

**AGREEMENT OF TOWN OF FAIR BLUFF TO CONVEY WATER AND SEWER
SYSTEMS TO TOWN OF FAIRMONT**

THIS AGREEMENT TO CONVEY WATER AND SEWER SYSTEMS, dated this the _____ day of June 2026, by and between the TOWN OF FAIR BLUFF, a political subdivision and body politic of the State of North Carolina of the State of North Carolina (hereafter "Fair Bluff"), and the TOWN OF FAIRMONT, a municipal corporation of the State of North Carolina (hereafter "Fairmont");

W I T N E S S E T H:

WHEREAS, Fair Bluff owns and operates a public water distribution system consisting of distribution water mains, together with fire hydrants, valves, service lines, customer meters, land, easements, rights-of-way, and related facilities (all hereinafter collectively referred to as the "Fair Bluff Water System");

WHEREAS, Fair Bluff owns and operates a public sanitary sewer collection system consisting of gravity and pressure sewers, a collection system together with manholes, lift stations, force mains, valves, air release valves, service taps, service laterals, clean-outs, land, easements, rights-of-way, and related facilities (all hereinafter collectively referred to as the "Fair Bluff Sewer System");

WHEREAS, Fair Bluff has approximately 415 water customers and approximately 385 sewer customers;

WHEREAS, Fair Bluff holds a Permit to Operate a Community Public Water System, PWS ID NC 04-24-030;

WHEREAS, Fair Bluff holds a Permit to Operate Collection System, _____

WHEREAS, Fair Bluff desires to keep the water and sewer rates as low as possible for its residents and property owners, but due to the water and sewer system size, the maintenance and expansion needs, and the number of customers it serves, a larger utility may have the ability to keep the rates more affordable in the long term; and

WHEREAS, Fairmont currently operates and maintains water distribution systems and wastewater collection systems; and

WHEREAS, the Fairmont has the staff, equipment, expertise, and financial ability to assume operation and maintenance of Fair Bluff's water and sewer systems; and

WHEREAS, N.C.G.S. § 160A-274 expressly authorizes the Fair Bluff to convey its interests in real and personal property to the Fairmont "upon such terms and conditions as it deems wise [and] with or without consideration...;" and

WHEREAS, North Carolina General Statutes 160A, Article 20, Interlocal Cooperation, authorizes and empowers any units of local government to enter into interlocal agreements for the ownership, construction, operation, maintenance, management, and financing of all or portions of water and sewer utility systems within or outside the corporate limits of those units of local government.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. WATER DISTRIBUTION AND WASTEWATER COLLECTION SYSTEM DESCRIPTION

In addition to any components previously described, Fair Bluff's water distribution system shall include all water mains, water service, meter assemblies, valves, fire hydrants, and other appurtenances required to provide water service to existing and future water customers in Fair Bluff.

In addition to any components previously described, Fair Bluff's wastewater collection system shall include all sewer pump stations, manholes, gravity sewer mains, low pressure sewer mains, force mains, and other appurtenances required to provide sewer service to existing and future sewer customers Fair Bluff..

A comprehensive list of the real estate, equipment, other assets and liabilities which comprise the systems being conveyed are attached hereto in Exhibit A. If such list is incomplete at the time of execution of this Agreement, Fair Bluff agrees to continue updating Exhibit A until all known assets are listed.

2. TRANSFER OF THE WATER AND SEWER SYSTEMS; RESERVATIONS

The Fair Bluff agrees to transfer to Fairmont the Town of Fair Bluff's water and sewer systems as described above. Transfer shall be by execution of deed and dedication documents prepared by the Fair Bluff Town Attorney and executed by the appropriate Fair Bluff representatives, in addition to any other documentation, agreements or bills of sale necessary to complete the transfer. Upon execution of the deed and dedication documents, Fairmont shall own, operate, and maintain the water and sewer systems within Fair Bluff. The current Fair Bluff water and sewer customers and future water and sewer customers will become customers of the Town of Fairmont.

