

AGREEMENT FOR PROVIDING ADMINISTRATIVE AND TECHNICAL
SERVICES AND ASSISTANCE TO ORANGE COUNTY BY ORANGE WATER AND
SEWER AUTHORITY FOR THE DESIGN, PERMITTING, CONSTRUCTION,
ADMINISTRATION, OPERATION AND MAINTENANCE OF THE PINEY
MOUNTAIN SUBDIVISION WASTEWATER SYSTEM

THIS AGREEMENT is made and entered into this the 12th day of October, 1994, by and between Orange Water and Sewer Authority, a public body politic and corporate, organized and existing under the provisions of Chapter 162A of the North Carolina General Statutes, with its principal office in Carrboro, North Carolina, hereinafter referred to as "OWASA," and Orange County, a body politic and corporate and a political subdivision of the State of North Carolina, hereinafter referred to as the "COUNTY."

WHEREAS, OWASA provides wastewater collection, pumping, treatment and disposal services for the Chapel Hill-Carrboro community and surrounding area; and

WHEREAS, the COUNTY has applied to the State of North Carolina for a grant through the North Carolina Clean Water Revolving Loan and Grant Act of 1987 (hereafter "State Grant") for the design, construction and payment of fees associated with repair of the failed wastewater collection and treatment system serving the Piney Mountain Subdivision (hereafter "the Subdivision," consisting of 59 platted residential, single family lots described on the plats recorded at Plat Book 4, Pages 85 and 86, Plat Book 52, Page 183, and Plat Book 58, Pages 129 and 130, Orange County Registry); and

WHEREAS, the repair of the Subdivision existing wastewater force main collection treatment and disposal system will result in a wastewater system consisting of the existing force main collection system, not including individual home septic tank effluent pump systems ("STEP systems"), valve boxes located as specified by OWASA between each STEP system and the force main collection system and a new wastewater pumping facility and force main (hereafter all together, excluding the STEP systems, referred to as the "Subdivision wastewater system") connected to the wastewater collection system owned and operated by the City of Durham (hereafter the "Durham wastewater system"); and

WHEREAS, the COUNTY, under the conditions of the State Grant, must own the newly constructed portions of the Subdivision wastewater system, and will own the other portions of the Subdivision wastewater system; and

WHEREAS, the COUNTY, under the conditions of the State Grant, must provide for the design, permitting, construction, administration, operation and maintenance of the Subdivision wastewater system; and

WHEREAS, the COUNTY and OWASA are authorized under North Carolina law to enter into agreements for the provision of wastewater facilities and services and to enter into a so-called Interlocal Agreement under Article 20 of Chapter 160A of the North Carolina General Statutes to share or allocate responsibilities of each in order to provide wastewater facilities and services to the Subdivision; and

WHEREAS, the COUNTY has requested that OWASA provide all of the administrative and technical services and assistance necessary to design, permit, construct, administer, operate and maintain the Subdivision wastewater system; and

WHEREAS, OWASA is willing to provide these requested services to the COUNTY and the residents of the Subdivision under the terms set out herein.

NOW, THEREFORE, the governing bodies of the parties hereto have determined that the public health and welfare will be served and benefited by their cooperation, mutual undertakings and agreement as hereinafter set out; and in consideration of the benefits, assistance and mutual obligations to be received and performed by the parties hereunder, the COUNTY and OWASA, for themselves, their successors and assigns, do mutually agree as follows:

1. OWASA shall provide administrative and technical services and assistance as regards to the design, permitting, construction, administration and operation and maintenance of the Subdivision wastewater system.
2. OWASA shall charge the COUNTY and the residents of the Subdivision for its services under this Agreement, which charge shall be, with respect to the design, permitting and construction of the wastewater system, OWASA's actual direct and indirect costs of providing such service including, but not limited to, consultants' fees, legal and administrative costs, capital facilities fees and construction contract costs. OWASA operation

services (hereafter referred to as "utility services") shall be billed directly to the residents of the Subdivision and shall be rates, fees and charges calculated by OWASA as those necessary to recover the direct and indirect costs of the services provided, including reasonable reserves for maintenance and replacement of the facilities necessary to provide the services to the Subdivision, and a reasonable charge representing recovery of a share of the cost of OWASA's existing capital plant and facilities used to provide service to the subdivision. The rates and charges may be different from those charged customers of OWASA's existing sewer system, and shall include provisions for recovery of such direct and indirect costs as may be incurred and paid to the City of Durham for its acceptance and treatment of the wastewater from the Subdivision.

3. Through the completion of construction and the connection of the Subdivision wastewater system to the Durham wastewater system, OWASA shall render a bill by monthly invoice to the COUNTY as service is provided by OWASA and shall provide to the COUNTY bills as frequently as required by the payment schedule specified under construction and consulting service contracts for services other than those provided by OWASA. The COUNTY shall make payment to OWASA after construction contract and other invoices are provided to it. Utility service billings will be made directly to the residents of the Subdivision and shall contain such terms and conditions as are customary and as are deemed fiscally prudent by OWASA. The parties agree that the

Subdivision wastewater system will not be connected to the Durham wastewater system or operated by OWASA until the conditions in paragraph 4 of this agreement are satisfied and until such time as the Subdivision wastewater system and each of its component parts has been approved by the following: OWASA, each agency or division of the COUNTY and the State of North Carolina with a permitting or financial interest in the system, and permitted by the COUNTY or State agency with permitting authority over the Subdivision wastewater system.

4. The Subdivision wastewater system for Piney Mountain Subdivision serves the homes in the Subdivision via "STEP systems." Each STEP system or its replacement will be owned, maintained and the responsibility of the homeowner whose home is served by the STEP system. The repair and replacement of STEP systems shall be accomplished as provided by an agreement of the same date as this Agreement between the parties to this agreement and the Piney Mountain Subdivision Homeowners' Association.

5. The COUNTY agrees to convey to OWASA and OWASA agrees to accept from the COUNTY all of the COUNTY's right, title and interest to the Subdivision wastewater system within a reasonable amount of time, but in no event more than six (6) months, after the happening of the first of the following events:

- (i) OWASA's sewer system is extended to the Subdivision;
- (ii) the Subdivision wastewater system is connected to the Durham wastewater system and the State has given final approval

of the Grant project.

6. Any litigation arising out of this Agreement shall be determined in Orange County District or Superior Court.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed for and in their place and stead by their duly authorized undersigned officers and agents, to be effective from and after the date first above written.

ORANGE COUNTY

By: Moses Carey

ATTEST:

Bonnie Blythe
COUNTY CLERK

THIS INSTRUMENT HAS BEEN PREAUDITED IN THE MANNER REQUIRED BY THE LOCAL GOVERNMENT AND FISCAL CONTROL ACT:

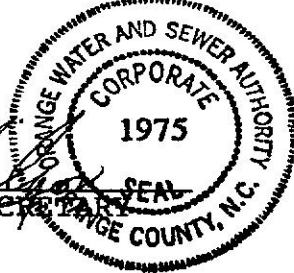
10-12-94
DATE

Frank T. Ch...
FINANCE OFFICER

ORANGE WATER AND SEWER AUTHORITY

By: Emil B. Blumigley

ATTEST:

John L. ...
ASSISTANT SECRETARY


THIS INSTRUMENT HAS BEEN PREAUDITED IN THE MANNER REQUIRED BY THE LOCAL GOVERNMENT AND FISCAL CONTROL ACT:

10-13-94
DATE

Diane L. ...
FINANCE OFFICER