



# CITY OF ASHEVILLE

OFFICE OF THE CORPORATE COUNSEL

September 3, 1987

RECORDED  
INDEXED  
9-3-87  
101

Mr. Keith Snyder  
County Attorney  
Post Office Box 7424  
Asheville, North Carolina 28802

RE: Water Agreement

Dear Keith:

Enclosed please find the duplicate originals of the Supplemental Water Agreement which have been signed by the members of City Council. After execution by the Commissioners please return one copy to me for our records.

Also, please note that the date on page 25 should be changed to "1993" so as to be consistent with the termination date on page 24. Please let me know if you have any questions.

Very truly yours,

William F. Slawter  
City Attorney

WFS:msb  
Enclosures

I agree - should be 1993  
on p. 25 - KSL  
24

1987

SUPPLEMENTAL WATER AGREEMENT

THIS AGREEMENT, entered into this 18th day of AUGUST, 1987, by and among the County of Buncombe (hereinafter referred to as "County"), Beaverdam Water and Sewer District, Busbee Sanitary Sewer District, Caney Valley Sanitary Sewer District, Crescent Hill Sanitary Sewer District, Skyland Sanitary Sewer District, Swannanoa Water and Sewer District, Fairview Sanitary Sewer District, East Biltmore Sanitary Sewer District, Hazel Ward Water and Watershed District, Venable Sanitary Sewer District, and South Buncombe Water and Watershed District (hereinafter referred to as the "District"), and the City of Asheville (hereinafter referred to as "City");

WITNESSETH:

WHEREAS, the County of Buncombe, the Districts, and the City of Asheville determined that it is in the best interest of all the citizens of the County, the Districts, and the City for water facilities to be consolidated and operated pursuant to policies established by an Asheville/Buncombe Water Authority (hereinafter referred to as "Authority"), as hereinafter provided;

NOW, THEREFORE, the County, the Districts, and the City do contract and agree as follows:

ARTICLE I. TERM. The term of this Agreement shall be for a period of twenty-nine (29) years, commencing as of July 1, 1987 and continuing until midnight on the 30th day of June 2016, unless sooner terminated as hereinafter provided.

ARTICLE II. ORGANIZATION. The Asheville/Buncombe Water Authority shall continue to be appointed as a joint agency pursuant to the authority of G.S. 160A-462. The Authority shall consist of seven (7) members: Three (3) of whom shall be appointed by the Board of Commissioners, two (2) of whom may be members of said board; three (3) of whom shall be appointed by the Asheville City Council, two (2) of whom may be members of said council; and one (1) of whom shall be appointed by the other six members of the Authority. No employee of the City or County shall be appointed unless he or she is an elected official. It is understood and agreed that those persons previously nominated and appointed by the County and City shall continue to serve for the remainder of their respective terms following the execution of this Supplemental Agreement. The term of office for a member of the Authority shall continue to be three (3) years.

The Chairman of the Authority shall be selected by the membership of the Authority and shall be selected from the group of individuals not on the City Council or Board of Commissioners.

The City Manager or his designee may serve as secretary to the Authority with no voting rights and while serving as secretary shall attend all meetings of the Authority. The Authority may designate another person to serve as secretary without pay if so desired. The Chairman of the Board of Commissioners or his designee and the City Manager or his designee may also attend all meetings of the Authority including executive sessions as non-voting members.



annexation obligations for water services and to that end shall appropriate from water revenues the funds needed, less any grant funds, for the City of Asheville to meet annexation obligations for water services for the full term of the Agreement.

The Authority shall review extension policies at least once each year. The City, the County, or the Districts may request consideration by the Authority on any matter relating to water operations and may propose changes in extension policies.

