 29 48 W 38.73
7	50.00	087 35 14	50.26	27.48	S 42 40 14 E 48.17
8	50.00	050 54 22	44.42	23.00	N 83 54 58 E 42.88
9	50.00	091 29 29	44.82	24.10	N 31 03 32 E 43.42
10	50.00	071 16 03	82.19	39.84	N 29 28 44 W 58.26
11	3 85.24	019 22 00	120.22	60.74	N 15 02 00 E 129.60
12	50.00	039 54 37	34.83	18.15	N 85 04 04 W 34.13
13	50.00	049 34 23	39.77	21.00	N 80 14 11 E 39.73
14	20.00	084 48 00	26.60	16.25	S 17 03 00 W 26.87
15	314.70	014 34 17	80.03	40.23	S 32 28 09 W 79.82
16	384.70	013 44 47	87.52	43.87	S 32 13 20 W 87.31
17	20.00	095 12 00	33.23	21.90	S 72 57 00 W 29.54

NOW OR FORMERLY  
SPARTA BROOK HOMES

Fellows Lane

CERTIFICATE OF OWNERSHIP, DEDICATION AND JURISDICTION

I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE PROPERTY SHOWN AND DESCRIBED HEREIN AND THAT I (WE) HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY (OUR) FREE CONSENT, ESTABLISH THE NEIGHBORHOOD BOUNDING LINES AND DEDICATE ALL STREETS ALLEYS, PARKS, WALKS AND PRIVATE USE AS NOTED. I (WE) ALSO CERTIFY THAT THIS PLAN SHOWS THE LAND SHOWN ON THIS PLAN FALLS WITHIN THE SUBDIVISION JURISDICTION OF CABARRUS COUNTY.

DATE: 12-14-88  
OWNER  
SPARTA BROOK HOMES  
117 N. SADIE DRIVE  
MATTHEWS, N.C.

CERTIFICATE OF ACCURACY OF MAPPING

I, JOHN R. YARBROUGH, CERTIFY THAT THIS MAP WAS DRAWN FROM AN ACTUAL SURVEY MADE UNDER MY SUPERVISION AND DESCRIBED IN DEED BOOK 589 PAGE 337. THAT THE DIMENSIONS OF LOTS ARE CALCULATED, LATTICES AND DEPARTURES IN DIMENSIONS THAT THE DIMENSIONS NOT SURVEYED ARE SHOWN AS BOLD LINES PLOTTED FROM INFORMATION FOUND IN BOOK PAGE. THAT THIS MAP WAS PREPARED IN ACCORDANCE WITH BS 47-30 AS AMENDED.

WITNESS MY HAND AND SEAL THIS 5<sup>TH</sup> DAY OF DECEMBER, A.D. 1988.  
John R. Yarbrough  
REGISTERED LAND SURVEYOR  
N.C. LICENSE # 5208

CERTIFICATE OF NOTARY PUBLIC

NORTH CAROLINA  
MECKLENBURG COUNTY  
I, TIMOTHY E. WILLIAMS, A NOTARY PUBLIC FOR SAID COUNTY AND STATE, DO HEREBY CERTIFY THAT JOHN R. YARBROUGH PERSONALLY CAME BEFORE ME THIS DAY AND BEFORE MEALY SHOWING STATED THAT THE ANNEXED MAP WAS PREPARED BY JOHN R. YARBROUGH UNDER HIS SUPERVISION FROM AN ACTUAL SURVEY MADE BY HIM OR UNDER HIS SUPERVISION ON THE 5<sup>TH</sup> DAY OF DECEMBER AND THAT ACCORDING TO THE BEST OF MY KNOWLEDGE AND BELIEF SUCH MAP IS IN ALL RESPECTS CORRECT.  
WITNESS MY HAND AND OFFICIAL SEAL THIS 5<sup>TH</sup> DAY OF DECEMBER, 1988.  
Tim E. Williams  
NOTARY PUBLIC  
MY COMMISSION EXPIRES 8/1/93



