
Acquisition of Founders Bridge Utility Company

APPENDIX A

THIS CONTRACT, made this 7th day of September 2000, by and between the COUNTY OF CHESTERFIELD, a political subdivision of the Commonwealth of Virginia ("Chesterfield"); and GRAY LAND & DEVELOPMENT COMPANY, LLC ("Gray"); and the COUNTY OF POWHATAN ("Powhatan"), a political subdivision of the Commonwealth of Virginia..

WHEREAS, Chesterfield operates public water and wastewater utilities which provides potable water and wastewater service to its customers; and

WHEREAS, Gray is constructing a residential development partially located in Chesterfield (the "Chesterfield Development") and partially located in Powhatan on the property shown on the plat attached to this Contract as Exhibit A, (the "Powhatan Development"); and

WHEREAS, Gray wishes to purchase from Chesterfield for use by the Powhatan Development 180,000 gallons per day (gpd) of Chesterfield's available peak day water capacity; and

WHEREAS, Gray wishes to purchase from Chesterfield for use by the Powhatan Development 135,000 gpd of wastewater capacity available from capacity in Brookstone Subdivision, adjacent to Powhatan; and

WHEREAS, Gray shall use the water and wastewater capacity contracted for in this Contract exclusively for the Powhatan Development; and

WHEREAS, Chesterfield has the capacity and is willing to sell Gray water and wastewater capacity up to the capacities set forth in this Contract for use in the Powhatan Development under the following terms and condition.

WITNESSETH:

NOW, for and in consideration of the mutual benefits to be derived by Chesterfield and Gray, the parties agree to the following terms and conditions:

1. Water Capacity to be Purchased by Gray. Chesterfield shall provide up to 180,000 gpd of peak day water to Gray to and for resale by Gray for the use of residents and businesses in the Powhatan Development (the "Utility Users") subject to the following terms and conditions:
 - a. Gray shall construct a water line (the "Water Line") from an existing 8" Chesterfield water line located in Winterfield Road to a 16" Chesterfield water line located in Salisbury Subdivision. The size of the water line shall be determined by Chesterfield in its discretion, except that in no case shall

the size of the line exceed 16 inches. The general location of the Water Line is shown on Exhibit B. However, Chesterfield reserves the right to require variations to the route of the Water Line to ensure compliance with the standards described in sub-paragraph b, below.

- b. Gray shall construct all other water lines and appurtenant facilities necessary to provide water service within the Chesterfield Development and within the Powhatan Development. Water lines to serve the Chesterfield Development shall be governed by a separate contract between Chesterfield and Gray. Water lines and appurtenant facilities within the Powhatan Development (the "Powhatan Water Lines") shall be governed by this Contract.
- c. Gray shall construct the Water Line and the Powhatan Water Lines (collectively, the "Water Facilities") in accordance with the Virginia Department of Health Water Works Regulations (the "Regulations") and the Water and Sewer Specifications and Procedures of the Chesterfield Utilities Department of December 1, 1988, as amended, including any amendments made after this Contract is executed but before construction plans are approved (the "Specifications"). Construction shall not begin until plans for the Water Facilities have been submitted to and approved by the Chesterfield Utilities Department (the "Department") as complying with the Regulations and the Specifications. Chesterfield shall inspect the Water Facilities for compliance with the Regulations and Specifications pursuant to an inspection schedule agreeable to Chesterfield and Gray but generally in accordance with Chesterfield's normal inspection practices for development in Chesterfield. The Water Facilities shall not be used until Chesterfield has inspected the Water Facilities and approved them as complying with the Regulations and Specifications.
- d. Upon approval of the Water Facilities pursuant to paragraph 1c. Chesterfield shall own, operate and maintain the Water Facilities within Chesterfield. Gray shall own, operate and maintain the Water Facilities within Powhatan. Chesterfield shall have the right to repair the Water Facilities in Powhatan when Chesterfield deems it appropriate in order to maintain a properly operating water system in both Chesterfield and Powhatan. Gray shall pay all costs associated with such repairs. Chesterfield shall give Gray written notice of its intent to make repairs at least ten (10) days before such repairs are made, except in cases of emergency, as determined by Chesterfield in its sole discretion.
- e. If any landowner through whose property the Water Line must be constructed submits plans to develop that property before completion of the Water Line, Chesterfield shall use its best efforts to require that landowner to agree to

construct the portion of the Water Line through his property. If any landowner so agrees, that landowner's commitment shall supersede Gray's obligation to construct that portion of the Water Line. However, if any such landowner does construct a portion of such line and is eligible for refunds for oversizing pursuant to County ordinance, Gray will pay Chesterfield an amount equal to the refunds upon completion of that portion of the water line by the landowner.

- f. Gray shall pay Chesterfield monthly customer, capacity and commodity charges for water use for the Powhatan Development at the rate established in the Ordinance. Chesterfield shall bill Gray monthly for the customer, capacity and commodity charge, and Gray shall pay monthly bills in accordance with the Ordinance. Water to the Powhatan Development shall be metered in Chesterfield at locations agreed upon by Chesterfield and Gray. Chesterfield shall read the water meters every month. The capacity charge shall be computed based on one ERU for each structure in Powhatan connected to the water system.

- g. Gray shall pay Chesterfield \$1,001,690 for the water capacity purchased by Gray pursuant to this Contract. Gray shall pay the \$1,001,690 when this Contract is executed. Alternatively, Gray may pay the \$1,001,690 in eight equal annual installments, together with interest at the rate of 5% per annum. The first payment shall be in the amount of \$125,211.25 and shall be due on the date that Gray signs the Contract. Each succeeding payment shall be in the amount of \$125,211.25, plus interest accrued on the date of payment and shall be due on the same date that the first payment was made in each succeeding year. If Gray pays for the water capacity in installments in the amounts set forth herein, it shall be entitled to 22,500 gpd of water capacity for each installment paid. Gray may keep the capacity purchased by each installment irrespective of whether it pays the succeeding installment. If Gray chooses not to make an installment payment pursuant to this provision, such non-payment shall not be considered a default or delinquency in payment for the purposes of paragraphs 3(c), 3(d) and 3(f) of this Contract. The sole consequence to Gray if it does not make such an installment payment is that it shall not be entitled to the additional capacity to which such payment would have entitled it. Gray may make payments in amounts greater than the installment then due, such excess amount to be applied to and credited against the next succeeding installment. If Gray makes such an excess payment, it shall be entitled to draw increased amounts of water capacity proportional to the amount of the excess payment.

