

The Washington City Council met in a regular session on Monday, July 23, 2012 at 5:30pm in City Council Chambers at the Municipal Building. Present were: Archie Jennings, Mayor; Doug Mercer, Councilman; Ed Moultrie, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Bobby Roberson, Mayor Pro tem; Josh Kay, City Manager; Cynthia Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Matt Rauschenbach, Administrative Services Director/C.F.O.; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Gloria Moore, Library Director; John Rodman, Interim Community and Cultural Services Director/Planning Director; Stacy Drakeford, Interim Fire and Police Services Director; Susan Hodges, Human Resources Director; Keith Hardt, Electric Director; Lynn Lewis, Tourism Director; David Carraway, IT; Kristi Hardison, Parks and Recreation Manager and Mike Voss, Washington Daily News.

Mayor Jennings called the meeting to order and Mayor Pro tem Roberson delivered the invocation.

Councilman Mercer introduced, Timmy Baynes, Executive Director of Mid-East Commission.

APPROVAL OF MINUTES

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council approved the minutes of June 11, 18 & 25, 2012 as presented.

APPROVAL/AMENDMENTS TO AGENDA

Mayor Pro tem Roberson requested adding under Item XII.G: Discussion of airport update.

City Manager, Josh Kay requested the following amendments to the agenda:

1. Closed session under NCGS 143-318.11(a)(6)Personnel
2. Purchase order under the consent agenda for \$21,086.00 to Whitehurst & Son Fence Co. for fence repairs at Warren Field Airport as a result of damage from the gustnado on 7-1-12, account 37-90-4530-5740.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the agenda as amended.

PRESENTATION: CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING – 16th CONSECUTIVE YEAR



CONSENT AGENDA

By motion of Councilman Pitt, seconded by Councilman Brooks, Council approved the consent agenda as presented.

- A. Approve – Purchase Orders >\$20,000

*Requisition #11643, \$34,151.54 to Atlantic Power Systems of NC for peak shaving generator service contract, account 35-90-8370-1600.

*Requisition #11687, \$23,383.50 to Survalent Technology for a three year support agreement of the SCADA system, accounts 30-90-8100-1603, 32-90-8220-1603, 32-90-8230-1603, 35-90-8370-4500.

*Requisition #11764, \$21,086.00 to Whitehurst & Son Fence Co. for fence repairs at Warren Field Airport as a result of damage from the gustnado on 7-1-12, account 37-90-4530-5740.

PENNY SERMONS & RANDALL WOODRUFF –
BEAUFORT COUNTY TRICENTENNIAL CELEBRATION

Beaufort County Manager, Randall Woodruff and Tri-centennial Celebration member, Penny Sermons reviewed the scheduled events listed below.



EVENT	LOCATION	DATE
82 Airborne All American Chorus	Southside High School	August 15, 7:00 – 8:30 pm
BCAC Exhibit Artifacts representing the county's history	Washington Civic Center	September 6
NC Symphony, Craig Woolard Band, Heritage Day	Washington Waterfront, Festival Park	September 22 Noon-9:00
Quilt Show	Washington Civic Center	September 28, 10:30
Smoke on the Water	Washington	October 26- 27
ECSU Choir Elizabeth City State University	Northside High School	December 6, 7:00

COMMENTS FROM THE PUBLIC

Susan Murrell asked if a discussion was going to be held regarding Ruth's House. John Rodman, Planning Director advised that this discussion would be held at the Board of Adjustment meeting on August 16th.

Charles Daniels, discussed drainage & flooding issues at Iron Creek that have been going on for nine years. Council members explained that this issue has been going on long enough and it's time to fix it. Mr. Daniels asked if the City has given permission to Rick Stevens to proceed with the next phase in the development. Mayor Jennings stated permission would not be granted for the next phase until Mr. Stevens resolves the issues with drainage. Allen Lewis, Public Works Director explained that his staff could remove the silt in the drainage pipe and will also look at any possible issues with beavers or blockages. Mr. Lewis noted that this portion of the subdivision is built in a very low lying area and the roads are only 7 feet above sea level which makes it difficult for the water to drain. The innovative storm drainage techniques used by the developer on this portion of the development apparently do not work as hoped.

DELAY ADOPTION – DELAY ADOPTION OF THE ANNEXATION ORDINANCE TO EXTEND THE CITY OF WASHINGTON CORPORATE LIMITS FOR NON-CONTIGUOUS PROPERTY OWNED BY EASTERN PRIDE, INC. UNTIL THE APPROVAL OF AN ANNEXATION AGREEMENT WITH THE TOWN OF WASHINGTON PARK

At the June 11, 2012 City Council Meeting, Council adopted a resolution calling for a public hearing on the request for an annexation of the non-contiguous property currently owned by Eastern Pride. The property is located at 620 River Road and containing 1.76 acres.

Mayor Jennings opened the public hearing. John Rodman, Planning Director explained this is a voluntary annexation petition from Eastern Pride. It is the City's policy that any commercial activity that requires/requests city water/sewer is required to submit a petition for annexation. Certain standards have to be met for annexation to be granted. One of those standards is that a parcel of property can't be located closer to one municipality than it is to the municipality that is annexing the property. If that occurs, then an annexation agreement with the other municipality (Washington Park in this situation) must be approved. Washington Park prefers that the agreement include just a single parcel. It is suggested that the annexation ordinance be delayed until the annexation agreement can be drafted with Washington Park. Mr. Rodman stated that the City would not be required to hold an additional public

hearing on the annexation ordinance, although a public hearing would have to be held to approve the annexation agreement.

Mayor Pro tem Roberson inquired if the jobs created at Family Dollar would count toward the required number of jobs for the Carver Machine Works grant obligation? Mr. Kay explained that the jobs can be counted through the Rural Center grant only.

There being no public comments, Mayor Jennings closed the public hearing. No action was taken and the adoption of the annexation ordinance was delayed until further notice. City Manager, Josh Kay will forward the draft annexation agreement to Council for their review.

