

NORTH CAROLINA)
)
ROCKINGHAM COUNTY)

INTERLOCAL MUNICIPAL AGREEMENT

THIS INTERLOCAL MUNICIPAL AGREEMENT is made and entered into as of the day of _____, 2014, by and between the City of Reidsville, a North Carolina Municipal Corporation, hereinafter sometimes referred to as "Reidsville", party of the first part, and the City of Greensboro, a North Carolina Municipal Corporation, hereinafter sometimes referred to as "Greensboro", party of the second part;

WITNESSETH:

WHEREAS, the City of Reidsville and the City of Greensboro entered into an Agreement dated May 26, 1999 that established the terms and conditions for an upgrade to the Reidsville Water Treatment, the construction of a water transmission line connecting Reidsville to Greensboro, and the terms and conditions for the sale of treated water to Greensboro by Reidsville; and

WHEREAS, the initial term of the Interlocal Water Agreement referenced hereinabove was ten years and the agreement included an option for Greensboro to renew for two additional 10-year periods; and

WHEREAS, the parties entered into a renewed mutual agreement on September 22, 2009 with an expiration of June 30, 2014; and

WHEREAS, the parties desire to continue the Agreement subject to certain modifications necessary due to changed circumstances since 1999; and

WHEREAS, the City of Greensboro desires to continue to purchase an additional supply of treated water from the City of Reidsville under the terms and conditions contained in this Agreement; and, the City of Reidsville is willing to continue to provide an additional supply of treated water to the City of Greensboro under the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements made by and between the parties hereto, the City of Reidsville and the City of Greensboro agree as follows:

A. TERM

The term of this Agreement is five (5) years commencing July 1, 2014 and expiring on June 30, 2019.

B. OPERATIONS

1. The maintenance and operation of the Reidsville Water Treatment Facility, together with all initial pumping devices located at such facility necessary to provide a flow of treated water to Greensboro commensurate with the terms of this Agreement, shall be the sole responsibility of Reidsville.

2. (a) The operation of the Transmission Main in an effort to provide Greensboro with a treated water flow, under the terms of this Agreement, shall necessarily be a joint responsibility of the parties. The primary responsibility for the operation of necessary valves in Rockingham County shall be that of Reidsville while the primary responsibility for the operation of necessary valves in Guilford County shall be that of Greensboro. Likewise, maintenance and repair of the Transmission Main, itself, shall be the responsibility of the owner of each respective section (i.e. Reidsville in Rockingham County and Greensboro in Guilford County).

(b) Reidsville agrees to retain the treatment capacity to be able to provide Greensboro a minimum of an annual average of one-half (1/2) million gallons per day during the term of this Agreement.

(c) Further, it is the intent of the parties that Reidsville be able to provide treated water to all of its current customers as well as for future growth of the community, but is, and shall be, willing to sell to Greensboro all of that water it has available and can be reasonably treated, over and above that which Reidsville needs for its present water customers coupled with future reasonable residential and industrial growth. To such end, Reidsville agrees to sell, and Greensboro agrees to purchase, a minimum of an annual average daily volume of 500,000 gallons per day during the term of this Agreement with an option to purchase additional treated water up to the maximum treated water available which is not required by Reidsville.

3. The City of Reidsville may desire in the future to utilize the aforementioned Transmission Main in providing water to potential customers inside or outside the Corporate Limits of Reidsville but within Rockingham County. Greensboro hereby grants its permission to Reidsville to use said line, in Reidsville's sole discretion, for transmission of water to other customers or potential customers within Rockingham County provided:

(a) Reidsville, at its sole expense, provides for such additional metering device acceptable to Greensboro, and placed at a point acceptable to Greensboro, which will accurately measure the difference in treated water flow from the Reidsville Water Treatment Facility and that flow as it crosses the Rockingham/Guilford County line. Greensboro shall not unreasonably withhold its approval to either a metering device or point of placement.

(b) Reidsville shall assure delivery of treated water to Greensboro upon the terms of this Agreement without diminished flow except in the case of emergencies as hereinafter provided.

