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May 21, 2020

Ms. Kimberley A. Campbell
North Carolina Utilities Commission
430 N. Salisbury Street
Raleigh, NC 27603

RE: SECOND AMENDED ASSET PURCHASE AGREEMENT
In the Matter of: Old North Water Company, LLC and ONSWC – Chatham North, LLC
Docket Nos. W-1320, Sub 0 and W-1300, Sub 55

Dear Ms. Campbell:

On behalf of ONSWC – Chatham North, LLC and Old North State Water Company, LLC, we herewith submit the attached **Second Amended Asset Purchase Agreement** between Briar Chapel Utilities, LLC, NNP-Briar Chapel, LLC, and Old North State Water Company, LLC in the above-referenced dockets.

If you have any questions or comments regarding this filing, please do not hesitate to call me. Thank you in advance for your assistance.

Sincerely,

/s/ Karen M. Kemerait

Karen M. Kemerait

skb

Enclosure

cc: All Parties of Record

SECOND AMENDMENT TO ASSET PURCHASE AGREEMENT

by

BRIAR CHAPEL UTILITIES, LLC,

NNP-BRIAR CHAPEL, LLC

and

OLD NORTH STATE WATER COMPANY, LLC.

for the Purchase, Installation, Conveyance, and Operation of the

WASTEWATER UTILITY SYSTEM

providing wastewater utility service to

BRIAR CHAPEL DEVELOPMENT

AND THE EXTENDED SERVICE AREA

Chatham County, North Carolina

April 30, 2015

SECOND AMENDMENT TO ASSET PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO ASSET PURCHASE AGREEMENT ("Second Amendment to APA") is made this the 30th day of April, 2015, by and between Briar Chapel Utilities, LLC, a Delaware limited liability company authorized to do business in North Carolina, (hereinafter referred to as "Seller"), NNP-Briar Chapel, LLC, a Delaware limited liability company authorized to do business in North Carolina (hereinafter referred to as "Developer"), and Old North State Water Company, LLC, a North Carolina limited liability company (hereinafter referred to as "Buyer") (individually Seller, Developer, and Buyer, and may be referred to as a "Party" and collectively referred to as the "Parties").

WITNESSETH:

WHEREAS, Seller, Developer, and Buyer have entered into an Asset Purchase Agreement, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference (hereinafter referred to as "APA"); and

WHEREAS, Seller, Developer, Buyer, and Envirolink, Inc., a North Carolina corporation, have entered into a First Amendment to Asset Purchase Agreement, a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference (hereinafter referred to as "First Amendment to APA"); and

WHEREAS, Seller, Developer, and Buyer now desire to amend Section 3.4, Section 4.2 and Section 6.2 of the APA.

NOW, THEREFORE, in consideration of the mutual promises, covenants, and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Parties hereto agree as follows:

I. Amendment to Section 3.4. Section 3.4 of the APA is amended as follows:

3.4. Tariff and Connection Fee. The Parties acknowledge and agree that Buyer will not submit an application for a rate increase or an increase in the connection fee to the Commission for a period of at least two (2) years after the Initial Closing Date. Once the two (2)-year period after the Initial Closing Date has passed, Buyer has the right to request an increase in rates and/or connection fee, within its discretion.

II. Amendment to Section 4.2. Section 4.2 of the APA is amended as follows:

4.2. Design, Permitting, and Construction of Additional Wastewater Utility System Components.

(a) Only if required to provide wastewater service to the Development, Developer shall design, engineer and install a reuse spray irrigation system, upset pond, and effluent storage pond, as more particularly described herein. Such components may be completed in phases. If additional irrigation, upset pond or effluent holding pond capacity is necessary to serve the ESA, if

constructed, construction of the portion of the Wastewater Utility System necessary to provide such additional capacity shall be completed in accordance with Section 5.2.

(b) In connection with construction of each section of the Development, Developer shall cause to be installed, at Developer's expense, if required, a complete Wastewater Collection System to serve all lots in that section of the Development. The entire Wastewater Collection System shall be constructed in such a manner as to restrict entry of groundwater and surface waters into the Wastewater Utility System to the greatest extent practicable and, at a minimum, shall conform to the minimum standards established by the DWQ regulations for infiltration/inflow.

(c) Buyer has implemented an Odor Control Management Plan, attached hereto as Exhibit "C" and incorporated herein by reference, that establishes criteria and a response plan for control of odors in the Wastewater Utility System in the event that odors become an issue. In the event that the criteria established in Section 4.1 of the Odor Control Management Plan are exceeded, Developer and Buyer agree that the following shall occur:

For a period of five years from the effective date of this Second Amendment to APA, Developer reserves the right to design and construct improvements to the Wastewater Utility System for odor control measures in accordance with the Odor Control Management Plan that will achieve odor control results that are equivalent to or better than odor control results that are achieved by enclosure of the bar screen and covering of the equalization basin ("Odor Control Improvements"). Buyer shall have the right to review and approve the plans for the Odor Control Improvements, which approval shall not be unreasonably withheld. The Parties acknowledge and agree that Buyer has the right to withhold approval for any plans that might result in a violation of federal, state or local laws or regulations. Developer shall obtain all necessary approvals and permits for the Odor Control Improvements, and such permits shall be in the name of Buyer.