MEMO – LOAD MANAGEMENT DEVICE INSTALLATION REPORT

Load Management Device Installation Report

Project Start Date : October 2010

	June 2012	Project to Date
Total Load Management Device Installations	56	1434
Total Accounts Added with Load Management	53	1116
Appliances Control Installations		
Air Conditioner / Heat Pump	53	1170
Auxiliary Heat Strip	43	582
Electric Furnace	0	221
Water Heater	49	900
Total Encumbrances to Date		
Load Management Devices		\$66,550
Contractor Installations		\$160,000
Total Project Encumbrances		\$226,550
Total Expenses to Date		
Load Management Device Purchases		\$66,550
Contractor Installation Expenses	\$7,850	\$155,560
Total Project Expenses		\$222,110
Average Cost per Load Management Device Installed		\$154.89
Average Installed Cost per Controlled Appliance		\$77.31
Load Management Devices Remaining in Stock	66	

Councilman Mercer expressed concern with some of the data in the load management report.

MEMO – WATER AND SEWER BUDGET TRANSFER

The Budget Officer transferred \$1,322 of finding between divisions of the Water Fund and \$4,144 between divisions of the Sewer Fund in order to cover overspent departments with inter-departmental funds, thus avoiding additional appropriations.

Councilman Mercer asked when the June financial reports would be distributed. Mr. Rauschenbach explained that the preliminary report will be sent out by the end of the week.

**MEMO – REPORTING OF REALLOCATION OF FUNDING – GENERAL FUND,
WATER FUND, SEWER FUND, STORM WATER FUND, AND ELECTRIC FUND**

The following reallocations of funding between divisions within the General Fund, Water Fund, and Electric Fund have been approved by the City Manager in order to cover overspent departments with inter-departmental funds, thus avoiding additional appropriations:

General Fund:

- Decreased Miscellaneous Department by \$65,000
- Decreased Police Department by \$19,910
- Total Departmental Decreases - General Fund \$84,910

- Increased Mayor's Office Department by \$383
- Increased Human Resources Department by \$2,955
- Increased Equipment Services Department by \$23,500
- Increased Street Maintenance Department by \$22,842
- Increased Street Lighting Department by \$1,000
- Increased Public Works Director Department by \$810
- Increased Storm Water Improvements Department by \$10,000
- Increased Recreation Administration Department \$23,420
- Total Departmental Increases - General Fund \$84,910

Water Fund:

- Decrease Water Treatment Department by \$2,075
- Increase Water Construction Department by \$2,075

Electric Fund:

- Decrease Purchase Power Department by \$205,800
- Increase Debt Service Department by \$168,000
- Increase Miscellaneous Department by \$37,800
- Total Departmental Increases – Electric Fund \$205,800

HUMAN RELATIONS COUNCIL



*102 East 2nd Street
Washington, NC 27689
Phone: 252-975-1280
Fax: 252-974-6461*

**Human Relations Council (HRC) Report for the month of June
Monday July 23, 2012 City Council Meeting**

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: – Mr. Buzz Cayton representing DV HELP Inc. submitted a report on Domestic Violence. Mr. Cayton voiced State law requires you to operate a shelter 12 months before funding. At the end of the year you will qualify for grant funding. Mr. Cayton advised Representative Bill Cook is working on changing the State law requirement – House Bill 757. If this happens, each county would be eligible for funding and counties could partner together. Currently, we are trying to accomplish providing temporary shelter. Three counties would like to partner together, Martin and Washington County (Martin County contacted us along with the Mayor in Plymouth).

The mission of DV Help Inc. is to assist and support victims of domestic violence, sexual assault and rape in order to nurture individual independence and restore human dignity. This is accomplished by providing the following services:

- 24-hour domestic violence/sexual assault crisis line
- DV HELP emergency shelter
- Medical and legal assistant/accompaniment
- Non-judgmental counseling
- Confidentiality
- Referral and information (DV Help Inc. is partnering with Path Ways to Life – Path Ways to Life have agreed to take all of our clients and will be providing this service to Washington without charge *with the nearest office being in Greenville. Mr. Cayton advised if we create enough need they are willing to put an office in Washington.
- Provision of basic necessities
- Children's and parent's programs
- Health and general education programs
- Support Groups
- Workshops and seminars
- Educational program for men who batter

SEAFORD COUNTY
Outpatient, Community
and In-Home Mental Health Services
for Adults and Children



1202 E Firetower Rd
Greenville, NC 27858
tel 252 695 0268
www.pwstolife.com

April 26, 2012

To Whom It May Concern:

Pathway to Life, Inc. is excited to partnership with Domestic Violence/Sexual Assault H.E.L.P., Inc. to provide care to the Beaufort and Martin County Community. Our agency is committed to provision of the following for those who qualify: comprehensive intake assessments, medication evaluations, treatment planning, case management, counseling/therapy services, and additional enhanced services. Individuals who can best be served by alternative providers or supports will be referred and linked to ensure appropriate level of care.

Pathways to Life, Inc. adheres to the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The HIPAA Privacy Rule provides federal protections for personal health information held by covered entities and gives patients an array of rights with respect to that information. Coordination of care is an integral part of service, and Pathways to Life, Inc. accomplishes this via written Release of Information signed by client/legal guardian. As an active provider of mental health services, Pathways to Life, Inc. maintains liability insurance.

Pathways to Life, Inc. is privileged to be part of the Domestic Violence/Sexual Assault H.E.L.P., Inc. project. Together we can assist individuals in developing and building successful futures. If you have any questions or concerns, please do not hesitate to contact Varinia Soler, Hispanic Relations Coordinator, at (252) 695-0269 (x2004) or via e-mail at vsoler@pwstolife.com.

Sincerely,


LaMont Chappell
CEO of Pathways to Life, Inc.

Ms. Kimberly Grimes, Crime Prevention Outreach Manager updated Human Relations Council members on the upcoming "Summer Football Camp" and National Night Out. National Night Out has been scheduled for August 7th from 4-8 pm at Beebe Memorial Park.