- h. Due to the length of the Water Facilities, Chesterfield cannot guarantee that the quality of water Gray receives will be equivalent to the quality of water

furnished to Chesterfield customers or that the water will comply with the requirements of the Regulations for public water supplies ("State Standards") unless a significant amount of water is used to flush the Water Facilities. Chesterfield will furnish water that complies with State Standards only to the physical point where Chesterfield's customer closest to the Powhatan boundary line receives water. Gray shall be responsible for the quality of the water beyond that point. Gray shall flush the Water Facilities beyond that point, at Gray's expense, to ensure that the water quality received by Gray's customers complies with State Standards. All flushing shall take place in Powhatan. Gray shall pay Chesterfield in accordance with paragraph 1f for all water that is used to flush the Water Facilities pursuant to this paragraph. The water that Gray uses to flush the Water Facilities shall be included in Gray's peak day water use for purposes of determining the amount of reserved capacity Gray uses.

- i. Gray shall implement all measures necessary to insure that the Powhatan Development does not use water on any day in excess of the capacity purchased under this Contract. Chesterfield may take any action necessary to enforce this provision. Chesterfield will give Gray written notice if the volume of water use exceeds the capacity purchased. Gray shall implement measures necessary to reduce water use within 30 days after written notice is given. If Gray does not reduce its water usage to an amount at or below the capacity purchased under this Contract within 30 days after being given written notice, Gray shall pay Chesterfield \$300 for each day thereafter that it uses more water than it has purchased pursuant to the Contract.

2. **Wastewater Capacity to be Purchased by Gray.** Chesterfield shall provide up to 135,000 gpd of wastewater capacity for use by Utility Users subject to the following terms and conditions:

- a. Gray shall construct all wastewater lines and appurtenant facilities necessary to provide wastewater service within the Chesterfield Development and within the Powhatan Development. Wastewater lines to serve the Chesterfield Development shall be governed by a separate contract between Chesterfield and Gray. Wastewater lines and appurtenant facilities within the Powhatan Development (the "Powhatan Wastewater Lines") shall be governed by this Contract.
- b. The Powhatan Wastewater Lines (the "Wastewater Facilities") shall be constructed in accordance with the Specifications. Construction shall not begin until plans for the Wastewater Facilities have been submitted to and

approved by Chesterfield as complying with the Specifications. Chesterfield shall inspect the Wastewater Facilities for compliance with the Specifications pursuant to an inspection schedule agreeable to Chesterfield and Gray, but generally in accordance with Chesterfield's normal inspection practices for development in Chesterfield. The Wastewater Facilities shall not be used until Chesterfield has approved them as complying with the Specifications.

- c. Upon approval of the Wastewater Facilities pursuant to paragraph 2b. Chesterfield shall own, operate and maintain the Wastewater Facilities within Chesterfield. Gray shall own, operate and maintain the Wastewater Facilities within Powhatan. Chesterfield shall have the right to repair the Wastewater Facilities when Chesterfield deems it appropriate in order to maintain a properly operating wastewater system in both Chesterfield and Powhatan. Gray shall pay all costs associated with such repairs. Chesterfield shall give Gray written notice of its intent to make repairs at least ten (10) days before such repairs are made, except in cases of emergency, as determined by Chesterfield in its sole discretion.
- d. Gray shall pay Chesterfield monthly wastewater customer, capacity and commodity charges for wastewater use for the Powhatan Development. The customer and capacity charges shall be the same as in the Ordinance. The commodity charge shall be the higher of either (i) the same commodity charge that the City of Richmond charges Chesterfield pursuant to Chesterfield's wastewater treatment contract with Richmond; or (ii) the commodity charge rate contained in the Ordinance. The volume used to calculate Gray's monthly commodity charge shall be 350 gallons per day per ERU. The capacity charge shall be computed based on one ERU for each structure in Powhatan connected to the wastewater system.
- e. At its discretion, Chesterfield may monitor wastewater flows in the Powhatan Development by using portable meters to evaluate infiltration. If monitoring indicates infiltration exceeds acceptable standards, as set forth in the Virginia Sewage Regulations ("VSR"), Gray shall, upon written notice from Chesterfield, take prompt action to reduce infiltration to acceptable standards as set forth in the VSR.
- f. Gray shall pay Chesterfield \$565,490 for the wastewater capacity purchased by Gray pursuant to this Contract immediately after Gray receives written notice from Chesterfield that the City of Richmond has agreed to treat wastewater from Powhatan as required by paragraph 2h. Gray shall pay the \$565,490 when this Contract is executed. Alternatively, Gray may pay the \$565,490 in eight equal annual installments, together with interest at the rate

of 5% per annum. The first payment shall be in the amount of \$70,686.25 and shall be due upon Gray's receipt of written notice as described in this paragraph. Each succeeding payment shall be in the amount of \$70,686.25 plus interest accrued on the date of payment and shall be due on the same date of each succeeding year. If Gray pays for the wastewater capacity in installments in the amounts set forth herein, it shall be entitled to 16,875 gpd of wastewater capacity for each installment paid. Gray may keep the capacity purchased for each installment irrespective of whether it pays the succeeding installments. If Gray chooses not to make an installment payment pursuant to this provision, such non-payment shall not be considered a default or delinquency in payment for the purposes of paragraphs 3(c), 3(d) and 3(f) of this Contract. The sole consequence to Gray if it does not make such an installment payment is that it shall not be entitled to the additional capacity to which such payment would have entitled it. Gray may make payments in amounts greater than the installment then due, such excess amount to be applied to and credited against the next succeeding installment. If Gray makes such an excess payment, it shall be entitled to draw increased amounts of wastewater capacity proportional to the amount of the excess payment.

- g. In addition to the payments required by paragraph 2f, Gray shall pay Chesterfield \$400,000 in consideration of savings to Gray that result from Gray not being required to construct a trunk sewer line to replace the Michaux Creek Wastewater Pumping Station and the force main that currently runs generally along the Chesterfield/Powhatan boundary line from St. Stephen's Way to the Pumping Station. Payment shall be due in full immediately after Gray is given written notice by Chesterfield that the City of Richmond has agreed to treat wastewater from Powhatan as required by paragraph 2h. Gray shall dedicate to the County fifty (50) feet of right of way with an additional ten (10) feet of undisturbed buffer on each side of the right of way, as shown on Exhibit C to this Contract, to be used for access to the Michaux Creek Wastewater Pumping Station. Gray shall landscape the right of way and buffers as required by the County.
- h. All wastewater from the Powhatan Development must be treated at the City of Richmond's wastewater treatment plant. Currently, Richmond has not agreed to treat wastewater generated in Powhatan. The Wastewater Facilities shall not be connected to Chesterfield's wastewater system until Richmond has agreed to accept for treatment wastewater from the Powhatan Development under terms and conditions acceptable to Chesterfield. Richmond's decision regarding whether to treat wastewater generated in Powhatan shall have no effect on the water agreement contained in the first section of this Contract.

