

The Washington City Council met in a regular session on Monday, June 27, 2016 at 5:30pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Virginia Finnerty, Mayor Pro tem; Doug Mercer, Councilmember; Richard Brooks, Councilmember; Larry Beeman; Councilmember and William Pitt, Councilmember. Also present: Bobby Roberson, City Manager; Franz Holscher, City Attorney and Cynthia S. Bennett, City Clerk.

Mayor Hodges called the meeting to order and Councilmember Mercer delivered the invocation.

APPROVAL OF MINUTES:

By motion of Councilmember Mercer, seconded by Councilmember Beeman, Council approved the minutes of June 13, 2016 as presented.

APPROVAL/AMENDMENTS TO AGENDA

Mayor Hodges reviewed the requested amendments to the agenda:

- Add Under New Business Item B: Consent and Agreement - City Of Washington (Interconnection) 4843-7325-5

- Add Under Items from City Manager Item B: Beaufort County Courthouse Security

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council approved the agenda as amended.

CONSENT AGENDA: NONE

COMMENTS FROM THE PUBLIC: NONE

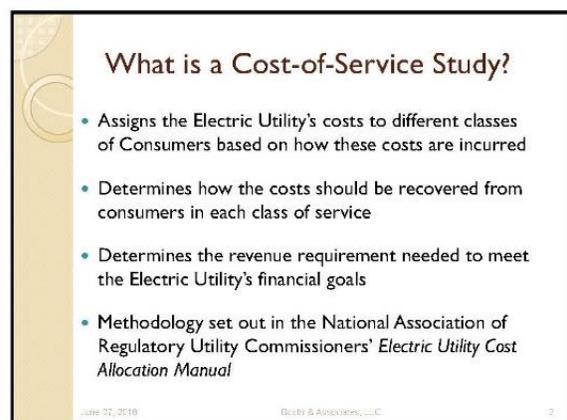
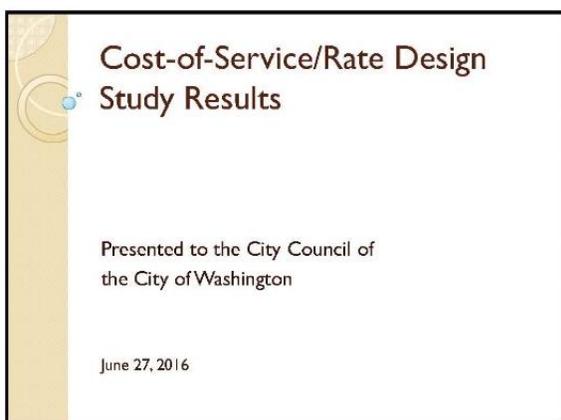
PUBLIC HEARING 6:00PM- ZONING: NONE

PUBLIC HEARING 6:00PM - OTHER: NONE

SCHEDULED PUBLIC APPEARANCES:

BOOTH & ASSOCIATES – COST OF SERVICE STUDY

Terry Berge, Vice President - Financial & Strategic Services, Booth & Associates presented the following Cost of Service Study:



Why Should a Utility Do a Cost-of-Service Study?

- To determine what it actually costs to serve a class of consumers
- If you don't know what it costs, how do you know what to charge?
- Avoid discrimination between classes of consumers
- Assists in designing rates that limit intra-class discrimination

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The Cost-of-Service Study

- Really a combination of three separate studies:
 - The Accounting Study
 - Develop pro forma income statement
 - Based on financial goals develop revenue requirement
 - The Cost-of-Service Study
 - Separates costs by consumer-related, demand related, and energy related
 - Assigns/allocates revenue and expenses to individual rate classes based on cost & load based allocation factors
 - Determines revenue requirement by class
 - The Rate Design Study
 - Uses results of Cost-of-Service Study to design rates to meet financial goals and are cost-based

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Cost-of-Service Cost Components

- Consumer-Related – Costs related to providing service to a single consumer. These costs include a portion of Distribution Plant, General Plant, Services, Meters, and expenses such as Consumer Accounting Expense and Consumer Service and Information Expense.
- Demand-Related – Costs that vary with the kilowatt demand imposed on the Cooperative's system. These costs include the investment and associated expenses in Transmission Plant, a portion of Distribution Plant, and the demand component of Purchased Power Expense.
- Energy-Related – Costs that vary with the number of kilowatt hours consumed. These costs include fuel adjustment charges and the energy component of Purchased Power Expense.
- Revenue-Related – Costs that vary with electric revenues. These costs include taxes and a portion of Administrative and General Expenses.

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Consumer-Related Factors

- Number of Consumers
- Consumer Service
- Consumer Billing
- Consumer Collections
- Meter Cost
- Meter Reading
- Service Cost

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Demand-Related Factors

- System Coincident Peak Demand
 - Each Rate Classes' Contribution to the Cooperative's Annual System Peak - Based Upon Load Research
 - Used for the Allocation of Production Plant and Transmission Plant
- Summer & Winter Coincident Peak Demand
 - Two Sets of Demand Factors Estimating Each Rate Classes' Contribution to the Cooperative's Summer and Winter System Peaks - Based Upon Load Research
 - Used for the Allocation of Purchased Power Demand Costs

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Demand-Related Factors

- Class Diversified Demand
 - Each Individual Rate Classes' Theoretical Peak Demand - Based Upon Load Research
 - May Not Be Coincident with the Coop's System Peak
 - Used for the Allocation of the Demand Portion of the Distribution System, Non-Taxable Service Charges, and Pole Attachment Rent
- Noncoincident Peak Demand
 - Summation of Each Individual Consumer's Maximum Demand Within a Rate Class - Based Upon Load Research
 - Used for the Allocation of Distribution Transformers

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Other Allocation Factors

- Energy-Related Factors
 - kWh Sales
 - Used for the Allocation of Non-Operating Margins - Other
 - kWh Purchases
 - Used for the Allocation of the Energy Component of Purchased Power Expense
- Revenue-Related Factors
 - Electric Sales Revenue
 - Used for the Allocation of Some Revenues
 - Operating Revenue
 - Used for the Allocation of the Revenue Portion of A&G Expenses, Taxes, and Transfers

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Power Cost Allocation

- Demand Costs are Based on the Load at the Time of the Supplier's System Peak
- The Classes Contribute to the Peak Differently

Rate	Energy Purchases kWh	Alloc. Factor	Demand Purchases CP kW	Alloc. Factor
Residential Service	147,521,000	59.77%	312,311	25.53%
Small General Service	47,477,000	15.11%	131,275	18.91%
Medium General Service	24,549,947	9.95%	45,708	9.13%
Large General Service	23,173,118	7.45%	40,310	7.91%
Industrial Service	35,045,476	13.93%	42,137	7.40%
Contractor Peak Service	26,723,770	9.92%	11,752	2.09%
Lighting Service	2,583,816	1.04%	1,497	0.31%
Total	246,818,217	100.00%	1,213,188	100.00%

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Power Cost Allocation–Demand

Rate	Coincident Peak Allocation Factors			* A Blend of Summer & Winter
	Summer (May-Sept)	Winter (Nov-Mar)	Shoulder (Apr, Oct)	
Residential Service	43.34%	63.32%	57.23%	
Small General Service	24.11%	13.56%	17.09%	
Medium General Service	9.60%	6.53%	8.07%	
Large General Service	7.68%	6.38%	7.52%	
Industrial Service	8.51%	6.20%	8.00%	
Coincident Peak Service	2.07%	2.11%	2.09%	
Lighting Service	0.00%	1.92%	0.00%	
Total	100.00%	100.00%	100.00%	

Rate	Demand Power Cost			Total	Power Cost per kWh Sold
	Summer (May-Sept)	Winter (Nov-Mar)	Shoulder (Apr, Oct)		
Residential Service	\$5,021,675	\$3,591,646	\$871,618	\$7,484,939	\$0.05603
Small General Service	\$1,506,207	\$769,294	\$263,338	\$2,538,839	\$0.05693
Medium General Service	\$599,833	\$370,466	\$122,951	\$1,093,250	\$0.04815
Large General Service	\$479,695	\$360,748	\$114,487	\$954,931	\$0.04379
Industrial Service	\$531,839	\$351,910	\$121,921	\$1,005,670	\$0.04116
Coincident Peak Service	\$129,101	\$119,643	\$31,797	\$280,541	\$0.01115
Lighting Service	\$0	\$108,929	\$0	\$108,929	\$0.02645
Total	\$6,248,350	\$5,672,636	\$1,523,112	\$13,444,098	\$0.04829

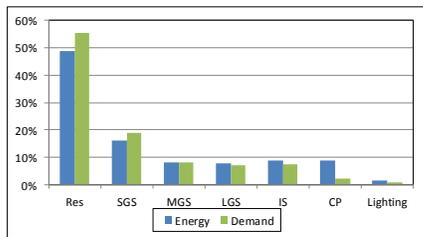
Power Cost Allocation – Demand & Energy

Rate	Demand Cost/kWh Sold	Energy Cost/kWh Sold	Total Cost/kWh Sold
Residential Service	\$0.05503	\$0.03848	\$0.09451
Small General Service	\$0.05693	\$0.03848	\$0.09641
Medium General Service	\$0.04815	\$0.03848	\$0.08763
Large General Service	\$0.04379	\$0.03848	\$0.08327
Industrial Service	\$0.04116	\$0.03848	\$0.08063
Coincident Peak Service	\$0.01115	\$0.03848	\$0.05063
Lighting Service	\$0.02645	\$0.03848	\$0.06593
Total	\$0.04829	\$0.03848	\$0.08777

