Tab 6

NORTH CAROLINA

PAMLICO COUNTY **INTERLOCAL AGREEMENT**

THIS INTERLOCAL AGREEMENT ("Agreement") is made and entered into effective as of the 1st day of July, 2025, by and between the TOWN OF ORIENTAL ("Town"), a North Carolina municipal corporation; and BAY RIVER METROPOLITAN SEWERAGE DISTRICT ("BRMSD"), a metropolitan sewerage district established pursuant to Article 5 of Chapter 162A of the North Carolina General Statutes, collectively referred to as the "Parties."

W I T N E S S E T H:

THAT WHEREAS, this Agreement is made pursuant to the authority granted by N.C.G.S. Chapter 162A, Article 5, "North Carolina Metropolitan Sewerage Districts Act" and N.C.G.S. Chapter 160A, Article 20, Part I, "Interlocal Cooperation"; and

WHEREAS, BRMSD owns, operates and manages a sewer system to serve the residents within the BRMSD Service Area; and

WHEREAS, the Town is located within BRMSD's service area, and owns, operates and manages a municipal water system; and

WHEREAS, BRMSD has requested that the Town provide Collections Services for all BRMSD Customers within the Town's water service area on the terms and conditions contained herein; and

WHEREAS, the Town has determined that it has sufficient resources to provide Collection Services to BRMSD; and

WHEREAS, the Parties hereto desire to reduce their agreement to writing.

NOW, THEREFORE, in consideration of the respective rights, powers, duties and obligations hereinafter set forth to be performed by the Parties, they do mutually agree as follow:

1. Definitions

Certain terms having specific definitions are used in this Agreement, and these terms and definitions, unless the context clearly indicates to the contrary, are as set forth in this Section 1. The defined terms appearing in this Section are set forth in the Agreement in the exact capitalized form as they appear between the quotation marks. When the same term is used in this Agreement with the meaning as assigned herein, it shall appear in the identical capitalized form. Otherwise,

the meaning shall be as used in the context of the sentence in which it appears and not necessarily that as defined herein.

1.1. "Agreement" – means this Interlocal Agreement effective as of July 1, 2025.

1.2. "BRMSD" – means Bay River Metropolitan Sewer District, a metropolitan sewerage district established pursuant to Article 5 of Chapter 162A of the North Carolina General Statutes.

1.3. "BRMSD Customers" – means BRMSD sewer service customers who are also Town Customers.

1.4. "Collection Services" – means those billing and collection services specifically identified in Section 4.15.

1.5. "Effective Date" – means the date as of which this Agreement is effective, specifically July 1, 2025.

1.6. "Force Majeure" – means any delay or default in performing hereunder if such delay or default is caused by conditions beyond such party's control without its fault or negligence, including, but not limited to acts of god, government restrictions (including the denial or cancellation of any license or permit, except denials or cancellations arising from the negligent acts or omissions of the party seeing the benefit of Force Majeure or arising from such party's failure to use commercially reasonable efforts to obtain such permits or to avoid such cancellations), wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected; provided that, as a condition to the claim of non-liability, the party experiencing the difficulty shall give the other prompt written notice, with full details following the occurrence of the cause relied upon and shall use commercially reasonable efforts to avoid, and if avoidance is not available to mitigate, the impact of such difficulty. Dates by which performance obligations are scheduled to be met will be extended for a period of time equal to the time lost due to any delay so caused.

1.7. "Town" – means the Town of Oriental, a North Carolina municipal corporation.

1.8. "Town Customers" – means those customers who receive water service provided by the Town of Oriental.

2. Purpose of Agreement

The purpose of this Agreement is:

2.1. To more efficiently operate the Town's water system by providing Collections Services to BRMSD and thereby reduce its administrative expenses;

2.2. To more efficiently operate BRMSD's sewer system by outsourcing the cost of billing and collecting for its sewer services to the Town and thereby reduce its administrative expenses; and

2.3. To form an agreement pursuant to the provisions of N.C.G.S. § 160A-461 evidencing an undertaking by the Parties to more efficiently manage and operate their respective sewer and water systems where the Town provides Collection Services to BRMSD pursuant to the terms and conditions contained herein.

3. Term, Termination and Renewal

3.1. This Agreement shall be effective upon the Effective Date, and shall continue in full force and effect through 11:59 p.m. on the date that is five (5) years from the Effective Date, unless sooner terminated as provided herein.

3.2. Either Party may terminate this Agreement without cause by giving no less than ninety (90) days prior written notice to the other party.

3.3. Either Party may terminate this Agreement upon the breach of this Agreement by the other Party, which breach is not remedied within twenty (20) days after receipt by such other party of notice thereof from the terminating party.

3.4. Unless terminated as provided herein, this Agreement shall automatically renew for one (1) successive five (5) year period.

