

STATE OF NORTH CAROLINA

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (hereinafter "MOU"), is made this ____ day of _____, 2004, among **Gaston County, Lincoln County and Mecklenburg County**, political subdivisions of the State of North Carolina; **City of Mount Holly, City of Gastonia, City of Charlotte, Town of Cornelius and Town of Huntersville**, North Carolina municipal corporations; the **Centralina Council of Governments**, State designated lead regional organization for the area; and the **Mountain Island Lake Marine Commission**, established through a joint resolution by Gaston, Lincoln and Mecklenburg Counties, herein referred to individually as a "Partner" and collectively as "Partners." The term Partner and Partners as used herein shall include said parties and their successors and assigns.

WITNESSETH:

WHEREAS, the Partners wish to promote health, economic development and water quality/quantity benefits by proactively addressing issues affecting the Mountain Island Lake watershed (see Exhibit A);

WHEREAS, the Partners wish to enter into a cooperative working agreement through this MOU for the purpose of protecting water quality conditions in Mountain Island Lake;

WHEREAS, the Partners recognize that the protection of water quality conditions in Mountain Island Lake is important for maintaining the quality of drinking water supplies, protecting recreational uses and preserving natural habitats;

WHEREAS, the Partners recognize that the protection of water quality conditions in Mountain Island Lake is best achieved through a coordination of efforts between the Partners; and

WHEREAS, the Partners wish to establish a framework for the establishment of coordinated efforts.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions hereinafter set forth, the Partners hereto agree as follows:

I. PURPOSE

The purpose of this MOU is to set forth the general terms and conditions and define the roles and responsibilities of the Partners in the implementation of this MOU and establish a framework for coordination of efforts to protect water quality conditions in Mountain Island Lake.

II. SCOPE

This MOU shall pertain to those activities performed on or around Mountain Island Lake including the watershed area that drains to the Lake (see Exhibit A) that have the potential to impact water quality conditions in the Lake.

The following items are identified as needing coordination among the Partners through this MOU for the protection of Mountain Island Lake water quality conditions (see Exhibit B):

1. Changes in zoning and/or subdivision ordinances established following the adoption of this MOU;
2. New or amended post-construction or erosion control ordinances;
3. Public acquisition of lands or establishment of public and private conservation easements;
4. Addition or expansion/modification of NPDES facilities, including wastewater treatment facilities and pumping stations;
5. Addition or expansion of water intakes;
6. Addition or expansion of proposed transportation thoroughfares;
7. New or amended lake use/management regulations;
8. New or amended land use plans;
9. Local legislation affecting the Mountain Island Lake watershed;
10. Coordination and sharing of data and information; and
11. Sharing of funding needs and strategies.

III. DEVELOPMENT OF WATERSHED PROTECTION STRATEGIES/GUIDELINES

The Partners shall each identify representatives to serve on a Mountain Island Lake Work Group. This Work Group will meet beginning in July 2004 for the purpose of developing watershed protection strategies/guidelines for Mountain Island Lake. These guidelines will be distributed in written format to each of the Partners by September 30, 2004 for use upon adoption in their legislative discretion as part of their land use plan if deemed necessary by the Partner, as guidance in the protection of water quality conditions in Mountain Island Lake when executing the eleven (11) items listed in Section II above.

IV. COMMUNICATION PROTOCOL

In situations where any of the action items 1 through 9 identified for coordination in Section II above are under consideration by one or more of the Partners, said Partners agree to provide written notification to the other Partners regarding the item under consideration and agree to provide a specific time frame for the submittal of written comments prior to taking action (including adoption in their legislative discretion of any necessary amendments to their applicable ordinances) (items 10 and 11 in Section II do not require notification by Partners).

Work Group representatives from each jurisdiction identified in Section III above will serve as the point of contact for such notifications. All comments received regarding the coordination items are to be carefully considered in good faith, within their legislative discretion, by the Partners during consideration for approval, but failure to follow such comments shall not be construed or utilized in any proceeding by any Partner or third party as a violation of the Partners' land use plans or ordinances. The Partners agree to provide written notification concerning the approval status to commenting Partners once a final decision has been rendered.