Power Cost Allocation

- Demand Costs are Based on the Load at the Time of the Supplier’s System Peak
- The Classes Contribute to the Peak Differently

Rate	Energy Purchases		Demand Purchases	
	kWh	Alloc. Factor	CP kW	Alloc. Factor
Residential Service	144,591,596	48.77%	312,702	55.53%
Small General Service	47,477,098	16.01%	106,225	18.86%
Medium General Service	24,164,947	8.15%	45,796	8.13%
Large General Service	23,173,119	7.82%	40,002	7.10%
Industrial Service	25,965,476	8.76%	42,127	7.48%
Coincident Peak Service	26,729,770	9.02%	11,752	2.09%
Lighting Service	4,389,815	1.48%	4,563	0.81%
Total	296,491,821	100.00%	563,166	100.00%



Power Cost Allocation –Demand

Rate	Coincident Peak Allocation Factors			Total	Power Cost per kWh Sold
	Summer (May-Sept)	Winter (Nov-Mar)	Shoulder (Apr, Oct)		
Residential Service	48.04%	63.32%	57.23%	\$7,464,939	\$0.05603
Small General Service	24.11%	13.56%	17.09%	\$2,538,839	\$0.05693
Medium General Service	9.60%	6.53%	8.07%	\$1,093,250	\$0.04815
Large General Service	7.68%	6.38%	7.52%	\$954,931	\$0.04379
Industrial Service	8.51%	6.20%	8.00%	\$1,005,670	\$0.04116
Coincident Peak Service	2.07%	2.11%	2.09%	\$280,541	\$0.01115
Lighting Service	0.00%	1.92%	0.00%	\$108,929	\$0.02645
Total	100.00%	100.00%	100.00%	\$13,444,098	\$0.04829

The Rate Design Objectives

- Rates should be simple and understandable
- Rates should yield the revenue requirement
- Rates should be fair and avoid undue discrimination both between classes and within individual classes of consumers
- Rates should discourage the wasteful use of energy and facilities

Actual Test Year Income Statement

Pro Forma Test Year Ending December 31, 2014		Actual Test Year
Operating Revenues		\$35,256,537
Other Operating Income		\$474,562
Total Operating Revenue		\$35,731,098
Purchased Power Expense		\$28,340,973
O & M Expenses		\$7,075,502
Total Cost-of-Service		\$35,416,475
Net Revenue		\$314,623

Pro Forma Test Year Income Statement

Pro Forma Test Year Ending December 31, 2014			
	Actual Test Year	Adjustments	Pro Forma Test Year
Operating Revenues	\$35,256,537	(\$1,217,347)	\$34,039,190
Other Operating Income	\$474,562	\$0	\$474,562
Total Operating Revenue	\$35,731,098	(\$1,217,347)	\$34,513,752
Purchased Power Expense	\$28,340,973	(\$3,906,389)	\$24,434,584
O & M Expenses	\$7,075,502	\$1,102,130	\$8,177,632
Total Cost-of-Service	\$35,416,475	(\$2,804,259)	\$32,612,216
Net Revenue	\$314,623	\$1,586,912	\$1,901,535

Major Adjustments

- Operating Revenue
 - Weather normalization adjustment (\$ 230,915)
 - End-of-period Consumer adjustment \$ 135,676
 - Impact of 6% rate reduction (\$ 1,505,480)
- Purchased Power Expense
 - Weather normalization adjustment (\$ 162,638)
 - End-of-period Consumer adjustment (\$ 6,432)
 - Normalization of line loss \$ 38,496
 - Change in purchased power costs¹ (\$ 3,776,049)

¹ Based on projected April 1, 2017 rates

Recommended Revenue Change

Pro Forma Test Year Ending December 31, 2014

	Pro Forma Test Year	Adjustments	Projected After Change
Operating Revenues	\$34,038,190	(\$1,918,805)	\$32,120,385
Other Operating Income	\$474,562	\$0	\$474,562
Total Operating Revenue	\$34,513,752	(\$1,918,805)	\$32,594,947
Purchased Power Expense	\$24,434,584	\$0	\$24,434,584
O & M Expenses	\$8,177,632	(\$17,270)	\$8,160,362
Total Cost-of-Service	\$32,612,216	(\$17,270)	\$32,594,947
Net Revenue	\$1,901,535	(\$1,901,535)	(\$0)
Proposed Rev. Increase/(Decrease)	(\$1,918,805)		
Percent Change	(5.64%)		

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Cost-of-Service Study Results

Rate Class	Justified Change
Residential Service	(0.98%)
Small General Service	(6.37%)
Medium General Service	(14.80%)
Large General Service	(8.87%)
Industrial Service	(4.95%)
Coincident Peak Demand Service	(22.93%)
Lighting Service	(13.50%)
Total	(5.64%)

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Justifiable Monthly Consumer Charge by Rate Class

Rate Class	Consumer Related	Total Distribution	Current Charge
Residential Service	\$ 10.05	\$ 28.23	\$ 8.17 ¹
Small General Service	\$ 12.18	\$ 47.92	\$ 17.56 ²
Medium General Service	\$ 57.23	\$ 406.17	\$ 26.29 ²
Large General Service	\$ 105.71	\$ 832.56	\$ 104.30 ³
Industrial Service	\$ 273.73	\$ 5,518.63	None

¹ Weighted between inside the City and outside customers
² Weighted between single phase and three phase customers
³ With demand minimum taken out

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- ### Reasons to Increase Monthly Customer Charge
- Revenue Stability – Fixed revenue not susceptible to swings in weather
 - Price Signal – More closely reflects the electric utility's fixed monthly costs
 - Distributed Generation – Reduces the distribution costs offset by customer-owned generator (i.e. solar)
 - Energy Efficiency – High energy charges overstate the true benefits of energy conservation
 - Fairness – Low facilities charges and high energy charges discriminate against the high use customer
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Recommended Changes by Rate Class

Rate Class	Justified Change	Recommended Change
Residential Service	(0.98%)	(2.52%)
Small General Service	(6.37%)	(6.35%)
Medium General Service	(14.80%)	(14.00%)
Large General Service	(8.87%)	(8.75%)
Industrial Service	(4.95%)	(4.90%)
Coincident Peak Demand Service	(22.93%)	(16.50%)
Lighting Service	(13.50%)	0.00%
Total	(5.64%)	(5.64%)

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- ### Potential Option for Revenue Changes by Rate Class
- Reduce the Residential Service class by the overall system average of 5.64%
 - No reduction to the lighting schedules
 - Reduce the remaining classes by ~57% of the justifiable decrease
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Comparison of Optional Changes by Rate Class

Rate Class	Justified Change	Option 1 (Recommended)	Option 2
Residential Service	(0.98%)	(2.52%)	(5.64%)
Small General Service	(6.37%)	(6.35%)	(3.65%)
Medium General Service	(14.80%)	(14.00%)	(8.50%)
Large General Service	(8.87%)	(8.75%)	(5.09%)
Industrial Service	(4.95%)	(4.90%)	(2.84%)
Coincident Peak Service	(22.93%)	(16.50%)	(13.16%)
Lighting Service	(13.50%)	0.00%	0.00%
Total	(5.64%)	(5.64%)	(5.64%)

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- ### Customer Charges
- Recommend increasing Customer Charges
 - Residential Service - Inside
 - Increase Customer Charge from \$7.92 to \$10.00
 - Residential Service – Outside
 - Increase Customer Charge from \$8.35 to \$10.55
 - Small General Service
 - Single-Phase - \$15.53 to \$19.60
 - Three-Phase - \$25.05 to \$32.40
 - Medium General Service
 - Single-Phase - \$16.75 to \$25.00
 - Three-Phase - \$27.02 to \$50.00
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Consumer Charges (continued)

- Large General Service
 - Increase from \$104.30 to \$125.00
- Industrial Service
 - Add a Customer Charge of \$500.00
- General Coordinated Demand Control Service
 - Increase from \$81.07 to \$150.00
- Industrial Coordinated Demand Control Service
 - Add a Customer Charge of \$550.00

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Residential Service – Inside Corporate Limits

Description	Current Rate	Rate Option 1		Rate Option 2	
		Proposed Rate	% Increase	Proposed Rate	% Increase
Customer Charge(s):					
Single-Phase	\$7.92	\$10.00	26.26%	\$10.00	26.26%
Three-Phase	\$16.35	\$21.15	29.36%	\$21.15	29.36%
Energy Charge(s):					
Summer					
All kWhs	\$0.11703	\$0.11081	(5.32%)	\$0.10694	(8.62%)
Number of Customers	4,611				
Average Monthly kWh per Cust.	868				
Average Cost per kWh	\$0.12405	\$0.12092	(2.52%)	\$0.11705	(5.64%)