4. Responsibilities of the Town

4.1. The Town shall bill monthly for sewer services furnished by BRMSD, and shall furnish all required labor, equipment, materials, supplies, and postage required for Collection Services, opening new accounts, closing existing accounts, cutting off delinquent accounts, and locking meters as set forth herein.

4.2. The Town shall collect and receive payments due to BRMSD for sewer service, remitting such collections to BRMSD monthly by check or bank draft. Such collections shall be remitted to BRMSD no later than the 21st day of each month for collections billed and received from the prior month. If the 21st day of the month falls on a weekend or holiday, such collections shall be remitted to BRMSD on the following business day.

4.3. All water and sewer combined accounts shall be handled and processed by the Town the same way as the Town's "water only" accounts. Town personnel shall have authority

over all BRMSD accounts to: (i) open new accounts, (ii) close existing accounts, (iii) key data for readings and processing billings, (iv) collect BRMSD fees, (v) adjust accounts for leaks and inaccurate and/or incorrect amounts, and (vi) debit accounts for returned checks or insufficient funds, and any associated bank charges. Any additional adjustments for sewer service invoices shall be made only with BRMSD's prior written approval.

4.4. The Town shall use its personnel and water service guidelines to determine cutoffs, terminations of service, or discontinuation of service for nonpayment of its water service accounts. All meters that are cut off shall be locked, and shall remain locked until the Town receives payment in full for all service fees, specifically including BRMSD service fees, including payment of any applicable reconnect fees under procedures established from time to time by the Town. Combined water and sewer accounts will be closed when service has been cut off for nonpayment, and payment has not been made in full prior to the succeeding billing cycle. In such cases, deposits shall be applied to the respective water and sewer service balances, and any remaining amount shall be billed to the customer. If any combined water and sewer account is "written off" by the Town consistent with its collection policy, any remaining balance due on the account for BRMSD shall be transferred to BRMSD by email notification, and the Town shall have no further obligation to pursue collection on behalf of BRMSD.

4.5. The Town shall furnish all Collection Services required to be performed by BRMSD consistent with the provisions of the Local Government Budget and Fiscal Control Act ("Act").

4.6. The Town may process BRMSD account payments by any electronic means authorized by Town collection policies provided that no surcharges are incurred by BRMSD.

4.7. The Town shall apply a late fee imposed by BRMSD on any delinquent BRMSD account consistent with the BRMSD annual fee schedule provided to the Town as required herein.

4.8. The Parties agree that the Town's financial records, which reflect the services to be performed by the Town hereunder, shall be audited as part of the Town's annual audit as required by law.

4.9. The Town shall furnish BRMSD with a monthly report identifying sewer collections, sewer deposits, sewer reconnects, sewer adjustments, and late fees for the month substantially in the form as reflected in Exhibit A.

4.10. The Town shall maintain complete records, showing separately from its own records, amounts billed, amounts collected and amounts disbursed on behalf of BRMSD, and any other information required by the Act.

4.11. The Town shall make available within a reasonable time, in a format accessible to BRMSD, reports and/or information that would allow BRMSD to review financial information detailing amounts collected or expended by the Town on BRMSD's behalf.

4.12. The Parties acknowledge and agree that the following methodology constitutes the general method for providing Collection Services hereunder (For purposes of this section, the bill shall include a charge for the Town's water service, and a charge for BRMSD's sewer service):

4.12.1. The customer's water meter is read;

4.12.2. A bill is calculated based on the customer's water usage. Adjustments to any bills shall be made prior to printing;

4.12.3. A bill is printed reflecting the greater of the minimum charge, or charge based on water consumption;

4.12.4. Bills are mailed on the last business day of the month in which the water meter reading is taken;

4.12.5. Bills are due and payable upon receipt, and are considered past due on the 25th day of the month following the date printed on the bill;

4.12.6. An account is cut off if not paid by the fifth (5th) day of the second month following the date printed on the bill;

4.12.7. Once an account is delinquent, water service will be discontinued without further notice by locking the water meter. Thereafter, a reconnection fee will be charged to the consumer if water service is restored;

4.12.8. The Town's computer software sets the priorities for the collection of delinquent accounts first to Town trash collection fees, second to Town water service fees, and third to BRMSD sewer fees, and customer payments shall be credited to accounts in that order. Partial payments shall be applied in the same order.

4.12.9. When a water account is closed, any sewer deposit is applied to the outstanding sewer bill, any water deposit is applied to the outstanding water bill including solid waste collection fees, and any excess is returned to the customer.

4.13. Upon termination of this Agreement, the Town shall return all funds collected for BRMSD's benefit, and shall provide BRMSD with a list of its accounts receivable.

5. Responsibilities of BRMSD

5.1. BRMSD shall furnish the Town in a timely manner all data and information required to enable the Town to perform the services required hereunder, excluding such data and information already in the Town's possession.