The Work Group shall meet twice a year to update the watershed protection strategies/guidelines as necessary and to discuss other matters important to the protection of water quality conditions in Mountain Island Lake. Any of the Partners can call additional meetings of the Work Group as necessary to address water quality related issues in the Lake. The Work Group will engage other organizations/entities as necessary to ensure that issues are properly addressed. The Work Group will also plan, organize and implement future Mountain Island Lake Workshops open to elected officials and the general public. These workshops will provide an overview of general water quality conditions in the Lake as well as summarize activities performed during the calendar year pertaining to the eleven (11) coordination items listed in Section II. The Workshops will also include a discussion of the watershed protection strategies/guidelines developed for protection of water quality.

It is the intent of the Partners to provide effective notification regarding items 1 through 9 identified for coordination in Section II above. Nevertheless, the failure of a Partner to give the specified notice to the other Partners shall not affect any action taken by the notifying Partner.

V. MISCELLANEOUS

This MOU sets forth the entire understanding of the Partners with respect to this matter and supersedes all prior discussions, negotiations, understandings or agreements. The Partners shall have the authority to negotiate and execute amendments to this MOU as deemed necessary to ensure the proper execution of measures for the protection of water quality conditions in Mountain Island Lake. If any provision to this MOU is found to be invalid, the remainder of the provisions of this MOU and the application of such provision to persons or circumstances other than those as to which it is found to be invalid, shall not be affected thereby. No Partner shall have a cause of action against another Partner with respect to this MOU or in connection with matters arising out of this MOU, including but not limited to a cause of action for failing to give notices or failing to follow the recommendation of a Partner. There are no third party beneficiaries to this MOU. Thus, no one, including a Partner, shall have a cause of action against a Partner with respect to this MOU or in connection with matters arising out of this MOU, including but not limited to a cause of action related to actions taken or not taken by a Partner related to this MOU.

VI. TERMINATION

Any Partner shall have the right to withdraw its participation in this MOU upon 90 days' written notice to all other Partners. Termination by a Partner shall not cause termination of the MOU and it shall continue in force as long as there are at least two Partners in the MOU.

