

NORTH CAROLINA

YADKIN COUNTY

**LEASE OF
PUBLIC WATER DISTRIBUTION LINES
AND SEWER LINES**

This Lease, hereinafter sometimes called the "Lease" made and entered into on the date set out below, by and between the Town of Yadkinville, a municipal corporation, a body politic and subdivision of the State of North Carolina, located in Yadkin County, North Carolina and Yadkin County, a county of the State of North Carolina, a body politic and a subdivision of the State of North Carolina for the lease by the Town of Yadkinville of a public water distribution line and two public wastewater satellite collections system sewer lines owned by Yadkin County.

WHEREAS, Yadkin County owns a public water distribution system consisting of a main water line running along U S Highway 601 in a southerly direction from the Town of Yadkinville water plant to a point south of the intersection of U S Highway 601 with the Courtney-Huntsville Road and the Fish Brandon Road, and a branch line running from said intersection along the Courtney-Huntsville Road to Courtney Elementary School along with individual services lines from said main line and said branch line, hereinafter sometimes collectively called the "Water Lines" and described on Exhibits "A" and "B" attached hereto; and,

WHEREAS, Yadkin County owns a public wastewater satellite collections system consisting of two (2) sewer lines as follows: (1) one sewer line running along U S Highway 601 from a point near Hardee's located at 916 South State Street in the Town of Yadkinville to a point south of the intersection of U S Highway 601 with the Courtney-Huntsville Road and the Fish Brandon Road, and (2) one sewer line beginning near 1016 Billy Reynolds Road and

running along Billy Reynolds Road under U S Highway 421 to Hoots Road, then along Hoots Road to the Austin Company manufacturing plant and then continuing along Hoots Road to the Lydall, Inc. manufacturing plant, hereinafter sometimes collectively called the "Sewer Lines" and described on Exhibits "C" and "D" attached hereto; and,

WHEREAS, Yadkin County desires to lease both the Yadkin County Water Lines and the Yadkin County Sewer Lines to the Town of Yadkinville on the terms and conditions set out herein and the Town of Yadkinville desires to lease the Yadkin County Water Lines and the Yadkin County Sewer Lines from Yadkin County on said terms and conditions.

NOW THEREFORE, the parties agree as follows:

1. Purpose of Agreement.

The purpose of this agreement is to establish the terms and conditions of the lease by the Town of Yadkinville of the Yadkin County Water Lines and the Yadkin County Sewer Lines from Yadkin County.

2. Lease.

Subject to the terms and conditions hereinafter set forth, Yadkin County hereby leases to the Town of Yadkinville and the Town of Yadkinville hereby accepts as Lessee from Yadkin County the Yadkin County Water Lines and the Yadkin County Sewer Lines. The lines will remain assets of the County and therefore, the County shall maintain insurance on the lines and equipment on the lines, as appropriate.

3. Duration of Lease.

This Lease shall become effective July 1, 2016, and unless sooner terminated as provided

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herein shall continue until June 30, 2019. The Town Manager and County Manager shall review the Lease, its terms and financial operations at least once per year.

4. Rental.

As rental for the Yadkin County Water Lines and the Yadkin County Sewer Lines, the Town of Yadkinville shall pay to Yadkin County by mail or at the place of business of Yadkin County the sum of One Dollar (\$1.00) per year. The first rental payments shall be payable upon the execution of this Agreement and all subsequent payments shall be payable on or before July 1st of each subsequent year during the term of this Agreement.

5. Combination of Public Water Supply Systems for Regulation Purposes.

During the term of this lease the Town of Yadkinville, at its option, may combine Yadkin County's public water supply system with the Town of Yadkinville's public water supply system for the purposes of regulation by the Public Water Supply Section, Division of Water Resources, North Carolina Department of Environmental Quality. If the two systems are so combined by the Town of Yadkinville for the purposes of such regulation, then at the termination of this lease, the Town of Yadkinville will immediately take the necessary action to sever such combination for regulatory purposes.

6. Inspections, Sampling, Analysis and Administrative Duties.

During the term of this lease, the Town of Yadkinville will be responsible for all inspections, sampling, analysis, and administrative duties as shall be required by either the Public Water Supply Section, or the Wastewater Branch of the Division of Water Resources, North Carolina Department of Environmental Quality.

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7. Maintenance of the Yadkin County Water Lines and the Yadkin County Sewer Lines

Normal, day to day maintenance of the Yadkin County Water Lines and the Yadkin County Sewer Lines shall be defined as maintenance requiring an expenditure of less than Five Thousand Dollars (\$5,000.00) and shall be performed by the Town of Yadkinville at the costs of the Town of Yadkinville. Any maintenance with a cost in excess of Five Thousand Dollars (\$5,000.00) shall be a Capital Expenditure and shall be paid as set out herein.

8. Capital Expenditures.

A Capital Expenditure shall be defined as any expenditure for any item, service or maintenance necessary to operate the Yadkin County Water Lines or the Yadkin County Sewer Lines with a cost in excess of Five Thousand Dollars (\$5,000.00). All Capital Expenditures shall be paid as follows: (1) the Town of Yadkinville shall pay one-half (1/2) of the cost of such Capital Expenditures and (2) the remaining one-half (1/2) shall be billed by the Town of Yadkinville to Yadkin County and paid for by Yadkin County. The Town of Yadkinville shall provide an accounting to Yadkin County of all Capital Expenditure costs billed to Yadkin County.

9. Expansion.

Expansion of lines shall be mutually agreed upon by both Boards as the need arises.

10. Cost of Utilities.

The Town of Yadkinville shall be responsible for the cost of utilities (electricity and telephone) necessary to operate the Yadkin County Water Lines and the Yadkin County Sewer Lines.

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11. Billing.

The Town of Yadkinville shall be responsible for billing all customers of the Yadkin County Water Lines and the Yadkin County Sewer Lines.

12. Revenue.

The Town of Yadkinville shall be entitled to all revenue generated by the Yadkin County Water Lines and the Yadkin County Sewer Lines.

13. Subject to Town of Yadkinville Ordinances and Policies.

During the term of this lease, the Yadkin County Water Lines and the Yadkin County Sewer Lines and their customers shall be subject to the applicable Town of Yadkinville Ordinances and Policies, in compliance with NC State Law

14. Amendment / Termination of Lease.

Parties may amend this lease and any amendment shall be approved by both Boards.

Either party may terminate this lease by giving the other party sixty (60) days prior written notice.

15. Written Notice.

Written notice to the parties with regard to this Lease shall be directed as follows:

To the Town of Yadkinville

Town Manager
Town of Yadkinville
Post Office Drawer 816
Yadkinville, NC 27055

Lease of
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To Yadkin County

County Manager
Yadkin County
Post Office Box 220
Yadkinville, NC 27055

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This the 4th day of April 2016.

YADKIN COUNTY



Yadkin County Chairman of Board of Commissioners

COUNTY SEAL



Clerk to the Board

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.



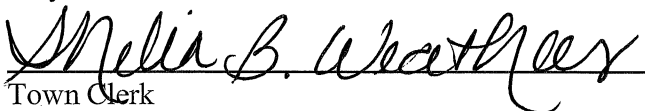
Yadkin County Finance Officer

TOWN OF YADKINVILLE



Mayor

TOWN SEAL



Town Clerk

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Town of Yadkinville Finance Officer

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