At Closing, at a time and place mutually acceptable to the parties, Fair Bluff shall convey to Fairmont, free and clear of liens and encumbrances, the Water and Sewer Systems by delivering Warranty Deeds for Fair Bluff's real property and an Assignment and Bill of Sale for the Fair Bluff's personal property including, *inter alia*, the Systems' infrastructure, facilities, structures, equipment, supplies, funds, permits, contracts, easements, other property rights, liabilities, debt obligations,

and all other materials and things associated with or required for the ownership, operation, and maintenance of the Water and Sewer Systems.

Fair Bluff agrees to execute any NC DEQ forms or applications required to transfer or assign any necessary permits for the operation and maintenance of the water and sewer systems to Fairmont. In addition, Fair Bluff hereby authorizes the transfer to Fairmont any current infrastructure improvement grants awarded to Fair Bluff by the State of North Carolina, and Fair Bluff and Fairmont officials are authorized to execute any necessary documents to accomplish this purpose. The Parties understand that upon receiving this authorization the State of North Carolina may reissue the award to Fairmont and Fairmont will accept the award by resolution. Further, the Parties agree that the scope of the project which is the subject of award will remain the same as the original project which received the award, to wit, to benefit Fair Bluff.

3. EASEMENTS AND RIGHTS-OF-WAY

Fair Bluff agrees to transfer all easements and fee simple property related to the water and sewer systems to Fairmont. The Town of Fair Bluff also gives the Fairmont the right to operate, maintain, and construct new water and sewer mains within the rights-of way owned by Fair Bluff or deeded to the Fair Bluff by developers. Any new easement required to expand the water and sewer systems would be the responsibility of Fairmont.

4. SYSTEM IMPROVEMENTS

Fairmont agrees to make such improvements as required to integrate the Fair Bluff water and sewer systems into the overall Fairmont water and sewer systems. Fairmont will be responsible for the cost of the improvements. Fairmont agrees to operate, maintain and expand said water and sewer systems to accommodate planned growth and development within Fair Bluff's planning and zoning jurisdiction in accordance with Fairmont utility system policies, standards, and procedures, and to serve present and future demands in a manner so as not to impede the orderly growth and development of Fair Bluff.

5. RECORDS TRANSFER

Fair Bluff shall transfer to Fairmont all available reproducible and electronic copies of any and all records, data, information, and models arising from the construction, operation and maintenance of Fair Bluff's water and sewer utility system and any other related activity, including projects in progress, and including, but not limited to, the following:

- 1) Construction contracts, drawings, maps, and all other related documents evidencing the condition or location of any portion of the subject water and

sewer systems including such documents as may be in the possession of any engineer or other consultant of Fair Bluff;

- 2) Billing, collection and payment records on all present customers of the subject water and sewer systems;
- 3) An accurate tabulation or listing of all actual service locations in the Fair Bluff system to be transferred to Fairmont from Fair Bluff, to include:
 - a) Address - Number and Street;
 - b) Account Name (if active);
 - c) Billing Address for Each Account Number;
 - d) Account Numbers and all meter reading books and the history of all accounts for the past twelve (12) months; e) One Year's Account History;
 - f) Meter Location Description;
- 4) Contracts or agreements for the supply of equipment, materials, supplies, and products;
- 5) Pending applications for water and sewer service;
- 6) Contracts or agreements to provide water and or sewer service currently in effect; 7) Receipts, accounts and other records of deposits made by all present and past customers of the subject water and sewer systems;
- 8) Any and all warranty information on any facilities, property, land, and equipment transferred to Fairmont pursuant to this Agreement;
- 9) Repair, maintenance, trouble, and emergency response records for all portions of Fair Bluff's water and sewer systems;
- 10) Any and all notices of violation, legal actions, and lawsuits pertaining to Fair Bluff's water and sewer system ;
- 11) Plans, permits, reports, specifications, surveys, etc., for water and sewer facilities and operations;
- 12) Number and locations of all unmetered services;
- 13) Copies of all water and sewer system maps;
- 14) Copies of all easements;
- 15) Copies of all encroachment agreements;
- 16) Identification of all inside Fair Bluff customers;
- 17) Identification of all outside Fair Bluff customers;
- 18) Record of all assessments for system extensions;
- 19) Identification of all taps for which payment has been made;
- 20) Identification of all backflow prevention installations;
- 21) Identification of all Pretreatment Program installations;
- 22) Copies of such records as are necessary to inform Fairmont of the location of all facilities of Fair Bluff for other utility operations;
- 23) Accounts payable records;
- 24) Accounts receivable records; and,

25) Any other information, data, and records pertaining to Fair Bluff's water and sewer utility.