CERTIFICATE OF APPROVAL OF STREETS AND STREET DRAINAGE PLANS

DEPARTMENT OF TRANSPORTATION  
DIVISION OF HIGHWAYS  
PROPOSED SUBDIVISION ROAD  
CONSTRUCTION DRAINAGE CERTIFICATION  
APPROVED: Tom H. Duke 12-8-88  
DISTRICT ENGINEER  
DATE

CERTIFICATE OF APPROVAL BY THE PLANNING BOARD—FINAL PLAN

THE CABARRUS COUNTY PLANNING BOARD HEREBY APPROVES/ DISAPPROVES THIS FINAL PLAN FOR THIS SUBDIVISION.  
12/15/88  
DATE

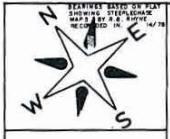
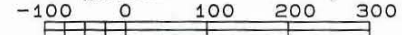
APPROVED  
CABARRUS COUNTY LAND RECORDS  
12-13-88

CERTIFICATE OF NOTARY PUBLIC BY REGISTER OF DEEDS

STATE OF NORTH CAROLINA  
CABARRUS COUNTY  
I, CHARLES B. RICE, REGISTER OF DEEDS, DO HEREBY CERTIFY THAT THE FOREGOING CERTIFICATE OF NOTARY PUBLIC OF MECKLENBURG COUNTY IS TO BE CORRECT.  
WITNESS MY HAND AND SEAL THIS 14<sup>TH</sup> DAY OF DECEMBER, 1988.  
Charles B. Rice  
REGISTER OF DEEDS

CERTIFICATE OF REGISTRATION BY REGISTER OF DEEDS

OFFICE OF REGISTER OF DEEDS  
STATE OF NORTH CAROLINA  
CABARRUS COUNTY  
FILED FOR REGISTRATION ON THE 14<sup>TH</sup> DAY OF DECEMBER AT 3:11 P.M. AND REGISTERED IN RECORD OF PLATS BOOK 589 PAGE 337.  
WITNESS MY HAND AND SEAL THIS 14<sup>TH</sup> DAY OF DECEMBER, 1988.  
Charles B. Rice  
REGISTER OF DEEDS



SHEET TITLE  
**RECORD PLAT**  
15.336 ACRES

PROJECT  
SILVERTON MAP 2  
TOWNSHIP NO. 1, CABARRUS CO., NC  
SPARTA BROOK HOMES

SCALE  
1"=100'  
DATE  
5 DEC., 1988  
ZONING  
R-30  
DRAWN BY  
JEM  
CHECKED BY  
TEW  
DATE  
07-21-88

JOHN R. YARBROUGH & ASSOCIATES, INC.  
PLANNING & SURVEYING & ENGINEERING  
SAM F. WILLIAMS RLS  
801 CLANTON RD., SUITE 110 CHARLOTTE NC 28217  
(704) 625-6014

Silverton Subdivision: Meter Reading Date:

<u>Account #</u>	<u>Owner</u>	<u>Service Address</u>	<u>Serial #</u>
7000	MCCORKLE, JR.	Gary D	*11138 SILVERTON DR 93131903
7002	KING	Sheila M	11149 SILVERTON DR 65823524
7003	LAFALCE	Linda	11152 SILVERTON DR 48781267
7004	WIEDER	Nicholas & Kristy	11157 SILVERTON DR 55684260
7005	JONES	Kathleen	11158 SILVERTON DR 64828028
7006	NORWOOD	Melvin J.	11163 SILVERTON DR 55684139
7007	TONEY	E.H.	11164 SILVERTON DR 36955310
7008	KING	Jay	11169 SILVERTON DR 37660858
7009	WOOLCOCK	Natasha	11172 SILVERTON DR 36539151
7010	MONTEITH	Bobbie P.	11175 SILVERTON DR 65426302
7012	LISK	Jeffrey & Amber	11181 SILVERTON DR 65426301
7013	ROBINSON	Jack & Cheryl	11187 SILVERTON DR 9040462
7014	SAPIELAK	John C.	11190 SILVERTON DR 36491419
7017	MAGEE	Scott D.	11201 SILVERTON DR 36456078
7018	SMITH	Shane F.	11209 SILVERTON DR 65823528
7019	HUBBARD	Felix	11217 SILVERTON DR 33056150
7020	TURGEON	Michael W.	11218 SILVERTON DR 36456073
7021	THROCKMORTON	Garry	11225 SILVERTON DR 9059077
7022	NORKETT	Timothy W.	11233 SILVERTON DR 94055478
7023	LONG	James C.	11301 MENDORA DR 60608252
7024	GROULX	Michael J.	11320 MENDORA DR 1419344
7025	DIORIO	Mark W.	11325 MENDORA DR 60608250
7026	MUNZ	Marianne	11331 MENDORA DR 60608304
7027	DELGADO	Angela	11347 MENDORA DR 58309260
7028	GREEN	Charlene	11361 MENDORA DR 36456074
7029	CARROLL	James M.	11373 MENDORA DR 66207573
7032	COULTER	William & Shari	4275 FELLOWS LN 55208751
7033	ROBINSON	Tamara	4301 APPALOOSA LN 1516572
7034	HAILEY	Skip	4301 FELLOWS LN 65823561
7035	SCARAFINO	Jerry & Alice	4302 FELLOWS LN 59308925
7037	BUMGARNER	Larry D.	4316 APPALOOSA LN 81336731

<u>Account #</u>	<u>Owner</u>	<u>Service Address</u>	<u>Serial #</u>	
7038	SABO	Rebecca	4321 FELLOWS LN	66396683
7039	ZINKANN	Paul	4322 FELLOWS LN	65823666
7040	HARRIS	William T. & Angie	4326 APPALOOSA LN	27873492
7042	STINSON	James A.	4278 FELLOWS LN	37372402
7043	LUTHER	William & Stephanie	4350 APPALOOSA LN	66207455
7044	DAVIS	Michael P.	4350 FELLOWS LN	65426300
7045	SCHREMBBS TREADWAY	Tracie	4351 FELLOWS LN	36491415
7046	LEFLER	William	4365 APPALOOSA LN	59716003
7047	COOK	Tommy	4370 APPALOOSA LN	95361073
7048	RAMIREZ	Myriam	4370 FELLOWS LN	65426433
7049	SEUGLING	Richard T.	4371 FELLOWS LN	1068553
7050	DOUGLAS	Geraldine	4386 APPALOOSA LN	36456079
7051	COMPTON	Thomas M.	4400 APPALOOSA LN	28273691
7052	WELLS	Earl E.	4425 APPALOOSA LN	61449655
7053	BROWN	Joan	4426 APPALOOSA LN	240725
7054	MATALAS	George	4437 APPALOOSA LN	60608271
7057	ABERNATHY	Dora T.	4474 APPALOOSA LN	565771196
7058	CHANDLER	Barry L.	4475 APPALOOSA LN	66207436
7059	NOE	Anthony	4516 APPALOOSA LN	34316995
7060	DEATON	Timothy	4554 APPALOOSA LN	98137681
7061	JABLONSKI	Lisa	4574 APPALOOSA LN	65823663
7062	COSTA	Marcio	11146 SILVERTON DR	2040707
7063	IVANOV	Stan & Marina	4306 APPALOOSA LN	XXX-381
7064	PEELE	George	11389 MENDORA DR	90568658
7065	Dabbs	Lee	4449 APPALOOSA LN	66207412
7066	GARRISON	Mark	11180 SILVERTON DR	36539000
7069	Woods	Tiffany	11193 SILVERTON DR	59308906
7070	***Maldonado	Luis & Rosaida	4450 APPALOOSA LN	36456080
7071	Harris	Jessica	4327 Appaloosa Lane	504266
7072	Perez	Paulino Jarqin	4250 Fellows Lane	1479124
7073	Perez	Marie	11407 Mendora Drive	64612281



**Exhibit B**

Easements

All easements, licenses, prescriptive rights, rights-of-way, and rights to use public and private roads, highways, canals, streets and other areas owned or used by Seller for the construction, operation and maintenance of the Utility System

**Exhibit C**

Excluded Assets

None.