2. Consultants. The Authority may hire consultants who shall be paid out of the approved water budget.

3. Water Rates. The Authority shall have the responsibility to fix and revise, from time to time, rents, rates, fees, assessments, and other charges for the use of the services and facilities furnished by the water system to be paid by customers for water services in order to generate sufficient revenue to meet costs of operating and maintaining the system, all debt service costs, all operating capital, a reasonable reserve for improvements, and enlargements, all other costs or expenses necessary and desirable for carrying out the governmental authority and responsibility relating to the provision of water services and all other commitments to be funded by revenues of the water system under the agreement, including the

commitments to the City and the County under Section 16 of Article IV. All revenues from water services shall be credited to the Water Fund, hereinafter mentioned, as herein provided for the uses herein specified.

The Authority shall review the water rates structure at least once each year. The City, the County, or the Districts may request consideration by the Authority on any matter relating to the water rates structure.

Nothing herein shall be construed to give the Authority the right to violate the rate limitation provisions of the Sullivan Act.

4. Reports to the City, County, and Districts.

Semi-annual reports shall be made to the City, the County, and the Districts by the Authority or as requested by the City, the County, or the Districts.

5. By-Laws. The Authority shall recommend by-laws for the regulation of its affairs and the conduct of its business, including compensation for its members. Such by-laws shall be effective upon approval by the City, the County, and the Districts. Thereafter, said by-laws may be amended by the Authority acting as a body with one vote, the County Commissioners acting as a body with one vote, and the City Council acting as a body with one vote, each meeting in formal session and upon the affirmative vote of two of the three bodies.

6. Suit. The Authority may sue and be sued in its own name, plead, and be impleaded.

7. Additional Water Systems. The Authority has the right in the name of the City to acquire, lease as lessor or lessee, construct, reconstruct, improve, extend, enlarge, equip, repair, maintain, and operate any water system or part thereof within the Authority's area of responsibility.

The Authority shall have the authority to negotiate and pay close-out costs involved in the acquisition or lease of existing water supply and water system.

The Authority shall have the authority to lease from any city, except the City of Asheville, or town or any other municipal corporation, or from any water or sewage district any water or water system or portions thereof upon such terms and conditions and for such consideration as the Authority deems fair and reasonable.

8. Land Acquisition and Personal Property Acquisition. The Authority shall have the authority to acquire in the name of the City of Asheville, either within or without the corporate limits of the City, by gift, purchase, or lease any improved or unimproved lands or rights in lands, and to acquire by lease or purchase such personal property as it may deem necessary in connection with the acquisition, construction,



reconstruction, improvement, extension, enlargement, repair, equipping, maintenance, or operation of any water or water system, including rights-of-way, easements, or title in fee simple.

9. Contracts and Agreements. The Authority may make and enter into contracts, leases, and agreements necessary or incidental to the performance of its duties and the execution of its powers under this Agreement and to contract with other political subdivisions for construction of facilities to be jointly financed.

10. Hiring a New Director. A Director of the Water and Sewer Services Department selected after the term of the Director at the time this Agreement is entered into shall be selected in the following manner: An Assessment Committee shall be named - two to be appointed by the Authority, two to be named by the City Manager. Those named by the City Manager shall be professionals in the field of water and sewerage services. The Assessment Committee shall receive the applications and interview the candidates. The Assessment Committee shall recommend five top candidates to the City Manager. The City Manager shall make the final selection from among the five candidates submitted by the Committee.

11. Dismissal of the Director. Any Director of the

Water Department may be dismissed or disciplined by the City Manager for cause.

12. Acceptance of Grants. The Authority shall have the right to receive and accept in the name of the Authority, the County, or the City from the United States of America or the State of North Carolina, or any agency or instrumentality thereof, loans, grants, advances, or contributions for the construction, improvement, extension, enlargement, repair, equipping, maintenance, or operation of any water system(s) to agree to such reasonable conditions or requirements as may be imposed, and to receive and accept contributions from any source of either money, property, labor or other things of value, to be held, used and applied only for the purposes for which such loans, grants, advances, or contributions may be made.

13. Application Collections/Cutoff. The Authority is authorized and empowered, through its board, officers, and agents to cause any user of water who shall fail to pay promptly his water rent or use bill of any month to be cut off and his right to further use of water from said system to be discontinued until payment of any water rent or use arrearages.