Fair Bluff agrees that within a reasonable time after the Transfer Date, Fair Bluff shall submit to Fairmont such accounting, commercial, engineering, planning, personnel, and facility records pertaining to Fair Bluff's water and sewer utility system. Fair Bluff may make copies of said materials for Fair Bluff's records and archives. Prior to the Transfer Date, officials from both Fair Bluff and Fairmont shall determine mutually satisfactory administrative details for the transfer of the above-referenced records.

6. CUSTOMER TRANSFER

As of the Transfer Date, all customers and users of Fair Bluff's water and sewer system shall become subject to all rules, regulations and ordinances of Fairmont as the same apply to all users and customers of the water and sewer system of Fairmont, and as same are now or may hereafter be amended. Such rules, regulations and ordinances and schedule of rates, fees, charges and penalties shall constitute a part of the Agreement between Fairmont and any customer or user of the subject water and sewer system and any extensions thereof for the provision of water and sewer service.

A team comprised of Fairmont and Fair Bluff staff shall develop a seamless transfer of customer accounts at Transfer Date in order to provide continuity of account activity after the merger. All accounting after the Transfer Date shall be made within the Fairmont utility enterprise fund.

Effective immediately following the Transfer Date, Fair Bluff shall transfer customer deposits to Fairmont.

From and after the Transfer Date Fairmont agrees to allow any current or previous member of the Fair Bluff water and sewer system that has completed twenty (20) years of elective service on the Fair Bluff Town Board to have their monthly water and sewer service at no charge.

7. WATER AND SEWER RATES

The water and sewer customers in Fair Bluff will pay the same water and sewer rates and fees as currently in effect for similarly situated customers of Fairmont. Fair Bluff agrees to transfer all meter deposits held on behalf of their customers to Fairmont.

8. ORDINANCES AND PERMITS

Fair Bluff agrees to maintain in effect ordinances regulating water and sewer connections and the use of the water and sewer systems to include mandatory connection to the water and sewer systems for all structures developed within the corporate limits of Fair Bluff. Fair Bluff's sewer use ordinance must conform to Fairmont's current ordinance and the NC DENR minimum requirements.

Fairmont agrees that land use permitting decisions in the Fair Bluff ETJ will continue to be processed by Fair Bluff. Fairmont shall take into consideration the requests from Fair Bluff for utility service provision within the ETJ, however, Fairmont shall be the ultimate decision maker as to the provision of said service.

9. FUTURE EXPANSION OF WATER DISTRIBUTION AND SEWER COLLECTION SYSTEMS

It is understood and agreed that all future expansions to the water distribution and sewer collection systems within the corporate limits of the Fair Bluff subsequent to the execution of this Agreement whether constructed by Fair Bluff or private developers shall be constructed in accordance with Fairmont specifications and shall be dedicated to the Fairmont upon completion of construction. Fairmont agrees to solicit input from Fair Bluff on current and future water and sewer needs of Fair Bluff on at least an annual basis.

10. GRANT OF EXCLUSIVE RIGHT TO FAIRMONT

Fair Bluff, subject to the terms and provisions of this Agreement hereby grants and gives Fairmont the exclusive right to own, maintain, and operate the sewer collection and water distribution systems within Fair Bluff.

11. NO ORAL MODIFICATIONS

Any change or modification of this Agreement must be in writing signed by both parties.

12. TERM AND TERMINATION OF AGREEMENT

This Agreement shall be perpetual. Fair Bluff and Fairmont hereby agree that such perpetual duration is reasonable and necessary in light of the purposes of this Agreement. If for any reason a court of competent jurisdiction rules in a final decision that may not be appealed that a perpetual term to this agreement is unlawful, then this agreement shall have a term of sixty (60) years. If the term of this agreement is so limited to sixty (60) years, the expiration of the term shall only affect the agreements hereunder with respect to events and performances that occur after the expiration date of such term, and shall not affect the existence or

validity of any transfer, conveyance, undertaking, liability, or other action or right that occurred or arose prior to the expiration date.

