

STATE OF NORTH CAROLINA

COUNTY OF VANCE

The Vance County Board of Commissioners met in special session on Tuesday, July 10, 2018 at 5:00 p.m. in the Commissioners' Conference Room, Vance County Administration Building, 122 Young Street, Henderson, NC. Those Commissioners present were as follows: Chairman Thomas S. Hester, Jr., Vice-Chairman Archie B. Taylor, Jr., Commissioners Dan Brummitt, Carolyn Faines, and Gordon Wilder.

Absent: Commissioners Leo Kelly, Jr. and Yolanda J. Feimster.

Also present were County Manager Jordan McMillen, Finance Director David C. Beck, County Attorney Jonathan S. Care, and Clerk to the Board Kelly H. Grissom.

The purpose of the special meeting was to:

1. Approve new Water Agreement with the City of Henderson
2. Approve 2018 Amendment to City-County Agreement for Joint Funding of the Library
3. Approve Budget Amendments
4. Convene the Vance County Water District Board to approve new Water Agreement with the City of Henderson and approve budget amendments

Water Agreement with City of Henderson. County Manager Jordan McMillen reported that the City and County have reached agreement on a new water purchase/sales agreement that provides for the following:

- Allows Kittrell Water Association System (KWA) to be consolidated into the Vance County Water District System (VCWD).
- Allows VCWD to utilize the existing water purchase rate from the City (\$3.37 per 1,000 gallons) with increases as per the existing contract.
- Assigns the KWA allocation of 200,000 gallons per day to the VCWD and combines all VCWD allocations together (525,000 gpd) regardless of phase.
- Removes existing reservation fees for Phases 1A, 2A & 2B with no additional reservation fee for additional allocation.

Recommendation: Approve the new water agreement with the City of Henderson as presented.

Motion was made by Commissioner Carolyn Faines, seconded by Commissioner Archie B. Taylor, Jr., vote unanimous, to approve the new water agreement with the City of Henderson as presented.



STATE OF NORTH CAROLINA

**AGREEMENT
COUNTY OF VANCE**

WATER SALES

**FOR VANCE COUNTY
WATER DISTRICT**

THIS WATER SALES AGREEMENT, made and entered into this the 11th day of July, 2018 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 has obtained grants from the USDA and constructed one or more systems of distribution lines serving portions of Vance County, North Carolina (see attached map showing Vance County Water District) outside of the areas served by the City of Henderson (and the other entities herein set forth), with said grants having been fully funded and funds spent; and

WHEREAS, the City, the District, and the County have previously entered into two separate Water Sales Agreements for different Phases of the District's system, to wit, that Water Sales Agreement dated March 14, 2011 and Water Sales Agreement dated July 23, 2012, and the County is currently in the process of working with the Kittrell Water Association to acquire and add that system into the District's current water system; and

WHEREAS, the parties hereto desire to combine the two previous Water Sales Agreements into one agreement and allow for the inclusion of the Kittrell Water Association's Water Sales Agreement gallons per day water allocation to permit the parties hereto to operate within a single agreement for Water Sales; 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; and

WHEREAS, the City of Henderson is willing to waive any rights to purchase the Kittrell Water Association, and is further willing to consent and approve, to the extent the same is required, Vance County purchasing, being assigned, or otherwise acquiring all rights and assets of the Kittrell Water Association, its Water Sales Agreement with the City of Henderson, and any other assets of the entity; and

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 Water District's systems on the terms and conditions hereinafter set forth; and

WHEREAS, Vance County is willing to purchase water 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) The preceding Water Sales Agreements dated March 14, 2010 and July 23, 2012 are combined and replaced by this agreement. Further, upon the completion of the purchase of the Kittrell Water Association by Vance County, the 200,000 gallons per day allocation will be added to Vance County's current 325,000 gallons per day water allocation and subject to the same terms, conditions and rates as set forth herein.
- (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 Water District 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) 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.
- (4) As a part of the consideration of this Agreement, the District agrees that no new 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. This paragraph will not apply to the repair or replacement of any existing lines so long as the water line being repaired or replaced shall be of equal or greater size.

The City is to receive the proposed lay-outs of the respective new lines proposed by the District. 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 (4), 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. This requirement is only applicable to Phases 2A and 2B of the water system.

- (5) 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 water systems 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.

- (6) The 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.
- (7) 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 **\$3.37** per 1,000 gallons for up to 525,000 gallons per day for the Water District. The rates to be charged 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 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. (For example, if the outside water rate increases by 5%, a theoretical \$3.00 rate shall increase to \$3.15 per 1,000 gallons at that time). The water allocation amount includes the 200,000 gallons per day currently allocated to the Kittrell Water Association (KWA), and provided the County acquires said system then KWA's water allocation will be included. Otherwise the County's water allocation amount shall be reduced by the 200,000 gallons per day for the Kittrell Water Association.