Update – Multicultural Festival 2012 – Board member Howard voiced a meeting had been scheduled with former board member Nattalie Castro on Friday, June 15, 9:30 am at the Mid-East Commission Office.

Request – Martin County Community Action Board – Seeking two members from Beaufort County for representation on their board. Contact: Mr. Reginald Speight at 252.792.7111 ext. 34.

FYI – items addressed at this time – inclusive of May report to City Council and the Special Assistance Program offered through DSS (Utilities Assistance – contact Andrea Starkey at 252.975.5500, appointments & utility bill discussion.

FINANCIAL REPORTS (EMAILED AS AVAILABLE)

Mr. Rauschenbach explained that the preliminary report will be sent out by the end of the week.

APPOINTMENTS – TO VARIOUS BOARDS, COMMISSIONS, AND COMMITTEES

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council appointed Raymond Freeman to the Board of Library Trustees, to fill the expired term of Mima Dixon, term to expire June 30, 2018.

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council reappointed Mara Graves to the Board of Library Trustees, term to expire June 30, 2018.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council appointed Karen Tripp to the Animal Control Appeal Board to fill the expired term of Inez Kosto, term to expire June 30, 2015.

The appointments to the Historic Preservation Commission and Electric Utilities Advisory Board were continued until August 13th.

*Recess 6:25pm - 6:35pm

**AWARD/AMEND – DEMOLITION CONTRACT FOR THE STRUCTURE LOCATED
AT 507 WEST 2ND STREET AND AMEND THE BUDGET ORDINANCE**

City Manager, Josh Kay noted staff was directed to rebid the demolition contract for the structure located at 507 West 2nd Street. The recommendation from staff is that Council approve the lowest bid, which was from Roanoke Electric Corp. in the amount of \$14,700 and adopt the budget ordinance amendment to increase funds for contract services and demolition of buildings or structures for \$15,000.

Offered property for sale 1st Bid offering -bid removed
2nd Bid offering -none received
Historic Preservation Commission granted COA April 3, 2012
Adopted demolition ordinance—June 11, 2012

TJ's Marine Construction	\$24,600
At Your Service	\$17,000
Roanoke Electric Corp.	\$14,700

St. Clair Trucking and B.E. Singleton failed to submit bids.

By motion of Councilman Moultrie, seconded by Mayor Pro tem Roberson, Council awarded the demolition contract for the structure located at 507 West 2nd Street to the lowest responsible bidder, Roanoke Electric Corporation, in the amount of fourteen thousand seven hundred dollars (\$14,700) and adopted the budget ordinance amendment for the City of Washington to increase funds for Contract Services -House Demolition by \$15,000.

Councilman Mercer requested a submission date and penalty clause be included in the contract. Councilman Brooks stated a neighbor would like a time line or notice of when the house will be demolished. Mr. Kay stated they will have Roanoke Electric communicate with staff and staff will communicate with neighbors.

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2012-2013**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina:

Section 1. That account number 10-00-3991-9910, Fund Balance Appropriated portion of the General Fund revenue budget be increased in the amount of \$8,389 to provide funds for the demolition of the house on 507 West Second St.

Section 2. That account number 10-10-4350-4500, Contract Services- House Demolition, Code Enforcement portion of the General Fund appropriations budget be increased in the amount of \$15,000.

Section 3. That account number 10-00-9990-9900, Contingency, Contingency portion of the General Fund appropriations budget be decreased in the amount of \$6,611.

Section 4. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 5. This ordinance shall become effective upon its adoption.

Adopted this the 23rd day of July, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

**ACCEPT/AUTHORIZE/ADOPT – GRANT AWARD AND AUTHORIZE CITY MANAGER TO
SIGN GRANT AGREEMENT AND ADOPT PROJECT BUDGET ORDINANCE**

Mayor Jennings explained this item addresses the old Health Department building located at 403 North Harvey Street adjacent to Jacks Creek. City Manager, Josh Kay reviewed the total grant amount is \$185,021, a Federal FEMA Grant of \$138,766 and a City contribution of \$46,255.25. The City purchased this property for \$68,000 more than a year ago and it is anticipated this will be the City's match.

By motion of Councilman Pitt, seconded by Mayor Pro tem Roberson, Council accepted the grant award from the NC Department of Public Safety, Division of Emergency Management, adopted the project budget ordinance in the amount of \$185,021, and authorized the City Manager to sign the Pre-Disaster Mitigation Grant Agreement.

ADOPT – ELECTRIC RATE SCHEDULES

Electric Utilities Director, Keith Hardt explained the two electric rate schedules provided in the agenda package:

1. Generating Facilities Service Schedule
2. Excess Facilities Charge Rate Rider

The Excess Facilities Charge Rate Rider provides for the monthly payment by the customer to cover the installed cost and maintenance of facilities installed for the customer that are above and beyond the standard offer installation. This Rate Rider is a new rider in its form, although the practice of an excess facilities charge is currently in use and covered by our operating guidelines and conditions of service.

Councilman Mercer expressed concern with the Excess Facilities Charge Rate Rider not being addressed in the fee schedule. Mr. Hardt explained this was operating procedure long before his employment with the City. Mr. Kay stated it would be implemented and placed in the fee schedule.

By motion of Councilman Pitt, seconded by Councilman Brooks, Council adopted the Generating Facilities Service Schedule (Schedule GF1) and the Excess Facilities Charge Rate Rider (Schedule EFC) to be effective for electric service billed on or after 1 August 2012. Motion carried 4-1 with Councilman Mercer opposing.