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Residential Service Rate Comparison – Inside Corporate Limits

kWh	Current	Option 1 Increase / (Decrease)		Option 2 Increase / (Decrease)			
		Proposed	\$	%	Proposed	\$	%
50	\$13.77	\$16.54	\$1.77	12.84%	\$16.35	\$1.58	11.44%
100	\$19.62	\$21.08	\$1.46	7.43%	\$20.69	\$1.07	5.46%
250	\$37.18	\$37.70	\$0.52	1.41%	\$36.74	(\$0.44)	(1.19%)
500	\$66.44	\$65.41	(\$1.03)	(1.56%)	\$63.47	(\$2.97)	(4.46%)
1,000	\$124.95	\$120.81	(\$4.14)	(3.31%)	\$116.94	(\$8.01)	(6.41%)
1,500	\$183.47	\$176.22	(\$7.25)	(3.95%)	\$170.41	(\$13.06)	(7.12%)
2,000	\$241.98	\$231.62	(\$10.36)	(4.28%)	\$223.88	(\$18.10)	(7.48%)
2,500	\$300.50	\$287.03	(\$13.48)	(4.48%)	\$277.35	(\$23.15)	(7.70%)
3,000	\$359.02	\$342.43	(\$16.59)	(4.62%)	\$330.82	(\$28.20)	(7.85%)
4,000	\$476.05	\$453.24	(\$22.81)	(4.79%)	\$437.76	(\$38.29)	(8.04%)

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Residential Service – Outside Corporate Limits

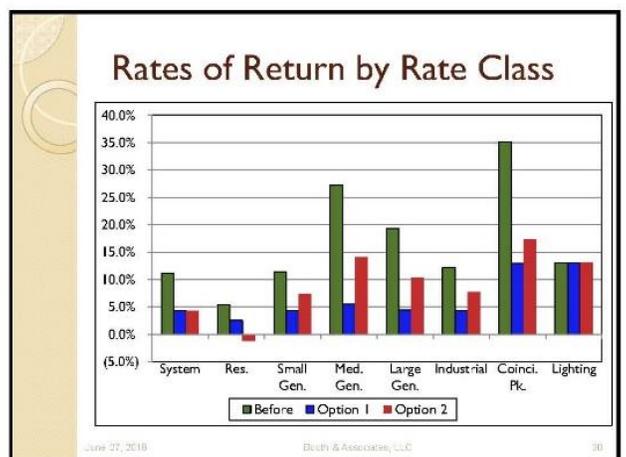
Description	Current Rate	Rate Option 1		Rate Option 2	
		Proposed Rate	% Increase	Proposed Rate	% Increase
Customer Charge(s):					
Single-Phase	\$8.35	\$10.55	26.35%	\$10.55	26.35%
Three-Phase	\$17.41	\$22.50	29.24%	\$22.50	29.24%
Energy Charge(s):					
All kWhs	\$0.123192	\$0.11727	(4.81%)	\$0.11327	(8.05%)
Number of Customers	6,500				
Average Monthly kWh per Consum	1,123				
Average Cost per kWh	\$0.12845	\$0.12522	(2.52%)	\$0.12122	(5.63%)

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Residential Service Rate Comparison – Outside Corporate Limits

kWh	Current	Option 1 Increase / (Decrease)		Option 2 Increase / (Decrease)			
		Proposed	\$	%	Proposed	\$	%
50	\$14.51	\$16.41	\$1.90	13.12%	\$16.21	\$1.70	11.74%
100	\$20.67	\$22.28	\$1.61	7.78%	\$21.89	\$1.21	5.84%
250	\$39.15	\$39.87	\$0.72	1.84%	\$38.87	(\$0.29)	(0.72%)
500	\$69.95	\$69.19	(\$0.76)	(1.09%)	\$67.19	(\$2.76)	(3.95%)
1,000	\$131.54	\$127.82	(\$3.72)	(2.83%)	\$123.82	(\$7.72)	(5.87%)
1,500	\$193.14	\$186.46	(\$6.68)	(3.46%)	\$180.46	(\$12.68)	(6.57%)
2,000	\$254.73	\$245.09	(\$9.64)	(3.79%)	\$237.09	(\$17.64)	(6.93%)
2,500	\$316.33	\$303.73	(\$12.61)	(3.98%)	\$293.73	(\$22.61)	(7.15%)
3,000	\$377.93	\$362.36	(\$15.57)	(4.12%)	\$350.36	(\$27.57)	(7.29%)
4,000	\$501.12	\$479.63	(\$21.49)	(4.29%)	\$463.63	(\$37.49)	(7.48%)

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Residential Service – Inside Corporate Limits

Description	Current Rate	Rate Option 1		Rate Option 2	
		Proposed Rate	% Increase	Proposed Rate	% Increase
Customer Charge(s):					
Single-Phase	\$7.92	\$10.00	26.26%	\$10.00	26.26%
Three-Phase	\$16.35	\$21.15	29.36%	\$21.15	29.36%
Energy Charge(s):					
Summer					
All kWhs	\$0.11703	\$0.11081	(5.32%)	\$0.10694	(8.62%)
Number of Customers	4,611				
Average Monthly kWh per Cust.	868				
Average Cost per kWh	\$0.12405	\$0.12092	(2.52%)	\$0.11705	(5.64%)

Residential Service – Outside Corporate Limits

Description	Current Rate	Rate Option 1		Rate Option 2	
		Proposed Rate	% Increase	Proposed Rate	% Increase
Customer Charge(s):					
Single-Phase	\$8.35	\$10.55	26.35%	\$10.55	26.35%
Three-Phase	\$17.41	\$22.50	29.24%	\$22.50	29.24%
Energy Charge(s):					
All kWhs	\$0.123192	\$0.11727	(4.81%)	\$0.11327	(8.05%)
Number of Customers	6,500				
Average Monthly kWh per Consum	1,123				
Average Cost per kWh	\$0.12845	\$0.12522	(2.52%)	\$0.12122	(5.63%)

Changes to Power Cost

- Since the Cost-of-Service study was completed, NCEMPA has revised their forecasted purchase power rates.
- The new forecast keeps rates flat for five years.
- This decreases power cost \$1,492,801.
- Increased margins can be used to build the electric fund, stabilize rates, or move forward with delayed projects.

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Pro Forma Test Year Income Statement - Revised

Pro Forma Test Year Ending December 31, 2014

	Actual Test Year	Adjustments	Pro Forma Test Year
Operating Revenues	\$35,256,537	(\$1,217,347)	\$34,039,190
Other Operating Income	\$474,562	\$0	\$474,562
Total Operating Revenue	\$35,731,098	(\$1,217,347)	\$34,513,752
Purchased Power Expense	\$28,340,873	(\$5,398,470)	\$22,942,503
O & M Expenses	\$7,075,502	\$1,102,130	\$8,177,632
Total Cost-of-Service	\$35,416,475	(\$4,296,340)	\$31,120,135
Net Revenue	\$314,623	\$3,078,993	\$3,393,617

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Recommended Revenue Change - Revised

Pro Forma Test Year Ending December 31, 2014

	Pro Forma Test Year	Adjustments	Projected After Change
Operating Revenues	\$34,039,190	(\$1,918,805)	\$32,120,385
Other Operating Income	\$474,562	\$0	\$474,562
Total Operating Revenue	\$34,513,752	(\$1,918,805)	\$32,594,947
Purchased Power Expense	\$22,942,503	\$0	\$22,942,503
O & M Expenses	\$8,177,632	(\$17,270)	\$8,160,362
Total Cost-of-Service	\$31,120,135	(\$17,270)	\$31,102,866
Net Revenue	\$3,393,617	(\$1,901,535)	\$1,492,081
Proposed Rev. Increase/(Decrease)	(\$1,918,805)		
Percent Change	(5.64%)		

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Questions



• Thank-you

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CORRESPONDENCE AND SPECIAL REPORTS
MEMO – BUDGET TRANSFER GENERAL FUND

The Budget Officer transferred funds between the Parks & Grounds, Economic Development, Code Enforcement, Miscellaneous, Senior Programs, Aquatic Center, and Mayor's departments of the General Fund appropriations budget to provide funds for the vacation payoff as a result of one retirement, sports complex parking lot, aquatic center utilities, and telephone expense. NCGS 159-15 states that this shall be reported to the Council at its next regular meeting and be entered in the minutes.

Tammy Swindell, Assistant Finance Officer noted we were unaware the employee was planning to retire when the budget was prepared. Mr. Roberson explained we are trying to anticipate retirements in future budgets and set these funds aside so we don't run into this issue again. Councilmember Mercer noted some of the transfers mentioned in the memo do not have the budget transfer sheets included in the packet. (Two budget transfer sheets were inadvertently omitted from the June 27th agenda package. All transfers referenced in the memo are shown below.)