**Exhibit D**

Fee Parcels

<b>Parcel ID</b>	<b>Acres</b>	<b>Location</b>	<b>Owner</b>
55058439890000	2.00	10921 Robinson Church Road, Charlotte, NC 28215	Pace Utilities Group, Inc.
55058384670000	2.00	4236 Fellows Lane, Charlotte, NC 28215	Pace Utilities Group, Inc.

**More particularly described as follows:**

Parcel 1: All of that parcel identified as the Well Lot (2.00 Acres) as shown on Map 1 of Silverton recorded in Map Book 22 at Page 95 of the Cabarrus County Registry, which is adjacent to Lots 9 through 16 of Silverton as shown on said Map, together with an easement in and to the use of the access easement 25 feet in width located upon Lot 10 of Silverton as shown on said Map for ingress and egress to and from Silverton Drive and said Well Lot.

Parcel 2: All of that parcel identified as the Well Lot (2.00 Acres) as shown on Map 2 of Silverton recorded in Map Book 22 at Page 96 of the Cabarrus County Registry, which is adjacent to Lots 43, 44 and 45 of Silverton as shown on said Map, together with an easement in and to the use of the access easement 25 feet in width located upon Lot 44 of Silverton as shown on said Map for ingress and egress to and from Fellows Lane and said Well Lot.

**Exhibit E**

Personal Property

All water supply and distribution facilities, pumps, tanks, plants, transmission mains, distribution mains, supply pipes, valves, meters, meter boxes, service connections, equipment, parts, tools, chemicals, and all other physical facilities, equipment, appurtenances and property installations used in the operation of the Utility System, and third party warranties that relate to the Personal Property or completed or in progress construction

**Exhibit F**

Customer Deposits

None.

**Exhibit G**

Bill of Sale

See attached.

## BILL OF SALE AND ASSIGNMENT

This **BILL OF SALE AND ASSIGNMENT** (“**Bill of Sale**”), is made and effective as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by **PACE UTILITIES GROUP, INC.**, a North Carolina corporation (the “**Grantor**”) to and in favor of **CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**, a North Carolina corporation (“**Grantee**”).

### RECITALS

This Bill of Sale is being delivered pursuant to the Utility Asset Purchase Agreement dated April \_\_\_\_, 2018, by and between Grantor and Grantee (the “**Purchase Agreement**”).

NOW, THEREFORE, in connection with and in furtherance of the conveyance and contribution of improved property to Grantee, and in consideration of the foregoing premises, Ten Dollars (\$10.00) cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Property. Grantor does hereby grant, bargain, sell, assign, transfer and convey unto Grantee, its successors and assigns, (a) all buildings, structures and other improvements situated on the Fee Parcels described on **Exhibit A**, together with all strips, gores, easements, privileges, rights-of-way, riparian and other water rights, mineral rights, parking rights, rights to lands underlying any adjacent streets or roads, and other tenements, hereditaments and appurtenances, if any, pertaining to or accruing to the benefit of such Fee Parcels; (b) all of Grantor’s right, title and interest in and to the Personal Property as described in the Purchase Agreement, including, but not limited to, all water supply and distribution facilities, pumps, tanks, plants, transmission mains, distribution mains, supply pipes, valves, meters, meter boxes, service connections, equipment, parts, tools, chemicals, and all other physical facilities, equipment, appurtenances and property installations used in the operation of the Utility System (as defined in the Purchase Agreement), and third party warranties that relate to the Personal Property or completed or in progress construction; (c) all existing records and documents possessed by Grantor, whether written, electronic, recorded or any other form, related to the Utility System, including all production records, engineering records, purchasing and sales records, accounting records, business plans, budgets, cost and pricing information, correspondence, prospective client information, customer and vendor lists and data and other records and files, maps, and site plans, wherever located (including any such records maintained in connection with any computer system) related to the Utility System; (d) all of Grantor’s right, title and interest in and to all warranties, guaranties, certificates, licenses, bonds, water and sewer agreements, permits, authorizations, consents and approvals which in any respect whatsoever relate to or arise out of the use, occupancy, possession, development, construction or operation of the Fee Parcels or Utility System; and (e) all of Grantor’s right, title and interest in and to all intangible personal property, including, without limitation, maintenance and service contracts, water and sewer hook-ups, impact fee credits, development agreements, approvals, easements, permits, plans, reports, studies, consents and agreements, if any, as well as all rents, issues, proceeds and profits now or hereafter accruing from the Fee Parcels (the foregoing, collectively, the “**Property**”).

