

FILE



THE KENNETT PIKE ASSOCIATION, INC.

302-655-6505 Box 3592 Greenville, Delaware 19807

September 2, 2008

VIA HAND DELIVERY

Pamela J. Scott, Esquire
Saul Ewing LLP
222 Delaware Avenue, Suite 1200
Wilmington, DE 19801

Re: Deed Restrictions for 20 Monchanin Road

Dear Pam:

Thank you for sending me a copy of the proposed Amendment to Deed Restrictions for the former Columbia Gas headquarters property at 20 Montchanin Road. The Kennett Pike Association's Board of Trustees has considered this proposal and has voted to oppose it, based on our research and analysis of the two existing documents titled Agreement Declaring Restrictions of record in the Office of The Recorder of Deeds in and for New Castle County, Delaware, at, respectively, Deed Book K, Volume 81, Page 219 (the "Initial Restrictions") and Deed Book Y, Volume 81, Page 155 (the "Additional Restrictions"), and their background including the Chancery Court action that the Additional Restrictions resolved.

A more formal, complete and correct basis for our opposition will undoubtedly be set forth by such legal counsel as the Kennett Pike Association and Hagley Foundation may engage in conjunction with other interested civic associations and residents to protect the existing Declaration of Restrictions from any amendment that does not have the written consent of The Kennett Pike Association, Eleutherian Mills-Hagley Foundation, Inc. (or its successor), and Columbia Gas System Service Corporation. However, without prejudice, and subject to such modifications as our ongoing further research and analysis may warrant, I wish to take this opportunity to draw your attention to certain issues which evidently have been considered by your client.

The Initial Restrictions prompted the filing of a Chancery Court action by the Prickett, Ward, Burt and Sanders law firm for which Rodman Ward, Esquire, was lead counsel. Columbia Gas, as prospective purchaser and equitable owner, was represented by former Chief Justice Norman Veasey, Esquire, and Charles Richards, Esquire, acting for Richards, Layton & Finger. The dispute was resolved by filing the Additional Restrictions making clear that the named third party beneficiaries entitled to enforce the

Restrictions included not only New Castle County as provided in the Initial Restrictions, but also The Kennett Pike Association, Inc. and the Eleutherian Mills-Hagley Foundation, Inc. After interviewing the attorneys on both sides of the Chancery, it is our understanding that the Further Restrictions were never intended by either side to be subject to amendment without the consent of The Kennett Pike Association and the Eleutherian Mills-Hagley Foundation, otherwise their enforcement rights could be rendered illusory by County Council, on which the community had not been content to rely as provided in the Initial Restrictions. Neither of these organizations has consented to the amendment which you now propose.

Additionally, no amendment is possible without the consent of Columbia Gas System Service Corporation, identified in the Further Restrictions as being the equitable owner of the property. This requirement was inserted to assure the community that Columbia Gas System Service Corporation, which won support for its proposed rezoning by pledging to make use of the property in a manner that was sensitive to the concerns of the community, would remain accountable to the community for any change in the use of the property if and when it was ever sold to a third party. The consent of Columbia Gas System Service Corporation's successor (NiSource) has not been obtained nor, following communications between NiSource and my partner, Nicholas Caggiano, Esquire, who was formerly in-house counsel for Columbia Gas System Service Corporation, do we expect such consent ever to be granted.

The Initial Restrictions as well as the Further Restrictions were imposed on the entire 35.595 acres of land that the Farquhars sold to Columbia Gas. This entire tract is required under Section 4(a) of both Restrictions to constitute the minimum lot size for any use of the property. Contemporaneous reports at the time of the Chancery action described the Further Restrictions as preventing any future subdivision of the property. Your client's proposed Amendment to Declaration of Restrictions applies only to a tract of 19.85 acres. To the extent that any subdivision of the land has taken place since 1969, it occurred without The Kennett Pike Association's consent and we will insist that it be disregarded so that the entire 35.595 acres continues to be considered as the minimum lot size for any use or development of the property.

The Kennett Pike Association, Inc. has never opposed development for the sake of preventing change, and respects the rights of property owners to make appropriate use of their property. However, we take seriously the trust that was placed in us by the community when the Further Restrictions were recorded in 1969 as the basis for resolving the Chancery action and clearing the way for the property to be rezoned and developed as headquarters for Columbia Gas Systems Service Corporation. If the matter must again be placed before the Chancery Court, we fully expect that the necessity for our consent to any proposed amendment, and that of the other parties named as beneficiaries of the Restrictions, will be judicially upheld.

Pamela J. Scott, Esquire
September 2, 2008
Page 3

Sincerely,

A handwritten signature in cursive script that reads "Richard P. Beck /me". The signature is written in black ink and is positioned above the typed name.

Richard P. Beck, Acting President
The Kennett Pike Association, Inc.

cc: The Honorable Christopher A. Coons, New Castle County Executive
The Honorable Paul G. Clark, Council President, New Castle County
The Honorable Robert S. Weiner, Council Member, New Castle County Council
The Honorable E. Norman Veasey
Rodman Ward, Jr., Esquire
Mr. George Haggarty, Manager, Land Use Department
Mr. James Smith, Manager, Land Use Department
Eleuterian Mills-Hagley Foundation Incorporated
Board of Trustees, The Kennett Pike Association, Inc.