- i. Neither Gray nor the Utility Users shall discharge into the Wastewater Facilities any water, waste, or effluent harmful to the system as determined by Chesterfield, nor shall they discharge into the Wastewater Facilities any storm water, surface or subsurface water, grease, oil or any other waste or effluent prohibited by Chesterfield. Chesterfield shall be entitled to take any and all action necessary to insure that no prohibited substances are discharged into the Wastewater Facilities.

3. **General Conditions.** The following general conditions shall also govern the purchase of water and wastewater capacity pursuant to this Contract:
 - a. Chesterfield shall not be responsible in any way for constructing the Water Facilities or the Wastewater Facilities. Chesterfield shall not be responsible for maintaining any Water Facilities or Wastewater Facilities that are (i) not located in Chesterfield; and (ii) not approved by Chesterfield pursuant to this Contract. Gray shall not be entitled to any oversizing or off-site refunds for Water Facilities or Wastewater Facilities constructed to serve the Chesterfield Development or the Powhatan Development.
 - b. Chesterfield shall not be responsible for collecting user fees from the Utility Users, and the Utility Users shall not be customers of Chesterfield. Gray shall be responsible for collecting user fees from the Utility Users and the Utility Users shall be customers of Gray.
 - c. Gray shall make all payments due Chesterfield within 25 days of receipt of a bill for such payment. If Gray fails to make any payment to Chesterfield that is required by this Contract on the date that it is due, Gray shall be delinquent in payment to Chesterfield and in addition to any rights and remedies available to Chesterfield under this Contract, Chesterfield shall also have all rights and remedies against Gray that are available to it against delinquent customers pursuant to the Ordinance and the Code of Virginia.
 - d. As assurance for its faithful performance of its obligations to make payment to Chesterfield under this Contract, Gray shall post with Chesterfield surety in the form of cash, a bond secured by a commercial surety company satisfactory to Chesterfield, or a letter of credit drawn on a commercial bank with offices in Central Virginia, in the amount of \$361,000. The surety shall name Chesterfield as beneficiary and shall be in a form acceptable to Chesterfield. Upon payment by Gray of all amounts due Chesterfield for water and wastewater capacity as required by paragraphs 1(g) and 2(f), the amount of the surety may be reduced to \$150,000. Such surety shall also name Powhatan as a beneficiary for the purpose of providing Powhatan with

security if Powhatan is required to undertake obligations under this Contract pursuant to paragraph 4.

- e. Gray shall obtain and convey to Chesterfield, without cost to Chesterfield, all water and wastewater easements in Chesterfield required by Chesterfield free and clear of all liens, encumbrances and claims of creditors. Gray shall dedicate all such easements required by Chesterfield before the start of construction of the Water and Wastewater Facilities. All easements shall be in a form approved by Chesterfield. Gray shall obtain all easements in Powhatan necessary for its Water and Wastewater Facility and shall grant Chesterfield access to all Water and Wastewater Facilities in Powhatan.

- f. Gray shall indemnify and hold Chesterfield and Powhatan harmless from liability for all claims, demands or losses arising out of (i) the construction of the Water Facilities and Wastewater Facilities or (ii) Gray's provision of water and/or wastewater service to the Utility Users; provided that upon any assignment of this Contract, or a succession in interest by another party to Gray's rights, responsibilities and obligations under this Contract, Gray shall no longer be responsible for performing the obligations of this subparagraph 3f, but its heir, successor or assign shall assume and perform these obligations in Gray's place. If such a claim or demand is made or brought against Chesterfield or Powhatan, Gray shall pay the cost of investigating and defending the claim, including the time and resources of the County Attorney's Office. If final judgment on such a claim is entered against Chesterfield or Powhatan, Gray shall pay the full amount of such judgment and indemnify and hold Chesterfield and/or Powhatan harmless therefrom. Before beginning operation of the water and wastewater systems, Gray shall provide Chesterfield and Powhatan with a certificate of insurance naming Chesterfield and Powhatan as additional insureds on its liability insurance policy covering the operation of its water and wastewater systems. Before beginning construction on any Water Facilities or Wastewater Facilities, Gray or Gray's contractors shall provide Chesterfield and Powhatan with a certificate of insurance naming Chesterfield and Powhatan as additional insureds on its liability insurance policy covering construction of such facilities. Prior to the effective date of any assignment or succession in interest, the heir, successor or assign of Gray's interest shall provide Chesterfield and Powhatan with a certificate of insurance naming Chesterfield and Powhatan as additional insureds on its liability policy covering the operation of the water and/or wastewater systems. The certificates of insurance shall be on a form, and written by an insurance company, that is acceptable to Chesterfield and Powhatan.

- g. Gray shall obtain a permit from the Virginia Department of Transportation

("VDOT") before any construction is performed on property owned by VDOT. Gray shall restore such property to VDOT's satisfaction and shall guarantee the work for a period of three (3) years from the date of VDOT's acceptance of the work.

- h. Gray shall notify Chesterfield at least forty-eight (48) hours before beginning construction of the Water and Wastewater Facilities. Gray shall coordinate the activities of its contractors so as to allow Chesterfield to inspect the work and so as to minimize the impact of its construction on the public. Gray shall insure that all manholes and fire hydrants are accessible and that all valve boxes are set so that the operating nuts are accessible. Gray shall properly adjust the manholes and valve boxes to the final street surface elevation. Before Chesterfield approves the Water and Wastewater Facilities Gray shall clean, correct and repair them in a manner satisfactory to Chesterfield. Gray shall guarantee all materials and workmanship for one (1) year after completion and acceptance or until all roads shown on the Plans and Specifications have been accepted by VDOT. During the guarantee period, Gray shall repair all facilities promptly after receiving notice that repairs are needed from Chesterfield, and in all cases within 30 days after receiving notice. If Gray fails to do so, Chesterfield may have the work done and the cost of such work shall be paid by Gray. Gray shall make, or pay Chesterfield the cost of making, all repairs required at any time due to defective workmanship or materials. Chesterfield reserves the right to plug or otherwise seal the end of Chesterfield's wastewater system to which the Wastewater Facilities and Powhatan Wastewater Facilities are connected and to plug or seal any part of those facilities, in order to prevent water, debris, or any prohibited material from entering Chesterfield's wastewater system.
- i. Neither Chesterfield nor Powhatan shall be liable in damages to Gray for any act, omission or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts, acts of a public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests, sabotage, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the binding order of any Court or governmental authority that has been resisted in good faith by all reasonable legal means, or any other cause, whether of the kind herein enumerated or otherwise, that is not reasonably within the control of Chesterfield or Powhatan and which by the exercise of due diligence Chesterfield or Powhatan is unable to prevent or overcome. Failure to prevent or settle any strike shall not be considered to be a matter within the control of Chesterfield or Powhatan.
- j. Nothing in this Contract shall be construed to convey to Gray any ownership

interest in Chesterfield's water or wastewater system or in any water or wastewater facility located in Chesterfield.

