

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of
Application by Aqua North Carolina, Inc.,
202 MacKenan Court, Cary, North
Carolina 27511, for Authority to Adjust
and Increase Rates for Water and Sewer
Utility Service in All Its Service Areas in
North Carolina

AFFIDAVIT OF
KEVIN MCLEOD

Kevin McLeod, being first duly sworn, deposes and says:

1. I submit this supplemental affidavit in support of the Reply filed by Carolina Meadows, Inc. ("Carolina Meadows") in support of its Petition to Intervene (the "Petition") and to rebut certain statements in the Response to that Petition filed by Aqua North Carolina, Inc. and the Commission's Public Staff. Capitalized terms not otherwise defined herein shall have the same meaning as my principal affidavit filed in support of Carolina Meadows' Petition on August 14, 2020.

2. As I stated in my original affidavit, Carolina Meadows and its joint owners sold the Carolina Meadows WWTP, along with two lift stations and piping running to the WWTP to Aqua in or around 2005.

3. In their responses to the Petition Aqua and the Public Staff cite the Commission's December 9, 2005 order, which approved transfer of the WWTP to Aqua, in order to claim that Aqua paid Carolina Meadows \$95,000 for the land underlying the WWTP plan as well as an additional \$258,578 to Carolina Meadows and Chatham Water for the for the combined plant. To my knowledge Carolina Meadows does not have any information regarding the amount paid Chatham Water as a result of this transaction. The only record I am aware of showing what Aqua paid Carolina Meadows is the Asset Purchase Agreement for the Acquisition of the Wastewater

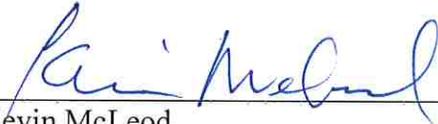
System Assets of Carolina Meadows, Inc. by Aqua North Carolina, Inc. dated June 2, 2005, a copy of which is attached hereto as **Exhibit F**. The only monetary consideration reflected in this agreement is the \$95,000 Aqua paid to Carolina Meadows for all “Wastewater System Assets,” as defined therein (along with Aqua’s agreement to reimburse up to \$2,000 of the Seller’s legal fees).

4. In response to Aqua and the Public Staff’s contentions regarding the number of water meters and as I testified before, Carolina Meadows does not receive water service from Aqua but instead receives water service from Chatham County. Although Carolina Meadows maintains a number of sub meters at the facility in order to apportion charges between different residential units or other parts of the facility, Chatham County bills Carolina Meadows for all water delivered to the facility through one single, master account.

5. I understand that Aqua and the Public Staff assert that Carolina Meadows maintains approximately 274 water meters of various sizes (although I note that that parties have cited different numbers at different times. At least 82 of those meters are 5/8-inch sub-meters that are located behind a master meter.

(signature on following page)

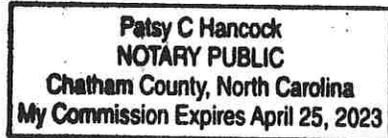
This the 9th day of September, 2020.



Kevin McLeod

Sworn to and subscribed before me
this 9 day of September, 2020.

Patsy C. Hancock
Notary Public



My Commission Expires: April 25, 2023

**ASSETS PURCHASE AGREEMENT
FOR THE ACQUISITION OF
THE WASTEWATER SYSTEM ASSETS
OF
CAROLINA MEADOWS, INC.
BY
AQUA NORTH CAROLINA, INC.**

Dated as of ^{June} ~~May~~ 2, 2005

**ASSETS PURCHASE AGREEMENT
FOR THE ACQUISITION OF
THE WASTEWATER SYSTEM ASSETS
OF
CAROLINA MEADOWS, INC.
BY
AQUA NORTH CAROLINA, INC.**

Sub
THIS ASSETS PURCHASE AGREEMENT dated ~~May~~ *June* 2, 2005 between Carolina Meadows, Inc., a North Carolina corporation (herein called "Seller"), Aqua North Carolina, Inc., a North Carolina corporation authorized to operate as a public utility (herein called "Buyer") and Aqua America, Inc., a Pennsylvania corporation and parent corporation of Buyer.

RECITALS

Seller and Chatham Water Reclamation, Inc. ("Chatham") are the owners of Whippoorwill LLC ("Whippoorwill"), a North Carolina limited liability company, which owns a wastewater treatment facility which is used to provide wastewater service to Seller and as part of a wastewater treatment system operated by Chatham to provide wastewater service to Governors Village, Governors Village Townhomes, Governors Village Offices and Governors Forest, property located in Chatham County, North Carolina. Chatham was authorized to operate the system as a public utility by the North Carolina Utilities Commission ("the Commission") in Docket No. W- 1118, Sub- 0 and Sub 1.