From: 10-40-6130-0600	Group Insurance	\$ 7,600
To: 10-40-6123-0200	Salary	\$ 7,600
From: 10-00-4650-4500	ED Projects	\$13,000
To: 10-10-4341-4500	EMS Billing	\$10,000
10-10-4341-4505	EMS Bad Debt Coll.	\$ 3,000
From: 10-00-4650-0400	Prof. Svcs.	\$ 5,000
10-00-4650-4500	ED Projects	\$17,500
10-00-4400-0800	Unemp. Comp.	\$12,900
10-00-4400-0200	Salary Adj.	\$ 7,600
10-10-4350-4500	Housing Demo	\$10,000
To: 10-40-6130-7300	Other Improv.	\$21,000
10-40-6126-1300	Water & Elect.	\$32,000

From: 10-00-4400-5701 Misc. \$ 100
To: 10-00-4111-1100 Telephone \$ 100

REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES:

HUMAN RELATIONS COUNCIL

MISSION STATEMENT

- *To promote social and economic equality in the community, working with Local Government and other resources*
- *To appreciate the cultural and ethnic diversity of the citizens of Washington and Beaufort County*
- *To encourage citizens to live and work together in harmony and mutual respect*

SCHEDULED PUBLIC APPEARANCES: NONE

OLD BUSINESS:

Discuss/Review – Fair Housing Forum: Chair Wright requested input from Board members on how to increase awareness for more community involvement. Suggestions below:

- *Change advertising format ~ language change with less wording*
- *“Fair Housing” citizens may assume the event is for Landlords only*
- *Excellent program and realtors could have benefited if in attendance*
- *Board member Horton worked with Housing for 3 years and WHA residence do not participate*
- *Program entitled “Self Sufficient Housing” sponsored by WHA ~ attendance and participation very low from the housing community*
- *Target different demographic*
- *Explore flyers to be placed in realtor’s newsletter*
- *Look at generation and what is happening in the world today – (millennium generation not moving out but lives at home with parents)*
- *Shortage of rental property*
- *Provide literature at “National Night Out” – noted: this is already being provided*
- *More discussion required on date and time*
- *Venue and meal ~ very nice and it was suggested to keep it the same*

NEW BUSINESS:

Discuss – Appointment and reappointment: Council liaison Pitt provided an update of the appointment and reappointment to the Board and following clarification of residency requirement will make an appointment on June 27, 2016 City Council meeting.

OTHER BUSINESS:

FYI – All FYI items and reminders were discussed inclusive of the April 12, 2016 report submitted to City Council and financial report.

OPEN DISCUSSION:

- *Vice-chair Hawn requested a moment of recognition for the Orlando victims and their family.*
- *Police & Fire Community Outreach Manager, Kimberly Grimes provided an update on 2016 Week of Events for the football/basketball camp and extended an invitation to Board members.*

APPOINTMENTS:

Council postponed the Human Relations Council appointment.

OLD BUSINESS:

**APPROVE – EXCEPTION TO RESIDENCY REQUIREMENT –
ELECTRIC DIRECTOR**

BACKGROUND AND FINDINGS: Mr. Jeff Clark currently serves as the Interim Electric Director and he possess the requisite knowledge of the positions scope of responsibility and existing City conditions by virtue of his previous experience with the City.

By motion of Councilmember Beeman, seconded by Councilmember Brooks, Council approved the exception to the residency requirement of Ch. 24, Article II, Section 24-22 of the City Code for the appointment of Jeff Clark to the position of Electric Director. Motion carried 4-1 with Councilmember Mercer opposing.

APPROVE – WAIVE IMPACT FEES FOR SIX MONTHS

BACKGROUND AND FINDINGS: The City Manager had previously requested Council to consider waiving water and sewer impact fees for a period of six (6) months in an effort to

increase residential development. By waiving these fees it will save a residential customer building a new home \$920.

By motion of Councilmember Mercer, seconded by Councilmember Beeman, Council agreed to waive water & sewer impact fees for residential customers for a period of six (6) months beginning July 1, 2016 and ending December 31, 2016. Contractors and developers in residential subdivisions will be allowed to have impact fees waived for five (5) water and sewer services within the six (6) month period.

Councilmember Beeman thanked the City Manager for putting this program together.

APPROVE – JULY 2016 CITY COUNCIL MEETING DATE

The City Manager noted that historically, Council only meets one time in July. It was suggested to not meet on July 11th and only meet on July 25th.

Councilmember Mercer felt more comfortable with meeting on July 11th and not meeting on July 25th.

By motion of Councilmember Brooks, seconded by Councilmember Beeman, Council agreed to only meet on July 25th (no meeting on July 11th). Motion carried 4-1 with Councilmember Mercer opposing.

NEW BUSINESS:

AUTHORIZE – THE MAYOR TO EXECUTE THE DEED OF EASEMENT AND AGREEMENT FOR THE GRIMESLAND ROAD FEEDER – TIE WITH WHARTON STATION (PROJECT) “MANNING” EASEMENT

By motion of Councilmember Beeman, seconded by Councilmember Brooks, Council authorized the Mayor to execute the Deed of Easement and Agreement for the Grimesland Road Feeder - Tie with Wharton Station (Project) "Manning" Easement.

PREPARED BY and RETURN TO:
RODMAN, HOLSCHER, PECK & EDWARDS, P. A.
Attorneys at Law
320 North Market Street
Post Office Box 1747
Washington NC 27889
Telephone: (252) 946-3122

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

THIS DEED OF EASEMENT AND AGREEMENT is made and entered into this the 27 day of June, 2016, by WILLIAM KEITH MANNING and wife, RESHA MANNING; CARLTON B. MANNING and wife, RUBY MANNING; DANNY LEE MANNING, Unmarried; and ALLEN RAY WOOLARD and wife, JACKIE WOOLARD, Grantors, whose address is 520 The Dirt Road, Washington, NC 27889 to and with the CITY OF WASHINGTON, a municipal corporation of the State of North Carolina, Grantee, whose address is: P.O. Box 1988, Washington, NC 27889.

W I T N E S S E T H

WHEREAS, Grantors own that certain tract or parcel of land lying and being in Beaufort County, North Carolina more particularly described below.

NO TITLE EXAMINATION REQUESTED OR PERFORMED BY
RODMAN, HOLSCHER, PECK & EDWARDS, P.A.

WHEREAS, Grantee desires to install, construct, inspect, maintain, alter, operate and otherwise keep open, up, and in good repair ditches, drainage pipe(s), drainage enhancing facilities or drainage infrastructure, utilities, utility lines and any other utility enhancing facilities or utility infrastructure (hereinafter may be referred to collectively as "Utilities") on the hereinafter described portion of land owned by Grantors. As used hereinabove and herein, "utility" and "utilities" shall include but not be limited to electric, communication, water, sewer, and drainage infrastructure. As used hereinabove, "electric" and "communication" infrastructure shall include but not be limited to facilities consisting of poles, cables, wires, guys, anchors, underground conduits, enclosures, and other appurtenant facilities.

WHEREAS, Grantors have agreed to allow Grantee to cut, remove, and or clear any and all trees, shrubs, undergrowth, brush and other vegetation as well as any and all buildings, structures, and other types of obstructions whatsoever that, in Grantee's sole discretion, are necessary in order to effectuate the installation, construction, inspection, maintenance, alteration, operation, repair and upkeep of the Utilities as described herein.

WHEREAS, Grantors herein and others granted Grantee a General Permit recorded in Deed Book 1035, Page 566 of the Beaufort County Registry. The parties hereto expressly acknowledge that Grantee has heretofore exercised certain rights under said General Permit. As additional consideration for the perpetual rights and easement herein conveyed, Grantee agrees not to exercise any further rights under said General Permit subject to the express understanding of the parties hereto that the General Permit shall remain, in all respects, valid as to those certain rights heretofore exercised by Grantee thereunder.

NOW, THEREFORE, subject to the terms, provisions, and conditions stated herein and agreed to by the parties hereto and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration paid and provided by Grantee, the receipt and legal sufficiency of which consideration is hereby acknowledged, and in further consideration of the benefits that Grantors may derive therefrom, Grantors have, upon the terms, provisions, and conditions hereinafter set forth, bargained and sold and by these presents do hereby bargain, sell and convey unto Grantee, its successors and or assigns, perpetual rights and an easement to cut, remove, and or clear at any time in the sole discretion of Grantee any and all trees, shrubs, undergrowth, brush and other vegetation as well as any and all buildings, structures, and other types of obstructions whatsoever located upon the hereinafter described portion of land or adjacent area owned by Grantors, together with rights of ingress, egress, and regress to Grantee to enter and re-enter upon said land as well as over the adjacent area for the purpose of installing, constructing, inspecting, maintaining, altering, operating and otherwise keeping open, up, and in good repair such Utilities as are necessary, in Grantee's sole discretion, to be located on said portion of land owned by Grantors. Grantors expressly acknowledge that Grantee's right to remove any type of obstructions whatsoever

from the area of the easement or adjacent area includes but is not limited to the right of Grantee to remove anything placed, constructed or located upon the easement regardless of whether a permit or other approval was issued or granted by Grantee for the same. Grantors expressly acknowledge that no payment, claim or damages shall be due to, or made by, Grantors on account of Grantee's exercise and use of said perpetual rights and easement. By way of illustration but not limitation, Grantors expressly acknowledge that Grantee shall have no obligation to pay for, replace, or relocate anything removed by Grantee from the area of the easement herein described or adjacent area. Grantors expressly acknowledge that Grantee's rights hereunder include the right to install, at any angle points of electric facilities, guy wires and anchors outside of said easement area. Said land over which said perpetual rights and easement and said rights of ingress, egress, and regress are granted is located in Washington Township, Beaufort County, North Carolina, and is more particularly described as follows:

BEING all of that certain 30' electrical easement as shown on that certain survey by Hood Richardson, PA dated March 19, 2016, a copy of which is recorded in Plat Cabinet _____, Slide _____, Beaufort County Registry. Reference is herein made to said survey for a more complete and adequate description of said easement.