14. Employment of Legal Counsel. The Authority shall be authorized to hire legal counsel.

15. Services to the City and County. Water service at



*City  
o  
County*

all City and County facilities shall be metered, and direct activities operated as general governmental services, except schools, by the City of Asheville and County of Buncombe shall receive reasonable maintenance, replacement, improvement of water facilities, and reasonable amounts of water free of charge. By way of example and not by way of limitation, this shall include water fountains, City Building, Courthouse, Library, street flushers, Nature Center, etc.

16. Payments to the City of Asheville. Beginning July 1, 1987, and during the continuation of this Agreement, the City and the County shall be paid a percentage of the annual gross revenues of the water system as follows:

- (a) Commencing July 1, 1987, and thereafter, the City shall permanently be authorized to receive five (5%) percent of the gross water revenues annually.
- (b) Commencing July 1, 1987, and thereafter, the County shall permanently receive two and one half percent (2.5%) of the gross water revenues annually which said revenues shall be used by the County for economic development purposes.

17. Debt. Debt service payments shall be made on past water bond issues and if the Authority deems it

necessary in the future to acquire, construct, reconstruct, extend, or improve water facilities, and if sufficient funds are not available in the Water Fund, such acquisition, construction, reconstruction, extension, or improvement may be financed from monies received from bonds to be issued as provided by law. Said bonds shall be paid from water revenues.

18. Master Plan. The Authority shall be responsible for developing a Master Plan which shall be followed for capital improvements. Said Master Plan or amendments to said plan shall be approved by the Authority acting as a body with one vote, the County Commissioners acting as a body with one vote and the City Council acting as a body with one vote, each meeting in formal session and upon the affirmative vote of two of the three bodies.

19. Policies. All policies of the City shall remain in full force and effect and be applicable to the consolidated water system except where modified by the Authority as provided herein or where otherwise inconsistent with this Agreement.

ARTICLE V. FINANCE. All water operations shall be financed through the Water Fund maintained by the City Finance Director in such manner as may be required by applicable North Carolina law, the North Carolina Local Government Commission, and the City's customary financial procedures. No water receipts shall be

transferred from the Water Fund to support City functions that are not appropriate water operations, except as provided herein. Transfers from the Water Fund to other funds may be made to reimburse those funds for actual expenses incurred in support of water operations made pursuant to the provisions of Article VIII, Sec. b., of this Agreement. The monies in the Water fund will be used for water purposes in the manner or manners determined by the Authority in the course of its annual budget process.

The annual budget for the Water Fund shall be prepared in accordance with the North Carolina Local Government Budget and Fiscal Control Act and City budgetary policy. The Director of the Water Department and the City Budget Officer shall present said budget to the Authority on or before May 15 of each year for consideration. Upon review and approval by the Authority, said budget shall be submitted to the County Commissioners and the City Council on or before June 1 of each year for review, consideration, and approval, each acting in formal session. The adopted budget or any part thereof may be amended upon recommendation of the Authority and upon review, consideration, and approval of both the City Council and the County Commissioners, each acting in formal session.

It is contemplated by the parties hereto that revenues for water services will be sufficient to defray all costs of operation and maintenance of water facilities and all costs of provision of water services. Therefore, it is understood that neither the City nor the County shall contribute any monies for the water



fund except as may be otherwise provided herein.

During the course of this agreement, the City and County may also request water funds as a local match for obtaining grants for water purposes. However, water funds may not be used for 201 and 208 Capital Projects unless approved by the City and County.

The Authority shall budget expenses in accordance with City personnel and administrative policies.

ARTICLE VI. SEWER SERVICES. The City, the County, and the Districts shall work toward transferring control over all sewer lines to the Metropolitan Sewerage District. Until such time as that occurs, maintenance and construction costs for sewer lines within the City limits shall be paid from non-water revenues.

ARTICLE VII. EXTENSIONS BY THE CITY, BY THE COUNTY, OR BOTH. Subject to the availability of adequate water and the approval of the Authority, the County, or City, or both may install at their own expense water or sewer lines. It is understood that water extensions will only be funded by the Water Fund itself to the extent that they are in conformance with the policies adopted by the Authority. The normal extension policy will be for the ownership of any lines constructed in this manner to be conveyed to the City subject to the conditions herein contained.

