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May 18, 2012

VIA ELECTRONIC TRANSMISSION

Connie Boyles Lane, Esquire
One Eagle Square, P.O. Box 3550
Concord, NH 03302-3550

RE: Lower Bartlett Water Precinct/Cow Hill Water System

Dear Connie:

I left a message for you last week, but suspect you may have limited authority to respond.

As you know, there is a difference of opinion between the Lower Bartlett Water Precinct (the "Precinct") and Cathedral Trail I ("CT I"), Cathedral Trail II ("CT II") and Treetops at Attitash ("Treetops" and together with CT I and CT II the "Cow Hill Water System") as to the circumstances under which the Lower Bartlett Water Precinct (the "Precinct") will deliver water to the Cow Hill Water System, so-called, in Bartlett, New Hampshire, which we understand provides private water service to CT I, CT II, Treetops and other individual lots along Cow Hill Road. CT I, CT II and Treetops anticipate that the Precinct would take over the Cow Hill Water System, and the Precinct anticipates delivering water in bulk to each of the Associations without a complete system takeover.

The parties last met on March 10, 2012 to discuss the situation and scheduled a second meeting for March 24. Following that meeting, you submitted ten data requests by email dated March 11. The Precinct has previously responded to Item Nos. 3, 6, 8 and 10 by email correspondence of March 15 and 21, but for convenience, attach copies of the documents previously forwarded.

With respect to Item No. 1, attached hereto is a spreadsheet showing expenses versus budget for the Cow Hill project through May 9, 2012.

With respect to Item No. 4, attached hereto are the design plans prepared by Horizons Engineering, Inc. ("HEI") and utilized to construct the water main from Route 302 up to the existing pump station. HEI did not do a field survey and has not prepared an as-built survey.

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With respect to Item Nos. 2, 5 and 9, the Precinct has had several follow up meetings with the New Hampshire Department of Environmental Services ("NHDES") concerning the outstanding SRF Loan and the apparent impasse between the Precinct and CT I, CT II and Treetops. As you know, the original authorized amount of the SRF Loan is \$750,000. The Precinct's budget for the Cow Hill project, as revised through May 9, 2012, is \$657,995.75 and the monies spent to date total just under \$566,000.00. We have been advised by NHDES that the Precinct draw down the full amount of the SRF Loan.

The additional funds available will provide the Precinct with the capacity to replace the storage tank located in Cow Hill Pump House No. 11 (the primary pump house adjacent to Cow Hill Road), install water main from Pump House 11 to the entrance of CT I and address other items of deferred maintenance needing immediate attention. On the basis of the foregoing, the Precinct has reconsidered its position and is now willing to take over the Cow Hill Water System, subject to the following conditions:

1. Each homeowner in CT I, CT II and Treetops shall sign a Water User Contract with the Precinct (sample attached and rates discussed further below).
2. CT II, as existing manager of the Cow Hill Water System, shall deliver to the Precinct, at no cost to the Precinct, all title materials regarding the Cow Hill Water System in its possession or control.
3. CT II, as existing manager of the Cow Hill Water System, and all other necessary parties, shall deliver the following items to the Precinct: (a) a Bill of Sale for all fixtures and equipment of the Cow Hill Water System, (b) one or more easement deeds, as necessary, to access all pump houses, storage tanks and distribution pipes for the Cow Hill Water System, and (c) the sum of \$50,000.00, which the Precinct will hold as a capital reserve fund for the replacement of distribution pipes within the developments as the need arises; and
4. CT II and/or Joseph Berry individually and as owner of Cow Hill Water Company will take all necessary action, including a petition to quiet title if necessary, and at their sole cost and expense, to cure all title issues identified by counsel to CT II with respect to the land, equipment and easements necessary to the operation of the Cow Hill Water System.

With respect to Item No. 7, given the Precinct's reconsideration of its position regarding take over of the system, the Precinct proposes to meter the water in bulk through the meter at Pump House 11 and other meters to isolate water delivered to CT I and Treetops, but provide individual invoices to each homeowner in each development. Each homeowner would receive a semi-annual invoice for a period of six months in arrears (the "billing period") for: (a) a base

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charge in an amount equivalent to the base charge assessed by the Precinct for residential premises substantially equivalent to the subject premises (presently the minimum is \$70.00 per billing period, which includes an allotment of 15,000 gallons per property— referred to as the “Base Charge”); (b) a metered charge for each gallon of water delivered over the Base Charge allotment of 15,000 gallons at the rate of \$2.25/1000 gallons (the “Metered Charge”); (c) a Capacity Fee of \$4,000/house amortized over 30 years, or in other words \$66.70 per billing period; and (d) an amount substantially equivalent to the tax assessment such owner would be required to pay if the subject premises were located within the Precinct’s municipal boundaries to cover debt service and capital costs with respect to the Precinct’s waterworks facilities (the “Annual Charge”). The tax rate for the Annual Charge is presently \$2.00/1000 of assessed valuation, but is subject to annual increase (reflected in the second bill) once the Department of Revenue Administration establishes the annual tax rate for the Precinct. At a rate of \$2.00/1000, a property with an assessed value of \$200,000 would have an Annual Charge of \$400.00, or \$200.00 per billing period. Under the terms of the Precinct’s franchise for the Cow Hill area and RSA 362:4, III-a, the Precinct has the right to assess a rate to franchise customers of up to 15 percent above the amount charged to municipal customers. The Base Charge, the Metered Charge and the Annual Charge would be subject to the 15 percent surcharge.

The Precinct has delivered a total of 303,000 gallons of water to CT I, CT II and Treetops since February 1, 2012. Based on the volume of water delivered to date, it appears that each homeowner would only pay the Base Charge and would not have to pay any Metered Charge. Thus, the semi-annual bill for a house with an assessed value of \$200,000 would be (a) Base Charge of \$70.00 plus 15%, or \$80.50; plus (b) a Capacity Fee of \$66.70; and (c) an Annual Charge of \$200.00 plus 15%, or \$230.00, for a total bill of \$377.20 per billing period.

This offer will remain open for thirty (30) days from the date of this letter. If we have not reached an agreement before said date, the Precinct will begin the process to disconnect water service to CT I, CT II and Treetops. I think it would be beneficial for all parties to schedule another meeting as soon as possible to discuss the terms of this letter. I look forward to your prompt reply.

Very truly yours,



Timothy E. Britain

TEB/lb