TO HAVE AND TO HOLD the aforesaid perpetual rights and easement to wit said Grantee, its successors and or assigns, in title forever; it being the intention of the parties hereto that said rights and easement be perpetual for Grantee, its successors and or assigns.

Grantors covenant with Grantee that Grantors are seized of the land upon which said easement is located in fee and have the right to grant the aforesaid perpetual rights and easement; that said perpetual rights and easement will be free of all liens and encumbrances and that Grantors will warrant the title hereby conveyed against the lawful claims of all persons whomsoever.

By virtue of Grantee's duly authorized signature below, Grantee agrees not to exercise any further rights under the above referenced General Permit subject to the express understanding of the parties hereto that the General Permit shall remain, in all respects, valid as to those certain rights heretofore exercised by Grantee thereunder.

IN WITNESS WHEREOF, Grantors hereunto set his/her hand and adopted as his/her seal, the typewritten word "SEAL" appearing beside his/her respective names, this the day and year first above written and the CITY OF WASHINGTON, a municipal corporation, Grantee, has caused this instrument to be executed in its name by its Mayor, attested by its City Clerk, and its corporate seal to be hereunto affixed, all by proper corporate authority duly given, this the day and year first above written.

THE REST OF THE PAGE INTENTIONALLY LEFT BLANK, SIGNATURE PAGES FOLLOW



CITY OF WASHINGTON

BY: Jay Macdonald Hodges (Seal)
JAY MacDONALD HODGES, Mayor

CYNTHIA BENNETT, City Clerk

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

I, Reatha B. Johnson, a Notary Public of the State and County aforesaid, certify that CYNTHIA BENNETT personally appeared before me this day and acknowledged that she is City Clerk of the CITY OF WASHINGTON, a North Carolina municipal corporation, and by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by JAY MacDONALD HODGES, its Mayor, sealed with its corporate seal and attested by herself as its City Clerk.

WITNESS my hand and official seal, this the 27th day of June, 2016.

Reatha B. Johnson
NOTARY PUBLIC

My Commission expires: 12/14/2019.



_____(Seal)
Name: WILLIAM KEITH MANNING

_____(Seal)
Name: RESHA MANNING

_____(Seal)
Name: CARLTON B. MANNING

_____(Seal)
Name: RUBY MANNING

_____(Seal)
Name: DANNY LEE MANNING, Unmarried

_____(Seal)
Name: ALLEN RAY WOOLARD

_____(Seal)
Name: JACKIE WOOLARD

STATE OF NORTH CAROLINA
COUNTY OF _____

Before me, the undersigned Notary Public in and for the State and County aforesaid, this day personally appeared WILLIAM KEITH MANNING and wife, RESHA MANNING and acknowledged the due execution by them of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this the _____ day of _____, 2016.

NOTARY PUBLIC

My Commission expires: _____

STATE OF NORTH CAROLINA
COUNTY OF _____

Before me, the undersigned Notary Public in and for the State and County aforesaid, this day personally appeared CARLTON B. MANNING and wife, RUBY MANNING and acknowledged the due execution by them of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this the _____ day of _____, 2016.

NOTARY PUBLIC

My Commission expires: _____

STATE OF NORTH CAROLINA
COUNTY OF _____

Before me, the undersigned Notary Public in and for the State and County aforesaid, this day personally appeared DANNY LEE MANNING, Unmarried and acknowledged the due execution by him of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this the _____ day of _____, 2016.

NOTARY PUBLIC

My Commission expires: _____

STATE OF NORTH CAROLINA
COUNTY OF _____

Before me, the undersigned Notary Public in and for the State and County aforesaid, this day personally appeared ALLEN RAY WOOLARD and wife, JACKIE WOOLARD and acknowledged the due execution by them of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this the _____ day of _____, 2016.

NOTARY PUBLIC

My Commission expires: _____

CONSENT AND AGREEMENT - CITY OF WASHINGTON (INTERCONNECTION) 4843-7325-5

The City Attorney noted that we currently have interconnection agreements for this solar farm. The request tonight will allow them to finance and re-invest funds to develop additional solar farms.

By motion of Councilmember Mercer, seconded by Councilmember Beeman, Council approved the Consent and Agreement – City of Washington (interconnection) 4843-7325-5.

Consent and Agreement

This CONSENT AND AGREEMENT, dated as of August 3, 2016 (as amended, supplemented or otherwise modified from time to time, this "Consent") is entered into by EMERALD STATE SOLAR, LLC, a Delaware limited liability company (the "Borrower"), the CITY OF WASHINGTON, WASHINGTON, NORTH CAROLINA ("Contracting Party"), and WASHINGTON WHITE POST SOLAR, LLC, a Delaware limited liability company (the "Project Owner"), for the benefit of MUFU UNION BANK, N.A., in its capacity as the collateral agent (together with its successors in such capacity, the "Collateral Agent") for the Secured Parties (as defined below).

RECITALS

WHEREAS, Project Owner is the owner of a 12.5 MW solar photovoltaic generating facility located in Beaufort, North Carolina (the "Project");

WHEREAS, Borrower is the sole member of the Project Owner and owns one hundred percent (100%) of all issued and outstanding membership interests in the Project Owner;

WHEREAS, Contracting Party and Project Owner are party to that certain Interconnection Agreement, dated as of September 4, 2012 (as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and thereof, the "Assigned Agreement");

WHEREAS, Borrower, Collateral Agent, the lenders from time to time party thereto (the "Lenders"), the agents and arrangers party thereto and certain other parties thereto have entered into that certain Credit Agreement, dated as of August 3, 2016 (as amended, amended and restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders will make loans and other extensions of credit to Borrower;

WHEREAS, Project Owner will receive substantial direct or indirect benefits from the transactions contemplated by the Credit Agreement;

WHEREAS, Project Owner has guaranteed all of Borrower's obligations to the Lenders under the Credit Agreement;

WHEREAS, in consideration of the extensions of credit and other financial accommodations made by the Lenders, as set forth in the Credit Agreement, and as security for Project Owner's guarantee obligations in respect of the Credit Agreement, Project Owner has entered into that certain Guaranty and Security Agreement, dated as of August 3, 2016 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement") and, together with the Credit Agreement and other related financing documents, the "Financing Documents"), among the Project Owner, Collateral Agent and the other parties thereto, for the benefit of the Lenders and certain other secured parties referred to therein (collectively, the "Secured Parties"), pursuant to which Project Owner guaranteed the obligations of the Borrower under the Credit Agreement and assigned, as collateral security, all

of its right, title and interest in, to and under, and granted a first priority security interest in the Assigned Agreement; and

WHEREAS, it is a condition precedent to the obligations of the Secured Parties to make loans, issue letters of credit and extend certain other credit to Project Owner that Contracting Party shall have executed and delivered this Consent.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree, notwithstanding anything to the contrary in the Assigned Agreement, as follows:

ARTICLE 1 DEFINED TERMS

1.1 DEFINITIONS.

Unless otherwise defined herein, capitalized terms used but not defined herein shall have the meanings set forth for such terms in the Credit Agreement. The following terms when used in this Consent, including the preamble and recitals hereto, shall have the following meanings:

“**Approval**” means any consent, order, authorization, or approval of, waiver or any other action by; or registration, declaration or filing with, any Person, board or body, public or private.

“**Assigned Interests**” has the meaning given in [Section 2.1](#).

“**Enforcement Action**” has the meaning given in [Section 2.2](#).

“**Governmental Authority**” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity.

“**Permitted Transferee**” means Collateral Agent’s designee or assignee or any other purchaser or transferee of the Assigned Interests in a judicial or nonjudicial foreclosure sale or by a conveyance made in lieu of foreclosure, which designee, assignee, purchaser, or transferee (i) has elected in writing to assume all of Project Owner’s or Collateral Agent’s (as applicable) rights and obligations under the Assigned Agreement and (ii) is (either directly or indirectly through a third party operator or contractor) reasonably capable of performing its obligations under the Assigned Agreement.

“**Person**” means any natural person, corporation, partnership, trust, joint venture, limited liability company, firm, association, Governmental Authority or any other entity whether acting in an individual, fiduciary or other capacity.

“**Subsequent Owner**” has the meaning given in [Section 2.2](#).

City of Washington Interconnection Agreement Consent

1.2 RULES OF INTERPRETATION.

Unless otherwise required by the context in which any term appears: (a) capitalized terms used in this Consent have the meanings specified in this Article; (b) the singular shall include the plural and vice versa; (c) references to “Articles,” “Sections,” “Schedules,” “Annexes,” “Appendices” or “Exhibits” (if any) shall be to articles, sections, schedules, annexes, appendices or exhibits (if any) of this Consent and references to an Appendix or Exhibit shall mean the referenced Appendix or Exhibit and any sub-exhibits, sub-parts, components or attachments that form a part thereof; (d) all references to a Person include its successors and permitted assigns, and in the case of a Governmental Authority, any person succeeding to its functions and capacities; (e) the words “herein,” “hereof” and “hereunder” shall refer to this Consent as a whole and not to any particular section or subsection of this Consent; (f) references to this Consent shall include a reference to all appendices, annexes, schedules and exhibits hereto, as the same may be amended, modified, supplemented or replaced from time to time; (g) references to any agreement, document or instrument shall mean a reference to such agreement, document or instrument as the same may be amended, modified, supplemented or replaced from time to time (provided that no such amendment, modification, supplement or replacement shall serve to eliminate or lessen any party’s obligation under this Consent as in effect on the date hereof without the other party’s written consent) and any term defined or provision incorporated in this Consent by reference to another document, instrument or agreement shall continue to have the meaning or effect ascribed thereto whether or not such other document, instrument or agreement is in effect; (h) the use of the word “including” in this Consent shall be construed to mean “including, without limitation” or “including but not limited to” and shall not be construed to mean that the examples given are an exclusive list of the topics covered; (i) references to applicable laws shall mean a reference to such applicable laws as the same may be amended, modified, supplemented or restated and be in effect from time to time; (j) the gender of all words used herein shall include the masculine, feminine and neuter; and (k) the term “or” is not exclusive. The parties collectively have prepared this Consent, and none of the provisions hereof shall be construed against one party on the ground that such party is the author of this Consent or any part hereof.