ARTICLE VIII. RESPONSIBILITIES OF THE CITY.

(a) Water Department Employees Responsible to the City Manager. All water Department employees shall be administratively responsible to the City Manager and subject to City personnel

policies the same as all other City employees. The Director of the Water Services Department shall be administratively responsible to the City Manager for carrying out the policies of the Authority, the County, and the City. The jurisdiction, authority, rights, privileges, and immunities (including coverage under workmen's compensation laws) which the officers, agents, and employees of the Water Services Department of the City enjoy within the territory of the City shall also be enjoyed by them outside such territory when they are acting pursuant to this Agreement and within the scope of their authority or the course of their employment.

(b) Support Services. The City shall provide the water system with needed support services, such as accounting, data processing, purchasing, and administrative services. The Authority shall reimburse the City for these expenses from the Water Fund on a cost-of-services basis as determined by and mutually acceptable to the City and the Authority.

(c) Debt Service Payments. On and after the date of conveyance, the City shall, in accordance with Article XII hereof, pay to itself, from the Water Fund, the amounts needed by the City to meet water debt service obligations (principal and interest) which become due and payable, on a schedule identical to the scheduled obligations for debt service for the City. Any schedule used to provide the monies necessary for meeting debt service obligations shall be as provided by law and approved by the City Council.

(d) Facilities. The Authority shall contract with the City for the City to furnish offices and other facilities as may be needed for administrative and Authority purposes. The City shall be paid fair market rental rates for such offices and facilities with said rental rates to be determined jointly by the Authority and the City.

ARTICLE IX. SULLIVAN ACT AND WATER LINE MAINTENANCE.

Neither the City of Asheville nor the Authority nor the County, shall institute or cause to be instituted any lawsuit to contest the validity of the Sullivan Act during the term of this Agreement. In the event the Act is declared by a Court of competent jurisdiction to be unconstitutional or invalid for any reason, the Authority shall, nevertheless, provide water to each class of customer at equal rates. Water line maintenance within the jurisdiction of the Authority shall be paid for out of water revenues. Nothing herein shall be construed so as to give the Authority the right to violate the rate limitation provisions of the Sullivan Act.

ARTICLE X. BEE TREE LAKE. Due to its use as a permanent or emergency water source, the Bee Tree Lake facility shall be under the direct control of the Authority. The Authority shall determine the types of recreation activities to be allowed at the Bee Tree facility. In the event that recreational activities are permitted at said facility, such activities shall be under the auspices of the Buncombe County Parks and Recreation Department and shall be paid for by the County. Funds needed for



the items associated with the repair and renovation of the Bee Tree facility to meet the federal and state requirements for dam safety are to be appropriated from the Water Fund.

ARTICLE XI. AUDITOR REVIEW. The City and County, as part of their annual, independent audit, shall direct their respective auditors to review the provisions of this Agreement and determine whether said provisions have been met by the respective parties. A report of the auditors' findings shall be mailed to the City, the County, and the Authority for review.

ARTICLE XII. PRE-EMINENCE OF BOND COVENANTS. The City of Asheville shall retain title to all of the assets of the entire water system of the City under the provisions of and during the term of this Agreement, such system being herein sometimes referred to as the "water system" or "water system of the City."

All revenues arising from the operation and ownership of the water system of the City shall be deposited as received to the credit of the City of Asheville Waterworks Revenue Fund (herein referred to as the "Water Fund") created by Section 402 of a resolution adopted by the Council of the City on November 15, 1951, and entitled, "A Resolution Providing for the Issuance of \$2,750,000 Water Bonds of 1951 and Pledging Available Revenues of the Waterworks system of the City to the Payment of the Principal of and the Interest of said Bonds" (hereinafter referred to as the "1951 Resolution").