ADOPT – BUDGET ORDINANCE AMENDMENT FOR OXIDATION DITCH REPAIRS AT THE WASTEWATER TREATMENT PLANT

City Manager, Josh Kay explained the memo on page 129 – 130 of the agenda package outlining the significant failure on one of the oxidation ditch mixers in our original oxidation ditch. Staff provided to options for Council review:

1. Budget Ordinance Amendment
2. Delay degritter (least desirable)

(begin memo from Allen Lewis) On Tuesday, July 3, 2012, we experienced a significant failure on one of the oxidation ditch mixers in our original oxidation ditch. A large chunk of steel below the water line from an anti-vortex baffle corroded into and fell on the mixer blade while the mixer was running. This has damaged the blades well as the gear box that drives the mixer. Since that time we have pumped down the oxidation ditch so we can get in and fully evaluate the damage. From the top side we have a preliminary assessment and cost analysis, however please understand these are very preliminary and based on previous similar cost analysis, however please understand these are very preliminary and based on repairs made many years ago. The numbers provided here are best attempts to eliminate the cost of these attempts to estimate the cost of these repairs.

Crane Services:	\$ 3,000
Machine Shop	\$12,000
Sandblast and Paint	\$ 6,000
Gear Box Repairs	\$24,000
Misc/Contingency:	<u>\$ 5,000</u>
Total	\$50,000

Obviously the crane services are to lift the mixer blade out of the ditch. Machine shop costs are for the repair of the steel anti-vortex baffle, draft tube and mixer shaft. While we have the ditch pumped down, we also plan to have the exposed steel, sandblasted and painted as to prevent further damage in the near future. Thankfully, we have a new mixer blade in stock and will not have to replace this \$25,000 + item. While not included in this estimate, we will also try to find someone to repair the damages to the existing blade and have it rebalanced in lieu of buying a new spare. While we budgeted

\$75,000 in plant maintenance this year, we by no means could foresee this event taking place. In lieu of spending two-thirds of our entire FY budget for this line item on this one repair, we propose one of two options for funding these repairs. Option one includes a Budget Ordinance Amendment which is attached along with the corresponding Council Action Item. This obviously completely depletes contingency in the sewer fund as well as \$17,424 in fund balance. The second, much less desirable option would be to defer rehab work on degritter number two, one more year. Currently we have budgeted \$45,000 in line item 32-90-8220-7000 for the repairs to this degritter. We can do our best to hold this together for one more year with “duct tape and bailing wire” and use these funds to make the repairs to the oxidation ditch. This degritter, like an ever increasing number of parts of the twenty five year-old plant, is at a point of needed repairs. The corrosive environment of a wastewater treatment plant and the 24/7 operation of the plant ensures that repairs of this type will always be necessary.

Regardless of the option taken for these repairs, we want to set up a new line item in the wastewater treatment plant budget to tract the exact costs of these repairs. The new line item is shown in the attached budget ordinance. (end memo)

Councilman Mercer expressed concern with patching the problem and he proposed to fix the repairs even if it costs more than \$50,000. He suggested staff come back next month with the actual cost to repair instead of just estimates and approve the budget ordinance then. Mr. Kay also requested that Council approve any necessary purchase orders associated with this project. Mr. Rauschenbach requested that the presented budget ordinance of \$50,000 be approved, then if the repairs are over Council can approve the change next month. Councilman Mercer noted that \$75,000 exists in the budget for repairs and staff can use that money to make the repairs to the oxidation ditch and bring the actual costs next month for approval.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved necessary repairs for the oxidation ditch at the wastewater treatment plant and the corresponding purchase order with no individual purchase order to exceed \$50,000.

AUTHORIZE – MAYOR TO SIGN THE CONVEYANCE OF SEWER FORCE MAIN IMPROVEMENTS (ALDERBROOK POINTE L.P.)

City Manager, Josh Kay explained that Alderbrook Point, L.P. and the City entered into an agreement in May 2011 in which Alderbrook installed a new sewer force main downstream of their development on the north end of Pierce Street. This force main was necessary, along with pump station improvements, due to sewer capacity issues downstream of the development. The work has been completed, is fully functional and has been approved by staff. This document provides conveyance of the sewer force main from Alderbrook to the City.

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council authorized the Mayor to sign the Conveyance of Sewer Force Main Improvements.

BK 1788 PG 710



INSTRUMENT # 2012003969

FOR REGISTRATION REGISTER OF DEEDS
Jennifer Leggett Whitehurst
Beaufort County, NC
July 24, 2012 12:02:58
Book 1788 Page 710-712
FEE: \$26.00
INSTRUMENT # 2012003969

Drafted By and Return To: George E. Hollodick, P.O. Drawer 25008, Winston-Salem, North Carolina 27114

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

CONVEYANCE OF SEWER FORCE MAIN
IMPROVEMENTS

THIS CONVEYANCE OF SEWER FORCE MAIN IMPROVEMENTS made this the 23rd day of July, 2012, from **ALDERBROOK POINTE L.P.**, a North Carolina limited partnership, ("Alderbrook"), to the **CITY OF WASHINGTON, NORTH CAROLINA**, a public body and body politic and corporate, ("City"). Alderbrook and City, as used herein, shall include said parties, their heirs, successors and assigns and shall include singular, plural, masculine, feminine and neuter as required by context.

RECITALS:

A. Alderbrook and City entered into that certain Sanitary Sewer Force Main, Service and Easement Agreement (the "Prior Agreement") dated May 31, 2011, recorded at Book 1753, Page 522, Beaufort County Registry, which Prior Agreement is incorporated herein by reference as if fully set forth.

B. In connection with its development of the Subject Property, Alderbrook installed the force main (the "Improvements") as required by the Prior Agreement, including but not limited to Section 5.1 thereof.

C. Pursuant to the Prior Agreement, Alderbrook desires to convey to City, and City desires to accept from Alderbrook, the Improvements which shall become part of City's public sewer system.

NOW, THEREFORE, Alderbrook, for and in consideration of the sum of One Dollar (\$1.00), and other good and valuable consideration, the receipt and legal adequacy of which are hereby acknowledged, has given, granted and conveyed, and by these presents does give, grant and convey unto the City, its successors and assigns, the Improvements. City hereby accepts the Improvements and covenants that the Improvements shall become part of City's public sewer system, with City responsible for all maintenance, repair and replacement obligations with respect to the Improvements except to the extent of Alderbrook's full warranty set forth below. Pursuant to the Prior Agreement, Alderbrook hereby warrants that the Improvements were constructed in accordance with the applicable designs and engineering drawings and specifications referred to in the Prior Agreement, are not defective, and will be suitable for their intended purposes for twelve (12) months from the date of this Agreement.

