

STATE OF NORTH CAROLINA  
COUNTY OF HENDERSON

Prepared by and return to: Angela S. Beeker, City Attorney, City of Hendersonville, in the City Box

#### UTILITY EXTENSION AGREEMENT

THIS AGREEMENT, Made and entered into this November 4, 2021, by and between the **CITY OF HENDERSONVILLE**, a North Carolina municipal corporation, situate in Henderson County, herein referred to as the "City", and **The Orchards at Highway 64, LLC**, an North Carolina limited liability company, having an address of 1575 Smoky Park Highway, Candler, NC 28715, and **Luis Graef**, individually, The Orchards at Highway 64, LLC, and Luis Graef collectively being herein referred to as "Developer,"

#### WITNESSETH:

THAT WHEREAS, The Orchards at Highway 64, LLC, is the owner of a tract of land situated in Henderson County, State of North Carolina, described as follows:

Consisting of +/- 21.55 acres, and being all of that real property described in that deed recorded in Book of Record 3777 at page 374, Henderson County Registry, having a REID of 200895, hereinafter referred to as the "Property"; and

WHEREAS, Developer is desirous of developing and improving the Property, and as part of the process of such development and improvement, Developer is desirous of constructing water infrastructure and/or sanitary sewer infrastructure to and on said tract(s) of land, for which the City requires that the Developer enter into a utility extension agreement with the City, said water and/or sewer infrastructure to consist of the following:

Being and consisting of approximately 2480 LF of 6" water line (DIP/CL 350) together with all equipment and appurtenances which will connect to the existing 16" main along South side of US Highway 64, and being more particularly shown and described on those construction plans and specifications, dated September 28, 2021, prepared by WGLA Engineering, PLLC, a Civil Engineering firm, said plans being incorporated herein by reference, the foregoing waterlines, appurtenances and equipment, being collectively hereinafter referred to as the "New Infrastructure"; and

WHEREAS, the development of the Property will require land development approval from the designated governing body for such development and improvement on the Property; and as used herein, New Infrastructure shall be deemed to include changes to the New Infrastructure made pursuant to amendments to the Plans which have been approved by the City and/or the designated governing body (if required); and

WHEREAS, the Property is not located within the City's municipal boundaries; and

WHEREAS, the City is not obligated to offer water or sanitary sewer service to property outside its corporate limits; and

WHEREAS, Developer desires to have the completed New Infrastructure connected to the City's municipal water system and/or sanitary sewer system and made an integral portion thereof; and

WHEREAS, the City will permit said system(s) to be connected to the municipal system(s) under the terms and conditions heretofore established and agreed upon between the parties and specifically in conformance with the requirements of the most recent extension policy, most recent water and sewer standard construction specifications and details, and the City's Code of Ordinances currently in force.

NOW, THEREFORE, in consideration of the mutual benefits which will result to the parties in carrying out the terms of this Agreement, it is agreed as follows:

1. Developer shall, at Developer's own expense, employ a North Carolina registered and licensed professional engineer ("Engineer") to complete design and permitting of the proposed New Infrastructure in conformance with NCAC Title 15A Subchapter 18C (water) and NCAC Title 15A Subchapter 02T (sanitary sewer), the City's water and sewer standard construction specifications and details, and the City water and/or sewer Master Plan(s).
2. Developer shall require the Engineer to submit plans, reports, technical specifications, fees, permit applications, and any other items as required and approvable by the City ("Required Documents"). The Engineer shall disclose all proposed changes in the approved construction plans to the City in writing. If proposed changes are deemed by the City to be "significant" in nature, the City may require the Engineer to resubmit plans for re-permitting. The determination of whether a change is deemed to be significant shall be in the sole and absolute discretion of the City, and the Developer agrees to be bound thereby. This will require written approval by the City prior to re-submitting to the permitting agency or before proceeding with changes, even if permitting agency re-submittal is not required. City approval of a utility extension is subject to expiration should construction not be completed after a period of two years from the date of approval. Once the Required Documents have been approved by the City, they shall be deemed to be incorporated herein by reference as an amendment to this Agreement to indicate the Developers construction obligations under this Agreement.
3. The City will perform construction inspection during installation of the New Infrastructure and upon project completion submit written certification that the project was completed in accordance with the approved plans and specifications as required by NCAC Title 15A Subchapter 18C (water) and NCAC Title 15A Subchapter 02T (sanitary sewer). Water and Sewer inspection fees shall be in accordance with the adopted City Fee Schedule as of the date of this agreement. Fees will be paid by the Developer upon certification and acceptance of the New Infrastructure, with amounts due being based on length of lines inspected, certified and accepted.

