

STATE OF NORTH CAROLINA

COUNTY OF VANCE

The Vance County Board of Commissioners met in special session on Monday, July 23, 2012 at 6:00 p.m. in the Commissioners' Conference Room, Vance County Administration Building, 122 Young Street, Henderson, NC. Those Commissioners present were as follows: Chairman Terry E. Garrison, Commissioners Thomas S. Hester, Jr., Deborah F. Brown, Dan Brummitt, J. Timothy Pegram, Gordon Wilder and Eddie L. Wright.

Absent: None.

Also present were County Manager Jerry L. Ayscue, Finance Director Steven C. Stanton, County Attorney Jonathan S. Care, and Clerk to the Board Kelly H. Grissom.

Chairman Terry E. Garrison gave the invocation and stated that the purpose of this special meeting is to enter into closed session to discuss attorney client privileged matters.

Motion was made by Commissioner Eddie L. Wright, seconded by Commissioner Deborah F. Brown, vote unanimous, to enter into closed session for the purpose of discussing attorney client privileged matters.

Upon return to open session, Chairman Garrison stated that a proposed water sales agreement between the County and the City of Henderson for Phases 2A and 2B of the water project has been presented for approval.

County Attorney Jonathan S. Care noted that two typo-graphical errors on page 6 of the agreement will be corrected - an extra period at the end of a sentence, and an extra space between two words. No language will be changed.

Motion was made by Commissioner Thomas S. Hester, Jr. to approve the Water Sales Agreement between the County and the City of Henderson for Phases 2A and 2B of the water project with the noted typo-graphical corrections. This motion was seconded by Commissioner Deborah F. Brown.

Commissioner Dan Brummitt stated that while he supports the water project, he expressed his concerns with the reservation fee, the one-time tap fee, and the \$2.90 rate per 1,000 gallons. He asked what are the ramifications of the reservation fee and tap fee on the customers' monthly rate? County Manager Jerry L. Ayscue responded that he could not answer this question, but would work with the engineer to see if there are any ramifications. One of the variables in this is

the number of customers. Commissioner Hester noted that the more customers on the system, the lower the monthly rate will be.

Attorney Care stated that as seen with the construction bid on Phase 1A, it was much lower than originally estimated. It is too premature at this point to estimate an exact monthly water bill amount.

Chairman Terry E. Garrison stated that this agreement has been proposed in good faith and will provide potable water to our citizens. Also, if approval is delayed, the County is at risk of losing approximately \$4.5 million in grants and loans.

Vote on the motion to approve the Water Sales Agreement between the County and the City of Henderson for Phases 2A and 2B of the water project with the noted typo-graphical corrections was ayes - six (6); noes - one (1), with the dissenting vote being cast by Commissioner Dan Brummitt.

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STATE OF NC

NORTH CAROLINA

WATER SALES AGREEMENT

COUNTY OF VANCE

FOR PHASES 2A AND 2B

THIS WATER SALES AGREEMENT, made and entered into this the 23rd day of July, 2012 by and between the City of Henderson (a municipal corporation organized under the laws of the State of North Carolina and situated in Vance County, North Carolina), hereinafter referred to as "Henderson" or "City"; and Vance County hereinafter referred to as "Vance County" or "County"; and the Vance County Water District, hereinafter referred to as "District".

WITNESSETH:

WHEREAS, the City of Henderson presently provides potable water (as a member of the Regional Water System and as a North Carolina municipality) to the City of Henderson and to the surrounding area with transmission mains extending outside of the City of Henderson for some distances (including one extending the length of the Fleming Town Road in Vance County and another transmission line extending across from the Fleming Town Road to NC Highway 39 at Harris Crossroads and then southerly along NC Highway 39 to the City of Henderson, and other major transmission mains extending through the length of Vance County along US Highway 1 and US Highway 1 Bypass and throughout Vance County on Highway US 158) and also provides water to the Kittrell Water Association (which owns a transmission line extending along US Highway 1 Business from its intersection with US Highway 1 Bypass southward to the Town of Kittrell and which owns and maintains other water lines serving the area surrounding the Town of Kittrell); and