2. Representations and Warranties of Grantor. Grantor, for itself, its successors and assigns, represents, warrants, covenants, and agrees with Grantee that Grantor has good and marketable title in fee simple to the Property, free and clear of all liens, pledges, security interests, claims, mortgages, charges, and/or encumbrances of every kind and nature and Grantor will warrant and defend such title to the Property, against any and every person and persons whomever.

3. Further Assurances. Grantor, for itself, its successors and assigns, represents, warrants, covenants, and agrees with Grantee that, simultaneously with the execution and delivery hereof and from

time to time thereafter, Grantor shall execute and deliver to Grantee such additional documents and instruments of transfer with respect to specific assets included in the Property conveyed hereby as Grantee may reasonably request in order to effectuate the transaction which is the subject of the Purchase Agreement.

4. No Warranty. BUYER ACKNOWLEDGES AND AGREES THAT THERE ARE NO ORAL AGREEMENTS, WARRANTIES, OR REPRESENTATIONS, COLLATERAL TO OR AFFECTING THE PROPERTY BY SELLER, ANY MEMBER, EMPLOYEE, REPRESENTATIVE, OR AGENT OF SELLER, OR ITS OR THEIR AFFILIATES, OR ANY THIRD PARTY. SELLER SHALL NOT BE LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS, OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT, OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH IN THIS BILL OF SALE OR THE PURCHASE AGREEMENT.

(Signatures Contained On Next Page)



IN WITNESS WHEREOF, Grantor has executed this instrument as of the day and year first above written.

**PACE UTILITIES GROUP, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF NORTH CAROLINA

COUNTY OF \_\_\_\_\_

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: \_\_\_\_\_

Date: \_\_\_\_\_

Official Signature of Notary: \_\_\_\_\_  
Notary's Printed or Typed Name: \_\_\_\_\_, Notary Public  
My Commission Expires: \_\_\_\_\_

(Official Seal)

**Exhibit A**

**Fee Parcels**

All that certain lot or parcel of land situated in Cabarrus County, North Carolina and more particularly described as follows:

Parcel 1: All of that parcel identified as the Well Lot (2.00 Acres) as shown on Map 1 of Silverton recorded in Map Book 22 at Page 95 of the Cabarrus County Registry, which is adjacent to Lots 9 through 16 of Silverton as shown on said Map, together with an easement in and to the use of the access easement 25 feet in width located upon Lot 10 of Silverton as shown on said Map for ingress and egress to and from Silverton Drive and said Well Lot.

Parcel 2: All of that parcel identified as the Well Lot (2.00 Acres) as shown on Map 2 of Silverton recorded in Map Book 22 at Page 96 of the Cabarrus County Registry, which is adjacent to Lots 43, 44 and 45 of Silverton as shown on said Map, together with an easement in and to the use of the access easement 25 feet in width located upon Lot 44 of Silverton as shown on said Map for ingress and egress to and from Fellows Lane and said Well Lot.

**Exhibit H**

General Warranty Deed

See attached.