- k. If Gray fails to comply with a deadline set forth in the Contract or otherwise breaches any obligation under the Contract including its obligations to make payments to Chesterfield, Gray shall comply with the deadline or cure the breach within 30 days after it receives written notice to comply or cure from Chesterfield, or within such longer period of time as is stipulated in the notice. Failure of Gray to comply or cure shall be grounds for Chesterfield to declare a default, to terminate the Contract and at Chesterfield's option to require Powhatan to perform its obligations pursuant to paragraph 4 of this Contract. Nothing contained in this paragraph shall be construed to limit Chesterfield's rights if Gray becomes delinquent in payments due Chesterfield, as provided in paragraph 3d of this Contract.
- l. This Contract is subject to all laws and regulations of state and federal agencies with jurisdiction over the operation of Chesterfield's or Powhatan's water and wastewater systems. This Contract is also subject to Chesterfield's and Powhatan's obligation to comply with such applicable laws and regulations and any decisions made pursuant to such applicable laws and regulations and any decisions made pursuant thereto, whether made by Chesterfield, Powhatan or by any state or federal agency regulating Chesterfield or Powhatan pursuant to those rules and regulations. The decision of Chesterfield's Director of the Department of Utilities or Powhatan's County Administrator with respect to their County's obligations under such laws and regulations shall be final and binding on Gray and on the Utility Users. Neither Chesterfield nor Powhatan shall, under any circumstances, be obligated to expend or appropriate any funds in order to improve or increase water and/or wastewater transport or treatment facilities in order to meet the obligations of this Contract.
- m. The Utility Users are not third party beneficiaries to this Contract, nor are there any other third party beneficiaries to this Contract.
- n. Gray shall comply with all local, state and federal laws governing the operation of water or wastewater systems.
- o. This Contract shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns. Gray shall not assign this Contract without Chesterfield's or Powhatan's prior written approval, which shall not be unreasonably withheld. No approval shall be required for an assignment to an entity which is wholly owned and managed by Gray. Any such assignment shall be null and void unless affirmatively

ratified by Chesterfield and Powhatan.

- p. All covenants contained in this Contract shall run with the land. This Contract shall be recorded in the Clerk's Office of the Circuit Court of Powhatan County.
- q. Any legal proceeding brought by Gray or its successors or assigns as a result of the alleged enforcement, non-enforcement or breach of this Contract shall be brought in the Circuit Court of Chesterfield County, if against Chesterfield and the Circuit Court of Powhatan County if against Powhatan.
- r. Any written notice given pursuant to this Contract shall be deemed given when deposited in the United States mail, first class, postage pre-paid, or when hand-delivered, to the below-named addressee or to such other person as the party designates to all other parties to the Contract in writing.

To Gray:

Charles W. Ewing, II, President
Gray Co., Inc.
Riverfront Plaza, East Tower, Suite 910
951 East Byrd Street
Richmond, Virginia 23219

To Chesterfield:

Director of Utilities
P. O. Box 40
Chesterfield, Virginia 23832

To Powhatan:

County Administrator
3834 Old Buckingham Road, Suite A
Powhatan, Virginia 23139

- 4. **Approval and guarantee by the County of Powhatan.** Powhatan approves the provision of water and wastewater service by Chesterfield to the Powhatan Development, and to the extent provided herein, approves of the terms and conditions of this Contract. To the extent required by law, Powhatan also consents to the contract between Gray and Chesterfield. Additionally, Powhatan hereby guarantees to Chesterfield the payment of monthly water and wastewater bills for consumption, which Powhatan will pass through to the Utility Users. If Gray or its heirs, successors or assigns becomes deficient in the aforesaid obligation, and does not cure such deficiency within thirty days after receiving written demand from Chesterfield to correct the deficiency, Powhatan shall take over said obligation of Gray.

Powhatan may assign this obligation to a public service authority, or any other authorized governmental agency for the provision of such services, in its sole discretion.

5. Revocation of Memorandum of Understanding Between Chesterfield and Powhatan. This contract supersedes and replaces the Memorandum of Understanding for wastewater capacity between Chesterfield and Powhatan, approved by the Board of Supervisors of Chesterfield County on August 28, 1996 and by the Board of Supervisors of Powhatan County on August 12, 1996, to the extent that the 72,000 gallons per day of wastewater capacity reserved to Powhatan in the Memorandum of Understanding is consumed by Gray for the Powhatan Development.

WITNESS the following signatures and seals this 7 day of September,

2000.

COUNTY OF CHESTERFIELD

By: Lane B. Ramsey
Lane B. Ramsey
County Administrator

Approved as to Form:

Stylian P. Parthemos
Stylian P. Parthemos
Senior Assistant County Attorney

COUNTY OF POWHATAN

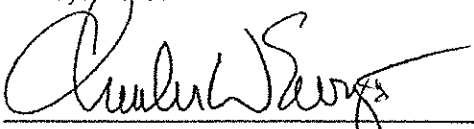
By: Stephen F. Owen
Stephen F. Owen
County Administrator

Approved as to Form:

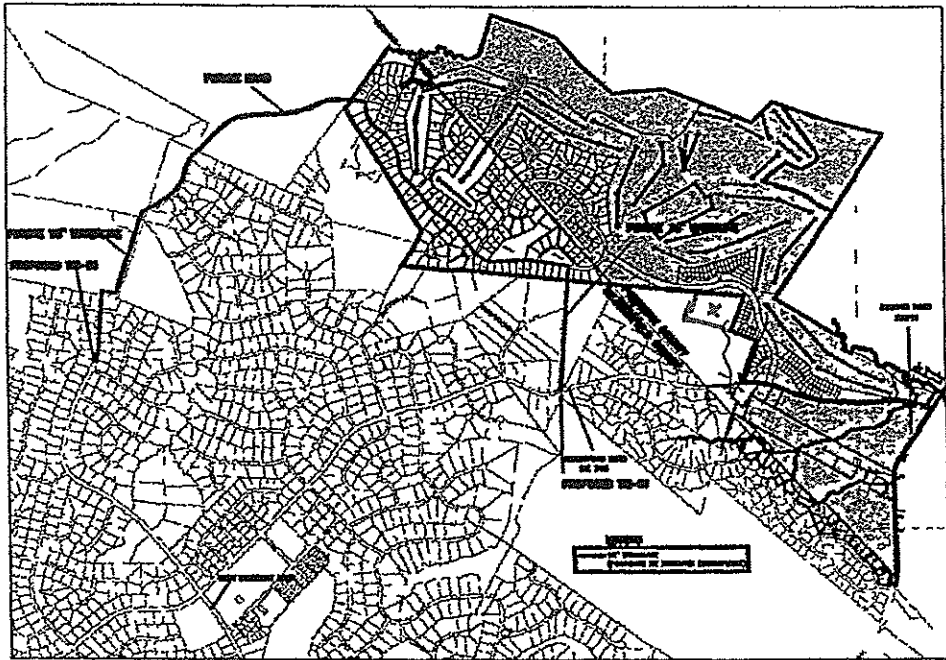
John F. Rick
John F. Rick
County Attorney

GRAY LAND AND DEVELOPMENT
COMPANY, L.L.C.

