



## Water & Pump Services

Certified Community Water System Operator

24-Hour Service

Tel: (603) 356-6767

Fax: (603) 356-5107  
Email: fxlyons@hotmail.com

Route 16/302  
P.O. Box 280  
Intervale, NH 03845-0280

Attachment A

December 30, 2009

Mr. Nathaniel Sullivan  
President  
Forest Edge Water System  
PO Box 479  
North Conway, NH 03860

Dear Mr. Sullivan:

Forest Edge Water System is a privately owned water utility located on the West Side of the Town of Conway, NH, in an area known as Birch Hill. The system obtains its water from two wells located off the cul-de-sac of Blueberry Lane. A third well located at the top of the system adjacent to the upper pump house is inactive. The system includes:

BRW #1 is located in the lower pump house. It is a 6 inch well, 190 feet deep with a 5 gpm recovery (January 2007 pump replacement report documents a well depth of 86 feet). The submersible pump is a Grundfos 7S10-19, 7 gpm, 1 HP, 230V installed 22 January, 2007.

BRW #2 is located 45 feet north of the lower pump house. It is a 6 inch well, 380 feet deep with a 150 gpm recovery (this well was deepened by Tasker Well in 2007). The submersible pump is a Grundfos 16S20-18, 16 gpm 2 HP, 230V installed 22 June 2007.

The water is pumped from the wells through the lower pump house and continues on to the 16,000 gallon atmospheric storage tank located in the middle pump house. Each well discharge is equipped with a meter and source sampling tap located in the lower pump house. Blended sample tops are available in both lower and middle pump houses.

In addition to the atmospheric tank, the middle pump house has two Flint & Walling booster pumps, CJ101C201, 2 HP, 3 stage, 230V. These pumps maintain 75 PSI on the upper pressure loop that provides water to 10 condo units and five homes. The atmospheric tank also provides water to 27 homes on Blueberry Lane. The electrical service to this building has recently been upgraded with a new service entrance and distribution panel. The upper pump house contains a 5,000 gallon hydromatic pressure tank and a Gast 1 HP oilless air compressor that maintains the air charge in the tank. Water is pumped into the tank from the booster pumps in the middle pump house. The well adjacent to this pump house is limited to 3 gpm and is no longer used. This pump house is in poor condition.

### System Improvements

Currently the system has two outstanding significant deficiencies as detailed in the 9 November, 2006, NHDES sanitary survey. Both of these deficiencies relate to the condition of the pump houses. The middle pump house has a difficult entry and meets the OSHA definition of a confined space. The upper pump was noted by DES to be structurally unsound.

Mr. Nathaniel Sullivan  
December 30, 2009  
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It is our opinion that combining the functions of those buildings into one pump house would be the most economical approach. An addition could be added to the downhill side of the middle pump house providing a walk-in entry with a full door, stair access to the lower level where the booster pumps are located and sufficient wall space on the main level for the electrical components, rather than the damp atmosphere in the bottom of the pit.

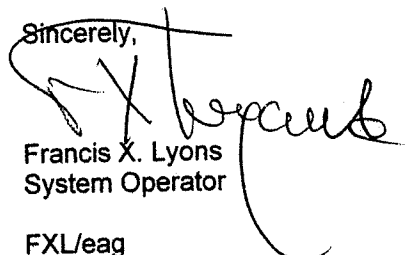
Combining the two pump houses would require relocating the pressure storage to the middle pump house. If the existing hydropneumatic is salvageable, it could be relocated to the middle pump house along with the Gast air compressor. Other options would include a bank of precharge hydropneumatic tanks or variable frequency drive (VFD) booster pumps. We have provided estimates for the last two options.

Upgrading the current telemetry system with newer radios and coupled to a SCADA system would be a significant improvement. This would enable the owner or system operator to monitor the system in real time.

Additionally, we have included in our proposed upgrade budget generators for each pump house. This would insure continuous water service even with an area-wide power outage. The DES and Homeland Security have programs to assist with the purchase of generators.

Please feel free to contact me if you have any questions.

Sincerely,



Francis X. Lyons  
System Operator

FXL/eag

Enclosures

Forest Edge Water System  
Budget for Upgrading System

Upper Pump House

- Removal of old pump house and equipment,  
restoration of area \$10,000.00
- Remove well pump, plug well \$30/ft.