Buyer is a regulated public utility that furnishes water and wastewater service to the public in certain portions of North Carolina. Buyer proposes to purchase Seller's interest in Whippoorwill together with real property and easements as described more fully below and to enter into a similar Agreement to purchase Chatham's interest in Whippoorwill and its wastewater assets. Buyer will then apply to the Commission for transfer of the franchise from Chatham to it.

Seller desires to sell, and Buyer desires to purchase the Wastewater System Assets (as defined below) , upon the terms and conditions set forth herein.

Aqua America, Inc. Desires to join in the execution of this Agreement to guarantee the obligations of Buyer.

NOW, THEREFORE, in consideration of the recitals and the covenants, representations, warranties, and agreements herein contained, and intended to be legally bound hereby, the parties hereto agree as follows:

1. Sale and Purchase of the Wastewater System Assets

The "Wastewater System Assets" are defined as the assets, properties and rights listed on Schedule 1.1.

Subject to the terms and conditions hereinafter set forth, the Buyer shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and deliver to Buyer, at the Closing (hereinafter defined) the Wastewater System Assets.

The Wastewater System Assets are to be sold free and clear of all mortgages, liens, pledges, security interest, charges, claims, restrictions and encumbrances of any nature whatsoever.

1.1 Wastewater System Assets Further Defined

The Wastewater System Assets shall, without limitation to the definition stated above, include the specific assets, properties and rights set forth in Schedule 1.1.

1.2 Other Attributes of the Wastewater System Assets

The Wastewater System Assets to be conveyed under this Agreement shall include the following assets, properties, rights and appurtenances:

- (a) those parcels of land and easements, described on Schedule 1.1, together with all privileges and appurtenances thereto and all plants, buildings, structures, facilities, installations, fixtures, betterments, additions and other improvements situated thereon together with any other easements used or useful in connection therewith in which Seller has an interest; provided that Buyer agrees not to construct any permanent improvements on said parcel of land within 50' of the property line between Seller and Buyer and will maintain a 50' appropriately landscaped visual buffer between the treatment facilities and Seller's property line;
- (b) all machinery, equipment, and other tangible personal property, including tools, supplies and inventories associated with the wastewater system in which Seller has an interest;
- (c) all rights of Seller which are transferable under any written or oral contract, agreement, lease, plan, instrument, registration, license, permit, certificate or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice or authorization associated with the wastewater system;
- (d) all rights of Seller which are transferable under any easement, right-of-way, occupancy permit, and/or license associated with the wastewater system;
- (e) plans, engineering records, customer service records, including customer records and data, both in paper form and in electronic form associated with the

wastewater system in the possession of Seller; and

- (f) all of Seller's information, files, records, data, plans, system maps, contracts and recorded knowledge, including property records, related to the foregoing.

1.3 Consideration

The purchase price for the Wastewater System Assets will consist of the following payments:

- (a) At Closing, a lump sum payment from Buyer to Seller of Ninety-Five Thousand Dollars (\$95,000) .
- (b) No contingent payments of any nature whatsoever will be due in addition to the lump sum payment at Closing.
- (c) At Closing, reimbursement of Seller's legal fees not to exceed Two Thousand Dollars (\$2,000). Any additional legal fees shall be the sole responsibility of Seller.
- (d) As additional consideration, Buyer will furnish Seller a bulk treatment rate of \$2.50 per 1,000 gallons for a period of five years after Closing. The rate will increase to a maximum of \$5.50 per 1,000 gallons for the three year period following Buyer's next general rate case after the five year term. Buyer will install an influent flow meter measuring incoming flow from the Carolina Meadows Community and will provide the meter reading to Seller with each billing.

Unless otherwise agreed, the purchase price at Closing shall be paid via wire transfer of immediately available funds, to the account provided by Seller prior to the Closing.

1.4 Non-Assumption of Liabilities

With the exception of the obligation to provide wastewater service after Closing and the assumed liabilities and contractual obligations specified herein, all liabilities and obligations of Seller shall remain the sole responsibility of Seller. The Buyer shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever, whether express or implied, fixed or contingent, save and except for the obligation to provide said utility service. Buyer shall not be responsible for any business, occupation, withholding or similar tax, or for any income, sales, use, value-added or similar taxes related to any period, or transaction occurring during any period, before the Closing Date.

2. Closing

Closing hereunder ("the Closing") shall take place at the offices of the Attorney for Buyer at

219 Fayetteville Street, Suite 1000, commencing at 10:00 a.m. local time, on or before the fifteenth calendar day after the transfer of the Chatham franchise is approved by the Commission or at such other place or on such later date as mutually agreed to by the parties. Application for such approval shall be filed by Chatham and Buyer within thirty (30) days of the execution of the agreement between Buyer and Chatham. The Closing will be done simultaneously with the Closing with Chatham, or immediately thereafter. The effective time of the Closing shall be 12:01 a.m. on the day following the Closing Date.

2.1 Items to Be Delivered at Closing

At or prior to Closing and subject to the terms and conditions herein contained:

(a) Seller shall deliver to Buyer the following:

- (I) a Bill of Sale and other instruments and documents of conveyance and transfer, all in form reasonably satisfactory to Seller and Buyer and their respective counsel, as shall be necessary and effective to transfer and assign to, and vest in, Buyer good and marketable title to the Wastewater System Assets;
- (ii) a Special Warranty Deed for the fee parcel to be conveyed to Buyer as part of the Wastewater System Assets. Seller will assist Buyer in securing a standard title insurance policy on such real estate with the title examination fees and the cost of the policy being paid by Buyer;
- (iii) a Grant or Assignment of Easements, in a form reasonably satisfactory to Seller and Buyer and their respective counsel, to convey to Buyer all easement rights associated with the Wastewater System Assets.
- (iv) copies of, or the originals of, all of the agreements, contracts, commitments, leases, plans, bids, quotations, proposals, instruments, certificates, permits and other instruments belonging to Seller that are part of or related to the Wastewater System Assets;
- (v) applications for the transfer of permits, if any, as prepared by the Buyer on standard forms used by applicable regulatory agencies.
- (vi) Seller shall also deliver such other documents and instruments as may be necessary or required to effectuate the transaction evidenced in this agreement, including such documents as are necessary to convey Seller's interest in Whippoorwill to Buyer.

(b) Buyer shall deliver to Seller the following:

- (I) the purchase price due at Closing pursuant to Section 1.3 of this Agreement;

- (ii) articles of incorporation and by-laws of Buyer, a good standing certificate of Buyer obtained within thirty (30) days of Closing, the most recent annual report of Aqua America, Inc., and evidence of appropriate corporate approvals;
- (iii) Buyer shall also deliver such other documents and instruments as may be necessary or required to effectuate the transaction evidenced in this agreement.

Simultaneously with such deliveries, all steps shall be taken as may be required to put Buyer in actual possession and operating control of the Wastewater System Assets, to include transfer of all permits, if any, at Closing.

2.2 Proration of Property Taxes

Ad valorem taxes on real and personal property conveyed by Seller to Buyer shall be prorated on a calendar year basis through the Closing Date.

2.3 Remedy

Seller acknowledges that the Wastewater System Assets are unique and not otherwise available and agrees that, in addition to any other remedy available to Buyer, Buyer may invoke any equitable remedy to enforce performance hereunder, including, without limitation, the remedy of specific performance.

2.4 Further Assurances

Seller will execute, acknowledge and deliver to Buyer from time to time such other instruments of sale, conveyance, assignment and transfer and will take such other actions and execute and deliver such other documents, certifications and further assurances as Buyer may reasonably require to vest in Buyer all of Seller's right, title and interest in and to the Wastewater System Assets.

3. Conditions Precedent to Closing

The Closing of the transaction shall be contingent upon the following:

- (a) Seller shall provide a Certificate at Closing certifying that (a) the representations of Seller herein are true and accurate as of Closing Date and (ii) that Seller has performed and satisfied all covenants, agreements and conditions that were required to be performed by it under the Agreement on or before the Closing Date;
- (b) Buyer shall be satisfied, within ten (10) days of the execution of this Agreement, with the results of its due diligence inspection of the Wastewater System Assets, including any environmental site assessment that Buyer may elect to perform. In the event Buyer is not satisfied with the results of its due diligence within said 10-day period, Buyer shall notify Seller in writing on or before the end of such period,

whereupon this Agreement shall automatically terminate, be rendered null and void and of no further force and effect, and the parties shall have no liabilities or obligations to each other. Failure of Buyer to notify Seller in writing as aforesaid shall be deemed to be an approval by Buyer of its due diligence and satisfaction of this condition.