Exhibit A
Mountain Island Lake & Watershed Area

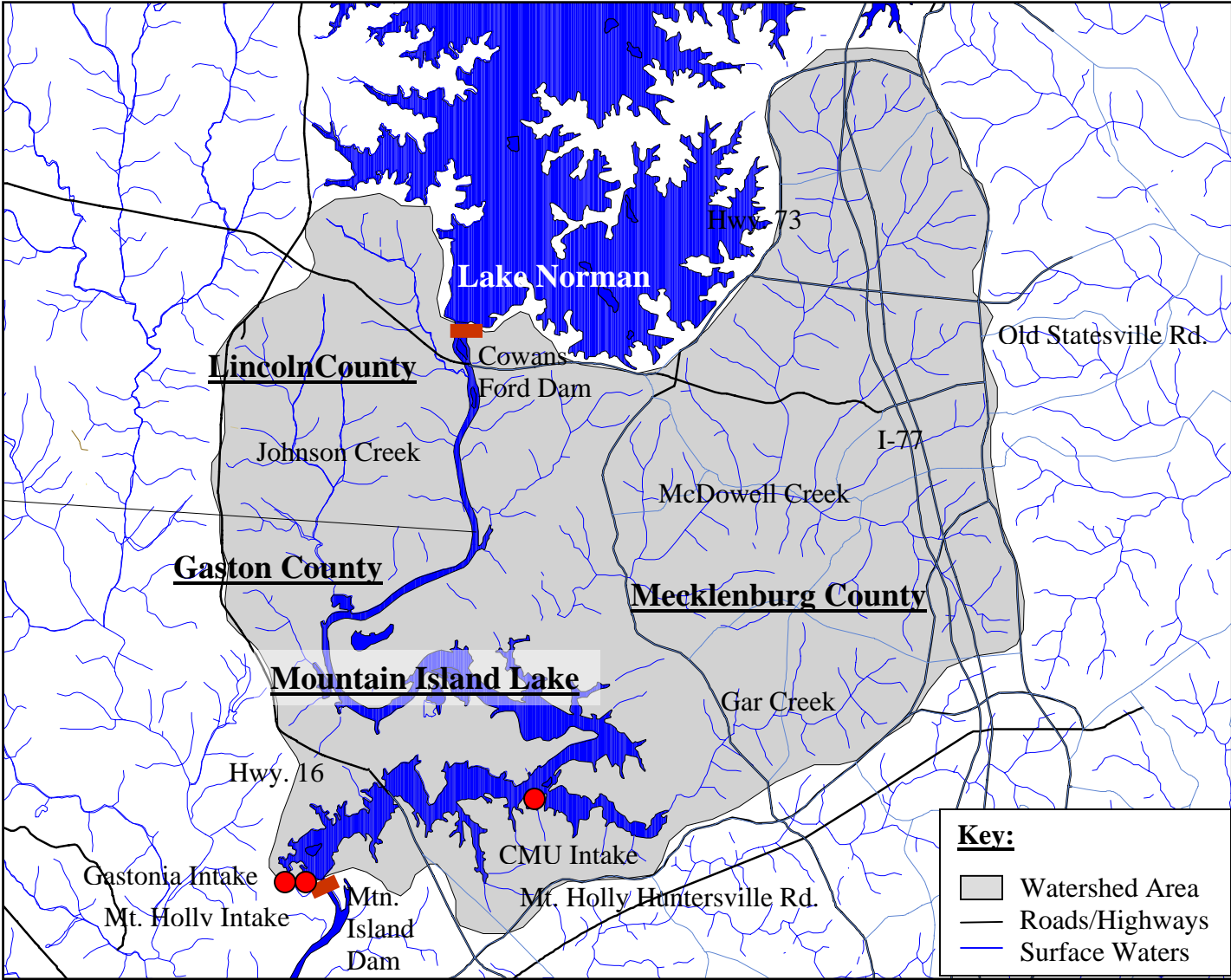


Exhibit B Definitions of Terms

CHANGES IN ZONING: Gaston County, Lincoln County, City of Mount Holly, City of Charlotte, Town of Cornelius and Town of Huntersville have Zoning and/or Subdivision Ordinances that apply to the watershed area draining to Mountain Island Lake. Changes in existing zoning and/ or subdivision ordinances can affect development activities in the watershed area of the Lake and subsequently impact surface water quality conditions through an increase in pollutants discharged in storm water runoff. One of the purposes of this MOU is to provide guidance when making changes in existing zoning and to allow the Partners the opportunity to comment prior to the approval of such changes.

NEW OR AMENDED ORDINANCES: Gaston County, Lincoln County, City of Mount Holly, City of Charlotte, Town of Cornelius and Town of Huntersville have post-construction ordinances that apply to the watershed area draining to Mountain Island Lake as required by North Carolina General Statute 143-214.5, Water Supply Watershed Protection. In addition, all the Partners except Lincoln County have local erosion control ordinances. Changes in these existing ordinances can impact surface water quality conditions in the Lake. One of the purposes of this MOU is to provide guidance for new or amended ordinances and to allow the Partners the opportunity to comment prior to approval.

PUBLIC ACQUISITION OF LANDS OR ESTABLISHMENT OF CONSERVATION EASEMENTS: Certain lands have been acquired by the Partners for the protection of surface water quality conditions in Mountain Island Lake. The Partners recognize the benefits of cooperatively pursuing the acquisition of additional lands. The purpose of this MOU is to provide guidance for land acquisitions and establishment of conservation easements and to allow the Partners the opportunity to comment prior to approval. It is recognized that in some situations the acquisition of properties is subject to closed meeting negotiations by the Partners. It is not the intent of this MOU to require disclosure of such negotiations.