ARTICLE 2 CONSENT TO ASSIGNMENT, ETC.

2.1 CONSENT TO ASSIGNMENT.

Contracting Party (a) acknowledges that the Secured Parties are entering into the Credit Agreement and related financing documents, making loans, issuing letters of credit, entering into interest rate hedging agreements and extending certain other credit to Borrower in reliance upon the execution and delivery by Contracting Party of this Consent, (b) consents in all respects to the collateral assignment under the Security Agreement of all of Project Owner’s right, title and interest in, to and under the Assigned Agreement, including all of Project Owner’s rights to receive payment under or with respect to the Assigned Agreement and all payments due and to become due to Project Owner under or with respect to the Assigned Agreement, whether as contractual obligations, damages, indemnity payments or otherwise (collectively, the “Assigned Interests”), (c) acknowledges the right of the Collateral Agent or its designee or assignee, in the exercise of the Collateral Agent’s rights and remedies under the Security Agreement, to make all

City of Washington Interconnection Agreement Consent

demands, give all notices, take all actions and exercise all rights of Project Owner under the Assigned Agreement, and (d) acknowledges and agrees that notwithstanding anything to the contrary contained in the Assigned Agreement, the loans and other extensions of credit made pursuant to the Credit Agreement, and in connection therewith the collateral assignment of Project Owner's right, title, and interest into and under the Assigned Agreement, shall be permitted as "financing" of the Projects pursuant to Section 8.1.2 of the Assigned Agreement.

2.2 SUBSEQUENT OWNER.

2.2.1 Contracting Party agrees that if the Collateral Agent notifies Contracting Party that an Event of Default has occurred and is continuing and that the Collateral Agent has elected to exercise the rights and remedies set forth in the Security Agreement, then (a) the Collateral Agent or a Permitted Transferee (Collateral Agent or such Permitted Transferee, the "Subsequent Owner") shall be substituted for Project Owner under the Assigned Agreement and (b) Contracting Party will recognize the Subsequent Owner as its counterparty under the Assigned Agreement and will continue to perform its obligations under the Assigned Agreement in favor of the Subsequent Owner (including its obligations under any warranties).

2.2.2 Contracting Party acknowledges and agrees that, notwithstanding anything to the contrary in the Assigned Agreement, none of (a) the assignment of the Assigned Agreement pursuant to the Security Agreement, (b) the foreclosure or any other enforcement action (any such action an "Enforcement Action") undertaken by the Collateral Agent in respect of its rights under the Security Agreement or any other related pledge agreement or mortgage, (c) the acquisition of the rights of Project Owner under the Assigned Agreement as a consequence of any Enforcement Action by the Collateral Agent or any Permitted Transferee (or acceptance of an absolute assignment of the Assigned Agreement in lieu of an Enforcement Action) or (d) the assignment of the Assigned Agreement by the Collateral Agent to a Permitted Transferee following a purchase after an Enforcement Action or following an absolute assignment thereof in lieu of an Enforcement Action, shall constitute a default by Project Owner under the Assigned Agreement or shall result in termination thereof.

2.3 RIGHT TO CURE.

In the event of a default by Project Owner in the performance of any of its obligations under the Assigned Agreement, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable Contracting Party to terminate or suspend its performance under the Assigned Agreement (each hereinafter a "default"), notwithstanding any notice period provided in the Assigned Agreement, Contracting Party shall not terminate or suspend its performance under the Assigned Agreement until it first gives prompt written notice of such default to the Collateral Agent or its designee or assignee and affords each such party a period of thirty (30) days (or if such default is a non-monetary default, such longer period as is required to cure such default so long as any such party has commenced and is diligently pursuing appropriate action to cure such default, but in no event longer than ninety (90) days) from receipt of such notice to cure such default; *provided, however*, that (a) if possession of the Project is necessary to cure such default and the Collateral Agent or its designee or assignee has commenced foreclosure proceedings, the Collateral Agent or its

City of Washington Interconnection Agreement Consent

designee or assignee will be allowed a reasonable time to complete such proceedings and (b) if the Collateral Agent or its designee or assignee is prohibited from curing any such default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding involving Project Owner, then the time periods specified herein for curing a default shall be extended for the period of such prohibition.

2.4 LIMITATION ON AMENDMENTS.

Contracting Party agrees that it will not, without the prior written consent of the Collateral Agent (a) assign or otherwise transfer any of its rights or obligations under the Assigned Agreement, except in accordance with the Assigned Agreement and provided that the Contracting Party delivers to the Collateral Agent a copy of all notices due to the Project Owner with respect to such assignment or transfer, or (b) terminate the Assigned Agreement (other than any termination in the event of a default by Project Owner, subject to the limitations and extended cure periods set forth in Section 2.3, or any scheduled termination).

2.5 REPLACEMENT AGREEMENT.

In the event that the Assigned Agreement is terminated as a result of any reason other than a default which could have been but was not cured by the Collateral Agent or its Permitted Transferee as provided in Section 2.3 (including, without limitation, any bankruptcy, insolvency, reorganization or similar proceeding affecting Project Owner), and if, within sixty (60) days after such cancellation or termination, the Collateral Agent so requests, Contracting Party will enter into a new agreement with the Collateral Agent or its Permitted Transferee (i) having terms substantially the same as the terms of the Assigned Agreement, (ii) producing the same economic effect to Contracting Party as continuing the Assigned Agreement, and (iii) requiring that the Collateral Agent cure any payment default existing under the Assigned Agreement.

2.6 NO LIABILITY.

Contracting Party acknowledges and agrees that neither the Collateral Agent nor its Permitted Transferee shall have any liability or obligation under the Assigned Agreement as a result of this Consent, the Security Agreement or otherwise, nor shall the Collateral Agent or its Permitted Transferee be obligated or required to (a) perform any of Project Owner's obligations under the Assigned Agreement, except during any period in which the Collateral Agent (or its Permitted Transferee) is a Subsequent Owner pursuant to Section 2.2, in which case (i) the obligations of such Subsequent Owner shall be no more than that of Project Owner under the Assigned Agreement and (ii) such Subsequent Owner shall not be required to perform or be subject to any defenses or offsets by reason of any of Project Owner's obligations under the Assigned Agreement that were unperformed at the time such Subsequent Owner became a Subsequent Owner (other than any defaults for failure to pay amounts owed under the Assigned Agreement) or (b) take any action to collect or enforce any claim for payment assigned under the Security Agreement. In the event that the Collateral Agent or its Permitted Transferee becomes a Subsequent Owner pursuant to Section 2.2 or enters into a new agreement pursuant to Section 2.5, neither the Collateral Agent nor its Permitted Transferee shall have any personal liability to Contracting Party under the Assigned Agreement or such new agreement, and the sole recourse of Contracting Party in seeking enforcement of such obligations shall be to the interest

City of Washington Interconnection Agreement Consent

of the Collateral Agent or its Permitted Transferee in the Project; provided, however, that the recourse of the Contracting Party for performance of such obligations shall be no less than as permitted by the Assigned Agreement.

2.7 PERFORMANCE UNDER ASSIGNED AGREEMENT.

Contracting Party, and any Subsequent Owner when applicable, shall perform and comply with all material terms and provisions of the Assigned Agreement to be performed or complied with by it for the benefit of the Collateral Agent or the Contracting Party, as applicable, and shall maintain the Assigned Agreement in full force and effect in accordance with the terms thereof. The warranties provided by Contracting Party under the Assigned Agreement shall continue in full force and effect (until the expiration of the warranty periods set forth in the Assigned Agreement) in the event that the Collateral Agent or its Permitted Transferee becomes a Subsequent Owner and upon the further assignment or sale to a Permitted Transferee of the Assigned Agreement by the Collateral Agent or its Permitted Transferee.

2.8 TRANSFER.

The Collateral Agent shall have the right to assign the Assigned Agreement or a new agreement entered into pursuant to Section 2.5 to a Person to whom the Project is transferred, provided that such transferee is a Permitted Transferee. Upon such assignment, the Collateral Agent shall be released from any further liability under the Assigned Agreement or such new agreement to the extent of the interest assigned.

2.9 DELIVERY OF NOTICES.

Contracting Party shall deliver to the Collateral Agent and its Permitted Transferee, concurrently with the delivery thereof to Project Owner, a copy of each notice regarding defaults, suspensions, terminations, actual or threatened litigation or arbitration between Contracting Party and Project Owner, or material amendments given by Contracting Party to the Project Owner pursuant to the Assigned Agreement.