TO HAVE AND TO HOLD said Improvements unto said City, its successors and assigns, forever upon the terms set forth herein.

Alderbrook covenants to and with the City, its successors and assigns, that Alderbrook is the owner of the Improvements and that said Improvements are free from any and all liens and encumbrances other than various matters of record. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Prior Agreement.

BK 1788 PG 711

IN WITNESS WHEREOF, Alderbrook and City have hereunto set their hands and seals, or if corporate, has caused this document to be executed by its duly authorized officers, and its seal to be hereunto affixed, as of the day and year first above written.

By: ALDERBROOK POINTE L.P.
NRP ALDERBROOK POINTE LLC,
general partner

By: [Signature]
Name: T. Richard Bailey, Jr.
Title: Manager

STATE OF OHIO
COUNTY OF Cuyahoga

I, Sandra R. Lewis-Horton, a Notary Public of the County and State aforesaid, certify that T. Richard Bailey, Jr., either being personally known to me or proven by satisfactory evidence, personally came before me this day and acknowledged that he is the Manager of NRP ALDERBROOK POINT, LLC, the general partner of ALDERBROOK POINT LP, a North Carolina limited partnership, and that he, being authorized to do so, voluntarily executed the foregoing for the purposes stated herein.

WITNESS my hand and official stamp or seal, this 3rd day of July, 2012.

[Signature]
Notary Public
SANDRA R. LEWIS-HORTON
Notary Public, State of Ohio
My Commission Expires Feb. 21, 2015
Recorded in Cuyahoga County

My Commission Expires:
February 21, 2015

BK 1788 PG 712

PRE-AUDIT CERTIFICATE

This Conveyance has been pre-audited pursuant to North Carolina General Statute §159-28 in the manner required by the Local Government Budget and Fiscal Control Act.



CITY OF WASHINGTON
[Signature] (SEAL)
Matt Rauschenbach,
Chief Financial Officer

ATTEST:
[Signature]
Cynthia S. Bennett
City Clerk

CITY OF WASHINGTON
By: [Signature]
Name: M. Asche Jennings, III
Title: Mayor

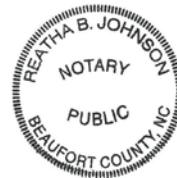
COUNTY OF BEAUFORT
STATE OF NORTH CAROLINA

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 the 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 Cynthia S. Bennett, its City Clerk, sealed with its corporate seal and attested by herself as its City Clerk.

WITNESS my hand and official stamp or seal, this 23 day of July, 2012.

[Signature]
Notary Public

My Commission Expires:
12/14/2014



APPROVE – CLASSIFICATION AND PAY GRADE CHANGES

City Manager, Josh Kay reviewed the classification and pay plan changes. Mr. Kay explained the justification of the recommended changes. It was further noted that the City has not had a comprehensive review of all City positions and classification since 2004 and several positions have been identified as having experienced significant change since the last study. In accordance with City Personnel Policy, we are recommending the reclassification of several positions in order to reflect accurately the current duties and responsibilities and position classification. In addition, we are requesting the establishment of several new positions and classifications. Mr. Kay voiced that within the next year or two, as we progress with the re-organization, a full classification and pay study will be needed to document current and accurate job descriptions and to ensure equitable pay levels. Mr. Kay requested Council to authorize the recommended reclassifications and assignments to grades and classes to be effective July 2, 2012.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council agreed to extend the meeting until 7:30 pm.

Councilman Mercer requested clarification on certain aspects of the number of employees concerning the waterfront docks and business plan (Marina Master Plan). Mr. Kay explained this plan will continue to be refined.

By motion of Councilman Mercer, seconded by Councilman Pitt, Council approved the assignment of classes to grades and ranges for fiscal year 2012-2013 as presented by the City Manager, with the provision that anything grade 22 or higher shall be classified as exempt unless specifically prohibited by the Fair Labor Standards Act and authorized the City Manager to implement the recommended reclassifications effective July 2, 2012. Motion carried 4-1 with Councilman Moultrie opposing the motion. (Motion was revisited at the August 13, 2012 meeting.)

Councilman Moultrie voiced that the provision regarding pay grade 22 wasn't in the recommendation and Councilman Mercer stated this was his motion.

Mayor Jennings inquired what would be the impact on classifying those positions as exempt. Mr. Kay explained they would not be eligible for overtime as exempt employees and this will have an impact on overtime for our operating strategy. Mayor Pro tem Roberson voiced it would have an impact but we have to make sure we are in compliance with the Fair Labor Standards Act. Staff requested to take these positions to the Department of Fair Labor Representatives or the Mapps Group to gain some insight. Discussion held.

**ADOPT – FINAL BUDGET ORDINANCE AND PROJECT/GRANT ORDINANCE
AMENDMENTS FOR FY 11/12**

City Manager, Josh Kay reviewed the final budget ordinance and project/grant ordinance amendments for FY 11/12 noting it was for the Library Trust Fund, Cemetery Trust Fund, Airport Fund and Gang Investigator Grant Fund. Mr. Kay voiced in order to true up the financial records for the fiscal year, funding needs to be reallocated among the various funds, departments, and line items in order to keep certain cost centers from being overspent at year end. Councilman Mercer suggested we would be trueing up a budget for which we have no numbers and expressed his concerns on this matter.

Council agreed to delay this action upon the suggestion of the City Manager.

**AUTHORIZE – CITY MANAGER TO SIGN “AN AGREEMENT TO PROVIDE
PROFESSIONAL CONSULTING AND RELATED SERVICES” WITH RETAIL
STRATEGIES, LLC**

City Manager, Josh Kay voiced this was discussed during the budget workshop and in previous City Council meetings. He shared that this will be an opportunity for the City of Washington to take on Economic Development. Retail Strategies, LLC is a consultant firm that will assist the City of Washington with recruiting and retaining commercial entities inside the City.