(c) Greensboro shall be allowed to use the Transmission Line to provide water to customers or potential customers in Guilford County as needed.

4. Reidsville shall be responsible for the finished treated water leaving its Water Treatment Facility meeting the North Carolina Safe Drinking Water Act standards and any amendments thereto. Greensboro shall be responsible for any and all other treatment of water it deems necessary or desirable.

5. The parties acknowledge that water is a natural resource, the supply of which is subject to acts of both God and man. The parties further recognize that Lake Reidsville is the main water supply for the citizens of Reidsville. The parties further recognize that while each enters this Agreement in good faith, and in expectation that no event of either God or man will interfere with the desires and intentions of the parties, such can occur. Greensboro acknowledges that, in the case of drought or severe pollution, Reidsville may not be capable of providing water commensurate with the terms of this Agreement. To such end, Greensboro agrees that in any event of severe pollution or drought, the parties shall cooperate to make joint decision(s) as to transmission or non-transmission of water commensurate with the health, safety, and welfare of their respective citizens and water customers. Both parties agree that Reidsville's obligation to sell and Greensboro's obligation to purchase as herein set forth shall cease if water levels of Lake Reidsville should fall to a point five (5) feet below the spillway at Lake Reidsville unless otherwise agreed to by both parties.

C. COMPENSATION

1. Reidsville shall bill on a monthly basis, and Greensboro shall remit within ten (10) days of such billing, for all treated water volume transmitted to Greensboro during the preceding month at an initial cost of \$1.75 per 1,000 gallons. Should, on each annual anniversary date of this Contract the City of Greensboro not have requested and received the minimum level of water volume required by this Agreement, Reidsville shall issue, and Greensboro shall pay within ten (10) days, the difference between that sum as has been

paid by Greensboro over the preceding twelve (12) month period and the projected cost of the minimum level amount agreed to herein.

2. Notwithstanding Paragraph 1 above, should Reidsville be unable to provide the minimum level amount specified within this Agreement on account of any act of God or man, Greensboro shall be required to pay for only the actual water volume transmitted.

3. (a) The cost of \$1.75 per 1,000 gallons as set forth in Paragraph C.1 above shall remain in full force and effect without increase during the term of this Agreement except that

(b) In addition to the foregoing, Reidsville shall be entitled to an immediate and automatic increase in the treated water cost to Greensboro equal to the amount of any additional cost of treatment of water due to any future imposition of any federal or state regulations or any fee, surcharge, duty, tax, or other charges of any nature (effective after the date of this Agreement) imposed by the federal government, any agency thereof, the State of North Carolina, or any agency thereof, which is payable solely by reason of the nature of the water treatment operations conducted by Reidsville, and any sales or service taxes of general application to the operation of water treatment which might later be imposed. Such additional cost of treatment of water, fee, surcharge, duty, tax or other charge shall immediately be passed through to Greensboro in monthly billings. No such charge shall be due on account of any governmental action occurring prior to the effective date of this Agreement. The parties acknowledge that it is anticipated that Reidsville will switch from free chlorine disinfection to chloramination in the spring of 2011 and that Greensboro has previously agreed to pay for its proportionate share of capital modifications. The parties agree to negotiate in good faith regarding the cost adjustment necessary to compensate for the additional chemical and other operational costs.

4. Beginning with the first (1st) anniversary date of this Agreement, the cost of \$1.75 per 1,000 gallons, as set forth in Paragraph C.1 above shall be amended to reflect a cost of production increase by adding to it the product of the percentage change in the applicable price indexes (defined below) for the preceding 12-month period multiplied by the base rate for the prior year.

The price indexes used shall be a composite index with 60% made up of the Employment Cost Index (ECI) and the remaining 40% made up of the Producer Price Index (PPI) for the related chemicals used in the treatment process. In the event the U.S. Department of Labor, Bureau of Labor Statistics ceases to publish the aforementioned indexes, the parties hereto agree to substitute another equally authoritative measure of change in the purchasing power of the U.S. dollar as may be then available so as to carry out the intent of this provision.