- (c) Seller and Buyer and Chatham shall have received all required approvals from regulatory agencies, including the required approvals of the Commission, to enable Buyer to secure a Certificate of Convenience and Necessity which will allow it to assume the ownership and operation of the Wastewater System Assets and to provide wastewater service to Seller at the rates specified herein and to Chatham's franchised area at the rates presently authorized for Chatham, with the rate base authorized by the Commission being equal to the total purchase price paid by Buyer to Seller and Chatham.
- (d) On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or in the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.
- (e) There shall be no material adverse change or damage to the condition of the Wastewater System Assets.
- (f) Buyer shall be satisfied in its reasonable discretion with the results of the title report regarding the real property to be acquired hereunder.
- (g) Seller shall have approved in writing Buyer's plans and specifications and construction schedule for the upgraded plant referred to in **Section 6 (g)**.

4. Representations and Warranties of Seller

In making this instrument, Seller makes the following representations and warranties:

- (a) Seller, or Whippoorwill (as detailed on **Schedule 1.1**) owns the Wastewater System Assets and has good and marketable title to the Wastewater System Assets, free and clear of all liens and encumbrances, except for liens to lenders which will be released on or before Closing.
- (b) Except as otherwise provided herein, including **Schedule 4 (b)**, neither the execution and delivery of the Agreement by Seller, nor consummation and performance of the transactions contemplated thereby (a) requires the approval or consent of any federal, state, local or other governmental body or agency that has not been obtained; (ii) results in the violation of any law,

ordinance or regulation to which Seller is subject; or (iii) results in a violation of any judgment, order, writ, injunction or decree of any court or of any governmental official, agency or instrumentality which is applicable to Seller.

- or
or
- (c) The execution and delivery of the Agreement and the performance of the transactions contemplated thereby does not violate, conflict with or result in the breach (with or without the giving of notice or lapse of time or both) of any term, condition or provision of any instrument, contract, lease, agreement, permit, certificate or other document to which Seller is a party, or is otherwise bound affected, or by which any of the Wastewater System Assets may be bound affected.
 - (d) Seller has full power and authority to sell, convey, assign, transfer and deliver the Wastewater System Assets to Buyer as provided in the Agreement.
 - (e) To the best of Seller's knowledge, there are no pending or threatened claims regarding the Wastewater System Assets or Seller's ability to transfer the Wastewater System Assets.
 - (f) Seller does not know or have reason to know of any events or conditions related to the Wastewater System Assets that would give rise to any material liability under any of the environmental laws.
 - (g) Seller does not know or have reason to know of any material violation of, or material lack of compliance with, any law, ordinance or government rule or regulation to which the Wastewater System Assets are subject.
 - (h) Seller does not know or have reason to know of any existing or threatened condition, which would have a material adverse effect on the Wastewater System Assets.
 - (i) Except as disclosed on **Schedule 4(a)**, there are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Wastewater System Assets. For purposes of this Agreement, the term liabilities shall include, without limitation, any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, obligation or responsibility, either accrued, absolute, contingent or otherwise.
 - (j) Except as disclosed on **Schedule 4(j)**, the Seller is not party to any contract for the purchase of, or payment for supplies, equipment or for services related to the Wastewater System Assets, except such contracts that shall not survive Closing
- or

shall remain Seller's sole responsibility.

- (k) Seller is not a party to any contract, commitment or arrangement, which will survive Closing, with any labor union or other representative of employees with respect to the Wastewater System Assets.
- (l) There are no liens, encumbrances or security interests against the Wastewater System Assets that will not be paid off or released by Seller at Closing.

5. Indemnification

Seller and Buyer each hereby acknowledge and understand that, following the effective time of Closing, Buyer shall be responsible for the provision of wastewater service to Seller and to the franchise served by Chatham. Other than the future provision of wastewater service, Buyer does not and shall not assume or incur liability or obligation of Seller of any nature whatsoever, express or implied, fixed or contingent. Seller shall indemnify and hold harmless Buyer and its officers, employees and agents from and against all liabilities and obligations of Seller, and from any and all claims, actions, judgments and fines arising from any misrepresentation or breach of warranty by Seller under this Agreement or related to the Wastewater System Assets to the extent such claims, actions, etc., involve activities or events that occurred or originated prior to the effective time of Closing. Conversely, Buyer shall indemnify and hold harmless Seller and its officers, employees and agents from and against all liabilities and obligations of Buyer, and from and against any and all claims, actions, judgments and fines arising from any misrepresentation or breach of warranty by Buyer under this Agreement or related to the Wastewater System Assets to the extent such claims, actions, etc., involve activities or events that occurred and originated after the effective time of Closing. The indemnification provisions of this **Section 5** shall survive the Closing for a period of two (2) years; provided, any claims relating to the provision of wastewater service to Seller shall survive for the applicable statute of limitations under North Carolina law.

6. Covenants, Representations and Agreements of Buyer

- (a) Buyer is a North Carolina corporation duly organized and validly existing and is in good standing under the laws of the State of North Carolina.
- (b) Buyer has the requisite power and authority to own and operate the type of system assets that are being acquired pursuant to this Agreement.
- (c) Except as otherwise provided herein, neither the execution and delivery of the Agreement by Buyer, nor consummation and performance of the transactions contemplated thereby (a) requires the approval or consent of any federal, state, local or other governmental body or agency that has not been obtained; (ii) results in the violation of any law, ordinance or regulation to which Buyer is subject; or (iii) results in a violation of any judgment, order, writ, injunction or decree of any court or of any governmental official, agency or instrumentality which is applicable to Buyer.

- (d) The execution and delivery of the Agreement and the performance of the transactions contemplated thereby does not violate, conflict with or result in the breach (with or without the giving of notice or lapse of time or both) of any term, condition or provision of any instrument, contract, lease, agreement, permit, certificate or other document to which the Buyer is a party, or is otherwise bound or affected, or by which any of the Wastewater System Assets may be bound or affected.
- (e) Buyer, upon the receipt of regulatory approvals, has the full power and authority to acquire the Wastewater System Assets as provided in the Agreement.
- (f) Buyer will reimburse Seller or Chatham on a dollar for dollar basis all costs of future extensions or expansions as provided for in **Section 7b**.
- (g) Buyer will pay for and construct a replacement or upgraded plant with a treatment capacity of 350,00 gallons per day in accordance with plans and specifications and a construction schedule to be approved by Seller and Chatham prior to Closing.
- (h) Buyer will guarantee Seller a treatment capacity of 120,000 gallons per day through December 31, 2008. If Seller has not notified Buyer of any expansion plans prior to January 1, 2009, the guaranteed capacity will be reduced to 90,000 gallons per day and shall remain at such rate until such time as a change is mutually agreed to in writing by Buyer and Seller.
- (I) Buyer is currently operating the Wastewater System Assets, and Buyer has had the opportunity to satisfy itself as to the operating condition of the assets.
- (j) After Closing, Buyer will provide Seller with access to all contracts, certificates, plans, engineering records, maps and other documents related to the Wastewater System Assets as Seller may reasonably need. Seller, at its cost and expense, may make copies of any such documents as needed.

7. Covenants, Representations and Agreements of Seller

Without limiting the other promises expressed or implied on the part of Seller hereunder, Seller specifically covenants and agrees to the following items as part of the overall transaction set forth in the Agreement:

- (a) Seller shall proceed to obtain the subdivisions, if any, on a timely basis prior to the scheduled Closing date, of the parcels of land that are to be conveyed to Buyer as set forth in **Schedule 1.1** of this Agreement relating to the components of real estate included in the Wastewater System Assets.
- (b) Upon Buyer's request, Seller will apply to the Corp of Engineers for a transfer of the existing outflow pipeline easement from Seller to Buyer. If required by the

Corp of Engineers, Seller will maintain the existing 3.29 acre conservation easement with the North Carolina Wildlife Resources Commission. Otherwise, Buyer will be responsible for payment of all costs associated with such transfer.

8. General Provisions

8.1 Notices

Any notice, waiver or other communication which is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally or sent by overnight delivery service or registered or certified mail, postage prepaid, return receipt requested, as follows:

If to Buyer:

Aqua North Carolina, Inc.
202 MacKenan Court
Cary, North Carolina 27511

Attention: Neil R. Phillips, President.

with a required copy to:

Laurence A. Cobb
Sanford Holshouser LLP
Post Office Box 2447
Raleigh, North Carolina 27602

If to Seller:

Carolina Meadows, Inc.
100 Carolina Meadows
Chapel Hill, North Carolina 27517-8505

Attention: Rob Boening, Executive Director

with a required copy to:

Reich L. Welborn
Moore & Van Allen, PLLC
430 Davis Drive, Suite 500
Morrisville, North Carolina 27560

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval or other communication will be deemed to have been given as of the date so delivered, or mailed.