WHEREAS, the City of Henderson further has an agreement with Warren County, North Carolina (as a partner in the Regional Water System) relative to the City's water transmission main running northeasterly from the Regional Water System mains in Vance County to the Warren County line at Drewry and further relative to Warren County's water lines servicing that portion of Vance County north of Drewry which is separated from the rest of Vance County by a portion of the John H. Kerr Reservoir; and

WHEREAS, there is a further transmission line which extends from NC Highway 39 (North) in a westerly direction to the Granville County line to serve the City of Oxford; and

WHEREAS, the City (and the other entities) presently sell water to customers from said major transmission mains and from distribution lines connected to the same; and

WHEREAS, Vance County Water District is obtaining grants from the USDA to construct one or more systems of distribution lines serving portions of Vance County, North Carolina outside of the areas served by the City of Henderson (and the other entities herein set forth); and

WHEREAS, the District, through the County desires to purchase water for said system from the City of Henderson for Phases 2A and 2B of the proposed District Water Systems; and

WHEREAS, the City and the County agree to assist the District in any feasible way and more especially as set forth in this Agreement.

WHEREAS, the City of Henderson is willing to sell water to Vance County which will assign its rights to the same to the District for use in said Vance County Phase 2A and Phase 2B water systems on the terms and conditions hereinafter set forth; and

WHEREAS, Vance County is willing to purchase water for Phase 2A and Phase 2B from the City of Henderson and to assign its rights to the same to the District under said terms and conditions for purposes of resell to its customers.

NOW, THEREFORE, for and in consideration of the mutual promises and Agreements herein contained and the reliance by each party on the performance of the other, the City of Henderson, Vance County and the Vance County Water District agree as follows:

- (1) In the event that the applications for grants and/or loans for the Vance County Water District are approved and the requisite citizens to be served by Vance County's Phase 2A and Phase 2B water systems sign up for service so as to make the District's Phase 2A and Phase 2B water systems feasible, then the District will proceed at its own expense with having the necessary engineering performed, surveying relative to any rights of way required (if any are needed), acquiring any needed rights of way, and shall proceed with preparations for advertising for bids for the construction of water transmission lines (at least six inches in diameter except as where mutually agreed) and distribution lines extending from the present terminus of the respective adjacent City lines and mains to the respective areas to be served by the District.
- (2) The final plans, specifications and design of the project (and any major changes subsequently made thereto) shall be submitted to the City Manager (or his authorized designee) of the City of Henderson before final approval by the District. The City of Henderson shall have the right prior to final approval to reasonably modify any portions of the Vance County Phase 2A and Phase 2B water systems to the extent desirable so that the same does not interfere with present operation and distribution of the water system of the City of Henderson, provided that the same shall not unreasonably delay construction of that portion of the District's water system being proposed nor does it cause distribution in the proposed area to be limited except as allowed herein. Nothing herein shall diminish the U. S. Department of Agriculture's approval rights.
- (3) After all the Phase 2A and Phase 2B project funds have been committed to the satisfaction of the District, the District shall then proceed with the authorization of the final design of the Phase 2A and Phase 2B systems being proposed and shall proceed with authorization of the final design of the system and acquisition of any land and easements needed and with the advertising for bids and awarding of the construction contracts (if sufficient funds are then available) relative to that portion of the Vance County Water District Phase 2A and Phase 2B water systems then proposed to be constructed.
- (4) The ownership to all land and rights of way acquired and any and all facilities located thereon and all water lines being constructed as a part of the project shall thereafter be vested in the Vance County Water District. The use and operation of the lines and facilities are vested in the District, subject to the specific contractual rights of the City of Henderson as set forth in this Agreement. It is agreed that said newly

constructed lines (and all attachments and appurtenances thereto) shall be the sole property of the District which can only sell or assign its title to said lines in the future, subject to the contractual rights of the City of Henderson herein, only to a responsible successor (reasonably acceptable to the City of Henderson and to any granting agency funding the project) which grantee shall assume all of the obligations of the District hereunder and be bound by all of the terms of this Agreement. It is agreed that this paragraph does not create nor cause to be created any liens superior to any current or future lender to the County or to the District; nor shall any subordination be required.