All monies held for the credit of the Water Fund shall be applied as follows:

1. The expenses of maintenance, repair, and operation of the water system of the City shall be paid from the Water Fund as the same shall become due and payable.
2. On or before the 20th day of each month, the properly authorized officer or officers of the City shall withdraw from the Water Fund all monies held for the Credit of the Water Fund on the last day of the preceding month, less an amount equal to 20% of the last fiscal year's expenses of maintenance, repair, and operation of the water system of the City, and deposit the sum so withdrawn to the credit of the following accounts or use such sum for the purposes as hereinafter provided in the following order:

- (a) With the independent depository designated pursuant to Section 3 of Chapter 310 of the 1979 Session Laws, to the credit of the Bond Service Account created by the 1951 Resolution, such amount as may be required to make the amount then to the credit of such Account equal to the total of the principal of the bonds, dated December 1, 1951, and issued under the provisions of the 1951 Resolution, and of any other bonds for the payment of which the revenues of the water system of the City shall have been pledged on a parity and the pledge of revenues made to

the bonds issued under the 1951 Resolution (such other bonds including the bonds dated November 1, 1961, and issued under the provisions of a resolution adopted by the County of the City on September 28, 1961, and entitled, "A Resolution Providing for the Issuance of \$4,500,000 Water Bonds of 1961 and Pledging Available Revenues of the Waterworks System of the City to the Payment of the Principal of and the Interest on said Bonds as a Parity and the Pledge of such Revenues to the Payment of the Water Bonds of 1951" (hereinafter referred to as the "1961 Resolution" and being hereinafter sometimes referred to as "additional bonds") which will become payable within the next ensuing 12 months and the interest which will become payable within the next ensuing six months on all of said bonds then outstanding.

- (b) With said independent depository, to the credit of the Reserve Account created by the 1951 Resolution, such amount, if any, of any balance remaining after making the deposit under clause (a), above, (or the entire balance if less than the required amount) as may be required to make the amount to the credit of said Reserve Account equal to the



interest which will become payable within the next ensuing 12 months on the bonds issued under the 1951 Resolution and the 1961 Resolution and on any other additional bonds, if any.

(c) After making the deposits under (a) and (b), above, to the following purposes in the following order:

- (1) to pay the capital outlay expenses of the water system of the City;
- (2) to pay when due the interest on and principal of other outstanding bonds issued for capital projects that are or were a part of the water system of the City, including the outstanding Water Bonds, Series A, of the City, dated March 1, 1976, and Water Bonds, Series B of the City, dated March 1, 1976; and
- (3) for any other lawful purpose as the Council of the City may direct including payments to the City and County as provided in Article IV (A) (16).

The provisions of this paragraph and the next preceding paragraph shall govern the application of all revenues arising from the operation and ownership of the water system of the City.

Nothing contained herein shall be construed to violate the covenants of the City or any statute relating to any of the City's bonds outstanding as of the date of this Agreement. If

any provision of this Agreement is found to be in conflict with any provision of said covenants or such statute, said covenants or statute shall prevail. In the event any provision of this Agreement is found to be in conflict with said covenants, or such statute, the parties do hereby agree to work together to resolve the conflict; if for any reason the conflict cannot be resolved, the provisions of this Agreement in conflict with said covenants or such statute shall be null and void.

Revenues of the water system of the City and of any other water or sewer system shall be segregated to insure that the 1951 Resolution and the 1961 Resolution are legally carried out as they pertain specifically to the pledge of revenues for debt service and the operation and maintenance of such system and generally to all other requirements of such resolutions and in accordance with statutory requirements.

The Authority shall comply with the terms and provisions of the 1951 Resolution and the 1961 Resolution, copies of which are hereto attached and made a part hereof, as well as statutory requirements relating to bonds and, in the event the Authority does not so comply, the City shall have the right to rescind this Agreement and to reassume any and all control over the operations of its water system subject to the provisions of this Agreement relating to the ownership of assets in the event of termination.

ARTICLE XIII. COUNTY RESPONSIBILITIES.