8.2 Governing Law

This instrument shall be governed by and enforced in accordance with the laws of the State of North Carolina.

8.3 Restrictions on Assignment

Neither party hereto shall have the right to assign their interest herein to another party, without the prior written consent of the other party. Any approved assignment (i) shall be in writing, with the assignee assuming all obligations hereunder, and (ii) such assignment shall not relieve any party hereto of liability for its obligations hereunder.

8.4 Contents of Agreement; Parties in Interest; etc.

This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. This Agreement shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between or among any or all of the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

8.5 Binding Effect

All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by the legal representatives, successors and assigns of Seller or Buyer.

8.6 Attachments and Schedules

All Attachments and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

8.7 Severability

Any provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstance, unless, in either event, the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

8.8 Counterparts

This Agreement may be executed in any number of counterparts and any signatory hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by all signatories. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

9. Regulatory Approval

Within ten (10) business days following the execution of the agreement between Buyer and Seller, Buyer will commence all necessary actions and file all necessary documents, applications and/or instruments at the Commission and such other regulatory agencies as may be required to secure regulatory approvals required to complete this transaction and diligently pursue such approval until

received. Seller agrees to cooperate with Buyer in connection with such approvals, including executing any documents or instruments as may be required or producing any documents requested; however, Seller shall not be obligated to pay any fees, costs or expenses in connection with the approval processes.

10. **Disclaimer**

Except as provided in **Section 4** hereof:

**THE ASSETS SHALL BE CONVEYED AND TRANSFERRED TO BUYER
"AS-IS, WHERE IS AND WITH ALL PHYSICAL FAULTS", and**

**THE SELLER DOES NOT WARRANT OR MAKE ANY REPRESENTATION,
EXPRESS OR IMPLIED, AS TO THE PHYSICAL FITNESS FOR A PARTICULAR
PURPOSE, MERCHANTABILITY, DESIGN, QUANTITY, QUALITY, LAYOUT,
FOOTAGE, PHYSICAL CONDITION, OPERATION, OR ANY OTHER MATTER
AFFECTING THE PHYSICAL NATURE OF THE ASSETS.**

**THE SELLER AFTER CLOSING SHALL BE UNDER NO OBLIGATION
WHATSOEVER TO UNDERTAKE ANY REPAIRS, ALTERATIONS OR OTHER WORK
OF ANY KIND WITH RESPECT TO ANY PORTION OF THE WATER SYSTEM ASSETS.**

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first above written Aqua America, Inc. joins in this Agreement to guarantee the obligations of Aqua North Carolina, Inc., including the obligations under the contract referred to in Section 2.1 (b)(iii).

CAROLINA MEADOWS, INC.

Witness
Attest: Ray Utcher

By: Rob Boening
Rob Boening
Executive Director

AQUA NORTH CAROLINA, INC.

Attest: Reynold G. Thomas

By: Neil R. Phillips
Neil R. Phillips
President

AQUA AMERICA, INC.

Attest: _____

By: _____
Richard D. Hugus
Regional President
Aqua America - South

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first above written Aqua America, Inc. joins in this Agreement to guarantee the obligations of Aqua North Carolina, Inc., including the obligations under the contract referred to in Section 2.1 (b)(iii).

Witness:
Attest: Ray Jett

CAROLINA MEADOWS, INC.