By:


~~President~~ ASSISTANT SECRETARY

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BALZER
ZINE

Professional Surveyors
Professional Engineers
Professional Planners
Professional Architects
Professional Engineers
Professional Surveyors
Professional Planners
Professional Architects

1000 Dominion Circle
Farmingdale, Virginia 22031
Phone: (703) 427-1000
Fax: (703) 427-1001

1000 Dominion Circle
Farmingdale, Virginia 22031
Phone: (703) 427-1000
Fax: (703) 427-1001

1000 Dominion Circle
Farmingdale, Virginia 22031
Phone: (703) 427-1000
Fax: (703) 427-1001

EXHIBIT A

SCALE: AS SHOWN
DATE: 10-1-01
BY: J. J. BALZER

SCALE: 1"=100'
SHEET NO. 1 OF 1
JOB NO. 1000
CROSS REF. 1000
DATE: 10-1-01

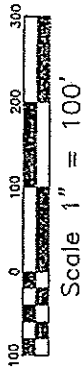
POWHATAN COUNTY
 CHESTERFIELD COUNTY

DAVID J. SOWERS
 TM 44-1-10

CHESTERFIELD COUNTY
 GRAN 716-716-7766
 EXISTING MICHAUX CREEK PUMP STATION

16' UNDISTURBED LANDSCAPED BUFFER
 60' LANDSCAPED RIGHT OF WAY DEDICATED TO CHESTERFIELD COUNTY

DAVID G. ROSE ET AL
 GPIN # 716-716-8667



1200 Corporate Center
 Suite 100
 Chesterfield, VA 23034
 Phone: (804) 735-8500
 FAX: (804) 772-4050

601 Newberry Road
 Suite 1
 Richmond, Virginia 23229
 Phone: (804) 784-6573
 FAX: (804) 784-6242

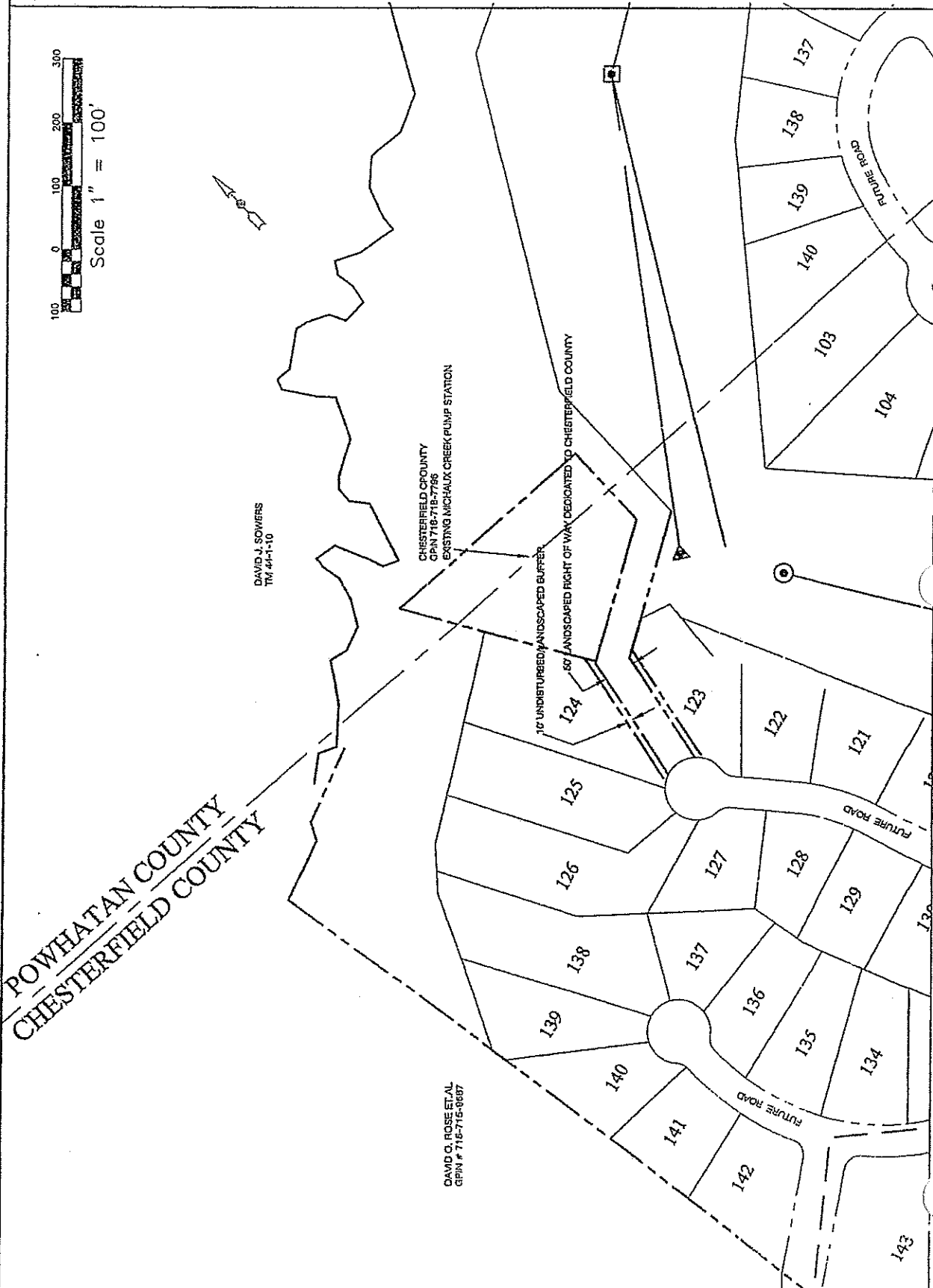
11009 Loudoun Road
 Suite 1
 Ashland, Virginia 23005
 Phone: (804) 784-6573
 FAX: (804) 624-2027

EXHIBIT C

DRAWN BY: A/JD
 DESIGNED BY: A/JD
 CHECKED BY: T/TG
 DATE: 7-10-00
 REVISIONS:

SCALE: 1" = 100'
 SHEET NO. 1 OF 1
 JOB NO. 038029

34



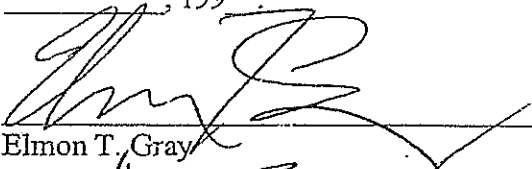
**GRAY HOLDINGS, LLC
UNANIMOUS CONSENT OF
BOARD OF MANAGERS**

The undersigned individuals, being the managers of Gray Holdings, LLC, a Virginia limited liability company (the "Company"), which is the sole member of Gray Land and Development Company, LLC (the "LLC"), hereby adopt the following resolutions for and on behalf of the Company, and the Secretary of the Company is directed to place a copy of the consent in the minutes of the Company:


RESOLVED, that the office of Assistant Secretary is hereby established and Charles W. Ewing II is elected Assistant Secretary of the LLC, and is authorized, in the name and on behalf of the LLC, to execute and deliver such documents as he may deem appropriate in connection with the development of the real estate located in Powhatan and Chesterfield Counties and owned by the LLC as a residential and/or commercial development and golf course facility.

RESOLVED, that Charles W. Ewing II, as Assistant Secretary of the LLC, and is authorized, in the name and on behalf of the LLC, to execute and deliver any agreements, amendments, instruments, certificates, deeds and such other agreements or documents and to take such other actions as any he consider necessary or appropriate to enable the Company and the LLC to carry out the intent and purposes of the foregoing resolutions.

The actions evidenced by this consent shall be effective as of the ____ day of _____, 199__


Elmon T. Gray

1/20, 1999


Horace A. Gray, III

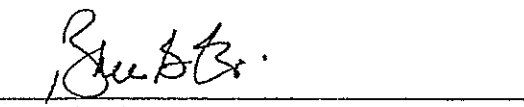
2-2, 1999

Lawrence L. Gray

_____, 199__


Garland Gray, II

1/20, 1999


Bruce B. Gray

1/20, 1999


Wallace Stettinius

_____, 199__

W. Gray Stettinius

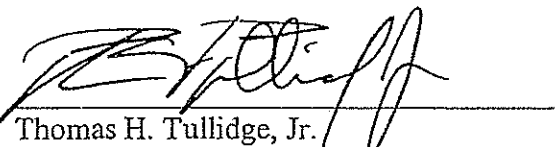
_____, 199__

Charles F. Duff

_____, 199__

Thomas H. Tullidge

_____, 199__

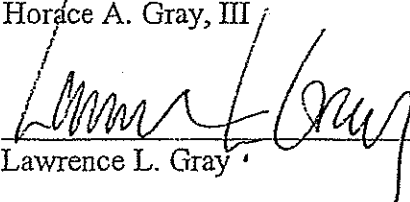

Thomas H. Tullidge, Jr.

1/27, 1999

The actions evidenced by this consent shall be effective as of the ____ day of _____, 199__.

_____, 199__
Elmon T. Gray

_____, 199__
Horace A. Gray, III


_____, 199__
Lawrence L. Gray

_____, 199__
Garland Gray, II

_____, 199__
Bruce B. Gray

_____, 199__
Wallace Stettinius

_____, 199__
W. Gray Stettinius

_____, 199__
Charles F. Duff

_____, 199__
Thomas H. Tullidge

_____, 199__
Thomas H. Tullidge, Jr.

The actions evidenced by this consent shall be effective as of the ____ day of _____, 199__.

_____, 199__
Elmon T. Gray

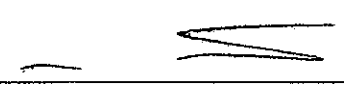
_____, 199__
Horace A. Gray, III

_____, 199__
Lawrence L. Gray

_____, 199__
Garland Gray, II

_____, 199__
Bruce B. Gray

_____, 199__
Wallace Stettinius


_____, 1999
W. Gray Stettinius

_____, 199__
Charles F. Duff

_____, 199__
Thomas H. Tullidge

_____, 199__
Thomas H. Tullidge, Jr.

The actions evidenced by this consent shall be effective as of the ____ day of _____, 199__.

_____, 199__
Elmon T. Gray

_____, 199__
Horace A. Gray, III

_____, 199__
Lawrence L. Gray

_____, 199__
Garland Gray, II

_____, 199__
Bruce B. Gray

_____, 199__
Wallace Stettinius

_____, 199__
W. Gray Stettinius

Charles F. Duff
_____, 1999
Charles F. Duff

_____, 199__
Thomas H. Tullidge

_____, 199__
Thomas H. Tullidge, Jr.

The actions evidenced by this consent shall be effective as of the ____ day of _____, 199__.

_____, 199__
Elmon T. Gray

_____, 199__
Horace A. Gray, III

_____, 199__
Lawrence L. Gray

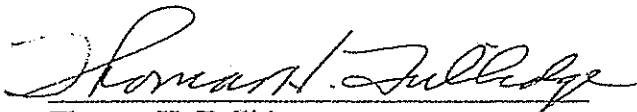
_____, 199__
Garland Gray, II

_____, 199__
Bruce B. Gray

_____, 199__
Wallace Stettinius

_____, 199__
W. Gray Stettinius

_____, 199__
Charles F. Duff


_____, 199__
Thomas H. Tullidge

_____, 199__
Thomas H. Tullidge, Jr.

FIRST AMENDMENT TO WATER AND WASTEWATER CONTRACT

THIS FIRST AMENDMENT TO WATER AND WASTEWATER CONTRACT (this "Amendment") is made as of this 13th day of October, 2003 by and between the **COUNTY OF CHESTERFIELD** ("Chesterfield"), a political subdivision of the Commonwealth of Virginia; and **GRAY LAND AND DEVELOPMENT COMPANY, LLC** ("Gray"); and the **COUNTY OF POWHATAN** ("Powhatan"), a political subdivision of the Commonwealth of Virginia.

WHEREAS, Gray and Chesterfield entered into that certain Water and Wastewater Contract (the "Contract"), dated as of September 7, 2000, for the sale of water and wastewater capacity, as more particularly described in the Contract; and

WHEREAS, Gray is constructing a residential development partially located in Chesterfield ("the Chesterfield Development") and partially located in Powhatan on the property shown on the plat attached to the Contract as Exhibit A ("the Powhatan Development"); and

WHEREAS, the parties hereto have agreed to amend the Contract and Exhibit A to subject additional area within the Powhatan Development to the terms of the Contract as provided herein.

