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October 8, 2015

Mr. Marche Pittman, County Manager  
Polk County  
P.O. Box 308  
Columbus, NC 28722

Re: Water Resource and Services Contract

Dear Marche:

As you know, the Inman-Campobello Water District (ICWD) recently tasked Black & Veatch, Inc. with evaluating the two existing draft contracts regarding water services and the sharing of water resources between our two organizations. One of the draft contracts was created by ICWD and sent to the county in April of this year. The other, was sent to the ICWD in August and it contains the county's revisions.

As I discussed with you, there are several concerning issues for the ICWD in the county's draft but perhaps none more so than the requirement for the ICWD to fully maintain the dam for the term of the water resources portion of the contract. It has been my understanding that the Board of Commissioners (BOC) majority believe that given the value of the excess raw water and perhaps for other reasons, this and the other requirements indicated in the county's August draft contract, make the deal more equitable. Further, it would appear that the BOC minority is not satisfied with the August draft contract, even including the requirement to maintain the dam, and would like to see a qualified professional or group of professionals evaluate the proposed arrangement.

In an effort to more or less satisfy both areas of concern and in an attempt to make sure the ICWD is being as open-minded as possible, we asked the firm that we have used for several years to have their top people in water resources and hydropower dams review both contracts and give us their opinions. Black & Veatch reached out to two of their experts from Kansas City and as I requested, these individuals have never worked with ICWD or Polk County as I wanted their expert, but absolutely unbiased opinions.

A copy of the letter Black & Veatch sent me is attached and you are welcome to share it with anyone who should ask. After you read it, I think you will be somewhat surprised as I was that Black & Veatch certainly does not recommend that the ICWD proceed with the terms of the agreement as specified in the draft we sent to you in April. We have

obviously had the opinion that the August draft from the county placed a heavy burden on the ICWD and were curious to see if Black & Veatch would have the same opinion given their wealth of experience in matters of this type all over the world. Black & Veatch apparently does share that opinion. However, we did not anticipate that their experience would lead them to conclude that the initial draft we sent in April is so generous to the county, that perhaps it should not be pursued.

After reviewing the letter from Black & Veatch and then conferring with the ICWD commissioners and the local professionals with Black & Veatch, a decision has been made. Please allow this letter to serve as your notification that the ICWD will not edit the draft contract for the county's consideration. It would appear that, at least in one group of expert's opinion, that the terms in the April draft were too generous to Polk County. This effort began with the ICWD simply recognizing a need, and making an offer to our neighbors that would greatly benefit them but not harm the ICWD and in fact, benefit all of the customers for the long term. The ICWD did not see the county's water resources and water system as a territory to be conquered or a jewel to be swiped as has been suggested by some. We made what we believed was a generous offer, but that was apparently not the opinion of the BOC and now given the opinion of Black & Veatch, the ICWD rescinds our offer to pool our water resource or future water resources with the county. In short, the ICWD does not see the need to pursue the matter further.

There will be those who will say that Black & Veatch wrote their letter exactly how the ICWD wanted. Nothing could be further from the truth. As you have surely observed, likewise, there have been those that have repeatedly stated their opinions as to why the ICWD offered to collaborate with the county in the first place. Silly proclamations that the ICWD was somehow part of a scheme concerning Duke Energy's transmission line project, nuclear power, bottled water, and similar fiction-fueled ideas, have had no bearing on the ICWD's decision to not pursue an agreement with Polk County. We would not let the individuals who generated such nonsense cause us to end an effort that we have always believed would be very beneficial for our neighbors to the north and the region as a whole.

Instead, it is the apparent distance between our two entities on what is equitable that will prevent this from moving forward. We have given it much contemplation and cannot think of a better overall solution for the future of drinking water in the county than what was offered. However, that certainly doesn't mean that there aren't other options for the county. Perhaps the county will be able to partner with a different entity or somehow find a better solution than what has been thought of so far. If so, the ICWD will not be saddened. If the county finds an even better arrangement for water resources and water service than what the ICWD offered, we will simply be very glad for the county. The ICWD has other options to pursue regarding water resources and now, we will be spending our efforts on those.

Finally, please keep in mind that the ICWD will still continue to serve the customers in Polk County in the same manner we have since 2009. We will not raise rates or fees above what we charge other customers simply because our current agreement allows for

it. Likewise, our level of service will not decrease in the slightest. Further, as always, when you or your staff need to, please feel free to continue to call us or ask for our assistance as you always have. The ICWD will continue to wish Polk County well in all of its endeavors and particularly so with regards to water service for those individuals that need or want it.

Sincerely,

A handwritten signature in black ink, appearing to read 'JAW', is positioned above the printed name.

Jeffrey A Walker, P. E.  
General Manager