By: Rob Boening
Rob Boening
Executive Director

Attest: Raymond Thomas

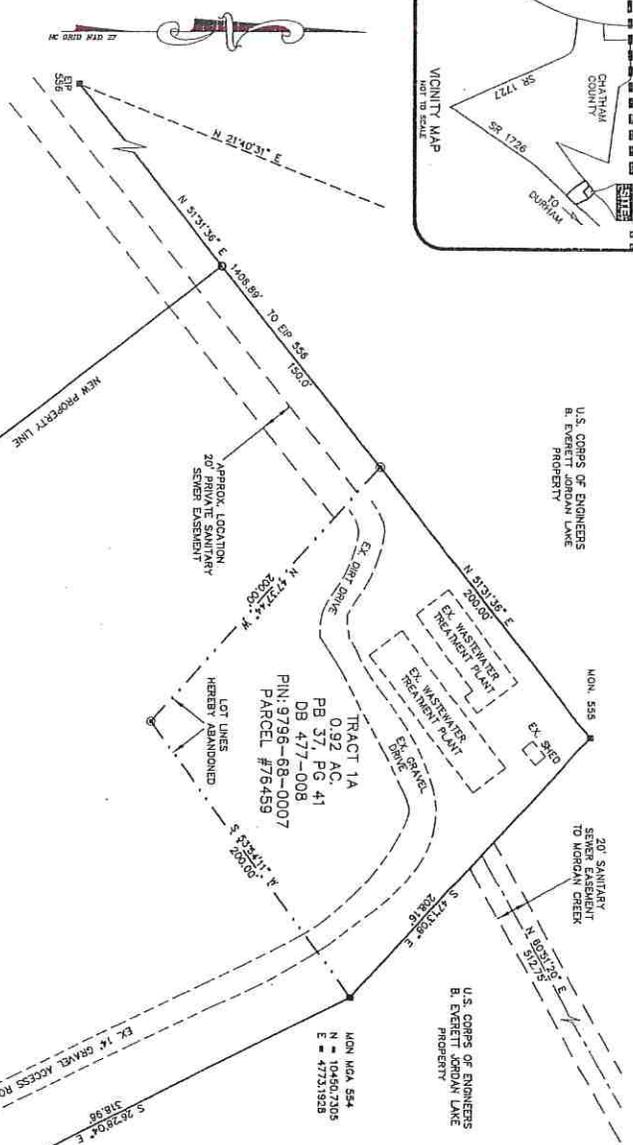
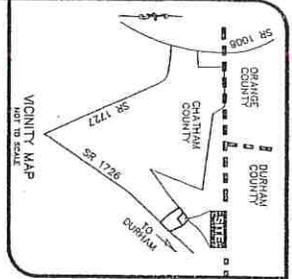
AQUA NORTH CAROLINA, INC.

By: Neil R. Phillips
Neil R. Phillips
President

Attest: Raymond Thomas

AQUA AMERICA, INC.

By: Richard D. Hugus
Richard D. Hugus
Regional President
Aqua America - South



GENERAL NOTES

- 1) THIS IS A SURVEY OF AN EXISTING PARCEL(S) OF LAND. THIS IS A SUBDIVISION PLAT.
- 2) BEARINGS FOR THIS SURVEY ARE BASED ON NO GRID NAD 27.
- 3) ALL DISTANCES ARE HORIZONTAL GROUND DISTANCES.
- 4) FLOOD HAZARD ZONE INFORMATION IS NOT LOCATED IN A SPECIAL FLOOD HAZARD ZONE. IT IS LOCATED IN ZONE "X" AS DEFINED BY HUD F.I.R.M. COMMUNITY PANEL.
- 5) REFERENCES: PG 37, PG 41, JULY 16, 1991.
- 6) REFERENCES: PG 37, PG 41, JULY 16, 1991.
- 7) UTILITY STATEMENT
THE UNDERGROUND UTILITIES SHOWN HAVE BEEN LOCATED BY VISUAL SURVEY AND ARE NOT GUARANTEED. THE UNDERGROUND UTILITIES SHOWN COMPRISE ALL SUCH UTILITIES IN THE AREA EITHER IN SERVICE OR "WHEREABOUTS". THE SURVEYOR HAS MADE A REASONABLE ATTEMPT THAT THE UNDERGROUND UTILITIES SHOWN ARE IN THE EXACT LOCATION INDICATED ALTHOUGH HE DOES CERTIFY THAT THEY ARE LOCATED AS ACCURATELY AS POSSIBLE PHYSICALLY LOCATED THE UNDERGROUND UTILITIES.
- 8) THIS SURVEY PERFORMED AND MAP PREPARED WITHOUT BENEFIT OF A TITLE REPORT. THIS SURVEY SUBJECT TO ANY FACTS AND EXAMINATIONS WHICH MAY BE DISCLOSED BY A TITLE REPORT.
- 9) NO OLD MONUMENTS FOUND WITHIN 2000' OF SITE.

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN APPROVED BY THE BOARD OF COMMISSIONERS OF CHATHAM COUNTY, NORTH CAROLINA, AND THAT IT HAS BEEN APPROVED BY THE BOARD OF COMMISSIONERS AND OFFICE OF THE COUNTY REGISTER OF DEEDS.

CHAIRMAN, CHATHAM COUNTY BOARD OF COMMISSIONERS 200

CERTIFICATION OF OWNERSHIP AND DEDICATION

I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT I (WE) HAVE THE FULL AND FREE CONSENT AND DEED OF ALL RIGHT-OF-WAYS, STREETS, ALLEYS, YARDS, EASEMENTS, PARKS, AND OTHER OPEN SPACES TO PUBLIC OR PRIVATE USE AS NOTED.