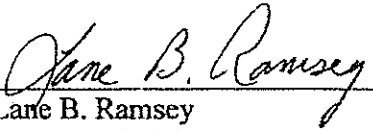
WITNESSETH:

NOW, for and in consideration of the mutual benefits to be derived by Chesterfield, Gray and Powhatan and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

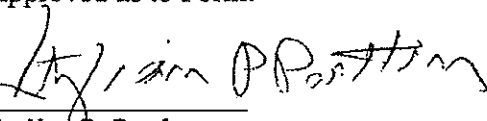
1. Exhibit A to the Contract is hereby deleted in its entirety and replaced with the attached revised "Exhibit A" which includes that certain 9.437 acre property located in Powhatan County and which shall be a part of the Powhatan Development for all purposes under the Contract.
2. All of the terms and conditions of the Contract not otherwise modified or amended herein are ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

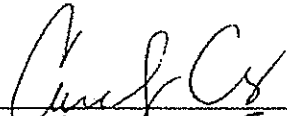
COUNTY OF CHESTERFIELD:

By: 
Lane B. Ramsey
County Administrator


Approved as to Form:


Stylian P. Parthemos
Senior Assistant County Attorney

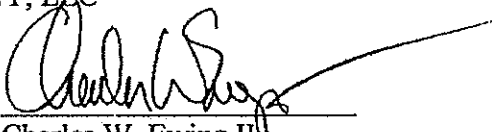
COUNTY OF POWHATAN

By: 
~~Stephen F. Owen~~ *Carolyn Cies*
County Administrator

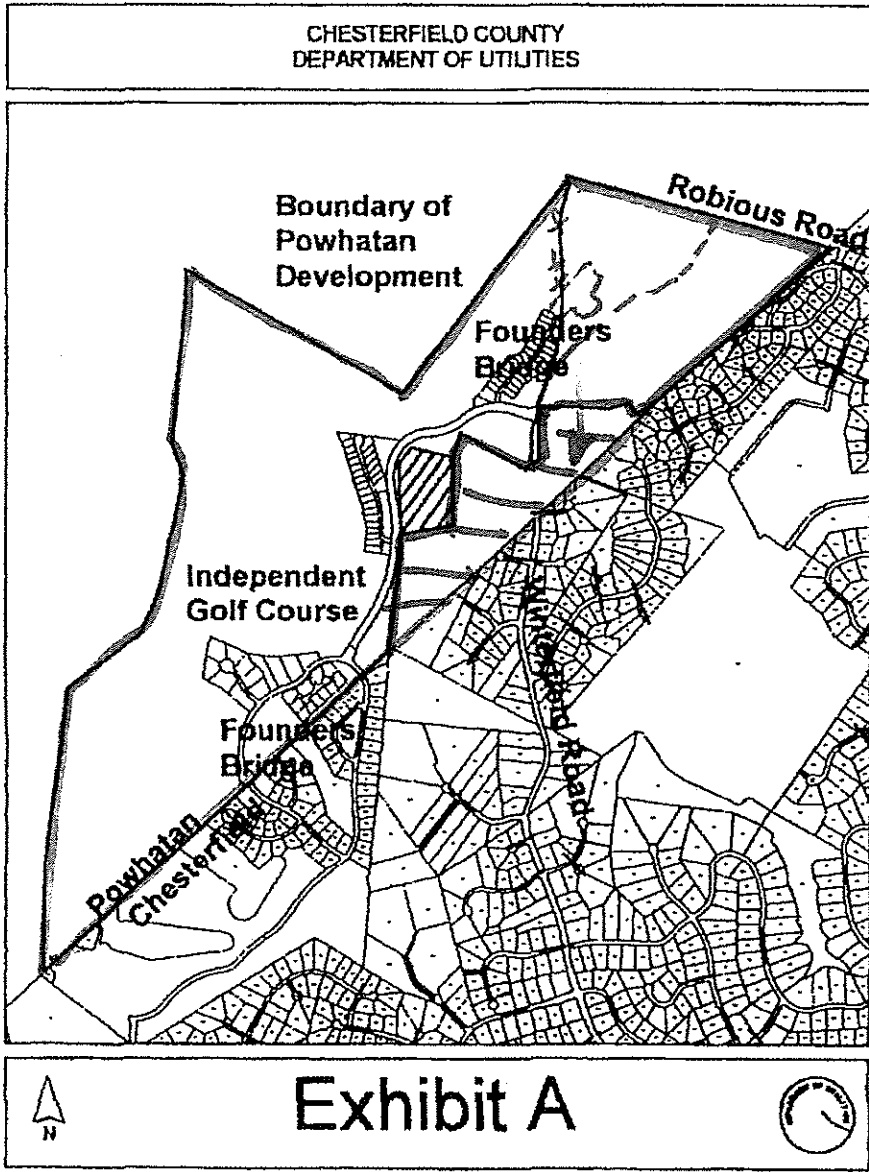
Approved as to Form:


John F. Rick
County Attorney

GRAY LAND AND DEVELOPMENT
COMPANY, LLC

By: 
Charles W. Ewing II
Vice President

Not part of Service Area



cc
~~FIRST~~ ^{SECOND} AMENDMENT TO
WATER AND WASTEWATER CONTRACT

JAR

~~THIS FIRST~~ ^{SECOND} AMENDMENT TO WATER AND WASTEWATER CONTRACT,
made this 18th day of ^{MAY} 2004, by and between the COUNTY OF
CHESTERFIELD, a political subdivision of the Commonwealth of Virginia
("Chesterfield"); GRAY LAND & DEVELOPMENT COMPANY, LLC ("Gray"); and
the COUNTY OF POWHATAN ("Powhatan"), a political subdivision of the
Commonwealth of Virginia.

WHEREAS, Chesterfield operates public water and wastewater utilities which
provide potable water and wastewater service to its customers; and

WHEREAS, Gray is constructing a residential development partially located in
Powhatan, as shown on the plat attached as Exhibit A to the Water and Wastewater
Contract of September 7, 2000 between the parties hereto ^{as previously amended} and

JAR cc

WHEREAS, by Water and Wastewater Contract dated September 7, 2000, the
parties hereto entered into an agreement whereby Gray purchased from Chesterfield
certain water and wastewater capacity for use in Gray's residential development in
Powhatan; and

WHEREAS, Powhatan entered into the Water and Wastewater Contract for the
purposes set forth in Paragraph 4 of that Contract; and

WHEREAS, the parties hereto wish to modify the terms and conditions of the
Water and Wastewater Contract of September 7, 2000 under the terms and conditions set
forth herein.

WITNESSETH:

NOW, THEREFORE in consideration of the mutual covenants and conditions herein, the parties agree as follows:

1. Section 1(f) of the September 7, 2000 Water and Wastewater Contract is amended to read as follows:

f. Gray shall pay Chesterfield bi-monthly customer, capacity and commodity charges for water use for the Powhatan Development at the rate established in the Ordinance. Chesterfield shall bill Gray bi-monthly for the customer, capacity and commodity charge, and Gray shall pay bi-monthly bills in accordance with the Ordinance. Water to the Powhatan Development shall be metered in Chesterfield at locations agreed upon by Chesterfield and Gray. Chesterfield shall read the water meters every other month. The capacity charge shall be computed based on one ERU for each structure in Powhatan connected to the water system.