4. The Developer shall, at his or her own expense, furnish and transfer to the City all on-site and off-site easements, rights-of-way, and real property required for access to and perpetual maintenance and operation of the New Infrastructure and its appurtenances in accordance with the terms of this Agreement as provided herein below.

Developer will be required to enter into the City's standard Deed of Dedication and Conveyance With Associated Easements for conveyance of the New Infrastructure and on-site easements, as amended. Further Developer will be required to use the City's standard Utility Infrastructure Easement Agreement when securing the necessary off-site right of way for the operation and maintenance of the New Infrastructure. For the avoidance of doubt, both standard forms permit use of the easements for the future installation of water, sewer and stormwater lines, and their associated appurtenances and accessories, in addition to the New Infrastructure, by or on behalf of the City. The City shall provide a copy of these standard forms upon request by the Developer.

5. Developer shall, at his or her own cost and expense, furnish all materials and all equipment and perform or cause to be performed all the work necessary to complete the construction of the New Infrastructure described in the plans and specifications as approved by the City's authorized representative and permitting agency.
6. The installation and construction of the New Infrastructure shall be performed by a reputable and responsible Contractor possessing a valid North Carolina Public Utility Contractor's License directly related to the installation of the New Infrastructure issued by the North Carolina Licensing Board for General Contractors. As used herein, a "responsible Contractor" shall mean one possessing the requisite knowledge, experience, and financial resources to complete the construction of the New Infrastructure in accordance with the plans and specifications within the time allotted.
7. The Engineer shall contact the City prior to the start of construction in order to schedule a preconstruction conference between the Developer, Contractor, Engineer, and City staff. This request should be made at least seven (7) days in advance of the anticipated starting date. Developer or Engineer shall receive a written notice to proceed (NTP) from the City before commencing with construction. If construction is anticipated to be greater than sixty (60) days, a monthly progress meeting shall be scheduled once every thirty (30) days. The date and time of the monthly progress meeting shall be established during the preconstruction conference.
8. Developer shall submit the name, address and the Public Utility Contractor's License Identification Number of the proposed Contractor to the City prior to the preconstruction meeting. The City may investigate the validity of the Contractor's license and the Contractor's status as a responsible Contractor by methods including but not limited to contacting the owners of past projects for which the Contractor furnished work in order to obtain reference information
9. City staff will be assigned for the express purpose of periodic construction observation and inspection. The City's construction inspector(s) shall have the authority to report all discrepancies identified in all phases of construction to the Engineer regarding conformance with the approved construction drawings and specifications. This report shall in no way relieve the Developer of his or her obligation to engage a professional engineer to perform construction inspection and coordinate construction.

