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L A W Y E R S

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August 13, 2009

**OFFICIAL COPY**

**HAND DELIVERED**

Renne Vance, Chief Clerk  
North Carolina Utilities Commission  
430 N. Salisbury Street  
Raleigh, NC 27603

**RE: *Briar Chapel Utilities, LLC***  
***Docket No. W-1230, Sub 0***

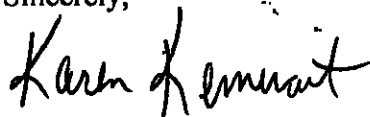
Dear Ms. Vance:

Please find enclosed for filing in the above-referenced docket, the original and seven copies of the Bond with the Commitment Letter from Arch Insurance Company attached. We would appreciate your filing these documents and returning one "filed" stamped copy to me via our courier.

If you have any questions or comments, please do not hesitate to contact me.

Thank you in advance for your assistance and cooperation.

Sincerely,



Karen M. Kemeraut

skp

Enclosures

cc: All parties of record

**FILED**  
**AUG 13 2009**  
Clerk's Office  
N.C. Utilities Commission

mtf  
R.B.  
Foster  
Brown  
Vance  
Legal  
Waters

NCUC DOCKET NO. W- 1230

APPENDIX A-3

BOND

Briar Chapel Utilities, LLC of Chapel Hill, North Carolina,  
(Name of Utility) (City) (State)  
as Principal, and Arch Insurance Company, a corporation created and existing under  
(Name of Surety)  
the laws of Missouri, as Surety (hereinafter called "Surety"), are  
(State)  
bound to the State of North Carolina in the sum of Fifty Thousand and no/100 Dollars  
(\$ 50,000.00 ) and for which payment to be made, the Principal and Surety by this bond  
bind themselves and their successors and assigns.

## THE CONDITION OF THIS BOND IS:

WHEREAS, the Principal is or intends to become a public utility subject to the laws of the  
State of North Carolina and the rules and regulations of the North Carolina Utilities  
Commission, relating to the operation of a water and/or sewer utility \_\_\_\_\_  
Sewer Utility - Briar Chapel  
(Describe utility)

\_\_\_\_\_ and,

WHEREAS, North Carolina General Statutes § 62-110.3 requires the holder of a franchise  
for water and/or sewer service to furnish a bond with sufficient surety, as approved by the  
Commission, conditioned as prescribed in § 62-110.3, and Commission Rules R7-37 and/or  
R10-24, and

WHEREAS, the Principal and Surety have delivered to the Commission a Surety Bond with  
an endorsement as required by the Commission, and

WHEREAS, the appointment of an emergency operator, either by the Superior Court in  
accordance with G.S. § 62-118(b) or by the Commission with the consent of the owner,  
shall operate to forfeit this bond, and

WHEREAS, if for any reason, the Surety Bond is not to be renewed upon its expiration, the  
Surety shall, at least 60 days prior to the expiration date of the Surety Bond, provide written  
notification by means of certified mail, return receipt requested, to the Chief Clerk of the  
North Carolina Utilities Commission, 4325 Mail Service Center, Raleigh, North Carolina  
27699-4325, that the Surety Bond will not be renewed beyond the then current maturity  
date for an additional period, and

WHEREAS, failure to renew the Surety Bond shall, without the necessity of the Commission being required to hold a hearing or appoint an emergency operator, allow the Commission to convert the Surety Bond to cash and deposit said cash proceeds with the administrator of the Commission's bonding program, and

WHEREAS, said cash proceeds from the converted Surety Bond shall be used to post a cash bond on behalf of the Principal pursuant to North Carolina Utilities Commission Rules R7-37(e) and/or R10-24(e), and

WHEREAS, this bond shall become effective on the date executed by the Principal, for an initial One year term, and shall be automatically renewed for additional One (No. of Years) (No. of Years) year terms, unless the obligations of the principal under this bond are expressly released by the Commission in writing.

NOW, THEREFORE, the Principal and Surety consent to the conditions of this bond and agree to be bound by them.

This the 20th day of February, 2009.

Briar Chapel Utilities, LLC

(Principal)

BY: 

Arch Insurance Company

(Corporate Surety)

BY: 

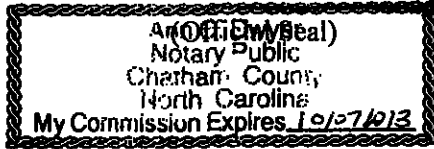
Janina Monroe, Attorney-in-Fact

Chatham County, North Carolina

Signed and sworn to (or affirmed) before this day by Jeffrey Scouten  
(name of principal)

Date: 2/23/2009

Ann C. Dwyer ANN CDWYER  
Notary Public's signature  
(Notary's printed or typed name, Notary Public)



My commission expires: 10/07/2013

# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange

On FEB 20 2009 before me, Michelle Haase, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Janina Monroe  
Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal

Signature Michelle Haase  
Signature of Notary Public

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

RIGHT THUMBPRINT  
OF SIGNER

Top of thumb here

Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

RIGHT THUMBPRINT  
OF SIGNER

Top of thumb here

Signer Is Representing: \_\_\_\_\_

# POWER OF ATTORNEY

Know All Men By These Presents:

That the Arch Insurance Company, a corporation organized and existing under the laws of the State of Missouri, having its principal office in Kansas City, Missouri (hereinafter referred to as the "Company") does hereby appoint

Paul Boucher, Susan Thurston, Janina Monroe, Timothy J. Noonan, Leonard G. Fodemski and Mark Zwickel of Los Angeles, CA (EACH)

its true and lawful Attorney(s)-in-Fact, to make, execute, seal, and deliver from the date of issuance of this power for and on its behalf as surety, and as its act and deed:

Any and all bonds and undertakings

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver bonds or undertakings that guarantee the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

The Company may revoke this appointment at any time.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said Company as fully and amply to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office in Kansas City, Missouri.

This Power of Attorney is executed by authority of resolutions adopted by unanimous consent of the Board of Directors of the Company on March 3, 2003, true and accurate copies of which are hereinafter set forth and are hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the unanimous consent of the Board of Directors of the Company on March 3, 2003:

VOTED, That the signature of the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to the resolution adopted by the Board of Directors on March 3, 2003, and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company.


In Testimony Whereof, the Company has caused this instrument to be signed and its corporate seal to be affixed by their authorized officers, this 1st day of May, 2008.

Arch Insurance Company

Attested and Certified

  
Martin J. Nilsen, Secretary

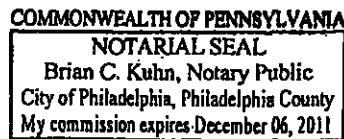


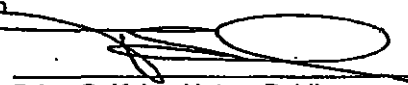
  
J. Michael Pete, Vice President

STATE OF PENNSYLVANIA SS

COUNTY OF PHILADELPHIA SS

I, Brian C. Kuhn, a Notary Public, do hereby certify that Martin J. Nilsen and J. Michael Pete personally known to me to be the same persons whose names are respectively as Secretary and Vice President of the Arch Insurance Company, a Corporation organized and existing under the laws of the State of Missouri, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seal and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary acts for the uses and purposes therein set forth.

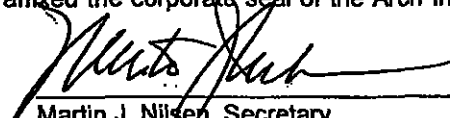


  
Brian C. Kuhn, Notary Public  
My commission expires 12-06-2011

**CERTIFICATION**

I, Martin J. Nilsen, Secretary of the Arch Insurance Company, do hereby certify that the attached Power of Attorney dated May 1, 2008 on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said J. Michael Pete, who executed the Power of Attorney as Vice President, was on the date of execution of the attached Power of Attorney the duly elected Vice President of the Arch Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Arch Insurance Company on this 20 day of FEB 20 2009.

  
Martin J. Nilsen, Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein and they have no authority to bind the Company except in the manner and to the extent herein stated.

**PLEASE SEND ALL CLAIM INQUIRIES RELATING TO THIS BOND TO THE FOLLOWING ADDRESS:**

Arch Contractors & Developers Group  
135 N. Robles Ave., Ste. 825  
Pasadena, CA 91101

00ML0013 00 03 03





**Arch Contractors & Developers Group, 135 N. Los Robles Ave., Ste. 825, Pasadena, CA 91101**

August 10, 2009

State of North Carolina  
North Carolina Utilities Commission  
4325 Mail Service Center  
Raleigh, NC 27699-4325

RE: Bond No. SU1100854 – Effective February 20, 2009  
Principal: Briar Chapel Utilities, LLC  
Surety: Arch Insurance Company  
\$50,000 Sewer Utility Bond – Commitment Letter

To Whom It May Concern:

Per your request, this is to confirm that Arch Insurance Company is the surety for the above-referenced bond. This is also to confirm that the premium on this bond is \$12.50 per thousand or \$625.00 per annum and that the principal, Briar Chapel Utilities, LLC has not pledged to Arch Insurance Company any wastewater utility property to secure the bond.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom McCall", written over a horizontal line.

Thomas G. McCall  
Attorney-in-Fact for  
Arch Insurance Company



# CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

County of Orange }

On AUG 10 2009

Date

before me, Michelle Haase, Notary Public

Here Insert Name and Title of the Officer

personally appeared Janina Monroe

Name(s) of Signer(s)



Place Notary Seal Above

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in ~~his~~/her/~~their~~ authorized capacity(ies), and that by ~~his~~/her/~~their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

Witness my hand and official seal.