**NORTH CAROLINA GENERAL WARRANTY DEED**

Excise Tax: \$[\_\_\_\_\_]

PIN: 55058439890000, 55058384670000

Prepared by and Return to:  
Stephanie L. Sanders  
Poyner Spruill LLP  
PO Box 1801  
Raleigh, NC 27602

---

---

Brief description for the Index:

Silverton water system
------------------------

**THIS DEED** made this \_\_\_\_ day of [\_\_\_\_\_], 20[\_\_\_], by and between **PACE UTILITIES GROUP, INC.**, a North Carolina corporation, whose address is [\_\_\_\_\_] (“**Grantor**”) and **CAROLINA WATER SERVICE, INC. OF NORTH CAROLINA**, a North Carolina corporation, whose address is 2335 Sanders Road, Northbrook, IL 60062-6108 (“**Grantee**”). The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

**WITNESSETH**, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Cabarrus County, North Carolina and more particularly described on **Exhibit A** attached hereto and hereby made a part hereof (the “**Property**”).

The Property was acquired by Grantor by instrument recorded in Book 1213, Page 9, Cabarrus County Registry.

**TO HAVE AND TO HOLD** the Property and all privileges and appurtenances thereto belonging to the Grantee and its successors and assigns in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the Property in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever, other than the exceptions listed on Exhibit B attached hereto and hereby made a part hereof (the “**Permitted Exceptions**”).

The Property does not include the primary residence of Grantor.

**IN WITNESS WHEREOF**, the Grantor has duly executed the foregoing as of the day and year first above written.

**PACE UTILITIES GROUP, INC.**, a North Carolina corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF NORTH CAROLINA

COUNTY OF \_\_\_\_\_

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: \_\_\_\_\_.

Date: \_\_\_\_\_

Official Signature of Notary: \_\_\_\_\_  
Notary's Printed or Typed Name: \_\_\_\_\_, Notary Public  
My Commission Expires: \_\_\_\_\_

(Official Seal)

Exhibit A

Legal Description

All that certain lot or parcel of land situated in Cabarrus County, North Carolina and more particularly described as follows:

Parcel 1: All of that parcel identified as the Well Lot (2.00 Acres) as shown on Map 1 of Silverton recorded in Map Book 22 at Page 95 of the Cabarrus County Registry, which is adjacent to Lots 9 through 16 of Silverton as shown on said Map, together with an easement in and to the use of the access easement 25 feet in width located upon Lot 10 of Silverton as shown on said Map for ingress and egress to and from Silverton Drive and said Well Lot.

Parcel 2: All of that parcel identified as the Well Lot (2.00 Acres) as shown on Map 2 of Silverton recorded in Map Book 22 at Page 96 of the Cabarrus County Registry, which is adjacent to Lots 43, 44 and 45 of Silverton as shown on said Map, together with an easement in and to the use of the access easement 25 feet in width located upon Lot 44 of Silverton as shown on said Map for ingress and egress to and from Fellows Lane and said Well Lot.

Exhibit B

Permitted Exceptions

[Insert Permitted Exceptions]

Schedule 4.01(B)

None.



Schedule 4.01(C)

1. Pursuant to the NCUC Request for Replacement of \$40,000 Surety in Docket No. W-1046, SUB 4 dated March 15, 2018, Seller's Letter of Credit No. 2001-28 expired on January 31, 2003. Seller has been operating in violation of N.C.G.S. 62-110.3. The NCUC has granted an extension until July 26, 2018.
2. Notice of Deficiency from the NC Division of Water Resources dated July 2, 2018.

Schedule 4.01(E)

None.

Audited Financial Statements of the parent company of the Purchaser are being filed separately as a confidential document.



