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Ms. Lynn Richardson
Chatham County Planning Department
P.O. Box 54
Pittsboro, NC 27312

Re: The Estate at Laurel Ridge and The Bluffs

Dear Ms. Richardson:

This letter is in response to the recent questions that originated from a request for an extension of the development schedules for Laurel Ridge Phase 1-B and The Bluffs Phase 1-B.

- (1) Can you provide maps showing the NC Utilities Commission franchise agreement areas for the Buck Mountain (Chapel Ridge) Wastewater Treatment Plant and maps of the committed to serve areas?

RESPONSE:

Aqua North Carolina, Inc. (Aqua) has received Orders from the North Carolina Utilities Commission (NCUC) to provide service to the following Subdivisions in the Chapel Ridge area:

- Chapel Ridge, Phases 1-3
- The Parks at Meadowview, Phases 1, 2 & 5
- The Estates at Laurel Ridge (f/k/a Creekside)
- The Bluffs, Phase 1
- McBane Tract

Aqua has filed applications with the NCUC for Petition of Contiguous Extension for the following Subdivisions:

- The Bluffs, Phase 2
- Banner Tract
- Shively Tract

Enclosed you will find a map of the Chapel Ridge Master Water & Sewer System which shows the current franchise territory and the remaining area Aqua is committed to serve under the existing Agreements once all contractual obligations are met and NCUC approval has been received.

- (2) The county has granted final plat approval to The Bluffs Phase 1A (12 lots) and The Estates at Laurel Ridge Phase 1A (18 lots), which are shown in the attachment labeled Buck-Exhibit 1-Sewer-03 30 2009.pdf. It is our understanding from the developer's attorney (Nick Robinson) that they cannot sell those lots because Aqua NC will not accept the wastewater flow. Is this correct?

RESPONSE:

Aqua has sufficient capacity in the Buck Mountain WWTP to serve the proposed customers of The Estates at Laurel Ridge, Phase 1A (18 lots) and The Bluffs, Phase 1A (12 lots). There are existing contractual obligations concerning construction by the owners of The Parks at Meadowview of the remaining spray areas at the Parks at Meadowview. The owners of The Parks at Meadowview have not met those obligations which are the most significant impediment to closing the transfer of infrastructure by The Bluffs and Laurel Ridge to Aqua. Any other unresolved matters affecting The Bluffs and Laurel Ridge arising from cessation of construction at the Parks are expected to be easily resolved. The parties involved are attempting to resolve the major issues relating to spray field installation. Until these complex matters are resolved, Aqua is hesitant to proceed with closing for these lots.

- (3) Are the reasons given in the attached letters for the extension requests for The Bluffs and The Estates at Laurel Ridge accurate?

Response:

To the best of our knowledge, the reasons given are accurate.

- (4) Has the developer of The Bluffs and The Estates at Laurel Ridge met all contractual obligations with Aqua NC?

Response:

Please reference our response to question 2. In addition, there are other minor contractual obligations that have not been met because of the delay in closing.

- (5) Does Aqua NC have concerns if the county does not grant final plat approval for these and future phases due to the wastewater issues, which may result in the expiration of all or parts of the subdivision approval? This could significantly reduce the utility customer base for Aqua NC in this area.

Response:

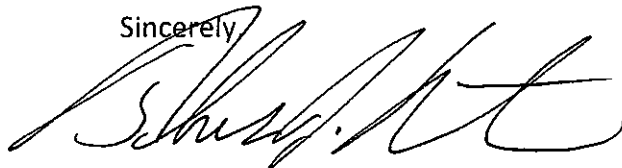
Aqua is confident that Aqua and the Developers involved are willing and able to resolve the existing contractual obligations. Aqua supports the request to extend the approvals. However, it should be noted that Aqua would be harmed by an expiration of all or parts of the subdivision approvals based on significant investment by Aqua in reliance on those prior approvals.

- (6) The county has financial guarantees for the installation of the spray fields at The Parks at Meadowview. Does Aqua NC have legal rights to allow the county to install the spray fields, if needed?

Response:

In light of the recent bankruptcy of Crescent, this question may have become more complex. Aqua has not been conveyed ownership of the property for the spray areas located in The Parks at Meadowview, however there are easements that would allow installation. Transfer of ownership would be completed at or prior to Aqua closing. Aqua would certainly work with the County to resolve any issues concerning the installation of additional spray fields when they are needed to serve the effluent from future lots developed. Aqua does not support the idea of installing extensive infrastructure that will not be used for many years.

Sincerely

A handwritten signature in black ink, appearing to read 'Thomas J. Roberts', written in a cursive style.

Thomas J. Roberts
President