Mr. Kay explained the initial year is for \$30,000 and it is for a one year contract; although, they would like to have a multi-year partnership, with year two and three being half of the \$30,000.

By motion of Mayor Pro tem Roberson, seconded by Councilman Pitt, Council authorized the City Manager to sign “An Agreement to Provide Professional Consulting and Related Services” with Retail Strategies, LLC to assist the City of Washington in retail recruitment and retention efforts for a cost of \$30,000 for fiscal year 2012-2013.

APPOINT – FEE REVIEW SUB-COMMITTEE

Mayor Jennings voiced the recommendation from staff is that we have a minimum of two Council members on this committee along with the necessary staff members.

By motion of Mayor Pro tem Roberson, seconded by Councilman Pitt, Council nominated Councilman Moultrie and Councilman Mercer to serve on the Fee Review Sub-Committee.

Discussion held on direct involvement from the public.

DISCUSSION – REMOVING FLASHING CAUTION LIGHTS AT MARTIN LUTHER KING (4TH & GLADDEN STREET) AND MAKE IT A FOUR-WAY STOP

Councilman Pitt requested removing the flashing traffic light at the corner of Martin Luther King and Gladden Street and making it into a four-way stop sign.

Mayor Jennings expressed concern with a four way stop sign. Mayor Pro tem Roberson voiced that the uniform traffic control doesn't recommend four way stops because it does place additional burden on the Police Department. Councilman Mercer shared you can now have a rubberize speed bump and requested information on the cost of those speed bumps. Councilman Moultrie said he would not recommend a speed bump in this area because this is not a shopping development.

Public Works Department was directed to perform a survey to see if a four way stop sign will work and provide recommendation to Council.

DISCUSSION – OF INTERNET CAFÉ/SWEEPSTAKES

Mayor Jennings voiced the proposed legislation didn't pass and Councilman Pitt requested removing this discussion until the General Assembly reconvenes.

DISCUSSION – PLAYGROUND EQUIPMENT AT BEEBE PARK

Councilman Pitt expressed concern with the lack of playground equipment at Beebe Park. This area is heavily traveled by children and parents. He further noted that Executive Director, Marc Recko, Washington Housing Authority, is in favor of the playground equipment. Councilman Pitt suggested Council give this consideration for the next budget year.

Mayor Jennings directed Mr. Kay to consult with the committee that was very instrumental in the design of Beebe Park to make sure there would not be any interference with the structure or design of the park.

DISCUSSION – LEAGUE ADVOCACY GOALS

Councilman Pitt explained the League of Municipalities is requesting advocacy goals from small communities and the deadline is August 31, 2012.

Mayor Jennings requested Council to provide Councilman Pitt with any goals/ideas/issues that they would like to see at the annual conference for the City of Washington.

DISCUSSION – ECONOMIC DEVELOPMENT BY-LAWS

Councilman Mercer said the EDC By-laws committee had met on a couple of occasions. At the last meeting, the County Commissioners that were present indicated they did not wish to proceed any further until they receive an indication as where the City was headed with this project. Councilman Mercer had forwarded to City Council via email the options that would be used in this discussion.

By motion of Councilman Moultrie, seconded by Mayor Pro tem Roberson, Council agreed to extend the meeting until 8:00 pm.

Councilman Mercer voiced the current Economic Development Board consist of six (6) members from the County and three (3) members from the City Council and a representative from any municipality within the County that pays a fee of approximately \$6 per capita for a position on the board.

Currently, the City provides 35 percent of the EDC's funding with the County providing the remaining 65 percent with an annual operating budget of \$280,000 (\$190,000/County and \$90,000/City). Other towns in the county pay approximately \$6 per town resident to help with expenses. Councilman Mercer stated when we look at the current configuration; the county's \$190,000 for approximately 45,000 County residents is a little over \$4 per person. The City, with 10,000 people, is putting in \$90,000 or an additional \$9 per person. "So as a City resident paying both City and County taxes, we're contributing about \$13.50 to economic development in the County. The municipalities are putting in \$6 & \$4. So, in essence, city residents are paying a larger per-capita share than any of the other residents in the County."

Councilman Mercer stated during the discussion of revising the by-laws, he made several points citing he didn't feel the citizens of the City should pay a larger share than anyone else in the County. Councilman Mercer recommended the County be the sole funding agency for the Economic Development Commission. City residents and other municipality residents would pay through their County taxes. The County Manager pointed out by statute an Economic Development Board was limited to nine (9) members. Councilman Mercer explained the options suggested for membership and funding as stated previously had been forwarded to Council via email.

Section I. Membership Options

Option 1: The Commission membership shall be comprised of Nine (9) members: Two (2) At Large members from Beaufort County, One (1) member from the City of Washington, One (1) from each of the Townships of Bath, Chocowinity, Long Acre, Pantego, Richlands, and Washington.

Option 2: The Commission membership shall be comprised of Nine (9) members: Three (3) At Large members from Beaufort County, One (1) from each of the Municipalities of Aurora, Bath, Chocowinity, Pantego, Washington and Washington Park.

Option 3: The Commission membership shall be comprised of Nine (9) members: Two (2) At Large members from Beaufort County, One (1) member from the City of Washington, One (1) from each of the Townships of Bath, Chocowinity, Long Acre, Pantego, Richlands, and Washington. An additional nonvoting member may be added for each municipality.

Option 4: The Commission Membership shall be comprised of Nine (9) members: One (1) from each of the Townships of Bath, Chocowinity, Long Acre, Pantego, Richlands, and Washington and three representatives with demonstrated interest in economic development. The county Commissioners may also appoint an Advisory to the Commission consisting of one member from each of the incorporated municipalities. The Advisory Board shall not have voting authority in actions taken by the Commission

Option 5: The Commission membership shall be comprised as follows: (6) members appointed by the elected officials of the Board of County Commissioners of Beaufort County, Three (3) members by the elected officials of the City of Washington, One (1) member from each of the other incorporated Towns in Beaufort County subject to the provisions of Section II.