**ARTICLE 3.
PAYMENTS UNDER THE ASSIGNED AGREEMENT**

3.1 PAYMENTS.

Contracting Party will pay all amounts payable by it under the Assigned Agreement or in connection therewith in the manner and as and when required by the Assigned Agreement pursuant to the wiring instructions provided in Schedule A, or to such other Person or account as may be specified from time to time by the Collateral Agent to Contracting Party in writing.

3.2 NO OFFSET, ETC.

All payments required to be made by Contracting Party under the Assigned Agreement or in connection therewith shall be made without any offset, recoupment, abatement, withholding, reduction or defense whatsoever, other than that expressly allowed by the terms of the Assigned Agreement.

City of Washington Interconnection Agreement Consent

**ARTICLE 4.
REPRESENTATIONS AND WARRANTIES OF CONTRACTING PARTY**

Contracting Party makes the following representations and warranties in favor of the Collateral Agent as of the date hereof.

4.1 ORGANIZATION.

Contracting Party (a) is duly organized and is validly existing and in good standing under the laws of the state of its incorporation, and (b) is duly qualified, authorized to do business and in good standing in every jurisdiction in which it owns or leases real property in connection with the Project or in which the nature of its business relating to the Assigned Agreement requires it to be so qualified, and has all requisite power and authority, corporate and otherwise, to enter into and to perform its obligations hereunder and under the Assigned Agreement, and to carry out the terms hereof and thereof and the transactions contemplated hereby and thereby.

4.2 AUTHORIZATION.

The execution, delivery and performance by Contracting Party of this Consent and the Assigned Agreement have been duly authorized by all necessary corporate or other action on the part of Contracting Party and do not require any Approvals except Approvals which have previously been obtained and which are in full force and effect or which are routinely obtained during the ordinary course of business during the execution of the Project.

4.3 EXECUTION AND DELIVERY; BINDING AGREEMENTS.

Each of this Consent and the Assigned Agreement has been duly executed and delivered on behalf of Contracting Party by the appropriate officers of Contracting Party and constitutes the legal, valid and binding obligation of Contracting Party, enforceable against Contracting Party in accordance with its terms, except as the enforceability thereof may be limited by (a) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (b) general equitable principles (whether considered in a proceeding in equity or at law).

4.4 LITIGATION.

There is no legislation, litigation, action, suit, proceeding or investigation pending or (to the best of Contracting Party's knowledge after due inquiry) threatened against Contracting Party before or by any court, administrative agency, arbitrator or governmental authority, body or agency which, if adversely determined, individually or in the aggregate, (a) could materially adversely affect the performance by Contracting Party of its obligations hereunder or under the Assigned Agreement, or which could materially adversely affect the Approvals, (b) could have a material adverse effect on the condition (financial or otherwise), business or operations of Contracting Party or (c) questions the validity, binding effect or enforceability hereof or of the Assigned Agreement, any action taken or to be taken pursuant hereto or thereto or any of the transactions contemplated hereby or thereby.

City of Washington Interconnection Agreement Consent

4.5 COMPLIANCE WITH OTHER INSTRUMENTS, ETC.

The execution, delivery and performance by Contracting Party of this Consent and the Assigned Agreement and the consummation of the transactions contemplated hereby and thereby will not result in any violation of, breach of or default under any term of its formation or governance documents, or of any material contract or agreement to which it is a party or by which it or its property is bound, or of any license, permit, franchise, judgment, writ, injunction, decree, order, charter, law, ordinance, rule or regulation applicable to it.

4.6 NO DEFAULT OR AMENDMENT.

4.6.1 Neither Contracting Party nor, to Contracting Party's knowledge, any other party to the Assigned Agreement is in default of any of its obligations thereunder, and as of the date hereof, to Contracting Party's knowledge, all payments that are required under the Assigned Agreement to have been made by any party thereto have been made. Contracting Party and, to Contracting Party's knowledge, each other party to the Assigned Agreement has complied with all conditions precedent to the respective obligations of such party to perform under the Assigned Agreement, except to the extent any such conditions precedent have been waived by the party or parties to the Assigned Agreement not obligated by such conditions precedent.

4.6.2 The Assigned Agreement has not been amended, modified or supplemented in any manner. The Assigned Agreement and this Consent are the only agreements between Project Owner and Contracting Party.

4.7 NO PREVIOUS ASSIGNMENTS.

Contracting Party has no notice of, and has not consented to, any previous assignment by Project Owner of all or any part of its rights under the Assigned Agreement.

4.8 REPRESENTATIONS AND WARRANTIES.

All representations, warranties and other statements made by Contracting Party to Project Owner in the Assigned Agreement were true and correct as of the date when made, except to the extent such representations, warranties, and other statements were made expressly as of a specific date, and are true and correct as of the date of this Consent.

**ARTICLE 5
MISCELLANEOUS**

5.1 NOTICES.

All notices and other communications hereunder shall be in writing, shall refer on their face to the Assigned Agreement (although failure to so refer shall not render any such notice of communication ineffective), shall be deemed given (a) upon receipt thereof by the party or parties to whom such notice is addressed, if sent by first class mail, by personal delivery, by a nationally recognized courier service, or (b) upon confirmation of receipt thereof by the party or parties to whom such notice is addressed, if sent by facsimile, email or other electronic means,

City of Washington Interconnection Agreement Consent

and shall be directed to the applicable party at its address as set forth in Schedule B or such other address or addresses as any such party may designate by notice given pursuant hereto.

5.2 GOVERNING LAW.

THIS CONSENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

5.3 SUBMISSION TO JURISDICTION.

Any legal action or proceeding with respect to this Consent and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Consent, Contracting Party hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal thereof. Contracting Party further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Contracting Party at its notice address provided pursuant to Section 5.1 hereof. Contracting Party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Consent brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of any party to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any other party in any other jurisdiction.

5.4 COUNTERPARTS.

This Consent may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

5.5 HEADINGS DESCRIPTIVE.

The headings of the several sections and subsections of this Consent are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Consent.

5.6 SEVERABILITY.

In case any provision in or obligation under this Consent shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

City of Washington Interconnection Agreement Consent

5.7 AMENDMENT, WAIVER.

Neither this Consent nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by Contracting Party, Project Owner and the Collateral Agent.

5.8 TERMINATION.

The obligations of the parties hereunder are absolute and unconditional, and no termination shall be effective except by an instrument in writing signed by Contracting Party, Project Owner and the Collateral Agent, provided that all rights and obligations of the parties shall terminate upon the satisfaction in full in cash of all the obligations secured pursuant to the Security Agreement.

5.9 SUCCESSORS AND ASSIGNS.

This Consent shall be binding upon and shall inure to the benefit of the parties and their permitted successors and assigns.

5.10 THIRD PARTY BENEFICIARIES; FURTHER ASSURANCES.

This Consent shall be for the sole benefit of the parties hereto and the Secured Parties, and their respective successors and assigns. Each of the parties hereby agrees to execute and deliver all such instruments and take all such action as may be necessary to effectuate fully the purposes of this Consent.

5.11 WAIVER OF TRIAL BY JURY.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, CONTRACTING PARTY, PROJECT OWNER AND THE COLLATERAL AGENT HEREBY IRREVOCABLY WAIVE ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS CONSENT OR ANY MATTER ARISING HEREUNDER.

5.12 ENTIRE AGREEMENT.

This Consent and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Consent and any such agreement, document or instrument, the terms, conditions and provisions of this Consent shall prevail.

[Signature page follows.]

City of Washington Interconnection Agreement Consent

IN WITNESS WHEREOF, the parties to this Consent have caused it to be duly executed and delivered as of the date first written above.

CITY OF WASHINGTON
WASHINGTON, NORTH CAROLINA
as Contracting Party

By: 
Name: Bobby Roberts
Title: City Manager



WASHINGTON WHITE POST SOLAR, LLC,
as Project Owner

By: _____
Name:
Title:

Accepted and Agreed:

MUFG UNION BANK, N.A.,
as the Collateral Agent for the Secured Parties

By: _____
Name:
Title:

EMERALD STATE SOLAR, LLC,
as Borrower

By: _____
Name:
Title:

CITY OF WASHINGTON INTERCONNECTION AGREEMENT CONSENT

IN WITNESS WHEREOF, the parties to this Consent have caused it to be duly executed and delivered as of the date first written above.

CITY OF WASHINGTON
WASHINGTON, NORTH CAROLINA,
as Contracting Party

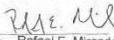
By: _____
Name:
Title:

WASHINGTON WHITE POST SOLAR, LLC,
as Project Owner

By: _____
Name:
Title:

Accepted and Agreed:

MUFG UNION BANK, N.A.,
as the Collateral Agent for the Secured Parties

By: 
Name: Rafael E. Miranda
Title: Vice President

EMERALD STATE SOLAR, LLC,
as Borrower

By: _____
Name:
Title:

CITY OF WASHINGTON INTERCONNECTION AGREEMENT CONSENT

IN WITNESS WHEREOF, the parties to this Consent have caused it to be duly executed and delivered as of the date first written above.

