

Mobile: 843.957.9713
3980 Premier Drive Suite 130
High Point, NC 27265
bncbanking.com



From: Tyson Reilly [<mailto:Tyson@drapacgroup.com>]
Sent: Thursday, September 07, 2017 9:28 AM
To: Danny Broach <dbroach@bncbanking.com>
Subject: Harkers Island (James Creek)

Danny,

Our due diligence for the James Creek ends October 3rd and we've run into some issues with the project that we wanted to make you aware of.

We obviously knew there were issues with the sewer when we contracted it since we referenced it in our LOI. What we didn't realize at the time was that the only real solution available to us to provide sewer is to work with the original developer who owns the only viable sewer treatment plant on the island.

We have spoken to him a number of times and his position is that he is happy to help us expand the sewer plant but there are a number of issues.

1. The cost to expand the plant is estimated to be between \$1.1mm - \$1.2mm.
2. It will take time to get the plant designed/permitted. The good news is that he has soil reports for the land which will be used to expand the plant which suggest that the soils are optimal for the expansion.
3. He is only willing to work with us on the sewer plant expansion if the bank will release he and his partner from their personal guarantee.

Do you have some time today or tomorrow to discuss this?

Tyson Reilly

EXECUTIVE DIRECTOR - PROPERTY



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Oct 19 2021

**1123 Zonolite Road NE,
Suite 30
Atlanta, Georgia 30306**

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**M +1 248 361 8842
O +1 803 548-4656
W drapaccapital.com**

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