- (5) As a part of the consideration of this Agreement, the District agrees that no water lines will be installed that contain less than a six-inch diameter except at places where the City agrees that water quality would be adversely affected. Moreover, all lines installed by the County must be at least eight inches in diameter wherever the City designates within the City's Extra-Territorial Planning Area and also on logical Growth Corridors elsewhere within 3 miles (as the crow flies) of the then existing City Limits of the City of Henderson.

The City is to receive the proposed lay-outs of the respective lines proposed by the District relative to its Phase 2A and Phase 2B water systems. The City must approve, before the plans are finalized, the location of proposed taps, distribution lines and sizes, and any matters which will effect hydraulics in the City or Regional Water Systems.

Furthermore, the District and Vance County will install at their expense standard fire hydrants at least every 2,000 lineal feet of the District's water lines and also "stub-outs" (for a fire hydrant) at least every 1,000 lineal feet of the District's water lines (except where District, County or City fire hydrants are located) laid within the Extra-Territorial Planning Area of the City of Henderson and also where the City designates along logical Growth Corridors designated by the City elsewhere within 3 miles (as the crow flies) of the then existing City Limits of the City of Henderson.

For purposes of this Paragraph (5), Logical Growth Corridors shall be determined as areas which have been identified by the City as future growth areas in any of their existing or long range planning documents as of the date that the District presents its plans to the City for the respective proposed water line.

- (6) The District shall have the right at its own expense to place a booster pump station and/or a pressure reducing station and/or overhead tanks anywhere along any portion of the proposed new transmission lines, which facilities are to be maintained by the District. Provided, however, that no booster pump station and/or pressure reducing station or overhead tank shall be placed on said lines or in the proposed Phase 2A and Phase 2B water systems of until the plans and specifications have been presented to the City of Henderson for approval by its engineers and a determination that the same will not adversely affect the City of Henderson's water system and the Regional Water System.

In the event District constructs any overhead tanks or booster pumping stations or pressure reducing valves, District will carefully calibrate the same so that they conform with the City's existing systems of monitoring water levels and other overhead tanks so that consistent water levels will be maintained at the respective levels needed to provide required pressure to service all water systems whose ultimate source is the Regional Water System and to provide adequate fire protection throughout all such systems.

- (7) Upon completion of the construction of said proposed Phase 2A and Phase 2B water systems project, District agrees to tap onto the existing water system of the City of Henderson at points reasonably designated and approved by the City of Henderson, said taps to be made under the supervision of (and in a manner acceptable to) the City of Henderson and its engineers. All costs for the tap and connection shall be borne and promptly paid for by the District.

- (8) As a part of the construction costs of any Vance County or District water system, a meter (with a back flow check valve and any other device deemed necessary by the City of Henderson to protect the City's or Regional water systems) acceptable to the City of Henderson shall be placed at the junction of any new transmission line owned by the District or Vance County with the existing water system of the City of Henderson or of the Regional Water System, and all water passing through said meter or meters shall be conclusively deemed purchased by Vance County who shall pay the City of Henderson for the same based on an initial rate of \$2.90 per 1,000 gallons for up to 175,000 gallons per day for Phase 2A and 2B. This rate shall be binding on the parties through March 31, 2015; provided however, that commencing on March 31, 2015, all rates then being charged for said 175,000 gallons per day to Vance County shall be thereafter subject to automatic periodic increases in said rate in the same proportion (or percentage) as increases in water rates for users outside of the City Limits of the City of Henderson based on the schedule of rates periodically adopted by the City Council of the City of Henderson in its sole discretion. (For example, if the outside water rate increases by 5%, the initial \$2.90 rate shall increase to \$3.045 per 1,000 gallons at that time).

These rates shall be in addition to the allocation reservation fee and the General Tap Fee set forth in Paragraph (11) hereof.