13. FAIR BLUFF REPRESENTATIONS AND WARRANTIES

Fair Bluff hereby represents and warrants as follows:

A. Except as otherwise disclosed herein, Fair Bluff has good and marketable title, free and clear of liens and encumbrances, to the real and personal property being conveyed to Fairmont, including all permits, associated with every aspect of the Water and Sewer Systems.

B. The Water and Sewer Systems are in good condition and repair, normal wear and tear excepted, and are in compliance with all laws, rules, and regulations of applicable governmental units.

C. Fair Bluff shall provide the Fairmont with true, accurate, and complete copies of the following: Fair Bluff's rates and fees for water and sewer service; all ordinances, resolutions, and/or rules and regulations relating to the Water and Sewer Systems, all which remain in full force and effect, and all other plans, specifications, and operation/maintenance manuals for the Water and Sewer Systems.

D. Fair Bluff shall provide the Fairmont with true, accurate, and complete copies of each permit and contract associated with the Water and Sewer Systems under which Fair Bluff is obligated to perform together with written evidence showing that the permits have been transferred to Fairmont and that the other parties to the contracts, whenever required, have consented to assigning the contracts to Fairmont.

E. Fair Bluff has the power and authority to assign the permits, contracts, liabilities, associated with the Water and Sewer Systems to the County, no events of default have occurred or are occurring thereunder, the permits, contracts, liabilities, remain in full force and effect, and are enforceable in accordance with their respective terms and conditions.

F. This Agreement, and all other documents and instruments related hereto and/or required hereby, has/have been or will be, duly authorized, executed, and delivered by Fair Bluff and constitute valid and binding obligations by Fair Bluff enforceable in accordance with its terms and conditions subject to bankruptcy, insolvency, or other laws affecting the enforcement of creditor's rights.

G. The Fair Bluff's execution and delivery of this Agreement and compliance with its terms and conditions will not conflict with or constitute a breach or

violation of, or a default under any agreements to which the Fair Bluff is a party, any applicable law, rule, or regulation of any governmental unit or agency thereof, any applicable judgment or decree of any court or other governmental agency or body, or the provisions of any permits held by Fair Bluff for the ownership, operation, and maintenance of the Water and Sewer Systems.

H. The execution and delivery of this Agreement and the conveyance of Fair Bluff's Water and Sewer Systems to the Fairmont do not require the approval of any regulatory body, governmental unit or agency, or any other persons/entities whatsoever, except as may have been obtained.

I. All permits held by Fair Bluff regarding the ownership, operation, and maintenance of its Water and Sewer Systems are in full force and effect, have been duly complied with in all material respects, and are assignable and transferable to Fairmont.

J. All easements held by the Fair Bluff with regard to its Water and Sewer Systems are assignable by Fair Bluff without the consent of third parties. In case any easement is contested Fair Bluff will cooperate with Fairmont in defending the contested easement or by granting a specific assignment to, or joint use agreement with Fairmont.

K. If deemed necessary by the Fairmont, the Town of Fair Bluff will adopt ordinances such as, but not limited to, a sanitary use ordinance, backflow prevention ordinance, grease trap ordinance, right of entry ordinance, and other ordinances that are reasonably necessary to regulate the proper use of, and provide for the proper billing and collection of bills for, the subject water and sewer system and any extensions thereof by the customers and users within the jurisdiction of Fair Bluff.

14. FAIRMONT REPRESENTATIONS AND WARRANTIES

Fairmont hereby represents and warrants as follows:

A. This Agreement, and all other documents and instruments related or required hereby, have been duly authorized, executed, and delivered by Fairmont and constitute valid, binding, and enforceable obligations by Fairmont.

B. Fairmont's execution and delivery of this Agreement and compliance with its provisions will not conflict with or constitute a breach or violation of, or a default under any agreements to which Fairmont is a party, any applicable law, rule, or regulation of any governmental unit or agency thereof, or any applicable judgment or decree of any court or other governmental agency or body.