Middle Pump House

- Addition to building \$30,000.00
- Electrical 5,000.00
- New piping, water meter, 5 WX350  
hydropneumatic tanks 15,000.00
- Propane heater 5,000.00
- Propane generator 10,000.00
- Optional VFD pumps Grundfos CR10-4, 3 HP 26,000.00

Lower Pump House

- New electric service, rewire pump house \$10,000.00
- Propane generator 10,000.00
- Propane heater 3,000.00
- Upgrade buildings, insulate 5,000.00
- Uncover well by relocating pump house 5,000.00

Telemetry/SCADA/Alarm \$15,000.00

Contingency – 10% \$15,000.00

**FXLyons**  
Inc.P.O. BOX 280  
INTERVALE, N.H. 03845-0280  
(603) 356-6767\*\*\*\*\*  
\*  
\* I N V O I C E \*  
\*  
\*\*\*\*\*

Invoice Number: 018871

Invoice Date: 01/11/10

Page: 1

FOREST EDGE WATER CO.  
P. O. BOX 479  
NORTH CONWAY, NH  
03860Cust I.D.....: FEDG  
P.O. Number...: PUC REPORT

Terms.....: ON RECEIPT

LABOR:	200.00
12/24 & 12/30/09: PREPARE REPORT RE:	
FOREST EDGE WATER SYSTEM INVENTORY AND	
BUDGET FOR UPGRADING SYSTEM	

Total....:	200.00
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## PROMISSORY NOTE

\$37,454.00

North Conway, New Hampshire

Date: December 21, 2009

FOR VALUE RECEIVED, Forest Edge Water Company, Inc., a New Hampshire corporation with a mailing address of 1769 White Mountain Highway, North Conway, New Hampshire ("Borrower") promises to pay to the order of Kearsarge Building Company, Inc. (hereinafter with any subsequent holder, "Lender") at 1769 White Mountain Highway, North Conway, New Hampshire, the sum of Thirty Seven Thousand Four Hundred Fifty-Four Dollars (\$37,454.00), with interest thereon at the rate of 7%, in accordance with the provisions below.

Monthly payments of the principal and interest in the amount of \$290.38 shall be made commencing 30 days from the date hereof and on the same day of each month continuing for 240 months. This payment is based upon a 20 year amortization.

In addition to those payment provisions described above, Borrower agrees to the following payment:

Late Charge: Upon failure of the Borrower to pay any amount due pursuant to this Note within ten (10) days of the due date thereof, the Borrower shall pay a late charge equal to the greater of \$30 or two percent (2%) of such amount not paid.

This Note may be prepaid in full at any time without penalty. This Note shall be immediately due and payable in the event of the sale of the Borrower's water distribution system located in North Conway, New Hampshire, or the sale or other conveyance of a majority of the stock of the Borrower.

Any payments received by Lender from Borrower will be applied first to any charges due hereunder, then to any accrued and unpaid interest, and then finally to the unpaid principal balance of this Note.

The Borrower represents to Lender that the proceeds of this Note will not be used for personal, family, household, or agricultural purposes.

If any of the following Events of Default remain uncured ten days following notice of same from Lender to Borrower, the entire unpaid principal balance of this Note and all unpaid accrued charges and interest hereunder shall become immediately due and payable at Lender's option and without further notice or demand:

(a) the failure of Borrower to pay any amount due hereunder on the due date thereof; (b) the occurrence of any event of default under or the breach by Borrower of any term or condition of any mortgage, security agreement, or other agreement which secures the obligations hereunder; (c) the filing of any complaint, application, or petition by or against Borrower initiating any matter in which Borrower is or may be granted any relief from the debts of Borrower pursuant to the Bankruptcy Code

or pursuant to any other insolvency statute or procedure; and/or (d) the offering by or entering into by Borrower of any arrangement seeking relief or extension for the debts of Borrower or the consent to or sufferance of the appointment of a receiver or other person over all or part of the assets of Borrower.

No delay or omission by Lender in exercising or enforcing any of its powers, rights, privileges, remedies, or discretions hereunder shall operate as a waiver thereof on that occasion nor on any other occasion. No waiver of any other default hereunder shall operate as a waiver of any other default hereunder, nor as a continuing waiver.

The Borrower shall pay all costs and expenses, including, without limitation, attorneys' reasonable fees and all expenses and disbursements of counsel, in connection with the protection or enforcement of any of Lender's rights against Borrower and against any collateral given Lender to secure this Note (whether or not suit or foreclosure is instituted by or against Lender).


The Borrower waives presentment, demand, notice and protest, and also waives any delay on the part of the holder hereof.

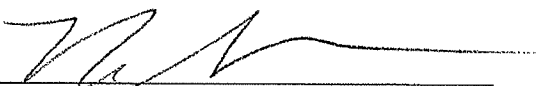
This Note shall be binding upon Borrower and upon the Borrower's respective heirs, successors, assigns, and representatives, and shall inure to the benefit of Lender and its successors, endorsees, and assigns.