Signature

Signature of Notary Public

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

### Description of Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

### Capacity(ies) Claimed by Signer(s)

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

RIGHT THUMBPRINT  
OF SIGNER

Top of thumb here

Signer's Name: \_\_\_\_\_

- ☐ Individual  
☐ Corporate Officer — Title(s): \_\_\_\_\_  
☐ Partner — ☐ Limited ☐ General  
☐ Attorney in Fact  
☐ Trustee  
☐ Guardian or Conservator  
☐ Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_

RIGHT THUMBPRINT  
OF SIGNER

Top of thumb here

# POWER OF ATTORNEY

Know All Men By These Presents:

That the Arch Insurance Company, a corporation organized and existing under the laws of the State of Missouri, having its principal office in Kansas City, Missouri (hereinafter referred to as the "Company") does hereby appoint

Thomas G. McCall, Paul Boucher and Janina Monroe of Irvine, CA (EACH)  
Christine Marotta of Chicago, IL

its true and lawful Attorney(s)-in-Fact, to make, execute, seal, and deliver from the date of issuance of this power for and on its behalf as surety, and as its act and deed:

Any and all bonds and undertakings

EXCEPTION: NO AUTHORITY is granted to make, execute, seal and deliver bonds or undertakings that guarantee the payment or collection of any promissory note, check, draft or letter of credit.

This authority does not permit the same obligation to be split into two or more bonds in order to bring each such bond within the dollar limit of authority as set forth herein.

The Company may revoke this appointment at any time.

The execution of such bonds and undertakings in pursuance of these presents shall be as binding upon the said Company as fully and amply to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office in Kansas City, Missouri.

This Power of Attorney is executed by authority of resolutions adopted by unanimous consent of the Board of Directors of the Company on March 3, 2003, true and accurate copies of which are hereinafter set forth and are hereby certified to by the undersigned Secretary as being in full force and effect:

"VOTED, That the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, or the Secretary shall have the power and authority to appoint agents and attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings, obligatory in the nature thereof, and any such officers of the Company may appoint agents for acceptance of process."

This Power of Attorney is signed, sealed and certified by facsimile under and by authority of the following resolution adopted by the unanimous consent of the Board of Directors of the Company on March 3, 2003:

VOTED, That the signature of the Chairman of the Board, the President, or any Vice President, or their appointees designated in writing and filed with the Secretary, and the signature of the Secretary, the seal of the Company, and certifications by the Secretary, may be affixed by facsimile on any power of attorney or bond executed pursuant to the resolution adopted by the Board of Directors on March 3, 2003, and any such power so executed, sealed and certified with respect to any bond or undertaking to which it is attached, shall continue to be valid and binding upon the Company.

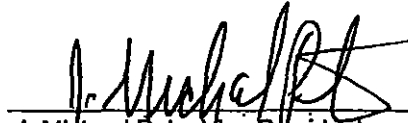
In Testimony Whereof, the Company has caused this instrument to be signed and its corporate seal to be affixed by their authorized officers, this 30th day of July, 2008.

Arch Insurance Company

Attested and Certified

  
Martin J. Nilsen, Secretary

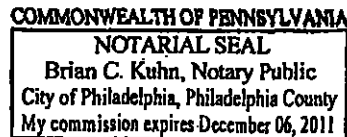



  
J. Michael Pete, Vice President

STATE OF PENNSYLVANIA SS

COUNTY OF PHILADELPHIA SS

I, Brian C. Kuhn, a Notary Public, do hereby certify that Martin J. Nilsen and J. Michael Pete personally known to me to be the same persons whose names are respectively as Secretary and Vice President of the Arch Insurance Company; a Corporation organized and existing under the laws of the State of Missouri, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they being thereunto duly authorized signed, sealed with the corporate seal and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary acts for the uses and purposes therein set forth

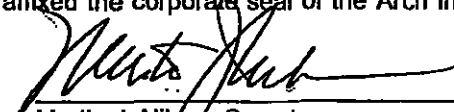


  
Brian C. Kuhn, Notary Public  
My commission expires 12-06-2011

**CERTIFICATION**

I, Martin J. Nilsen, Secretary of the Arch Insurance Company; do hereby certify that the attached Power of Attorney dated July 30, 2008 on behalf of the person(s) as listed above is a true and correct copy and that the same has been in full force and effect since the date thereof and is in full force and effect on the date of this certificate; and I do further certify that the said J. Michael Pete, who executed the Power of Attorney as Vice President, was on the date of execution of the attached Power of Attorney the duly elected Vice President of the Arch Insurance Company.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the Arch Insurance Company on this AUG 10 2008 day of AUGUST, 2008.

  
Martin J. Nilsen, Secretary

This Power of Attorney limits the acts of those named therein to the bonds and undertakings specifically named therein and they have no authority to bind the Company except in the manner and to the extent herein stated.

**PLEASE SEND ALL CLAIM INQUIRIES RELATING TO THIS BOND TO THE FOLLOWING ADDRESS:**

Arch Contractors & Developers Group  
135 N. Robles Ave., Ste. 825  
Pasadena, CA 91101