CITY OF WASHINGTON
WASHINGTON, NORTH CAROLINA,
as Contracting Party

By: _____
Name:
Title:

WASHINGTON WHITE POST SOLAR, LLC,
as Project Owner

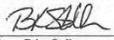
By: 
Name: Brian Stallman
Title: Vice President

Accepted and Agreed:

MUFG UNION BANK, N.A.,
as the Collateral Agent for the Secured Parties

By: _____
Name:
Title:

EMERALD STATE SOLAR, LLC,
as Borrower

By: 
Name: Brian Stallman
Title: Vice President

CITY OF WASHINGTON INTERCONNECTION AGREEMENT CONSENT

Schedule A
to Consent and Agreement

Wiring Instructions

Fed wire instructions for MUFG Union Bank, N.A.

MUFG Union Bank, N.A.
ABA Number: 122000496
Account Number: 37130196431
Account Name: TRUSDG
For Further Credit (FFC): 6712171801, Emerald Revenue Account

Schedule B
to Consent and Agreement

Notice Addresses

If to Project Owner:

c/o Duke Energy
550 South Caldwell Street
Suite 600
Charlotte, NC 28202
Attn: Janet Bridges
Telephone: (704) 382-6266
Email: Janet.Bridges@duke-energy.com

If to Contracting Party:

City of Washington
PO Box 1988
Washington, NC 27889
Attn: Bobby Roberson, City Manager
Telephone: (252) 975-9319
Facsimile: (252) 974-6461
Email: broberson@washingtonnc.gov

If to the Collateral Agent:

MUFG Union Bank, N.A.
350 California Street, 11th Floor
San Francisco, CA 94104
Attn: Corporate Trust Account Administration
Telephone: (415) 273-2521
Facsimile: (415) 273-2518
Email: AccountAdministration-CorporateTrust@unionbank.com

**ANY OTHER ITEMS FROM CITY MANAGER:
QUESTION & ANSWER SERIES – WASHINGTON DAILY NEWS**

The City Manager requested approval to implement a question and answer series in the local newspaper regarding city activities/projects. The documentation will be prepared by the City Manager's office and will begin at the end of July. Council was in agreement with the request.

BEAUFORT CO. COURTHOUSE SECURITY

Stacy Drakeford stated he received a call from the Sheriff's Department stating the Sheriff's Dept. will only be providing security for the courtroom itself, not outside of the courtroom effective Wednesday, June 29th. At this time existing staff should be able to manage the increase in workload.

ANY OTHER BUSINESS FROM THE MAYOR OR OTHER MEMBERS OF COUNCIL:

Councilmember Pitt provided an update on HB 483 Land-Use Regulatory Changes.

**CLOSED SESSION: UNDER NCGS § 143-318.11(A)(3) ATTORNEY CLIENT
PRIVILEGE AND (A)(6) PERSONNEL**

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council entered into closed session under NCGS § 143-318.11(A)(3) Attorney Client Privilege and (A)(6) Personnel at 6:55pm

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council agreed to come out of closed session at 7:30pm.

By motion of Mayor Pro tem Finnerty, seconded by Councilmember Beeman, Council accepted the Memorandum of Understanding between the City of Washington and Rodman, Holscher, Peck & Edwards, P.A.

NORTH CAROLINA
BEAUFORT COUNTY

MEMORANDUM OF UNDERSTANDING

1. Parties. The parties to this Memorandum of Understanding ("Memorandum") are the City of Washington ("City") and Rodman, Holscher, Peck & Edwards, P.A. ("Law Firm").
2. Purpose. The City appointed Law Firm to serve as its Chief Legal Counsel and Attorney in 1993 and Law Firm has continuously served the City in this capacity since that time. The purpose of this Memorandum is to set forth the understanding between the parties concerning the nature of this relationship and the manner in which this appointment shall continue.
3. Scope of Normal, Routine, and Customary Legal Services.

In consideration of the compensation for normal, routine, and customary legal services set forth below, Law Firm shall, as more specifically provided for hereinafter, continue to perform normal, routine, and customary legal services for the City. In this regard, the parties acknowledge and agree that the full resources of Law Firm shall be available for such legal services. Such normal, routine and customary legal services shall include but are not necessarily limited to the following.

 - a. Consultation with the City Council and the City Manager concerning legal matters involving the City.
 - b. Upon approval of the City Manager, consultation with City staff concerning legal matters involving the City.
 - c. With the exception of City Council meetings that involve budgetary matters exclusively, attending all City Council meetings unless directed otherwise.
 - d. Except as specifically provided for hereinbelow to the contrary, attending the meetings of other City boards upon request and if it is anticipated as well as agreed by the parties that legal consultation will be necessary outside the normal business of such boards.
 - e. Drafting, reviewing, and/or revising ordinances, contracts, and other legal documents that the City Manager and Law Firm agree are normal, routine, and customary legal services.
 - f. Handling real estate matters such as closings that the City Manager and the Law Firm agree are normal, routine, and customary legal services.
 - g. Conducting legal research as may be deemed necessary.
 - h. Otherwise representing the City in legal matters, including but not limited to personnel matters, contested matters, administrative proceedings, and proceedings before or involving other governmental bodies or agencies that the City Manager and Law Firm agree are normal, routine, and customary legal services.

Any services beyond normal, routine, and customary services shall be approved by the City Manager prior to beginning any work.

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4. Compensation for Normal, Routine, and Customary Legal Services.

The City shall pay Law Firm for the normal, routine, and customary legal services more particularly described above an hourly rate for Law Firm's attorneys providing normal, routine, and customary legal services for the City shall be \$130.00 per hour. In addition, the monthly compensation amount (not including associated expenses specifically addressed hereinafter) paid to Law Firm by City for normal, routine, and customary legal services shall be for the actual hours worked, but in no case shall the monthly compensation exceed \$11,000 nor exceed the annual sum of \$132,000.00 per year without prior approval of Council.

Said fees shall be paid in arrears on or before the 15th of each month, with the first such payment being due on or before August 15th for the month of July. The above fee shall include the following expenses associated with such normal, routine, and customary legal services: paralegal services charged at Law Firm's then current paralegal hourly rate, photocopy charges, mileage as well as travel expenses within Beaufort County, and any other ordinary office expenses not specifically addressed herein.

Any expenses incurred by Law Firm in conjunction with such normal, routine, and customary legal services that are not expressly provided for hereinabove, shall not be included within the above fee and shall be reimbursed by City upon receipt of Law Firm's billing statement. It is expressly acknowledged that the fee does not include the costs associated with any express mailings; mileage as well travel expenses outside Beaufort County; filing, service of process, or any other fees or costs associated with litigation; or any fees or costs associated with the recording or filing of any legal document. The City shall either make prompt and timely payment for such fees or costs that are not included in the flat fee upon request from Law Firm or request that Law Firm advance such fees or costs. If such fees or costs are advanced by Law Firm, such fees or costs shall not be included in the flat fee and shall be reimbursed by City.

5. Provision of, and Compensation for, Other Legal Services. Legal services that are not normal, routine, and customary as more specifically provided for hereinabove and that are not included in the above fee ("other legal services"), may be provided by Law Firm to City if requested by City and agreed to by Law Firm as follows. Attorney time shall be compensated at a rate of \$130.00 per hour. Paralegal time shall be compensated at a rate not to exceed \$90.00 per hour. Any fees, costs, or expenses incurred by Law Firm while providing such other legal services shall be reimbursed by the City. Notwithstanding anything herein to the contrary, Law Firm shall not provide the legal services customarily performed by outside bond counsel or any legal services that Law Firm determines are outside its area of expertise or ability.

6. Statements for Legal Services. Law Firm shall provide the City with a monthly statement(s) for the normal, routine, and customary legal services described above plus any associated expenses as specifically provided for hereinabove that are included in the compensation for such services. Law Firm shall provide this statement(s) on or before the 10th of each month, with the first such statement being provided by August 10th for the month of July.

Law Firm shall provide the City with a separate statement(s) for any other legal services rendered plus any additional related expenses above normal, routine and, customary services agreed to by the Law Firm and City Manager or City Council and the same shall be due within thirty (30) days of the City's receipt of the same. Any past due balance shall incur interest at a rate of 8% per annum.

All such statements shall include an itemized breakdown of the professional services rendered, with a separate listing of any expenses incurred or costs advanced. The hourly rate for all attorney time and services shall be \$130.00 per hour. The entries for professional services on such statements shall include a description of the services performed, the date on which the services were performed, the attorney who performed the services, the hourly rate of \$130.00 for attorney time, and the total amount charged.

7. Duration, Termination. This Memorandum shall govern the relationship between the parties for the period from July 1, 2016 through June 30, 2017. The relationship established under this Memorandum may be terminated upon thirty (30) days written notice by either party. Payment shall be made for services rendered through the date of termination.

This Memorandum is executed by the parties as of the 1st day of July, 2016.

CITY OF WASHINGTON

RODMAN, HOLSCHER, PECK & EDWARDS, P.A.

BY: 
CITY MANAGER

BY: 
FRANZ F. HOLSCHER, CITY ATTORNEY



Provision for payment has been made by an appropriation duly made or bonds or notes duly authorized, pursuant to the Local Government Budget and Fiscal Control Act.


Finance Officer

ADJOURN

By motion of Councilmember Pitt, seconded by Councilmember Brooks, Council adjourned the meeting at 7:40pm until Monday, July 25, 2016 at 5:30 pm in the Council Chambers

Cynthia S. Bennett, MMC
City Clerk