This Note is delivered to Lender at in New Hampshire and shall be governed by the laws of the State of New Hampshire. The Borrower shall submit to the jurisdiction of the Courts of the State of New Hampshire for all purposes with respect to this Note, any collateral given to secure the Borrower's liabilities to Lender.

WITNESS the execution hereof on the date first stated above.

Forest Edge Water Company, Inc.

  
\_\_\_\_\_  
Witness

By:   
\_\_\_\_\_  
Nathaniel Sullivan, President

## State of New Hampshire

Filing fee: \$ 50.00  
Fee for Form SRA: \$ 50.00  
Total fees \$100.00

Form 11  
RSA 293-A:2.02

Use black print or type.

Form must be single-sided, on 8½" x 11" paper;  
double sided copies will not be accepted.

## ARTICLES OF INCORPORATION

THE UNDERSIGNED, ACTING AS INCORPORATOR(S) OF A CORPORATION UNDER THE NEW HAMPSHIRE BUSINESS CORPORATION ACT, ADOPT(S) THE FOLLOWING ARTICLES OF INCORPORATION FOR SUCH CORPORATION:

FIRST: The name of the corporation is **Forest Edge Water Company, Inc.**

SECOND: The number of shares the corporation is authorized to issue: **100**

THIRD: The name of the corporation's initial registered agent is **Nathaniel E. Sullivan**

and the street address, town/city (including zip code and post office box, if any) of its initial registered office is (agent's business address):

**Mailing Address: PO Box 479, North Conway, NH 03860**

**Street Address: Main Street, North Conway, NH 03860**

FOURTH: The sale or offer for sale of any ownership interests in this business will comply with the requirements of the New Hampshire Uniform Securities Act (RSA 421-B).

FIFTH: The corporation is empowered to transact any and all lawful business for which corporations may be incorporated under RSA 293-A and the principal purpose or purposes for which the corporation is organized are:

SIXTH: The name and address of each incorporator is:

Name

Address

**Nathaniel Sullivan**

**PO Box 479, North Conway, NH 03860**

Date signed: **12/21/09**

  
\_\_\_\_\_  
**Nathaniel Sullivan**

DISCLAIMER: All documents filed with the Corporate Division become public records and will be available for public inspection in either tangible or electronic form.

Mail fees, DATED AND SIGNED ORIGINAL AND FORM SRA to: Corporate Division, Department of State, 107 North Main Street, Concord NH 03301-4989.

**Form SRA – Addendum to Business Organization and Registration Forms  
Statement of Compliance with New Hampshire Securities Laws**

**Part I – Business Identification and Contact Information**

Business Name: **Forest Edge Water Company, Inc.**

Business Address (include city, state, zip): **PO Box 479, North Conway, NH 03860**

Telephone Number:

E-mail:

Contact Person: **Nathaniel Sullivan**

Contact Person Address (if different):

**Part II – Check ONE of the following items in Part II.** If more than one item is checked, the form will be rejected.

[PLEASE NOTE: Most small businesses registering in New Hampshire qualify for the exemption in Part II, Item 1 below.

However, you must insure that your business meets all of the requirements spelled out in A), B), and C)]:

1. ☒ Ownership interests in this business are exempt from the registration requirements of the state of New Hampshire because the business meets ALL of the following three requirements:
  - A) This business has 10 or fewer owners; and
  - B) Advertising relating to the sale of ownership interests has not been circulated; and
  - C) Sales of ownership interests – if any – will be completed within 60 days of the formation of this business.
2. ☐ This business will offer securities in New Hampshire under another exemption from registration or will notice file for federal covered securities. Enter the citation for the exemption or notice filing claimed - \_\_\_\_\_.
3. ☐ This business has registered or will register its securities for sale in New Hampshire. Enter the date the registration statement was or will be filed with the Bureau of Securities Regulation - \_\_\_\_\_.
4. ☐ This business was formed in a state other than New Hampshire and will not offer or sell securities in New Hampshire.

**Part III – Check ONE of the following items in Part III:**

1. ☐ This business is not being formed in New Hampshire.
2. ☒ This business is being formed in New Hampshire and the registration document states that any sale or offer for sale of ownership interests in the business will comply with the requirements of the New Hampshire Uniform Securities Act.

**Part IV – Certification of Accuracy**

(NOTE: The information in Part IV must be certified by: 1) all of the incorporators of a corporation to be formed; or 2) an executive officer of an existing corporation; or 3) all of the general partners or intended general partners of a limited partnership; or 4) one or more authorized members or managers of a limited liability company; or 5) one or more authorized partners of a registered limited liability partnership or foreign registered limited liability partnership.)