N/F CAROLINA MEADOWS, INC.
PO BOX 209
DURHAM, NC 27702
PIN: 9798-68-0007
94-488 AC.
(REMAINING AREA = 80.53 ACS)

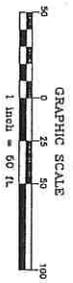
(OWNERS)

JAMES W. MULLIGAN, CERTIFY THAT THIS PLAT WAS DRAWN UNDER MY SUPERVISION AND THAT I AM A LICENSED SURVEYOR IN THE STATE OF NORTH CAROLINA. THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AND DRAWN FROM THE RECORDS OF THE COUNTY REGISTER OF DEEDS. I HEREBY CERTIFY THAT THE PLAT IS ACCURATE AND THAT THE INFORMATION CONTAINED HEREON IS TRUE AND CORRECT. I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED IN ACCORDANCE WITH G.S. 27-30 AS AMENDED, WITNESS MY ORIGINAL SIGNATURE, REGISTRATION NUMBER, AND SEAL THIS DAY OF _____ A.D. 200__

JAMES W. MULLIGAN PLS L-2586

I HEREBY CERTIFY THAT THIS PLAT IS OF THE FOLLOWING TYPE: _____
G.S. 27-30 (1) THIS PLAT IS A SUBDIVISION PLAT OF LAND WITHIN THE AREA OF A COUNTY OR MUNICIPALITY THAT HAS AN ORDINANCE THAT REGULATES PARCELS OF LAND.

JAMES W. MULLIGAN PLS L-2586



- LEGEND
- EXISTING IRON PIPE
 - IRON PIPE SET
 - CALCULATED POINT
 - CONCRETE MONUMENT SET

GOVERNORS CLUB LIMITED PARTNERSHIP

SR 1726
VARIABLE WIDTH PUBLIC R/W

3,200'± TO INTERSECTION WITH WHIPPOORWILL LANE (SR 1727)

<p>McADAMS</p>	<p>PROJECT: S19RS-05029 DRAWING: S19RS029-F1 DATE: 4-07-05</p>	<p>WHIPPOORWILL WASTEWATER TREATMENT PLANT - FINAL PLAT WILLIAMS TWSP., CHATHAM COUNTY, NORTH CAROLINA</p>	<p>DESIGNED BY: JAMES W. MULLIGAN L-2586</p>	<p>REVISIONS: 4/11/05 OWNER COMMENTS</p>	<p>THE JOHN R. McADAMS COMPANY, INC. ENGINEERS/PLANNERS/SURVEYORS RESEARCH TRIANGLE PARK, NC P.O. BOX 14005 ZIP 27709-4005 (919) 361-5000</p>
	<p>CAROLINA MEADOWS, INC. WHIPPOORWILL LANE CHAPEL HILL, NORTH CAROLINA</p>				

Schedule 1.1

Detailed List of Wastewater System Assets

1. Seller's ownership interest in Whippoorwill LLC, which owns the current wastewater treatment plant, including:
 - (a) The two lift stations and lift station generators.
 - (b) All piping connecting the lift stations and all discharge piping from the plant.
 - (c) Perpetual easements covering the lift stations, force mains, discharge line and access to all acquired facilities.
 - (d) All miscellaneous tools, supplies and equipment currently used exclusively in the wastewater treatment plant.

2. A 3.56-acre fee simple parcel that will accommodate the existing plant and the expansion of the plant and the access road to the plant.

Schedule 4(a)

Liabilities and Obligations

1. Medical Care Commission.
2. Allied Irish Banks.
3. Obligations imposed by Secretary of the Army/Corp of Engineers Easement

Schedule 4(b)

Consents

1. Seller's Lenders:
 - (a) Medical Care Commission
 - (b) Allied Irish Banks
2. North Carolina Utilities Commission
3. Secretary of the Army/Corp of Engineers (to transfer easement referred to in Section 7(b))
4. Chatham County relative to the subdivision of the real estate being conveyed
5. North Carolina DENR Permits:
 - (a) NPDES Permit NC 0056413 dated July 11, 2001
 - (b) ATC Number 056413A01 dated June 17, 2003

Schedule 4(j)

Contracts

None, except Seller's current contract with Buyer to operate wastewater system, which contract will terminate as of closing.