It is understood and agreed that the rates herein set forth shall only apply to the then first 175,000 gallons a day of water sold by the City to the County for Phase 2A and Phase 2B of the District Water Systems. All rates for excess water (over 175,000 gallons of water per day for Phase 2A and Phase 2B) shall be subject to negotiation between the City and County; provided however, that if said two parties are unable to agree upon any rate within 30 days after notice (of the need to establish a rate), then the reasonable rate therefore shall be conclusively set at the rate that the City of Henderson then charges for water to the Town of Kittrell, until a different rate is agreed upon by the City and County.

The City of Henderson shall bill Vance County on the 15th day of each calendar month (or the next consecutive business day if a holiday or weekend) and said bills shall be promptly paid to the City of Henderson by Vance County in accordance with the City of Henderson's Code of Ordinances in effect at said respective times (and as may be modified by the City of Henderson from time to time). It is expressly understood and agreed that the establishment of an initial rate to be paid by Vance County herein shall not prevent the City Council of the City of Henderson, in its sole discretion, from changing its rates charged to outside users at any time and the parties hereto agree to be bound by said modified percentage increases as of the effective date of said modification or changes; Vance County further understands that the City of Henderson is under no obligation to the parties herein except as herein expressly set forth.

It is agreed that Vance County will assign all of its rights and obligations under this Agreement to the Vance County Water District provided Vance County shall remain liable for all obligations of the County hereunder. No other wholesale water resale by the County or water assignment by the County or by the District is permitted without the written consent of the City Council of Henderson.

- (9) The meters hereinabove referred to shall measure the water being purchased in cubic feet, or such other unit of measure as shall be reasonably designated by the City of Henderson. It is agreed that the City of Henderson shall have the right to calibrate any such meter at any time that it feels the same is not accurate; and District or Vance County shall likewise have the right to require the City of Henderson to calibrate any such meter at reasonable intervals, the expenses of calibration to be paid in accordance with the then existing ordinances of the City of Henderson. In the event any significant calibration error is discovered, then the City shall bill or credit the County (during the period said meter can be shown to be in error) for water amounts based upon the most recent historical twelve month amounts passing through the respective meter (or such lesser period of time that said meter has been in service and use).

At any and all connections of the County or District water lines with City water lines, the City can require not only meters (for measuring water consumption) but also check valves (with approved bypasses to be used with City approval in emergencies) to prevent the back flow of water (thus minimizing possible meter errors and also water contamination).

- (10) Subject to the provision hereof, the District shall have the sole and exclusive right to tap the proposed new District Phase 2A and Phase 2B water systems' transmission lines and distribution lines to be constructed by the District under the terms of this Agreement at any place or places that it may desire and shall have the sole right to re-sell the water being metered to Vance County to such retail entities and at such rates as it may establish, and the District shall read all of its customers' meters, bill for its water sales and receive all proceeds from such sales (after any reimbursements to the County for any water bill owing to the City), subject to the provisions of this Agreement (provided that the same does not unreasonably interfere with the City of Henderson's ability to provide water to its then existing customers and/or to fulfill the reasonably anticipated water needs of its other known or anticipated customers).

Provided, further that no water shall be resold or used (relative to each user) by Vance County or the District (or its assignee) unless a septic tank or sewerage disposal system is in place for treating the same relative to said respective ultimate customer and approved by the Vance County Health Department or the North Carolina State Board of Health or other governmental agency to which such authority for approval has been officially delegated.

- (11) Vance County has requested that the City of Henderson reserve a total of 175,000 gallons per day for Phase 2A and Phase 2B from the City of Henderson's water supply for the exclusive use of the District's proposed Phase 2A and Phase 2B water systems and for the District's re-sale to its customers served by said 2 Phases. In consideration of the reservation of said 175,000 gallons per day for Phase 2A and Phase 2B, Vance County agrees to pay the City of Henderson a water allocation reservation fee of \$1,750,000. This water reservation fee may be paid to Henderson in one lump sum or financed by Henderson over a period not to exceed forty (40) years (but no later than March 31, 2052) without interest, at the County's option. If financed over the full term (rather than any prepayment) equal annual periodic payments of \$43,750.00 would be due and payable to Henderson on the 31st day of July of each calendar year commencing July 31, 2013; provided, however that the last annual payment shall be due to the City on March 31, 2052. The County may pre-pay the water allocation fee in whole or in part at any time without penalty.

This reservation of 175,000 gallons of water per day shall only apply to Phase 2A and Phase 2B of the District's Water Systems. Any subsequent reservation for any subsequent Phase will be subject to negotiation.

Moreover, in addition to the above allocation reservation fee, the County will pay to the City a General Tap Fee of \$140,000.00 (in consideration of the City maintaining the initial water rate of \$2.90 per 1000 gallons of water per day for said 175,000 gallons through March 31, 2015), said General Tap Fee to be for the ability of the County to tap the existing City transmission mains (to be done pursuant to the provisions of Paragraph 7) and is to all be due and payable in full by the County to the City upon the execution of this Agreement by the City and County. Provided however that upon receipt of a letter from the USDA that the funding for Phases 2A and 2B has been denied, the City will promptly refund the \$140,000.00 to the County.

- (12) It is expressly agreed as a condition of this agreement (and as an integral part of the consideration of the same) that Vance County and the District will not, without the prior consent of the City of Henderson:
 - (a) extend its average daily consumption to a total of more than 175,000 gallons a day for Phase 2A and Phase 2B, or
 - (b) extend its water mains or lines to any area then capable of being served or hereafter proposed (for which an engineer has drafted plans

- and specifications and which lines are proposed to be installed within one year) to be served with water by the City of Henderson, or
- (c) engage, or threaten to engage, in competition with the City of Henderson relative to the sale of water by the City of Henderson or the Regional Water System. (Competition with the Regional Water System or with the City's water transmission main running south to the Tar River means serving any area within 1,000 feet of said respective transmission main or any other area then served by the City from the same, without the consent of the City.)

So long as Vance County (and its assigns) are not in default of this Agreement, the City of Henderson agrees not to extend its water distribution lines to any area which is then presently served with water or is hereafter proposed (for which an engineer has drafted plans and specifications and which lines are proposed to be installed within one year) to be served by the District (unless said area is in the process of being annexed into the City).

- (13) All maintenance of the District's water systems will be assumed and performed by the District who will be responsible for providing all the requisite labor and equipment and expenses needed for such purpose. There shall be no discount on the amount of water being metered and purchased by the County from the City of Henderson under this Agreement by reason of any leakage or improper maintenance or by reason of any other cause. The District and Vance County shall be solely responsible for the maintenance of the mains, water lines, pipes, booster pump stations, elevated tanks, meters, and facilities in the proposed District water systems, and any additions or extensions of the same. Provided, however, if any meter is shown to be defective or malfunctioning, the City shall have the right (but not any obligation) to replace or repair the same if it is otherwise not repaired or replaced (within a period of time reasonable under the circumstances and after notice) and in such event, the costs of such repair or replacement shall be reimbursed to the City by the other parties hereto.
- (14) Vance County and the District each agree for itself and its assigns and customers that in no event will water to be purchased from the City of Henderson be commingled with any water from any wells or other sources after the proposed new District water system transmission lines have been tapped, and Vance County and the District will not permit the same to be done by others and will take all actions necessary to prevent or remedy any such commingling. No water consumer will be allowed to make a cross connection between the District water transmission or distribution lines (or any other water lines of Vance County or the District) and a private or public well, spring or other source. Where a customer has another source of water in addition to that being supplied by the water service system of Vance County or the District (or its respective assignee, if any), there shall be no physical connection between the two water supplies.
- (15) There shall be no cross connection between the water lines of Vance County or the District (or its respective assignee, if any) and air lines used for washing automobiles or any other purpose. Where water passes through a recirculating system, such as cooling towers, there shall be no physical connection between the District water systems and the pressure lines from the recirculating system.

Vance County and the District both further agree (and binds its respective successors, assignees, and customers) to comply with all applicable provisions of the City of Henderson's Code of Ordinances periodically in effect relative to preserving the quality of water or otherwise relative to potable water (as said Ordinances may be modified from time to time by the City Council of the City of Henderson).

- (16) As a specific part of the consideration of this Agreement, the District and the County each agree that it will neither construct any water lines or mains nor sell water to any customers in any areas served by then existing water transmission lines or distribution water lines of the City of Henderson, the Town of Kittrell, the Kittrell Water Association or Warren County without the written consent of said respective

entity and of the City of Henderson City Council. Moreover, no District or County lines shall be constructed or water sold to customers outside of Vance County without the official approval of the City Council. Further, no District or County lines shall be constructed or water sold to customers within the then Extra Territorial Jurisdiction Area of the City without the specific consent of the City Engineer and City Manager.

- (17) Subject to the terms and provisions of this Agreement, the City of Henderson agrees to provide potable (drinkable) water to Vance County at the location of said proposed meters at the junction of the District's transmission lines with the then existing lines of the City of Henderson; said water is not warranted for use for any other particular purpose. The City of Henderson shall not be liable or accountable for any failure to treat and/or deliver potable (drinkable per State standards) water, or otherwise perform this Agreement, in the event such failure is due to acts of God, strikes, power failure, line breaks, system repairs, catastrophe, tampering, or other causes beyond the control of the City of Henderson. Henderson shall attempt to give Vance County and the District reasonable notice, if at all possible, of any interruptions which might be reasonably be anticipated, said notice to be given to the County Manager or such other person as Vance County or the District may designate in writing. The parties hereto acknowledge the primary responsibilities of the City of Henderson is to provide water to customers and taxpayers residing within its City limits.

Otherwise and to the extent feasible, any water shortages will be shared proportionately among all customers of the City of Henderson (subject to the rights of the City of Henderson to funnel water first to emergency services); provided that nothing herein shall prevent the City of Henderson from encouraging conservation or curtailing or restricting the use of water for certain purposes or by certain classes of water users pursuant to the City's Water Shortage Ordinance and Regulations (and any amendments thereto).

- (18) It is specifically agreed that the City of Henderson shall have the right to discontinue service at any time to Vance County in the event Vance County (or its assignee) does not pay any funds owing to the City of Henderson relative to the purchase of water or related services set forth herein, or in the event Vance County otherwise defaults under the terms of this Agreement (including the payment for all water passing through said proposed meters) and further fails to remedy said non-payment or default or breach within fifteen (15) days after written notice of the same, delivered or mailed to Vance County (or its assignee) at its last known address. In the event service is so discontinued, then the City of Henderson (or its assignee) shall have the exclusive right and option to sell water (using mains, lines, tanks and facilities of the District or its assignee) if the City so desires, to any customer or customers previously purchasing water from Vance County or the District (or its respective assignee, if any) upon the conditions prescribed in the City of Henderson Code of Ordinances for services to users outside of the corporate limits of the City of Henderson; upon such discontinuance of service to Vance County, Vance County and the District (and its respective assignee, if any) each hereby irrevocably grants to the City of Henderson the privilege of using all lines, mains, tanks and facilities of the District's water systems for such purpose, if desired by the City of Henderson. The rights and privileges of the City of Henderson to sell said water and use the lines, mains, tanks and facilities of the District as set forth above in this paragraph shall create no additional obligations upon the City of Henderson and said rights and privileges shall only apply during the period of time that said non-payment has not been fully remedied (or default or breach not fully cured) and further while a responsible entity (reasonably acceptable to the City of Henderson, and any granting agency) has not completely assumed and is performing all of the contractual obligations of Vance County and the District under this Agreement.

- (19) In the event the Phase 2A and Phase 2B project becomes economically unfeasible (because of insufficient grant and/or loan funds, rising constructions costs, or the inability of District to pay for the total project costs through no fault of Vance County or the District, or the failure of a sufficient number of customers to sign up

for the District's water service), so that there is no award of any construction contract for Phase 2A and Phase 2B within five years of the date hereof, then this agreement shall terminate and the parties hereto shall be under no further obligation to each other; provided, however, that Vance County shall thereupon immediately reimburse the City of Henderson for any reasonable expenses that may have been incurred by the City of Henderson pursuant to this Agreement prior to said termination.