It is understood and agreed that the rates herein set forth shall only apply to the then first 525,000 gallons a day of water sold by the City to the County for the District Water Systems. All rates for excess water 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 current rate that the City of Henderson then charges for the outside water rate, 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.

- (8) 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.

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).

- (9) It is understood and agreed that the City has previously received required Allocation Reservation Fee payments for Phases 2a and 2b, from the County and the County Water District, through FY 2018. For the allocation of the 525,000 gallons per day of water, no additional Allocation Reservation Fees will be due or charged to the County or the County Water District; and no refund or return of payments made to the City be due back after the execution of this agreement due to the elimination of such fees going forward.
- (10) Subject to the provision hereof, the District shall have the sole and exclusive right to tap the District's water systems' transmission lines and distribution lines 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 customer's 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) 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 525,000 gallons a day, 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).

- (12) 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.
- (13) 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.
- (14) 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).

- (15) 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, 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.
- (16) 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 responsibility 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) .

- (17) 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.

- (18) In any event (regardless of whether there has been an award for any construction contract) 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.
- (19) 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.
- (20) 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.
- (21) 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).
- (22) This Agreement shall be construed under the laws of the State of North Carolina.

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: _____
Eddie Ellington, Mayor

City Clerk

(MUNICIPAL SEAL)

Approved as to legal form:

D. Rix Edwards
City Attorney
City of Henderson

- (1) The County and City presently fund the H. Leslie Perry Memorial Library on a 75% County and 25% City basis, with the County currently appointing nine (9) members to its twelve (12) person Board of Trustees. The County has by previous agreement, committed to increase its funding to 75% of the H. Leslie Perry Memorial Library budget and now agrees to increase its funding to 85% of the H. Leslie Perry Memorial Library budget commencing in the fiscal year 2018-2019 and maintain said percentage of funding thereafter for the term of this agreement. Provided, however, this provision shall not grant any rights to receive funding of the H. Leslie Perry Memorial Library at any certain amount, level, request, or demand from said Library or its Board of Trustees; and the parties to this Agreement shall have the sole right to determine the amounts budgeted for and funded to the Library. The City's appointment of members to said Library Board of Trustees will remain at a total of 2 members with the County having the right to appoint the remaining ten (10) members of the H. Leslie Perry Memorial Library Board of Trustees, and continuing said respective number of appointments thereafter for the term of this Agreement.
- (2) 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. None of the above mentioned joint ventures/projects will be terminated by either party hereto during the term of this Agreement without the express written consent of both the City and the County.
- (3) Any Agreements heretofore entered into between the City and County relative to said respective joint ventures/projects (or the funding thereof) are hereby amended to conform with this Agreement (which shall have priority over the same); each of said original Agreements shall remain in full force and effect except where inconsistent herewith.
- (4) This Agreement may be amended only with the written consent of both the City of Henderson and Vance County (or their assignees).

IN TESTIMONY WHEREOF, THE CITY OF HENDERSON AND THE COUNTY OF VANCE 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.

ATTEST:

CITY OF HENDERSON

BY: _____
Eddie Ellington, Mayor

City Clerk

(MUNICIPAL SEAL)

Approved as to legal form:

D. Rix Edwards
City Attorney
City of Henderson

COUNTY OF VANCE

ATTEST:

BY: _____
Thomas S. Hester, Jr., Chairman
Vance County Board of Commissioners

Clerk to the Board of Commissioners

(COUNTY SEAL)



Budget Amendment #1. Budget Amendment #1 appropriates up to \$250,000 from fund balance, as per the previously approved loan agreement, to the Kittrell Water Association.

Motion was made by Commissioner Archie B. Taylor, Jr. to approve Budget Amendment #1 as presented. This motion was seconded by Commissioner Gordon Wilder and unanimously approved.



**Budget Amendment #1
FY 2018-2019
Other Agencies**

Revenue Amendment Request	Account Number	Revenue Increase (Decrease)
Fund Balance Appropriated	10-399-439900	250,000
Total Revenue Increase (Decrease)		\$ 250,000

Expenditure Amendment Request	Account Number	Expense Increase (Decrease)
KWA Financial Assistance	10-600-500231	250,000
Total		\$ 250,000

Purpose: Appropriates fund balance for an amount up to \$250,000 as a loan to the Kittrell Water Association for financial assistance.

Authorization: Vance County Board of Commissioners
July 10, 2018



Budget Amendment #2. Budget Amendment #2 appropriates \$78,960 from fund balance to increase the County’s share of the library’s operating budget from 75% to 85% as per the revised funding agreement with the City of Henderson.

Motion was made by Commissioner Archie B. Taylor, Jr., to approve Budget Amendment #2 as presented. This motion was seconded by Commissioner Carolyn Faines and unanimously approved.



