

Key Provisions of the Merger Agreement (1/6)

Article I - Description of Merger

Merger

The complete transfer and integration of Pittsboro's Utility System into Sanford's Utility System.

Right to Operate

Pittsboro will irrevocably grant Sanford the right to operate, maintain, expand, upgrade, and improve Pittsboro's Utility Systems.

Standards and Policies

Sanford's Utility Services standards and policies will apply equally in Pittsboro as in Sanford.

Key Provisions of the Merger Agreement (2/6)

Article II – Responsibilities and Representations

Pittsboro to Convey “As Is”

Pittsboro will convey all property related to the utility services to Sanford “as is.”

Sanford’s Operation

Sanford will have the right and duty to perform all activities required for the operations, maintenance, expansion, and upgrade of Pittsboro’s water, water reclamation, and sewer utilities.

One System

This will be one utility system, and Sanford will perform its responsibilities with the same care and diligence as it uses when performing those services for its customers inside Sanford’s City limits.

Key Provisions of the Merger Agreement (3/6)

Article III – Transfer of System

Execution and Transfer

The Pittsboro agrees to fully complete the Transfer as described above no later than June 30, 2024.

System Integration

Pittsboro Utility System infrastructure, meters, software, billing & accounts, customer service, and other systems will be integrated with the Sanford Utility System no later than June 30, 2024.

Pittsboro Utility System Employees

Sanford to offer employment on terms and conditions substantially similar to Sanford employees in similar positions.

Key Provisions of the Merger Agreement (4/6)

Article IV – Capital Improvements

Phase 1

- a) Force Main
- b) Sanford Water Treatment Plant Upgrade
- c) Water Transmission Line to Pittsboro

Phase 2

- a) Force Main Upgrade
- b) Sanford Wastewater Plant Expansion

Key Provisions of the Merger Agreement (5/6)

Article V – Rates and Rate Parity

Rates

Sanford has the authority to set rates and system development fees. At least once annually, and before raising rates, Sanford will consult with the Town.

Rate Parity

- **Cost of treating water and wastewater**
When Phase 1 Capital Improvements are operational and funded. Rates can vary due to the difference in operating cost from Pittsboro's Water Treatment Plant, if any.
- **Cost of repairing or upgrading the existing Pittsboro Utility System**
When Pittsboro's system has been brought up to existing Sanford standards.
- **Cost of capital projects**
When Sanford no longer has debt service attributable to Pittsboro's capacity in the Phase 1 and Phase 2 Capital Improvements.

Key Provisions of the Merger Agreement (6/6)

Article VI – Growth and Expansion

Growth and Expansion

- **Initial Growth** – Based on capacity available from the five capital improvements
- **Future Growth** – Sanford will set a reasonable growth rate

Annexation

Prior to approval by Sanford of extension of service to property outside the corporate limits of Pittsboro, Pittsboro will require application for annexation into Pittsboro's municipal corporate limits.

Extension of Service

Any request for extension of service must receive approval from Sanford in order to be approved.