5.2. BRMSD shall provide the Town with any new service rates and fees no later than July 1 of each year. The new BRMSD service rates and fees shall be provided to the Town substantially in the form as reflected on Exhibit B. Such form shall be signed and dated by each party. The Town shall initiate the billing charges for new rates and fees so that the rates and fees are effective on July 1 of each year.

5.3. BRMSD shall provide the Town with no less than thirty (30) days notice of any interim changes to its service rates and fees.

5.4. BRMSD agrees to pay the Town the sum of Two Dollars ($2.00) per sewer customer billed each month. The Town shall remit to BRMSD each month's sewer collections, and shall deduct an amount equal to the Town's fee established herein.

6. Termination of Prior Agreement

6.1. The Parties agree that the Interlocal Agreement dated February 17, 2011, shall terminate at midnight on June 30, 2025.

7. Notice Provision

7.1. Any notice or communication pertaining to this Agreement shall be deemed to have been duly given by the Parties by either first class mail or registered mail, or by hand-delivery, to the address hereinafter stated, or to such other address as the Parties may mutually agree upon:

If to Town:

Town Manager
507 Church Street
Oriental, NC 28571
Email: manager@townoforiental.com
With copy to: fo.lisa.millington@townoforiental.com

If to BRMSD:

District Superintendent

Bay River MSD
101 4th Street
Bayboro, NC 28515
Email: ericbayriver@gmail.com
With copy to: oneal.brmsd@gmail.com

8. Miscellaneous

8.1. This Agreement sets forth the full understanding of the Parties with regard to the Collection Services; and all prior negotiations and understandings with regard to the same are merged herein.

8.2. This Agreement may not be amended or modified except by an instrument executed by both Parties.

8.3. If any of the provisions of this Agreement shall be held by a court of competent jurisdiction to be unconstitutional or unenforceable, the decision of such court shall not affect or impair any of the remaining provisions of this Agreement, and the Parties shall, to the extent they deem to be appropriate, take such actions as are necessary to correct any such unconstitutional or unenforceable provision. It is hereby declared to be the intent of the Parties that this Agreement would have been approved and executed had such an unconstitutional or unenforceable provision been excluded therefrom.

8.4. This Agreement shall be enforceable by each party hereto by all remedies available at law or in equity, including but not limited to specific performance. Failure or delay to exercise any right, remedy or privilege hereunder shall not operate as a waiver of such right, remedy or privilege nor prevent subsequent enforcement thereof. In the event that it becomes necessary to enforce this Agreement by any remedy, the party against whom enforcement is sought hereby agrees to waive any defense of sovereign immunity.

8.5. Each party agrees that from and after the date of execution hereof, each will, upon the request of the other, execute and deliver such other documents and instruments and take such other actions as may be reasonably required to carry out the purpose and intent of this Agreement.

8.6. This Agreement shall be governed in accordance with the laws of the State of North Carolina.

8.7. Time is of the essence of this Agreement.

8.8. A party shall not be deemed to have defaulted or failed to perform hereunder if that party's inability to perform or default shall have been caused by a Force Majeure.

8.9. This Agreement shall not be construed to create a joint agency, venture or partnership, as the parties are independent public bodies of the State of North Carolina.

8.10. None of the provisions of this Agreement shall be construed as existing for the benefit of any third party whomsoever, and no provision of this Agreement shall be enforceable by any such third party.

8.11. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument. The Parties shall accept electronic signatures, documents, notices, and records to the fullest extent provided by law, including in satisfaction of any requirements for documents to be in "writing" or "original." The delivery of an executed signature page by one Party to another via facsimile or e-mail transmission shall bind the transmitting Party to the same extent as service of the original signature page by hand delivery. A Party shall not be required, and the Parties waive any requirement for any Party, to produce the original of this Agreement in connection with any judicial, non-judicial, or other legal proceeding. Any photocopy, microfilm, microfiche or optical image of this Agreement may be presented as evidence in lieu of the original in any legal proceeding and shall have the same validity as the original. The Parties intend the Electronic Signatures in Global and National Commerce Act and North Carolina's version of the Uniform Electronic Transactions Act to apply to this Agreement and the transactions contemplated hereby.

IN TESTIMONY WHEREOF, BRMSD has caused this agreement to be executed by its Chairman, all by authority duly given, all as of the day and year first written above; and the Town has caused this instrument to be executed in its corporate name by its Mayor and its corporate seal to be affixed and attested by its Town Clerk, all by authority duly given.

BAY RIVER METROPOLITAN SEWERAGE DISTRICT

By:_____(Seal)
Arthur Kelly, Chairman

THIS INSTRUMENT has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act as amended.

Date: _____ _____
Finance Officer

TOWN OF ORIENTAL

By:_____(Seal)
Sally Belangia, Mayor

ATTEST:

_____
Diane Miller, Town Clerk

THIS INSTRUMENT has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act as amended.

Date: _____ _____
Finance Officer