10. During construction, no deviations from the approved plans and specifications shall be allowed without the prior express written approval of the City and permitting agency if deemed necessary by the City.
11. The City Engineer, or authorized representative, shall be authorized to resolve disagreements between Developer's Contractor(s), and the City's construction inspector(s) regarding conformance with approved plans and/or specifications.
12. Upon completion of construction, the Developer shall cause the Engineer to arrange for a final inspection to be performed jointly by the Engineer, the contractor, and the City's construction inspector to determine if the project is acceptable to the City. At this time, a draft as-built shall be submitted to the City. If the project is not immediately acceptable, any deficiencies shall be noted in a written report (punch list) prepared by the City. This report shall be transmitted to the responsible parties. It shall be the responsibility of the Developer to correct any such deficiencies and arrange for a re-inspection of the system.
13. As part of the final inspection process for sewer collection systems, Developer shall satisfactorily complete the following as described in the most recent water and sewer standard construction specifications and details: air test, manhole vacuum tests, and mandrel deflection test. Video of the new sanitary sewer collection system by means of closed-circuit television (CCTV) will be performed by the City. All testing shall be certified and all certifications, along with the related data and any video of the sewer system, shall be submitted to the City before final acceptance of the project is granted by the City.
14. As part of the final inspection process for water distribution systems, Developer shall satisfactorily complete the following: pressure test lines, bacteriological sampling performed by a certified laboratory. The City's certified laboratory may be utilized. All testing shall be certified and all certifications, along with related data, shall be submitted to the City before final acceptance of the project is granted by the City.
15. Once all deficiencies are corrected and the project is deemed acceptable to the City, the Developer shall cause the Engineer to submit as-builts in formats acceptable to the City. The Engineer shall also submit any easements required for the New Infrastructure and any deeds necessary to convey ownership to the City. The Developer shall be responsible for acquiring easements from any third parties owning property over which any portion of the New Infrastructure is constructed, said easements to be titled in the name of the City, using forms to be provided by the City.
16. Prior to the activation of services on the newly constructed New Infrastructure, Developer shall convey (or cause to be conveyed) unencumbered title and ownership to the City of the New Infrastructure and its appurtenances, and shall assign and transfer all associated permits, licenses and permissions to the City. If a water extension was permitted for the same or similar project, the City shall receive final approval from the permitting agency. In certain circumstances as approved by the City, activation of services on portion(s) of the New Infrastructure may be permitted after partial certification(s) completion and approval(s).
17. The conveyance, assignment or transfer of (1) all permits, licenses or other permissions, and (2) all property and assets to the City, including but not limited to real or personal property, the New Infrastructure and its appurtenances, easements, rights of way or encroachments, (1) and (2) collectively hereinafter referred to as

“Required Conveyances,” shall be in form as approved by the City’s legal counsel, and unless specifically excepted by the City Attorney, shall be in form proper for recording in the appropriate public registry. The conveyance of real property shall be in the form of a fee simple deed and without encumbrance as approved by the City’s legal counsel. The Developer shall cause all affiliates or other third parties or entities having an ownership interest in the New Infrastructure or the Property to join the Required Conveyances, as reasonably determined by the City to be necessary to convey full title to the New Infrastructure and Required Conveyances to the City. With the execution hereof, Developer and City specifically agree that the New Infrastructure shall remain personal property, and shall not become a part of the real property, regardless of whether or not the New Infrastructure is permanently affixed to the real property comprising the Property.

18. The Developer shall provide a written release of the City’s interest in the Required Conveyances (in form approved by the City Attorney) from any and all liens or other legal interests held by lenders, vendors or other third parties. The release(s) must be delivered in form for recording in the appropriate public registry, and must be received by the City in conjunction with the City’s receipt of the Required Conveyances.
19. To the fullest extent allowed by law, and regardless of the approval(s) of any document(s) by the City’s legal counsel, the Developer shall indemnify and hold the City harmless from all actions, causes and claims whatsoever against the City by any persons, firms, and corporations whatsoever relating in any manner to this Agreement (including but not limited to damages to persons or property related to construction and/or installation of the New Infrastructure) or the Required Conveyances. Without limiting the Developer’s obligations under this paragraph in any manner, the Developer shall defend any and all claims, causes or actions whatsoever regarding the City’s title or ownership in any of the Required Conveyances.
20. Developer shall guarantee the accepted and dedicated New Infrastructure to be free of defects in materials and workmanship and to be properly functioning in all respects for a period of one calendar year from the date of acceptance by the City. During this year of guarantee, Developer shall correct, or have corrected, any defects that may develop in material, equipment, or workmanship. Should Developer fail to correct defects within a reasonable period of time after being notified, as determined in good faith by the City Engineer or designee, the City may proceed to correct defects and Developer shall be liable for the City's expense in doing so. It shall be the Developer's responsibility to attend, or to provide an authorized representative to attend, a warranty inspection with the City prior to the expiration of said warranty period.
21. Before the issuance of final acceptance, the Developer or Engineer shall schedule a project closeout meeting with the City. The Developer or Engineer shall submit to the City, not later than the start of the project closeout meeting, all required closeout documents, including but not limited to recorded easement plats, warranty deeds, affidavits of lien waiver, as-built drawings with georeferenced infrastructure data, final walk-through inspection punch list and evidence of completion of said punch list, utility extension agreements, fixed asset evaluation form and infrastructure testing results. The City shall be under no obligation to [and in the absence of extraordinary circumstances will not] activate any services before receipt of all required documentation. Partial receipt shall be treated as an incomplete project closeout and no services shall be activated. A project closeout form shall be completed and executed by the Developer or by an authorized representative of the Developer and the City for each project. If the project described in this utility extension agreement is divided into phases, a project closeout form shall be executed for each phase prior to issuance of final acceptance.