I (We) certify that the information provided in this form is true and complete. (Original signatures only)

Name (print): Nathaniel Sullivan

Signature: \_\_\_\_\_

Date signed: \_\_\_\_\_

Name (print): \_\_\_\_\_

Signature: \_\_\_\_\_

Date signed: \_\_\_\_\_

## **Forest Edge System Inventory**

### **Upper Pump House**

Size 8x7

Construction – concrete block; wood frame roof; asphalt shingles; dirt floor

Air compressor – Gast 1 HP

Tank – Pressure tank 6' diameter, 5,000 gallons

Power – Sub panel fed from middle PH

Controls – Pressure switch with M&M electric heat

### **Middle Pump House**

Size 8x10x10' deep, dirt floor with drain

Construction – concrete block; wood frame; metal roof

Booster pumps – Two Flint & Walling CJ101C201

Sump pac – pump controls – 4202 Anchor Scientific alternating controller

Tank – 8' diameter steel buried tank – 16,000 gallons

Radio controls – to well pumps – with floats

Power – 30 amp Siemens sub panel

200 main shut off – updated panels

Electric heat

Piping – steel and plastic

### **Lower Pump House**

Well house at Blueberry Circle

Size – 8x10

Construction - concrete block; wood roof/asphalt roof; insulated concrete floor

Radio controls – signal to middle PH

Power – 50 amps feed from house

Electric baseboard, Square D mag contactor

Two water meters 1" brass and plastic pipes

### **Well pumps**

2W pump – inside pump house well 80' 7S10-19

3W pump – outside pump house well 380' 16S20-18

Both wells run at once 1 mag

## MANAGEMENT AGREEMENT

THIS AGREEMENT MADE this 21st day of December, 2009, by and between Atlantic Operating and Management Corp. ("Management"), and Forest Edge Water Company, Inc. ("Water Company"), both with an address of Main Street, North Conway, New Hampshire 03860.

WHEREAS, Water Company is a water utility serving customers in Conway, Carroll County, New Hampshire; and

WHEREAS, Management is in the business of, *inter alia*, providing management services to businesses in the general Carroll County area; and

WHEREAS, Water Company wishes to employ Management for the purpose of providing management services to Water Company.

NOW THEREFORE, for consideration paid and in consideration of the terms and conditions hereinafter contained, the parties hereto agree as follows:

1. Term. This Agreement shall have a term extending through December 31, 2011, unless extended by mutual agreement of the parties hereto.

2. Services. Management shall provide general management services to Water Company, including, but not limited to, bookkeeping, billing, customer relations, oversight of the day-to-day operations of Water Company, and such other management services as may be necessary to operate Water Company in a manner so as to provide adequate services to its customers.

3. Compensation. The compensation to be paid by Water Company to Management shall be as follows:

- A. \$15.00 per hour for bookkeeping services; and
- B. \$50.00 per hour for operational management.

4. Estimated Hours. The parties estimate that approximately ten hours per month of operational management shall be required, and that approximately fifteen hours a month of bookkeeping services shall be required. However, Management agrees to provide whatever additional hours that may be necessary for purposes of managing Water Company and servicing the customers of Water Company.

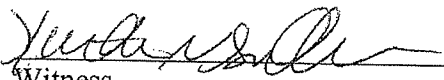
5. Termination. In the event that Management fails to provide the services required hereunder, Water Company shall provide written notice to Management of the failure of Management to provide the services. In the event that Management fails to take adequate steps to correct any breach of its obligations hereunder within thirty days from the date of said notice, Water Company may immediately terminate this Agreement.

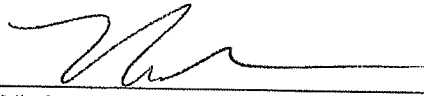
6. Miscellaneous. This Agreement is to be governed by, and interpreted in accordance with, the laws of the State of New Hampshire. Any action arising hereunder shall be brought in the Carroll County Superior Court. This Agreement represents the full and complete understanding of the parties hereto, and this Agreement shall only be amended in writing, executed by all parties hereto. This Agreement may not be assigned without the consent of the non-assigning party, which may be withheld in its sole discretion.

7. Notices. All notices required to be given hereunder shall be in writing, and shall be delivered in hand, or by certified mail, return receipt requested, or by a nationally recognized courier service. Notice shall be deemed to be given when deposited in the U.S. mail, or delivered to such courier service, or on the date that notice is hand delivered.

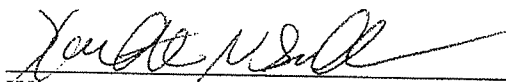
IN WITNESS WHEREOF, the parties hereto have set forth their signatures on the date and year first above written.


Atlantic Operating and Management Corp.

  
Witness

By:   
Nathaniel Sullivan, President

Forest Edge Water Company, Inc.

  
Witness

By:   
Nathaniel Sullivan, President