Councilman Mercer discussed his recommendations of the County becoming the funding agency and that there will be a representative from the City on at-large basis and that the municipalities or townships each have a representative (giving a total board of 9). There would be no specified contribution from this board other than what might be requested from an outside agency and Council would consider the request each year through budget discussions.

Mayor Jennings responded by saying, "I would add to that that we leave our current budget allocation for Economic Development intact. That way we have funds set aside that if we are called upon — and we are not walking away from Economic Development. We are just not funding it the way we used to." Mayor Jennings said allocating money each year for Economic Development and letting the Council decide how to best spend that money — possibly on EDC projects — makes sense. Councilman Moultrie expressed some concern that the City "would be getting out of the EDC business" under its preferred approach to economic development and Mayor Jennings said this is not the case. We will leave our Economic Development allocation in the budget and use those funds. For instance, we just committed no more than \$30,000 to a retail recruitment and retention strategy. We're staying in the Economic Development business - we're just not going to fund the Economic-Development budget at the County level."

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, City endorsed option # 4 for the membership as proposed in the rewrite of the County EDC by-laws. Motion carried 4-1 with Councilman Moultrie opposing the motion.

Councilman Mercer pointed out if the County adopts membership option #4 they will have to adopt funding option #3 as well.

Funding Option 1:

- a) *The County of Beaufort and the City of Washington will review and consider an annual operating budget request from the Commission excluding (1) existing incentive agreements with existing companies located in the City AND County, (2) existing debt service on the debt incurred to purchase the Washington-Beaufort County Industrial Park.*
- b) *Participating municipalities other than the City of Washington will contribute on a voluntary basis \$6.55 per capita for the respective municipality directly to the fund that houses the operating budget for the Commission as defined above. After accounting for the accumulated contribution of \$6.55 per capita from participating municipalities (approximately \$25,000), the County will assume responsibility for 68 percent of the liability for the operating budget; the City of Washington will assume responsibility for the residual 32 percent.*

Option 2:

- a) *The County of Beaufort and the City of Washington will review and consider an annual operating budget request from the Commission excluding (1) existing incentive agreements with existing companies located in the City AND County, (2) existing debt service on the debt incurred to purchase the Washington-Beaufort County Industrial Park.*
- b) *Based on negotiations between the City of Washington and the County; each will determine their share of the operating budget.*
- c) *Participating municipalities other than the City of Washington will contribute on a voluntary basis \$6.55 per capita for the respective municipality directly to the fund that houses the operating budget for the Commission as defined above.*

Option 3:

- a) *The County of Beaufort will review and consider an annual operating budget request from the Commission excluding (1) existing incentive agreements with existing companies located in the City AND County, (2) existing debt service on the debt incurred to purchase the Washington-Beaufort County Industrial Park.*
- b) *The annual budget shall be reviewed and considered by the Beaufort County Board of Commissioners and approved with whatever changes the Board specifies.*

Option 4:

- a) *The County of Beaufort and the Town of Washington will jointly determine a base budget on an annual basis. Such budget shall be funded for each fiscal year according to the following formula: Sixty-Eight percent (68%) from the County of Beaufort; Thirty-Two percent (32%) from the Town of Washington. A supplemental budget will be provided by the other municipalities in the County on a voluntary basis and determined by a funding formula of \$6.55 per capita for each municipality. Should the municipalities choose to participate, they will be accorded a board seat as declared in Section I above. Should they decide not to participate, they will not have a Board seat but will be represented solely by the appointments to the Board by the County Commissioners.*
- b) *The annual budget shall be reviewed and considered by the Beaufort County Board of Commissioners and approved with whatever changes the Board specifies*

DISCUSSION – AIRPORT UPDATE

Mayor Pro tem Roberson mentioned the terminal building at Warren Field Airport is down and now would be a good time to revisit the airport. In addition, look at something in terms of an Emergency Operation Center. “I think the one that we have on 15th Street (at fire station 2) currently, from what I hear, is below standard. In essence, I think during times of emergency that’s a great opportunity for us to evaluate the airport and actually include that in a design and move forward on it.”

Mayor Archie Jennings replied noting this was a good point, adding that in talks about replacing the terminal there was discussion about including a multi-functional space (community room) as part of that replacement structure. Mayor Pro tem Roberson addressed how the city, in addition to any insurance payouts associated with the destroyed terminal could pay for a new terminal that could include an EOC and/or the multi-functional space for community use. “I did go online and look at some grants that would be available for this type of activity. If we need to pursue that, I think it’s just a great opportunity to evaluate our position at the airport.”

Councilman Moultrie raised the possibility of the city using some of the insurance money to buy a hangar at the airport as a revenue source (rental income from planes kept in the hangar) for the City. Mayor Jennings said his brief conversation with the aviation-division personnel with the N.C. Department of Transportation indicated they prefer the City put funds toward replacing the terminal instead of buying a hangar as a source of income for the City.

Councilman Mercer said the City should take its time in deciding what to do at the airport. Councilman Mercer didn't see any real rush to replace the terminal. We've got a temporary facility that we can use. The manager has given us an operating (business) plan. I think we're moving to implement that operating plan and I think we can operate out of that temporary structure. I agree with Mayor Jennings this gives us an opportunity to look and see if we really just want a building that's just going to serve the airport, or can it have multi-functions in that same area? If it takes us a little longer to do it, I'd rather take a little longer and do it right.

Councilman Richard Brooks said if there is funding available to replace the terminal and include facilities such as an EOC or multi-functional room for use by community groups, the City should pursue that funding.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council agreed to extend the meeting until 8:45 pm.