**Budget Amendment #2
FY 2018-2019
Other Agencies**

Revenue Amendment Request	Account Number	Revenue Increase (Decrease)
Fund Balance Appropriated	10-399-439900	78,960
Total Revenue Increase (Decrease)		\$ 78,960

Expenditure Amendment Request	Account Number	Expense Increase (Decrease)
Perry Memorial Library	10-600-500216	78,960
Total		\$ 78,960

Purpose: Appropriates additional funding for Library operations. The County will increase its share of the operating budget from 75% to 85% under the revised funding agreement with the City of Henderson.

Authorization: Vance County Board of Commissioners
July 10, 2018

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Budget Amendment #3. Budget Amendment #3 reduces the transfer from the General Fund to the Water Fund due to the revised water purchase agreement with the City of Henderson which removes the reservation fee charges.

Motion was made by Commissioner Archie B. Taylor, Jr., seconded by Commissioner Carolyn Faines, vote unanimous, to approve Budget Amendment #3 as presented.

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**Budget Amendment #3
FY 2018-2019
Transfers to Other Funds**

Revenue Amendment Request	Account Number	Revenue Increase (Decrease)
Fund Balance Appropriated	10-399-439900	(52,875)
Total Revenue Increase (Decrease)		\$ (52,875)

Expenditure Amendment Request	Account Number	Expense Increase (Decrease)
Transfer to Water Fund	10-696-500071	(52,875)
Total		\$ (52,875)

Purpose: Reduces the transfer from the General Fund to the Water Fund due to the revised water purchase agreement with the City of Henderson which removes the capacity fee charges.

Authorization: Vance County Board of Commissioners
July 10, 2018

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At this time, Chairman Thomas S. Hester, Jr. called the Water District Board to order.

Water Agreement with City of Henderson. County Manager Jordan McMillen stated that the City and County have reached agreement on a new water purchase/sales agreement that provides for the following:

- Allows Kittrell Water Association System (KWA) to be consolidated into the Vance County Water District System (VCWD).
- Allows VCWD to utilize the existing water purchase rate from the City (\$3.37 per 1,000 gallons) with increases as per the existing contract.
- Assigns the KWA allocation of 200,000 gallons per day to the VCWD and combines all VCWD allocations together (525,000 gpd) regardless of phase.
- Removes existing reservation fees for Phases 1A, 2A & 2B with no additional reservation fee for additional allocation.

Recommendation: Approve the new water agreement with the City of Henderson as presented.

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Carolyn Faines, vote unanimous, to approve the new water agreement with the City of Henderson as presented.

Budget Amendment #4. Budget Amendment #4 amends the water fund budget to account for the removal of the reservation/capacity fee to the City of Henderson as per the revised water purchase agreement.

Motion was made by Commissioner Carolyn Faines to approve Budget Amendment #4 as presented. This motion was seconded by Commissioner Archie B. Taylor, Jr. and unanimously approved.



**Budget Amendment #4
FY 2018-2019
Water Fund**

Revenue Amendment Request	Account Number	Revenue Increase (Decrease)
Transfer from General Fund	16-397-439710	(52,875)
Total Revenue Increase (Decrease)		\$ (52,875)

Expenditure Amendment Request	Account Number	Expense Increase (Decrease)
Capacity Fee – City	16-665-500284	(52,875)
Total		\$ (52,875)

Purpose: Amends budget due to revision of the water purchase agreement with the City of Henderson which eliminates capacity fee charges.

Authorization: Vance County Board of Commissioners
July 10, 2018



KWA Phase 1B Funding. Mr. McMillen stated that Kittrell Water Association received USDA funding in 2014 for construction of Phase 1B. With the consolidation, it is necessary for the county water district to seek USDA's approval to reassign the funding to preserve the opportunity for constructing this phase. The project had a total cost of \$3,196,201 with \$1,740,000 in loan funds, \$1,411,001 in grant funds, and \$45,200 in owner contributions. According to records provided by KWA, a total of 350 signups have been obtained although approximately 200 are located along the planned waterlines. Phase 1B includes 23 miles of waterline and the engineer has obtained DEQ and DOT permits for construction to proceed. Recommendation: Authorize staff to seek reassignment of USDA funding for Phase 1B to the Vance County Water District.

Motion was made by Commissioner Gordon Wilder, seconded by Commissioner Archie B. Taylor, Jr., vote unanimous, to authorize staff to seek reassignment of USDA funding for Phase 1B to the Vance County Water District.

At this time, Chairman Hester adjourned the Water District Board.

As there was no further business, motion was made by Commissioner Dan Brummitt, seconded by Commissioner Archie B. Taylor, Jr., vote unanimous, that the meeting be adjourned.

Approved and signed August 6, 2018.

Chairman