1. Law Enforcement. Effective FY 1988-89, the County shall prepare the County Sheriff's Department Budget so as to separate

the direct cost of providing the patrol and investigative functions (hereinafter referred to as "P/I Costs") from the remainder of the Department Budget, for the purpose of identifying those functions which are provided only in the unincorporated areas of Buncombe County. The cost of any service added to the Sheriff's budget in the future which applies only to the unincorporated areas of the County shall be added to the "P/I Costs" in subparagraph (a) below. The County shall pay an annual payment to each municipality in the County in accordance with the following steps using the population estimates for North Carolina Municipalities and Counties, September 1986, for the cities, towns, and the County as provided by the North Carolina Office of State Budget and Management in the computations:

- (a) Separate the Direct cost of providing the patrol and investigative functions.
- (b) Add the total estimated population in each incorporated municipality and the total estimated population in the unincorporated areas to determine the "Total Estimated Population;"
- (c) Divide the result of (a) by the percentage of the total estimated population which are in the unincorporated areas to determine the amount of funds which are to be distributed among the County and the municipalities for the Patrol and Investigative functions;
- (d) Multiply the result of (c) times the percentage of the "Total Estimated Population" in each municipality and in the



unincorporated areas to determine the annual payment which is to be made to each.

The foregoing formula shall be effective for fiscal years 1988-89 through 1992-93 and shall be renegotiated as a part of the budgetary process commencing with fiscal year 1993-94.

2. Parks and Recreation. In order to clearly define recreation responsibilities between the City and the County, the County shall carry out the following:

(a) The County has assumed ownership and financial and management responsibility for the following recreation facilities and programs acknowledging such facilities to be "County-wide facilities" in their nature and service areas:

1. Recreation Park
2. Municipal Golf Course
3. McCormick Field
4. Youth Council
5. Aston Park Tennis Facility

In the event of termination of this Agreement or failure to use the foregoing facilities for recreational purposes, ownership of the facilities and any related equipment and other personal property necessary for the operation and maintenance of the facilities shall revert to the City.

The City and County agree that Lake Julian and the Nature Center are "County-wide facilities" in their nature and service areas.

(b) The County will compute the direct net cost of operating and maintaining "Community recreation facilities" in the six County school districts and will pay to the City on an annual basis a fair share amount to be used to provide community recreation in the City school district. Said amount to be computed as follows using the previous year's assessed valuation as a basis for computations:

1. Compute the annual direct net cost of operating and maintaining "Community recreation facilities" operated by the County hereinafter called "Community recreation costs."
2. Divide the total assessed valuation for the six County school districts by the total assessed valuation for the County.
3. Divide the results of (1) by the results of (2).
4. Divide the assessed valuation of the City school district by the assessed valuation of the County.
5. Multiply the results of (3) times the results of (4) to determine the annual payment which shall be made by the County to the City.

For the purposes of this Agreement, the following shall be found to be community recreation facilities:

Hominy Park  
Skyland Recreation Center  
Erwin Pool  
Owen Park

## Community Ball Fields

Should new community facilities be constructed by the County, they shall be added to this Agreement accordingly.

(c) The County will expand existing County Recreation Programs to provide County-wide coverage and equal service to all County residents.

(d) The City and County endorse in concept the merging of their respective Recreation Advisory Boards and request that said Boards develop a plan to carry out this intent.

3. Civic Arts. The County shall pay to the City monthly the fair market rent on the current space provided in the Civic Center Complex for the Asheville Symphony, The Asheville Art Museum, and the Colburn Mineral Museum. Additional space will be leased to these various groups only upon approval of the Buncombe County Board of Commissioners.

4. Board of Tax Supervision. During the term of this Agreement, the City agrees to pay and the County agrees to accept 1.5% of tax revenue collections in payment for the services provided for tax billing and collection services.