ADDITION OR EXPANSION OF NPDES FACILITIES: National Pollutant Discharge Elimination System or NPDES Permits are issued for all facilities that discharge to surface waters. Currently there are three (3) NPDES discharge facilities located in the Mountain Island Lake watershed including:

1. McDowell Creek Wastewater Treatment Plant (NPDES #NC0036277) – This facility is owned and operated by Charlotte Mecklenburg Utilities and located at 2074 Neck Road in Mecklenburg County.
2. Riverbend Steam Station (NPDES #NC0004961) – This facility is owned and operated by Duke Energy Corporation and located at the intersection of Hwy. 16 and Horseshoe Bend Road in Gaston County.
3. McGuire Nuclear Station (NPDES #0024392) – This facility is owned and operated by Duke Energy Corporation and located at 13339 Hagers Ferry Road in Mecklenburg County.

In addition, the City of Mount Holly in Gaston County and Charlotte Mecklenburg Utilities have pumping stations in the Mountain Island Lake watershed. One of the purposes of this MOU is to provide guidance for the addition or expansion of NPDES facilities and to allow the Partners the opportunity to comment prior to approval.

ADDITION OR EXPANSION OF WATER INTAKES: Charlotte Mecklenburg Utilities and the cities of Mount Holly and Gastonia currently own and operate water intakes on Mountain Island Lake that have permitted withdrawal rates at 330 million gallons per day (MGD), 3.2 MGD and 75 MGD, respectively. Increases in the permitted withdrawal rates at these facilities or the addition of intake structures on the Lake could affect efforts to protect water quality conditions around the intakes. One of the purposes of this MOU is to provide guidance for the addition or expansion of water intakes and to allow the Partners the opportunity to comment prior to approval.

ADDITION OR EXPANSION OF PROPOSED TRANSPORTATION THOROUGHFARES: Transportation thoroughfares, including highways, bridges, railways, etc., are a source of water pollution. In addition, the expansion or addition of transportation thoroughfares can result in increased development activities in a watershed that has the secondary affect of increasing the discharge of pollutants in storm water runoff thus impacting surface water quality conditions. One of the purposes of this MOU is to provide guidance for the addition or expansion of proposed transportation thoroughfares and to allow the Partners the opportunity to comment prior to approval.

NEW OR AMENDED LAKE USE REGULATIONS: Lake use regulations currently exist for Mountain Island Lake as well as the other waterways in North Carolina as adopted by the N.C. Wildlife Resources Commission (NCWRC). The Mountain Island Lake Marine Commission has also adopted boating regulations to supplement the NCWRC regulations on Mountain Island Lake and to further promote safe boating on the Lake. Boating activities have the potential to affect surface water quality conditions in Mountain Island Lake due to the discharge of petroleum products and also due to the wave actions of boats causing increased turbidity levels. The Mountain Island Lake Marine Commission also tracks and coordinates with area jurisdictions, Duke Power, and NC Wildlife in responding to invasive species such as hydrilla. One of the purposes of this MOU is to provide guidance for new or amended Lake use regulations and to allow the Partners the opportunity to comment prior to approval.

NEW OR AMENDED LAND USE PLANS: Gaston County, Lincoln County, City of Mount Holly, City of Charlotte, Town of Cornelius and Town of Huntersville currently have land use plans pertaining to the areas within their jurisdictions that drain to Mountain Island Lake. Land use in these areas has the potential to affect water quality conditions in Mountain Island Lake by either increasing or decreasing the discharge of pollutants contained in surface water runoff. One of the purposes of this MOU is to provide guidance for new or amended land use plans and to allow the Partners the opportunity to comment prior to approval.

LOCAL LEGISLATION REGARDING THE MOUNTAIN ISLAND LAKE

WATERSHED: The Partners may elect to adopt various legislation having the potential to impact water quality conditions in Mountain Island Lake. The MOU will allow the Partners the opportunity to comment on this proposed legislation prior to consideration for adoption.

COORDINATION AND SHARING OF DATA AND INFORMATION: Data and information regarding Mountain Island Lake exists from a variety of sources. Assimilating this data and sharing it among the Partners is a goal of this MOU.

SHARING OF FUNDING NEEDS AND STRATEGIES: The Partners may have needs for funds to implement various actions important to the protection of water quality conditions in Mountain Island Lake. This MOU will allow the Partners the opportunity to share these needs with one another and work together on strategies to secure the needed financing.