C. Fairmont will perform the services customarily performed by water and sewer utility systems with respect to the acquired systems and customers, such as:

1. Read all meters of, send all bills to, and collect all payments from the Water and Sewer Systems' customers.
2. Administer the provision of water and sewer services to new customers and coordinate the construction of related infrastructure by developers intending to connect to the Water and/or Sewer Systems.
3. Maintain, repair, and improve the systems in a timely manner and operate and manage the systems in a manner consistent with good business and operating practices for comparable facilities and in full compliance with all issued permits, operational requirements, industry standards, and the applicable laws, rules, and regulations of regulatory bodies, governmental units, or agencies thereof.
4. Operate, maintain, and manage the water and sewer system with employees who have the operational expertise and professional credentials necessary to perform their respective duties, and perform the administrative and managerial duties required for the operation of public enterprise water and sewer systems.

15. COOPERATION OF THE PARTIES

Fair Bluff and Fairmont agree to cooperate, fully, effectively, and efficiently with each other to accomplish the intent and purposes of this Agreement, execute all supplementary documents necessary to enforce its terms, and to take all additional actions deemed necessary and appropriate so as to give full force and effect to the terms, conditions, and intent of this Agreement. Neither party shall unreasonably withhold or delay providing such cooperation. The parties further agree to provide to each other, if requested, all plans, as built drawings, financial information, and all other information, documents, materials, and other things in their possession or control associated with the Water and Sewer Systems, and the performance of the terms and conditions set forth herein.

16. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding between the parties and supersedes all prior and independent agreements between the parties covering the subject matter hereof.

17. SPECIFIC PERFORMANCE IN EVENT OF DEFAULT

The parties acknowledge that monetary damages would not fully compensate either party in the event of any breach or default of this Agreement. The parties therefore agree that in the event of a breach or default by either party, the other party shall, in addition to seeking damages, be entitled to seek and obtain the specific performance of the defaulting party's obligations hereunder.

18. AUTHORIZATION

Each party certifies that all appropriate steps to legally enter into this Agreement have been taken, that the matter has been approved by the appropriate legislative body, and that the terms of this Agreement are understood. Moreover, each party certifies that all laws, rules, and regulations as well as any local governmental rules were followed with regard to acceptance of this Agreement and that this Agreement meets all standards for governmental agreements.

19. SECTION HEADINGS

The section headings in this Agreement are for convenience and ease of reference only. Such headings are not part of this Agreement and are not to be used in interpreting its provisions.

20. CHOICE OF LAW

This Agreement shall be governed by and interpreted in accordance with the law of the State of North Carolina.

21. SEVERABILITY

It is hereby the declared intention of the Town of Fair Bluff and the Town of Fairmont that the paragraphs, sections, sentences, clauses, and phrases of this agreement are severable. If one or more paragraphs, sections sentences, clauses, or phrases shall be declared void, invalid or otherwise unenforceable for any reason by the valid, final judgment or decree of any court of competent jurisdiction, such judgment or decree shall not affect the remaining provisions of this agreement.

22. WARRANTIES

The Town of Fair Bluff and the Town of Fairmont represent and warrant that each has full power and authority to enter into and perform any and all provisions of this Agreement between Fair Bluff and Fairmont.

23. SIGNATURES

This Agreement, together with any amendments or modifications, may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be considered one and the same agreement. This Agreement may also be executed electronically. By signing electronically, the parties indicate their intent to comply with the Electronic Commerce in Government Act (N.C.G.S § 66-

58.1 et seq.) and the Uniform Electronic Transactions Act (N.C.G.S § 66-311 et seq.). Delivery of an executed counterpart of this Agreement by either electronic means or by facsimile shall be as effective as a manually executed counterpart.

IN WITNESS WHEREOF, the parties hereto, acting by and through their duly authorized representatives pursuant to the resolutions of their respective governing bodies, have caused this Agreement to be executed as of the day and year first above written.

ATTEST:

THE TOWN OF FAIRMONT

Clerk

By: _____
Mayor

(SEAL)

ATTEST:

THE TOWN OF FAIR BLUFF

City Clerk
(SEAL)

By: _____
Mayor

“This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.”

Finance Officer, Town of Fairmont

“This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.”

Finance Officer, Town of Fair Bluff