5. Outside Agencies. This item outlines the mutual agreement reached regarding the scope of benefits and establishes funding responsibility of the City and County as it relates to the below-mentioned activities. It is understood that neither the City nor the County are legally obligated to fund any of the below-mentioned agencies and that each governing body must evaluate each organization and the service provided by that.



organization each year through the budgetary process. Insofar as possible, it is the intent to each governing body to utilize the following guidelines in determining its responsibility. Said activities in their scope of benefits are as follows:

(a) WNC Development Corporation. The County agrees that the benefit of this Program is primarily to the County, and the City will not participate in funding.

(b) Buncombe County Rescue Squad. The City agrees that the benefit of this activity is primarily to the City and the County will not participate in the funding.

(c) Quality Forward The County agrees to fund 100%.

(d) Nutrition Program The County agrees to accept full local funding responsibility for this Program.

ARTICLE XIV. AMENDMENT. This Agreement may be amended at any time by mutual agreement of the City, the County, and the Districts. Such amendment may include provision for allowing other municipalities and districts to become parties to this Agreement.

ARTICLE XV. SEPARABILITY. In the event any article of this Agreement or any portion thereof shall be found to be illegal, invalid, or unconstitutional, the remaining sections shall not in any way be affected.

ARTICLE XVI. TERMINATION. This Agreement may not be terminated until June 30, 1993, except by mutual agreement of the County, the City, and the Districts or unless the same constitutes a violation of the covenants or any statute relating

to the City's bonds referred to in Article XII hereof which cannot be resolved in accordance with the provisions of Article XII or unless the City rescinds this Agreement in accordance with the provisions of Article XII or for failure on the part of the County to meet its funding obligations described in the Agreement. After June 30, 1993, this Agreement may also be so terminated or terminated by either the City Council or County Commissioners giving one year's notice to the other body and to the Authority.

Provided, however, that in the event the parties hereto agree upon the location and construction of a new water source facility and provided further that it becomes necessary to issue joint or County bonds to finance the acquisition and/or construction of said new water source facility, then and in that event it is expressly understood and agreed that neither party shall have the right to terminate this agreement until such time as the bonded indebtedness created to finance the acquisition and/or construction of such new water source facility shall have been paid in full or provision for payment of same shall have been made and mutually agreed upon between the parties hereto.

In the event of the termination of this Agreement, the ownership of all water system facilities conveyed to the City pursuant to this Agreement shall revert to the County and the Districts as their interests may appear and upon the transfer by the City to the County and the Districts of the water system facilities described in the foregoing sentence and payment of all monetary obligations of each party to all other parties undertaken

hereunder during the term hereof, this Agreement shall no longer have any force or effect nor shall any party hereto have continuing obligation to any other party hereunder.

In the event special legislation is enacted by the General Assembly preventing the City of Asheville from annexing, the City reserves the right to declare this Agreement null and void.

This Agreement shall supersede and supplement the original Water Agreement dated October 29, 1981.

IN WITNESS WHEREOF, the parties hereto have caused the due execution of this Agreement following the approval thereof by the Board of County Commissioners on behalf of the County and the Districts and by the City Council on behalf of the City.

ATTEST:

Kathy N. Hughes  
Kathy N. Hughes, Clerk to Board of Commissioners

R. Curtis Ratcliff  
R. Curtis Ratcliff, Chairman of the Board of Commissioners, on behalf of the County of Buncombe and the "Districts"

C. Thomas Sobol  
C. Thomas Sobol, Vice-Chairman

Doris P. Giezentanner  
Doris P. Giezentanner, Commissioner

Jesse I. Ledbetter  
Jesse I. Ledbetter, Commissioner

Wayne S. Montgomery  
Wayne S. Montgomery, Commissioner



ATTEST:

Carol S. Hensley  
Carol S. Hensley, Deputy City Clerk

Louis Bissette  
Louis Bissette, Mayor City of Asheville on behalf of City Council

Mary Lloyd Frank  
Mary Lloyd Frank, Vice-Mayor

Walter R. Boland  
Walter R. Boland, Councilperson

Wilhelmina Bratton  
Wilhelmina Bratton, Councilperson

Ken Michalove  
Ken Michalove, Councilperson

Norma Price  
Norma Price, Councilperson

George M. Tisdale  
George Tisdale, Councilperson