- (20) In any event (regardless of whether there has been an award for any construction contact) Vance County agrees to save and hold harmless the City of Henderson from any and all reasonable costs, expenses, or liability which the City of Henderson may incur relative to the proposed construction and operation of said proposed District Phase 2A and Phase 2B water systems.
- (21) This Agreement shall exist and continue for a period of forty (40) years from the date hereof and thereafter may be renewed or extended for such term, or terms, as may be mutually agreeable by the parties; provided, however, the City of Henderson shall have the right to terminate this Agreement :
 - (a) If for any reason the City of Henderson cannot obtain water from the US Army Corp. of Engineers out of the John H. Kerr Reservoir in a reasonable capacity and rate to meet the needs of the City of Henderson and its customers, or
 - (b) Any sale of water by Vance County or the District that is outside of and/or violates any interbasin rules or regulations that currently exist or may exist in the future (it being understood and agreed that Vance County shall be solely responsible for obtaining any waiver or allotment that is required relative to any interbasin transfers) of water purchased, sold, or used hereunder by the County or the District.
- (22) The parties to this Agreement shall not discriminate in the hiring or firing of employees, and further bind their respective assigns and successors in interest or title to so not discriminate.
- (23) This Agreement may be amended only with the written consent of all the City of Henderson and Vance County and the Vance County Water District (or their respective assignees).
- (24) This Agreement shall be construed under the laws of the State of North Carolina.
- (25) This Agreement shall be only effective after approval by the Area Director of the United States Department of Agriculture, as granting agency for the Vance County Water District's phase 2A and 2B project.

IN TESTIMONY WHEREOF, THE CITY OF HENDERSON, AND THE COUNTY OF VANCE AND THE VANCE COUNTY WATER DISTRICT have each caused this Agreement to be executed, all pursuant to authorities given by their respective governing bodies, this the day and year first above written.

CITY OF HENDERSON

ATTEST:

BY: _____

James D. O'Geary, Mayor

City Clerk

(MUNICIPAL SEAL)

Approved as to legal form:

John H. Zollicoffer, Jr.
City Attorney
City of Henderson

COUNTY OF VANCE

ATTEST:

Clerk to the Board of Commissioners

(COUNTY SEAL)

BY: _____
Chairman of the Vance County
Board of Commissioners

VANCE COUNTY WATER DISTRICT

ATTEST:

Clerk

(WATER DISTRICT SEAL)

BY: _____
Chairman of the Board

This Agreement is approved by the United States Department of Agriculture with the understanding that portions of the said proposed water system (including the stub-outs and any oversized lines) are not covered by the USDA Grant and will be paid for by others.

This the ____ day of _____, 2012.

UNITED STATES DEPARTMENT OF AGRICULTURE

BY: _____

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At this time, Chairman Garrison called the Water District Board to order to approve the Water Sales Agreement between the County and the City of Henderson for Phases 2A and 2B of the water project.

County Attorney Jonathan S. Care stated that two typo-graphical errors on page 6 of the agreement will be corrected - an extra period at the end of a sentence, and an extra space between two words. No language will be changed.

Motion was made by Commissioner Thomas S. Hester, Jr. to approve the Water Sales Agreement between the County and the City of Henderson for Phases 2A and 2B of the water project with the noted typo-graphical corrections. This motion was seconded by Commissioner Eddie L. Wright and vote was ayes - six (6); noes - one (1), with the dissenting vote being cast by Commissioner Dan Brummitt.

Motion was made by Commissioner Thomas S. Hester, Jr., seconded by Commissioner Deborah F. Brown, vote unanimous, to adjourn the Water District Board.

As there was no further business, at 6:45 p.m., motion was made by Commissioner Thomas S. Hester, Jr., seconded by Commissioner Deborah F. Brown, vote unanimous, that the meeting be adjourned.

Approved and signed August 6, 2012.

Terry E. Garrison (signed)
Terry E. Garrison, Chairman