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**United States Department of Agriculture  
Rural Development  
North Carolina State Office**

December 27, 2012

Mr. Jim Burgin, Chairman

Harnett County Board of Commissioners P.O. Box 1759

Lillington, NC 27546

Re: South Central Water and Sewer District ("District")

Wastewater Project - Capacity Fees

Dear Chairman Burgin:

We have completed our review of the capacity fees, as described in the Capacity Purchase Agreement dated March 21, 2005 for the Phase 1A sewer project and the Capacity Purchase Agreement dated May 3, 2010 for the Phase 1B1, 1B2, 1C1, and 1C2 sewer projects. The Agreements state the amount of capacity in gallons per day and dollar amounts the District is to pay to Harnett County for the purchase of sewer treatment capacity in the South Harnett Wastewater Treatment Plant

Our review included a thorough analysis of the above Agreements, preliminary engineering reports and amendments, environmental reports and amendments, and all other documents related to the District's sewer projects provided by Harnett County (acting as representatives of the District) and their project engineer, Marziano & McGougan.

We have compared these documents to the current number of sewer customers of the District, sewer customers to be added upon the completion of Phases 1B1, 1B2, 1C1, and 1C2 projects that are currently under construction, and reasonable growth projections.

Based on the above, it is our determination that the amount of sewer treatment capacity and

related dollar amounts contained within the above noted Capacity Purchase Agreements are reasonable and justified.

The District has already been paid the \$5,067,258.00 capacity fee for the Phase 1 A sewer project, as shown in the Capacity Purchase Agreement dated March 21, 2005.

We advise the District to submit an invoice for the \$6,349,600.00 capacity fee for Phase 1B1, 1B2, 1C1, and 1C2 sewer projects, as shown in the Capacity Purchase Agreement dated May 3, 2010. The invoice should be submitted to our Smithfield Area Office, attention Julia Johnson.

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If you have any questions concerning the above, please contact Dennis DeLon