For purposes of this paragraph, and notwithstanding any other provision of this agreement, every required document shall be considered material, and “substantial compliance” shall not apply.

22. Once all items are complete, City staff shall submit the project to City Council for formal acceptance during a regularly scheduled meeting. The City shall issue a formal "Letter of Acceptance" upon acceptance by City Council to the Developer for the project. The City shall incorporate the accepted system as an integral part of its utility system and shall furnish service therefrom in accordance with the rules, regulations, rates, and policies established for its customers.
23. There shall be no intended nor incidental third-party beneficiaries of this Agreement.
24. This Agreement may not be assigned by the Developer without the express written consent of the City. Any assignment without the express written consent of the City shall be void. Any assignment approved by the City shall be in form approved by the City’s legal counsel. Such consent by the City and approval by the City’s legal counsel shall be for the sole and exclusive benefit and reliance of the City, and shall not be relied upon by the Developer nor any third party as to the validity or legal effect of an assignment.
25. All inspections of the New Infrastructure performed by the City shall be for the sole and exclusive benefit and reliance of the City. The inspection, approval and acceptance of the New Infrastructure shall not be deemed a warranty or guarantee upon which any person or entity can rely that the construction of the extension was done in a workmanlike manner, or was completed in accordance with the construction contract documents, with standards of the profession in and around Hendersonville, North Carolina, or in accordance with the applicable federal, State, or local laws, rules or regulations.
26. This agreement is executed in the State of North Carolina, and shall be construed in accordance with the laws of the State of North Carolina. Both parties submit their persons to the jurisdiction of the Courts for North Carolina. Exclusive venue for any action brought in connection with this agreement, its interpretation and breach shall be in the courts for Henderson County, North Carolina.
27. This Agreement may be recorded in the Henderson County Register of Deeds Office at the option of the City.

---

***The remainder of this page is left blank intentionally.***

PLEASE BE ADVISED: The City shall not allow the activation of any water or sewer services until the City receives partial certification approval or final approval from the permitting agency and shall not allow the issuance of any certificates of occupancy until the City deems the project complete.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, the day and year first above written.

**DEVELOPER: THE ORCHARDS AT HIGHWAY 64, LLC,**  
**an North Carolina Limited Liability Company**

**THE CITY OF HENDERSONVILLE**

**BY: \_\_\_\_\_ (SEAL)**

Luis Graef, Manager

**BY: \_\_\_\_\_ (SEAL)**

John Connet, City Manager

**DEVELOPER: Luis Graef, Individually**

\_\_\_\_\_  
(SEAL)

Luis Graef

STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, (printed name of notary) a Notary Public of said County and State, do hereby certify that \_\_\_\_\_, personally appeared before me this day, and being duly sworn, stated that they are the \_\_\_\_\_(title) for \_\_\_\_\_(developer), and that they executed and acknowledged the foregoing instrument on behalf of \_\_\_\_\_(developer) pursuant the due authorization by \_\_\_\_\_ (developer) and that the instrument is the act and deed of \_\_\_\_\_(developer).

WITNESS my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

My commission expires \_\_\_\_\_

\_\_\_\_\_  
Notary Public Signature

(OFFICIAL SEAL)

STATE OF NORTH CAROLINA, COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, (printed name of notary) a Notary Public of said County and State, do hereby certify that Luis Graef, individually, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

My commission expires \_\_\_\_\_

\_\_\_\_\_  
Notary Public Signature

(OFFICIAL SEAL)

---

STATE OF NORTH CAROLINA, COUNTY OF HENDERSON

I, \_\_\_\_\_, (printed name of notary) a Notary Public in and for the State and County aforesaid, do hereby certify that John F. Connet, personally appeared before me and, being duly sworn, stated that he is City Manager of the City of Hendersonville, North Carolina, and that he executed and acknowledged the foregoing instrument on behalf of the City of Hendersonville pursuant to order of the City Council of said City and that the instrument is the act and deed of the City of Hendersonville.

WITNESS my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

My commission expires \_\_\_\_\_

\_\_\_\_\_  
Notary Public Signature

(OFFICIAL SEAL)