Upon installation of the Odor Control Improvements, they shall be conveyed to Buyer, accepted by Buyer, and operated and maintained by Buyer in accordance with Paragraph 6.2 (b) of the APA.

Developer and Buyer agree that payment for the cost of the Odor Control Improvements shall be as follows:

1. Developer shall advance payment for the costs for the Odor Control Improvements.
2. In Buyer's initial application for a rate increase, Buyer shall request that the cost of the Odor Control Improvements be included in the rate base for the Wastewater Utility System, and Buyer shall make reasonable efforts to ensure the inclusion of the cost in the rate base. The Parties acknowledge that the Commission might include the entire cost, a portion of the cost, or no portion of the cost of the Odor Control Improvements in the rate base.

3. Buyer shall reimburse to Developer the amount of the cost of the Odor Control Improvements that the Commission includes in the rate base within thirty (30) days after the Commission's issuance of an Order that establishes the rate base. If the Commission does not include any amount of the Odor Control Improvements in the rate base, Buyer shall not be required to provide any reimbursement to Developer.

II. Amendment to Section 6.2. Section 6.2 of the APA is amended as follows:

6.2.

a. Operation of Wastewater Utility System Assets. After conveyance of the Wastewater Utility System Assets to Buyer, Buyer shall provide wastewater service to the residents of such section of the Development or ESA to which the Wastewater Utility System Phase relates, as described in this Agreement and in accordance with the terms of the Certificate or Certificate extension, as the same may be amended from time to time. Buyer shall not connect any customers located outside the Development or the ESA to the Wastewater Utility System without the prior written consent of Developer. Developer shall not unreasonably withhold consent. BUYER WILL NOT BE RESPONSIBLE FOR ACHIEVING WATER QUALITY LEVELS IN THE EFFLUENT BEYOND THE REQUIREMENTS OF THE NON-DISCHARGE PERMIT ISSUED BY DWQ.

b. Operation of Wastewater Odor Misting System. After conveyance of the Wastewater Utility System Assets to Buyer, Buyer shall ensure proper operation of the wastewater odor misting system ("Misting System"), which shall require operation of the Misting System for twenty-four hours a day and seven days a week. In the event that Buyer determines that the operation of the Misting System is no longer required to manage and control odors at the WWTP, Buyer shall provide written notice of such to Developer, and request approval from Developer to remove the Misting System from service, which such approval shall not be unreasonably withheld. Buyer shall continue to operate the Misting System until Developer provides written approval to remove the Misting System from service. In the event of preventive or corrective maintenance to the Misting System that will render the Misting System out of operation for more than forty-eight (48) hours, Buyer shall provide written notice to Developer. The notice shall include a description of the reason that the Misting System is not operating and the anticipated time and date for returning the unit to service.

c. Inspection, Operation and Maintenance of Wastewater Odor Misting System and Odor Control Improvements.

The Parties acknowledge and agree that Buyer will be required to inspect, operate, manage and maintain the Wastewater Odor Misting System and Odor Control Improvements, if installed, on Saturdays and Sundays, if necessary and requested by Developer. In consideration for Buyer's work on Saturdays and Sundays, Developer agrees to provide payment to Buyer in the amount of Two Hundred Eighty-Seven and Fifty Dollars (\$287.50) for each Saturday or Sunday that Buyer provides such services.

[Signature Page to Agreement]

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to Asset Purchase Agreement to be duly executed in their respective names, all by authority duly given, the day and year first above written.


BRIAR CHAPEL UTILITIES, LLC

By: _____
Name: _____
Title: _____

NNP-BRIAR CHAPEL, LLC

By: _____
Name: _____
Title: _____

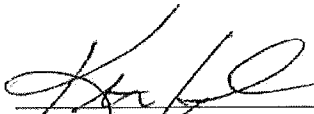
**OLD NORTH STATE WATER COMPANY,
LLC**

By:  _____
John McDonald
Manager

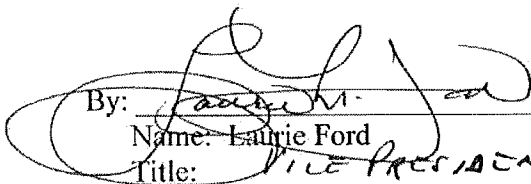
[Signature Page to Agreement]

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BRIAR CHAPEL UTILITIES, LLC

By: 
Name: Keith Hurand
Title: Senior Vice President

NNP-BRIAR CHAPEL, LLC

By: 
Name: Laurie Ford
Title: VICE PRESIDENT

**OLD NORTH STATE WATER COMPANY,
LLC**

By: _____
John McDonald
Manager

Exhibit A

Exhibit B

Exhibit C