ROY COOPER  
*Governor*  
MICHAEL S. REGAN  
*Secretary*  
LINDA CULPEPPER  
*Interim Director*

OFFICIAL COPY

Sep 13 2018

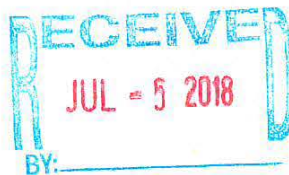
**Notice of Deficiency**

July 2, 2018

Pace Utilities Group, Inc.  
Attn: Brian Pace  
6719-C Fairview Road  
Charlotte, NC 28210

Mr. Dusty Metreyeon  
1000 Woodhurst Drive  
Monroe, NC 28110

RE: Silvertown S/D  
PWSID: NC0113219  
Cabarrus County



Dear Mr. Pace:

This letter is provided to inform you that a sanitary survey of the referenced water system was conducted on June 27, 2018 in the presence of Mr. Dusty Metreyeon. The purpose of the sanitary survey was to determine whether the water system facilities were in compliance with the requirements of the Division of Water Resources' *Rules Governing Public Water Systems*.

During the sanitary survey, the following deficiencies were observed:

1. The upper terminal of the well casing at Well 1 is not sealed watertight. A gap in the conduit where the wires enter the well casing was observed during the sanitary survey.

As a result, the water system has violated the requirements of North Carolina Administrative Code, Title 15A, Subchapter 18C, Rule .0402(c) [15A NCAC 18C .0402(c)], which states that the upper terminal of the well casing shall be sealed watertight with the exception of a vent pipe or vent tube having a downward-directed, screened opening.

This deficiency can be resolved by repairing or replacing the conduit to ensure that the upper terminal of the well casing at Well 1 is sealed watertight.

This deficiency must be corrected by August 31, 2018.



State of North Carolina | Environmental Quality | Water Resources  
Public Water Supply Section | Mooresville Regional Office  
610 East Center Avenue, Suite 301 | Mooresville, North Carolina 28115  
704 663 1699 | Fax 704 663 3772 | [www.ncwater.org/pws/](http://www.ncwater.org/pws/)



2. It was observed during the sanitary survey that the totalizing meter for Well 1 is not functional.

As a result, the water system has violated the requirements of 15A NCAC 18C .0402(g)(6), which states that a totalizing meter shall be installed in the piping system from each well.

This deficiency can be resolved by repairing or replacing the totalizing meter for Well 1.

This deficiency must be corrected by August 31, 2018.

Furthermore, the following recommendations are made to improve the quality and/or safety of the water provided by the water system:

1. Discussion with the Operator In Responsible Charge (ORC) during the sanitary survey revealed that Well 1 only operates when Well 2 is not functional. Discussion with the ORC also indicated that this may be caused by telemetry that does not function as intended. It is recommended that the telemetry be repaired so that Well 1 is operated regularly and not only when Well 2 is not functional.
2. It is recommended that both of the 4,000-gallon hydropneumatic tanks at Well 1 and Well 2 be cleaned and painted.

If you have any questions or need any additional information, please feel free to contact me at (704) 235-2132.

Sincerely,



Meredith Guglielmi, EI  
Assistant Regional Engineer  
Public Water Supply Section  
Division of Water Resources

CC: Jessica C. Godreau, P.E., Chief – Public Water Supply Section  
Clinton O. Cook, P.E., Regional Engineer – Mooresville Regional Office

OFFICIAL COPY  
Sep 13 2018

006078

BOOK 1213 PAGE 9

FILED  
BOOK PAGE

MAR 24 10 50 AM '94

CHARLES S  
REGISTRAR OF DEEDS  
CABARRUS COUNTY, NC

CABARRUS COUNTY 03-24-94



\$40.00  
Real Estate  
Excise Tax

Excise Tax 40.00

Recording Time, Book and Page

Tax Lot No. Parcel Identifier No.  
Verified by County on the day of 19  
by

Mail after recording to GRANTEE

This instrument was prepared by PACE UTILITIES GROUP, INC  
Brief description for the Index 2 Well Lots, Silverton sub

### NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 28<sup>th</sup> day of February, 1994, by and between

**GRANTOR**  
MID SOUTH WATER SYSTEMS, INC., a  
North Carolina corporation

**GRANTEE**  
PACE UTILITIES GROUP, INC., a  
North Carolina corporation  
  
Mailing address:  
6719C Fairview Road  
Charlotte, NC 28210

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Cabarrus County, North Carolina and more particularly described as follows:

**Parcel 1:**  
All of that parcel identified as the Well Lot (2.00 Acres) as shown on Map 1 of Silverton recorded in Map Book 22 at Page 95 of the Cabarrus County Registry, which is adjacent to Lots 9 through 16 of Silverton as shown on said Map, together with an easement in and to the use of the access easement 25 feet in width located upon Lot 10 of Silverton as shown on said Map for ingress and egress to and from Silverton Drive and said Well Lot.

**Parcel 2:**  
All of that parcel identified as the Well Lot (2.00 Acres) as shown on Map 2 of Silverton recorded in Map Book 22 at Page 96 of the Cabarrus County Registry, which is adjacent to Lots 43, 44 and 45 of Silverton as shown on said Map, together with an easement in and to the use of the access easement 25 feet in width located upon Lot 44 of Silverton as shown on said Map for ingress and egress to and from Fellows Lane and said Well Lot.

EXHIBIT  
11

800-1213 PAGE 10

The ~~property~~ <sup>properties</sup> hereinabove described ~~was~~ <sup>were</sup> acquired by Grantor by ~~assignment~~ <sup>instruments</sup> recorded in Deed Book 790 at Page 111 and Deed Book 730 at Page 97

Maps ~~showing~~ <sup>showing</sup> the above described ~~property~~ <sup>properties</sup> are recorded in Plat Book 22 pages 95, 96

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

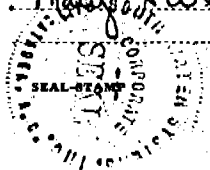
And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions:

all such valid and enforceable easements, restrictions and liens as may appear of record, and the lien of ad valorem property taxes for the current year.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

MID SOUTH WATER SYSTEMS, INC.  
(Corporate Name)  
*Shirley Campbell Weber*  
President

ATTEST:  
*Margaret Weber*  
Secretary (Corporate Seal)



USE BLACK INK ONLY

NORTH CAROLINA, \_\_\_\_\_ County.  
I, a Notary Public of the County and State aforesaid, certify that \_\_\_\_\_ Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.  
My commission expires: \_\_\_\_\_ Notary Public

NORTH CAROLINA, *Mecklenburg* County.  
I, a Notary Public of the County and State aforesaid, certify that *Mary S. Weber* Secretary of *Mid South Water Systems, Inc.* a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by *her* as its Secretary. Witness my hand and official stamp or seal, this *28* day of *February*, 19 *94*.  
My commission expires: *10-5-98* *Patricia Tarigo* Notary Public

The foregoing Certificate(s) of *Patricia Tarigo a Notary Public*

is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.  
CHARLES B. ROSS  
REGISTER OF DEEDS  
By *Jayce S. Yates* Register of Deeds for *Cabarrus* COUNTY  
3-24-94



### CERTIFICATE OF SERVICE

On behalf of Carolina Water Services, Inc. of North Carolina, I hereby certify that I have today served a copy of the Application for Transfer of Public Utility and Approval of Rates, in Docket Nos. W-354, Sub 361 and W-1046, Sub 5, on all parties of record in this proceeding, in accordance with North Carolina Utilities Commission Rule R1-39, either by United States mail, first class postage pre-paid; by hand delivery; or by means of electronic delivery upon agreement of the receiving party.

This the 13th day of September 2018.

**Electronically Submitted**  
**/s/Jo Anne Sanford**  
State Bar No. 6831

SANFORD LAW OFFICE, PLLC  
[sanford@sanfordlawoffice.com](mailto:sanford@sanfordlawoffice.com)  
Tel: 919.210.4900

**Attorney for Carolina Water Service,  
Inc. of North Carolina**