CLOSED SESSION – UNDER § NCGS 143-318.11(A)(4) ECONOMIC DEVELOPMENT, UNDER § NCGS 143-318.11 (A)(3) ATTORNEY CLIENT, UNDER § NCGS 143-318.11 (A) (6) PERSONNEL, UNDER § NCGS 143-318.11(A)(1) DISCLOSURE OF CONFIDENTIAL INFORMATION AND UNDER § NCGS 143-318.10 (E) THE PUBLIC RECORDS ACT

By motion of Councilman Pitt, seconded by Councilman Moultrie, Council entered into close session at 7:48 pm under § NCGS 143-318.11(a)(4) Economic Development, under § NCGS 143-318.11 (a)(3) Attorney Client, under § NCGS 143-318.11 (a) (6) Personnel, under § NCGS 143-318.11(a)(1) disclosure of confidential information and under § NCGS 143-318.10 (e) the public records act

By motion of Councilman Mercer, seconded by Councilman Brooks, Council came out of closed session at 8:39 pm.

**RESOLUTION AUTHORIZING THE ADVERTISEMENT
OF AN OFFER TO LEASE CERTAIN SURPLUS REAL PROPERTY**

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved the Resolution authorizing the advertisement of an offer to lease certain Surplus Real Property subject to 1) the calculation and insertion of the present value of the rental payments over their initial term of 15 years and 2) the Council having final review and approval authority over any Option to Lease, Ground Lease and Easement Agreement, and/or Solar Skyway Easement that may be produced as a result hereof.

**RESOLUTION AUTHORIZING THE ADVERTISEMENT
OF AN OFFER TO LEASE CERTAIN SURPLUS REAL PROPERTY**

WHEREAS, North Carolina General Statute § 160A-272(b) authorizes a municipality to lease real property that it owns for more than ten (10) years so long as such leases are "... treated as a sale of property ..." and so long as such leases are "... executed by following any of the procedures authorized for the sale of real property."

WHEREAS, North Carolina General Statute § 160A-269 authorizes a municipality to sell real property it owns through a negotiated offer, advertisement, and upset bid process.

WHEREAS, the City Council of the City of Washington (City) has received an offer to lease certain real property that it owns and desires to lease the same.

NOW, THEREFORE, BE IT RESOLVED by the City Council that:

1. The City Council has received an Option to Lease and proposed Ground Lease and Easement Agreement, including Solar Skyway Easement, (collectively, "Offer to Lease") of approximately

seventy-five and 63/100s (75.63) acres of property at the Warren Field Airport located on Airport Road, Washington, North Carolina.

2. Said real property is hereby declared to be surplus to the needs of the City and the City Council hereby authorizes the lease of the same pursuant to North Carolina General Statute § 160A-272(b) and through the upset bid procedure contained in North Carolina General Statute § 160A-269.
3. The Offer to Lease contains a first option of up to six (6) months, a second option of up to six (6) months, a lease for the sum of \$22,689.00 per year (\$300.00 per acre) with an initial term of fifteen (15) years, and the possibility of up to three extensions at the election of tenant of up to five (5) years each.
4. The present value of the rental payments for the initial, fifteen (15) year term of the Offer to Lease is \$262,355.70.
5. The entity making said Offer to Lease must deposit with the City Clerk a sum equal to five percent (5%) of said present value (\$13,117.79) in cash, cashier's check, or certified check.
6. The City Council proposes to accept the Offer to Lease, subject to the conditions stated in the Offer to Lease and herein, unless the City receives a qualifying upset bid.
7. The City Clerk shall cause a notice of the Offer to Lease, subject to the conditions stated in the Offer to Lease and herein, to be published in accordance with North Carolina General Statutes § 160A-269 and § 160A-272.
8. Any individual or entity desiring to submit an upset Offer to Lease shall submit an upset Offer to Lease to the City Clerk by 5:00 p.m. within ten (10) days of the date the notice provided for herein is published. To qualify as an upset bid, any such upset Offer to Lease shall contain no more than two options for a combined total of no more than twelve (12) months, a lease for said seventy-five and 63/100s (75.63) acres with an initial term of fifteen (15) years, the amount of rent to be paid annually (which amount shall be the same for each year), and the possibility of three extensions at the election of tenant of up to five (5) years each. To qualify as an upset bid, any such upset Offer to Lease must raise the present value of the rental payments for the initial, fifteen (15) year term of the Offer to Lease by not less than ten percent (10%) of the first one thousand dollars (\$1,000.00) and five percent (5%) of the remainder of said present value. Any individual or entity making an upset Offer to Lease must deposit with the City Clerk a sum equal to five percent (5%) of the present value of said rental payments for the initial, fifteen (15) year term of the upset Offer to Lease. Said deposit shall be made in cash, cashier's check, or certified check. In order to be valid, any upset Offer to Lease shall include an Option to Lease, if applicable, a Ground Lease and Easement Agreement, and a Solar Skyway Easement, if applicable. In order to be valid, any upset Offer to Lease shall contain a legally binding commitment from the offeror to fund any settlement that arises from any contract to which the City is a party and that is required in order for the lease contemplated by the Offer to Lease to be effectuated.
9. If a qualifying upset Offer to Lease is received by the City, it shall become the new Offer to Lease and the City Clerk is directed to re-advertise the new Offer to Lease at the increased bid amount and to continue this process until a ten (10) day period has passed without the receipt of a subsequent qualifying upset Offer to Lease.
10. Any upset Offer to Lease and any Lease resulting herefrom shall be subject to approval, including satisfaction of any conditions of approval, from the Division of Aviation and/or the Federal Aviation Administration.
11. The City Council retains final approval, and must approve and authorize the execution, of any Offer to Lease including Option to Lease, Ground Lease and Easement Agreement, and/or Solar Skyway Easement resulting from this upset bid process.

12. Notwithstanding anything herein to the contrary, the City reserves the right, pursuant to North Carolina General Statute § 160A-269 and without recourse from any individual or entity and in its sole discretion, to cancel this upset Offer to Lease bid process at any time and/or reject any or all Offers to Lease.

Adopted this 23rd day of July, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

ADJOURN

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council adjourned the meeting at 8:40pm until August 13, 2012 at 5:30pm in the Council Chambers at the Municipal Building.

Cynthia S. Bennett, CMC
City Clerk