2. Section 2(d) of the September 7, 2000 Water and Wastewater Contract is amended to read as follows:

d. Gray shall pay Chesterfield bi-monthly wastewater customer, capacity and commodity charges for wastewater use for the Powhatan Development. The customer and capacity charges shall be the same as in the Ordinance. The commodity charge shall be the higher of either (i) the same commodity charge that the City of Richmond charges Chesterfield pursuant to Chesterfield's wastewater treatment contract with Richmond; or (ii) the commodity charge rate contained in the Ordinance. The volume

used to calculate Gray's bi-monthly commodity charge shall be the sum of the volume registered on individual water meters within the Powhatan Development. The capacity charge shall be computed based on one ERU for each structure in Powhatan connected to the water system

3. Section 4 of the September 7, 2000 Water and Wastewater Contract is amended to read as follows:

4. Approval and guarantee by County of Powhatan. Powhatan approves the provision of water and wastewater service by Chesterfield to the Powhatan Development, and to the extent provided herein, approves of the terms and conditions of this Contract. To the extent required by law, Powhatan also consents to the contract between Gray and Chesterfield. Additionally, Powhatan hereby guarantees to Chesterfield the payment of bi-monthly water and wastewater bills for consumption, which Powhatan will pass through to the Utility Users. If Gray or its heirs, successors or assigns becomes deficient in the aforesaid obligation, and does not cure such deficiency within thirty days after receiving written demand from Chesterfield to correct the deficiency, Powhatan shall take over said obligation of Gray. Powhatan may assign this obligation to a public service authority, or any other authorized governmental agency for the provision of such services, in its sole discretion.

4. All other terms and conditions of the September 7, 2000 Water and Wastewater Contract shall remain unchanged, and in full force and effect.

as previously amended

Handwritten initials and "Second" written over "First"

IN WITNESS WHEREOF, the parties hereto have executed this ~~First~~ ^{Second} Amendment to Water and Wastewater Contract this 18TH day of MAY, 2004.

COUNTY OF CHESTERFIELD,
VIRGINIA

By: *Lane B. Ramsey*
Lane B. Ramsey
County Administrator

Approved as to form:

Styliar P. Parthemos
Styliar P. Parthemos
Senior Assistant County Attorney

COUNTY OF POWHATAN, VIRGINIA

By: *Carolyn Cios*
Carolyn Cios
County Administrator

Approved as to form:

John F. Rick
John F. Rick
County Attorney

GRAY LAND & DEVELOPMENT, LLC

By: *Charles W. Ewing*
Charles W. Ewing
Vice President

McGuireWoods LLP
One James Center
901 East Cary Street
Richmond, VA 23219 4930
Phone: 804.775.1000
Fax: 804.775.1061
www.mcguirewoods.com

Anne K. Dailey
Direct: 804.775.1384

McGUIREWOODS

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adailey@mcguirewoods.com
Direct Fax: 804.698.2257

April 18, 2005

BY HAND

Joel H. Peck, Clerk
State Corporation Commission
c/o Document Control Center
1300 E. Main Street, 1st Floor
Richmond, Virginia 23219

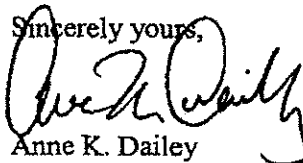
Application and petition of Gray Land and Development Company, LLC and Founders Bridge Utility Company, Inc. for a certificate of public convenience and necessity to provide water and sewer service, for authority to transfer assets from Gray Land and Development Company, LLC, to Founders Bridge Utility Company, Inc. pursuant to a lease agreement, and request for interim operating authority
CASE NO. PUE-2004-00029

Dear Mr. Peck:

On February 15, 2005, the State Corporation Commission entered its Final Order in the above-captioned proceeding. Pursuant to Ordering Paragraph (2), Founders Bridge Utility Company and Gray Land and Development Company, LLC have executed an assignment of the Chesterfield County Water and Wastewater Contract from Gray Land to Founders Bridge.

Accordingly, Founders Bridge Utility Company is filing an original and sixteen (16) copies of the assignment. Please date- and time-stamp one copy and return it with our courier. Please do not hesitate to contact me with any questions.

Sincerely yours,



Anne K. Dailey

AKD/

cc: Ronald A. Gibson
Susan D. Larsen
Wayne N. Smith
Marc A. Tufaro
Robert E. Sartelle
Ashley Armistead
(all w/ enclosures)

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (the "Agreement"), is made and entered into this 15th day of April, 2005, by and between GRAY LAND & DEVELOPMENT COMPANY, LLC, a Virginia limited liability company (the "Assignor"), and FOUNDERS BRIDGE UTILITY COMPANY, INC., a Virginia corporation (the "Assignee").

WITNESSETH:

WHEREAS, the Assignor, the County of Chesterfield, a political subdivision of the Commonwealth of Virginia, and the County of Powhatan, a political subdivision of the Commonwealth of Virginia, have entered into a Water and Wastewater Contract, as amended (the "Contract"); and

WHEREAS, the Assignor desires to assign the Contract to Assignee and the Assignee desires to accept such assignment and to assume all rights, duties, obligations and liabilities that Assignor has or may have under the Contract.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment of Contract. Assignor hereby assigns and transfers to Assignee all of its right, title, benefit and interest in, to and under the Contract (the "Assignment"), subject to the terms, covenants and conditions contained in the Contract.

2. Assumption of Contract. Subject to Section 1 hereof, Assignee hereby accepts the Assignment and agrees to assume any and all rights, duties, obligations and liabilities that Assignor has or may have under the Contract and to faithfully perform and fulfill any and all covenants, stipulations and conditions to be performed or fulfilled by Assignor as contained in the Contract.

3. Governing Law. This Agreement shall be governed by, construed under, and interpreted and enforced in accordance with the laws of the Commonwealth of Virginia.

4. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5. Binding Effect. This Agreement shall be binding upon and enforceable against, and shall inure to the benefit of, the parties hereto and their respective successors in title and interest, heirs, legal representatives, and assigns.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers on the day and year first above written.

ASSIGNOR:

GRAY LAND & DEVELOPMENT
COMPANY, LLC

[Signature]
Witness

By: *[Signature]*

Name: CHARLES W. SWINSETT

Title: PRESIDENT

ASSIGNEE:

FOUNDERS BRIDGE UTILITY
COMPANY, INC.

[Signature]
Witness

By: *[Signature]*

Name: CHARLES W. SWINSETT

Title: PRESIDENT