D. INDEMNIFICATION

To the extent permitted under the laws of North Carolina the parties agree to the following indemnification. The City of Greensboro will indemnify and hold harmless the City of Reidsville, its employees, agents, and officers from and against any and all losses, claims, suits, damages or expenses, including, but not limited to reasonable attorneys' fees, arising out of or in any manner due to the negligence of the agents, employees or officers of the City of Greensboro. The City of Reidsville will indemnify and save harmless the City of Greensboro, its employees, agents, and officers from and against any and all losses, claims, suits, damages or expenses, including but not limited to reasonable attorneys' fees, arising out of or in any manner due to the negligence of the agents, employees, or officers of the City of Reidsville.

E. GENERAL PROVISIONS

1. Modification of this Agreement shall be in writing, signed, duly executed by the parties hereto, and kept on file with the original agreement.

2. Any offer, notice, election, or other communication, which any party hereto may be required or desire to give to any other party, shall be in writing and shall be considered delivered when deposited in the United State's mail, certified with postage prepaid, addressed to the last known address of the parties as shown below:

To: Michael J. Pearce, City Manager
230 West Morehead Street
Reidsville, NC 27320

copy to: William F. McLeod, Jr., City Attorney
408 West Harrison St., P. O. Box 539
Reidsville, NC 27320

copy to: John G. Wolfe, III
Law Offices of John G. Wolfe, III & Associates, P.L.L.C.
101 South Main Street
Kernersville, NC 27284

To: David Parrish, Assistant City Manager
P. O. Box 3136
Greensboro, NC 27402-3136

copy to: Tom Carruthers, Interim City Attorney
P. O. Box 3136
Greensboro, NC 27402-3136

3. The parties agree that the terms and provisions of this Agreement shall be construed in accordance with the laws of the State of North Carolina.

4. This Agreement contains the entire agreement between the parties. There is merged herein all prior and collateral representations, promises, and conditions in connection with the subject matter hereof. Any representation, promise or condition not incorporated herein shall not be binding upon either party.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed effective the day and year first above written.

CITY OF REIDSVILLE

By: Jul M. Orndorff
Mayor



ATTESTED TO:

Angela G. Stiller
City Clerk

Approved as to form:

[Signature]
City Attorney

CITY OF GREENSBORO

By: _____
Mayor

ATTESTED TO:

City Clerk

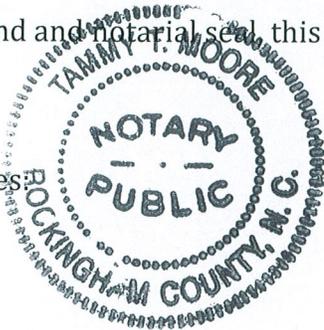
Approved as to form:

City Attorney

NORTH CAROLINA, Rockingham COUNTY

I, Tammy J. Moore, a Notary Public in and for said County and State, do hereby certify that Angela G. Stadler, who, being by me duly sworn, says that she knows the Common Seal of THE CITY OF REIDSVILLE and is acquainted with who is the Mayor of said Municipality, and that she, the said is the City Clerk of said Municipality and saw the said John M. Pomecker, Mayor, sign the foregoing instrument, and saw the Common Seal of said Municipality affixed to said instrument by said Mayor, and that she, the said _____, signed her name in attestation of the execution of said instrument in the presence of said Mayor of said Municipality.

Witness my hand and notarial seal, this the 20th day of May, 20014.



Tammy J. Moore
Notary Public

My Commission Expires:

August 2, 2014

NORTH CAROLINA, _____ COUNTY

I, _____, a Notary Public in and for said County and State, do hereby certify that _____, who, being by me duly sworn, says that she knows the Common Seal of THE CITY OF GREENSBORO and is acquainted with who is the Mayor of said Municipality, and that she, the said is the City Clerk of said Municipality and saw the said _____, Mayor, sign the foregoing instrument, and saw the Common Seal of said Municipality affixed to said instrument by said Mayor, and that she, the said _____, signed her name in attestation of the execution of said instrument in the presence of said Mayor of said Municipality.

Witness my hand and notarial seal, this the ____ day of _____, 2014.

Notary Public

My Commission Expires:
