



City of
Washington
NORTH CAROLINA
Council Agenda
FEBRUARY 10, 2014
5:30 PM

Opening of Meeting

Nondenominational Invocation

Roll Call

Approval of minutes from January 13, January 21, and January 27, 2014
(page 4)

Approval/Amendments to Agenda

I. Consent Agenda:

- A. Declare Surplus/Authorize – Electronic Auction of Vehicle through GovDeals (Vehicle Number 651) **(page 59)**
- B. Adopt – Budget Ordinance Amendment – Controlled Substance Fund Appropriation **(page 60)**
- C. Award – Audit Contract Award for fiscal year 2013-2014 to Martin Starnes Associates, CPA, PA (\$34,000) **(page 62)**
- D. Approve – Purchase Orders >\$20,000 **(page 69)**

II. Comments from the Public:

III. Public Hearing on Zoning: **6:00 PM**

- A. None –

IV. Public Hearing – Other:

- A. None –

V. Scheduled Public Appearances:

- A. Beth Byrd – 2014 Events Review
- B. Dot Moate – Ruth’s House, Inc. “Our Amazing Race” – fundraiser **(page 73)**

VI. Correspondence and Special Reports:

- A. Memo - Sea Tow Pamlico Dockage **(page 74)**
- B. Memo – Electric Advisory Board **(page 76)**



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- C. Memo – General Fund Budget Transfer (**page 77**)

- VII. Reports from Boards, Commissions and Committees:
 - A. Human Relations Council (**page 79**)

- VIII. Appointments:
 - A. Appointments – Human Relations Council (**page 81**)

- IX. Old Business:
 - A. Adopt – Resolution to accept a grant from North Carolina Department of Transportation to help fund the Airport Terminal Project (\$500,000) (**page 83**)

 - B. Adopt – Resolution to accept a grant from North Carolina Department of Transportation to help fund the Airport Terminal Project (\$199,277) (**page 95**)

 - C. Authorize/Adopt – idX One NC Grant/Co. Performance Agreements and Adopt Grant Project Ordinance (**page 107**)

 - D. Approve – 15th Street Widening Project (**page 141**)

 - E. Approve/Authorize – Old City Hall Re-conveyance (**page 142**)

 - F. Authorize – the City Manager to negotiate an Amendment to the Agreement with the Town of Chocowinity for Sewer Capacity (**page 157**)

 - G. Accept – Demolition of 312 Water Street Structure (**page 162**)

- X. New Business:
 - A. Accept/Authorize – Accept the recommendation of the Historic Preservation Commission and Authorize the Mayor to sign the grant application for a Historic Preservation Fund Grant (**page 190**)

 - B. Accept – Industrial Park Lot Conveyance (**page 194**)

 - C. Adopt – Parks and Recreation Comprehensive Master Plan (**page 200**)
(*Master Plan located on website)

- D. Authorize – Electric Director to execute Interconnect Agreement
(page 201)
- E. Approve – Classification & Pay Grade/Changes/Re-Organization –
Public Works **(page 241)**
- F. Authorize – City Manager to fill the vacant Electric Line Operations
Superintendent position **(page 244)**

- XI. Any Other Items From City Manager:
 - A. None –

- XII. Any Other Business from the Mayor or Other Members of Council
 - A. None –

- XIII. Closed Session – Under NCGS § 143-318.11 (a)(3) Attorney/Client
Privilege & (a)(6) Personnel

- XIV. Adjourn – Until Monday, February 24, 2014 at 5:30 pm, in the Council
Chambers.

The Washington City Council met in a regular session on Monday, January 13, 2014 at 5:30 pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Stacy Drakeford, Police & Fire Services Director; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Keith Hardt, Electric Utilities Director; John Rodman, Community/Cultural Resources Director; Kristi Roberson, Parks and Recreation Manager; Susan Hodges, Human Resources Director; Gloria Moore, Library Director; Lynn Wingate, Tourism Director; David Carraway, IT Department and Mike Voss, Washington Daily News.

Mayor Hodges called the meeting to order. Councilman Mercer delivered the invocation.

APPROVAL OF MINUTES:

Councilman Mercer commented that the heading for the adjournment date should read Monday, January 13, 2014 instead of Thursday.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved the minutes of December 9, 2013 as amended.

APPROVAL/AMENDMENTS TO AGENDA:

Mayor Hodges reviewed the requested amendments to the agenda:

- Add under New Business Item D: Mid-East Commission Request for Support of New Offices Project
- Add under New Business Item E: Electric Fund and Electric Utilities Advisory Board

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

CONSENT AGENDA:

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

- A. Adopt – Budget Ordinance Amendment for the Façade Grant Program
(copy attached)
- B. Adopt – Budget Ordinance Amendment for the Comprehensive Parks & Recreation Master Plan
(copy attached)

<u>Vehicle #</u>	<u>Make/Model</u>	<u>Serial #</u>	<u>Odometer Reading</u>
456	1996 International 4700 Dump Truck	1HTSCABMOTH390788	102,879

**Vehicle #513 was replaced at the Cemetery. The old #513 was transferred to Public Works to replace #456 that was in poor condition.*

- D. Approve – Purchase Orders >\$20,000
**Requisition #13801, \$85,000, to EMA Resources to dispose of residual sludge from the sewer treatment plant, account 32-90-8220-4500.*

COMMENTS FROM THE PUBLIC: none

SCHEDULED PUBLIC APPEARANCES:

JANELLE LEWIS – BEAUFORT COUNTY HEALTH DEPARTMENT DONATION TO THE CITY OF WASHINGTON

Ms. Janell Lewis explained that the Beaufort County Health Department made a monetary donation towards the purchase of a new slide to be installed at Havens Gardens. She thanked the City for allowing them to be a part of this project.

HAYWOOD DAUGHTRY AND DWAYNE ALLIGOOD – NORTH CAROLINA DEPARTMENT OF TRANSPORTATION 15TH STREET WIDENING PROJECT

Dwayne Alligood, NCDOT Division 2 Operations Engineer and Haywood Daughtry, NCDOT Regional Safety and Mobility Engineer reviewed the proposed 15th Street widening project with Council.

W-5008 (Federal Highway Safety Project -State Transportation Improvement Program Identification Number)

The project consists of widening 15th Street (SR 1306) between US 17 and Pierce Street from an undivided four-lane roadway to a divided four-lane roadway with a center median. Center left turn lanes will be provided at locations as determined during the project planning and should include left turn lanes at signalized intersections at a minimum. Additional left turn lanes may be provided if there is adequate spacing. The existing curb and gutter section is 48 feet wide from face of curb to face of curb. The proposed curb and gutter section is 64 feet wide from face of curb to face of curb and will include a berm section on the back side of the curb and gutter that can accommodate sidewalk in the future.

The most recent analysis of crashes between US 17 Business and Pierce Street was from 1/1/2008 to 12/31/2012. It showed a total of 147 crashes that would be positively affected by construction of the proposed median. Of the 147 crashes, 62 include minor to moderate injuries and the remaining 85 include property damage only. If the City chooses to proceed with the project the crash data will be updated.

The cost benefit is to reduce/eliminate the number of crashes in this area, while the estimated cost of the project is approximately \$3.2 million.

Dwayne Alligood reviewed a study conducted by the Institute for Transportation Research and Education (ITRE) regarding the economic effects of access management techniques. ITRE is a part of North Carolina State University.

This project was first reviewed in 2000 due to the number of crashes at the intersection of 15th Street and Washington Street. The project was submitted in June 2002, at that time the project called for construction of a center turn lane at between Washington Street and Pierce Street. The agreement at that time noted that NCDOT would agree to pay the construction cost and the City would be responsible for utility relocations and right-of-way acquisitions. Unfortunately, the City was unable to acquire the right-of-ways and relocate the utilities. In September 2011, the City went back to NCDOT regarding the potential of relocating the signal light from Washington Street to Pierce Street. NCDOT was agreeable to that suggestion, but the intersection of 15th and Washington Street would still need to be addressed due to the number of motor vehicle crashes at that intersection. The project was almost pulled completely. Haywood Daughtry reviewed the entire section of 15th Street and the associated crash data.

Dwayne Alligood explained that the scope of the project has changed to include a divided roadway from on 15th Street from US 17 to Pierce Street, including channelized cross overs. NCDOT is asking the City to review this project and determine if they want to support it.

Haywood Daughtry reviewed the most recent crash analysis with Council (2008-2012). There would be approximately 200 crashes that would have been positively affected with this project at the intersection of 15th Street and Washington Street as well as 15th Street and Minute Man Lane. Council was asked to consider this project and hopefully offer support of this project. These are Federal funds that are competitively sought throughout the state.

Dwayne Alligood reviewed the cost breakdown with Council noting that NCDOT will cover the construction and right-of-way acquisition costs as well as utility relocations if outside of the current right-of-way. If the utilities are located in the existing right-of-way then the City will cover the utility relocation expenses. The City went after and acquired \$150,000 of discretionary funds from the Legislature to help with utility relocations on this project. If the cost for utility relocation does not exceed \$150,000 then there is no cost to the City, anything above that amount, the City would be responsible for.

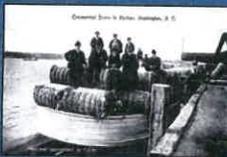
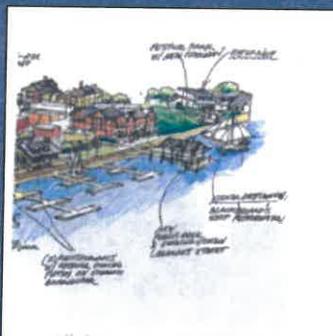
Projected construction will begin in 2015 with approximately 8 months to complete the project. Discussion was held regarding mid-block crossing for pedestrians (similar to the projects in Greenville on Charles Boulevard as well as 5th Street).

Brian Alligood, City Manager explained that if you were to look at this particular roadway in comparison to others across NC, the section on 15th Street has 3 times as many crashes as other road ways across the state. Councilman Mercer requested preliminary numbers on utility relocations from staff. Council will discuss this item further at the February 10th Council meeting.

6:00pm PUBLIC HEARING ON ZONING: none

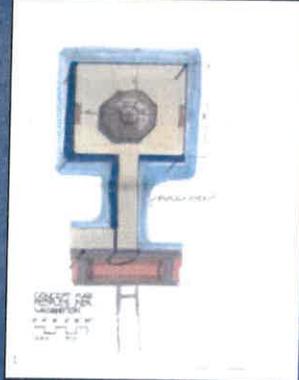
PUBLIC HEARING – OTHER:
ADOPT – RESOLUTION AUTHORIZING SUBMISSION OF 2014 PUBLIC WATERFRONT ACCESS GRANT FUND APPLICATION

Mayor Hodges opened the public hearing and John Rodman, Community & Cultural Resources Director came forward and delivered the following presentation regarding a Waterfront Access Grant for the People’s Pier.

<p>Public Pier</p> <p>In the heyday of Washington's commercial waterfront, piers accomplished the efficient transfer of goods from boat to land and back again. Piers were also arrival and departure points for visitors. Boats often arrived at Fawley's Wharf at the foot of Respass Street.</p> <p>When people glimpse a river from inland, it creates within them a wish to come closer to the water. Once they do, they like to continue out into the water – on a pier, bridge or boat – and turn to view the land from the river. The nearly universal desire for this type of experience can be met by adding some of the features to the Washington waterfront.</p>  	<p>Public Pier</p> <p>Provision of access to the water's edge is something that the City already does well. The consideration to improve these areas should be focused on places where access can be improved further, such as expanding the promenade in key locations and providing spaces where people can actually walk out onto the water.</p> 
<p>Public Pier</p> <p>During the City's Waterfront Visualization and Reinvestment Strategy, completed in 2009, community visioning workshops were held. As part of these work sessions key comments and ideas were expressed:</p> <ol style="list-style-type: none"> 1. Expand opportunities for boaters; provide basic services (restrooms, showers) 2. Maximize opportunities for green space & provide a park. 3. Explore the creation of a hotel along the waterfront. 4. Provide for a municipal pier for public access. 	<p>Public Pier</p> <p>The Project proposes to take advantage of the City's waterfront by creating a new pier at the foot of Market Street and Harding Square to extend the public space and celebrate Washington's relationship to the Pamlico River.</p> 
<p>Public Pier</p> 	<p>Public Pier</p> <p>The new pier will create a signature public space that invites pedestrians from the promenade to walk out over the river and experience the Pamlico in a more satisfying way. Views would be considerably improved by a pier that extends beyond the current pier head line so that visitors would have uninterrupted views of the Washington shoreline.</p> 

Public Pier

The plan shows a new pier extending from a line with Harding Square. (60'-70') It has a T platform, which has been indicated as a more practical design. The platform is designed to be 42' x 35' (1470 sq. ft.). The walkway is approximately 35' long and 8' wide. The pier will contain railings to match the promenade.



Public Pier

The platform will contain a gazebo or cabana style building in order to provide shade during the summer months and to provide a place for the public to gather. The shelter will be approximately 20' x 20' (400 sq. ft.) with plans for it to match the structures at Festival Park.

The location will provide a centrally located facility along the promenade, close to parking, the downtown area, and historic neighborhoods.



Public Pier

Phases of Feasibility of a pier

- ✓ 1. City Council knowledge and approval.
- ✓ 2. The Assessment of Permit Issues and Requirements.
- ✓ 3. The Assessment of Geotechnical and Site Conditions.
- ✓ 4. Public input and development of conceptual designs, culminating in a public presentation of a proposed pier concept.
- ★ 5. Probable cost and funding for constructing the pier depicted in the final concept.

Public Pier

DCM is pleased to notify local governments in the 20-county coastal area that the Division of Coastal Management (DCM) has an estimated \$950,000 in grant monies available for awards in April 2014.

The 2014 Fast Track Cycle Application Package and the 2014 Fast Track Cycle Application Form are attached.

The 2014 Fast Track Cycle will have a single application step. Local governments interested in receiving financial assistance must complete and submit 2 printed copies of the attached Application Form with attachments and graphics and Tcd on USB drive with digital files. Your local DCM District Planner must receive applications before 5:00 pm on Friday, February 28, 2014.

This is a Fast Track application process separate from our regular annual pre- and final application process. We will be sending out notices of the pre-application process for our regular Public Beach and Waterfront Access Grant round in February 2014.

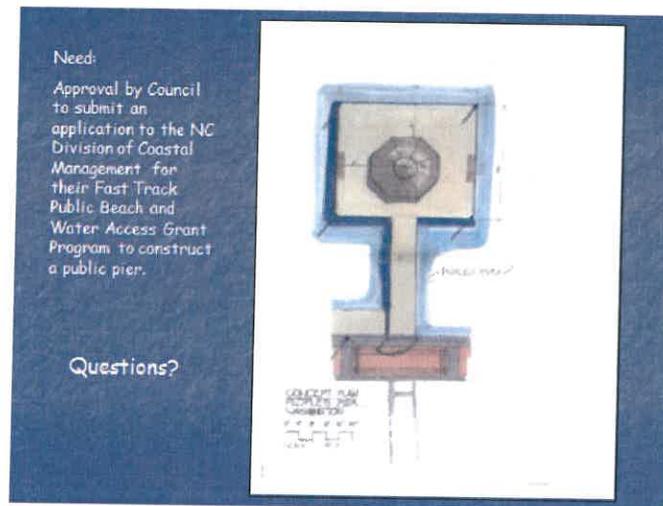
Public Pier

Application Budget Total:

1. DCM Grant Assistance Requested	\$ 120,000	
2. Local Contribution	\$ 30,000	75%/25%
Local Cash	\$ 15,000	
Local In-Kind	\$ 15,000	
Local Cash (Grant Assistance):	\$ _____	Funding Source: _____
Local Cash (Grant Assistance):	\$ _____	Funding Source: _____
TOTAL PROJECT COST	\$ 150,000	

Public Pier

	Grant Assistance Requested	Local Cash Contribution	Local In-Kind Contribution	TOTAL
Land Acquisition Costs:	N/A			N/A
Permit and Design Fees:	\$10,000	\$0,000		\$10,000
Site Improvement Costs: Materials:	\$54,000	\$0,000	\$10,000	\$70,000
Site Improvement Costs: Labor:	\$50,000	\$0,000	\$4,000	\$60,000
Local Administrative Costs:			\$1,000	\$1,000
TOTAL BUDGET	\$120,000	\$15,000	\$15,000	\$150,000



The NC Public Beach and Waterfront Access Program is a matching grant program administered by the Department of Environment and Natural Resources, Division of Coastal Management. The purpose of the public hearing is to describe the construction and the design of the municipal pier, also called the "Peoples Pier". Approved activities through this program include land acquisition, site improvements, and amenities for public access.

For construction projects local government match for Tier 2 counties must be at least 25% of the total project costs. At least 1/2 of the local contribution (12.50% of the total cost) must be cash; the remainder may be in-kind.

Mayor Pro tem Roberson inquired if the committee considered a fully covered platform and Mr. Rodman noted the committee considered that, but felt it would be better to have it only partially covered. Mayor Pro tem Roberson asked Mr. Rodman to review ways to keep the pigeons/birds off of the roof. This pier will require a modification of the CAMA permit and does not extend into the channel.

Councilman Mercer inquired who was on the citizen group/committee. Mr. Rodman reviewed the membership list and noted he would have the full list of members forwarded to Council. Councilman Mercer reviewed recent/future projects in the Revitalization Plan.

Public Comments:

Howard Tanner, Dianna Aideuis and Karen Tripp expressed their concerns and opposition to the pier. Rebecca Clark, Chris Furlough, Trent Tetterton and Bill Sykes expressed their comments in support of the pier.

Councilman Mercer stated he is opposed to building the pier because the project connecting Haven's Gardens to the boat ramp (walkway under the bridge) has not been completed.

Councilman Brooks inquired if we had contacted anyone that could give us a cost to build this and Mr. Rodman noted he has contacted two marine contractors. The high estimate was \$60 sq./ft. and low bid was \$29 sq./ft. Has a public pier been discussed at any time prior to tonight?

Mr. Rodman explained he believed it was included in a recent CIP and was included in the Revitalization Plan in 2008-2009.

Councilman Pitt inquired where the nearest community pier was located and Mr. Rodman noted several locations including Bath, Swansboro, New Bern, etc.

City Manager, Brian Alligood noted this project was discussed at the last Recreation Advisory Meeting and they agreed this was the best project to put forward with the fast track funds.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council adopted the resolution in support of the City Manager submitting a \$150,000 proposal to the North Carolina Division of Coastal Management, Public Beach and Waterfront Access Funds "Fast Track" grant program for year 2014 for the construction of a municipal pier located along the promenade at the intersection with Harding Square. Motion carried 4-1 with Councilman Mercer opposing.

Mayor Hodges closed the public hearing.

**RESOLUTION OF SUPPORT FOR THE CITY OF WASHINGTON'S
APPLICATION FOR THE N.C. DIVISION OF COASTAL MANAGEMENT'S
PUBLIC BEACH AND WATERFRONT ACCESS "FAST TRACK"
GRANT FUNDS**

WHEREAS, the N. C. Public Beach and Coastal Waterfront Access Program is a matching grant program administered by the Department of Environment and Natural Resources, Division of Coastal Management; and

WHEREAS, the City of Washington will forward an application to the Division of Coastal Management(DCM) requesting a grant from the N.C. Public Beach and Waterfront Access Program for year 2014; and

WHEREAS, this year the request for funding demonstrates the continued interest by the local government to improve public access to the waterfront; and

WHEREAS, the City of Washington understands the primary purpose of the program is to provide pedestrian access to the waterfront; and

WHEREAS, the people of Washington realize the importance of public access to the Tar and Pamlico Rivers; and

WHEREAS, the construction of a municipal pier is critical to achieve public access along the Tar and Pamlico Rivers; and

WHEREAS, the City advertised and conducted a public hearing on January 13, 2014 for the purpose of soliciting public comment on the proposed public pier and 2014 CAMA "Fast Track" grant application, and

NOW THEREFORE BE IT RESOLVED, the City Council of the City of Washington does hereby go on record supporting the submission of the application to the N.C. Division of Coastal Management for Public Beach and Waterfront Access funds for the construction of a municipal pier along the Washington Waterfront

Adopted this the 13th day of January, 2014 in Washington, North Carolina.

ATTEST:

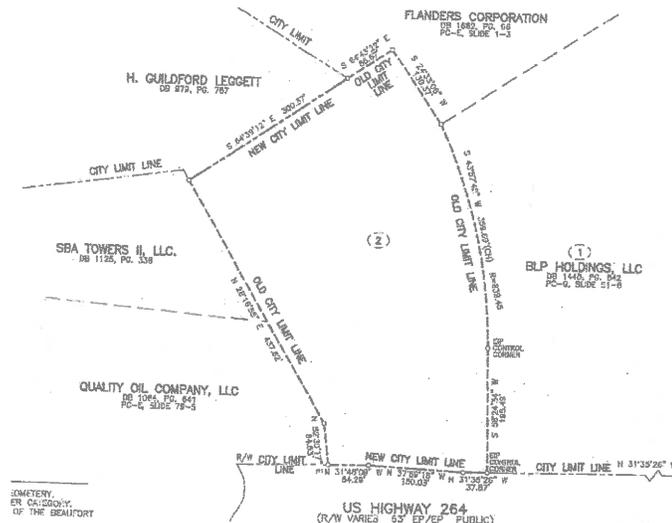
s/ Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor

ADOPT – ANNEXATION ORDINANCE TO EXTEND CITY OF WASHINGTON CORPORATE LIMITS FOR A NON-CONTIGUOUS ANNEXATION WEST END PARK MOTORS

Mayor Hodges opened the public hearing and John Rodman, Community & Cultural Resources Director explained the annexation request to Council. Mr. Rodman explained that at the December 9, 2013 City Council meeting, Council adopted a resolution calling for a public hearing on the request for an annexation of the subject property located on US Hwy 264 West and containing 4.62 acres. After the Public Hearing if Council desires to proceed with the annexation an ordinance needs to be adopted that will place the property inside the city limits effective January 13, 2014. Mr. Rodman reviewed the cost benefit analysis for annexing this property, overall the benefit would be a little over \$7,000 for the next two years.

Mayor Hodges asked why this company asked to be annexed into the City. Mr. Rodman explained that it is the City’s policy for commercial businesses if they want City services such as water and sewer, then they are required to submit an annexation request. This doesn’t mean that the City Council has to approve their annexation request. Discussion was held regarding contiguous annexations vs. non-contiguous annexations (satellite annexations). Councilman Mercer noted if the annexation is not approved then the water and sewer income to the City would double. Mr. Rodman noted that would be correct, but we would not receive the benefit of City property taxes if they were not annexed.



West Park Motors Inc
 US Hwy 264 W
 Estimated General Fund Revenues/Costs (2013-2014)

Annexation Name:	West Park Motors
Number of Parcels:	1
Acreage:	4.62 acres
General Location:	US Hwy 264 W
Population:	0 persons
Public Streets:	US Hwy 264 – State maintained
Current Total Assessed Tax Value:	\$228,000
Current Zoning:	B-2 (General Business)
Notes:	Located in ETJ

Estimated General Fund Revenues			1 st Year	2 nd Year
Real Property Tax	1 st Year	2 nd Year	\$1,254	\$4,425
	\$228,000	\$804,500		
Personal Property			\$206	\$206
Sales Tax			\$0	\$0
Vehicle Tax			\$0	\$0
Utilities Franchise Tax			\$0	\$0
Powell Bill Funds			\$0	\$0
Storm Water Assessment			\$648	\$648
Sanitation Fee			\$0	\$0
Cable TV			\$0	\$0
Beer and Wine Tax			\$300	\$300
Total Estimated Revenues			\$2,408	\$5,579

Estimated General Fund Costs			1 st Year	2 nd Year
Administrative Services			\$500	\$0
Added Fire Protection			\$50	\$50
Added Police protection			\$100	\$100
Street Maintenance			\$0	\$0
Street Lighting			\$0	\$0
Solid Waste			\$0	\$0
Public Works			\$800	\$500
Recreation			\$0	\$0
Start Up Costs			\$500	\$0
Total Estimated Costs			\$1,950	\$650

Estimated Costs of Property Owner			1 st Year	2 nd Year
Water/Sewer Tap Fees*			\$1800	\$0
Water/Sewer Impact Fees*			\$920	\$0
Environmental Fee*			\$1000	\$0
Fire Hydrant			\$0	\$0
*To be paid by property owner			\$3,720	\$0
**Only in City Limits				

Water/Sewer Rates	3/4" Meter	3/4" Meter
Inside City Limits	Avg. Monthly Use	Avg. Monthly Use
	Water	Sewer
	\$69.47 x 12 = \$834/yr	\$88.30 x 12 = \$1060/yr
Outside City Limits	Avg. Monthly Use	Avg. Monthly Use
	Water	Sewer
	\$99.43 x 12 = \$1193/yr	\$119.28 x 12 = \$1431/yr
Total	-\$359	-\$371
	-\$730	

Cost/Benefit	1 st Year	2 nd Year
Estimated Revenues	\$6128	\$5579
Estimated Costs	-\$1950	-\$650
Total	+\$4178	+\$4929
Inside/Outside rates	-\$730	-\$730
Total	+\$3448	+\$4,199

There were no comments from the public regarding the annexation request.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council adopted the annexation ordinance to extend the City of Washington corporate limits for the non-contiguous annexation of the West End Park Motors property located on US Hwy 264 and containing 4.62 acres.

AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF WASHINGTON, NORTH CAROLINA

WHEREAS, the Washington City Council has been petitioned under G.S. 160A-31 to annex the area described below; and

WHEREAS, the Washington City Council has by resolution directed the City Clerk to investigate the sufficiency of the petition; and

WHEREAS, the City Clerk has certified the sufficiency of the petition and a public hearing on the question on of this annexation was held at the City Council Chambers on the 2nd floor of the municipal building located at 102 East 2nd Street at 6:00 p.m. on Monday, January 13, 2014, after due notice by the Washington Daily News on January 3rd, 2014;

WHEREAS, the Washington City Council finds that the area described herein meets the standards of G.S. 160A-31;

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

Section 1. By the virtue of the authority granted by G.S. 160A-31, the following described territory is hereby annexed and made part of the City of Washington as of January 13, 2014: Being all of that tract of land noted on that survey "Area to be annexed by the City of Washington" by Mike Baldwin, P.A. dated November 2013 and being located in Washington Township, Beaufort County North Carolina and being more particularly described as follows;

Beginning at a point on the northern right-of-way of US Hwy 264 and being the northwest corner of BLP Holdings, LLC tract and running N 31 35'26" W 37.87 feet to a point thence N 37 59' 18" W 150.03 feet to a point in the right of way and thence N 31 48' 09" W 64.29 feet to a point in the northern right of way being the centerline of an existing ditch along the western boundary and running N 52 30' 17" E 64.53 feet to a point along the ditch thence N 28 16' 55" E 437.62 feet to a point along the northern boundary of this property running thence S 64 39' 12" E 300.37 feet to a point running thence S 64 43' 22" E 85.67 feet to a point on the eastern boundary running thence S 2433' 06" W 139.37 feet to a point on the eastern property line running thence along an arc with a radius of 839.45 feet and a chord running S 46 43' 15" E 340.13 feet to a point on the eastern property line and running thence S 58 24' 34" W 195.49 feet to the point of beginning and being all of 4.619 acres recorded in DB 1777 Page 0590.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 4.62 acres more or less.

Section 2. Upon and after January 13, 2014, the above described territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the City of Washington and shall be entitled to the same privileges and benefits as other parts of the City of Washington. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

Section 3. The Mayor of the City of Washington shall cause to be recorded in the office of the Register of Deeds of Beaufort County, and in the office of the Secretary of the State in Raleigh, North Carolina, an accurate map of the annexed property, described in Section 1 above, together with a duly certified copy of this ordinance. Such a map shall also be delivered to the County Board of Elections, as required by G.S. 163-288.1.

Adopted this 13th day of January, 2014

ATTEST:

s/ Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor

ADOPT – ANNEXATION ORDINANCE TO EXTEND CITY OF WASHINGTON CORPORATE LIMITS FOR A NON-CONTIGUOUS ANNEXATION ~ MONTESSORI CHARTER SCHOOL

Mayor Hodges opened the public hearing and John Rodman, Community & Cultural Resources Director explained the annexation request for the Washington Montessori Charter School. Mr. Rodman explained that this piece of property is not only outside of the City limits, but outside of our zoning jurisdiction. If Council approves the annexation, we will need to zone the property accordingly. The property will remain vacant for the next couple of years until they plan to build additional structures there. The other piece of property where the school is now has been annexed into the City so the school could take advantage of the city water and sewer rates. There are no cost benefits to the City as the Montessori is a non-profit charter school.

There were no comments from the public regarding the annexation request.

Councilman Mercer expressed the concerns he had over the previous annexation of this property, but Council at that time approved the annexation and feels there is no reason not to annex this portion as well.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted the annexation ordinance to extend the City of Washington corporate limits for the non-contiguous annexation of the Washington Montessori Charter School property located on Old Bath Hwy & US Hwy 264 and containing 6.95 acres.

Washington Montessori Charter School
Old Bath Hwy
Estimated General Fund Revenues/Costs (2013-2014)

<i>Annexation Name:</i>	Washington Montessori School
<i>Number of Parcels:</i>	1
<i>Acreage:</i>	6.95 acres
<i>General Location:</i>	US Hwy 264 E & Old Bath Hwy
<i>Population:</i>	0 persons
<i>Public Streets:</i>	Old Bath Hwy – State maintained
<i>Current Total Assessed Tax Value:</i>	\$28,003
<i>Current Zoning:</i>	No Zoning
<i>Notes:</i>	Outside ETJ

Estimated General Fund Revenues			1st Year	2nd Year
Real Property Tax	1 st Year	2 nd Year	*	*
	\$28,003	\$28,003		
Personal Property			\$0	\$0
Sales Tax			\$0	\$0
Vehicle Tax			\$0	\$0
Utilities Franchise Tax			\$0	\$0
Powell Bill Funds			\$0	\$0
Storm Water Assessment			\$648	\$648
Sanitation Fee			\$0	\$0

Cable TV	\$0	\$0
Beer and Wine Tax	\$0	\$0
Total Estimated Revenues	\$648	\$648

Estimated General Fund Costs	1st Year	2nd Year
Administrative Services	\$100	\$0
Added Fire Protection	\$0	\$0
Added Police protection	\$0	\$0
Street Maintenance	\$0	\$0
Street Lighting	\$0	\$0
Solid Waste	\$0	\$0
Public Works	\$500	\$500
Recreation	\$0	\$0
Start Up Costs	\$0	\$0
Total Estimated Costs	\$600	\$500
Estimated Costs of Property Owner		
Water/Sewer Tap Fees*	\$0	\$0
Water/Sewer Impact Fees*	\$0	\$0
Environmental Fee*	\$0	\$0
Fire Hydrant	\$0	\$0
*To be paid by property owner	\$0	\$0
**Only in City Limits		

Water/Sewer Rates	3/4" Meter	3/4" Meter
Inside City Limits	N/A	N/A
Outside City Limits	N/A	N/A
Total	N/A	N/A

Cost/Benefit	1st Year	2nd Year
Estimated Revenues	\$648	\$648
Estimated Costs	-\$600	-\$500
Total	\$48	\$148
Inside/Outside rates	-	-
Total	+\$48	+\$148

*** Washington Montesorri is a private non-profit public charter school and is not subject to taxes.**

**AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE
CITY OF WASHINGTON, NORTH CAROLINA**

WHEREAS, the Washington City Council has been petitioned under G.S.160A-31 to annex the area described below; and

WHEREAS, the Washington City Council has by resolution directed the City Clerk to investigate the sufficiency of the petition; and

WHEREAS, the City Clerk has certified the sufficiency of the petition and a public hearing on the question on of this annexation was held at the City Council Chambers on the 2nd floor of the municipal building located at 102 East 2nd Street at 6:00 p.m. on Monday, January 13, 2014, after due notice by the Washington Daily News on January 3, 2014;

WHEREAS, the Washington City Council finds that the area described herein meets the standards of G.S; 160A-31;

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

Section 1. By the virtue of the authority granted by G.S. 160A-31, the following described territory is hereby annexed and made part of the City of Washington as of January 13, 2014: Being all of that tract of land noted on that survey "Asbury Methodist Church" by Bryant Hardison, PLS. dated July 2012 and being located in Long Acre Township, Beaufort County North Carolina and being more particularly described as follows;

It being tract two (2) containing 6.954 acres as shown on survey dated July 23, 2012 entitled "Boundary Survey for Asbury Methodist Church Harold Alligood Tract Division" prepared by Wood Duck Land Surveying, PC of record in Plat Cabinet H, Slide 93-2, Beaufort County Registry, to which map reference is herein made and incorporated for a more complete and detailed description.

Together with and subject to covenants, easements, and restrictions of record.

Said property contains 6.95 acres more or less.

Section 2. Upon and after January 13, 2014, the above described territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the City of Washington and shall be entitled to the same privileges and benefits as other parts of the City of Washington. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

Section 3. The Mayor of the City of Washington shall cause to be recorded in the office of the Register of Deeds of Beaufort County, and in the office of the Secretary of the State in Raleigh, North Carolina, an accurate map of the annexed property, described in Section 1 above, together

with a duly certified copy of this ordinance. Such a map shall also be delivered to the County Board of Elections, as required by G.S. 163-288.1.

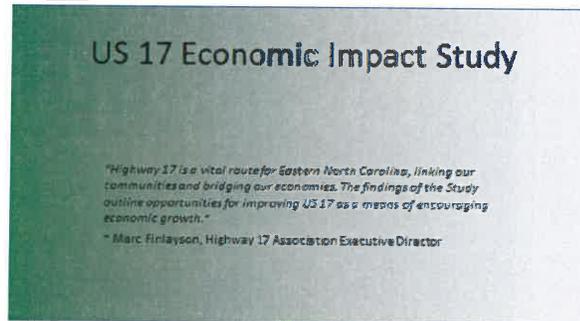
ATTEST:

s/ Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor



SCHEDULED PUBLIC APPEARANCES:
MARC FINLAYSON – US HIGHWAY 17 ECONOMIC IMPACT STUDY



The study looks at three “build” scenarios: The first is simply finishing the projects that NCDOT has already partially funded. This is Plan A. The second scenario takes plan A and adds to it those projects that are on the STIP but are not funded within the seven year cycle, plus includes unfunded safety projects that ought to be done. The second phase is called Plan B. The third “build” scenario takes the Plan A projects – already partially funded – and then evaluates what US 17 would be like if the entire corridor were ungraded to Interstate quality standards. The Interstate upgrade is called Plan C. In each case the study examines the costs of the projects and the expected economic benefit to the region of investing in them. The outcome is quantifiable number of jobs and economic output.

Study overview



- Analyzed economic impacts of improving Highway 17
- Study conducted by US 17 Association through a grant provided by the North Carolina Department of Transportation
- Technical support by Atkins, Hayes Planning Associates and Eyde
- Conducted between January 2012 and August 2013

This study absolutely supports continued investment by NCDOT in US 17 projects. It provides facts and data consistent with the needs of the new Strategic Mobility Study, which I'll speak about in a few minutes.

Atkins conducted the NCDOT long range strategic plan, known as the 2040 plan, as well as some I-95 studies. Incidentally, Jim Trogdon just took a job with Atkins.

Conclusions



- Economic Boon to area
- Construction Job Creation
- Increased Economic Activity – Traffic Diversion
- Increased Economic Activity – Industrial Expansion
- Improved Safety
- Reduced Travel Times

Improving US 17 from border to border – even just four-laning the remaining two-lane segments – will add jobs to the region in the near and long term; will create growth across all sectors of the economy; and will add to the quality of life of all our citizens through safety and mobility improvements.

Plan A



- “No-brainer” option
- Complete partially funded STIP projects along 54 miles of corridor
- Assumes that the remaining funding, totaling \$454 million, is obtained and spent during the years 2018-2022




We call this plan the “no brainer” option because all of these projects are on the STIP and are at least partially funded. We assume in the study that if NCDOT has already invested in these projects to at least some degree that they will eventually fund them completely. We want to see it done sooner than later.

The projects included in Plan A are the Hampstead Bypass, Jones County projects, the New Bern Bypass and Williamston to Washington.

Indeed, the Jones County projects are now fully funded and will begin construction in June 2015. Four-laning Jones County will be a tremendous boon to citizens along the entire corridor but most especially Jones County.

Economic Value



- \$450M expenditure yields \$2B return
- 4.5 : 1 Investment return ratio
- Job Creation – 1,052 Construction
- Job Creation – 2,024 Recurring



Plan A creates over 1,000 construction related jobs in each year between 2018 and 2022. After completion it yields over 2,000 permanent jobs across all segments of the economy. The economic output of Plan A is about \$2 billion – a big number, but much smaller than the other two plans. But when compared to the very modest expenditure required of NCDOT, the rate of return on the investment is 4.5 to 1.

Potential Benefits



- Agribusiness and Ports
- Tourism
- Military




US 17 impacts the three largest sectors of our state’s economy: agribusiness, the military and tourism.

30% of Beaufort County is agricultural land and with over 160,000 acres in agriculture you have by far the most Ag acreage in the corridor. Getting products to market by an improved transportation system will be extremely beneficial.

Beaufort County is in the top half of corridor counties in Tourism payroll, income and tax revenue. Beaufort yields almost \$8 million in annual tax receipts from tourism – not an insignificant amount. That figure would undoubtedly increase with the transportation improvements.

The military component poses an interesting conundrum. The military wants infrastructure that provides safety and mobility for the movement of troops and materiel. However, improved transportation infrastructure brings growth and growth brings encroachment on military facilities and training ranges. We understand that if the military can’t fulfill its mission in its current locations it will move to new locations where it can. We have to be smart about growth.

Plan B



- Finance unfunded STIP projects
- Improve additional 31 miles along the US 17 corridor
- Total projected cost - \$360 million for projects undertaken during the years 2023-26



The “Build 2” scenario is Plan A + Plan B.

The projects in Plan B are not currently funded and would require an additional \$360 million to complete beyond 2022.

The STP projects are the last two improvements in Jacksonville associated with the Jacksonville Bypass; Bridgeton to Vanceboro; Vanceboro to Chocowinity; and some safety related improvements.

Safety Improvements



- Upgrade remaining multilane sections
- Four-lane remaining two-lane sections
- Improvements vary by county



This scenario includes ordinary safety improvements that should occur along the US 17 corridor anyway.

Beaufort County gets an “A” grade on shoulder width for example. 82% of US 17 miles in the county meet NCDOT criteria. Other counties are not as fortunate.

Plan C



- Add improvements to upgrade US 17 to interstate standards along entire 282 miles
- Upgrade would not be completed within 2035 Study timeframe

The “Build 3” scenario is Plan A + Plan C.

Plan C would upgrade all of US 17 to interstate standard. This is a very expensive proposition and could not be completed under any possible funding scenario until after 2035. However, that does not mean it’s not worth pursuing.

In today’s dollars it would cost about another \$550 million beyond what’s already budgeted for Plan A projects. However, the economic impact of such a plan would be nearly \$3 billion and would yield 2.25 times the expenditure comparing in today’s dollars.

It would also net over 4,000 recurring jobs once the work was completed.

Interstate 44



- Proposed new interstate between Raleigh, NC and Norfolk, VA

This scenario becomes more feasible when you think about the prospects of an Interstate project between Raleigh and Norfolk.

This is an idea that Governor McCrory and Secretary Tony Tata really support. The Highway 17 Association is prepared to endorse this idea formally and write a resolution of support to the Governor and Secretary.

McCrory made remarks at SASHTO about the need for regional partnerships in important projects even if they cross state lines.

Another potential project we're interested in is linking Wilmington to Myrtle Beach.

Strategic Mobility Formula



- "...will create more jobs and allow us to complete more projects to better connect North Carolinians to job centers, healthcare centers, education centers, and recreation no matter where they live."
- Project Ranking Criteria
 - [Travel Time] Benefit/Cost
 - Economic Competitiveness
 - Safety
 - Multimodal
[& Freight + Military]

NCDOT is in the process of evaluating and ranking STIP projects under the new criteria identified in the Strategic Mobility Formula.

My problem with the new approach continues to be the weight given to relieving congestion as a way to improve travel time. However this study looks at travel time improvement from a US 17, more rural vantage point.

The study also quantifies economic competitiveness, showing both job creation in the near and long term, and economic growth associated with the completion of our projects, as well as safety.

US 17 cuts across the three biggest drivers of North Carolina’s economy – Agribusiness, Military and Tourism – and we get extra consideration in the new formula for supporting multimodal needs, which of course includes the ports but also, for our purposes, includes the military.

DERIK DAVIS – UTILITIES AND JACK’S CREEK (absent)

BETH BYRD – 2014 EVENTS REVIEW (continued until February)

CORRESPONDENCE AND SPECIAL REPORTS:

MEMO - GENERAL FUND BUDGET TRANSFER

The Budget Officer transferred \$27,940 of funding between the Outside Agency, Aquatic Center and Waterfront departments of the General Fund to provide additional funds needed to repair the Dectron dehumidifier at the pool and relocate the flag pole on the west end of the waterfront.

From:	10-40-6170-9106	Harbor District Alliance	\$27,490
To:	10-40-6126-1502	Maint/Repair HVAC	\$23,890
	10-40-6124-1501	Maint/Repair Grounds	3,600

REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES:

HUMAN RELATIONS COUNCIL (report accepted as presented)

APPOINTMENTS:

APPOINTMENTS – LOCAL FIREMAN’S RELIEF FUND

By motion of Councilman Brooks, seconded by Councilman Mercer, Council reappointed Charles M. Alligood Jr. as the Fire Department designated appointee, and reappointed Raymond Williams as the City Council designated appointee to the Local Fireman’s Relief Fund Board for a new term of two years to expire in January 2016.

APPOINTMENTS – VARIOUS BOARDS, COMMISSIONS, AND COMMITTEES

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

By motion of Councilman Brooks, seconded by Mayor Pro tem Roberson, Council appointed Annie Moore to the Recreation Advisory Committee to fill the unexpired term of Arnold Barnes (inside), term to expire June 30, 2014.

By motion of Councilman Brooks, seconded by Councilman Beeman, Council appointed Dallis Tucker to the Recreation Advisory Committee to fill the unexpired term of Mac Hodges (inside), term to expire June 30, 2016.

By motion of Councilman Pitt, seconded by Councilman Mercer, Council appointed Barbara Gaskins to the Human Relations Council to fill the unexpired term of Ann Barbee Cherry, term to expire June 30, 2014.

Remaining Human Relations Council and Planning Board vacancies will be filled at a later date.

IX. OLD BUSINESS:
AUTHORIZE – CITY MANAGER TO EXECUTE AN AMENDED LEGALLY
BINDING COMMITMENT WITH METROPOLITAN HOUSING AND
COMMUNITY DEVELOPMENT CORPORATION, INC.

City Manager, Brian Alligood explained that the Department of Commerce and Community Assistance (DCA) closed CDBG grant 05-C-1490 due to not constructing and selling five homes to qualifying individuals. The City contributed \$90,000 to the project and the grant was for an additional \$250,000. The City is required to repay \$250,000 at the rate of \$25,000 in year one, July 1, 2013, and \$75,000 per year for three additional years. The repayment will be reduced \$50,000 for each home that is built and occupied by a qualified individual. The amended legally binding commitment, promissory note, and deed of trust have been revised to be consistent with the City's investment in the project and repayment exposure to the DCA. Metropolitan has executed the revised documents.

Councilman Mercer discussed the history of the project and terms of the agreement. He also commented that Page 3 Paragraph 10 of the Legally Binding Agreement had a blank regarding number of days. Mr. Alligood explained that HUD did not agree to the 10 year repayment plan, thus the need for a 3 year repayment plan. HUD will credit the City back \$50,000 for each home built and the time limit referenced by Councilman Mercer would be 60 days. Franz Holscher, City Attorney explained the potential of default on Metropolitan's part and the resulting effects. Questions also arose regarding paving. Mr. Holscher explained that paving was moved to Phase 2 of this project. Further discussion was held regarding payback terms, tree removal and paving. Metropolitan has agreed to this version of the amended legally binding commitment.

Mr. Holscher asked that if Council was so inclined to approve the Legally Binding Commitment, would they also include approving the related Promissory Note and Deed of Trust.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council authorized the City Manager to execute an amended legally binding commitment with Metropolitan Housing and Community Development Corporation, Inc. and approved the related Promissory Note and Deed of Trust, with the assumption that page 3 paragraph 10 be 60 days.

(copy attached)

NEW BUSINESS:
AUTHORIZE – CITY MANAGER TO NEGOTIATE AN AMENDMENT TO
THE AGREEMENT WITH THE TOWN OF CHOCOWINITY FOR SEWER
CAPACITY

Brian Alligood, City Manager reviewed the request with Council explaining that the Town of Chocowinity is asking to negotiate an amendment to the existing agreement between the City of Washington and the Town of Chocowinity for sewer capacity. A letter from Chocowinity's Public Works Director, Kevin Brickhouse, indicates their desire to purchase an additional 8,450 gallons per day (GPD) of sewer capacity for the rest area that is to be built along US 17 south of Chocowinity. Also attached as a matter of reference are copies of the minutes from the January 12, 2009 and August 10, 2009 regarding the latest amendment that Council

approved to our agreement with Chocowinity for sewer capacity. As you can tell, at that time the price of \$10 per gallon of capacity was agreed upon.

Council members expressed concern with this request and as well as the need for a long range plan from Chocowinity for inside and outside growth. Council members requested that this request be delayed until firm numbers on development inside and outside the town limits of Chocowinity can be presented to the Council. Council does not want to overextend the City's capacity, because once we reach 80% capacity we have to contract the design work to extend capacity. Although we are only around 65% capacity at the moment, if we get one major development, we could over extend our ability to grow on the north side of the river.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, this request was tabled until the February meeting to allow staff time to gather additional information regarding capacity levels (Rivers & Associates).

Mr. Alligood reviewed the latest allocations for Chocowinity (39.9%), the City is using 63.59% capacity. Chocowinity would like to reserve their remaining capacity for inside town limits growth. They are asking for additional capacity for the 8450 gallons for this project, but we aren't tied to the same price per gallon as agreed upon in 2009, which was \$10. Mr. Alligood explained the new agreement would have to come back to Council for approval and he is only asking for authority to begin negotiations with Chocowinity. Mr. Alligood will ask the Town of Chocowinity to give us a workout plan for Chocowinity's current inside capacity 300,000 and let them know they will not be able to use capacity reserved inside City limits for outside limit projects.

PREVIOUS LEGISLATIVE ACTION

Most recently, August 10, 2009 - authorized the Mayor to execute an amendment to Contract and Agreement with the Town of Chocowinity for sewer capacity.

AUTHORIZE – CITY MANAGER TO EXECUTE A LEASE AGREEMENT WITH THOMAS SACCIO FOR THE LEASE OF A PORTION OF THE MAINTENANCE HANGAR AT WARREN FIELD AIRPORT

City Manager, Brian Alligood explained that Thomas Saccio has expressed an interest in renting a portion of the Maintenance Hangar at Warren Field Airport. The Airport Advisory Board has approved this lease.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council authorized the City Manager to execute the lease agreement with Thomas Saccio for the lease of a portion of the maintenance hangar at Warren Field Airport.

(copy attached)

ADOPT – CAPITAL OUTLAY BUDGET ORDINANCE AMENDMENT

City Manager, Brian Alligood explained that adequate fund balance is available in the General Fund and Electric Fund to utilize for \$1,246,843 of budgeted capital purchase instead of installment financing. The General Fund will transfer the additional \$33,000 of funds needed for the Cemetery tractor purchase. As a result, debt service will be reduced \$66,856 this year and

\$267,424/year for the next four. Councilman Mercer applauded the Finance Director and City Manager for the “pay as you go” method.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted a budget ordinance amendment to fund the current years budgeted installment purchases with fund balance instead of installment financing.

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

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

Section 1. That the Estimated Revenues in the General Fund be increased or decreased in the following accounts and amount to fund capital purchases with cash instead of installment financing:

10-00-3920-9101	Proceeds From Lease Purchase	\$(383,600)
10-00-3991-9910	Fund Bal. Appropriated	<u>396,669</u>
		\$ 13,069

Section 2. That the General Fund appropriations budget be increased or decreased in the following fund accounts and amount:

10-10-4910-7401	Installment Purchases	\$(75,000)
10-10-4310-7405	Installment Purchases	(63,500)
10-10-4340-7405	Installment Purchases	(27,500)
10-20-4510-7405	Installment Purchases	(25,000)
10-40-6110-7405	Installment Purchases	(24,600)
10-40-6120-7401	Installment Purchases	(48,420)
10-40-6123-7401	Installment Purchases	(34,000)
10-40-6130-7401	Installment Purchases	(62,823)
10-10-4910-7400	Capital Outlay	75,000
10-10-4310-7400	Capital Outlay	63,500
10-10-4340-7400	Capital Outlay	27,500
10-20-4510-7400	Capital Outlay	25,000
10-40-6110-7400	Capital Outlay	24,600
10-40-6120-7400	Capital Outlay	48,420
10-40-6123-7400	Capital Outlay	34,000
10-40-6130-7400	Capital Outlay	62,823
10-00-4400-3900	Transfer to Cemetery Fund	33,000
10-50-4020-8100	Principal Payments	(18,538)
10-50-4020-8300	Interest	<u>(1,393)</u>
		\$ 13,069

Section 3. That the Estimated Revenues in the Electric Fund be increased or decreased in the following accounts and amount:

35-90-3920-9100	Installment Note Proceeds	\$(851,000)
35-90-3991-9910	Fund Bal. Appropriated	<u>806,075</u>
		\$(44,925)

Section 4. That the Electric Fund appropriations budget be increased or decreased in the following fund accounts and amount:

35-90-7250-7401	Installment Purchases	\$(70,000)
35-90-8370-7401	Installment Purchases	(129,000)
35-90-8375-7401	Installment Purchases	(70,000)
35-90-8390-7401	Installment Purchases	(582,000)
35-90-7250-7400	Capital Outlay	70,000
35-90-8370-7400	Capital Outlay	129,000
35-90-8375-7400	Capital Outlay	70,000
35-90-8390-7400	Capital Outlay	582,000
35-90-4020-8300	Installment Note Principal	(41,775)
35-90-4020-8301	Installment Note Interest	<u>(3,150)</u>
		\$(44,925)

Section 5. That the Estimated Revenues in the Cemetery Fund be increased or decreased in the following accounts and amount:

39-90-3920-9101	Installment Note Proceeds	\$(35,000)
39-90-3980-1000	Transfer From General Fund	<u>33,000</u>
		\$(2,000)

Section 6. That the Cemetery Fund appropriations budget be increased or decreased in the following fund accounts and amount:

39-90-4740-7401	Installment Purchases	\$(35,000)
39-90-4740-7400	Capital Outlay	35,000
39-90-4020-8300	Installment Note Principal	(1,700)
39-90-4020-8301	Installment Note Interest	<u>(300)</u>
		\$(2,000)

Section 7. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 8. This ordinance shall become effective upon its adoption.

Adopted this the 13th day of January, 2014.

ATTEST:
s/Cynthia S. Bennett
City Clerk

s/Mac Hodges
Mayor

MID-EAST COMMISSION REQUEST FOR SUPPORT OF NEW OFFICES PROJECT

City Manager, Brian Alligood explained this item is to review and consider the request by the Mid-East Commission for informal support of a project to build and finance new offices. A letter from Mid-East Commission Executive Director Timmy Baynes was forwarded to Council requesting Council to support a project to build and finance new offices for the Commission. He has included a draft interlocal agreement and resolution of support, but is not asking for formal action at this time, just willingness to participate in the project. Mr. Baynes has estimated that no additional funds will be required from the City as a result of this project, as existing membership dues will be used to pay the debt service. Mid-East has asked their largest member governments for an informal commitment for this project.

Councilman Mercer explained he is Chairman of the Mid-East Commission and they have been renting space in Washington for numerous years. They currently pay approximately \$145,000 annually in rent. Beaufort County has agreed to donate the Mid-East Commission the property of the former Beaufort County Home if they can secure financing. The State Historic Preservation Office noted that the County Home property may be of historic value, which may cause a problem with the project. The request tonight does not commit the City to saying they will be a member forever, you still have the option to withdraw. There is no commitment for funding or financing, this will come from USDA. The office facility will include offices for the Employment Security Commission as well.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council authorized the Mid-East Commission by giving informal support of a project to build and finance new offices.

ELECTRIC FUND AND ELECTRIC UTILITIES ADVISORY BOARD

Councilman Mercer suggested that the Electric Advisory Board needs to expand their scope and review all the electric programs, such as peak shaving, load management, etc. in order to reduce the spending differential. They can begin to make suggestions as to where they can cut our cost in other areas in the Electric Fund not just in load management programs. Councilman Brooks felt he needed further information before agreeing for this to go to the advisory board. Councilman Pitt agreed and noted that staff has much more knowledge with this and we should be careful in charging an advisory board with dealing with our dollars, he suggested presenting this to the WEU Advisory Board and see if they will accept this challenge and any additional training they may need. Councilman Mercer said he is asking that the WEU Advisory Board just cast another set of eyes on our numbers and offer any suggestions to Council/staff. Councilman Pitt will present this request to WEU at their next meeting.

ANY OTHER ITEMS FROM CITY MANAGER: NONE

ANY OTHER BUSINESS FROM THE MAYOR OR OTHER MEMBERS OF COUNCIL:
NONE

CLOSED SESSION – UNDER NCGS § 143-318.11 (A)(3) ATTORNEY/CLIENT PRIVILEGE; (A)(4) ECONOMIC DEVELOPMENT AND (A)(6) PERSONNEL

By motion of Councilman Pitt, seconded by Councilman Beeman, Council entered into Closed Session at 8:40pm under NCGS 143-318.11 (A)(3) Attorney/Client Privilege, (A)(4)Economic Development and (A)(6) Personnel.

By motion of Councilman Mercer, seconded by Councilman Brooks, Council agreed to come out of closed session at 10:10pm.

**ADJOURN – UNTIL TUESDAY, JANUARY 21, 2014 AT 5:30 PM,
AT THE CIVIC CENTER**

By motion of Councilman Brooks, seconded by Councilman Beeman, Council adjourned the meeting at 10:10pm until Tuesday, January 21, 2014 at 5:30pm at the Civic Center.

(subject to approval of the City Council)

**s/Cynthia S. Bennett, CMC
City Clerk**

The Washington City Council met in a planning session on Tuesday, January 21, 2014 at 5:30 pm at the Civic Center. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Reatha B. Johnson, Assistant City Clerk and Franz Holscher, City Attorney.

Also present were: Matt Rauschenbach, Administrative Services Director/C.F.O.; Stacy Drakeford, Police & Fire Services Director; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Keith Hardt, Electric Utilities Director; John Rodman, Community/Cultural Resources Director; Susan Hodges, Human Resources Director; and David Carraway, IT Department.

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

APPROVAL/AMENDMENTS TO AGENDA:

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

CLOSED SESSION – UNDER NCGS § 143-318.11 (a)(3) ATTORNEY/CLIENT PRIVILEGE AND (a)(6) PERSONNEL

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council agreed to enter closed session under NCGS § 143-318.11(a)(3) Attorney/Client Privilege; and (a)(6) Personnel at 5:35 pm.

By motion of Councilman Pitt, seconded by Councilman Brooks, Council agreed to come out of Closed Session at 6:30 pm.

STRATEGIC PLANNING SESSION:

City Manager, Brian Alligood explained the meeting tonight will consist of an overview. Staff will come back at the Committee of the Whole and have conversations regarding policy and where Council would like for us to go. This will provide an opportunity for a more detailed informative session.

DISCUSSION: ALLEN LEWIS, PUBLIC WORKS DEPARTMENT

Public Works Director, Allen Lewis reviewed the Public Works Division 2014 Budget.

Current FY:

Budget revenues and expenditures are in-line with where they should be.

Councilman Mercer questioned the fund balance appropriated and/or capital reserve appropriated in every fund within Public Works and did we need to look into raising rates or reducing expenditures to ensure that expenditures do not exceed revenues. Mr. Lewis and Mr. Alligood stated that these funds were only being used for capital projects, not re-occurring expenditures, and all of the appropriated funds have been approved by Council in the past.

All major projects/capital in Public Works General Fund divisions have been completed or purchase orders have been issued except for the bathrooms at the 3rd Street ball fields.

(Equipment department: air compressor, buildings and grounds: power rake, bleachers, raising backstops and boardwalk replacement.)

EDA Grant water/sewer project design is underway. Projects include parallel water line from WTP to US 264, liquid chlorine feed system at WTP, upgrade pump station at Cherry Run, generator at WWTP and replace the pump station at Water and Bonner. Bid project in November 2014, start construction February 2015 with completion by December 2016.

Other major sewer projects/capital this FY: approximately half of sewer manhole rehab work has been completed, clarifier painting at WWTP to be done by end of FY, return sludge pump number 2 at WTP has been replaced and design has been completed for Fountain pump station generator – waiting for bids.

Purchase order for replacement rear load garbage truck (483) has been issued - waiting on delivery.

Tractor replacement at cemetery is complete and new tractor/backhoe is in use on a regular basis.

Airport terminal design and project site work has been completed. Execution of terminal construction project contract expected in March with construction expected to begin in mid-March. Completion should be completed in March of 2015.

Solar farm project at the airport is operational. Contractor has some minor clean-up to perform.

Both corporate hangars have new tenants.

At the Division of Aviation's request and with Council approval, we will be applying for grant funds to design and replace the antiquated runway lighting system on the primary runway, 5/23. Grant funds used for this project are above and beyond our annual Vision 100 funds.

Council did not have any questions regarding Current FY.

Upcoming FY:

Replace two pick-up trucks (\$25K - \$39K) in buildings and grounds.

Replace tractor (\$90K), street sweeper (\$290K) and dump truck (\$70K) in the street department.

John Rodman will address possible future needs in Parks and Recreation that will impact Public Works buildings and grounds staff.

Replace three smaller vehicles (\$25K or under) in the water and sewer funds. Replace effluent pump (\$25K) at the WWTP and control panel (\$35K) at 5th and Respass pump station.

Continue large water meter replacement program (*Councilman Mercer inquired is this giving half the money for meters 1-1 ½” and if there is less than 50 big meters? Mr. Lewis answered he believes this to be correct.*)

Continue manhole rehab program to reduce I/I.

Continue EDA water/sewer project design and begin construction of previously mentioned projects. Total costs, including engineering, construction, legal, admin and, contingency: \$2.8 million.

Continue construction of terminal building at airport and possible replacement of runway 5/23 lights.

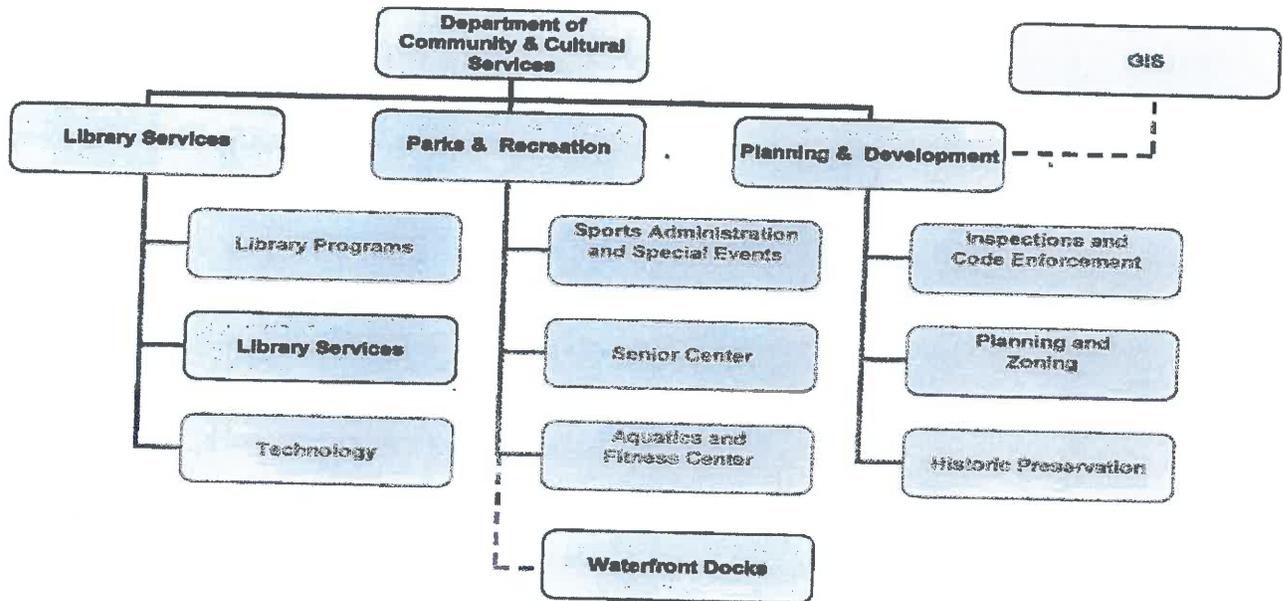
Replace leaf machines (2 @ \$30K each) and front load garbage truck (\$250K)

Replace pole storage building (\$65K) at Oakdale cemetery and resurface/pave roads in cemeteries (\$35K).

Mayor Pro tem Roberson asked if there is a long range plan regarding grave sites ~ what we have now may last 20-30 years what will happened when we run out of space? Mr. Lewis voiced previously Council had stated when we run out of space we run out of space. Mayor Pro tem Roberson, also will we have lots for sale on a pay as you go basis (type of financing) this would benefit our City employees. He would like to have this discussion during the budget sessions. Mr. Lewis voiced we will look into it and Mr. Alligood clarified this would be under policies.

DISCUSSION: JOHN RODMAN, COMMUNITY & CULTURAL RESOURCES

Community and Cultural Resources Director, John Rodman began his presentation with the department organization.



- Planning and Development
- Code Enforcement and Inspection
- Planning and Zoning
- Historic Preservation
- Floodplain Management

Planning and Development Services:

Overview/Projects:

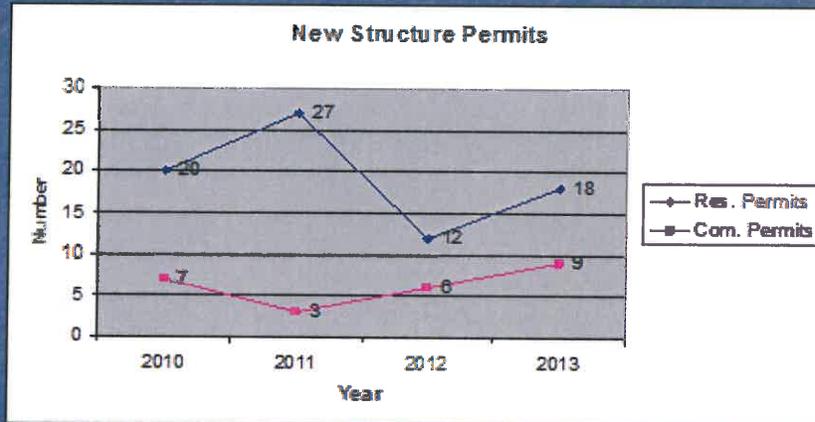
- Completed update of the City’s comprehensive Plan
- Committee completed an update of the Historic Preservation Guidelines
- Began both Historic Preservation and a Building Inspection Newsletter
- Retained our Certified Local Government status
- Participated in the NFIP Community Rating System (CRS) program – recognizes activities that exceed minimum flood insurance standards. * Mr. Rodman noted they had received class seven (7) rating – 15% reduction in flood premium.
- Received grants and began construction for the Lighthouse Restrooms and Boaters Facility

Staff Certifications:

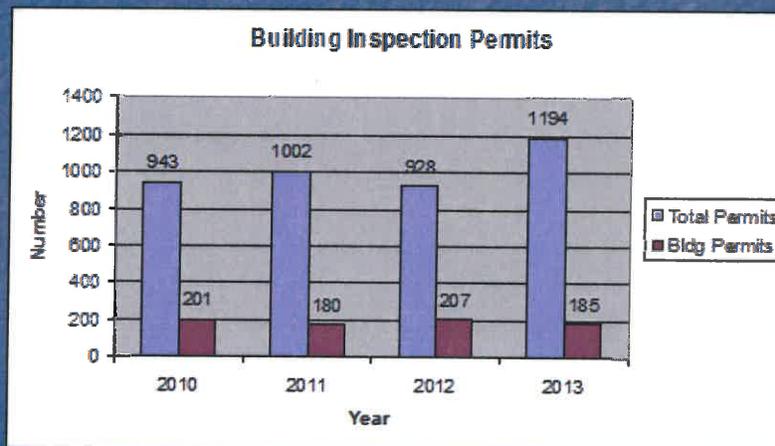
- Certified Zoning Official
- Certified Housing Code Official
- Certified LEEDS Official (this certification helps with energy efficiency)
- Certified Floodplain Manager (this certification helps with CRS)
- Building Officials retained Level III certifications in all 5 trades

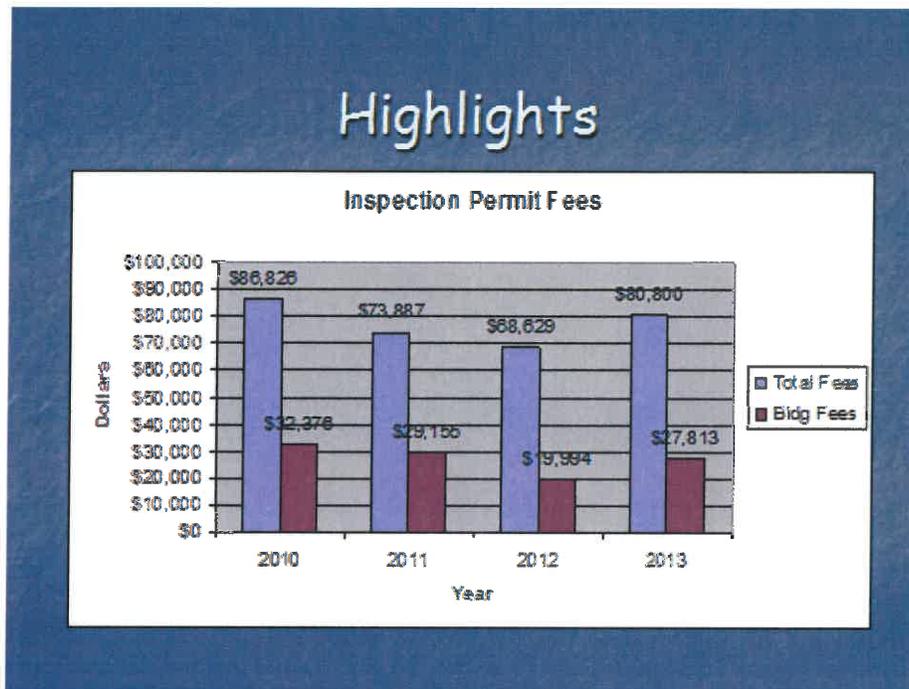
(Highlights)

Highlights



Highlights





Goals and Challenges – 2014

- Begin the process of revising and consolidating the Zoning Ordinance, Subdivision Ordinance, Sign Ordinance, and other departmental regulations into a ***Unified Development Ordinance***.
- Complete the Non-Residential Maintenance Code for sub-standard commercial structures.
- Complete a Code Enforcement Procedures Manual.
- Complete the process for the re-organization of the waterfront dock management.
- Complete the Wayfinding sign Program – Begin the review for a comprehensive corridor and entranceway study to improve the major gateways into the community.
- Better utilize and enhance our Demolition by Neglect Ordinance for the Historic District.
- Investigate the process for a Downtown Master Plan (Streetscapes).
- Develop an ordinance to incorporate Load Management into New Construction.
- Continue to improve the Department and the City’s use of GIS and document management technology.

Mayor Pro tem Roberson inquired if we currently issue minor permits to CAMA and Mr. Rodman said ‘yes’. Mayor Pro tem Roberson suggested letting the State continue and move those duties from City staff (this maybe an overlapping issue).

Parks and Recreation Services:

- Administration
- Sports/Events
- Seniors
- Aquatic and Fitness Center
- Waterfront Docks

Overview/Projects
(Administration)

- Comprehensive Recreation Master Plan is being completed.
- Bicycle Plan is being reviewed by DOT.
- Update of Pedestrian Plan to begin in February.
- Applied for NC State Trails Grant for Kayak launch at Havens Gardens.

Goals and Challenges – 2014
(Administration)

- Havens Gardens Master Plan update.
- Apply for CAMA grant to complete pedestrian walkway at Runyon Creek.
- Apply for Marine Fisheries grant to update fishing pier.
- Apply for 2015 PARTF grant for remaining upgrades at Havens Gardens.
- Find suitable location for construction of tennis courts.
- Relocate soccer complex.
- Additional softball & baseball fields to McConnell.

Goals and Challenges – 2014
(Sports and Events)

- Additional gym space at Bobby Andrews Recreation Center.
- Lack of enough parking and condition of parking area at McConnell complex.
- Expanding parking to property on Springs Road.
- Length of time Complex is open to activities.

Mayor Pro tem Roberson asked if anything had come up in the Kugler Field discussion and Mr. Alligood voiced they are looking at cost and continuing conversation with Dr. Phipps, School Superintendent.

Overview/Projects
(Senior Center)

- Received SCOPE evaluation – determined Senior Center of Excellence
- Grace Martin Harwell Senior Center – is a Non-Profit
- Receives funding from United Way and has 3-5 fund raisers through the non-profit.
- Completed upgrade of entranceways & handicap ramp.

Goals and Challenges – 2014
(Senior Center)

- Lack of parking space for seniors – in competition with Civic Center.
- Replacing Van 802 (13 years old) – 7 passenger van.
- Upgrades to Peterson Building – cleaning stairwells, windows, replace ceiling tiles, clean exterior building.

Overview/Projects
(Aquatics Center)

- Hired new Supervisor in August.
- Working on new programs and data.
- Updating pool documents and standards.
- Increasing membership – 189 new members.
- Repairing dehumidifier system.
- Will replace duct work.

Goals and Challenges – 2014
(Aquatics Center)

- Replacement of current supervisor – leaving in March.
- Loss of dehumidifier caused excess moisture in the facility.
- Possible replacement of dehumidifiers*
- Repair and replace roof.
- Installation of a monitored fire system.
- Repair plaster in the crack in the pool.

Mayor Pro tem Roberson inquired about the humidifier and Councilman Pitt inquired as to the life expectancy of the unit? Mayor Pro tem Roberson noted we have been piece milling the unit for years.

Councilman Mercer asked who gave permission to decrease the fees in January and Mr. Rodman stated he will bring this information back to Council.

Overview/Projects
(Waterfront & Docks)

- Replaced damaged decking on A and B docks.
- Completed replacement of decking on boardwalk.
- Relocated the Weather Tower.
- Begin construction of Lighthouse Restrooms and Boaters Facility.
- Appointed Waterfront Dock Committee.

Goals and Challenges – 2014
(Waterfront & Docks)

- Promenade and boardwalk lights are obsolete – replacing as a on demand.
- Preparing for change over of waterfront docks – occupying new facility.
- A budget for emergency removal of derelict boats
- Receive funding and complete construction of public pier.

Library Services:

- Library Programs
- Library Services
- Library Technology

Overview/Projects

- Total circulation requests increase by 22,000 requests.
- Number of programs and program attendance increased.
- New adult and new children cards decreased.
- Installation of new lighting system by 10%. (\$3,460 yearly savings)

Goals and Challenges – 2014

- Complete computer virtualization.
- Prepare for NC Cardinal conversion.
- Weed and update non-fiction collection.
- Keep Brown Library collection current and relevant to our patrons.
- Debt setoff– 147 active accounts in debt setoff - \$13,000 in unpaid fees and fines.

DISCUSSION: STACY DRAKEFORD, POLICE & FIRE SERVICES

Police and Fire Services Director Drakeford reviewed his presentation and began with the Fire Department.

**FIRE DEPARTMENT
2011-2013 ACTIVITY**

	2011	2012	2013
EMS	2,266	2,310	2,443
ENGINE	752	679	651
TRAINING HOURS	1,266	2,101	1,819
PUBLIC EDUCATION	72	114	43
FIRE INSPECTIONS	567	625	478

**FIRE DEPARTMENT
2011-2013 ACTIVITY**

	2011	2012	2013
PLAN REVIEW	77	77	78
CAR SEAT INSTALLATION	10	23	31
HOME SAFETY INSPECTIONS	54	4	35
SMOKE ALARM INSTALLATION	73	1	54

**POLICE DEPARTMENT
2011-2013 ACTIVITY**

	2011	2012	2013
CALLS FOR SERVICE	21,518	22,325	24,995
CITATIONS	1,658	1,442	2,603
WARNINGS	440	190	706
ARRESTS	1,244	1,214	1,059

CITY ORDINANCES	99	175	111
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**POLICE DEPARTMENT
2011-2013 ACTIVITY**

	2011	2012	2013
PAWN/METALS TICKETS	8,359	8,885	7,325
ACCIDENTS	718	741	690
TRAINING HOURS	1,512	3,680	3,413
EVIDENCE COLLECTION	1,155	1,280	1,199
ANIMAL CONTROL	567	625	764 (178)

**POLICE DEPARTMENT
2011-2013 ACTIVITY**

PART 1 VIOLENT CRIME	2011	2012	2013
HOMICIDE	0	1	0
RAPE	5	3	3
AGGRAVATED ASSUALTS	57	48	48
TOTAL	62	52	51

**POLICE DEPARTMENT
2011-2013 ACTIVITY**

PART 1 PROPERTY CRIME	2011	2012	2013
BURGLARY	156	158	110
LARCENY	499	553	531
VEHICLE THEFT	20	7	8
TOTAL	675	718	649

HIGHLIGHTS 2013

- Medium Rescue
- Designated as Fire Officer III
- Water Rescue Certification
- Rescue Truck promoted in National Fire Magazine
- Police Management Course 8 month Program
- UNC-EMS Administration and Medical Disaster Management Program
- National Fire Academy
- Crime Prevention Courses
- Community Events –
 - NFL Day
 - Thanksgiving Food Delivery

- Shop with PSO
- National Night Out
- Meet and Greets
- Community Presentations
- Crisis Intervention Certification
- Project Next Step
- Internship program
- Developed Community Partnerships
- Purchasing of Equipment

GOALS 2014

- Reduce Crime Rate
- Increase Community Activities
- High Angle Certification
- Confine Space Certification
- Heavy Rescue
- Crisis Intervention Training
- Cross Training Opportunities
- Emergency Response Training
- Career Development Program
- Management and Leadership Training

DISCUSSION: KEITH HARDT, ELECTRIC UTILITIES

Utilities Director, Keith Hardt reviewed the Electric Department presentation:

Current Fiscal Year Project Update

- 2nd Street / 5th Street Feeder Rebuild
- Grimesland Road Feeder Construction
- NC 32 North Feeder Rebuild
- White Post Substation to Slatestone (Substation inter-substation Tie Feeder)
- (Main Substation) – Highland Drive Feeder Breaker Replacement
- Downtown Electrical Improvements
- Vehicle Replacement

2nd / 5th Street Feeder Rebuild

- 2-year CIP Project: \$400,000
- This project will rebuild the two main feeders serving the downtown area and the areas in around 5th Street within Washington.
- The current feeder location is behind the Willows and is inaccessible due to easement encroachments.
- Additional scope has been added to this project.
- Year 1: Engineering – COMPLETE
- Year 2: Construction – pending budget approval early next year

- Included in the upcoming FY 2014-15 CIP and annual budget.

Main Substation Feeder Exits

- New Upcoming FY 2014-15 CIP Project: \$250,000
 - During the engineering of the 2nd / 5th Street Feeder project it was determined that the underground feeder exits from the Main Substation are in need of replacement.
 - This project will be completed in conjunction with the overhead feeder rebuild.
- Year 1: Construction
 - Included in the upcoming FY2014-15 CIP and annual budget.

Grimesland Road Feeder Construction

- 4-year CIP Project: \$800,000
 - This project will construct a feeder to cross Tranter’s Creek and relieve feeder overloading on the Clark’s Neck feeder.
 - The engineering of this project includes numerous water crossings including a 900 foot inverse grade creek crossing.
- Year 1: Engineering – IN PROGRESS
 - Year 2: Engineering
 - Included in the upcoming FY 2014-15 CIP and annual budget.
 - Year 3 & 4: Construction

NC 32 North Road Feeder Rebuild

- 3-year CIP Project: \$700,000
 - This project will rebuild the feeder along NC 32 North from Douglas Crossroads to Slatestone Substation.
 - The project is needed due to facilities beyond their useful life as well to improve inter-substation tie capabilities.
- Year 1: Engineering – IN PROGRESS
 - Year 2 & 3: Construction
 - Included in the upcoming FY2014-15 CIP and annual budget.

White Post – Slatestone Tie Feeder Construction

- 4- year CIP Project: \$1,400,000
 - This project will construct a feeder from White Post Substation to Slatestone Substation.
 - The project is needed to improve inter-substation tie capabilities so as to serve customers in the event of a substation loss and during routine switching for maintenance.
- Year 1: Engineering – DELAYED ONE YEAR
 - Included in the upcoming FY 2014-15 CIP and annual budget
 - Year 2, 3 & 4: Engineering & Construction

(Main) Highland Drive Breaker Replacement

- 1-year CIP Project: \$40,000 (came in at \$36,000)
 - COMPLETED

Downtown Electrical Improvements

- 5- year CIP Project: \$1,500,000
- This project will consists of decorative street lighting, traffic signals and event power facilities within the central business district.
- This project is predicated upon the Streetscape Plan being completed.
 - No Streetscape Plan approved in the FY 2013-14 budget.
 - No work completed to date.

Vehicle / Equipment Replacements

- Vehicle #651
 - ½ Ton Pickup with Work Body
 - Completed
- Vehicle #616
 - Bucket Truck
 - Purchasing and final inspection complete
 - Delivery by 1 May 2014 – depends on work being done – may be June

Fiscal Year 2015 Projects

- Continued Projects
 - 2nd Street / 5th Street Feeder and Substation Circuit Exits Rebuild – Construction
 - Grimesland Road Feeder – Engineering Phase II
 - NC 32 North Feeder Rebuild – Construction
 - White Post Substation to Slatestone Substation Inter-substation Tie Feeder – Engineering
 - Downtown Electrical Improvements (gage Streetscape)
- New Projects
 - 15th Street Feeder Rebuild (Bonner Street to Washington Street) – Construction

Fiscal Year 2015 Vehicle Replacements

- Vehicle #614
 - Sports Utility Vehicle
 - Removed from FY 2013-14 Budget
 - 2004 model; 204,000 miles
- Vehicle #613
 - Currently a ½ ton pickup for the Underground Construction Crew

- Due to the increased amount of PPE, safety equipment and tools required by this crew this vehicle is in need of an upgrade to a crew cab chassis with an attached utility body.
- 2005 model; 118,822 miles

- Vehicle #617
 - Digger Derrick / Line Truck
 - 1996 model; 86,120 miles; 9,451 hours

DISCUSSION: MATT RAUSCHENBACH, FINANCE/ADMINISTRATION

Administrative Services Director/C.F.O. Matt Rauschenbach reviewed and explained each department revenues, expenditures and administrative services:

Administrative Services 2014
1/21/14

Finance

- GFOA Certificate of Achievement in Financial Reporting
- Grant management development
- Marketing- consistent format/information/education
- Customer Service- foot traffic/demographics, chronic disconnect list
- Systems age/functionality

Human Resources

- Health care cost/wellness initiative
- Pay & classification study
- Systems age/functionality

Purchasing/Warehouse

- Systems age/functionality

Information Systems

- FY 13/14 Projects
 - o Fiber to Comm Center and Station 2
 - o PEG Channel upgrades
 - o System functionality review
- FY 14/15 Projects
 - o Redundant VOIP PRI at Comm Center **(Councilman Mercer inquired as to why a different location is required rather than City Hall – Mr. Rauschenbach and Mr. Carraway explained).*
 - o Fiber to Jacks Creek
 - o Security Assessment implementation

- GIS utilization
- Police Department network upgrade

1/21/2014

GENERAL FUND 2014

	Budget	December Revenue Year to Date	Uncollected Year to Date	Estimate	vs. Budget	Notes
Revenue:						
Advalorem taxes	4,341,324	1,203,529	3,137,795	4,341,324	0	
Sales Taxes	2,398,890	730,474	1,668,416	2,398,890	0	
Utility franchise & sales tax	1,276,395	394,928	881,467	1,276,395	0	
Other taxes	138,998	27,451	111,547	138,998	0	
PILOT	162,838	0	162,838	162,838	0	
Miscellaneous	79,040	41,032	38,008	79,040	0	
Rent	601,722	307,989	293,733	483,901	(117,821)	Springs Rd
234 Springs Rd. proceeds	0	0	0	750,000	750,000	Springs Rd
OS agency	29,000	24,318	4,682	29,000	0	
Financing proceeds	383,600	0	383,600	0	(383,600)	Pay as you go
Admin charges:					0	
Other	185,654	59,068	126,586	185,654	0	
Enterprise funds	2,202,635	1,101,317	1,101,318	2,202,635	0	
Transfers:					0	
Public safety debt service	166,985	0	166,985	166,985	0	
Economic development	156,000	0	156,000	156,000	0	
Powell Bill	112,495	56,247	56,248	112,495	0	
Enterprise funds	470,000	235,000	235,000	470,000	0	
Police	110,526	19,451	91,075	110,526	0	
Fire/EMS	983,762	318,927	664,835	983,762	0	
Planning/Inspection	63,510	55,459	8,051	63,510	0	
Public works	188,395	188,156	239	188,395	0	
Recreation	248,330	90,666	157,664	244,130	(4,200)	
Library	34,214	16,543	17,671	35,214	1,000	
Fund balance appropriated	<u>685,032</u>	<u>0</u>	<u>685,032</u>	<u>412,418</u>	<u>(272,614)</u>	Cash capital, rent, Springs Rd.
Total	15,019,345	4,870,557	10,148,788	14,992,110	(27,235)	

1/21/2014

GENERAL FUND 2014

	December							
	Approp	Expenditure	Enc. Year to	Unencumbered	Estimate	vs. Budget	% Exp. &	% Spent
	Amount	YTD	Date	Balance			Enc.	
Expenditure:								
City Council	62,676	22,646	0	40,030	62,676	0	36	36
Mayor Office	13,800	7,060	0	6,740	13,800	0	51	51
City Manager	307,694	155,846	0	151,848	307,694	0	51	51
TDA Director	105,952	48,698	0	57,254	105,952	0	46	46
Human Resources	296,764	146,305	6,250	144,209	296,764	0	51	49
Finance Director	526,674	279,204	2,654	244,816	526,674	0	54	53
Purchasing/wise.	135,633	62,570	0	73,063	135,633	0	46	46
Information Services	403,098	150,875	61,590	190,633	403,098	0	53	37
Billing Department	154,823	71,597	0	83,226	154,823	0	46	46
Customer Service	598,658	266,461	217	331,980	598,658	0	45	45
Legal Services	268,458	148,365	0	120,093	268,458	0	55	55
Municipal Building	263,903	187,646	0	76,257	263,903	0	71	71
Miscellaneous	915,767	404,394	0	511,373	915,767	0	44	44
Economic Development	156,000	48,000	0	108,000	156,000	0	31	31
Contingency	10,090	0	0	10,090	0	(10,090)	0	0
Police Department	2,922,710	1,328,983	52,452	1,541,275	2,922,710	0	47	45
E-911 Communications	399,483	156,456	3,810	239,217	399,483	0	40	39
Fire Department	745,832	336,837	29,866	379,129	745,832	0	49	45
EMS	1,612,914	772,114	1,392	839,408	1,612,914	0	48	48
Code Enforcement/Inspections	311,334	146,943	0	164,391	311,334	0	47	47
Planning/Zoning	405,005	145,006	0	259,999	405,005	0	36	36
Garage	114,512	66,963	220,358	(172,810)	114,512	0	251	58
Street Maintenance	484,532	236,285	0	248,247	484,532	0	49	49
Powell Bill	395,292	94,403	41,211	259,678	395,292	0	34	24
Street Lighting	126,240	53,534	0	72,706	126,240	0	42	42
Public Works Director	70,018	32,259	0	37,759	70,018	0	46	46
Stormwater	311,946	148,505	0	163,441	311,946	0	48	48
Brown Library	444,766	234,100	17,861	192,805	444,766	0	57	53
Recreation Administration	179,505	109,300	1,191	69,014	179,505	0	62	61
Events & Facilities	190,260	83,835	7,703	98,722	190,260	0	48	44
Senior Programs	250,798	99,460	26,965	124,373	250,798	0	50	40
Waterfront Docks	120,301	50,412	394	69,495	120,301	0	42	42
Civic Center	152,427	76,313	1,300	74,814	152,427	0	51	50
Aquatic Center	350,003	142,861	61,538	145,664	350,003	0	58	41
Parks & Grounds Maintenance	621,441	278,530	36,683	306,227	621,441	0	51	45
Outside Agencies	139,780	83,323	5,000	51,457	139,780	0	63	60
Debt Service	<u>350,256</u>	<u>240,395</u>	<u>0</u>	<u>209,961</u>	<u>433,111</u>	<u>(17,145)</u>	<u>53</u>	<u>53</u>
Total	15,019,345	6,916,425	578,436	7,524,484	14,992,110	(27,235)	56	46
Net Revenue	0				0	0		

Mr. Rauschenbach explained the highlighted expenditures are areas he looks at closely because they are either over or under. Also, he explained that the Civic Center is run through the City's payroll in response to Mayor Pro tem Roberson's question and Councilman Mercer added everything is a wash.

Electric Fund Projection

1/21/2014

Electric

	Projected	Budget	G/(L)
<u>Revenue</u>			
Sale of Electricity	34,499,972	34,351,623	148,349
Other Revenue	<u>2,428,233</u>	<u>2,428,233</u>	<u>0</u>
Total revenue	36,928,205	36,779,856	148,349
<u>Expenditures</u>			
Purchased power	28,236,466	28,180,620	(55,846)
Operations	<u>9,442,873</u>	<u>9,422,873</u>	<u>(20,000)</u>
Total Expenditures	37,679,339	37,603,493	(75,846)
Net income/(loss)	(751,134)	(823,637)	72,503
Pay as you go capital	<u>806,075</u>	<u>0</u>	<u>(806,075)</u>
Fund balance appropriated	1,557,209	823,637	(733,572)

Notes:

1. Sale of electricity and purchased power cost based on actual through November and remainder of the year same as last year.
2. Other revenue and operations expenditures are expected to be on budget.
3. Fund balance appropriated includes pay as you go capital.

Councilman Mercer questioned purchased power and sales cost (if you are going to buy less how are you going to sell for more ~ you would assume your income would drop) and Mr. Rauschenbach stated he will need to go back and review.

General Fund Gap 2015

1/21/2014

Estimate FY 13/14	Recurring FY 13/14	Gap FY 14/15	Category	Notes
Fund Balance Appropriated:				
214,428	214,428	214,428	Initial appropriation	PL(319), PS debt svc(46), debt 141
	(22,500)	(22,500)	PEG Channel incl. in initial	
	(5,975)	(5,975)	Veterans Park incl.in initial	
322,246		-	PO carry forward	
37,425		-	Project carry forward	
66,000		-	WHDA	
6,653	6,653	6,653	Sr. Center PT Salaries	
33,831		-	Jimmy Davis settlement	
1,274	1,274	1,274	Public Works Supv. II reclass	
3,175		-	City Manager relocation	
396,669		-	Cash capital vs. financing	
5,000	-	-	Recreation Master Plan match	
1,086,701	193,880	193,880	Total FB Appropriated	
234 Springs Rd.:				
120,511	120,511	392,736	Rent	
3,256	3,256	11,163	Suppl. Rent vs. debt service	
(750,000)	0	0	Springs Rd. sales proceeds	
Grant clawbacks:				
25,000	25,000	75,000	CDBG Keysville Rd.	250 total, 25 paid, 75/yr for 3 yrs. 5 built, 10/31/14 deadline
		55,716	CDBG WHA (3)	
-	-	(42,000)	Escrow offset (7)	
(601,233)	148,767	492,615	Total Springs Rd. & Clawbacks	
485,468	342,647	686,495	Sub-total FB, Springs Rd, & CB	
Salary & Benefits:				
187,970		67,664	COLA (1%)	Salaries 6,766,399
166,999		81,848	Health Care Cost (8%)	Health ins. 1,023,102
(47,922)		47,922	Restore HSA contribution (600 to 926)	Employees 147
-	-	6,766	Retirement (0.1%)	
307,047	-	204,201	Total Salary & Benefits	
Other:				
		8,056	Property, casualty, liab. Ins. (5%)	GF PCL cost 161,117
		5,794	Workers Comp Excess (15%)	GF WC 38,629
376,121		200,000	Electric Fund Transfer Reduction	Prior 4 years, 175/yr.
		35,000	Pay & classification study	Deferred for FY 2013/2014
75,000		50,000	Way finding implementation	Phase 2
		20,000	Street Scape Study	Def. 2013/2014, elec. improvements
-	-	50,000	Warehouse/PD parking lot	Deferred, 75 split 3 ways, add'l 25 PD
451,121	-	368,850	Total Other	
758,168	0	573,051	Sub-total Salary/Benefits & Other	
1,243,636	342,647	1,259,545	Grand Total	0.15 Equiv. prop. tax

Mr. Rauschenbach answered all questions Council voiced regarding the General Fund Gap (retirement, contribution, benefits, etc.).

**DISCUSSION: BRIAN ALLIGOOD, CITY MANAGER –
ORGANIZATIONAL REVIEW**

City Manager, Brian Alligood generally discussed the proposed reorganization plan and answered all questions received from City Council:

General Fund

1/21/2014

Eliminated Positions

<u>Name</u>	<u>Position</u>	<u>Total</u>
Phillip Mobleby-retirement	GF -Parks & Recreation Director	(101,494)
Sandy Blizzard-retirement	GF- Asst. Police Chief	(65,700)
Vacant Position	GF- Police Officer	(44,868)
Vacant Position	GF- Police Officer	(44,868)
Vacant Position	GF- Police Adm. Support Specialist	(39,628)
Jasper Hardison-retirement	GF- Fire Division Chief	(79,708)
Homer Wallace -retirement	GF- Rec. Maintenance Supervisor	(60,309)
Jason Bryant-RIF	GF- Aquatic & Fitness Supervisor	(47,482)
Mark Peed-RIF	GF- Equipment Mechanic 2	(52,766)
Full time to part time	GF -Customer Service Representative	(14,151)
Total Eliminated Positions		(550,974)

Positions added or upgraded

<u>Name</u>	<u>Position</u>	<u>Total</u>
Kristi Roberson-position upgraded	GF- Parks & Recreation Manager	2,892
Stacey Drakeford-Glen Reed replacement	GF- Police & Fire Service Director	13,605
Mac Daniels-position upgraded	GF- PW Supervisor 1	1,696
Tanner Bright-added position	GF- Recreation Maintenance Worker	34,292
John Rodman-position upgraded	GF -Comm. & Culture Service Director	4,030
Matt Rauschenbach-position upgraded	GF- Administrative Services Director	0
Lois Blackstock-added position	GF- Animal Control Officer	45,379
BC Animal Control Contract Elimination	GF	(26,312)
Eddie Gurganus-position upgraded	GF 50%/Cem 40%/Airport 10%- General Ser	2,369
Total Positions Added or Upgraded		77,951

Sub-total Net Reorganization Cost Reduction	(473,023)
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Current Vacancies (Position Budgeted in FY 13/14)

<u>Name</u>	<u>Position</u>	<u>Total</u>
Jimmy Pollard-retirement as of 9/30/13	GF- Police Division Commander	(63,786)
SRO Officer	GF- SRO Officer	(53,158)
SRO Revenue	GF-	75,676
Vacant Position as of 10/25/13 - Budgeted at	GF- Firefighter/EMT	(44,532)
Vacant Position as of 1/1/14 - Budgeted at	GF- Firefighter/EMT	(44,532)
Vacant Position as of 1/12/14 - Budgeted at	GF- Firefighter/EMT	(44,532)
David Gibbs-retirement	GF- PW Superintendant	(76,818)
Total Current- Vacancies		(251,582)

Grand Total General Fund	(724,705)
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Organizational Review

1/21/2014

Enterprise Funds

Eliminated Positions

Name	Position	Total
Vacant Position	Elec- Electric Line Worker	(43,285)
Nicole Williams-transfer to HR vacancy	Elec- Electric Admin. Support Specialist	(53,070)
Total Eliminated Positions		(96,355)

Positions added or upgraded

David Daniel-added position	Airport Operations Technician added	44,532
FBO- net cost reduction adjustment	Airport	(36,813)
Total Positions Added or Upgraded		7,719

Sub-total Net Reorganization Cost Reduction **(88,636)**

Current Vacancies (Position Budgeted in FY 13/14)

Al Legget-retirement as of 1/31/14	Elec- Electric Line Operations Supt.	(97,490)
Vacant Position as of 3/1/11	Elec- Electric Engineer	(47,747)
Total Current- Vacancies		(145,238)

Grand Total Enterprise Funds **(233,874)**

Councilman Mercer suggested he thought we were contracting with the County for Animal Control and Mr. Alligood stated we were initially but the City has its own officer now. Also, Mr. Alligood stated he and Mayor Hodges has been in conversations with Dr. Phipps, School Superintendent regarding the SRO officers. The City was providing this service to the School system at a reduced rate and is not in a position now to subsidize that cost. It is anticipated the school will acquire this service from the County.

City Manager, Brian Alligood voiced he met with each Department Head and reviewed the reorganization structure and shared there are a number of challenges to meet. If we look at reducing people, we will have to look at reducing services and suggested having this conversation during budget. We will provide Council with information concerning what it will take to do next year exactly the way we are doing it this year. Council will be able to give staff direction at that time. Councilman Mercer requested an update on the CIP, so that we can see what was in the CIP last year versus what we have in the CIP this year. Mr. Alligood agreed and voiced he and Mr. Rauschenbach has already discussed putting together a vehicle replacement plan.

ADJOURN – UNTIL MONDAY, JANUARY 27, 2014 AT 5:30 PM, IN THE COUNCIL CHAMBERS AT THE MUNICIPAL BUILDING.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council adjourned the meeting at 10:00 pm until Monday, January 27, 2014 in the Council Chambers at the Municipal Building.

(subject to approval of the City Council)

**s/Reatha B. Johnson
Assistant City Clerk**

The Washington City Council met in a continued session on Monday, January 27, 2014 at 5:30 pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Stacy Drakeford, Police & Fire Services Director; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Keith Hardt, Electric Utilities Director; John Rodman, Community/Cultural Resources Director; Kristi Roberson, Parks and Recreation Manager; Susan Hodges, Human Resources Director; Gloria Moore, Library Director; Lynn Wingate, Tourism Director; David Carraway, IT Department and Mike Voss, Washington Daily News.

Mayor Hodges called the meeting to order and Councilman Pitt delivered the invocation.

APPROVAL/AMENDMENTS TO AGENDA:

Mayor Pro tem Roberson requested adding Item 1. A

➤ Discussion - City's Inclement Weather Policy

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

DISCUSSION: CITY'S INCLEMENT WEATHER POLICY

Mayor Pro tem Roberson requested Mr. Alligood explain the City's Inclement Weather Policy. Mr. Alligood provided a highlight of the Inclement Weather Policy. Mr. Alligood noted the Inclement Weather Policy is addressed in the City's Personnel Policy which states City offices don't close unless it is approved through the City Manager's office. As Council is aware, the City provides a lot of essential services regardless of the weather. Terms "critical" and "non-critical" are defined by emergency services, emergency response, water/waste treatment, electric (things that have to go on no matter what). If there is a deviation from the schedule, those employees who are considered by the policy (non-critical) can use comp time, vacation time to cover their hours. Mr. Alligood advised City Council that he had forwarded an email to all employees regarding the policy – email included.

"As you are aware, the National Weather Service has issued a winter storm warning for much of Eastern Carolina from Tuesday at 10 a.m. through Wednesday at 4 p.m. Snow is expected to begin falling Tuesday night into Wednesday morning. At this time, the forecast is predicting anywhere from 4-8" of snowfall in our area. This forecast will continue to be refined and adjusted based on the position of an offshore low as the cold front moves through. Changes in the position of that low will determine the extent of the snow amounts in our area.

As you are also aware, the City has to maintain a certain level of services regardless of the weather and the resulting conditions it causes. As such, offices and departments will operate for the full scheduled working day unless authorization for closing or schedule deviation is provided from the City Manager's office. If a closing or schedule deviation is required, staff members in

non-continuous operating offices and departments may use vacation, earned comp time or time without pay for the un-worked hours. Please review the City’s Personnel Policy for additional details.

As always, please use your best judgment in determining your ability to safely travel and make that decision based on your individual situation. If you are in an office or department that must continue to operate and are not comfortable driving, please discuss this with your supervisor. The City, in limited situations, has the ability to pick you up and take you home.

Thank you and please be safe during this upcoming event.
 Brian M. Alligood, City Manager”

DISCUSSION: GRANT UPDATES

City Manager, Brian Alligood stated a general standardized template has been provided for every grant and explained the template. Mr. Alligood voiced that grant update discussions will become a part of each Committee of the Whole meeting. Councilman Mercer commented this is a great report.

Grant Executive Summary
 as of 12/31/2013

Fund	Grant Description	Dates			Financials				Deliverable			Compliance Reporting Status	Notes	
		Award	Expiration	Completion	Revenue		Expenses		Metric	Total	Achieved			Bal.
					Budget	Actual	Budget	Actual						
50	CDBG Affordable Housing	04/09/10	12/31/13	10/31/14	227,700	185,719	227,700	185,719	LMI homes	10	5	5	12/19/13	Clawback extension until 10/31/14
51	Blue Goose	03/01/13	03/01/15	02/01/15	350,000	265,707	350,000	241,707	Jobs (60%LMI)	16	16	0		Job creation targets met
52	Comprehensive Bicycle Plan	05/26/11	12/31/13	06/30/14	35,000	7,000	35,000	30,863				0		DOT reviewing draft, distribute for review in February
57	CDBG for Job Creation	07/06/12	01/16/15	07/06/14	200,000	114,925	200,000	138,712	Jobs(7 new/1 ret.)	8	6	2		Remaining equipment on order to complete project
61	Pedestrian Plan Grant	05/20/13	09/30/13	12/31/14	10,000	10,000	10,000	-				0		Start delayed for bike plan adoption, committee meets in Feb.
	Adopt a Trail Grant			r/a	10,000	-	10,000	-				0		Grant not funded, re-apply if funding becomes available
65	Econ. Development- Spinrite	01/07/12	01/07/15	01/07/15	90,000	90,365	90,000	67,500	Jobs	100	76	24		City match expended for new jobs certified
66	Airport Terminal Grant	04/04/13	07/01/15	03/31/15	1,255,902	397,597	1,255,902	167,662				0		Const. bid awarded 12/9/13, waiting on NCDQA agreement
67	Facade Grant Program	07/01/13	06/30/14	06/30/14	10,000	17	10,000	9,354				0		\$10,090 add'l authorized in Jan, GF transfer in February
68	Old City Hall Rehab	04/10/12	02/23/15		200,000	-	200,000	-				0		Developer financing not secured, make re-purchase decision
70	Parks & Rec Master Plan	05/20/13	09/30/13	02/28/14	50,000	45,000	50,000	33,700				0		Staff complete draft review/revisions in January
76	EDA Water Projects	09/11/13	03/11/17	02/28/17	1,428,262	-	1,428,262	-				0		Eng. bid awarded, topo surveys begun, award const. Dec 2014
77	EDA Sewer Grants	09/11/13	03/11/17	02/28/17	1,423,894	-	1,423,894	183				0		Eng. bid awarded, topo surveys begun, award const. Dec 2014
78	Light House RR & Boater Facility	01/17/12	01/17/15	06/30/14	344,397	94,397	344,397	16,775				0		Bid awarded, constr. begun, on schedule to complete June 2014
	CDBG Keysville Rd.	2005	6/4/2013	06/30/16	320,000	320,000	320,000	320,000				0	12/23/13	Constr. financing an issue, monthly progress meetings w/MEC

DISCUSSION: CONTINUATION OF STRATEGIC PLANNING SESSION

City Manager, Brian Alligood explained Council had been provided with a copy of last year’s goals and objectives (2012-2013) and sought direction from Council on how they wish to continue the discussion and direct staff as to how they wish to proceed.

Councilman Mercer stated the 2012-2013 goals are still pertinent – still ongoing projects. These are activities that should be ongoing unless completed and can be removed. Councilman Mercer provided members of Council with goals he would like to see accomplished for 2014-2015. If there are any concerns, Mr. Alligood can address them during budget discussions. Councilman Mercer stated we cannot continue to live off of fund balance.

2014-2015 Goals

Budget

1. Reduce transfer from Electric Fund to General Fund to \$250,000.

2. Minimize Fund Balance appropriations in all cost centers. ** Mr. Alligood voiced you can use fund balance (one time money) for one time expenditures but when you start mentioning re-occurring expenditures you get in trouble.*
3. Evaluate equipment replacement on use as well as time schedule. ** Mr. Alligood explained their goal is to set up a vehicle replacement schedule spreadsheet.*
4. Consider outsourcing commercial trash collection.
5. Reduce cost of Legal services.
6. Review rates to insure revenue will cover a continuation budget.
7. Reduce contribution to outside agencies by 50%. Request budgets from all agencies so we can see what monies are being use for. **Mr. Alligood voiced this can be provided and requested direction from Council as to which ones would be cut or which ones we will continue to fund. Councilman Mercer stated at this point the only one he sees will not be cut is the Zion Shelter.*
8. Add no new outside agencies.
9. Maintain current level of benefits. **Councilman Mercer clarified by stating “maintaining the level of expenditures”.*
10. If item is not in CIP, a detailed explanation of why needed.
11. Review administrative charges and method for assessing to all funds.
12. Can we aim to bid all construction projects before January 2015? If we don't have the engineering done by then, should the project be divided over a two year period, engineering the first year and construction the second year.

Others

1. Continue review of organizational structure and ways to reduce staff. **Mr. Alligood commented that he would need direction regarding this item “we have to set a level of expectancy in services” because we can reduce personnel in departments; however, can we maintain the level of service in which we are providing to the standard in which we need to provide it? We need to clearly understand from Council what is that standard? Councilman Mercer noted you can look at ways to reduce your force and continue to maintain your service. Mr. Alligood cited an example in staffing at the Fire Department and explained the Fire Department maintained the same level of service but when they lost three grant positions all of a sudden we are at a decreased level of service and Council understood this. Council advised “if you need to bump up the overtime budget then that’s what you need to do and that is the trade off”.*
2. Routine review of Personnel Policy for adjustments.
3. Update CIP.
4. Review Boards and Commissions to insure they are meeting Council expectations and guidelines for their conduct set forth by City Code. Council needs to set some goals for each Board and convey those goals during a meeting with the Board (could be during second meeting of the month). Repeal ordinances for boards no longer needed or re-establish, if needed.

5. Attempt to schedule quarterly meetings with the County Commissioners (or part of that Board).
6. Continue regular meeting of City and County leaders in the area of economic development.
7. Look to establishing a Grant Writing position (new or combination of current positions).
8. Need to continue to streamline permitting processes in all City activities.
9. Need to review Green Fleet Policy and implement, or repeal.
10. Need to review Electric Fund Transfer Policy and revise, or eliminate.
11. Review and up-date City website.
12. Get new City logo on equipment.
13. Review and possibly revise trash collection fees at apartment complexes. **Mr. Alligood commented, at the direction by Council, that he and Mr. Lewis looked at the policy. The majority of the apartment complexes did not want the individual cans and requested the large dumpsters. The residents in the large complexes have access to yard pick up and bulky waste pick up. Staff will bring this back to Council to see if they wish to address it in a different manner.*

**COMMENTS FROM MEMBERS OF CITY COUNCIL REGARDING COUNCILMAN
MERCER 2014-2015 BUDGET SUGGESTIONS:**

Councilman Pitt:

1. **Item #4** - Outsourcing Commercial Trash – a lot of trash is being outsourced as it is
2. **Item # 7** - Reducing outside agencies by 50% (Council had talked about 10% a year and doing it over a period of time – we have a lot of good partners).

Mr. Alligood's response: He understood when Council looked at the opportunity to reduce services – they suggested reducing personnel based on attrition and that as we went through the process of employees retiring or leaving the organization we would look at that and would not necessarily send anyone home. Outsourcing trash collection fits well with attrition and falls in line with Council's direction to not send employees home. Conversation regarding outside agencies is a matter of receiving direction from Council advising staff as to where we should go.

Councilman Brooks:

1. **Item # 1** - Reducing Electric Fund to General Fund by \$250,000 – don't know if this can be accomplished but look at it when we get into the budget.
2. **Item # 4** - Outsourcing Commercial Trash – we did that at one time and it didn't work. When you have in-house people doing your work you get a better job. When you get a contract, people drag their feet and you are stuck with the contract.
3. **Item # 7** - Reducing outside agencies by 50% - cannot recall 50% but Council did agree to reduce it some.

4. **Item # 12** - Construction projects that we get grants for – we should have a limited time on people getting grants and if it can't be fulfilled at that time we need to look at doing something very different.
5. **Item # 10** - CIP – we have things to come up sometime and if we have a group of employees that tells us exactly what is needed and we have a problem if we don't trust them.
6. **Item # 9** – Maintain current level of benefits – would like to see how the benefits are done and what can we do to improve it.

Mr. Alligood's response: He is hearing a lot of comments on the outsourcing of commercial trash. When you get in the residential and the recycling piece we handle internally and agree we have control over those things. Mr. Alligood voiced we have to make sure that we give Council the information they need ensuring you understand why it needs to be done in regards to the CIP. This is fair; we owe this to Council so they can make a decision about whether you want staff to move forward.

Mayor Pro tem Roberson:

1. **Item #1** - \$250,000 - no question about the City's policy in the past regarding reducing the transfer but the amount has not been established. He feels \$250,000 might be a little tough this year considering things he has looked at on the preliminary budget. Not saying we shouldn't reduce the funds but unsure about \$250,000.
2. **Item # 2** - Minimized the fund balance appropriations in all cost centers – one thing that would help is if we knew how much money we owe in terms of how much money we are paying down and when we are going to pay it off. Council needs to know what we have outstanding.
3. **Item # 4** - Outsourcing Commercial Trash – He recalls the process Council looked at was having the City of Washington bid on it as well. If we are going to go outside on the commercial we are going to look at the franchise rate and at that time we will go out and format the franchising. If the City of Washington wants to bid on it, in which Council advocated, seeing the cost containment. We might be below the commercial side.
4. **Item # 5** - Reducing the legal services – feels we all need to look at that and stated he doesn't know how the City Attorney will cut down on the claims based on the legal reports he has been receiving. If staff sees something (pothole, etc.) we need to call attention to it.
5. **Item # 6** - Ensure continuation of the budget – collection side on our tax rate.
6. **Item # 9** - Maintain the current level of benefits – questioned decreasing insurance: if you are with the City for 20 years and have a decreasing term policy - the employees have paid in over 20 years and by the time you pass 70 it is only worth \$1,000.

Mr. Alligood's response: Obviously there is a challenge on both sides regarding the \$250,000 – challenge on the General Fund side and then a challenge on the Electric Fund side. The fund balance is going in the wrong direction in the Electrical department. Mr. Alligood stated the City does not have a lot of debt out there and this is a good thing, Mayor Pro tem Roberson agreed. Mr. Alligood suggested, he thinks the new tax and tag program that the General Assembly put in place that started this year will help with the collection side of the tax rate.

Councilman Beeman:

1. **Item # 4** - Outsourcing Commercial Trash – would an outside agency adhere to the same level of standards that we have set forth in our trash collection? If we get locked in would an outside agency not increase their rate every year or every three years? The outside agency would have the ability to increase fees to the City unless you are able to lock in.
2. **Item # 12** - Bid all construction projects before January 2015. How would that impact the bid of the job? Will that increase the job rate or the bid itself?

Mr. Alligood's response: It would depend on the construction projects (when we anticipate the engineering to be done). Obviously, we don't want there to be any significant amount of time between the engineering and the actual bid. Engineers are giving us their best estimate and if we wait six months then the bidding environment may be different.

Mayor Hodges:

1. **Item # 1** - Loss of revenue from selling the old Hamilton Beach building – we may take a \$100,000 hit for the next three years and it would make it hard for the Electric Fund.

At this point, Council discussed the **others** items on Councilman Mercer's list for 2014-2015.

**COMMENTS FROM MEMBERS OF CITY COUNCIL REGARDING COUNCILMAN
MERCER 2014-2015 OTHER SUGGESTIONS:**

Councilman Pitt:

1. **Item # 4** - Reviewing Advisory Boards – Advisory Boards are meant to advise the Council – they must have the right direction from Council and realize where they need to go with their advice.
2. **Item # 10** - Electric Fund Transfer Policy – to deviate away from this – keep customers more advised as to our changes/deposits and policies (be more interactive with our customers – we are not doing a good job).
3. **Item # 11** - Updating website – a lot of our customers do not have internet. Explore things like Facebook. We have a lot of our customers who use smart phones. Social media is a means to contact the general public.
4. **Item # 13** - Trash fee – agree (also would like to see the City being more of a recycling steward – set as a goal)

Councilman Brooks:

1. **Item # 1** - Reduce staff – yet you try to get the same amount of production out of people (you will burn your employees out, they will get sick and insurance will go up). Department Heads should be allowed to make that call and tell us how his department is running. Routine Personnel Policy representative needs to tell us what we need to keep and things to let go.
2. **Item # 4** - Boards and Commissions – we need to know what our goals are and give direction to the boards.

3. **Item # 5** - Attempting to schedule quarterly meetings with the County Commissioners – feels it should not be listed as a goal but talk to them one on one via the City Manager.
4. **Item # 7** - Grant writing – inquired if we had an employee here before writing grants? Mr. Allgood responded ‘yes’ there was a position here for that but there was a higher paying position in another municipality which took her away. Councilman Brooks felt this was a great loss to the City of Washington.
5. **Item # 10** - Electric Fund Transfer Policy – employees have an opportunity to talk to us and tell us why we need to do things before we do anything.
6. **Item # 9** - Green Fleet Policy – do something or get it off the books
7. **Item # 12** - Logo on equipment – this will cost money and thought we were trying to cut the budget.
8. **Item # 13** - Review tax collection fees at the apartment complexes – Councilman Brooks stated he does not know the answer to that but the staff person in charge of trash collection should advise Council as to what could or could not be done.

Mayor Pro tem Roberson:

1. **Item # 6** - Schedule quarterly meetings with the County Commissioners – don’t mind meeting with the County Commissioners and any other Board but if this happens we need to have an agenda before meeting with them (outlining common things that we need to take a look at – specifically Economic Development).
2. Added goal – **Business Privilege License** – stay on top of this as the Governor has targeted that in the past.
3. Added goal – **Council and Staff** – come up with innovative ways to make some money and cited some examples.

Councilman Beeman:

1. Nothing at this time

Mayor Hodges:

1. **Item # 4** - Advisory Boards he has attended has been good and high quality. Councilman Mercer may be aware of some of them that fall under the scope he was talking about and need to be eliminated but he would like to see them become more active.
2. **Item # 6** - Agrees it will be fine to have regular meeting with the City and County leaders – relationship with the EDC and Committee of 100 is better than it has been in years.
3. **Item # 11** - Agrees with Councilman Pitt regarding activities of the City of Washington in communication with the City and would like to see a monthly Facebook page but pursue it a step further and have a huge email list with churches and civic groups (we have a disconnect of a lot of things going on in the City).
4. Added goal – Would like to see a Wedding Association in Washington. Feels this would generate a lot of jobs because there is a lot of moving parts.
5. Streetscape – in and out of the budget but would like to see this carried forward. Goldsboro received a \$10 million dollar Tiger Grant and had established a good working relationship with Congressman Butterfield and suggested we improve our relationship with Congressman Butterfield and Congressman Jones.

Councilman Mercer expressed that one of the things the Mid East Commission is trying to set up is a face to face meeting with our local legislative leaders.

Councilman Mercer noticed in the Manager's presentation on 1-21-14 there was a 1% COLA which would be about \$100,000 and if you tie it to the merit raises we would be talking about payroll going up approximately a quarter of a million dollars a year. Councilman Mercer suggested being very careful and consider everything that will be going up (benefit package, retirement contribution). Mr. Alligood explained that Mr. Rauschenbach noted the CPI had indicated a cost of living adjustment, but this would always come to Council as a service expansion for Council approval.

Mayor Hodges commented the owner of Zaxby's acknowledged how professional the City staff worked with their company. Zaxby's manager was aglow when mentioning his relationship with John Rodman, Wayne Harrell and the Inspection department.

City Manager, Brian Alligood voiced what he was hearing tonight was public education and getting information out to the citizens. Currently, we have a decentralized method of doing this as each department is in charge of doing their own. This will come back to Council in the new budget as a service expansion request with a designated public information officer to be a centralized point of media relations.

Mayor Pro tem Roberson voiced he would like to revisit "Energy Audits". A consultant came in and performed energy examinations for each one of our buildings inside the City. What ever happened to that report and implementing those strategies in terms of energy cost and energy reduction (cited an example)? Councilman Mercer stated there was also a report generated placing solar panels on the roof of City Hall and it would pay for itself in less than 24 months. The prior manager was having conversation with Sun Energy contributing to the installation – we should follow-up on this as well.

Mayor Pro tem Roberson stated "we do owe the Police Department, I think, some determination about where the station's going to be located". We sort of dropped that discussion in transition with managers but we need to reexamine this and at least make the acquisition of the property in terms of their (police) space needs. Mayor Pro tem Roberson voiced we don't have to do it for this (upcoming) budget. Mr. Alligood voiced we're having some of those internal conversations about what we need to look at and whether it would be a combined public safety center to include Police/Fire/EMS; move forward and figure out the long term. Councilman Brooks agreed with Mayor Pro tem Roberson and suggested getting the Police Facility done.

Mayor Pro tem Roberson voiced as a City we need a current address system – this is basic information and we don't have it. We, as a Council, need to look at addressing GIS system and maintaining an official City Map in the Clerk's office. Mr. Alligood shared there have been some conversations internally regarding GIS base map. Also, he and the County Manager have had some conversations about jointly working together. Mayor Pro tem Roberson suggested his last conversation with the County about allocating the cost, the County went ahead and hired two people, and City never did get it GIS system. Mr. Alligood explained the Granville County

model noting the County maintained the GIS system and allowed the municipalities inside the County to add their layers (maps) onto it. Mr. Alligood stated the conversations between he and Mr. Woodruff have been very productive.

Councilman Beeman stated he would like to see the Parks and Recreation Department address and form a committee addressing fees – alter fees and increase if needed. Mayor Hodges voiced when you have free concerts why do you have to pay a fee for Festival Park. Councilman Beeman noted that the cost of the umpires and equipment has increased and where does that come from. Councilman Mercer voiced they have tried working on this before and it is a good idea. Mr. Alligood voiced this will be a piece of the budget and will need to be discussed. Staff would need to know any changes Council would like to make regarding fees. With Council direction maybe this will go to the Recreation Advisory Committee and request they review fees. Council members shared that proportional shares of fees (Recreational/Library, etc) were at length between the City and the County. Mr. Alligood stated the City has a strong investment in the City structure and facilities and this is a valid conversation to have.

ADJOURN – UNTIL MONDAY, FEBRUARY 10, 2014

By motion of Councilman Pitt, seconded by Mayor Pro tem Roberson, Council adjourned the meeting at 7:00pm until Monday, February 10, 2014 at 5:30 p.m. in the Council Chambers at the Municipal Building.

(subject to approval of the City Council)

**s/Cynthia S. Bennett, CMC
City Clerk**



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Michael Whaley, Purchasing Agent
Date: January 28, 2014
Subject: Declare Surplus/Authorize Electronic Auction of Vehicle through GovDeals

Applicant Presentation: N/A
Staff Presentation: N/A

RECOMMENDATION:

I move that City Council declare surplus and authorize the sale of the following vehicle through electronic auction using GovDeals.

BACKGROUND AND FINDINGS:

The purpose of this Council Action is to declare surplus the following vehicle and authorize the sale of this vehicle through electronic auction using GovDeals.

<u>Vehicle Number</u>	<u>Make/Model</u>	<u>Serial Number</u>	<u>Odometer Reading</u>
651	2002 Dodge Quad Cab	1DTHA18Z72J192125	119,068

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

Currently Budgeted (Account _____) Requires additional appropriation
 No Fiscal Impact

SUPPORTING DOCUMENTS

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: Concur _____ Recommend _____ Denial _____ No Recommendation
2/4/14 Date February 10, 2014



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Matt Rauschenbach, Administrative Services Director/C.F.O.
Date: February 10, 2014
Subject: Controlled Substance Fund Appropriation
Applicant Presentation: N/A
Staff Presentation: Matt Rauschenbach

RECOMMENDATION:

I move that City Council adopt a Budget Ordinance Amendment to appropriate funds from Police Department reserved fund balance.

BACKGROUND AND FINDINGS:

Compliant appropriation of restricted use funds.

PREVIOUS LEGISLATIVE ACTION

2013-2014 adopted budget and amended budget.

FISCAL IMPACT

Currently Budgeted (Account _____) Requires additional appropriation
 No Fiscal Impact

SUPPORTING DOCUMENTS

Budget Ordinance Amendment

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: but Concur _____ Recommend Denial _____ No Recommendation
Date 2/11/14 February 10, 2014
Page 60 of 245

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

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

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$20,000 in the account Fund Balance Appropriated, account number 10-00-3991-9910.

Section 2. That account number 10-10-4310-5701, Police Department portion of the General Fund appropriations budget be increased in the amount of \$20,000.

Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. This ordinance shall become effective upon its adoption.

Adopted this the 10th day of February, 2014.

MAYOR

ATTEST:

CITY CLERK



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Matt Rauschenbach, Administrative Services Director/C.F.O.
Date: February 10, 2014
Subject: Audit Contract Award for fiscal year 2013-2014
Applicant Presentation: N/A
Staff Presentation: Matt Rauschenbach

RECOMMENDATION:

I move that City Council award the audit contract for fiscal year 2013-2014 to Martin Starnes and Associates, CPA, PA located in Hickory, NC at a cost of \$34,000.

BACKGROUND AND FINDINGS:

In 2011 the Finance Department went out to bid for an independent auditor to perform the fiscal year 2010-2011 audit and Martin Starnes was awarded the bid. The Request for Proposal stated that the City intended to continue the relationship with the auditor for 5 years on the basis of annual negotiation after the completion of the first year's audit. The contract is consistent with the bid submitted and we are recommending that Council award the audit contract for fiscal year 2013-2014 to Martin Starnes, & Associates, CPA, PA in the amount of \$34,000.

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

Currently Budgeted Requires additional appropriation No Fiscal Impact in FY 13/14 budget; will be paid out of FY 14/15 budget.

SUPPORTING DOCUMENTS

Audit Contract
Bid Tab

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: *Find* Concur _____ Recommend Denial _____ No Recommendation
2/14/14 Date

**City of Washington
FY 10/11 Audit Proposals
April 1, 2011**

<u>Audit Firm</u>	<u>FY 10/11 Contract Price</u>	<u>FY 11/12 Est. Cost</u>	<u>FY 12/13 Est. Cost</u>	<u>FY 13/14 Est. Cost</u>	<u>FY 14/15 Est. Cost</u>
Martin Starnes & Associates, CPA, PA	\$ 32,000	\$ 33,000	\$ 33,000	\$ 34,000	\$ 34,000
Pittard, Perry, & Crone, Inc.	\$ 36,500	\$ 37,500	\$ 38,600	\$ 39,750	\$ 41,000
McGladrey, Inc.	\$ 35,600	\$ 37,250	\$ 37,500	\$ 37,750	\$ 38,000
Petway, Mills, & Pearson, PA	*	*	*	*	*
Thompson, Price, Scott, Adams & Co., PA	*	*	*	*	*

* The cost section of the bid proposal was not opened.

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

January 15, 2014

Matt Rauschenbach, Chief Financial Officer
City of Washington
102 East Second Street
Washington, NC 27889

Dear Matt:

Enclosed are *two copies* of the Contract to Audit Accounts for the City of Washington for the Year Ended June 30, 2014, along with an attached copy of our firm's peer review letter.

Please have the Mayor sign and date the contract in the spaces provided. You also need to sign and date the Preaudit Certificate, where indicated. The Local Government Commission also requires the date when the governing board approved the contract to be completed. Please return one copy of the signed contract to our office in the enclosed, self-addressed envelope and keep one copy for your records. The Local Government Commission will notify you via email once the audit contract has been approved.

Thank you for your prompt attention to this matter. If you have any questions, please feel free to contact our office.

Sincerely,

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Enclosures

CONTRACT TO AUDIT ACCOUNTS

Of City of Washington, NC
Governmental Unit

On this 15th day of January, 2014, Martin Starnes & Associates, CPAs, P.A.
Auditor

730 13th Avenue Drive SE, Hickory, NC 28602

Mailing Address

, hereinafter referred to as

the Auditor, and City Council of City of Washington, NC, hereinafter referred
Governing Board Governmental Unit

to as the Governmental Unit, agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit for the period beginning July 1, 2013, and ending June 30, 2014. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate discretely presented component units, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).
3. This contract contemplates an unqualified opinion being rendered. If financial statements are not prepared in accordance with GAAP, or the statements fail to include all disclosures required by GAAP, please provide an explanation for that departure from GAAP in an attachment.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards*, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2014. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] The process for

February 10, 2014

invoice approval has changed. All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent through the portal at: <http://nctreasurer.slgfd.leapfile.net>. Subject line should read "Invoice - only. The PDF invoice marked 'approved' with approval date will be returned by email to the Auditor for them to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Act:

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards]

Audit \$28,700

Preparation of the annual financial statements \$5,300

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. ~~The 75% cap for interim invoice approval for this audit contract is \$ 25,500~~

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed prior to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements are used in the preparation of official statements for debt offerings (the Auditors' opinion is not included), by municipal bond rating services, to fulfill secondary market disclosure requirements of the Securities and Exchange Commission, and other lawful purposes of the Governmental Unit, without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless, another time frame is agreed to by the LGC.

The LGC's process for submitting contracts, audit reports and Invoices are subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

In addition, if the OSA designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the LGC for approval. The portal address to upload your amended contract and letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net>. No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

Contract to Audit Accounts (cont.)

City of Washington, NC

(Name of Governmental Unit)

- 16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item 17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 23 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued.
19. The contract must be executed, pre-audited, physically signed by all parties and submitted in PDF format including Governmental Unit and Auditor signatures to the Secretary of the LGC. The current portal address to upload your contractual documents is http://nctreasurer.slgfd.leapfile.net Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of September 4, 2013. These instructions are subject to change. Please check the NC Treasurer's web site at www.nctreasurer.com for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. The Auditor acknowledges that any private employer transacting business in this State who employs 25 or more employees in this State must, when hiring an employee to work in the United States, use E Verify to verify the work authorization of the employee in accordance with N.C.G.S. §64 26(a). The Auditor acknowledges further that any such private employer and its subcontractors must comply with all of the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (North Carolina's E-verify law), and that such private employer has a duty under the law to ensure compliance by its subcontractors. The Auditor further acknowledges that this contract is of the type governed by S.L. 2013-418, which makes it unlawful for a local government to enter into certain types of contracts unless the contractor and its subcontractors comply with North Carolina's E-verify law, and that failure to comply with such law could render this contract void. The Auditor hereby covenants, warrants and represents for itself and its subcontractors that with respect to this contract the Auditor and its subcontractors shall comply with the provisions of North Carolina's E-verify law and that failure to comply with such law shall be deemed a breach of this contract and may render this contract void.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16.)
24. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

Audit Firm Signature:

Firm Martin Stames & Associates, CPAs, P.A.

By Amber Y. McGhinnis, Audit Manager

(Please type or print name)

Amber Y. McGhinnis

(Signature of authorized audit firm representative)

Email Address of Audit Firm:

amcghinnis@martinstames.com

Date January 15, 2014

Governmental Unit Signatures:

By Mack Hodges, Mayor

(Please type or print name and title)

(Signature of Mayor/Chairperson of governing board)

Date

Date Governing Body Approved Audit Contract - G.S. 159-34(a)

Date

Unit Signatures (additions):

By N/A

(Chair of Audit Committee- please type or print name)

(Signature of Audit Committee Chairperson)

Date N/A

(If Governmental Unit has no audit committee, this section should be marked "N/A.")

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

Matt Rauschenbach, Chief Financial Officer

Governmental Unit Finance Officer (Please type or print name)

(Signature)

Email Address of Finance Officer

mrauschenbach@washingtongov

Date

(Preaudit Certificate must be dated.)



Koonce, Wooten & Haywood, LLP
CERTIFIED PUBLIC ACCOUNTANTS

SYSTEM REVIEW REPORT

May 22, 2012

Martin, Starnes & Associates, CPAs, PA and the
Peer Review Committee, North Carolina Association
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA (the firm) in effect for the year ended December 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA, in effect for the year ended December 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin, Starnes & Associates, CPAs, PA has received a peer review rating of *pass*.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619
919 782 9265
919 783 8937 FAX

Durham
3511 Shannon Road
Suite 100
Durham, North Carolina 27707
February 10, 2014
919 854 2588
919 489 8185 FAX

Pittsboro
10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312
919 542 6000
919 542 5764 FAX

Requisition Form

City Of Washington
P.O BOX 1988
WASHINGTON, NC 27889

Requisition #:13949
PO #: Not Assigned
User Name: Al Leggett

Date: 01/23/2014
Approved By: Keith Hardt
Approved Code: Awaiting Final Approval
Total Amount: \$21,940.00

BCI UTILITY CONSTRUCTION
5117 RIVER ROAD
WASHINGTON, NC 27889

Ship To:
CITY OF WASHINGTON WAREHOUSE (ELE
203 GRIMES ROAD
WASHINGTON, NC 27889

Vendor Instructions: Electric T&D
Al Leggett
975-9315

Quantity	Description	Job Number	Unit Price	Extended
1420	Section One, Sweet Briar UG Cable Replacement. 2" pipe bore.		\$10.00	\$14,200.00
430	4" pipe bore.		\$18.00	\$7,740.00
			Sub Total	\$21,940.00
			Total Tax	\$0.00
			Total	\$21,940.00

Account Number	Account Description	Amount	
35-90-8390-4500	CONTRACT SERVICES	\$21,940.00	
		Total	\$21,940.00

Requisition Approval History

Approval Date	Approval Description	Approved by	PO Number
1/28/2014	DEPT LEVEL APPROVAL	Keith Hardt	Not Assigned

This Requisition is awaiting Final PO Approval

Approval List

Dept Level Approval:	_____
Department Head:	_____
PO Level Approval:	_____
Purchase Order Prep:	_____

Requisition Form

City Of Washington
P.O BOX 1988
WASHINGTON, NC 27889

Requisition #:13950
PO #: Not Assigned
User Name: Al Leggett

Date: 01/23/2014
Approved By: Keith Hardt
Approved Code: Awaiting Final Approval
Total Amount: \$22,360.00

BCI UTILITY CONSTRUCTION
5117 RIVER ROAD
WASHINGTON, NC 27889

Ship To:
CITY OF WASHINGTON WAREHOUSE (ELE
203 GRIMES ROAD
WASHINGTON, NC 27889

Vendor Instructions: Electric T&D
Al Leggett
975-9315

Quantity	Description	Job Number	Unit Price	Extended
2236	Section Two, Sweet Briar Subdivison Cable Replacement. 2" pipe bore.		\$10.00	\$22,360.00
Sub Total				\$22,360.00
Total Tax				\$0.00
Total				\$22,360.00

Account Number	Account Description	Amount
35-90-8390-4500	CONTRACT SERVICES	\$22,360.00
Total		\$22,360.00

Requisition Approval History

Approval Date	Approval Description	Approved by	PO Number
1/28/2014	DEPT LEVEL APPROVAL	Keith Hardt	Not Assigned

This Requisition is awaiting Final PO Approval

Approval List

Dept Level Approval: _____
Department Head: _____
PO Level Approval: _____
Purchase Order Prep: _____

Requisition Form

City Of Washington
P.O BOX 1988
WASHINGTON, NC 27889

Requisition #: 13969
PO #: Not Assigned
User Name: Mike Whaley

Date: 02/03/2014
Approved By:
Approved Code: Awaiting Final Approval
Total Amount: \$52,362.61
Ship To:
CITY OF WASHINGTON WAREHOUSE
203 GRIMES ROAD
WASHINGTON, NC 27889

PIEDMONT TRUCK CENTER
412 S. REGIONAL ROAD
GREENSBORO, NC 27409

Vendor Instructions: Truck for Frankie Buck, Mike Whaley, 252-975-9308. This is to replace Vehicle #414. Attn: Spencer Wood

Quantity	Description	Job Number	Unit Price	Extended
1	F750 /F7F Cab and Chassis Ford Truck from State Contract #070G, Item #72. A) Color: White B) Color Interior: blue or gray vinyl C) freight included D) Title to: City of Washington, PO Box 1988, Washington, NC 27889.		\$52,362.61	\$52,362.61
Sub Total				\$52,362.61
Total Tax				\$0.00
Total				\$52,362.61

Account Number	Account Description	Amount
30-90-8140-7400	CAPITAL OUTLAY	\$52,362.61
Total		\$52,362.61

Approval List

Dept Level Approval: _____
Department Head: _____
PO Level Approval: _____
Purchase Order Prep: _____



Ruth's House, Inc.

P.O. Box 2843

Washington, North Carolina 27889

Phone: 252-940-0007

www.Ruths-house.org

ruthshouseinfo@gmail.com

Washington City Council Meeting

February 10, 2014

Request City of Washington to Partner with Ruth's House, Inc.

For "Our Amazing Race" – a one day fundraising event

MAY 31, 2014

TO: Honorable Mayor, Mac Hodges and Councilmen

FROM: Dot Moate, V.P. Ruth's House

Elaine Briley, Fund Raising Chairman

Ruth's House, Inc. a 501 (c) (3) non profit corporation formed in 2012 by a group of local church ministers and citizens of the community... On February 8, 2013 we opened a safe house for victims of domestic violence, here in Washington.

In the last 6 months our safe house operation has provided:

- Shelter for 37 people***
- Counseling for 87 people***
- Held 11 support group sessions***
- Given out domestic violence information to 144 people***
- Court advocacy services for 71***
- Managed 42 calls on the crisis line (day line only)***
- Conducted 16 educational information sessions for community groups***
- 2,226 volunteer hours have been used to operate the facility***

May, 2013 Ruth's House opened a retail shop downtown and we call it "Antiques and More". This was a spin off from the Antique Show we had last April. The public has been most generous in donating items for us to sell in the shop. The use of the building has donated, except for utilities, which we pay.

Ruth's House is asking the City to partner with us for "Our Amazing Race" which will be held on May 31 in Washington. We believe this event will bring people from out of the area as well as lots of local people. It will be a fun even and all proceeds go to support Ruth's House. By the City Partnering with us, we will take the fees we would have had to pay, and use for Ruth's House operation.

MEMORANDUM

DATE: February 10, 2014
TO: Mayor and City Council
FROM: Kristi H. Roberson, Parks and Recreation Manager
RE: SeaTow Pamlico Dockage

SeaTow Pamlico, dba Inland Enterprises, LLC will again execute a Waterfront Docking agreement with the City of Washington .

During the past year SeaTow Pamlico has been an invaluable resource to the Waterfront Docks Division, giving advice and assistance to the staff and boaters alike . Dock Attendants have requested logs to be removed from the docks an average of once per month via work order and other times while Larry Williams, Owner, was on site.

In addition to the usual assistance SeaTow Pamlico also:

- Helped to install the bird away caps on the pylons
- Help you with design of No Wake and location
- installed the life jacket loaner stand (Received great feedback for this, and will work on improvements for the 2014 season
- Relocated the Auto Radio Check system and improved our range and signal strength
- Advised staff and City Attorney regarding a delinquent Account, relocation/seizure of vessel.

The new docking agreement will be for the period of April 1, 2014– March 31, 2015.

Attached is a letter of intent from SeaTow Pamlico.

From: [Larry Williams](#)
To: [Teresa Hamilton](#);
Subject: W.W.F.D. / Seatow Pamlico Docking Agreement
Date: Wednesday, December 11, 2013 10:15:22 AM

Teresa,

Seatow Pamlico would like to renew our docking agreement for the 2014 boating season.

Thank you,

Cpt. Larry Williams
Sea Tow Pamlico
252-904-9965

Mayor
Mac Hodges

City Manager
Brian M. Alligood



Washington City Council
Richard Brooks
Doug Mercer
Larry Beeman
William Pitt
Bobby Roberson

MEMORANDUM

To: Brian Alligood, City Manager
From: Keith Hardt, P.E., Electric Utilities Director
Reference: Electric Advisory Board
Date: 31 January 2014

The Washington Electric Advisory Board met Wednesday, 15 January 2014 for their regular bi-monthly meeting. For the third consecutive meeting a quorum was not present.

During their 13 January 2013 regular meeting the Washington City Council requested that the Washington Electric Advisory Board evaluate the operation of the Electric Fund so as to recommend operational improvements and cost saving measures.

The request was conveyed to the attending members of the Advisory Board and discussion ensued. No action of the board was taken due to lack of a quorum.

The board requested that electric fund financials be forwarded to all members and that the electric department staff to prepare a load management presentation for the February regular meeting.

Mayor
Mac Hodges

City Manager
Brian M. Alligood



Washington City Council

Richard Brooks
Doug Mercer
Larry Beeman
William Pitt
Bobby Roberson

To: Mayor Hodges & Members of the City Council
From: Matt Rauschenbach, C.F.O.
Date: February 10, 2014
Subject: General Fund Budget Transfer

The Budget Officer transferred \$11,500 of funding between the Outside Agency and Streets Department of the General Fund to provide additional funds needed to rebuild the transmission of the Caterpillar backhoe in the Streets department.

NC GS 159-15 states that this shall be reported to the Council at its next regular meeting and be entered in the minutes. Transfer request is attached

Request for Transfer of Funds

Date: 2/3/2014

TO: City Manager or Finance Director
 FROM: Matt Rauschenbach
 SUBJECT: REQUEST FOR TRANSFER OF FUNDS

I hereby request the transfer of funds as set forth below from one account to another, all within the same appropriation fund account, as permitted and authorized by the General Statutes of North Carolina.

	Department	Account Number	Object Classification	Amount
FROM:	10-40-6170	9106	WHDA Contribution	11,500
TO:	10-30-5710	1700	M/R Vehicles	11,500

For the purpose of: Transfer funds to rebuild the transmission of the Caterpillar back hoe in the Streets department.

 Supervisor

Matt Rauschenbach

 Department Head

ACTION OF CITY MANAGER OR FINANCE DIRECTOR

Approved:

Disapproved:

* Request for Transfer of Funds from Department to Department require City Manager's approval.

Kevin M. Alligood

 City Manager or Finance Director

** Request for Intradepartmental Transfer of Funds require Finance Director approval.

 2/3/2014
 Date



HUMAN RELATIONS COUNCIL

102 East 2nd Street

Washington, NC 27589

Phone: 252-975-1280

Human Relations Council (HRC) Report for the month of January. Fax: 252-974-6461
Monday February 10, 2014 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:

Beaufort County Police Activities League President, Al Powell updated the Board on the PAL program and its accomplishments.

OLD BUSINESS:

ED Peed Commemoration Service – Vice-chair St. Clair requested any comments or necessary changes to the Ed Peed event ~ none was given at this time. Board members discussed food items and monetary contributions.

Update – KaBOOM event – Councilman Pitt briefed the Board on the attendance and the purpose of the KaBOOM grant acknowledging the great community involvement for this event.

Discussion – Budget FY 2014-2015 – Vice-chair St. Clair explained the HRC will need to advise City Council of the events that a planned for FY 2014-2015 and request funding appropriation.

The Human Relations Council agreed on sponsoring the following events for FY 2014-2015 and the requested dollar amount is included:

1. Ed Peed Commemoration & Brotherhood/Sisterhood Week	\$ 450.00
2. Fair Housing	250.00
3. Taste of Washington	200.00
4. Supplies	200.00
Total	\$1,100.00

There were no new events presented or planned and with the resignation of Ms. Ann Cherry, who headed up the Multicultural Festival, the requested amount of funding decreased from \$1,500 to \$1,100 with the Board not sponsoring the Multicultural Festival.

By motion of Board member O'Pharrow, seconded by Board member Jennette, the Board agreed to request funding appropriation of \$1,100.00 for FY 2014-2015.

NEW BUSINESS:

Approve – 2014 Proclamations: Human Relations Council Month, Edward Peed Day, Brotherhood/Sisterhood Week and ASALH/Black History Month. By motion of Board member Albritton, seconded by Board member Jennette, the Board approved the aforementioned proclamations.

OTHER BUSINESS:

FYI – All FYI items and reminders were discussed inclusive of December 10, 2013 report submitted to City Council, and the financial report. Vice-chair St. Clair inquired if the two applicants who wish to be appointed to the Human Relations Council had been submitted to City Council. Council liaison Pitt explained that due to an oversight on his part, there was only one applicant submitted and he would submit Mr. Matthew Babcock for appointment to City Council in the February 10, 2014 Council meeting.

OPEN DISCUSSION:

Council liaison Pitt voiced he was in the process of drafting a letter to surrounding area Fire/EMS personnel inviting them to the Ed Peed Commemoration. Also, he updated the Board on the grand opening of Zaxby's and the Waffle House.



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Cynthia S. Bennett, City Clerk
Date: February 5, 2014
Subject: Appointments to Human Relations Council
Applicant Presentation: N/A
Staff Presentation: N/A

RECOMMENDATION:

Human Relations Council: (Council Liaison: Pitt)

I move that the City Council appoint _____ to fill the unexpired term of Marisol Barr, term to expire June 30, 2016

BACKGROUND AND FINDINGS:

Advertisements were published in the Washington Daily News and Cable 9 for vacancies on various boards, commissions, and committees. Copies of all applications received were distributed to department heads to allow them time to meet with their Council liaison and Board Chairman. The Planning Board (1) Enlarged Planning Board (1), Alternate Member – Enlarged Board of Adjustment (1) and Airport Advisory Board (1) still have vacancies, but no additional applications were received.

Nominations will be made by the Council liaisons at the February 10, 2014 Council meeting.

PREVIOUS LEGISLATIVE ACTION

N/A

FISCAL IMPACT

Currently Budgeted (Account _____) Requires additional appropriation No Fiscal Impact

SUPPORTING DOCUMENTS

Board Applications

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: _____ Date Recommend Denial No recommendation _____

City of Washington Human Relations Council Application Form
*Please submit your completed form to the office of the City Clerk, PO Box 1988,
Washington, NC 27889 or by email cbennett@washingtormc.gov*

Name Matthew Ray Babcock

Address 210 West 12th Street; Washington, NC

Phone Numbers 252-508-3522 (Business) 252-940-1658 (home, cell or both)

Email Address Matthew.r.babcock@wellsfargo.com

Do you live within the corporate limits of Washington? yes no

Have you ever served, or do you currently serve, on a board or commission for the City of Washington? yes no

If yes, please indicate the board or commission on which you serve(d).

Do you anticipate a conflict of interest by serving as a member of the Human Relations Council? yes no

If yes, please explain. _____

Please state the reasons why you feel qualified for this appointment.

I have worked for several years in the Greenville area focusing on community needs primarily focused on poverty and hunger. This work has been done in conjunction with St. Paul's Episcopal Church and the Food Bank of Eastern North Carolina. In addition, I have lived in Washington for the past two years and continue to work for Wells Fargo Bank. As a bank officer, I am constantly in contact with local citizens and have a passion for working to better my community.

Please note that this information will be used by the City Council in making their appointments to the Human Relations Council. If you are appointed, this information may be used in a news release. It will remain on file for one year after its submission.

Matthew Ray Babcock
(Signature)

7/19/13
(Date)



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Allen Lewis, Public Works Director *ALW*
Date: January 29, 2014
Subject: Adopt a resolution to accept a grant in the amount of \$500,000 from the North Carolina Department of Transportation to help fund the Airport Terminal Project.

Applicant Presentation: N/A
Staff Presentation: Allen Lewis

RECOMMENDATION:

I move that Council adopt the resolution as shown on page four (4) of the attached Grant Agreement.

BACKGROUND AND FINDINGS:

The attached agreement is for State Aid to Airports in the amount of \$500,000. The City's matching contribution for these funds is \$55,555, or 10% of the total \$555,555. This grant will be combined with the other grant on the agenda tonight to fund the majority of this project. The matching proceeds for both of these grants will be the insurance proceeds from where the building was destroyed on July 1, 2012.

PREVIOUS LEGISLATIVE ACTION

Most recently 12-09-13 – tentative award of construction contract to A.R. Chesson Construction Company.

FISCAL IMPACT

Currently Budgeted (Account 66-90-3490-0005) _____ Requires additional appropriation
 No Fiscal Impact

SUPPORTING DOCUMENTS

Attached Block Grant Agreement.

City Attorney Review: _____ Date By: _____ (if applicable)
 Finance Dept Review: _____ Date By: _____ (if applicable)
 City Manager Review: *ALW* Concur _____ Recommend Denial _____ No Recommendation 2/4/14 Date

GRANT AGREEMENT

STATE AID TO AIRPORTS
BETWEEN
THE N. C. DEPARTMENT OF TRANSPORTATION,
AN AGENCY OF THE STATE OF NORTH CAROLINA
AND
CITY OF WASHINGTON

AIRPORT: WARREN FIELD

PROJECT # 36244.51.9.1

This Agreement made and entered into this the _____ day of _____, 20____, by and between the NORTH CAROLINA DEPARTMENT OF TRANSPORTATION (hereinafter referred to as "Department") and the **CITY OF WASHINGTON**, the public agency owning **WARREN FIELD** (hereinafter referred to as "Sponsor").

WITNESSETH

WHEREAS, Chapter 63 of the North Carolina General Statutes authorizes the Department, subject to limitations and conditions stated therein, to provide State Aid in the forms of loans and grants to cities, counties, and public airport authorities of North Carolina for the purpose of planning, acquiring, and improving municipal, county, and other publicly-owned or publicly controlled airport facilities, and to authorize related programs of aviation safety, education, promotion and long-range planning; and

WHEREAS, the Sponsor has made a formal application dated **DECEMBER 5, 2013** to the Department for State Financial Aid for **WARREN FIELD**; and

WHEREAS, a grant in the amount of **\$500,000** not to exceed **90 percent** of the non-federal share of the final, eligible project costs has been approved subject to the conditions and limitations herein; and

WHEREAS, the Grant of State Airport Aid funds will be used for the following approved Project (if a federal aid project, this scope shall also include any modifications thereto by the Federal Aviation Administration):

NOW THEREFORE, the Sponsor and Department do mutually hereby agree as follows:

PROJECT DESCRIPTION:

NEW TERMINAL BUILDING

1) That the Sponsor shall promptly undertake the Project and complete all work on the Project prior to the 1st day of JULY 2017, unless a written extension of time is granted by the Department.

2) Work performed under this Agreement shall conform to the approved project description. Any amendments to, or modification of, the scope and terms of this Agreement shall be in the form of a Modified Agreement mutually executed by the Sponsor and the Department, except that an extension of time may be granted by the Department by written notice to the Sponsor.

3) Debarment and Suspension: The Grantee agrees to comply, and assures the compliance by each of its third party contractors and sub recipients at any tier, with the provisions of Executive Orders Nos. 12549 and 12689, "Debarment and Suspension," 31 U.S.C. § 6101 note, and U.S. DOT regulations on Debarment and Suspension at 49 C.F.R. Part 29.

4) The Sponsor certifies that it has adhered to all applicable laws, regulations, and procedures in the application for and Sponsor's approval of the Grant.

5) For a material breach of this Agreement or the Sponsor's Assurances, the Sponsor shall be liable to the Department for the return of all grant monies received.

6) The Sponsor agrees to adhere to the standards and procedures contained in the State Aid to Airports Program Guidance Handbook (third edition, dated January 1997), unless the Department issues a written waiver.

7) The Sponsor agrees to comply with the "Sponsor's Assurances" contained as a part of this Agreement.

8) N.C.G.S. § 133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of any response in this grant agreement, you attest, for your entire organization and its employees or agents that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

IN WITNESS WHEREOF, THE PARTIES HERETO EXECUTED THIS GRANT AGREEMENT THE DAY AND YEAR FIRST WRITTEN ABOVE:

NCDOT SEAL

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION:

BY: _____

Deputy Secretary for Transit

ATTEST: _____

SPONSOR:

SPONSOR SEAL

Signed: _____

Title: _____

Attest: _____

STATE OF NORTH CAROLINA, COUNTY OF _____

I, _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____ personally came before me this day and acknowledged that he is _____ of the _____
(Title) (Sponsor)

(hereinafter referred to as "Sponsor" and by authority duly given and as an act of said Sponsor, the foregoing instrument was signed by him, attested by _____ of the Sponsor,
(Name and Title)

And the Seal of the Sponsor affixed hereto.

WITNESS my hand and Notarial Seal, this the _____ day of _____ 2014.

Notary Public (Signature)

My Commission expires: _____

SEAL

RESOLUTION

A motion was made by _____ and seconded by _____

(Name and Title)

_____ for the adoption of the following resolution, and

(Name and Title)

upon being put to a vote was duly accepted:

WHEREAS, a Grant in the amount of **\$500,000** has been approved by the Department based on total estimated cost of **\$555,556**; and

WHEREAS, an amount equal to or greater than **10 percent** of the total estimated project cost has been appropriated by the Sponsor for this Project.

NOW THEREFORE, BE AND IT IS RESOLVED THAT THE _____

(Title)

of the Sponsor be and he hereby is authorized and empowered to enter into a Grant Agreement with the Department, thereby binding the Sponsor to the fulfillment of its obligation incurred under this Grant Agreement or any mutually agreed upon modification thereof.

I, _____ of the _____

(Name and Title)

do hereby certify that the above

(Sponsor)

is a true and correct copy of an excerpt from the minutes of the _____

(Sponsor)

of a meeting

duly and regularly held on the _____ day of _____, 20_____.

This, the _____ day of _____, 20_____.

SPONSOR SEAL

Signed: _____

Title: _____

Of The: _____

SECTION A: SPONSOR'S ASSURANCES: GENERAL CONDITIONS

- A-1. The Sponsor certifies that it holds fee simple title to the property on which this project is to be constructed. In the event any work is proposed on property which has an easement or lease in the Sponsor's name, the Sponsor agrees that it will comply with the Department's conditions and receive written approval prior to any construction on such lease or easements. This condition does not apply to planning projects.
- A-2. The Sponsor agrees to operate the Airport for the use and benefit of the general public and shall not deny reasonable access to public facilities by the general public.
- A-3. The Sponsor agrees to operate, maintain, and control the Airport in a safe and serviceable condition for a minimum of twenty (20) years following the date of this Agreement and shall immediately undertake, or cause to be undertaken, such action to correct safety deficiencies as may be brought to its attention by the Department.
- A-4. The Sponsor agrees that any land purchased, facilities constructed, or equipment acquired under this Agreement shall not be sold, swapped, leased or otherwise transferred from the control of the Sponsor without written concurrence of the Department.
- A-5. The Sponsor agrees that the state share of any land purchased, facilities constructed, or equipment acquired under this Agreement shall be credited to the Department in a manner acceptable to the Department in the event such land, facilities or equipment are subsequently disposed of through sale or lease.
- A-6. Insofar as it is within its power and reasonable, the Sponsor shall, either by the acquisition and retention of property interest, in fee or easement, or by appropriate local zoning action, prevent the construction of any object which may constitute an obstruction to air navigation under the appropriate category of Federal Air Regulation Part 77, 14 CFR 77.
- A-7. Insofar as it is within its power and reasonable, the Sponsor shall, restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and taking off of aircraft and the noise produced by such operations by adoption of zoning laws, by acquisition and the retention of property interest, in fee or easement.
- A-8. Terminal building spaces constructed under this Grant Agreement shall be for the use of the general public. The Sponsor agrees that it will not use any space so constructed for private use, or charge fees for the use of such space, without the written approval of the Department.

SECTION B: SPONSOR'S ASSURANCES: PROJECT ADMINISTRATION

B-1. The Airport shall comply with all requirements of the State Aid to Airports Program Guidance Handbook (third edition, January 1997).

B-2. It is the policy of this State, to encourage and promote participation by disadvantaged minority owned and women owned businesses (MBE and WBE) in contracts let by the Department pursuant to GS 136-28.4 for the planning, design, preconstruction, construction, alteration, or maintenance of State transportation infrastructure construction, and in the procurement of materials for these projects. All State agencies, institutions, and political subdivisions shall cooperate with the Department of Transportation and among themselves in all efforts to conduct outreach and to encourage and promote the use of disadvantaged minority owned and women owned businesses in these contracts. This is designed to ensure minority MBEs and WBEs have maximum opportunity to participate in performance of NCDOT contracts let using state funding. The sponsor assures and certifies with respect to this grant that they will pursue these requirements as stipulated by the Department in the advertising, award and administration of all contracts, and require the same for all contractors, sub recipient or subcontractors.

MBE\WBE program is governed by G.S. 136-28.4 and administered in accordance with Title 19A Chapter 02 Subchapter D Section .1101 - .1112 of North Carolina Administrative Code (19A NCAC 02D.1101).

B-3. The Sponsor shall submit draft plans and specifications, or approved alternate, for the project for review by the Department prior to advertising for bids on the Project. Should bids not be required on the project, the Sponsor shall submit a detailed scope of work and estimated costs prior to requesting "Project Concurrence and Notice to Proceed" form (AV-CONCUR/AV-503) for undertaking the project. All plans (and alternate) shall be supported by engineer's report. A list of deliverable(s) from the Sponsor to the Department is as follows:

Planning Projects

1. Interim Planning Submittals – All Airport Layout Plan Sheets, Reports, Projections, Construction Cost Estimate, drawings, sketches and all other pertinent information – electronic copy: PDF format. Paper copy, if requested: bond copy – true half-size.
2. Final Submittal - All Airport Layout Plan Sheets, Reports, Projections, Construction Cost Estimate, drawings, sketches and all other pertinent information – electronic copies: PDF format and AutoCAD or MicroStation format - Paper copy: bond– true half-size for plan sheets / sketches
 - a. All reports, projections – PDF Format. Any element of the documents shall be delivered in its original electronic format (i.e. MSWord, Excel, AutoCAD...) if requested by the Department
 - b. Sketches and drawings – electronic copies: PDF format and AutoCAD or MicroStation format - Paper copy: bond – true half-size for plan sheets / sketches.

Construction Projects

1. Interim Design Submittals (i.e. 30%, 60%, 90%....) – Plan Sheets, Technical Specifications, Itemized Construction Cost Estimate and Engineers Report – electronic copy: PDF format. Paper copy, if requested: bond true half-size for plan sheets.
2. 100% Design and Issue for Bid Submittals – Plan Sheets, Technical Specifications, Itemized Construction Cost Estimate, Engineer's Report, and Bid Tab – Any element of the documents shall be delivered in electronic format (i.e. MS Excel and PDF format) and AutoCAD or MicroStation format and Paper copy: bond– true half-size for plan sheets.
3. As-built / Record Drawings
 - a. Contract Documents (Plan and Detail Sheets, Technical Specifications) – electronic copies: PDF format and AutoCAD or MicroStation format and Paper copy: bond– true half-size for plan sheets.
 - b. Technical Specifications – electronic copies: MS Word File and PDF format
 - c. Final Engineers Report – electronic copies: PDF format unless otherwise requested.

B-4. Bids will be taken in accordance with N. C. General Statute 143-129. Following bid opening or final contract negotiations, the Sponsor shall submit the "Project Concurrence and Notice to Proceed" (AV-CONCUR/AV-503) request along with the bid tabulations to the Department for review. The Department will take action on the request including the approval or disapproval of the Sponsor's Employment of specific contractors within ten (10) days of receipt. Approval will be communicated via a Contract Goal Requirements Letter sent directly to the Sponsor.

B-5. All contractor(s) who bid or submit proposals for contracts in connection with this project must submit a statement of non-collusion to the Sponsor.

B-6. The Sponsor shall not commence construction or award construction contracts on the project until a written "Project Concurrence and Notice to Proceed" (AV-CONCUR/AV-503) is co-signed by the Sponsor's Representative and the Department or alternate written approval is provided by the Department.

B-7. The Sponsor shall submit quarterly status reports (AV-STATUS/AV-502) to the Department, unless otherwise instructed, and will immediately notify the Department of any significant problems which are encountered in the completion of the project.

B-8. The Sponsor shall notify the Department of any significant meetings or inspections involving the Sponsor, his contractor(s), consultant(s), and/or federal funding agencies concerning Project.

B-9. The Sponsor shall notify the Department within thirty (30) days of completion of all work performed under this agreement for the purpose of final acceptance inspection and completion of audit requirements by the Department.

B-10. The Sponsor has full responsibility for assuring the completed Project meets the requirements of the Department and appropriate federal funding agencies. The Sponsor further certifies that all local, state, and federal requirements for the conduct of this Project shall be met.

B-11. It is the policy of the Department not to award contracts to contractors who have been removed from the Department's list of pre-qualified bidders without subsequent reinstatement. Therefore, no State funds will be provided for any work performed by the contractor(s), or sub-contractor(s) which had been removed from the Department's list of pre-qualified bidders without subsequent reinstatement as of the date of the signing of the construction contract. It shall be the responsibility of Sponsor to insure that only properly qualified contractors are given construction contracts for work.

SECTION C: SPONSOR'S ASSURANCES: PROJECT ACCOUNTING AND PAYMENT

C-1. The Sponsor shall record all funds received under this Agreement and shall keep the same in an identifiable Project account. The Sponsor, and his contractor(s) and/or consultant(s), shall maintain adequate records and documentation to support all Project costs incurred under this Grant. All records and documentation in support of the Project costs must be identifiable as relating to the Project and must be acceptable costs only. Acceptable costs are defined as those costs which are acceptable under "Federal Acquisition Regulations 1-31.6, 48 CFR (OMC Circular A-87)". Acceptable items of work are those referenced in the State Aid to Airports Program Guidance Handbook and North Carolina General Statutes. The Sponsor's accounting procedures which were established for work as set out in this Agreement must be reviewed and accepted by the Department prior to the final execution of this Agreement and payment of State funds, except for Sponsor reporting under OMB Circular A-133.

C-2. The Sponsor and his contractor(s) and/or consultant(s) shall permit free access to its accounts and records by official representatives of the State of North Carolina. Furthermore, the Sponsor and contractor(s) and/or consultant(s) shall maintain all pertinent records and documentation for a period of not less than five (5) years from the date of final payment.

C-3. In accordance with OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" (www.whitehouse.gov/wh/eop/omb), the Airport shall arrange for an independent financial and compliance audit of its fiscal operations. The Airport shall furnish the Department with a copy of the independent audit report within thirty (30) days of completion of the report, but not later than nine (9) months after the Airports fiscal year ends.

The Airport shall maintain all books, documents, papers, accounting records, and such other evidence as may be appropriate to substantiate costs incurred under this Agreement. Further, the Airport shall make such materials available at its office at all reasonable times during the contract period, and for five (5) years from the date of final payment under this agreement, for inspection and audit by the Department's Fiscal Section

C-4. Payment of the funds obligated under this Grant Agreement shall be made in accordance with the following schedule, unless otherwise authorized by the Department:

A. Payments from NCDOT to the Sponsor are made on a reimbursement basis. The Sponsor must pay all contractors/vendors prior to or within 3 business days of receipt of the Department's reimbursement.

B. Payments will be made on the basis of progress payments which may be requested by the Sponsor as costs are incurred, but not more frequently than monthly. Progress payments will be made provided the following requirements have been met.:

(1) The Grant Agreement has been executed and a Project Concurrence (AV-CONCUR/AV-503) issued.

(2) The Project has received an appropriate environmental finding.

(3) The Sponsor has submitted a Proposed Project Budget (AV-BUDGET/AV-504) accurately reflecting costs to date. The initial and revised AV-BUDGET/AV-504 shall be approved by the Department. With each AV-BUDGET/AV-504, the Sponsor shall provide the following documentation:

a) Scope of Services for the project, Consultant Fee - Man-hours Breakdown by task with hourly rates, Breakdown of Sub-consultant and / or Vendor Cost, Schedule of Deliverables, Estimated Construction Cost, Plan Sheet List

b) Actual Bidding Cost (once a project is bid) – Bid Tabulation / Bid Schedule, Recommendation for Award.

(4) Additional information shall be provided as requested.

(5) The Sponsor has submitted an executed Interim Payment Request (AV-PAY/AV-505) accurately reflecting costs incurred to date.

(6) The Sponsor has complied with all applicable conditions of the State Aid to Airports Program Guidance Handbook

C. The submission of progress payments is expected to parallel the value of work actually completed and costs incurred. At such point the Sponsor has requested payments equaling 100% of the State Grant, it is expected that the approved Project will be 100% complete.

D. Upon receipt of 100% of the State Grant, the Sponsor will promptly complete Project acceptance and submit the Project Completion and Final Payment Request (AV-FINAL/AV-506).

C-5. If after the acceptance of the Project by the Department, the final State share of approved eligible items is less than the amount of State funds actually disbursed for the Project, the Sponsor shall reimburse the Department in an amount equal to the difference between the amount of State funds actually disbursed and the final State share of the final, audited, approved eligible Project costs within thirty (30) days of notification by the Department of the amount due.

C-6. If after the acceptance of the Project by the Department, the final State share of approved eligible Project costs shall be more than the amount of State funds obligated for the Project, the Sponsor may make application to the Department for a corresponding increase which will be considered for funding in accordance with their relative priority versus other applications for available State funds.

C-7. Under certain conditions, projects originally involving only state and local funds may subsequently be eligible for reimbursement from federal funding agencies. In such cases, the Sponsor shall notify the Department of its intent to apply for federal reimbursement and shall keep the Department informed of the status of such application. In the event federal funds are obtained for all or a portion of the Project, the Sponsor shall refund to the Department an amount equal to the difference between State funds originally disbursed for the work item(s) subsequently receiving federal funds and the final State share of the costs of the affected item(s) of work. Reimbursement will be made within ninety (90) days of the date of the final execution of the FAA Grant Agreement affecting the work elements in the approved Project.

C-8. For the purpose of calculating the State share of the Project, federal funds are defined as funds provided by an agency of the federal government for the specific purpose of undertaking the Project, including Block Grant funds administered by the Department.

SECTION D: SPONSOR'S ASSURANCES: REAL PROPERTY ACQUISITION

D-1. The acquisition of land, buildings, and other real property involving the use of State Airport Aid funds shall be in compliance with the provisions of this Section.

D-2. The Sponsor shall depict each parcel to be acquired on an airport property map containing the identity of the parcel and its metes and bounds.

D-3. The acquisition cost of each parcel, building, or other real property acquired with State financial assistance shall be based on the fair market value of the property as determined by an appraisal process acceptable to the Department.

D-4. For each parcel or building with an estimated cost of \$100,000 or less, fair market value shall be established by a single original appraisal and a review appraisal. For complex acquisitions, fair market value shall be established by two original appraisals and one review appraisal.

D-5. All original and review appraisals shall be conducted by qualified appraisers who have no financial or other interest in the property to be acquired.

D-6. The fair market value of a parcel will be established by the review appraiser based upon the information contained in the original appraisal or appraisals.

D-7. No negotiation for property acquisition shall be commenced between the Sponsor and the property owner until the fair market value of the property has been established. Initial negotiations shall be based upon the fair market value.

D-8. Negotiated values above the fair market value shall not be eligible for State funds unless, prior to the final agreement for acquisition, the Sponsor has received the concurrence of the Department for paying such negotiated values in lieu of the appraised fair market value.

D-9. Sponsors who adhere to the federal "Uniform Guidelines for the Acquisition of Property" shall be deemed to have conformed to the Department's guidelines, except that Paragraph 8 above shall also be applicable under such acquisitions.

D-10. In the event the Project is a low value, non-complex acquisition, the Department, at its option, may accept the original appraisal without the review appraisal. In such cases, all other provisions of this Section shall apply.

D-11. Failure to follow the requirements of this Section shall disqualify the property from State participation for any parcel which has not been acquired in accordance with such standards.

SECTION E: Sponsor's Acknowledgement of Executive Order 24, issued by Governor Perdue, and N.C. G.S. § 133-32

E-1 Sponsor acknowledges and agrees that it is unlawful for any vendor or contractor (i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, offeror, seller, subcontractor, supplier, or vendor), to make gifts or to give favors to any State employee of the Governor's Cabinet Agencies (i.e., Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, Transportation, and the Office of the Governor). This prohibition covers those vendors and contractors who:

- (1) have a contract with a governmental agency; or
- (2) have performed under such a contract within the past year; or
- (3) anticipate bidding on such a contract in the future.

For additional information regarding the specific requirements and exemptions, vendors and contractors are encouraged to review Executive Order 24 and G.S. Sec. 133-32.

Revised 1/2/13

BLOCK GRANT AGREEMENT
NON PRIMARY ENTITLEMENT FUNDING

STATE AID TO AIRPORTS BLOCK GRANT
BETWEEN
THE N. C. DEPARTMENT OF TRANSPORTATION,
AN AGENCY OF THE STATE OF NORTH CAROLINA
AND
CITY OF WASHINGTON

AIRPORT: **WARREN FIELD**

PROJECT NO: **36237.38.13.1**

THIS AGREEMENT made and entered into this the _____ day of _____, 20____, by and between the NORTH CAROLINA DEPARTMENT OF TRANSPORTATION (hereinafter referred to as "Department") and the **CITY OF WASHINGTON**, the owners of **WARREN FIELD** (hereinafter referred to as "Sponsor").

WITNESSETH

WHEREAS, Chapter 63 of the North Carolina General Statutes authorizes the Department to administer a program of State Aid to Airports, subject to the limitations stated in that Chapter; and

WHEREAS, the Department has received the approval of the Federal Aviation Administration to administer certain Airport Improvement Program Funds in North Carolina under the provisions of the *FAA Modernization and Reform Act of 2012*; and

WHEREAS, the Department has approved a grant of funds to the Sponsor under the State Block Grant Program Non Primary Entitlement funds.

NOW THEREFORE, the Department and the Sponsor do hereby mutually agree as follows:

- 1) That the approved scope of this project shall consist of:

NEW TERMINAL BUILDING

- 2) That the Grant of funds shall include maximum funding obligations for federal funds which shall be:

State Block Grant NPE Program: \$199,277 (not to exceed 90% of the final total costs)

- 3) That the funding obligations referenced in (2) above shall be the maximum obligations based on the final cost of eligible work items in the approved project, as certified by the Sponsor
- 4) That the Sponsor shall promptly undertake the Project and complete all work on the Project no later than **JULY 1, 2017**, unless a written extension of time is granted by the Department.

- 5) That all work performed on the Project shall conform to the approved scope of work referenced in this Agreement. Any amendments or modifications to the approved scope of work, approved grant amounts, or this Agreement shall not be authorized by the Department unless they are contained in a written modification to this Agreement and fully executed by both the Sponsor and the Department.
- 6) Debarment and Suspension: The Grantee agrees to comply, and assures the compliance by each of its third party contractors and subrecipients at any tier, with the provisions of Executive Orders Nos. 12549 and 12689, "Debarment and Suspension," 31 U.S.C. § 6101 note, and U.S. DOT regulations on Debarment and Suspension at 49 C.F.R. Part 29.
- 7) The Sponsor certifies that it has adhered to all applicable laws, regulations, and procedures in the application for and Sponsor's approval of this Grant.
- 8) For a material breach of this Agreement or the Sponsor's Assurances, the Sponsor shall be liable to the Department for the return of all grant monies received.
- 9) The Sponsor agrees to adhere to the standards and procedures contained in the State Aid to Airports Program Guidance Handbook (third edition, dated January 1997), unless the Department issues a written waiver to the contrary.
- 10) The Sponsor agrees to adhere to and be bound by the Grant Assurances of the Federal Aviation Administration, said Grant Assurances contained in Appendix I of this Grant Agreement. Further, the Sponsor agrees that it shall be responsible to the Federal Aviation Administration, or its designated agent, for enforcement of such Grant Assurances including any penalties, sanctions, or other actions which may be legally enforceable for lack of compliance with said Grant Assurances.
- 11) The Sponsor agrees to comply with the "Sponsor Assurances" contained as part of this Agreement.
- 12) N.C.G.S. § 133-32 and Executive Order 24 prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of any response in this grant agreement, you attest, for your entire organization and its employees or agents that you are not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

IN WITNESS WHEREOF, THE PARTIES HERETO EXECUTED THIS GRANT AGREEMENT THE DAY AND YEAR FIRST WRITTEN ABOVE:

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION:

NCDOT SEAL

BY: _____
Deputy Secretary for Transit

ATTEST: _____

SPONSOR:

SIGNED: _____

TITLE: _____

SPONSOR SEAL

ATTEST: _____

STATE OF NORTH CAROLINA, COUNTY OF _____

I _____, a Notary Public in and for the County and State aforesaid, do hereby certify that _____ personally came before me this day and acknowledged that he is _____ of the _____
(Title) (Sponsor)

(hereinafter referred to as "Sponsor" and by authority duly given and as an act of said Sponsor, the foregoing instrument was signed by him, attested by _____ of the Sponsor, and the
(Name and Title)

Seal of the Sponsor affixed hereto.

WITNESS my hand and Notarial Seal, this the _____ day of _____, 20_____.

Notary Public (Signature)

My Commission expires: _____

SEAL

RESOLUTION

A motion was made by _____ and seconded by

(Name and Title)

_____ for the adoption of the following resolution, and upon

(Name and Title)

being put to a vote was duly accepted:

WHEREAS, a Grant in the amount of \$199,277 has been approved by the Department based on total estimated cost of \$221,419; and

WHEREAS, an amount equal to or greater than ten percent (10%) of the total estimated project cost has been appropriated by the Sponsor for this Project.

NOW THEREFORE, BE AND IT IS RESOLVED THAT THE _____

(Title)

of the Sponsor be and he hereby is authorized and empowered to enter into a Grant Agreement with the Department, thereby binding the Sponsor to the fulfillment of its obligation incurred under this Grant Agreement or any mutually agreed upon modification thereof.

I, _____ of the
_____ (Name and Title)

do hereby certify that

(Sponsor)

the above is a true and correct copy of an excerpt from the minutes of the

(Sponsor)

_____ of a meeting

duly and regularly held on the _____ day of _____, 20_____.

This, the _____ day of _____, 20_____.

SPONSOR SEAL

Signed: _____

Title: _____

Of The: _____

DOA FORM (12/10)

SECTION A: SPONSOR'S ASSURANCES: GENERAL CONDITIONS

A-1. The Sponsor certifies that it holds fee simple title to the property on which this project is to be constructed. In the event any work is proposed on property which has an easement or lease in the Sponsor's name, the Sponsor agrees that it will comply with the Department's conditions and receive written approval prior to any construction on such lease or easements. This condition does not apply to planning projects.

A-2. The Sponsor agrees to operate the Airport for the use and benefit of the general public and shall not deny reasonable access to public facilities by the general public.

A-3. The Sponsor agrees to operate, maintain, and control the Airport in a safe and serviceable condition for a minimum of twenty (20) years following the date of this Agreement and shall immediately undertake, or cause to be undertaken, such action to correct safety deficiencies as may be brought to its attention by the Department.

A-4. The Sponsor agrees that any land purchased, facilities constructed, or equipment acquired under this Agreement shall not be sold, swapped, leased or otherwise transferred from the control of the Sponsor without written concurrence of the Department.

A-5. The Sponsor agrees that the state share of any land purchased, facilities constructed, or equipment acquired under this Agreement shall be credited to the Department in a manner acceptable to the Department in the event such land, facilities or equipment are subsequently disposed of through sale or lease.

A-6. Insofar as it is within its power and reasonable, the Sponsor shall, either by the acquisition and retention of property interest, in fee or easement, or by appropriate local zoning action, prevent the construction of any object which may constitute an obstruction to air navigation under the appropriate category of Federal Air Regulation Part 77, 14 CFR 77.

A-7. Insofar as it is within its power and reasonable, the Sponsor shall, restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and taking off of aircraft and the noise produced by such operations by adoption of zoning laws, by acquisition and the retention of property interest, in fee or easement.

A-8. Terminal building spaces constructed under this Grant Agreement shall be for the use of the general public. The Sponsor agrees that it will not use any space so constructed for private use, or charge fees for the use of such space, without the written approval of the Department.

SECTION B: SPONSOR'S ASSURANCES: PROJECT ADMINISTRATION

B-1. The Airport shall comply with all requirements of the State Aid to Airports Program Guidance Handbook (third edition, January 1997).

B-2. It is the policy of this State, to encourage and promote participation by disadvantaged minority owned and women owned businesses (MBE and WBE) in contracts let by the Department pursuant to GS 136-28.4 for the planning, design, preconstruction, construction, alteration, or maintenance of State transportation infrastructure construction, and in the procurement of materials for these projects. All State agencies, institutions, and political subdivisions shall cooperate with the Department of Transportation and among themselves in all efforts to conduct outreach and to encourage and promote the use of disadvantaged minority owned and women owned businesses in these contracts. This is designed to ensure minority MBEs and WBEs have maximum opportunity to participate in performance of NCDOT contracts let using state funding. The sponsor assures and certifies with respect to this grant that they will pursue these requirements as stipulated by the Department in the advertising, award and administration of all contracts, and require the same for all contractors, sub recipient or subcontractors.

MBE/WBE program is governed by G.S. 136-28.4 and administered in accordance with Title 19A Chapter 02 SubChapter D Section .1101 - .1112 of North Carolina Administrative Code (19A NCAC 02D.1101).

B-3. The Sponsor shall submit draft plans and specifications, or approved alternate, for the project for review by the Department prior to advertising for bids on the Project. Should bids not be required on the project, the Sponsor shall submit a detailed scope of work and estimated costs prior to requesting "Project Concurrence and Notice to Proceed" form (AV-CONCUR/AV-503) for undertaking the project. All plans (and alternate) shall be supported by engineer's report. A list of deliverable(s) from the Sponsor to the Department is as follows:

Planning Projects

1. Interim Planning Submittals – All Airport Layout Plan Sheets, Reports, Projections, Construction Cost Estimate, drawings, sketches and all other pertinent information – electronic copy: PDF format. Paper copy, if requested: bond copy – true half-size.
2. Final Submittal - All Airport Layout Plan Sheets, Reports, Projections, Construction Cost Estimate, drawings, sketches and all other pertinent information – electronic copies: PDF format and AutoCAD or MicroStation format - Paper copy: bond– true half-size for plan sheets / sketches
 - a. All reports, projections – PDF Format. Any element of the documents shall be delivered in its original electronic format (i.e. MSWord, Excel, AutoCAD...) if requested by the Department
 - b. Sketches and drawings – electronic copies: PDF format and AutoCAD or MicroStation format - Paper copy: bond – true half-size for plan sheets / sketches.

Construction Projects

1. Interim Design Submittals (i.e. 30%, 60%, 90%...) – Plan Sheets, Technical Specifications, Itemized Construction Cost Estimate and Engineers Report – electronic copy: PDF format. Paper copy, if requested: bond true half-size for plan sheets.
2. 100% Design and Issue for Bid Submittals – Plan Sheets, Technical Specifications, Itemized Construction Cost Estimate, Engineer's Report, and Bid Tab – Any element of the documents shall be delivered in electronic format (i.e. MS Excel and PDF format) and AutoCAD or MicroStation format and Paper copy: bond– true half-size for plan sheets.
3. As-built / Record Drawings
 - a. Contract Documents (Plan and Detail Sheets, Technical Specifications) – electronic copies: PDF format and AutoCAD or MicroStation format and Paper copy: bond– true half-size for plan sheets.
 - b. Technical Specifications – electronic copies: MS Word File and PDF format
 - c. Final Engineers Report – electronic copies: PDF format unless otherwise requested.

B-4. Bids will be taken in accordance with N. C. General Statute 143-129. Following bid opening or final contract negotiations, the Sponsor shall submit the "Project Concurrence and Notice to Proceed" (AV-CONCUR/AV-503) request along with the bid tabulations to the Department for review. The Department will take action on the request including the approval or disapproval of the Sponsor's Employment of specific contractors within ten (10) days of receipt. Approval will be communicated via a Contract Goal Requirements Letter sent directly to the Sponsor.

B-5. All contractor(s) who bid or submit proposals for contracts in connection with this project must submit a statement of non-collusion to the Sponsor.

B-6. The Sponsor shall not commence construction or award construction contracts on the project until a written "Project Concurrence and Notice to Proceed" (AV-CONCUR/AV-503) is co-signed by the Sponsor's Representative and the Department or alternate written approval is provided by the Department.

B-7. The Sponsor shall submit quarterly status reports (AV-STATUS/AV-502) to the Department, unless otherwise instructed, and will immediately notify the Department of any significant problems which are encountered in the completion of the project.

B-8. The Sponsor shall notify the Department of any significant meetings or inspections involving the Sponsor, his contractor(s), consultant(s), and/or federal funding agencies concerning Project.

B-9. The Sponsor shall notify the Department within thirty (30) days of completion of all work performed under this agreement for the purpose of final acceptance inspection and completion of audit requirements by the Department.

B-10. The Sponsor has full responsibility for assuring the completed Project meets the requirements of the Department and appropriate federal funding agencies. The Sponsor further certifies that all local, state, and federal requirements for the conduct of this Project shall be met.

B-11. It is the policy of the Department not to award contracts to contractors who have been removed from the Department's list of pre-qualified bidders without subsequent reinstatement. Therefore, no State funds will be provided for any work performed by the contractor(s), or sub-contractor(s) which had been removed from the Department's list of pre-qualified bidders without subsequent reinstatement as of the date of the signing of the construction contract. It shall be the responsibility of Sponsor to insure that only properly qualified contractors are given construction contracts for work.

SECTION C: SPONSOR'S ASSURANCES: PROJECT ACCOUNTING AND PAYMENT

C-1. The Sponsor shall record all funds received under this Agreement and shall keep the same in an identifiable Project account. The Sponsor, and his contractor(s) and/or consultant(s), shall maintain adequate records and documentation to support all Project costs incurred under this Grant. All records and documentation in support of the Project costs must be identifiable as relating to the Project and must be acceptable costs only. Acceptable costs are defined as those costs which are acceptable under "Federal Acquisition Regulations 1-31.6, 48 CFR (OMC Circular A-87)". Acceptable items of work are those referenced in the State Aid to Airports Program Guidance Handbook and North Carolina General Statutes. The Sponsor's accounting procedures which were established for work as set out in this Agreement must be reviewed and accepted by the Department prior to the final execution of this Agreement and payment of State funds, except for Sponsor reporting under OMB Circular A-133.

C-2. The Sponsor and his contractor(s) and/or consultant(s) shall permit free access to its accounts and records by official representatives of the State of North Carolina. Furthermore, the Sponsor and contractor(s) and/or consultant(s) shall maintain all pertinent records and documentation for a period of not less than five (5) years from the date of final payment.

C-3. In accordance with OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" (www.whitehouse.gov/wh/eop/omb), the Airport shall arrange for an independent financial and compliance audit of its fiscal operations. The Airport shall furnish the Department with a copy of the independent audit report within thirty (30) days of completion of the report, but not later than nine (9) months after the Airports fiscal year ends.

The Airport shall maintain all books, documents, papers, accounting records, and such other evidence as may be appropriate to substantiate costs incurred under this Agreement. Further, the Airport shall make such materials available at its office at all reasonable times during the contract period, and for five (5) years from the date of final payment under this agreement, for inspection and audit by the Department's Fiscal Section

C-4. Payment of the funds obligated under this Grant Agreement shall be made in accordance with the following schedule, unless otherwise authorized by the Department:

A. Payments from NCDOT to the Sponsor are made on a reimbursement basis. The Sponsor must pay all contractors/vendors prior to or within 3 business days of receipt of the Department's reimbursement.

B. Payments will be made on the basis of progress payments which may be requested by the Sponsor as costs are incurred, but not more frequently than monthly. Progress payments will be made provided the following requirements have been met.:

(1) The Grant Agreement has been executed and a Project Concurrence (AV-CONCUR/AV-503) issued.

(2) The Project has received an appropriate environmental finding.

(3) The Sponsor has submitted a Proposed Project Budget (AV-BUDGET/AV-504) accurately reflecting costs to date.

The initial and revised AV-BUDGET/AV-504 shall be approved by the Department. With each AV-BUDGET/AV-504, the Sponsor shall provide the following documentation:

a) Scope of Services for the project, Consultant Fee - Man-hours Breakdown by task with hourly rates, Breakdown of Sub-consultant and / or Vendor Cost, Schedule of Deliverables, Estimated Construction Cost, Plan Sheet List

b) Actual Bidding Cost (once a project is bid) – Bid Tabulation / Bid Schedule, Recommendation for Award.

(4) Additional information shall be provided as requested.

(5) The Sponsor has submitted an executed Interim Payment Request (AV-PAY/AV-505) accurately reflecting costs incurred to date.

(6) The Sponsor has complied with all applicable conditions of the State Aid to Airports Program Guidance Handbook

C. The submission of progress payments is expected to parallel the value of work actually completed and costs incurred. At such point the Sponsor has requested payments equaling 100% of the State Grant, it is expected that the approved Project will be 100% complete.

D. Upon receipt of 100% of the State Grant, the Sponsor will promptly complete Project acceptance and submit the Project Completion and Final Payment Request (AV-FINAL/AV-506).

C-5. If after the acceptance of the Project by the Department, the final State share of approved eligible items is less than the amount of State funds actually disbursed for the Project, the Sponsor shall reimburse the Department in an amount equal to the difference between the amount of State funds actually disbursed and the final State share of the final, audited, approved eligible Project costs within thirty (30) days of notification by the Department of the amount due.

C-6. If after the acceptance of the Project by the Department, the final State share of approved eligible Project costs shall be more than the amount of State funds obligated for the Project, the Sponsor may make application to the Department for a corresponding increase which will be considered for funding in accordance with their relative priority versus other applications for available State funds.

C-7. Under certain conditions, projects originally involving only state and local funds may subsequently be eligible for reimbursement from federal funding agencies. In such cases, the Sponsor shall notify the Department of its intent to apply for federal reimbursement and shall keep the Department informed of the status of such application. In the event federal funds are obtained for all or a portion of the Project, the Sponsor shall refund to the Department an amount equal to the difference between State funds originally disbursed for the work item(s) subsequently receiving federal funds and the final State share of the costs of the affected item(s) of work. Reimbursement will be made within ninety (90) days of the date of the final execution of the FAA Grant Agreement affecting the work elements in the approved Project.

C-8. For the purpose of calculating the State share of the Project, federal funds are defined as funds provided by an agency of the federal government for the specific purpose of undertaking the Project, including Block Grant funds administered by the Department.

SECTION D: SPONSOR'S ASSURANCES: REAL PROPERTY ACQUISITION

D-1. The acquisition of land, buildings, and other real property involving the use of State Airport Aid funds shall be in compliance with the provisions of this Section.

D-2. The Sponsor shall depict each parcel to be acquired on an airport property map containing the identity of the parcel and its metes and bounds.

D-3. The acquisition cost of each parcel, building, or other real property acquired with State financial assistance shall be based on the fair market value of the property as determined by an appraisal process acceptable to the Department.

D-4. For each parcel or building with an estimated cost of \$100,000 or less, fair market value shall be established by a single original appraisal and a review appraisal. For complex acquisitions, fair market value shall be established by two original appraisals and one review appraisal.

D-5. All original and review appraisals shall be conducted by qualified appraisers who have no financial or other interest in the property to be acquired.

D-6. The fair market value of a parcel will be established by the review appraiser based upon the information contained in the original appraisal or appraisals.

D-7. No negotiation for property acquisition shall be commenced between the Sponsor and the property owner until the fair market value of the property has been established. Initial negotiations shall be based upon the fair market value.

D-8. Negotiated values above the fair market value shall not be eligible for State funds unless, prior to the final agreement for acquisition, the Sponsor has received the concurrence of the Department for paying such negotiated values in lieu of the appraised fair market value.

D-9. Sponsors who adhere to the federal "Uniform Guidelines for the Acquisition of Property" shall be deemed to have conformed to the Department's guidelines, except that Paragraph 8 above shall also be applicable under such acquisitions.

D-10. In the event the Project is a low value, non-complex acquisition, the Department, at its option, may accept the original appraisal without the review appraisal. In such cases, all other provisions of this Section shall apply.

D-11. Failure to follow the requirements of this Section shall disqualify the property from State participation for any parcel which has not been acquired in accordance with such standards.

SECTION E: Sponsor's Acknowledgement of Executive Order 24, issued by Governor Perdue, and N.C. G.S. § 133-32

E-1 Sponsor acknowledges and agrees that it is unlawful for any vendor or contractor (i.e. architect, bidder, contractor, construction manager, design professional, engineer, landlord, offeror, seller, subcontractor, supplier, or vendor), to make gifts or to give favors to any State employee of the Governor's Cabinet Agencies (i.e., Administration, Commerce, Correction, Crime Control and Public Safety, Cultural Resources, Environment and Natural Resources, Health and Human Services, Juvenile Justice and Delinquency Prevention, Revenue, Transportation, and the Office of the Governor). This prohibition covers those vendors and contractors who:

- (1) have a contract with a governmental agency; or
- (2) have performed under such a contract within the past year; or
- (3) anticipate bidding on such a contract in the future.

For additional information regarding the specific requirements and exemptions, vendors and contractors are encouraged to review Executive Order 24 and G.S. Sec. 133-32.

Revised 1/2/13



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Matt Rauschenbach, Administrative Services Director/C.F.O.
Date: February 10, 2014
Subject: idX One NC Grant/Co. Performance Agreements & Grant Project Ordinance
Applicant Presentation: N/A
Staff Presentation: Matt Rauschenbach

RECOMMENDATION:

I move that City Council designate the City Manager as the Authorized Official to execute the Local Grant Agreement and the Company Performance Agreement for the One North Carolina Fund idX Impressions, LLC project, designate the Administrative Services Director/C.F.O. as an Authorized Official to execute Local Government Disbursement Request and Certifications and adopt a Grant Project Ordinance.

BACKGROUND AND FINDINGS:

idX Impressions was awarded a \$300,000 One North Carolina Fund grant in support of creating 143 new jobs and investing \$2.7 million in equipment repairs, structural repairs/improvements and/or renovations for expansion (grant terms summary attached). The City will satisfy the grant requirement of a local government incentive when the purchase transaction of the property at 234 Springs Rd. is completed. The closing is scheduled to occur by March 10, 2014. Note that the purchase agreement contains the following clause:

3.3. During the Inspection Period, Purchaser shall have arranged for financing for the acquisition of the Property and economic development incentives relating to Purchaser's planned improvements to and activities at the Property which are satisfactory to Purchaser in Purchaser's sole discretion. If Purchaser does not arrange such financing or economic development incentives prior to the Inspection Period Expiration Date, Purchaser shall have the right to elect to terminate this Agreement by providing written notice to Seller, and upon receiving such notice, Seller shall immediately return the Deposit and the parties hereto shall have no further obligations one to the other under this Agreement (other than those that are expressly stated to survive the termination of this Agreement).

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

___ Currently Budgeted (Account _____) ___ Requires additional appropriation ___ X No Fiscal Impact

SUPPORTING DOCUMENTS

- Local Government Grant Agreement
- Company Performance Agreement
- Terms of One NC Grant
- Grant Project Ordinance

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: Concur _____ Date 2/4/14 February 10, 2014 Recommendation Denial No Recommendation
Page 107 of 245

**A GRANT PROJECT ORDINANCE FOR CDBG COMMUNITY
DEVELOPMENT BLOCK GRANT # 2012-95-73
CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

BE IT ORDAINED by the City Council of the City of Washington, North Carolina, that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following grant project ordinance is hereby adopted:

Section 1. The project authorized is to provide funds for job creation at idX Impressions, LLC.

Section 2. The officers of this unit are hereby directed to proceed with the project within the terms of the grant documents.

Section 3. The following amounts are appropriated for the project:

55-60-4930-4500	Job Creation	\$300,000
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Section 4. The following revenue is anticipated to be available to complete this project:

55-60-3480-3300	CDBG Grant Funds	\$300,000
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Section 5. The Finance Officer is hereby directed to maintain within the Grant Project Fund sufficient detailed accounting records to satisfy the requirements of the grantor agency and grant agreement.

Section 6. Funds may be advanced from the General Fund for the purpose of making payments that are due. Reimbursement requests should be made to the grantor agency in an orderly and timely manner.

Section 7. The Finance Director is directed to report, on a monthly basis, the financial status of each project element in Section 3 and on the total grant revenues received or claimed.

Section 8. The Budget Officer is directed to include a detail analysis of past and future costs and revenues on this grant project in every budget submission made to the City Council.

Section 9. Copies of this grant project ordinance shall be furnished to the City Clerk, Budget Officer, and Finance Director for direction in carrying out this project.

Section 10. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 11. This ordinance shall become effective upon its adoption.

Adopted this the 10th day of February, 2014.

MAYOR

ATTEST:

CITY CLERK

LOCAL GOVERNMENT GRANT AGREEMENT
THE ONE NORTH CAROLINA FUND

Local Government Name: City of Washington	Grant No. 2012-9573
Project Name: idX Impressions, LLC	

STATE OF NORTH CAROLINA

GRANT AGREEMENT

COUNTY OF WAKE

This Local Government Grant Agreement (the "LGGA") is effective the 3rd day of September, 2013 (the "Effective Date") by and between the City of Washington, North Carolina (hereinafter referred to as the "Local Government"), and the North Carolina Department of Commerce (hereinafter referred to as "DOC");

WITNESSETH:

WHEREAS; the Local Government desires to stimulate and develop the local economy of its region, alleviate the problems of unemployment and underemployment by creating and/or retaining jobs for its citizens, and develop its local tax base; and

WHEREAS; the General Assembly has created the One North Carolina Fund (the "Program") to make funding available within North Carolina "to secure commitments for the recruitment, expansion or retention of new or existing businesses"; and

WHEREAS; the General Assembly has authorized Program funds to be used for installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings; and construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for new or proposed buildings to be used for manufacturing and industrial operations; and

WHEREAS; the Local Government has applied for funds in connection with activity to be undertaken by idX Impressions, LLC (the "Company"), a business that has competitively chosen to locate or expand operations for the following project (the "Project") in North Carolina:

An expansion of a manufacturing plant (the "Facility") at which the company will manufacture showcase, shelving, display units located in or around 234 Springs Road in the City of Washington in Beaufort County, North Carolina.

WHEREAS; the Local Government has committed to provide matching funds and resources for the Project equal to at least the amount of any funds awarded from the Program (the "Match"); and

WHEREAS; the Local Government's application (the "Local Government Application") has been approved by DOC for funding, based on the Local Government's commitments, and the commitments made by the Company in its Program application (the "Company Application");

WHEREAS, the Company has executed an agreement (the "Company Performance Agreement" or "CPA") with the Local Government reflecting the Company's commitments to expand, create and/or retain jobs and to take other actions that will support North Carolina's economic development, and the terms on which funds will be made available for such activity from the Program;

NOW THEREFORE, in consideration of the mutual covenants and promises set forth below, the Local Government and DOC hereby agree as follows:

I. DOC COMMITMENTS AND GRANT CONDITIONS

(a) DOC agrees to provide Program fund in the maximum amount of Three Hundred Thousand Dollars (\$300,000.00) for the Project (the "Grant"), in accordance with the terms of this LGGA and the CPA.

(b) Grant payments disbursed under this LGGA will be disbursed to the Local Government pursuant to N.C. Gen. Stat. § 143B-437.70 *et seq.*, the terms of the Program Guidelines and Procedures for Commitment of Funds from the One North Carolina Fund, established pursuant to N.C. Gen. Stat. § 143B-437.73 and in effect as of the effective date of this LGGA (the "Program Guidelines"), consistent with the terms and schedule established in the CPA.

(c) Grant disbursements are conditioned upon the execution of the CPA between the Local Government and the Company, and any other required parties thereto, in a form acceptable to DOC. In addition to the Company and the Local Government, the following are required parties to the CPA: idX Corporation (the "Guarantor").

(d) To receive a Grant disbursement, the Local Government must provide or cause to be provided to DOC a properly executed CPA, proof that the Company has performed its obligations under the CPA, proof that the Local Government has met its obligation to provide the Match, a duly executed completed disbursement request and certification in the form of Exhibit A hereof (the "Local Government Disbursement Request"), and a duly executed completed Company's disbursement request and certification in the form of Exhibit A to the CPA (the "Company Disbursement Request").

II. LOCAL GOVERNMENT'S COMMITMENTS

(a) The Local Government agrees to perform the Program and to abide by all commitments, terms and representations in the Local Government Application.

(b) The Local Government agrees to provide the Match in a manner consistent with N.C. Gen. Stat. § 143B-437.72(c)(1), the Program Guidelines and Procedures, and the Local Government Application. The Local Government will provide to the DOC a copy of the duly executed agreement between the Local Government (or other local entity) and the Company governing the local incentives that will be provided to the Company for the Project (the "Local Incentive Agreement"), at the time the Local Government returns the executed LGGA. The Company will be ineligible for a Grant disbursement until the Local Incentive Agreement is provided to the DOC. The Local Government will report to the DOC the amount of each incentive payment that is provided to the Company under the Local Incentive Agreement, within thirty (30) days of the date on which it is provided, whether or not the CPA remains in effect.

- (c) The Local Government agrees to take all steps reasonably necessary to ensure and to establish to DOC that the required levels of jobs are created and/or retained, the required salary levels are achieved, the required levels of investments are made, statutorily qualifying expenses are incurred, any required environmental permits are obtained, and any other required performance criteria are satisfied, and that no Grant funds are disbursed until the performance criteria in the CPA have been met.
- (d) The Local Government agrees to take whatever steps may be reasonably necessary to ensure and to establish to DOC that Grant funds disbursed by the Local Government are used only for purposes allowed under the statutory authority creating the Program.
- (e) The Local Government agrees to take whatever steps may reasonably be required, after consultation with the Secretary of DOC (the "Secretary") and not inconsistent with the Secretary's authority under the CPA, to recapture all disbursed funds for which the Local Government and DOC have a right to be reimbursed.
- (f) The Local Government acknowledges that DOC has a right to recapture funds under the CPA and that such right does not relieve the Local Government of its own responsibility to recapture funds.
- (g) The Local Government agrees to otherwise reimburse DOC for any funds improperly disbursed, provided, however, that Local Government is under no obligation to reimburse DOC for any improperly disbursed funds that were disbursed with DOC's prior permission.
- (h) The Local Government agrees to keep and maintain books, records, and other documents relating to the receipt and disbursement of the Grant and the fulfillment of this LGGA. The Local Government shall provide any information DOC requests in order to produce reports or compile data required by the General Assembly. If the Local Government fails to keep and maintain books and records necessary for verifying fulfillment of this LGGA, the Secretary may in his discretion declare this LGGA to be in default, withhold payments for or under this LGGA, and/or require reimbursement of all or any portion of Grant funds previously paid. Prior to taking such action, the Secretary will endeavor to communicate with the Local Government and the Company to discuss the circumstances and the actions being contemplated.
- (i) The Local Government agrees to provide any duly authorized representative of DOC or the State of North Carolina at all reasonable times access to and the right to inspect, copy, monitor, and examine all of the books, papers, records, and other documents relating to the Grant for a period of three years following the last payment of Grant funds or for the inspection period specified in the CPA, whichever is longer. To the extent any information or documents gathered pursuant to this section would be regarded as confidential or not subject to disclosure under federal law or the North Carolina General Statutes (to include, without limitation, N.C. Gen. Stat. §§ 132-1 *et seq.*, commonly referred to as the "Public Records Act"), the Local Government shall clearly identify and mark them as such and that information will, to the extent allowed by law, be treated as confidential and not subject to disclosure by DOC and its authorized representatives. If the Local Government fails to provide such access and right of inspection, the Secretary may exercise discretion to declare this LGGA in default, to withhold payments under this LGGA and/or require reimbursement of all or any portion of the Grant paid.
- (j) The Local Government shall comply with all lawful requirements of DOC, all applicable requirements of the General Statutes of the State of North Carolina, and any other applicable laws and/or Executive Orders currently or hereafter in force.
- (k) In the event that the Company or Guarantor fail to fulfill their responsibilities under the Company Application and/or CPA, including their responsibilities to create and/or retain jobs, make investments, and incur statutorily qualifying expenses, the Local Government, after consultation with the Secretary and not inconsistent with the Secretary's authority under the CPA, shall promptly exercise its rights and remedies to require repayment of funds, or to assess such other penalties as may be provided for in the CPA.

(l) In addition, in the event that the Company or Guarantor fail to fulfill their responsibilities under the Company Application and/or CPA, including their responsibilities to create and/or retain jobs, make investments, and incur statutorily qualifying expenses, and the Local Government recaptures funds from the Company or Guarantor, the Local Government shall promptly pay to DOC the Grant amounts which it is able to collect.

(m) By not later than January 31 of each year following a calendar year until the full Match has been disbursed to the Company, the Local Government shall submit to the DOC a report detailing Match payments made during the calendar year just ended, together with a cumulative tally of all Match payments made through the end of that calendar year. In addition, the Local Government shall report all other Local Government financial contributions made for the Project. This is required in order to comply with N.C. Gen. Stat. §143B-437.07. Failure to timely file this report will result in ineligibility for Grant payments.

III. GENERAL PROVISIONS

(a) The parties to this LGGA agree and understand that the payment of all sums specified in this LGGA is dependent and contingent upon and subject to the appropriation, allocation, and availability of funds to DOC for this purpose.

(b) Failure of DOC at any time to require performance of any term or provision of this LGGA shall in no manner affect the rights of DOC at a later date to enforce the same or to enforce any future compliance with or performance of any of the terms or provisions hereof. No waiver of DOC of any condition or the breach of any term, provision or representation contained in this LGGA, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of that or any other term, provision or representation.

(c) The recitals are an integral part of this LGGA.

(d) This LGGA constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of North Carolina. The parties agree and submit, solely for matters concerning this LGGA, to the exclusive jurisdiction of the courts of North Carolina and agree, solely for such purpose, that the only venue for any legal proceedings shall be Wake County, North Carolina. The place of this LGGA, and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation, and enforcement, shall be determined.

(e) This Grant award shall terminate and be null and void on January 31, 2014 if by that date the Local Government has not delivered back to the DOC, an original of this LGGA and of the CPA, duly executed by an authorized official of the Local Government, and attested in the manner provided below, together with a copy of the Local Incentive Agreement.

Upon execution of this LGGA by DOC and the Local Government in the spaces below, the Local Government hereby accepts the Grant on the terms of this LGGA, effective on the date indicated above, and further certifies that the official signing below has been duly authorized by the Local Government's governing body to execute this LGGA.

Date: 12.2.13

North Carolina Department of Commerce
By: 
Sharon Allred Decker, Secretary
North Carolina Department of Commerce

City of Washington (Local Government)

Date: _____

(Official Seal)

By: _____

Name: _____

Title: _____

Authorized Official

Date: _____

ATTEST:

_____, Clerk

**EXHIBIT A
TO LOCAL GOVERNMENT GRANT AGREEMENT**

LOCAL GOVERNMENT DISBURSEMENT REQUEST AND CERTIFICATION

Project No. 2012-9573

City of Washington (the "Local Government") hereby requests a disbursement in the amount of _____ [spell out dollar amount] (\$) _____ from the North Carolina Department of Commerce (the "DOC"), pursuant to that certain Company Performance Agreement between the Local Government, idX Impressions, LLC (the "Company"), and idX Corporation (the "Guarantor"), dated as of September 3, 2013 (the "CPA"), and that certain Local Government Grant Agreement between the Local Government and the DOC, dated as of September 3, 2013 (the "LGGA," and, together with the CPA, the "Agreements"). All capitalized terms not otherwise defined herein have the meaning ascribed to them in the Agreements.

The Local Government hereby certifies to the DOC that it:

- (i) has provided funds and/or resources for the Project pursuant to the Local Government application to the DOC and the terms of the LGGA, in the amount of _____ (\$ _____), an amount that is at least equal to the amount of the disbursements that have been requested under the LGGA;
- (ii) has provided such funds and/or resources in the following form: _____

_____;
- (iii) has attached true and correct copy of documents evidencing its expenditure of the amount specified in (ii) above for the purposes specified above;
- (iv) will submit proof of receipt, deposit, and proper disbursement of the disbursed DOC funds, to the DOC, within thirty (30) days; and
- (v) it is in compliance with all of the terms and conditions of the LGGA, and affirms the representations, warranties, and covenants contained therein; and

- (vi) to its best knowledge and belief, the Company's Disbursement Request accompanying this certification is accurate, the Company is eligible to receive funds from the Grant in the amount specified herein, under the terms of the CPA, and the Local Government is not aware of anything that would make the Company ineligible for these funds.

This certification shall be deemed to be made a part of the LGGA and is incorporated therein, and governed by its terms and conditions. Upon execution of this certification, the Local Government accepts its terms, effective on the date indicated above, and further certifies that the official signing below has been duly authorized to execute this certification by the Local Government's governing body, and the agreements and certifications contained herein are legally valid and binding on the Local Government.

**City of Washington
(Local Government)**

Date: _____

By: _____

Name: _____

Title: _____

Authorized Official

(Official Seal)

ATTEST:

_____, Clerk

COMPANY PERFORMANCE AGREEMENT

THE ONE NORTH CAROLINA FUND

STATE OF NORTH CAROLINA

COUNTY OF WAKE

This Company Performance Agreement (the "CPA"), effective the 3rd day of September, 2013 (the "Effective Date"), by, between, and among idX Impressions, LLC, a Delaware limited liability company authorized to do business in North Carolina (the "Company"), idX Corporation, a Delaware corporation (the "Guarantor"), who, together with the Company shall be jointly and severally liable for the obligations under this CPA, and the City of Washington, North Carolina (the "Local Government," and together with the Company and Guarantor, the "Parties");

WITNESSETH:

WHEREAS, the Local Government has applied for a One North Carolina Fund grant from the North Carolina Department of Commerce (the "DOC"); and

WHEREAS, a One North Carolina Fund grant award in the amount of Three Hundred Thousand Dollars (\$300,000.00) (the "Grant") has been negotiated and agreed to by DOC and the Parties; and

WHEREAS, the Grant has been approved by DOC for disbursement to the Local Government pursuant to the terms of the One North Carolina Fund Local Government Grant Agreement between the Local Government and DOC (the "LGGA"); and

WHEREAS, the Grant is to be used by the Company toward the goal of creating one hundred fifty nine (159) new jobs (the "Target New Jobs") which shall be permanent full-time jobs (each, a "New Job") and Three Million Dollars (\$3,000,000.00) (the "Target Investment") in new investment in the State of North Carolina; and

WHEREAS, the Company and Guarantor have represented that the Grant is necessary to enable the investment and job creation by the Company to occur and go forward in North Carolina; and

WHEREAS, the Grant will enable retention of eighty permanent full-time jobs (the "Retained Jobs"), which is the total number of positions the Company maintained in North Carolina prior to the Effective Date; and

WHEREAS, the Grant will stimulate economic activity and create new jobs for the citizens of this State; and

WHEREAS, the Grant is issued pursuant to and subject to the terms of N.C. Gen. Stat. § 143B-437.70 *et seq.* and the Guidelines and Procedures for Commitment of Funds from the One North Carolina Fund (the "Program Guidelines"); and

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WHEREAS, the Guarantor has agreed to guarantee the performance and obligations of the Company hereunder, and its guaranty is made for the benefit of the DOC and the Local Government and to induce the DOC and the Local Government to enter into this CPA, in consideration of the benefits provided to the Company and to the Guarantor by virtue of its ownership interests;

WHEREAS, pursuant to, inter alia, N.C. Gen. Stat. § 143B-437.07 and G.S. 143B-437.72(b), as these statutes may be amended from time to time, the DOC is required to submit regular reports to the North Carolina General Assembly regarding operation of the One North Carolina Fund and the performance and funding requirements for each One North Carolina Fund grant awarded;

NOW, THEREFORE, in consideration of the representations set forth above and the mutual covenants and promises set forth below, the Company, the Guarantor, and the Local Government hereby agree as follows:

1.0 PERFORMANCE CRITERIA

In order to be eligible for the full amount of the Grant, the Company must fulfill the following requirements:

- 1.1 The Company shall undertake and operate in a timely manner the following project at the following location (the "Project"):

An expansion of a manufacturing plant (the "Facility") at which the company will manufacture showcase, shelving, display units located in or around 234 Springs Road in the City of Washington in Beaufort County, North Carolina.

- 1.2 The Company shall maintain its current operations at its facilities in North Carolina and a base level of Retained Jobs in North Carolina, in addition to any New Jobs to be created as part of this CPA.

- 1.3 The Company shall make good faith efforts to create and maintain the Target New Jobs as part of the Project, as described in the Company's application to DOC (the "Company Application"). The New Jobs must be filled by employees hired for the Project on or after the Effective Date, who work for at least thirty-five (35) hours per week, and whose wages are subject to withholding under Article 4A of Chapter 105 of the General Statute. Independent contractors, consultants, seasonal and temporary employees are not to be included as New Jobs. In order to be eligible for the full Grant, the Company must create one hundred forty three (143) New Jobs (the "Required New Jobs") 90% of the Target New Jobs), by September 3, 2016 (the "Grant End Date," which shall be three years from the date on which the Grant was formally awarded) (the period between September 3, 2013 and September 3, 2016, the "Grant Period").

The New Jobs will be new jobs and cannot be existing North Carolina positions or employees of the Company or the Guarantor or any of their related members that are transferred or shifted such that a previously existing North Carolina job, or a North Carolina job that was not previously part of the Project, is counted towards performance under this CPA.

- 1.4 The average weekly wage of the group of all permanent full-time jobs at the Facility, including the New Jobs, will equal or exceed Five Hundred Seventy Four Dollars (\$574.00) per week (the "Wage Standard").

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- 1.5 The Company shall provide health insurance for all permanent full-time employees at the Facility, including the New Jobs, in at least the minimum amount required for eligibility for tax credits under Article 3J in N.C. Gen. Stat. § 105-129.83(d).
- 1.6 The Company shall make good faith efforts to make the Target Investment in the form of privately funded investment in real property and/or machinery and equipment as part of the Project, and must invest at least Two Million Seven Hundred Thousand Dollars (\$2,700,000.00) by the Grant End Date (the "Required Investment") (90% of the Target Investment).
- 1.7 The proceeds of the Grant may be used only to offset statutorily qualifying expenses as set out in N.C. Gen. Stat. § 143B-437.71(b) ("Statutorily Qualifying Expenses"). Those expenses are installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings, or for new or proposed buildings to be used for manufacturing and industrial operations; or such other expenses as specifically provided for by an act of the General Assembly.
- 1.8 Release of any Grant funds under this CPA is contingent on the Company providing verification that the Project has received all of its required environmental permits.

2.0 DISBURSEMENT OF GRANT

- 2.1 Proceeds of the Grant up to a total amount of Three Hundred Thousand Dollars (\$300,000.00) will be disbursed by DOC to the Local Government in four installments based on creation and maintenance of the New Jobs and satisfaction of other performance criteria set out in Section 1.0 above ("Performance Criteria"). The number of New Jobs to be counted shall be determined as provided in Paragraph 6.1 hereof. At the time of any requested disbursement, the Company must certify its performance by submitting a duly executed disbursement request and certification in the form of Exhibit A hereto (the "Company Disbursement Request"), and the Local Government must submit a duly executed disbursement request and certification in the form of Exhibit A to the LGGA (the "Local Government Disbursement Request"). Disbursement will occur on the following schedule and will be subject to any adjustments required by this CPA:
- a. The first twenty-five percent (25%) of the Grant will be disbursed to the Local Government upon proof that the Company has (i) maintained 100% of the Retained Jobs; (ii) created and retained not less than twenty-five percent (25%) of the Target New Jobs (i.e., 40 New Jobs), (iii) satisfied the Wage Standard and health insurance requirements; (iv) invested the amount to be disbursed in Statutorily Qualifying Expenses, and (v) obtained all required environmental permits.
 - b. The second twenty-five percent (25%) of the Grant will be disbursed to the Local Government upon proof that the Company has (i) maintained 100% of the Retained Jobs; (ii) created and retained not less than fifty percent (50%) of the Target New Jobs (i.e., 80 New Jobs); (iii) satisfied the Wage Standard and health insurance requirements; and (iv) invested the amount to be disbursed in Statutorily Qualifying Expenses.
 - c. The third twenty-five percent (25%) of the Grant will be disbursed to the Local Government upon proof that the Company has (i) maintained 100% of the Retained Jobs; (ii) created and retained not less than seventy-five percent (75%) of the Target New Jobs (i.e., 119 New Jobs); (iii) satisfied the Wage Standard and health insurance requirements; and (iv) invested the amount to be disbursed in Statutorily Qualifying Expenses.

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- d. The final twenty-five percent (25%) of the Grant will be disbursed to the Local Government upon proof that the Company has (i) maintained 100% of the Retained Jobs; (ii) created and retained the Required New Jobs; (iii) satisfied the Wage Standard and health insurance requirements; and (iv) made the Required Investment; and (iv) invested the amount to be disbursed in Statutorily Qualifying Expenses.

The Local Government will submit or cause to be submitted to DOC each Company Disbursement Request and Local Government Disbursement Request, upon proof of the creation of the required number of New Jobs and the satisfaction of all other Performance Criteria necessary for disbursement. Following receipt of Grant funds from DOC, the Local Government will disburse funds to the Company.

Should it become necessary for a job created after the Effective Date to be counted by the Company as a Retained Job for purposes of establishing the base level of jobs required to be maintained by this CPA, that job may not be double-counted as a New Job.

The Company may qualify for disbursement of multiple installments on a single date.

2.2 DOC will close out the Grant on the first to occur of

- (i) The date as of which DOC shall have received and accepted proof reasonably satisfactory to it that the Project has been completed and the Performance Criteria satisfied.

- (ii) The Grant End Date.

("Closeout").

Following Closeout, to the extent any Grant proceeds may be due and upon submission of a duly completed Company Disbursement Request and Local Government Disbursement Request, a final Grant payment will be disbursed. A request for final payment, if not made previously, must be made to DOC within thirty (30) days following the Grant End Date, provided, however, that if the Company has completed performance and become entitled to a final disbursement of funds under Paragraph 2.1d of this CPA, during any time earlier in the Grant Period, the Company must submit a completed Company Disbursement Request and Local Government Disbursement Request within one year from the date of completed performance (but in no event later than thirty (30) days following the Grant End Date) or forfeit the disbursement.

3.0 OBLIGATION TO REPAY GRANT

3.1 **Failure to Provide Health Insurance.** If, at any time during the Grant Period or during the period set forth in Section 5.0 hereof, the Company fails to provide health insurance to all permanent full-time employees at the Facility in the amount required for eligibility for tax credits under Article 3J in N.C. Gen. Stat. § 105-129.83(d), the Company will be in default of this CPA and the Company and/or Guarantor will reimburse DOC the total amount of the Grant previously disbursed in accordance with this CPA.

3.2 **Ceasing Project Operations.** If at any time during the Grant Period, or during the period set forth in Section 5.0 hereof, the Company substantially ceases operations at the Facility, the Company and/or Guarantor shall immediately repay all Grant funds previously disbursed in accordance with this CPA.

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- 3.3 **Failure to Achieve Wage Standard.** If at any time during the Grant Period, or during the period set forth in Section 5.0 hereof, the average weekly wage of the group of all permanent full-time jobs at the Facility fails to equal or exceed the Wage Standard, the Company will be in default under this CPA, no further disbursement will be made, and the Company and/or Guarantor will reimburse DOC the total amount of the Grant previously disbursed in accordance with this CPA.
- 3.4 **Failure to Maintain Retained Jobs.** If at any time during the Grant Performance Period, the Company fails to retain at least 100% of the Retained Jobs, the Company will be in default of this CPA and the Company and/or Guarantor will reimburse DOC the total amount of Grant funds previously disbursed.
- 3.5 **Other Failures to Comply.** The Company may be required to reimburse Grant funds previously disbursed for failure to comply with Paragraphs 6.4 and 6.16 hereof, or as provided in Paragraphs 4.1 and 5.3 hereof.
- 3.6 **Recovery of Costs.** If the Company and/or Guarantor fail to reimburse any amount payable hereunder, on demand, the Local Government and DOC may recover the costs of collection to obtain recovery, from the Company and/or Guarantor, including reasonable attorneys' fees.

4.0 **ADJUSTMENTS TO GRANT AT CLOSEOUT**

- 4.1 If Closeout occurs on the Grant End Date and the Company has failed to create and retain the Required New Jobs, has failed to make the Required Investment, or has failed to invest an amount equal to 100% of the Grant in Statutorily Qualifying Expenses, the amount of the Grant shall be reduced to the smallest of the following amounts (the "Adjusted Grant"):
- a. The amount obtained by multiplying the Grant by a fraction the denominator of which is the Required New Jobs and the numerator of which is the number of New Jobs actually created and retained as of that date, as expressed in the following formula:
- $$\text{Adjusted Grant} = \text{Original Grant Amount} \times \frac{\text{New Jobs Actually Created and Retained}}{\text{Required New Jobs}}$$
- b. The amount obtained by multiplying the Grant by a fraction the denominator of which is the Required Investment and the numerator of which is the investment actually made as of that date, as expressed in the following formula:
- $$\text{Adjusted Grant} = \text{Original Grant Amount} \times \frac{\text{Investment Actually Made}}{\text{Required Investment}}$$
- c. The amount the Company has spent on Statutorily Qualifying Expenses
- 4.2 To the extent the amount of the Adjusted Grant is less than the amount that has been previously disbursed to the Company, the Company shall reimburse DOC for the difference between the Adjusted Grant and the amount previously disbursed.

5.0 **OBLIGATIONS BEYOND CLOSEOUT**

- 5.1 If Closeout occurs on or before the date that is exactly one year prior to the Grant End Date, the Company will maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout for two (2) years after the date of Closeout.

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- 5.2 If Closeout occurs after the date that is exactly one year prior to the Grant End Date, the Company will maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout until the date that is the one year anniversary following the Grant End Date.
- 5.3 If the Company fails to maintain at least ninety percent (90%) of the number of New Jobs in place at Closeout for the required time period following Closeout, as specified in Paragraphs 5.1 and 5.2 hereof, the Company will be in default of this CPA and shall reimburse to DOC the total amount of the Grant funds previously disbursed in accordance with this CPA.

6.0 ADDITIONAL PROVISIONS

- 6.1 The Company and Guarantor shall provide to DOC and the Local Government all documentation deemed necessary by DOC or the Local Government to verify Retained Jobs, and creation and retention of New Jobs, salary levels, health insurance, investments, Statutorily Qualifying Expenses, environmental permits and other Performance Criteria specified in this CPA, including copies of the N.C. Department of Commerce Division of Employment Security Employer's Quarterly Tax and Wage Report ("NCUI 101"), a list of all positions used in accounting for the Grant and the names of the individuals filling those positions. The threshold numbers of New Jobs created for the Company to be eligible for disbursements under Paragraph 2.1 hereof, shall be measured by adding the three figures that represent the average number of New Jobs (calculated after deducting the Retained Jobs) that have been created during the Grant Period and have been retained during each of the three months of the quarter reported in the Company's NCUI 101, and dividing that sum by three, or in such other manner determined by the DOC to reasonably reflect New Job creation. The Company shall not include in such count, any temporary, seasonal, contract, or part-time employees, employees that were hired prior to the Effective Date, or employees that were hired from affiliates of the Company or Guarantor in North Carolina, even if those employees are included in the NCUI 101s. The Company and Guarantor will certify how many of the employees listed on the NCUI 101s in each month qualify under the definition of Retained Jobs and New Jobs. For verification of Required Investment, the Company shall provide a fixed asset report and any other documentation requested by DOC. The Company's compliance with the job creation and/or retention, investment, Statutorily Qualifying Expense, environmental permit and other Performance Criteria set out in this CPA shall be attested to under oath by an officer of each of the Company and the Guarantor.
- 6.2 By not later than February 1 of each year during the Grant Period (and with respect to Paragraph 6.2A, through the later of February 1 following the date established pursuant to Paragraph 5 hereof or the date on which the Local Government provides the final funds that would bring the local matching contribution to the level provided by the Grant), the Company must submit the following to the DOC, in the form of Exhibit B hereto:
- A. a copy of the Company's fourth calendar quarter performance (ending December 31) NCUI 101 for the previous calendar year, containing all information required by Exhibit B (N.C. Gen.Stat. §143B-437.07).
 - B. a statement indicating whether the Company expects to have completed Performance Criteria sufficient to request a disbursement during the upcoming state fiscal year (July 1 through June 30). Failure to identify the expected performance over the coming fiscal year may result in ineligibility for a disbursement during that period, or may limit the amount of disbursement available to the Company during the upcoming fiscal year. (N.C. Gen. Stat. §143B-437.72(b)(6b)).

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6.3 If unforeseen calamity, an Act of God, or financial disaster is the cause of the Company's failure to satisfy or perform its obligations under this CPA, the Company and the Local Government may request an extraordinary modification of this CPA from the Secretary of DOC (the "Secretary"). The Parties agree that any decision to allow such modification shall be at the sole discretion of the Secretary, that such modifications are rarely, if ever, granted, and that the Secretary's decision regarding any extraordinary modification shall be final and not subject to review or appeal.

6.4 The Company and Guarantor shall keep and maintain books, records, and other documents relating to the receipt and disbursement of the Grant and fulfillment of this CPA, including, but not limited to, records to verify employment, salaries, health insurance, investment amounts, Statutorily Qualifying Expenses and environmental permits.

Subject to any applicable federal or North Carolina laws or regulations respecting employee privacy, the Company and Guarantor each agree that any duly authorized representative of the Local Government or the State of North Carolina, including the DOC, the Office of the North Carolina State Auditor, and the Office of State Budget and Management, shall, at all reasonable times and on reasonable notice, have access to and the right to inspect, copy, audit, and examine all of the relevant books, records, and other documents relating to the Grant and the fulfillment of this CPA throughout the Grant Performance Period and for a period of six years thereafter.

If the Company or Guarantor fail to keep and maintain books and records necessary for verifying fulfillment of this CPA, including, but not limited to, adequate records for the verification of employment, salaries, investment amounts, Statutorily Qualifying Expenses and environmental permits, or if the Company or Guarantor fail to provide access and right of inspection sufficient to verify compliance with this CPA, the Local Government or the Secretary, as applicable, may in its or his discretion declare this CPA to be in default, withhold payments for or under this CPA or the LGGA, and/or require reimbursement of all or any portion of the Grant previously paid.

The Company and/or Guarantor shall provide any information DOC requests in order to produce reports or compile data required by the General Assembly.

6.5 To the extent any information or documents gathered by or provided to the Local Government or the DOC would be regarded as confidential or not subject to disclosure under federal law or the North Carolina General Statutes (including, without limitation, N.C. Gen. Stat. §§ 132-1 *et seq.*, commonly referred to as the "Public Records Act"), the Company or Guarantor, as applicable, shall clearly identify and mark them as such and that information will, to the extent allowed by law, be treated as confidential and not subject to disclosure by the Local Government and DOC and their authorized representatives.

The Company and Guarantor have read and understand North Carolina's laws regarding the treatment of public records and confidential information, including without limitation, those provisions set forth in Exhibit C.

The Company and Guarantor shall be responsible for any and all costs, expenses, fees, or losses that they or the Local Government or DOC or any other State entity may incur as a result of responding to or resisting any request, subpoena, legal complaint, court order, or other demand seeking to compel such party to release or disclose records, documents, or information pertaining to the Company or Guarantor, to the extent that the Company or Guarantor notified the State entity that it objects to such disclosure or release and the State defends against such release; and the Company and Guarantor shall indemnify the Local Government, DOC, and State entities and their authorized representatives for all costs associated therewith, provided that, no such indemnified party shall be obligated to take any such action.

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- 6.6 Notwithstanding anything herein to the contrary, the Parties acknowledge the due execution of the LGGA and agree that any conflict between the provisions, requirements, duties, or obligations of this CPA and the LGGA shall be resolved in favor of the LGGA. The Parties further agree that any conflict between the provisions, requirements, duties, or obligations of this CPA and any program documentation for this Grant other than the LGGA shall be resolved in favor of this CPA.
- 6.7 The Company and Guarantor acknowledge that none of the North Carolina operations owned by the Company or Guarantor or any related entity or affiliate shall be curtailed as a result of the Project.
- 6.8 The Company and Guarantor shall perform and abide by all commitments they made in the Company Application, except as otherwise expressly stated herein. The Company and Guarantor affirm their commitments made in the Company Application, and the commitments contained therein are incorporated herein by reference, as if set out in full. The Parties agree that any conflict between the provisions of this CPA and any commitments made in the Company Application to DOC shall be resolved in favor of this CPA.
- 6.9 The Company and Guarantor indemnify and hold harmless the Local Government, DOC, and State entities, and their respective members, officers, directors, employees, agents and attorneys (hereinafter collectively referred to as "Indemnified Parties"), from any claims of third parties arising out of or any act or omission of the Company and/or Guarantor in connection with the performance of this CPA, and for all losses arising from implementation of this CPA. Without limiting the generality of the foregoing, the Company and Guarantor release the Indemnified Parties from, and agree that such Indemnified Parties are not liable for, and agree to indemnify and hold harmless the Indemnified Parties against, any and all liability or loss, cost or expense, including, without limitation, reasonable attorneys' fees, fines, penalties, and civil judgments, resulting from or arising out of or in connection with or pertaining to, any loss or damage to property or any injury to or death of any person occurring in connection with or on or about the Facility, or resulting from any defect in the fixtures, machinery, equipment, or other property used in connection with the Project or arising out of, pertaining to, or having any connection with, the Project or the financing thereof (whether or not arising out of acts, omissions, or negligence of the Company or Guarantor or any of their agents, contractors, servants, employees, licensees, lessees, or assignees). Each Indemnified Party is an express, third party beneficiary of the Company's and Guarantor's obligations under this Paragraph.
- 6.10 The representations made by the Company and Guarantor in the Company Application to DOC or as part of the application process are incorporated herein by reference and deemed by the Parties to be material to this CPA. The Company and Guarantor affirm these representations. The Parties agree that any conflict between any representations contained in this CPA and those representations contained in the Company Application to DOC or made as part of the One North Carolina Fund application process shall be resolved in favor of this CPA.
- 6.11 The recitals are an integral part of this CPA.
- 6.12 If the Company or Guarantor has an overdue tax debt owing to the State of North Carolina, as defined in N.C. Gen. Stat. § 105-243.1, no payments will be made under this CPA or the LGGA until that tax debt has been satisfied. If an overdue tax debt goes unsatisfied by the Company or Guarantor for more than one year, this CPA may be declared in default and terminated at the direction of DOC.
- 6.13 The Local Government's obligation to make disbursements to the Company under this CPA is contingent upon the Local Government's receipt under the LGGA of the necessary disbursements

from DOC, which are, in turn, contingent on appropriation, allocation and availability of funds for the Grant to DOC.

- 6.14 This CPA constitutes a legally enforceable contract and shall be governed and construed in accordance with the laws of the State of North Carolina. The Parties agree and submit, solely for matters concerning this CPA, to the exclusive jurisdiction of the courts of North Carolina and agree, solely for such purpose, that the only venue for any legal proceedings shall be Wake County, North Carolina. The place of this CPA, and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation, and enforcement, shall be determined.
- 6.15 The Parties agree that the State of North Carolina Department of Commerce is a third party beneficiary of this CPA and may, at its option, enforce the terms of this CPA or appear as a party in any litigation concerning it or the Grant.
- 6.16 The Company and Guarantor shall comply with all applicable federal, state, and local laws and regulations. If the Company or Guarantor fail to comply with any law or regulation applicable to them, the Secretary may, in his sole discretion, terminate the Grant and declare that no future Grant disbursement shall be due and payable and/or require the Company and/or Guarantor to reimburse DOC all or part of any Grant funds previously disbursed following the date of any such violation. The Secretary may determine, in his sole discretion, that where the Company or Guarantor is under investigation for an act involving violation of federal, state, local law or regulation, including an unresolved environmental violation, Grant funds be withheld until such time as a determination of culpability or liability is made, and, if the Company or Guarantor is determined to be in violation, the Grant may be terminated and the Company and/or Guarantor may be required to reimburse the DOC for all or part of any Grant funds previously disbursed. If such investigation is not concluded within two (2) years of the Grant End Date, the DOC may terminate the Grant.
- 6.17 Failure of the Local Government or DOC at any time to require performance of any term or provision of this CPA shall in no manner affect the rights of the Local Government or DOC at a later date to enforce the same or to enforce any future compliance with or performance of any of the terms or provisions hereof. No waiver of the Local Government or DOC of any condition or the breach of any term, provision or representation contained in this CPA, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of that or any other term, provision or representation.
- 6.18 The Company is encouraged to utilize the services of North Carolina small businesses and minority, female, and disabled contractors, to offer positions in connection with the Project to North Carolina residents, and to use the North Carolina state ports when reasonable and commercially practicable.
- 6.19 In addition to any rights and remedies provided to the Local Government and DOC by law, DOC has the right, without prior notice to Company or Guarantor, any such notice being expressly waived by Company and Guarantor to the extent permitted by applicable law, upon the occurrence of any event herein which would result in the Company's obligation to repay some or all of Grant monies disbursed hereunder (including without limitation Section 3, 4 and 5 hereof), to set-off and apply against any amounts due hereunder, any amount owing from DOC or the State to the Company or Guarantor.

6.20 This Grant award shall terminate and be null and void on November 15, 2013 if by that date the Company has not delivered back to the DOC, two originals of this CPA, duly executed by authorized officer of each of the Company and of the Guarantor, and attested in the manner provided below. This Grant is also subject to the requirement that the Local Government deliver to the DOC, one original each of the LGGA and this CPA, duly executed by an authorized official of the Local Government, within sixty (60) calendar days following the date on which the DOC sends the LGGA and CPA to the Local Government, together with a copy of the agreement with the Company governing the local incentives to be provided for the Project.

7.0 GUARANTY

- 7.1 The Guarantor represents and warrants, as of the date hereof, and as of the date of any disbursement of Grant funds, that (a) both the Company and Guarantor are duly organized, validly existing and in good standing under the laws of the state of their registration, with power adequate for the carrying out their businesses; (b) the execution, delivery, and performance of this CPA are within the Company's and the Guarantor's power and authority and the Company and Guarantor have duly authorized, executed and delivered this CPA; (c) this CPA is signed by an authorized representative of each of the Company and the Guarantor, and is a legally valid and binding obligation of the Company and the Guarantor, enforceable against them in accordance with its terms, except as may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights; (d) it has taken or will take all actions reasonably necessary to carry out and give effect to the transactions contemplated by this CPA; (e) all written statements, representations, and warranties made by or on behalf of the Company and the Guarantor to the DOC, the State, and the Local Government in connection with the Grant are true, accurate and complete in all material respects, to its best knowledge and belief, and the Company is eligible for this Grant; (f) the Company and the Guarantor are financially solvent and not subject of any bankruptcy proceedings; and have no interest, and shall not acquire any interest, direct or indirect, which would conflict with the performance of their obligations under this CPA; (g) the Guarantor owns 100% of the membership interests/shares of the Company and will derive substantial benefit from the transactions contemplated by the CPA; and (h) the making and performance of this Guaranty will not violate any provision of or result in the acceleration of any obligation under any instrument or agreement, order, judgment or decree to which the Guarantor is a party or by which it or any of its property is bound. There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.
- 7.2 In order to induce the Local Government to enter this CPA, and the Local Government and DOC to enter the LGGA, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor unconditionally and irrevocably guarantees, as primary obligor and not as surety, the full, prompt, and punctual performance by the Company of all of the Company's obligations, agreements and covenants under and with respect to this CPA. The Guarantor unconditionally guarantees, the prompt payment (and not merely the collection) of all amounts that may now or in the future be owing to the DOC or the State, or the Local Government under this CPA and the LGGA, or any extension or renewal thereof however and whenever made, and shall be liable for any remedies or recoveries (including the cost of attorney fees incurred in enforcing this CPA and the LGGA) available to the DOC or the State, or the Local Government under or with respect to this CPA. The liability of the Guarantor shall be primary, joint and several.
- 7.3 This Guaranty shall operate as a continuing and absolute guaranty and shall remain in full force and effect without regard to, and shall not be affected or impaired by, any amendment of the CPA, any sale or transfer of all or any part of the Guarantor's ownership interest in the Company, any voluntary or involuntary liquidation, dissolution, merger, sale of assets, insolvency,

*One NC Company Performance Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12*

reorganization, bankruptcy or filing for bankruptcy of the Company or the Guarantor or any subsidiary, any rescission of a payment made hereunder, or any extension of time or other forbearance, compromise, adjustment, modification or indulgence granted to the Company by the DOC, the State, or the Local Government. The Guaranty shall remain in full force and effect until termination of the CPA; provided, however, that the Guarantor shall not be released from its obligation hereunder so long as there is any claim of DOC or the Local Government against the Company, which claim arises out of, or related to, directly, or indirectly, this CPA, that is not settled or discharged in full.

7.4 The DOC and the Local Government may exercise their rights against the Guarantor without first having to take action or exhaust remedies against the Company. The Guarantor expressly waives notice of non-performance, in any respect, by Company of any of its duties and obligations. The Guarantor unconditionally waives any defense available to it, including all suretyship defenses or defenses in the nature thereof; all requirements of notice, demand, presentment or protest in case of any default by the Company, as well as rights of set-off, redemption, and counterclaim which may be alleged to exist in favor of the Company.

7.5 This Guaranty shall inure to the benefit of the DOC and the Local Government and their respective successor and assigns, and shall be binding on the Guarantor, and its successors and assigns, and shall not be discharged or affected by the death of any party.

IN WITNESS WHEREOF, the Company, the Guarantor, and the Local Government have executed this Company Performance Agreement effective as of the day and year first written above. This CPA is intended to be under seal for purposes of any statute of limitations.

Approved and Accepted:

(Official Seal)

ATTEST:

_____, Clerk

**City of Washington
(Local Government)**

By: _____

Name: _____

Title: _____

Authorized Official

Date: _____

Signature Pages Follow

*One NC Company Performance Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12*

idX Impressions, LLC
(Company)

(Corporate Seal)

By: *Fritz Baumgartner*
Name: Fritz Baumgartner
Title: CFO
Authorized Corporate Officer

ATTEST:

_____, Secretary

Date: 11/14/13

STATE OF Missouri
COUNTY OF St. Charles

I, _____, a Notary Public of said State and County, do hereby certify that Fritz Baumgartner (the "principal") personally appeared before me this day, and/or (i) I have personal knowledge of the identity of the principal, and/or (ii) I have seen satisfactory evidence of the principal's identity, by current State or Federal identification with the principal's photograph, and such principal acknowledged to me that he or she voluntarily signed the foregoing document for the purpose therein and in the capacity indicated.

Kim M Brooks
Notary Public Signature
KIM M BROOKS
Notary Printed or Typed Name

Witness my hand and official seal or stamp, this 14 day of Nov, 2013

(Official Seal or Stamp)

My Commission expires on 3/20, 2014



KIM M. BROOKS
My Commission Expires
March 20, 2014
St. Charles County
Commission #10856311

idX Corporation
(Guarantor)

(Corporate Seal)

By: [Signature]
Name: Fritz Baumgartner
Title: CEO
Authorized Corporate Officer

Date: 11/14/13

ATTEST:

_____, Secretary

STATE OF Missouri
COUNTY OF St. Charles

I, _____, a Notary Public of said State and County, do hereby certify that Fritz Baumgartner (the "principal") personally appeared before me this day, and/or (i) I have personal knowledge of the identity of the principal, and/or (ii) I have seen satisfactory evidence of the principal's identity, by current State or Federal identification with the principal's photograph, and such principal acknowledged to me that he or she voluntarily signed the foregoing document for the purpose therein and in the capacity indicated.

[Signature]
Notary Public Signature
KIM M BROOKS
Notary Printed or Typed Name

Witness my hand and official seal or stamp, this 14 day of Nov, 2013

(Official Seal or Stamp)

My Commission expires on 3/20, 2014



KIM M. BROOKS
My Commission Expires
March 20, 2014
St. Charles County
Commission #19956311

One NC Company Performance Agreement
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form 9-1-12

EXHIBIT A
TO COMPANY PERFORMANCE AGREEMENT

COMPANY DISBURSEMENT REQUEST AND CERTIFICATION

Project No. 2012-9573

idX Impressions, LLC (the "Company") hereby requests that a disbursement in the amount of _____ [spell out dollar amount] (\$) _____ be made by the North Carolina Department of Commerce (the "DOC") to the City of Washington (the "Local Government"), pursuant to that certain Company Performance Agreement between the Company, idX Corporation (the "Guarantor"), and the Local Government, dated as of September 3, 2013 (the "CPA") and that certain Local Government Grant Agreement between the Local Government and the DOC, dated as of September 3, 2013 (the "LGGA," and together with the CPA, the "Agreements"). All capitalized terms not otherwise defined herein have the meaning ascribed to them in the Agreements.

The Company and Guarantor hereby certify that:

- (i) attached hereto is a true and correct copy of the Company's latest NCUI 101 form (or Multiple Worksite Report Form 3020, if applicable) filed with the State; and a copy of the NCUI 101 form (or Form 3020) filed with the State prior to the expansion;
- (ii) it has retained _____ Retained Jobs;
- (iii) it has created and retained _____ New Jobs,¹ which are net new positions for the Company's operations in the state, and no New Job (or employee) has been transferred from any existing North Carolina operations of the Company or any of its affiliates;
- (iv) it has obtained all required environmental permits for the Project;

¹ This is determined by obtaining the average number of new employees over the quarter reported. The company should add the three figures that represent NEW JOBS ONLY during each of the three months of the quarter reported in the NCUI 101, and divide that number by three. DO NOT INCLUDE PART-TIME, TEMPORARY OR SEASONAL JOBS, OR JOBS THAT EXISTED PRIOR TO THE GRANT AWARD. BE PREPARED TO SUPPORT THIS NUMBER WITH ADDITIONAL DOCUMENTATION, INCLUDING IDENTIFICATION OF INDIVIDUAL FULL-TIME EMPLOYEES AND THEIR WAGES. See Paragraph 6.1 of the CPA for guidance.

- (v) it makes available health insurance to all permanent full-time employees at the Facility in the amount required for eligibility for tax credits under the Article 3J (House Bill 2170 § 105-129.83);
- (vi) attached hereto is a true and correct copy of the Company's fixed asset report showing a description, acquisition date and cost for each asset acquired, disposed of, or transferred from the date of the Grant;
- (vii) it has made some or all of the Target Investment in the amount of \$ _____;
- (viii) the proceeds of this disbursement shall be used only to offset statutorily qualifying expenses as set out in N.C. Gen. Stat. § 143B-437.71(b) which have already been incurred by the company in the form of _____, and evidence of such expenditures is attached;
- (ix) the average weekly wage of all employees in New Jobs, is \$ _____;²
- (x) it is in compliance with all of the terms and conditions of the CPA and affirms the representations, warranties and covenants contained therein;
- (xi) by not later than February 1 of each year during the Grant Period, and through the February 1 following the date established pursuant to Paragraph 5.0 of the CPA, it shall submit to the DOC an annual report in the form of Exhibit B to the CPA;
- (xii) it understands that if any of the certifications provided herein prove to be false or misleading in any respect, it shall reimburse the DOC in the amount of this disbursement, and the DOC may pursue such other legal action as it deems appropriate;
- (xiii) it has received \$ _____ [specify amount] from the Local Government in the form of _____, representing the Local Government's Match required for this disbursement, under the Agreements; and
- (xiv) it is not liable for any Overdue Tax Debt, as defined in N.C. Gen. Stat. §105-243.1 (a tax debt that remains unpaid 90 days or more after final assessment notice is sent).

² This is determined by dividing the gross wages paid during the quarter to employees in New Jobs, by the average number of full-time jobs (see footnote 1) and then converting that number to a per week average, which must equal or exceed the wage standard, if any, set in the CPA.

- (xv) there is no fact or circumstance or interest about which the Company has knowledge that would conflict in any manner or degree with the performance of its obligations under the CPA.

The Company represents, warrants, and certifies the truth and accuracy of the statements made herein. These certifications shall be deemed to be made a part of the CPA and are incorporated therein, and governed by its terms and conditions.

idX Impressions, LLC
(Company)

By: _____

Print Name: _____

Title: _____

Authorized Corporate Officer

Date: _____

(Corporate Seal)

ATTEST:

_____, Secretary

Guarantor's Certification

The undersigned Guarantor affirms the Company's representations, warranties, and certifications made in this Company Disbursement Request and Certification. In addition, as to itself, the Guarantor represents, warrants, and certifies that (i) it is in compliance with all of the terms and conditions of the CPA and it affirms the representations, warranties and covenants contained therein, (ii) it is not liable for any Overdue Tax Debt, as defined in N.C. Gen. Stat. §105-243.1 (a tax debt that remains unpaid 90 days or more after final assessment notice is sent); and (iii) there is no fact or circumstance or interest about which the Company has knowledge that would conflict in any manner or degree with the performance of its obligations under the CPA.

idX Corporation
(Guarantor)

By: _____

Print Name: _____

Title: _____

Authorized Corporate Officer

Date: _____

(Corporate Seal)

ATTEST:

_____, Secretary

EXHIBIT B
TO COMPANY PERFORMANCE AGREEMENT

FEBRUARY 1 COMPANY REPORT TO DOC

Project No. 2012-9573

Date of Report: _____

Calendar Year Reported: 20 ____

Fiscal Year Performance/Disbursement Projection: July 1, 20 ____ through June 30, 20 ____ (the "Upcoming Fiscal Year")

idX Impressions, LLC (the "Company") hereby submits this report pursuant to that certain Company Performance Agreement between the Company, idX Corporation (the "Guarantor"), and the Local Government dated as of September 3, 2013 (the "CPA") and that certain Local Government Grant Agreement between the Local Government and the DOC, dated as of September 3, 2013 (the "LGGA," and, together with the CPA, the "Agreements"). All capitalized terms not otherwise defined herein have the meaning ascribed to them in the Agreements.

The Company and Guarantor hereby certifies that:

- (i) attached hereto is a true and correct copy of the Company's NCUI 101 for the quarter ending December 31, 20 ____ [prior year];
- (ii) the Company has created and retained _____ a total of New Jobs,¹ as of December 31, 20 ____, which are net new positions for the Company's operations in the state, and no New Job (or employee) has been transferred from any existing North Carolina operations of the Company or any of its affiliates;
- (iii) the Company has made some or all of the Target Investment in the amount of _____ Dollars (\$ _____);
- (iv) the average weekly wage of all permanent full-time jobs at the Facility, including the New Jobs, is \$ _____;²

¹ This is determined by obtaining the average number of new employees over the quarter reported. The company should add the three figures that represent NEW JOBS ONLY during each of the three months of the quarter reported in the NCUI 101, and divide that number by three. DO NOT INCLUDE PART-TIME, TEMPORARY OR SEASONAL JOBS, OR JOBS THAT EXISTED PRIOR TO THE GRANT AWARD. BE PREPARED TO SUPPORT THIS NUMBER WITH ADDITIONAL DOCUMENTATION, INCLUDING IDENTIFICATION OF INDIVIDUAL FULL-TIME EMPLOYEES AND THEIR WAGES. Refer to Paragraph 6.1 of the CPA for guidance.

² This is determined by dividing the gross wages paid during the quarter to employees in New Jobs, by the average number of full-time jobs (see footnote 1) and then converting that number to a per week average, which must equal or exceed the wage standard, if any, set in the CPA.

- (v) the Company and Guarantor is in compliance with all of the terms and conditions of the CPA and affirms the representations, warranties and covenants contained therein;
- (vi) as of December 31, ____ it had received _____ Dollars (\$ _____) [specify amount] from the Local Government in the form of _____, representing the Local Government's Match, which brings the total Local Government Match the Company has received as of December 31, ____, to _____ Dollars (\$ _____);
- (vii) during the Upcoming Fiscal Year, the Company expects to:
 - (a) make some or all of the Target Investment in the amount of _____ Dollars (\$ _____), which, together with prior qualifying Target Investment made, would bring the total Target Investment made to _____ Dollars (\$ _____);
 - (b) create and retain ____ New Jobs (which together with prior New Jobs created, would bring the total New Jobs created and retained, to ____ New Jobs;
 - (c) retain _____ Retained Jobs;
 - (d) be in compliance with the CPA;
 - (e) based on the foregoing, be eligible under the CPA, to request a disbursement(s) prior to June 30 of the Upcoming Fiscal Year, in the amount of _____ Dollars (\$ _____).

The Company represents, warrants, and certifies the truth and accuracy of the statements made herein. These certifications shall be deemed to be made a part of the CPA and are incorporated therein, and governed by its terms and conditions.

**idX Impressions, LLC
(Company)**

By: _____
 Print Name: _____
 Title: _____
Authorized Corporate Officer

Date: _____

(Corporate Seal)

ATTEST:
 _____, Secretary

Guarantor's Certification

The undersigned Guarantor affirms the Company's representations, warranties, and certifications made in Exhibit B to the Company Performance Agreement, February 1 Report to DOC (the "Report"). In addition, as to itself, the Guarantor represents, warrants, and certifies that (i) it is in compliance with all of the terms and conditions of the CPA and it affirms the representations, warranties and covenants contained therein, (ii) it is not liable for any Overdue Tax Debt, as defined in N.C. Gen. Stat. §105-243.1 (a tax debt that remains unpaid 90 days or more after final assessment notice is sent); and (iii) there is no fact or circumstance or interest about which the Guarantor has knowledge that would conflict in any manner or degree with the performance of the Company's, the Related Member Party's (if applicable), or the Guarantor's obligations under the CPA.

idX Corporation
(Guarantor)

By: _____

Print Name: _____

Title: _____

Authorized Corporate Officer

Date: _____

(Corporate Seal)

ATTEST:

_____, Secretary

EXHIBIT C TO COMPANY PERFORMANCE AGREEMENT

Provisions of N.C. General Statutes Addressing Public Records, Confidential Information, and Economic Development Projects

§ 132-1. "Public records" defined

(a) "Public record" or "public records" shall mean all documents, papers, letters, maps, books, photographs, films, sound recordings, magnetic or other tapes, electronic data-processing records, artifacts, or other documentary material, regardless of physical form or characteristics, made or received pursuant to law or ordinance in connection with the transaction of public business by any agency of North Carolina government or its subdivisions. Agency of North Carolina government or its subdivisions shall mean and include every public office, public officer or official (State or local, elected or appointed), institution, board, commission, bureau, council, department, authority or other unit of government of the State or of any county, unit, special district or other political subdivision of government.

(b) The public records and public information compiled by the agencies of North Carolina government or its subdivisions are the property of the people. . .

§ 132-1.1. State tax information

(b) **State and Local Tax Information.** – Tax information may not be disclosed except as provided in G.S. 105-259. As used in this subsection, "tax information" has the same meaning as in G.S. 105-259. Local tax records that contain information about a taxpayer's income or receipts may not be disclosed except as provided in G.S. 153A-148.1 and G.S. 160A-208.1.

§ 132-1.2. Confidential information.

Nothing in this Chapter shall be construed to require or authorize a public agency or its subdivision to disclose any information that:

- (1) Meets all of the following conditions:
 - a. Constitutes a "trade secret" as defined in G.S. 66-152(3).
 - b. Is the property of a private "person" as defined in G.S. 66-152(2).
 - c. Is disclosed or furnished to the public agency in connection with the owner's performance of a public contract or in connection with a bid, application, proposal, industrial development project, or in compliance with laws, regulations, rules, or ordinances of the United States, the State, or political subdivisions of the State.
 - d. Is designated or indicated as "confidential" or as a "trade secret" at the time of its initial disclosure to the public agency.

§ 66-152. Definitions (Trade Secrets Protection Act)

As used in this Article, unless the context requires otherwise:

- (2) "Person" means an individual, corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership, association, joint venture, or any other legal or commercial entity.
- (3) "Trade secret" means business or technical information, including but not limited to a formula, pattern, program, device, compilation of information, method, technique, or process that:
 - a. Derives independent actual or potential commercial value from not being generally known or readily ascertainable through independent development or reverse engineering by persons who can obtain economic value from its disclosure or use; and
 - b. Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

The existence of a trade secret shall not be negated merely because the information comprising the trade secret has also been developed, used, or owned independently by more than one person, or licensed to other persons.

§ 132-1.8. Economic development incentives

(a) **Assumptions and Methodologies.** – Subject to the provisions of this Chapter regarding confidential information and the

withholding of public records relating to the proposed expansion or location of specific business or industrial projects when the release of those records would frustrate the purpose for which they were created, whenever a public agency or its subdivision performs a cost-benefit analysis or similar assessment with respect to economic development incentives offered to a specific business or industrial project, the agency or its subdivision must describe in detail the assumptions and methodologies used in completing the analysis or assessment. This description is a public record and is subject to all provisions of this Chapter and other law regarding public records.

(b) **Disclosure of Public Records Requirements.** – Whenever an agency or its subdivision first proposes, negotiates, or accepts an application for economic development incentives with respect to a specific industrial or business project, the agency or subdivision must disclose that any information obtained by the agency or subdivision is subject to laws regarding disclosure of public records. In addition, the agency or subdivision must fully and accurately describe the instances in which confidential information may be withheld from disclosure, the types of information that qualify as confidential information, and the methods for ensuring that confidential information is not disclosed."

§ 132-6. Inspection and examination of records

(a) Every custodian of public records shall permit any record in the custodian's custody to be inspected and examined at reasonable times and under reasonable supervision by any person, and shall, as promptly as possible, furnish copies thereof upon payment of any fees as may be prescribed by law. . .

(c) No request to inspect, examine, or obtain copies of public records shall be denied on the grounds that confidential information is commingled with the requested nonconfidential information. If it is necessary to separate confidential from nonconfidential information in order to permit the inspection, examination, or copying of the public records, the public agency shall bear the cost of such separation. . .

(d) Notwithstanding the provisions of subsections (a) and (b) of this section, public records relating to the proposed expansion or location of specific business or industrial projects may be withheld so long as their inspection, examination or copying would frustrate the purpose for which such public records were created; provided, however, that nothing herein shall be construed to permit the withholding of public records relating to general economic development policies or activities.

Once the State, a local government, or the specific business has announced a commitment by the business to expand or locate a specific project in this State or a final decision not to do so and the business has communicated that commitment or decision to the State or local government agency involved with the project, the provisions of this subsection allowing public records to be withheld by the agency no longer apply.

Once the provisions of this subsection no longer apply, the agency shall disclose as soon as practicable, and within 25 business days, public records requested for the announced project that are not otherwise made confidential by law.

An announcement that a business or industrial project has committed to expand or locate in the State shall not require disclosure of local government records relating to the project if the business has not selected a specific location within the State for the project. Once a specific location for the project has been determined, local government records must be disclosed, upon request, in accordance with the provisions of this section. For purposes of this section, "local government records" include records maintained by the State that relate to a local government's efforts to attract the project."

§ 132-9. Access to records

(b) In an action to compel disclosure of public records which have been withheld pursuant to the provisions of G.S. 132-6 concerning public records relating to the proposed expansion or location of particular businesses and industrial projects, the burden shall be on the custodian withholding the records to show that disclosure would frustrate the purpose of attracting that particular business or industrial project.

Terms of One NC Grant

Local Government: City of Washington
Project Company: idX Impressions, LLC
Grant Amount: \$300,000

Guarantor	idX Corporation
Project Description	An expansion of a manufacturing plant at which the company will manufacture showcase, shelving, display and partition units.
Facility Location	234 Springs Road Washington, North Carolina Beaufort County
Grant Period	September 3, 2013 through September 3, 2016
Grant End Date	September 3, 2016
Target New Jobs (goal)	159
Target New Investment (goal)	\$3,000,000.00
Required New Jobs (required for full grant)	143
Required New Investment (required for full grant)	\$2,700,000.00
Average weekly wage for all full-time jobs (Wage Standard)	\$574.00
Retained Jobs, if any	84
Closeout	The earlier of when performance is complete, or the Grant End Date

Other Requirements

- Health insurance for all fulltime jobs
- Use grant proceeds for installation or purchase of equipment; structural repairs, improvements, or renovations to existing buildings to be used for expansion; construction of or improvements to new or existing water, sewer, gas or electric utility distribution lines or equipment for existing buildings, or for new or proposed buildings to be used for manufacturing and industrial operations
- Must provide verification that Project has received all environmental permits

*Company; Guarantor; Retained Jobs; New Jobs
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form Revised 10-5-12*

- The grant is subject to the requirement that the Local Government deliver to the Department of Commerce a copy of the agreement with the Company governing the local incentives to be provided for the Project.
- By no later than February 1 following the end of each year during the later of the end of the Grant Performance Period or the date on which the Local Government provides the final funds that would bring the local matching contribution to the level provided by the Grant, the Company will submit a report to the DOC in the form of Exhibit B, documenting the Local Government contribution of eligible matching funds, through the just completed calendar year, and a copy of the Company's fourth calendar quarter performance, ending December 31. In addition, during the Grant Period, the Company shall provide a statement indicating whether the Company expects to have completed Performance Criteria sufficient to request a disbursement during the upcoming state fiscal year (July 1 through June 30).

Disbursement of Grant

4 installments equal to 25% of grant each, on demonstration of creation of:

- 25% of Target New Jobs;
- 50% of Target New Jobs
- 75% of Target New Jobs
- Required New Jobs and Required Investment

and evidence of making Statutorily Qualifying Expenditures, Environmental Permits, and Retained Jobs (if required, as set forth above).

Obligation to Repay Grant

- Failure to provide required health insurance
- Failure to achieve Wage Standard
- Ceasing project operations
- Failure to maintain jobs for the requisite time beyond Closeout (1-2 years depending on Closeout timing)

Adjustments to Grant At Closeout

- If Closeout occurs on the date three years from the date of the Grant award and the Company has failed to:
 - Create and retain Required New Jobs, or
 - Make statutorily qualifying expenses equal to 100% of the grant, or
 - Make the Required Investment

the amount of the Grant will be reduced on a pro rata basis to reflect the percentage by which the Company failed to meet its performance goals.

To the extent the amount of the reduced Grant is *less* than the amount that has been previously disbursed, the Company must reimburse DOC for the difference.

*Company; Guarantor; Retained Jobs; New Jobs
idX Impressions, LLC / City of Washington
Company; Guarantor; Retained Jobs; New Jobs
Form Revised 10-5-12*

Obligations Beyond Closeout

- If Closeout occurs more than one year prior to the Grant End Date, the Company must maintain **at least 90%** of the New Jobs in place at Closeout for **two years** after the date of Closeout.
- If Closeout occurs less than one year prior to the Grant End Date, the Company must maintain **at least 90%** of the New Jobs in place at Closeout until the one anniversary of the Grant End Date.
- If the Company fails to maintain **at least 90%** of the number of New Jobs in place at Closeout for **the required time period**, the Company must reimburse DOC the entire amount of the Grant.

Statute and Guidelines Governing Grant

- N.C. Gen. Stat. 143B-437.70 *et seq.*
- Guidelines And Procedures for Commitment of Funds from the One North Carolina Fund.



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Allen Lewis, Public Works Director *Allen Lewis*
Date: February 3, 2014
Subject: 15th Street Widening Project.
Applicant Presentation: N/A
Staff Presentation: Allen Lewis

RECOMMENDATION:

I move that the City Council approve the North Carolina Department of Transportation's plans to widen 15th Street between Carolina Avenue and Pierce Street.

BACKGROUND AND FINDINGS:

As you recall, at the January 13, 2014 Council meeting, Dwayne Alligood and Haywood Daughtry with the North Carolina Department of Transportation (DOT), spoke with you about DOT's proposed widening project along 15th Street between Carolina Avenue and Pierce Street. In their presentation, they asked for your support of this project. As a result of this proposed project, it will be necessary to relocate some water and sewer lines within DOT right of way that are between the edge of the right of way and the edge of the pavement. At your direction, we have looked at these utilities and estimated that the cost of relocating them should be close to the amount of funds available for the relocation (\$150,000) that DOT already has available for this project. Water and sewer utilities, as well as electric utilities, that are under the pavement or outside the existing right of way, will not have to be relocated at the City's expense per DOT. As a result, staff recommends your support and approval of this project.

PREVIOUS LEGISLATIVE ACTION

N/A

FISCAL IMPACT

Currently Budgeted (Account) Requires additional appropriation No Fiscal Impact

SUPPORTING DOCUMENTS

N/A

City Attorney Review: _____ Date By: _____ (if applicable)
 Finance Dept Review: _____ Date By: _____ (if applicable)
 City Manager Review: *SW* Concur _____ Recommend Denial _____ No Recommendation *2/14/14* Date



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Brian Allgood, City Manager *but*
Date: February 10, 2014
Subject: Old City Hall Reconveyance
Applicant Presentation: N/A
Staff Presentation: Brian Allgood

RECOMMENDATION:

I move that City Council approve and authorize the reconveyance of Old City Hall from Cedar Grove Plantation, LLC to the City, including but not limited to acceptance of the attached deed, approval of the attached Cancellation and Withdrawal, authorization for the City Manager or his designee to execute any documents that are necessary in conjunction with the related closing and adoption of a Budget Ordinance Amendment to appropriate funds for said transaction.

BACKGROUND AND FINDINGS:

Cedar Grove Plantation LLC was unsuccessful in obtaining acceptable financing for the Old City Hall restoration grant and the property is being reconveyed to the City.

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

Currently Budgeted (Account _____) Requires additional appropriation
 No Fiscal Impact

SUPPORTING DOCUMENTS

- HUD Statement
- Deed of Trust
- Cancellation and Withdrawal
- Budget Ordinance Amendment

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: *but* Concur _____ Recommend Denial _____ No Recommendation

2/4/14 Date
 February 10, 2014
 Page 142 of 245

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2013-2014**

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

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$25,091 in the account Fund Balance Appropriated, account number 10-00-3991-9910, to provide funds for the reconveyance of Old City Hall.

Section 2. That account number 10-00-4400-7100, Miscellaneous Department portion of the General Fund appropriations budget be increased in the amount of \$25,091.

Section 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 4. This ordinance shall become effective upon its adoption.

Adopted this the 10th day of February, 2014.

MAYOR

ATTEST:

CITY CLERK

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 CANCELLATION AND WITHDRAWAL OF PRESERVATION AGREEMENT is made and entered into this the ____ day of February, 2014, by the **CITY OF WASHINGTON**, a municipal corporation of the State of North Carolina, whose address is: PO Box 1988, Washington, NC 27889.

RECITALS:

WHEREAS, on December 16, 2011, the City of Washington (“City”) conveyed to Cedar Grove Plantation, LLC (“Cedar Grove”) (may be collectively referred to as the “parties”) certain property informally known to the parties as Old City Hall and as more particularly described in that deed recorded in the Beaufort County Register of Deeds office in Book 1769, Page 818; and

WHEREAS, the parties entered into a CONSERVATION, HISTORIC, PRESERVATION AND MAINTENANCE AGREEMENT AND DEED OF EASEMENT FOR HISTORIC PRESERVATION (may be referred to herein as “Preservation Agreement”) recorded in the Beaufort County Register of Deeds office in Book 1769, Page 821 that contained certain covenants, restrictions, and conditions agreed upon by the parties concerning said property; and

WHEREAS, pursuant to the terms of the Preservation Agreement, Cedar Grove reconveyed said property to the City by that deed recorded in the Beaufort County Register of Deeds office in Book ____, Page ____; and

WHEREAS, the City desires to cancel and withdraw said Preservation Agreement.

WITNESSETH:

NOW THEREFORE, the recorded in the Beaufort County Register of Deeds office in Book 1769, Page 821, including all of those certain covenants, restrictions and conditions contained therein.

IN WITNESS WHEREOF, the CITY OF WASHINGTON, a municipal corporation of the State of North Carolina, has caused this instrument to be executed in its name by its Mayor, attested by its City Clerk, and affixed with its corporate seal, all by proper corporate authority duly given, this the day and year first above written.

CITY OF WASHINGTON

(Corporate Seal)

BY:

JAY MACDONALD HODGES, MAYOR

ATTEST:

CYNTHIA S. BENNETT, CITY CLERK

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

I, _____, a Notary Public of the State and County aforesaid, certify that **CYNTHIA S. 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, Mayor, sealed with its corporate seal and attested by herself as its City Clerk.

WITNESS my hand and official seal, this the _____ day of _____, 2014.

NOTARY PUBLIC

My Commission expires: _____



A. Settlement Statement (HUD-1)

B. Type of Loan

1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> RHS	3. <input type="checkbox"/> Conv. Unins.	6. File Number:	7. Loan Number:	8. Mortgage Insurance Case Number:
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name and Address of Buyer: City of Washington PO Box 1988 Washington, NC 27889	E. Name and Address of Seller: Cedar Grove Plantation, LLC 316 Riverside Drive Washington, NC 27889	F. Name and Address of Lender:
G. Property Location: OLD CITY HALL, Portion of Lot 21 Market Street Washington, NC 27889 Beaufort County, North Carolina	H. Settlement Agent: Rodman, Holscher, Peck & Edwards, P.A. 320 N. Market Street Washington, NC 27889 Ph. (252)946-3122 Place of Settlement: 320 N. Market Street Washington, NC 27889	I. Settlement Date:

J. Summary of Buyer's transaction	K. Summary of Seller's transaction
100. Gross Amount Due from Buyer:	400. Gross Amount Due to Seller:
101. Contract sales price 25,000.00	401. Contract sales price 25,000.00
102. Personal property	402. Personal property
103. Settlement Charges to Buyer (Line 1400) 91.00	403.
104.	404.
105.	405.
Adjustments for items paid by Seller in advance	Adjustments for items paid by Seller in advance
106. City/Town Taxes to	406. City/Town Taxes to
107. County Taxes to	407. County Taxes to
108. Assessments to	408. Assessments to
109.	409.
110.	410.
111.	411.
112.	412.
120. Gross Amount Due from Buyer 25,091.00	420. Gross Amount Due to Seller 25,000.00
200. Amounts Paid by or in Behalf of Buyer	500. Reductions in Amount Due Seller:
201. Deposit or earnest money	501. Excess deposit (see instructions)
202. Principal amount of new loan(s)	502. Settlement charges to Seller (Line 1400) 2,547.16
203. Existing loan(s) taken subject to	503. Existing loan(s) taken subject to
204.	504. Payoff First Mortgage
205.	505. Payoff Second Mortgage
206.	506.
207.	507.
208.	508.
209.	509.
Adjustments for items unpaid by Seller	Adjustments for items unpaid by Seller
210. City/Town Taxes to	510. City/Town Taxes to
211. County Taxes to	511. County Taxes to
212. Assessments to	512. Assessments to
213.	513.
214.	514.
215.	515.
216.	516.
217.	517.
218.	518.
219.	519.
220. Total Paid by/for Buyer	520. Total Reduction Amount Due Seller 2,547.16
300. Cash at Settlement from/to Buyer	600. Cash at settlement to/from Seller
301. Gross amount due from Buyer (line 120) 25,091.00	601. Gross amount due to Seller (line 420) 25,000.00
302. Less amount paid by/for Buyer (line 220) ()	602. Less reductions due Seller (line 520) (2,547.16)
303. Cash <input checked="" type="checkbox"/> From <input type="checkbox"/> To Buyer 25,091.00	603. Cash <input checked="" type="checkbox"/> To <input type="checkbox"/> From Seller 22,452.84

The undersigned hereby acknowledge receipt of a completed copy of pages 1, 2 & 3 of this statement & any attachments referred to herein.

Buyer City of Washington

Seller Cedar Grove Plantation, LLC

BY: _____

BY: _____

The Public Reporting Burden for this collection of information is estimated at 35 minutes per response for collecting, reviewing, and reporting the data. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. No confidentiality is assured; this disclosure is mandatory. This is designed to provide the parties to a RESPA covered transaction with information during the settlement process.

L. Settlement Charges				Paid From Buyer's Funds at Settlement	Paid From Seller's Funds at Settlement
700. Total Real Estate Broker Fees					
<i>Division of commission (line 700) as follows:</i>					
701. \$	to				
702. \$	to				
703. Commission paid at settlement					
704.					
705.					
800. Items Payable in Connection with Loan					
801. Our origination charge includes Origination Point (0.000% or \$ 0.00)	\$		(from GFE #1)		
802. Your credit or charge (points) for the specific interest rate chosen	\$		(from GFE #2)		
803. Your adjusted origination charges to					
804. Appraisal fee	to		(from GFE #3)		
805. Credit Report	to		(from GFE #3)		
806. Tax service	to		(from GFE #3)		
807. Flood certification	to		(from GFE #3)		
808.					
809.					
810.					
811.					
900. Items Required by Lender to Be Paid in Advance					
901. Daily interest charges from	to	@ \$ /day	(from GFE #10)		
902. Mortgage insurance premium for	months to		(from GFE #3)		
903. Homeowner's insurance for	years to		(from GFE #11)		
904.					
905.					
1000. Reserves Deposited with Lender					
1001. Initial deposit for your escrow account					
(from GFE #9)					
1002. Homeowner's insurance	@ \$	per	\$		
1003. Mortgage insurance	@ \$	per	\$		
1004. Property taxes					
1005.					
1006.	@ \$	per	\$		
1007.	@ \$	per	\$		
1008.					
1009.					
1100. Title Charges					
1101. Title services and lender's title insurance					
(from GFE #4)					
1102. Settlement or closing fee					
\$					
1103. Owner's title insurance to STATEWIDE TITLE					
(from GFE #5)					
65.00					
1104. Lender's title insurance to STATEWIDE TITLE					
\$					
1105. Lender's title policy limit					
\$					
1106. Owner's title policy limit					
\$ 25,000.00					
1107. Agent's portion of the total title insurance premium					
\$ End: \$0.00					
1108. Underwriter's portion of the total title insurance premium to STATEWIDE TITLE					
\$ 65.00 End: \$0.00					
1109.					
1110.					
1111.					
1112.					
1113.					
1200. Government Recording and Transfer Charges					
1201. Government recording charges to Beaufort County Registry					
(from GFE #7)					
26.00					
1202. Dead \$	26.00	Mortgage \$	Releases \$	Other \$	
1203. Transfer taxes to Beaufort County Registry					
(from GFE #8)					
1204. City/County tax/stamps					
\$					
1205. State tax/stamps					
\$ 50.00					
1206.					
1207.					
1300. Additional Settlement Charges					
1301. Required services that you can shop for					
(from GFE #6)					
1302. 2013 Property Taxes to Beaufort County Registry until 1/31/14					
2,372.16					
1303.					
1304.					
1305.					
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)					
91.00					
2,547.16					

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this two page statement.

Rodman, Holscher, Peck & Edwards, P.A., Settlement Agent

Comparison of Good Faith Estimate (GFE) and HUD-1 Charges		Good Faith Estimate	HUD-1
Charges That Cannot Increase			
	HUD-1 Line Number		
Our origination charge	# 801		
Your credit or charge (points) for the specific interest rate chosen	# 802		
Your adjusted origination charges	# 803		
Transfer taxes	#1203		

Charges That in Total Cannot Increase More than 10%		Good Faith Estimate	HUD-1
Government recording charges	#1201		26.00
Owner's title insurance to STATEWIDE TITLE	#1103		65.00
Total			91.00
Increase between GFE and HUD-1 Charges		\$ 91.00 or	0.00%

Charges That Can Change		Good Faith Estimate	HUD-1
Initial deposit for your escrow account	#1001		
Daily interest charges	# 901 \$ /day		
Homeowner's insurance	# 903		

Loan Terms

Your initial loan amount is	
Your loan term is	30 years
Your initial interest rate is	_____ %
Your initial monthly amount owed for principal, interest and any mortgage insurance is	_____ includes <input checked="" type="checkbox"/> Principal <input checked="" type="checkbox"/> Interest <input type="checkbox"/> Mortgage Insurance
Can your interest rate rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of _____ %. The first change will be on _____ and can change again every _____ months after _____. Every change date, your interest rate can increase or decrease by _____. Over the life of the loan, your interest rate is guaranteed to never be lower than _____ % or higher than _____ %.
Even if you make payments on time, can your loan balance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, it can rise to a maximum of \$ _____.
Even if you make payments on time, can your monthly amount owed for principal, interest, and mortgage insurance rise?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, the first increase can be on _____ and the monthly amount owed can rise to \$ _____. The maximum it can ever rise to is \$ _____.
Does your loan have a prepayment penalty?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, your maximum prepayment penalty is \$ _____.
Does your loan have a balloon payment?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, you have a balloon payment of \$ _____ due in _____ years on _____.
Total monthly amount owed including escrow account payments	<input checked="" type="checkbox"/> You do not have a monthly escrow payment for items, such as property taxes and homeowner's insurance. You must pay these items directly yourself. <input type="checkbox"/> You have an additional monthly escrow payment of \$ _____ that results in a total initial monthly amount owed of \$ _____. This includes principal, interest, any mortgage insurance and any items checked below: <input type="checkbox"/> Property taxes <input type="checkbox"/> Homeowner's insurance <input type="checkbox"/> Flood insurance <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Note: If you have any questions about the Settlement Charges and Loan Terms listed on this form, please contact your lender.

HUD-1, Page 4

Buyer(s): City of Washington
PO Box 1988
Washington, NC 27889

Seller(s): Cedar Grove Plantation, LLC
316 Riverside Drive
Washington, NC 27889

Settlement Agent: Rodman, Holscher, Peck & Edwards, P.A.
(252)946-3122

Place of Settlement: 320 N. Market Street
Washington, NC 27889

Settlement Date:

Property Location: OLD CITY HALL, Portion of Lot 21 Market Street
Washington, NC 27889
Beaufort County, North Carolina

Settlement or Closing Fee Details

	BORROWER	SELLER
Deed Preparation to Rodman, Holscher, Peck & Edwards, P.A.		125.00
Total	\$ _____	\$ <u>125.00</u>

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

City of Washington

Cedar Grove Plantation, LLC

BY: _____

BY: _____

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

(CITY FM CEDAR GROVE.PFD/06-55-16096/5)

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

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

THIS DEED, made and entered into this the _____ day of _____, 2014, by **CEDAR GROVE PLANTATION, LLC**, a North Carolina Limited Liability Company, whose address is: 316 Riverside Drive, Washington, NC 27889, Grantor, to the **CITY OF WASHINGTON**, a municipal corporation organized and existing under the laws of the State of North Carolina, whose address is: Post Office Box 1988, Washington NC 27889;

W I T N E S S E T H:

That the Grantor, for and in consideration of the sum of Ten and no/100 Dollars (\$10.00) and other good and valuable considerations to it paid by the Grantee, the receipt whereof is acknowledged, has given, granted, bargained, sold and does hereby convey unto the Grantee, its successors and assigns, that certain tract or parcel of land lying and being in the City of Washington, Beaufort County, North Carolina, more particularly described as

THE GRANTORS HEREIN STATE THAT THE PROPERTY DESCRIBED IN THIS DEED IS NOT THEIR PRINCIPAL RESIDENCE.

follows:

BEGINNING at an X cut in concrete, said X being more particularly located by beginning at US Coast and Geodetic Station "Z-25" and running therefrom South 60° 30' 10" West 240.44 feet to an X in concrete, the point and place of beginning. Thence from said beginning point so located South 41° 30' 00" West 42.24 feet to a nail set in a common wall between the property described herein and the property now or formerly owned by Gregory M. Ward; thence with the centerline of said wall and continuing North 47° 51' 48" West 101.94 feet to an iron rebar; thence North 42° 01' 15" East 41.29 feet to a magnetic nail; thence South 48° 23' 55" East 101.56 feet to an X cut in concrete, the point and place of beginning and being the same property as shown on that certain survey by Waters Surveying, Inc. dated May 29, 2009 and being that same property deeded to the City of Washington by deed dated October 7, 2009 recorded in Book 1699, Page 981, Beaufort County Registry, to which survey and deed reference is herein made for a more complete and adequate description.

TO HAVE AND TO HOLD the same, together with all and singular, the rights, ways, privileges and appurtenances thereto belonging or in anywise appertaining unto the said Grantee, its successors and assigns, in fee simple, subject, however, to the following:

1. 2014 Beaufort County Ad Valorem taxes.
2. Such easements, rights-of-way and restrictions of record in the Beaufort County Registry.
3. Non-compliance with any local, county, state or federal governmental laws, ordinances or regulations relative to zoning, subdivision, occupancy, use, construction or the development of the subject property.

The Grantor covenants with the Grantee that it is seized in fee simple of the above described property and has good right and

title to convey the same; that the same is free and clear of all liens and encumbrances, except those matters above set forth, and that, subject thereto, it will forever warrant and defend the title to the same against all lawful claims and demands.

IN WITNESS WHEREOF, **CEDAR GROVE PLANTATION, LLC**, has caused this instrument to be executed by its Member Managers, who are duly authorized to execute the same, this the day and year first above written.

**CEDAR GROVE PLANTATION, LLC, a North
Carolina Limited Liability Company**

BY: _____ (Seal)
LAURA A. DARRE,
Member Manager

BY: _____ (Seal)
KATHRYN PISCIOTTA,
Member Manager

STATE OF _____
COUNTY OF _____

Before me, the undersigned Notary Public in and for the State and County aforesaid, this day personally appeared **LAURA A. DARRE and KATHRYN PISCIOTTA**, who being by me duly sworn say that they are Member Managers of **CEDAR GROVE PLANTATION, LLC**, a North Carolina Limited Liability Company and that they executed the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this the _____ day of _____, 2014.

NOTARY PUBLIC

My Commission expires: _____.

**OWNER AFFIDAVIT AND INDEMNITY AGREEMENT
(NO RECENT IMPROVEMENTS AND NO EXECUTORY CONTRACTS FOR IMPROVEMENTS)**

PARTIES: All parties identified in this section must execute this Agreement.

Owner: Cedar Grove Plantation, LLC

(NOTE: A separate Agreement is required for each successive owner in the 120-Day Lien Period.)

PROPERTY: See attached Exhibit "A".

(Insert street address or brief description and/or attach a description as Exhibit A. Include here any real estate that is a portion of a larger, previously unsegregated tract when that area is reasonably necessary for the convenient use and occupation of improvements on the larger tract.)

DEFINITIONS: The following capitalized terms as used in this Agreement shall have the following meanings:

- **Improvement:** All or any part of any building, structure, erection, alteration, demolition, excavation, clearing, grading, filling, or landscaping, including trees and shrubbery, driveways, and private roadways on the Property as defined below.
- **Labor, Services or Materials:** ALL labor, services, materials for which a lien can be claimed under NCGS Chapter 44A, Article 2, including but not limited to professional design services (including architectural, engineering, landscaping and surveying) and/or rental equipment.
- **Contractor:** Any person or entity who has performed or furnished or has contracted to perform or furnish Labor, Services or Materials pursuant to a contract, either express or implied, with the Owner of real property for the making of an Improvement thereon. (Note that services by architects, engineers, landscapers, surveyors, furnishers of rental equipment and contracts for construction on Property of Improvements are often provided before there is visible evidence of construction.)
- **120-Day Lien Period:** The 120 days immediately preceding the date of recordation of the latter of the deed to purchaser or deed of trust to lender in the Office of the Register of Deeds of the county in which the Property is located.
- **Owner:** Any person or entity, as defined in NCGS Chapter 44A, Article 2, who has or has had any interest in the Property within the 120-Day Lien Period. For the purposes of this Agreement, the term Owner includes: (i) a seller of the Property or a borrower under a loan agreement secured by the Property; (ii) a person with rights to purchase the Property under a contract and for whom an Improvement is made and who ordered the Improvement to be made; and (iii) the Owner's successors in interest and agents of the Owner acting within their authority.
- **Company:** The title insurance company providing the title policy for the transaction contemplated by the parties herein.
- **Property:** The real estate described above or on Exhibit A and any leaseholds, tenements, hereditaments, and improvements placed thereon.
- All defined terms shall include the singular or plural as required by context.

AGREEMENT: For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and as an inducement to the purchase of the Property by a purchaser and/or the making of a loan by a lender secured by a deed of trust encumbering the Property and the issuance of a title insurance policy or policies by Company insuring title to the Property without exception to liens for Labor, Services or Materials; Owner first being duly sworn, deposes, says and agrees:

1. **Certifications:** Owner certifies that at no time during the 120-Day Lien Period have any Labor, Services or Materials been furnished in connection with a contract, express or implied, for Improvements to the Property (including architectural, engineering, landscaping or surveying services or materials or rental equipment for which a lien can be claimed under NCGS Chapter 44A) nor have any Labor, Services or Materials been furnished on the Property prior to the 120-Day Lien Period that will or may be completed after the date of this affidavit OR only minor repairs and/or alterations to pre-existing Improvements have been made and Owner certifies such repairs and/or alterations have been completed and those providing Labor, Services or Materials for the repairs have been paid in full. The Owner further certifies that no Mechanics Lien Agent has been appointed.

2. **Reliance and Indemnification:** This Agreement may be relied upon by the purchaser in the purchase of the Property, a lender to make a loan secured by a deed of trust encumbering the Property and by Company in issuance of a title insurance policy or policies insuring title to the Property without exception to matters certified in this Agreement. The provisions of this Agreement shall survive the disbursement of funds and closing of this transaction and shall be binding upon Owner and anyone claiming by, through or under Owner.

Owner agrees to indemnify and hold purchaser, lender, and Company harmless of and from any and all loss, cost, damage and expense of every kind, and attorney's fees, costs and expenses, which the purchaser, lender or Company shall or may incur or become liable for, directly or indirectly, as a result of reliance on the certifications of Owner made herein or in enforcement of the Company's rights hereunder.

3. **NCLTA Copyright and Entire Agreement:** This Agreement and any attachments hereto represent the entire agreement between the Owner and the Company, and no prior or contemporaneous agreement or understanding inconsistent herewith (whether oral or written) pertaining to such matters is effective.

THIS IS A COPYRIGHT FORM and any variances in the form provisions hereof must be specifically stated in the blank below and agreed to in writing by the Company.

No modification of this Agreement, and no waiver of any of its terms or conditions, shall be effective unless made in writing and approved by the Company.

PROVIDING A FALSE AFFIDAVIT IS A CRIMINAL OFFENSE		
EXECUTION BY OWNER		
<p align="center">SEE ATTACHED (SEAL)</p> <p>By: _____</p> <p>Printed or Typed Name/Title: _____</p> <p>By: _____</p> <p>Printed or Typed Name/Title: _____</p>	<p>State of _____ County of _____</p> <p>Signed and sworn to (or affirmed) before me this day by</p> <p align="center">SEE ATTACHED _____ [insert name(s) of principal(s)].</p> <p>Date: _____</p> <p align="right">_____, Notary Public</p> <p>My Commission Expires: _____</p>	<p>(Also Check/Notarial Seal)</p>

**CEDAR GROVE PLANTATION, LLC, a North
Carolina Limited Liability Company**

BY: _____ (Seal)
LAURA A. DARRÉ,
Member Manager

BY: _____ (Seal)
KATHRYN PISCIOTTA,
Member Manager

STATE OF _____
COUNTY OF _____

Before me, the undersigned Notary Public in and for the State and County aforesaid, this day personally appeared **LAURA A. DARRÉ and KATHRYN PISCIOTTA**, who being by me duly sworn say that they are Member Managers of **CEDAR GROVE PLANTATION, LLC**, a North Carolina Limited Liability Company and that they executed the foregoing instrument for the purposes therein expressed.

WITNESS my hand and Notarial Seal, this the _____ day of _____, 2014.

NOTARY PUBLIC

My Commission expires: _____.

EXHIBIT A

THAT CERTAIN TRACT OR PARCEL OF LAND lying and being in the City of Washington, County of Beaufort, North Carolina, commonly known as 126 North Market Street, Washington, North Carolina and more particularly described as follows.

BEGINNING at an X cut in concrete, said X being more particularly located by beginning at US Coast and Geodetic Station "Z-25" and running therefrom South $60^{\circ} 30' 10''$ West 240.44 feet to an X in concrete, the point and place of beginning. Thence from said beginning point so located South $41^{\circ} 30' 00''$ West 42.24 feet to a nail set in a common wall between the property described herein and the property now or formerly owned by Gregory M. Ward; thence with the centerline of said wall and continuing North $47^{\circ} 51' 48''$ West 101.94 feet to an iron rebar; thence North $42^{\circ} 01' 15''$ East 41.29 feet to a magnetic nail; thence South $48^{\circ} 23' 55''$ East 101.56 feet to an X cut in concrete, the point and place of beginning and being the same property as shown on that certain survey by Waters Surveying, Inc. dated May 29, 2009 and being that same property deeded to the City of Washington by deed dated October 7, 2009 recorded in Book 1699, Page 981, Beaufort County Registry, to which survey and deed reference is herein made for a more complete and adequate description.



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Allen Lewis, Public Works Director *Allen Lewis*
Date: 02-04-14
Subject: Authorize the Manager to Negotiate an Amendment to the Agreement with the Town of Chocowinity for Sewer Capacity.
Applicant Presentation: N/A
Staff Presentation: Allen Lewis

RECOMMENDATION:

I move Council authorize the Manager to negotiate an amendment to the agreement with the Town of Chocowinity for an additional 8,450 gallons per day (GPD) of sewer capacity and to bring said agreement back to Council for approval/disapproval.

BACKGROUND AND FINDINGS:

At the January 13, 2014 Council meeting, Council delayed approving a request to allow the manager to negotiate an amendment to the sewer agreement with the Town of Chocowinity. Staff was asked to request more information from Chocowinity in reference to their capacity needs. Based on a 2007 Comprehensive Sewer Study done for the town, of Chocowinity’s 304,296 (GPD), 159,293 GPD is committed to Cypress Landing, 14,400 GPD for Cypress Corner, leaving the capacity for inside their town limits to 130,603 GPD. Currently their total flow, actual plus permitted not yet tributary is 187,402 GPD or 61.6% of their permitted capacity. Using the same process of actual plus not yet tributary, we are currently at 60.0% of our permitted capacity. This Council Action will authorize the Manager to negotiate an amendment to the existing agreement between the City of Washington and the Town of Chocowinity for sewer capacity for 8,450 GPD for the US 17 rest area south of Chocowinity, outside their Town limits. Selling Chocowinity this amount of capacity would bring us to 60.2% of our permitted capacity. As mentioned at the January 13, 2014 Council meeting, in 2009 we sold the town of Chocowinity 10,000 GPD of capacity for \$10/gallon. We’re not suggesting that this should be the amount that any capacity is sold to them at this time. This amount is only used as a reference and any negotiated amount would be based upon today’s construction costs and be brought back to Council for final approval.

PREVIOUS LEGISLATIVE ACTION

Most recently, January 13, 2014 – delayed authorizing the Manager to negotiate an amendment to the Agreement with the Town of Chocowinity for sewer capacity.

FISCAL IMPACT

February 10, 2014
Page 157 of 245
___ Currently Budgeted (Account ___) ___ Requires additional appropriation X No Fiscal Impact

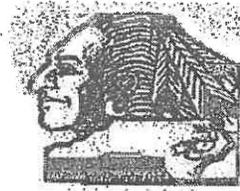
SUPPORTING DOCUMENTS

12-23-13 and 01-22-14 letters from Town of Chocowinity, and Wastewater Tracking Sheet for the Town of Chocowinity dated February 2014.

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: BA Concur _____ Recommend Denial _____ No Recommendation 2/4/14 Date

JAMES H. MOBLEY, JR., Mayor
JOY A. McROY, Town Clerk
TODD ALLIGOOD, Police Chief
KEVIN BRICKHOUSE, Public Works
Director

Town of Chocowinity



COMMISSIONERS:
LOUISE S. FURMAN
B.L. DUNBAR
ARLENE JONES
WILLIAM J. ALBRITTON

P.O. Box 145 Chocowinity, North Carolina 27817. Phone (252) 946-6568 -- Fax (252) 975-7500

12-23-2013

To: City of Washington
102 East 2nd Street
Washington, NC 27889

Reference: Town of Chocowinity-Industrial Park and Rest Area Sewer Improvement Project.

Subject: Purchase of Waste Water Capacity

The Town of Chocowinity is requesting to purchase 8,450 GPD waste water treatment capacity for the new Rest Area being built on HWY 17 South. This new facility will be in our E.T.J but not in our City limits. We require all new customers outside the City limits to purchase capacity based on 15ANCAC 02T design regulations. This 8,450 GPD was calculated from 26 fixtures at 325GPD per fixture based on those criteria; for the rest area. We thank you for continually working with us to provide sewer to those in our service area. Looking forward to working with the City of Washington once again.

Please direct any questions to: Kevin Brickhouse

Sincerely,
Kevin Brickhouse,
Public Works Director

JAMES H. MOBLEY, Jr., Mayor
JOY A. McROY, Town Clerk
TODD ALLIGOOD, Police Chief

Town of Chocowinity



COMMISSIONERS:
LOUISE S. FURMAN
M. L. DUNBAR
ARLENE JONES
WILLIAM J. ALBRITTON

P. O. Box 145 • Chocowinity, North Carolina 27817 • Phone (252) 946-6568 -- Fax (252) 975-7500

January 22, 2014

Allen Lewis
City of Washington
102 East 2nd Street
Washington, NC 27889

RE: Purchase of Wastewater Capacity for Chocowinity Industrial Park/Rest Area Sewer Improvements Project

Mr. Lewis:

The Town of Chocowinity had requested to purchase 8,450 GPD wastewater treatment capacity for the new Rest Area being built on Hwy 17 South. We understand from you that the City of Washington Commissioners would like a better understanding of why the Town of Chocowinity has 183,000 GPD surplus capacities purchased. We have obligated capacity for two subdivisions: Cypress Landing – 27,880 GPD for 164 lots, and Cypress Corner 14,400 GPD for 40 lots and have also obligated 14,880 GPD for 48 apartments. This leaves 125,840 GPD surplus capacities for future growth inside the Town limits. In the Town's agreement with the City of Washington we are obligated to request purchase of any capacity outside the Town limits. Due to our surplus capacity being purchased with town funds, we strictly use this excess capacity for things built inside the Town limits such as: the Dollar General recently built and the Family Dollar that is currently under construction.

We hope that this helps explain our request to purchase capacity. If you have any additional questions, please feel free to contact me at (252) 946-6568 or by email kbtoc@ymail.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Brickhouse", is located below the "Sincerely," text.

Kevin Brickhouse
Public Works Director

cc: Brian Alligood, City of Washington Manager
James H. Mobley, Jr., Mayor
Joy McRoy, Town Clerk

Wastewater Tracking Sheet
 Chocowinity, NC
 Updated
 February, 2014

Flow for 12 Month Period October 2011 through September 2012:

<u>Month</u>	<u>Start Date</u>	<u>End Date</u>	<u>Cubic Feet</u>	<u>Gallons</u>
1	10/3/2011	11/3/2011	561,630	4,201,554
2	11/3/2011	12/7/2011	522,850	3,911,441
3	12/7/2011	1/3/2012	470,370	3,518,838
4	1/3/2012	2/1/2012	435,860	3,260,669
5	2/1/2012	3/1/2012	445,430	3,332,262
6	3/1/2012	4/2/2012	489,520	3,662,099
7	4/2/2012	5/1/2012	413,190	3,091,074
8	5/1/2012	6/1/2012	508,350	3,802,966
9	6/1/2012	7/2/2012	488,390	3,653,646
10	7/2/2012	8/1/2012	500,000	3,740,500
11	8/1/2012	9/4/2012	581,020	4,346,611
12	9/4/2012	10/1/2012	486,020	3,635,916

Total Gallons = 44,157,575
 Total Days = 364
 Average Daily Flow = 121,312

Permitted Flow Not Yet Tributary to the System:

<u>Project</u>	<u>Units</u>	<u>Flow/Unit (GPD)</u>	<u>Flow (GPD)</u>
Cypress Landing	164	170	27,880
Cypress Corner	40	360	14,400
US 17 Rest Area			8,450
Riverside Apartments	128	120	15,360
Total			66,090

Total Flow Including Permitted Reserve = 187,402
 Contracted WWTP Capacity = 304,293
 Existing Flow & Reserve as a % of WWTP Capacity = 62%



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Matt Rauschenbach, Administrative Services Director/C.F.O.
Date: February 10, 2014
Subject: Demolition of the 312 Water St. Structure
Applicant Presentation: N/A
Staff Presentation: N/A

RECOMMENDATION:

I move that City Council accept the previously awarded bid by St. Clair Trucking Co. in the amount of \$8,400 to remove the structure at 312 Waters Street and authorize St. Clair to proceed with the demolition.

BACKGROUND AND FINDINGS:

An ordinance to condemn the structure as unsafe and demolish and remove the structure was adopted October 12, 2012. The demolition contract was awarded to the lowest responsible bidder, St. Clair Trucking on the same date. Staff has spoken with the contractor as requested and St. Clair Trucking is in agreement with honoring the previous bid amount of \$8,400.

In the interim, a letter was received from Mr. John P. Wood, Preservation/Restoration Specialist of the N.C. Department of Cultural Resources/State Historic Office, concerning the historical significance of this structure and has offered to discuss preservation options for your consideration. His letter is attached.

Also attached for your consideration is additional information regarding the property: 1) Letter from Wayne Harrell, Chief Building Official, detailing his assessment of the property, 2) Memo from Jennifer Brennan, Community Development Planner, detailing her assessment of the property, and 3) Letter to William R. Henry, Jr., owner of the property, notifying him of the Council's proposed action. The FedEx tracking information indicates that the letter has been received by Mr. Henry.

PREVIOUS LEGISLATIVE ACTION

2013-2014 adopted budget and amended budget.

FISCAL IMPACT

Currently Budgeted (Account _____) _____ Requires additional appropriation
 No Fiscal Impact

SUPPORTING DOCUMENTS

N.C. Department of Cultural Resources/State Historic Office letter, Letter from Wayne Harrell, Memo from Jennifer Brennan, Letter to Mr. Henry and tracking information from FedEx.

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: Concur _____ Recommend Denial _____ No Recommendation
2/14/14 Date



North Carolina Department of Cultural Resources
State Historic Preservation Office

Ramona M. Bartos, Administrator

Pat McCrory, Governor
Susan W. Kluttz, Secretary

Office of Archives and History
Kevin Cherry, Deputy Secretary

January 24, 2014

Ms. Jennifer Brennan, Community Development Planner
City of Washington
102 East Second Street
Washington, NC 27889

Re: 312 Water Street, Washington, Beaufort Co.

Dear Jennifer:

I wanted to follow-up our October 23, 2013 site visit to and subsequent conversations about the house at 312 Water Street with this letter. The house is a contributing property in the National Register-listed Washington Historic District. Despite its dilapidated appearance the house is in great overall condition and retains an amazingly high degree of historic integrity. It is a great example of a two-story, side-gabled Folk Victorian-style house. This style of house is defined by the presence of Victorian decorative detailing applied to simple folk house forms. Existing decorative detailing shows the influence of both the Italianate and Queen Anne styles. This is especially apparent in the exuberant Italianate-inspired front door. The house is believed to be the home of either John Mayo or David Willis. The two-story main block and the one-story rear kitchen wing were constructed between May 1885 and June 1891. The one-story wing on the east elevation was added to the house between September 1901 and February 1904.

It is my understanding that the City of Washington may soon take possession of the house. When we first spoke about the house, I indicated that the house could be saved and its preservation would be very beneficial not only for this part of Water Street, but to the larger Washington Historic District. With this letter I strongly advocate for the preservation of the house and offer our assistance with any and all efforts to preserve it.

The demolition of this building would result in an adverse effect to the National Register-listed historic district. In addition it would reflect poorly on the City and the Washington Historic Preservation Commission (HPC) to have not been more proactive in exploring preservation options. The preservation and rehabilitation of the house would be a win-win scenario for all parties. The building's status in the historic district would allow an owner to utilize the rehabilitation tax credits for its rehabilitation. Preservation of the existing building fits within ideology of the now-popular "Green Movement". Financially, the City would benefit by the house being returned to the tax rolls. Aesthetically, the restored house would enhance the unique historic character of the neighborhood and its successful preservation would serve as inspiration for future preservation efforts in Washington.

J. Brennan, 1-24-2014, page 2

As you know, the successful preservation of threatened historic properties requires a "thinking outside the box" mentality that includes the use of all possible avenues of marketing and involving people on the local, regional, state, and sometimes national levels. With this letter I ask that you approach the City Council on our behalf to request that they allow our office to work with you, the Washington HPC, and our contacts in the preservation community to market the property and to explore options that will allow for the preservation of this building.

Please keep in mind that the North Carolina General Statutes 160A-400.8.3 provides the Washington HPC the power to "acquire by any lawful means the fee or any lesser included interest, including options to purchase, to properties within established districts or to any such properties designated as landmarks, to hold, manage, preserve, restore and improve the same, and to exchange or dispose of the property by public or private sale, lease or otherwise, subject to covenants or other legally binding restrictions which will secure appropriate rights of public access and promote the preservation of the property".

I am happy to meet with you and other city officials to discuss preservation options for the building. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



John P. Wood
Preservation/Restoration Specialist

January 24, 2014

Mr. John Rodman
Community & Cultural Resources Director

Re: 312 Water Street

Mr. Rodman,

This letter is to address the current condition of the vacant dwelling located at 312 Water Street as requested by Mr. Brian Alligood, City Manager. After inspection of the exterior, I find the following:

Front porch partially collapsed from deterioration of roof framing and support posts.
Front porch foundation wall cracked from apparent settling.
Exterior lap board siding missing beside front porch, around and under some windows and other areas. Evidence of deterioration to sills and framing from exposure.
Many windows broken out and missing exposing interior of house to weather.
Soffit and fascia boards show deterioration in many areas at eaves.
Shingles missing at front right side exposing sheathing.
Roofing and sheathing appears to be deteriorated and collapsing around an interior chimney at rear of house.
There appears to be some settling of the foundation at the rear kitchen area.

This inspection list is not comprehensive and is limited to exterior elements of the house. Due to the present condition and consideration to the amount of time portions of the house have been exposed to the elements, repair and/or reconstruction will constitute the need for a structural engineer to evaluate.

This house is condemned for reasons listed above and shown in the attached pictures. In my opinion, the only imminent hazard and a danger to the safety of the public is a portion of the front porch. I cannot truthfully say the entire house meets the definition of imminent.

If I may be of any further assistance or if there are questions concerning this letter or the contents therein, please do not hesitate to call.

Best Regards,

Wayne Harrell

Chief Building Official
Inspection Department

O) 252-975-9304

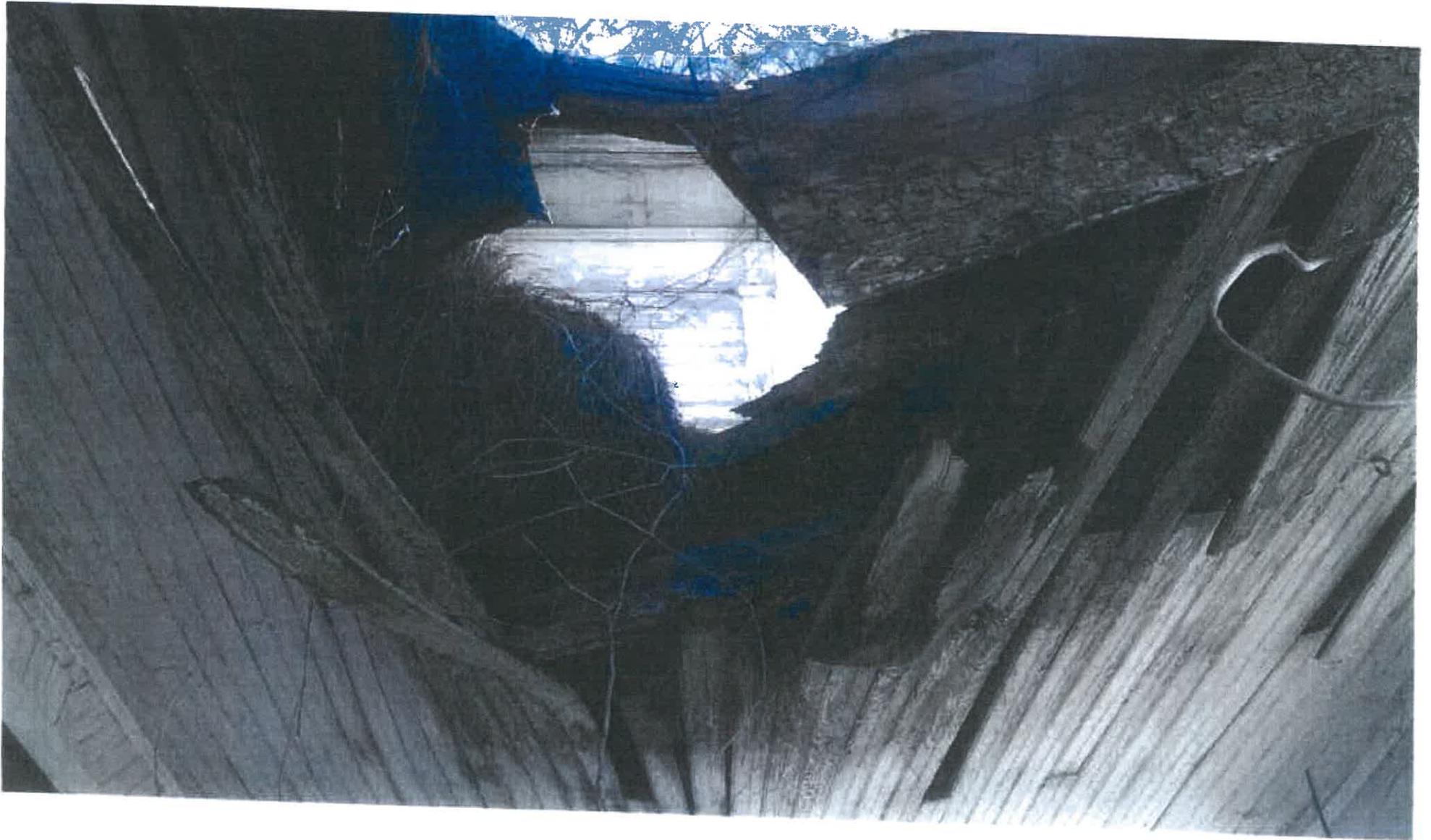
F) 252-946-1965

wharrell@washingtontnc.gov

























Memo

To: John Rodman

From: Jennifer Brennan

Date: January 27, 2014

Re: 312 Water Street

On Tuesday, January 14, 2014 I was informed that the City Council was considering serving the property owner at 312 Water Street with liens that he owed on the property. If those liens were not paid, the City Council would be voting on whether or not to demolish the structure.

I contacted Kasey Stone, who is a former Historic Preservation Commission member, as well as a registered architect and general contractor, to ask her opinion on how badly the house was deteriorated. Due to her work schedule, Kasey was unable to come to Washington to see the house but instead put me in contact with Jason Smith, of Smith Painting and Renovation, who has worked on several projects with Kasey in rehabilitating historic homes.

I met with Jason Smith on Wednesday January 15, 2014 at the house on Water Street. Jason and I walked around the exterior of the property and took note of the deterioration. Jason looked under the house through a vent hole and was able to determine that the floor joists all seemed to be in decent condition, but that there may be issues not visible from where he was. After walking around the exterior of the house, Jason and I agreed that the porch would need to come off the house and be replaced, there was several areas of wood rot, and there were issues with the windows. Jason was able to access the interior of the house and let me into the house through the front door. We both walked through the house and discussed the issues that were visible upon a simple visual inspection. Jason and I agreed that the rear kitchen addition has issues due to the slope of the floor. Any new owner would want to replace the current kitchen, as it dates to the 1940s or 1950s.

Upon walking through the rest of the house, Jason and I were both surprised at how good the condition of the house is. There is water damage to one room due to a blocked gutter but otherwise, the floors are in good condition, as are the windows that are boarded up. Going to the second floor, the roof has a hole in it and one of the windows has collapsed on itself (which is not unusual in a historic window design). The hole in the roof has allowed water to enter the house, but surprisingly the roof otherwise appears to be in decent condition. There are no water marks in other areas of the house indicated that water is getting through the roof. The stairs are in good condition and are solid for accessing the second floor.

When I asked Jason what he thought the cost would be to make the house habitable, he estimated a low end of \$50,000. Obviously, this is just through a general walk through and has the potential to grow. Also, this does not include the cost of what it would take to make the house what many current homeowners would want the house to look like. The greatest cost would be in the bathrooms, kitchen and the roof. The main body of the house appears to be structurally sound (although an engineer would need to look at it for that determination to be made).

On October 23, 2013, I met with John Wood, an Architectural Historian for the State Historic Preservation Office and showed him the house located at 312 Water Street. John is in agreement that the house is in good overall condition and many of the issues that the house is facing can be considered cosmetic and that the house retains a high degree of historic integrity. A letter from John has been included.

One key area of concern for the rehabilitation of the house was if the house would need to be raised in order to meet the new FEMA regulations. From maps located in the city inspector's office, the property is higher than the regulations require for raising it.

While inside the house, I took two pictures, one of the rear kitchen addition that will need to be removed and one of the front room on the first floor, which is in good condition. Those photos are attached.

I have approached several people who I feel would be able to handle a rehabilitation project of this nature. Below is a list of names of people who have expressed interest in the house, however, would need further information before being able to move forward.

Overall, through conversation with contractors and other Architectural Historians, it is my opinion that the house is salvageable. There may be issues regarding the foundation of the house, but this should be studied by a structural engineer and is not beyond fixing. Most of the work on the house is cosmetic and includes replacing the porch, replacing rotten siding, replacing the roof, some brickwork on one of the chimney's, replacement of the kitchen addition and replacing the gutter system. Inside the house is mostly in need of cosmetic issues; including general clean up, painting, sanding and staining the floors and new bathrooms.

List of People Interested Obtaining More Information on 312 Water Street

Steve Radar – Current property owner

Ed Stone –Current property owner has restored several buildings in the historic district

WHDA – Chris Furlough, President

Bill Cummings – Property owner who has worked in construction

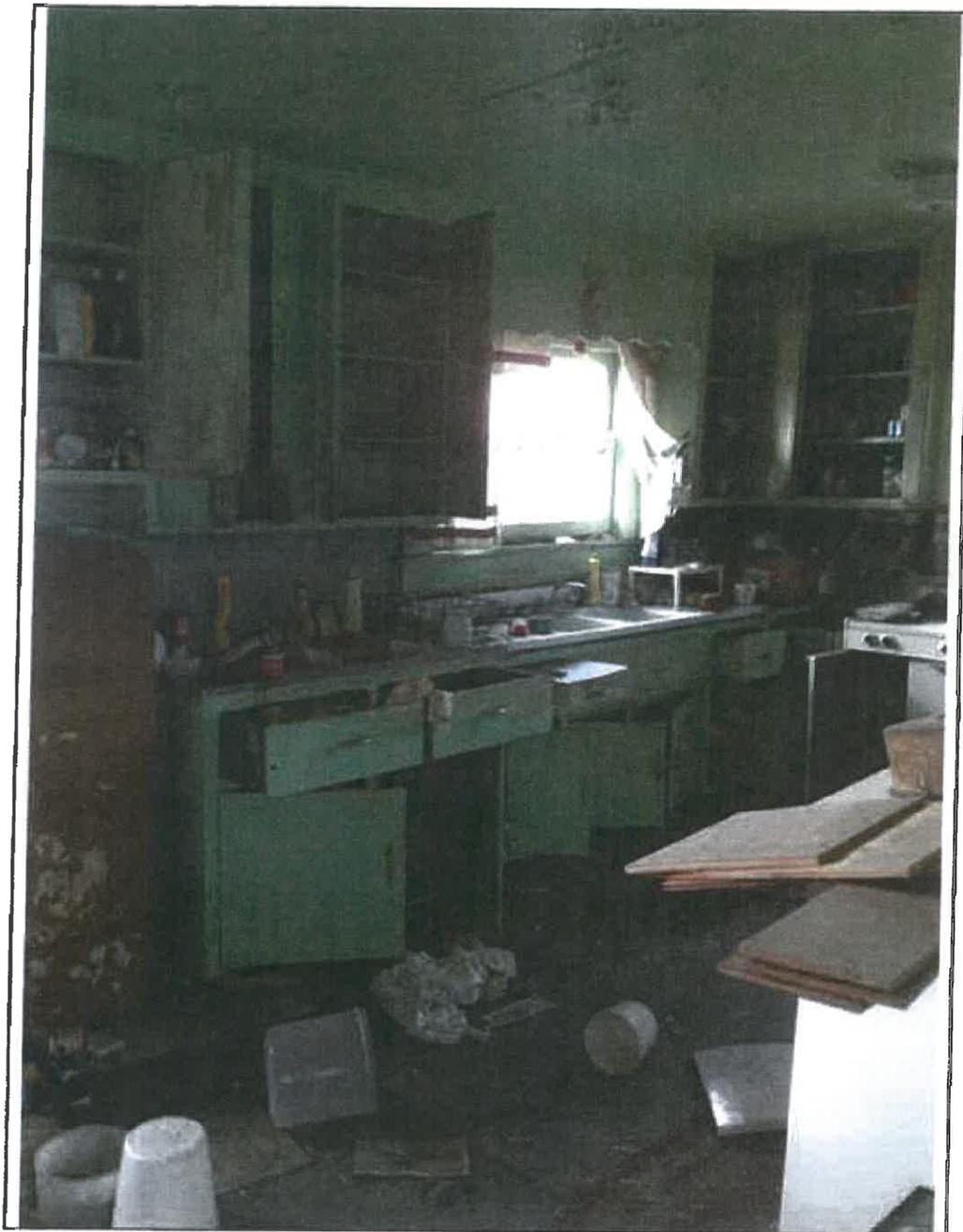
Photos of 312 Water Street



Exterior View



Interior First Floor Drawing Room



Rear Kitchen Addition, which would likely need to be reconstructed. At the very least, a new kitchen would need to be installed.

RODMAN, HOLSCHER, PECK, & EDWARDS, P.A.
ATTORNEYS AT LAW
320 North Market Street
Post Office Box 1747
WASHINGTON, NORTH CAROLINA 27889



Frederick N. Holscher
R. Brantley Peck, Jr.
Franz F. Holscher
Charles C. Edwards, Jr.

Telephone (252) 946-3122
Fax (252) 946-3125

Edward N. Rodman – (1926-2008)
Franz F. Holscher, Attorney at Law
direct e-mail: ffh@rhpe.net

January 22, 2014

VIA FED-EX AND REGULAR MAIL TO:

William R. Henry, Jr.
217 Mallard Lane
Hampton, VA 23605-0321

Re: Demolition of Condemned Dwelling at 312 E. Water Street, Washington, North Carolina
Our File No.: 07-55-16930

Dear Mr. Henry:

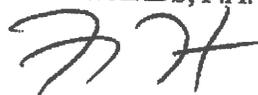
The City Council (Council) for the City of Washington, North Carolina (City) discussed the above at their meeting on January 21, 2014. At the conclusion of their discussion, Council directed me to provide you, as a courtesy, 1) this additional notice of An Ordinance Finding That The Structure Described Herein In The City Of Washington Is Dilapidated As Well As Condemned As Unsafe And Directing That It Be Demolished (Demolition Ordinance) and 2) this notice of Council's intention to consider authorizing as well as entering the demolition contract previously awarded by Council to effect the demolition ordered by said Demolition Ordinance at its February 10, 2014 meeting. Therefore, please find enclosed a copy of said Demolition Ordinance. As you can see, Council adopted this Demolition Ordinance during a Council meeting on November 5, 2012 and the Demolition Ordinance was recorded in Deed Book 1799, Page 429 of the Beaufort County Registry. During that same November 5, 2012 Council meeting, Council awarded a demolition contract to perform said demolition. The above dwelling has not been demolished; however, the contractor has indicated that he will honor the bid previously awarded by Council.

Again, please accept this courtesy notice of said Demolition Ordinance and Council's intention to consider authorizing a demolition contract for the above dwelling at Council's February 10, 2014 meeting. If Council authorizes the demolition contract, I expect the demolition will be performed as soon as practicable. As stated in the Demolition Ordinance, if the above dwelling is demolished pursuant to said Demolition Ordinance, the amounts incurred by the City in connection with such a demolition shall be a lien against the above property as well as any other real property that you may own within the City limits and may be collected in the same manner prescribed by law as liens for special assessments. Council invites and encourages you to attend Council's February 10, 2014 meeting to express your views on this matter. In addition, Council

invites and encourages you to contact me to discuss this matter as well. I look forward to having the opportunity to speak with you concerning this matter.

Very truly yours,

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

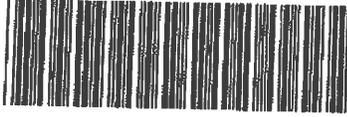


Franz F. Holscher

FFH:hw
Enclosure

cc: Brian Alligood, City Manager (w/o encl.)
John Rodman, Director of Planning (w/o encl.)

DK 1799 PG 429



INSTRUMENT # 2012006394

FOR REGISTRATION REGISTER OF DEEDS
Jennifer Leggett Whitehurst
Beaufort County, NC
November 13, 2012 04:25:43 PM
Book 1799 Page 429-431
FEE: \$25.00
INSTRUMENT # 2012006394

ORDINANCE

312 EAST WATER STREET

AN ORDINANCE FINDING THAT THE STRUCTURE DESCRIBED HEREIN IN THE CITY OF WASHINGTON IS DILAPIDATED AS WELL AS CONDEMNED AS UNSAFE AND DIRECTING THAT IT BE DEMOLISHED

WHEREAS, the City Council of the City of Washington finds that the structure located on the property having an address of 312 East Water Street, Washington, North Carolina and being owned by William R. Henry, Jr. has been found to be dilapidated pursuant to Section 6-132 *et seq* of the Washington City Code and has been condemned as, among other things, unsafe pursuant to North Carolina General Statute § 160A-426 and that all applicable statutory provisions have been complied with as a condition of the adoption of this Ordinance.

WHEREAS, the structure located on said property should be demolished and removed as directed by the Senior Building Official for, among other things, the reasons stated by the Senior Building Official in his June 12, 2012 Notice of Decision that was served on the property owner.

WHEREAS, the owner of the structure has been given a reasonable opportunity to bring the structure into compliance with the applicable standards of the City Code as well as State statute in accordance with North Carolina General Statute § 160A-425 *et seq* as well as 160A-441 and pursuant to the Order issued by the Senior Building Official in said Notice of Decision.

WHEREAS, said owner has failed to comply with said Order.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Washington as follows.

Section 1. The Senior Building Official is hereby authorized and directed to proceed to demolish and remove the above described structure located at 312 East Water Street in accordance with applicable provisions of the City Code and North Carolina General Statute § 160-432 *et seq* as well as 160A-441 *et seq*.

Section 2. Pursuant to North Carolina General Statute § 160A-432, the amounts incurred by the City in connection with any demolition or removal authorized hereunder shall be a lien against the real property upon which the cost was incurred. The lien shall be filed, have the same priority, and be collected in the same manner prescribed by law as liens for special assessments. The amounts incurred by the City in connection with any demolition or removal authorized hereunder shall also be a lien against any other real property owned by the above named owner and located within the City limits or within one mile of the City limits, except for the above named owner's primary residence.

Section 3. This Ordinance shall be recorded in the Office of the Register of Deeds of Beaufort County, North Carolina.

This Ordinance shall become effective on this date of adoption November 5, 2012.



Attest:

Cynthia S. Bennett
Cynthia S. Bennett, City Clerk

N. Archie Jennings
N. Archie Jennings, Mayor

F. Holscher 1/2 / 1874

IMPORTANT!



797699702278

Ship (P/U) date:
Wed 1/22/2014 5:32 pm

1335 W. BRIDGE
320 N. Market Street
Washington, NC US 27859
252 946-3122



Delivered
Signed by **W. HENRY**

Actual delivery:
Fri 1/31/2014 1:03 pm

William R. Henry Jr
217 Mallard Lane
HAMPTON, VA US 23605
000 000-0000

Travel History

Date/Time	Activity	Location
- 1/31/2014 - Friday		
1:03 pm	Delivered	HAMPTON, VA
- 1/30/2014 - Thursday		
8:12 pm	At local FedEx facility	HAMPTON, VA
- 1/29/2014 - Wednesday		
3:41 pm	At local FedEx facility	HAMPTON, VA
- 1/28/2014 - Tuesday		
6:52 pm	At local FedEx facility	HAMPTON, VA
- 1/27/2014 - Monday		
7:12 pm	At local FedEx facility	HAMPTON, VA
4:03 pm	Delivery exception Adult recipient unavailable (21+ years with photo identification)	① HAMPTON, VA
7:58 am	On FedEx vehicle for delivery	HAMPTON, VA
- 1/25/2014 - Saturday		
8:22 am	At local FedEx facility	HAMPTON, VA
- 1/24/2014 - Friday		
5:48 pm	At local FedEx facility	HAMPTON, VA
2:00 pm	Delivery exception Adult recipient unavailable (21+ years with photo identification)	① HAMPTON, VA
8:49 am	On FedEx vehicle for delivery	HAMPTON, VA
- 1/23/2014 - Thursday		
7:31 pm	At local FedEx facility	HAMPTON, VA
9:26 am	Delivery exception Adult recipient unavailable (21+ years with photo identification)	① HAMPTON, VA
9:16 am	On FedEx vehicle for delivery	HAMPTON, VA
8:26 am	At local FedEx facility	HAMPTON, VA
6:28 am	At destination sort facility	ROFOLK, VA
4:00 am	Departed FedEx location	MEMPHIS, TN
- 1/22/2014 - Wednesday		
11:00 pm	Arrived at FedEx location	MEMPHIS, TN
7:01 pm	Left FedEx origin facility	GREENVILLE, NC
5:32 pm	Picked up	GREENVILLE, NC
3:52 pm	Shipment information sent to FedEx	

Local Scan Time

Shipment Facts

Tracking number	797699702278	Service	FedEx Priority Overnight
Door tag number	DY103651044671	Weight	0.5 lbs
Signature services	Adult signature required	Delivery attempts	4
Delivered To	FedEx Location	Total pieces	1
Total shipment weight	0.5 lbs / 0.2 kgs	Terms	Not Available
Packaging	FedEx Envelope	Special handling section	Deliver Weekday, Residential Delivery, Adult Signature Required



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: John Rodman, Community & Cultural Services
Date: January 30, 2014
Subject: Authorize the Mayor to sign the grant application for a Historic Preservation Fund Grant to update the historic walking tour.
Applicant Presentation: Jennifer Brennan, Preservation Planner
Staff Presentation: John Rodman, Community and Cultural Services

RECOMMENDATION:

I move that the City Council accept the recommendation of the Historic Preservation Commission and authorize the Mayor to sign the Historic Preservation Fund grant application to update the City of Washington's Historic Walking Tour brochure.

BACKGROUND AND FINDINGS:

The NC State Historic Preservation Office is now accepting applications for the FY 2014 Historic Preservation Fund grants. The Historic Preservation Fund (HPF) is a federal matching grant program that supports state and local preservation programs and projects. HPF funds are made available to the State Historic Preservation Office (SHPO) through the National Park Service. Eligible applicants are Certified Local Governments (CLGs). The local matching requirement is a minimum of forty percent (40%) of eligible project costs, and the HPF share can be up to sixty percent (60%).

PREVIOUS LEGISLATIVE ACTION

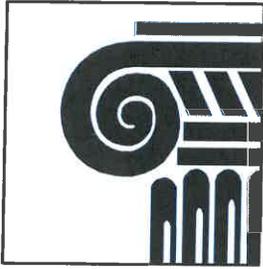
FISCAL IMPACT

Currently Budgeted (Account _____) Requires additional appropriation
 No Fiscal Impact

SUPPORTING DOCUMENTS

Memo on Funds
Notice of the availability of funds

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: 2/14/14 Date Concur bud Recommend Denial _____ No
 Recommendation _____
 February 10, 2014



Memo

To: John Rodman

From: Jennifer Brennan

Date: January 30, 2014

Re: Historic District Walking Tour Grant

Throughout the fall of 2013, many groups have expressed interest in updating and reprinting the walking tour of the Washington Historic District. It appears as though there may be inaccurate information in the current book and it does not appear to be inclusive of the entire district. Therefore, it has been proposed to hire a consultant who would research and write an updated walking tour brochure. Due to the fact that much of the information already exists, the walking tour would not be recreated, just updated.

A grant through the State Historic Preservation Office is available that would provide 60% of the funding for this project. There are several groups within the city who have expressed the potential of contributing to the 40% that is required as a match. After talking with several consultants who have done this type of work, the expectation is that the project would run in the range of \$10,000. This is just an estimate and a bidding process would need to be completed.



North Carolina Department of Cultural Resources
State Historic Preservation Office

Ramona M. Bartos, Administrator

Governor Pat McCrory
Secretary Susan Kluttz

Office of Archives and History
Deputy Secretary Kevin Cherry

November 26, 2013

MEMORANDUM

TO: All Certified Local Governments (CLGs) in North Carolina

FROM: Ramona Bartos, Deputy State Historic Preservation Officer

SUBJECT: 2014 Historic Preservation Fund Pass-Through Grants

The State Historic Preservation Office (HPO) is now accepting applications for FY 2014 federal Historic Preservation Fund (HPF) pass-through grants, which are available to Certified Local Governments (CLGs). Eligible projects include architectural and archaeological surveys, nominations of eligible districts and properties to the National Register of Historic Places, survey publication manuscripts, local preservation design guidelines and preservation plans, educational programs, and restoration of National Register properties. Funds for restoration are limited. Eligible applicants are local governments, local historic preservation commissions, nonprofit organizations, and educational institutions.

Please note that the application process has changed. Before preparing and submitting an application, applicants *must* contact HPO staff to discuss the scope of work and budget of their potential project along with the grant standards and requirements. HPO staff contacts are listed in the attached instructions.

An estimated total of \$80,000 to \$90,000 may be available for projects in CLG municipalities and counties, in accordance with federal requirements. A list of CLGs is attached. Unfortunately, funds for non-CLG projects have not been available in recent years due to reductions in our federal allocation.

Grant awards, which may cover up to sixty per cent of total project costs, generally range from \$1,500 to \$15,000 and are available on a reimbursement basis. *Local matching funds should cover at least forty per cent (40%).* Grant projects will be selected for funding on a competitive basis.

Applications must be postmarked by Friday, February 28, 2014. Applicants must submit the paper original and two paper copies. Applications sent by email or fax will not be accepted. Nonprofits and educational institutions submitting an application through a CLG should submit their proposed application to the CLG by the beginning of January of 2014. See the *Instructions for Completing the 2014 Application* for more details.

Awards will be announced in April 2014. Projects should be underway by the fall of 2014. All projects must be completed by Friday, August 21, 2015.

GUIDELINES FOR CLG GRANT APPLICATIONS

- CLG grant applications must be submitted by or through the CLG.
- CLG governing boards and CLG historic preservation commissions submit their applications to the HPO.
- **NOTE:** Nonprofits and educational institutions may propose an application for a project in a CLG's jurisdiction, but must submit the proposed application to the CLG historic preservation commission, which would then submit it to the HPO with comments. The CLG commission, not the nonprofit or educational institution, would be the CLG grant applicant. The nonprofit or educational institution should submit the proposed application to the CLG commission by early January of 2014, to allow time for the commission and local governing board to evaluate it and submit it with comments to the HPO by the February 28, 2014, deadline. If a grant is awarded for the project, the CLG would be the grant recipient and would administer the grant project, even if the nonprofit or educational institution provides the local matching funds. A list of local CLG staff contacts is on the HPO web site at <http://www.hpo.ncdcr.gov/CLGcontacts.pdf>.

If there are questions about the application process, please contact Michele Patterson McCabe, grants coordinator, at 919-807-6582. For assistance with developing a project proposal and budget, please contact an HPO staff member listed in the instructions.

We look forward to hearing from you and receiving your application.

Enclosures

North Carolina's historic preservation program receives federal financial assistance for identification and preservation of historic properties. Under Title VI of the Civil Rights Act of 1964 and Section 504 of the Rehabilitation Act of 1973, the U.S. Department of the Interior prohibits discrimination on the basis of race, color, national origin, religion, sex, age (40 and over), disability, sexual orientation, or protected activity in its federally assisted programs. If you believe you have been discriminated against in any program, activity, or facility, as described above, or if you desire further information, please write to: Office for Equal Opportunity, U.S. Department of the Interior, Washington, DC 20240.



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Brian M. Alligood, City Manager *BA*
Date: February 10, 2014
Subject: Industrial Park Lot Conveyance
Applicant Presentation: N/A
Staff Presentation: Brian M. Alligood

RECOMMENDATION:

I move that City Council accept the attached non-recorded Deed of Conveyance from Beaufort County conveying an undivided 45% interest in Lot 1 and a portion of Lot 2, now designated as being all of Lot 1 and 2A, Beaufort County Industrial Park, to the City of Washington.

BACKGROUND AND FINDINGS:

Attached is a letter from Billy Mayo dated January 15, 2014 and a deed from Beaufort County that has been entered and executed by the County to the City of Washington for an undivided 45% interest in Lot 1 and a portion of Lot 2, now designated as being all of Lot 1 and 2A, Beaufort County Industrial Park. This property was previously conveyed by Beaufort County to A & E Holdings, LLC by deed dated May 25, 2012 and recorded in Deed Book 1784, Page 307 of the Beaufort County Registry. A & E Holdings, LLC recently reconveyed this property to Beaufort County by deed dated December 23, 2013 recorded in Deed Book 1836, Page 281 of the Beaufort County Registry. This conveyance by Beaufort County to the City is consistent with the spirit and intent of the Interlocal Agreement by and between the City and Beaufort County concerning the Industrial Park. The City Attorney has reviewed and found the deed to be acceptable; however, it should be formally "accepted" by the City. Upon formal acceptance of the deed, the City Attorney will record the same and provide the City with a copy of the recorded deed.

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

Currently Budgeted (Account _____) Requires additional appropriation
 No Fiscal Impact

SUPPORTING DOCUMENTS

William Mayo letter dated January 15, 2014, deed of conveyance for Lot 1 and a portion of Lot 2

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: February 10, 2014 (if applicable)
City Manager Review: *BA* Concur Denial No Recommendation
 _____ Date *2/11/14*

MAYO & MAYO
ATTORNEYS AT LAW
102 WEST SECOND STREET
POST OFFICE BOX 635
WASHINGTON, NORTH CAROLINA
27889

JOHN A. MAYO 1891-1965
WILLIAM P. MAYO
WILLIAM P. MAYO, JR.

AREA CODE 252
TELEPHONE 946-2418
FAX 946-3366

January 15, 2014

Rodman, Holscher, Peck & Edwards, P.A.
Attn: Franz F. Holscher
320 North Market Street
Post Office Box 1747
Washington, NC 27889

RE: Beaufort County Industrial Park

Dear Franz:

Enclosed is the non recorded Deed of Conveyance from The County of Beaufort conveying an undivided 45% interest of Lot One (1) and a portion of Lot Two (2) now designated as being all of Lot No. 1 & 2A, Beaufort County Industrial Park to The City of Washington for the purpose of presenting to the City of Washington for approval and recordation.

Also, I enclose a copy of the April 15, 2013 deed to the City which excepted the ten acres for your information.

If you have any questions, please advise.

Sincerely,



William P. Mayo

Enclosures

BEAUFORT COUNTY LAND RECORDS

ROUTING FORM 40438

BBB 1-02-14
Land Records Official Date

PREPARED BY: MAYO & MAYO ATTORNEYS AT LAW 102 WEST 2ND STREET WASHINGTON, N C 27889

NORTH CAROLINA

BEAUFORT COUNTY

THIS DEED, Made and entered into this the 6th day of January, 2014 by and between **THE COUNTY OF BEAUFORT**, A body corporate and politic of the State of North Carolina, with offices located at 121 West Third Street, Washington, NC 27889, hereinafter referred to as party of the first part; to **CITY OF WASHINGTON**, a municipal corporation existing pursuant to and by virtue of the Laws of the State of North Carolina, with offices located at 102 East Second Street, Washington, NC 27889, hereinafter referred to as party of the second part;

W I T N E S S E T H :

That the said party of the first part pursuant to resolution of its governing board adopted January 6, 2014 at a meeting and under the provisions of Chapter 160A, Section 274(b), of the General Statutes of North Carolina and Interlocal Agreement dated June 5, 2001 as amended with the City of Washington, did approve conveyance of the property hereinafter described as provided in the aforesaid Interlocal Agreement and in consideration of the sum of Ten Dollars and other good and valuable consideration paid by said party of the second part, the receipt of which is hereby acknowledged, does bargain, sell and convey an undivided forty-five (45) percent interest unto the

February 10, 2014

Page 196 of 245

said party of the second part, its successors and assigns, the following parcel or tract of land located in the City of Washington, Beaufort County, North Carolina, more particularly described as follows:

A recombination of Lot One (1) and a portion of Lot Two (2) now designated as being all of Lot No. 1 & 2A, Beaufort County Industrial Park containing 10.00 acres by coordinates excluding Rd., R/W, and being the same as shown on map dated April 16, 2012 entitled "Lot 1 & 2A-Beaufort County Industrial Park" prepared by Mayo & Associates, PA of record in Plat Cabinet H, Slide 85-10, Beaufort County Registry, as was conveyed to A. E. Holding, LLC in Deed Book 1784, Page 307 to which map reference is herein made and incorporated for a more complete and detailed description.

Further reference is made to deed dated December 23, 2013 by A&E Holdings, LLC to the County of Beaufort in Book 1836, Page 281, Beaufort County Registry.

TO HAVE AND TO HOLD a forty-five (45%) percent interest in the aforesaid parcel or tract of land and all privileges and appurtenances thereunto belonging unto the said party of the second part and its successors and assigns in fee simple, forever, but SUBJECT to the following:

1. Such easements and rights of ways of record in Plat Cabinet G, Slide 51-10 and Industrial Park restrictions of record in Book 1230, Page 61, Beaufort County Registry.

2. Non-compliance with any local, county, state or federal governmental laws, ordinances or regulations relative to zoning, subdivision, occupancy, use, construction or development of the subject property.

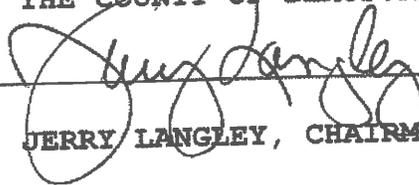
3. The above described property **DOES NOT** include the Grantor's primary residence.

And the said party of the first part does covenant that it is seized of said premises in fee and has the right to convey a forty-five (45%) percent undivided interest in fee simple subject to the foregoing exceptions and restrictions, and that subject thereto, the same is free from incumbrances.

IN TESTIMONY WHEREOF, the County of Beaufort said party of the first part has caused this Deed to be executed in its official name by its Chairman, attested by its Secretary, and its official seal to be hereunto affixed, all pursuant to proper authority duly given.

THE COUNTY OF BEAUFORT

BY:


JERRY LANGLEY, CHAIRMAN





SHARON C. SINGLETON, CLERK

NORTH CAROLINA

BEAUFORT COUNTY

I, Rashonda B. Dolberry, a Notary Public ~~in and for the County and State aforesaid,~~ ^{RBD} do hereby certify that **SHARON C. SINGLETON**, personally appeared before me this day and acknowledged that she is the Clerk of **THE COUNTY OF BEAUFORT**, and that by authority duly given and as the act of the County of Beaufort, the foregoing instrument was signed in its name by its Chairman, sealed with its official seal and attested by herself as its Clerk.

Witness my hand and Notarial Seal, this the 9th day of January, 2014.

Rashonda B. Dolberry

NOTARY PUBLIC

My Commission Expires: January 9, 2018





REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Kristi Roberson, Parks & Recreation Manager
Date: February 10, 2014
Subject: Adopt the Parks & Recreation Comprehensive Master Plan
Applicant Presentation: Rivers & Associates, Inc. Staff
Staff Presentation: N/A

Master Plan is located on website

RECOMMENDATION:

I move that City Council adopt the Parks & Recreation Comprehensive Master Plan.

BACKGROUND AND FINDINGS:

On May 20, 2013, the City adopted the Grant Project Ordinance for the Community Transformation Grant (CTG) to complete a Parks & Recreation Comprehensive Master Plan for the City of Washington Parks and Recreation Department with the firm Rivers & Associates, Inc. The CTG grant was for \$45,000 and the City contributed \$5,000.

Rivers and Associates, Inc. presented the proposed Parks & Recreation Comprehensive Master Plan to the Washington Recreation Advisory Committee on January 21, 2014.

PREVIOUS LEGISLATIVE ACTION

May 20, 2013

FISCAL IMPACT

Currently Budgeted (Account _____) Requires additional appropriation No Fiscal Impact

SUPPORTING DOCUMENTS

Comprehensive Recreation Master Plan

City Attorney Review: _____ Date By: _____ (if applicable)
 Finance Dept Review: _____ Date By: _____ (if applicable)
 City Manager Review: 2/12/14 Date Concur SRW Recommend Denial _____ No Recommendation _____



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Keith Hardt, P.E., Electric Director
Date: 31 January 2014
Subject: Authorize Electric Director to Execute Interconnect Agreement
Applicant Presentation: None
Staff Presentation: Keith Hardt, P.E., Electric Director

RECOMMENDATION

I motion that the City Council authorize the Electric Director to execute the interconnect agreement for solar project #5.

BACKGROUND AND FINDINGS

SunEnergy1 is requesting an interconnect agreement with the City of Washington for the connection of a photovoltaic generating (PV) system. The PV system will connect to the City's 34.5 kV sub-transmission system and have a generating capacity of 5,000 kW. The draft interconnect agreement is detailed in the requirements of each the City of Washington and SunEnergy1, but does not designate the location due to privacy concerns. Prior to the final execution of the agreement the location details will be included and the "Interconnection Customer" name will change as SunEnergy1 files for a unique Limited Liability Corporation to own and operate the facility. SunEnergy1 is responsible for all costs associated with this interconnection.

The Federal Energy Regulatory Commission (FERC) requires that electric utility systems allow renewable energy generators to connect to systems so as long as the utility determines no adverse effect on the system. This generator has been evaluated and poses minimal effect to the City's electric system.

All energy produced by the system will be purchased by the North Carolina Eastern Power Agency (NCEMPA). Pursuant to the City's purchase power agreement with NCEMPA the City of Washington cannot purchase the output of the system.

PREVIOUS LEGISLATIVE ACTION

None

FISCAL IMPACT

None

___ Currently Budgeted (Account _____) ___ Requires Additional Appropriation X No Fiscal Impact

SUPPORTING DOCUMENTS

Draft interconnect agreement.

City Attorney Review: _____ Date By: _____ (if applicable)
 Finance Dept Review: _____ Date By: _____ (if applicable)
 City Manager Review: 2/4/14 Date Concur Recommendation Denial ___ No Recommendation ___
 February 10, 2014

INTERCONNECTION AGREEMENT

This INTERCONNECTION AGREEMENT ("Agreement") is made and entered into this the ~~15th day of February~~ in the year 2014, by the City of Washington ("City" or "Utility"), and _____ ("Interconnection Customer") each hereinafter sometimes referred to individually as "Party" or both referred to collectively as the "Parties."

This INTERCONNECTION AGREEMENT is particular for, unique to, and only applicable to the Generating Facility located at the Site Location description listed herein.

The City of Washington owns and operates a municipal electric utility system enterprise in and around Washington, Beaufort County, Martin County, and Pitt County North Carolina. References made within this agreement to "City" refer to the political, governmental, and administrative body of the Municipal Corporation of the City of Washington. References made within this agreement to "Utility" refer to the physical electric utility plant and the operation of the electric utility plant.

Electric Utility Information

City: City of Washington
Attention: Keith Hardt, P.E., Electric Utilities Director
Address: Post Office Box 1988 / 102 East Second Street
City: Washington State: NC Zip: 27889
Phone: (252) 975-9300 Fax: (252) 946-1965
Email: khardt@washingtonnc.gov

Interconnection Customer Information (Utility Billing Customer)

Interconnection Customer: _____
Attention: Kenny Habul
Address: 192 Raceway Drive
City: Mooreville State: NC Zip: 28117
Phone: (704) 662-0375 Fax: (704) 960-1467
Email: kenny@sunenergy1.com

Generating Facility Location Information (Site Location)

Attention: Kenny Habul, President and CEO

Physical Address: _____

City: _____ State: _____ Zip: _____

Phone: (704) 765-2760 Fax: (704) 960-1467

Email: kenny@sunenergy1.com

Maximum Allowable System Size (kW-AC): 5,000 kW-AC

Point of Interconnection Location Information (Utility Location)

Physical Address: _____

City: Washington State: NC Zip: 27889

In consideration of the mutual covenants set forth herein, the Parties agree as follows:

Article 1. Scope and Limitations of Agreement

1.1 Applicability

This Agreement shall be used for all Interconnection Requests submitted to the City of Washington for interconnection with their electric distribution and transmission system utility.

1.2 Purpose

This Agreement governs the terms and conditions under which the Interconnection Customer's Generating Facility will interconnect with, and operate in parallel with, the Utility's System.

1.3 No Agreement to Purchase or Deliver Power or RECs

This Agreement does not constitute an agreement to purchase or deliver the Interconnection Customer's power or Renewable Energy Certificates (RECs). The purchase or delivery of power, RECs that might result from the operation of the Generating Facility, and other services that the Interconnection Customer may require will be covered under separate agreements, if any. The Interconnection Customer will be responsible for separately making all necessary arrangements (including scheduling) for delivery of electricity with the applicable Utility.

1.4 Limitations

Nothing in this Agreement is intended to affect any other agreement between the Utility and the Interconnection Customer

1.5 Responsibilities of the Parties

- 1.5.1 The Parties shall perform all obligations of this Agreement in accordance with all Applicable Laws and Regulations, Operating Requirements, and Good Utility Practice.
- 1.5.2 The Interconnection Customer shall construct, interconnect, operate and maintain its Generating Facility and construct, operate, and maintain its Interconnection Facilities in accordance with the applicable manufacturer's recommended maintenance schedule, and in accordance with this Agreement, with Good Utility Practice.
- 1.5.3 The Utility shall construct, operate, and maintain its System and Interconnection Facilities in accordance with this Agreement, and with Good Utility Practice.
- 1.5.4 The Interconnection Customer agrees to construct its facilities or systems in accordance with applicable specifications that meet or exceed those provided by the National Electrical Safety Code, the American National Standards Institute, the Institute of Electrical and Electronic Engineers, Underwriters' Laboratories, and Operating Requirements in effect at the time of construction and other applicable national and state codes and standards. The Interconnection Customer agrees to design, install, maintain, and operate its Generating Facility so as to reasonably minimize the likelihood of a disturbance adversely affecting or impairing the System or equipment of the Utility and any Affected Systems.
- 1.5.5 Each Party shall operate, maintain, repair, and inspect, and shall be fully responsible for the facilities that it now or subsequently may own unless otherwise specified in the Appendices to this Agreement. Each Party shall be responsible for the safe installation, maintenance, repair and condition of their respective lines and appurtenances on their respective sides of the point of change of ownership. The Utility and the Interconnection Customer, as appropriate, shall provide Interconnection Facilities that adequately protect the Utility's System, personnel, and other persons from damage and injury. The allocation of responsibility for the design, installation, operation, maintenance and ownership of Interconnection Facilities shall be delineated in the Appendices to this Agreement.
- 1.5.6 The Interconnection Customer shall be responsible for all energy delivered by the Utility to the Generation Facility at the system metering point. The Utility shall recommend and the Interconnection Customer shall confirm the

appropriate retail electric tariff to apply based upon the kWh energy and kW demand consumed by the Generation Facility. The energy delivered shall be billed to the Interconnect Customer on a monthly basis in accordance with the Utility's standard billing schedule.

- 1.5.7 The Utility shall coordinate with all Affected Systems to support the interconnection. Any costs associated with coordination with Affected Systems shall be the responsibility of the Interconnect Customer.

1.6 Parallel Operation Obligations

Once the Generating Facility has been authorized to commence parallel operation, the Interconnection Customer shall abide by all rules and procedures pertaining to the parallel operation of the Generating Facility in the applicable control area, including, but not limited to:

- 1) any rules and procedures concerning the operation of generation set forth in City approved tariffs
- 2) the NCEMPA agreements as listed in Appendix 5 of this Agreement.
- 3) the Operating Requirements set forth in Appendix 6 of this Agreement.

1.7 Metering and Supervisory Control and Data Acquisition (SCADA)

The Interconnection Customer shall be responsible for the Utility's reasonable and necessary cost for the purchase, installation, operation, maintenance, testing, repair, and replacement of metering, data acquisition and SCADA equipment specified in Appendices 2 and 3 of this Agreement. The Interconnection Customer's metering (and data acquisition, as required) equipment shall conform to applicable industry rules and Operating Requirements.

1.8 Reactive Power

The Interconnection Customer shall design its Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95.

1.9 Capitalized Terms

Capitalized Terms used herein shall have the meanings specified in the Glossary of Terms in Appendix 1 of this Agreement.

Article 2. Inspection, Testing, Authorization, and Right of Access

2.1 Equipment Testing and Inspection

2.1.1 The Interconnection Customer shall test and inspect its Generating Facility and Interconnection Facilities prior to interconnection. The Interconnection Customer shall notify the Utility of such activities as agreed to by the Parties, prior to such testing and inspection. Testing and inspection shall occur on a Business Day, unless otherwise agreed to by the Parties. The Utility will, at its own expense, send qualified personnel to the Generating Facility site to inspect the interconnection and observe the testing. The Interconnection Customer shall provide the Utility a written test report when such testing and inspection is completed.

2.1.2 The Utility shall provide the Interconnection Customer written acknowledgment that it has received the Interconnection Customer's written test report. Such written acknowledgment shall not be deemed to be or construed as any representation, assurance, guarantee, or warranty by the Utility of the safety, durability, suitability, or reliability of the Generating Facility or any associated control, protective, and safety devices owned or controlled by the Interconnection Customer or the quality of power produced by the Generating Facility.

2.1.3 Deficiencies, failures or other issues determined by the Utility's personnel not to be in accordance with this Agreement shall be corrected by the Interconnect Customer prior to interconnection.

2.2 Authorization Required Prior to Parallel Operation

2.2.1 The Utility shall use Reasonable Efforts to list applicable parallel operation requirements in Appendix 6 of this Agreement. Additionally, the Utility shall notify the Interconnection Customer of any changes to these requirements as soon as they are known. The Utility shall make Reasonable Efforts to cooperate with the Interconnection Customer in meeting requirements necessary for the Interconnection Customer to commence parallel operations by the in-service date.

2.2.2 The Interconnection Customer shall not operate its Generating Facility in parallel with the Utility's System without prior written authorization of the Utility. The Utility will provide such authorization once the Utility receives notification that the Interconnection Customer has complied with all applicable parallel operation requirements. Such authorization shall not be unreasonably withheld, conditioned, or delayed.

2.3 Right of Access

2.3.1 Upon reasonable notice, the Utility will send a qualified person to the premises of the Interconnection Customer at or immediately before the time the Generating Facility first produces energy to inspect the interconnection, and observe the commissioning of the Generating Facility (including any required testing), startup, and operation for a period of up to three Business

Days after initial start-up of the unit. In addition, the Interconnection Customer shall notify the Utility prior to conducting any on-site verification testing of the Generating Facility.

2.3.2 Following the initial inspection process described above, at reasonable hours, and upon reasonable notice, or at any time without notice in the event of an emergency or hazardous condition, the Utility shall have access to the Interconnection Customer's premises for any reasonable purpose in connection with the performance of the obligations imposed on it by this Agreement or if necessary to meet its legal obligation to provide service to its customers.

2.3.3 Each Party shall be responsible for its own costs associated with following this Article.

Article 3. Effective Date, Term, Termination, and Disconnection

3.1 Effective Date

This Agreement shall become effective upon execution by the Parties.

3.2 Term of Agreement

This Agreement shall become effective on the Effective Date and shall remain in effect for a period of fifteen (15) years from the Effective Date and shall be automatically renewed for each successive five-year period thereafter, unless terminated earlier in accordance with Article 3.3 of this Agreement.

3.3 Termination

No termination shall become effective until the Parties have complied with all Applicable Laws and Regulations applicable to such termination.

3.3.1 The Interconnection Customer may terminate this Agreement at any time by giving the Utility 60 calendar days written notice and physically and permanently disconnecting the Generating Facility from the Utility's System.

3.3.2 Either Party may terminate this Agreement after Default pursuant to Article 8.6.

3.3.3 Upon termination of this Agreement, the Generating Facility will be disconnected from the Utility's System. All costs required to effectuate such disconnection shall be borne by the terminating Party, unless such termination resulted from the non-terminating Party's Default of this Agreement or such non-terminating Party otherwise is responsible for these costs under this Agreement.

3.3.4 The termination of this Agreement shall not relieve either Party of its liabilities and obligations, owed or continuing at the time of the termination.

3.3.5 The provisions of this article shall survive termination or expiration of this Agreement.

3.4 Temporary Disconnection

Temporary disconnection shall continue only for so long as reasonably necessary under Good Utility Practice.

3.4.1 Emergency Conditions

“Emergency Condition” shall mean a condition or situation:

- (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or
- (2) that, in the case of the Utility, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to the Utility’s System, the Utility’s Interconnection Facilities or the systems of others to which the Utility’s System is directly connected; or
- (3) that, in the case of the Interconnection Customer, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Generating Facility or the Interconnection Customer’s Interconnection Facilities. Under Emergency Conditions, the Utility may immediately suspend interconnection service and temporarily disconnect the Generating Facility. The Utility shall notify the Interconnection Customer promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Interconnection Customer’s operation of the Generating Facility. The Interconnection Customer shall notify the Utility promptly when it becomes aware of an Emergency Condition that may reasonably be expected to affect the Utility’s System or any Affected Systems. To the extent information is known, the notification shall describe the Emergency Condition, the extent of the damage or deficiency, the expected effect on the operation of both Parties’ facilities and operations, its anticipated duration, and the necessary corrective action.

3.4.2 Routine Maintenance, Construction, and Repair

The Utility may interrupt interconnection service or curtail the output of the Generating Facility and temporarily disconnect the Generating Facility from the Utility’s System when necessary for routine maintenance, construction, and repairs on the Utility’s System. The Utility shall make Reasonable Efforts to

provide the Interconnection Customer with notice prior to such interruption. The Utility shall use Reasonable Efforts to coordinate such reduction or temporary disconnection with the Interconnection Customer.

3.4.3 Forced Outages

During any forced outage, the Utility may suspend interconnection service to effect immediate repairs on the Utility's System. The Utility shall use Reasonable Efforts to provide the Interconnection Customer with prior notice. If prior notice is not given, the Utility shall, upon request, provide the Interconnection Customer written documentation after the fact explaining the circumstances of the disconnection.

3.4.4 Adverse Operating Effects

The Utility shall notify the Interconnection Customer as soon as practicable if, based on Good Utility Practice, operation of the Generating Facility may cause disruption or deterioration of service to other customers served from the same electric system, or if operating the Generating Facility could cause damage to the Utility's System or Affected Systems. Supporting documentation used to reach the decision to disconnect shall be provided to the Interconnection Customer upon request. If, after notice, the Interconnection Customer fails to remedy the adverse operating effect within a reasonable time, the Utility may disconnect the Generating Facility. The Utility shall provide the Interconnection Customer with notice of such disconnection, unless the provisions of Article 3.4.1 apply.

3.4.5 Modification of the Generating Facility

The Interconnection Customer must receive written authorization from the Utility before making any change to the Generating Facility that may have a material impact on the safety or reliability of the Utility's System. Such authorization shall not be unreasonably withheld. Modifications shall be done in accordance with Good Utility Practice. If the Interconnection Customer makes such modification without the Utility's prior written authorization, the latter shall have the right to temporarily disconnect the Generating Facility.

3.4.6 Reconnection

The Parties shall cooperate with each other to restore the Generating Facility, Interconnection Facilities, and the Utility's System to their normal operating state as soon as reasonably practicable following a temporary or emergency disconnection.

Article 4. Cost Responsibility for Interconnection Facilities and Distribution Upgrades

4.1 Interconnection Facilities

- 4.1.1 The Interconnection Customer shall pay for the cost of the Interconnection Facilities itemized in Appendix 2 of this Agreement. The Utility shall provide a best estimate cost, including overheads, for the purchase and construction of its Interconnection Facilities and provide a detailed itemization of such costs. Costs associated with Interconnection Facilities may be shared with other entities that may benefit from such facilities by agreement of the Interconnection Customer, such other entities, and the Utility.
- 4.1.2 The Interconnection Customer shall be responsible for its share of all reasonable expenses, including overheads, associated with
- (1) owning, operating, maintaining, repairing, and replacing its own Interconnection Facilities, and
 - (2) operating, maintaining, repairing, and replacing the Utility's Interconnection Facilities.

4.2 Distribution Upgrades

The Utility shall design, procure, construct, install, and own the Distribution Upgrades described in Appendix 7 of this Agreement. If the Utility and the Interconnection Customer agree, the Interconnection Customer may construct Distribution Upgrades that are located on land owned by the Interconnection Customer. The actual cost of the Distribution Upgrades, including overheads, shall be directly assigned to the Interconnection Customer.

Article 5. Cost Responsibility for Network Upgrades

5.1 Applicability

No portion of this Article shall apply unless the interconnection of the Generating Facility requires Network Upgrades.

5.2 Network Upgrades

The Utility shall design, procure, construct, install, and own the Network Upgrades described in Appendix 7 of this Agreement. If the Utility and the Interconnection Customer agree, the Interconnection Customer may construct Network Upgrades that are located on land owned by the Interconnection Customer. Unless the Utility elects to pay for Network Upgrades, the actual cost of the Network Upgrades, including overheads, shall be borne by the Interconnection Customer.

Article 6. Billing, Payment, Milestones, and Financial Security

6.1 Billing and Payment Procedures and Final Accounting

- 6.1.1 The Utility shall bill the Interconnection Customer for the design, engineering,

construction, and procurement costs of Interconnection Facilities and Upgrades contemplated by this Agreement as shown in Appendix 2 and Appendix 7 and in accordance with City of Washington policy.

6.1.2 Within three months of completing the construction and installation of the Utility's Interconnection Facilities and/or Upgrades described in the Appendices to this Agreement, the Utility shall provide the Interconnection Customer with a final accounting report of any difference between

- (1) the Interconnection Customer's cost responsibility for the actual cost of such facilities or Upgrades, and
- (2) the Interconnection Customer's previous aggregate payments to the Utility for such facilities or Upgrades. If the Interconnection Customer's cost responsibility exceeds its previous aggregate payments, the Utility shall invoice the Interconnection Customer for the amount due and the Interconnection Customer shall make payment to the Utility within 30 calendar days. If the Interconnection Customer's previous aggregate payments exceed its cost responsibility under this Agreement, the Utility shall refund to the Interconnection Customer an amount equal to the difference within 30 calendar days of the final accounting report.

6.2 Milestones

The Parties may agree on milestones for which each Party is responsible and list them in Appendix 4 of this Agreement. A Party's obligations under this provision may be extended by agreement. If a Party anticipates that it will be unable to meet a milestone for any reason other than a Force Majeure Event, it shall immediately notify the other Party of the reason(s) for not meeting the milestone and

- (1) propose the earliest reasonable alternate date by which it can attain this and future milestones, and
- (2) request appropriate amendments to Appendix 4. The Party affected by the failure to meet a milestone shall not unreasonably withhold agreement to such an amendment unless
 - a. it will suffer significant uncompensated economic or operational harm from the delay,
 - b. attainment of the same milestone has previously been delayed, or
 - c. it has reason to believe that the delay in meeting the milestone is intentional or unwarranted notwithstanding the circumstances explained by the Party proposing the amendment.

6.3 Financial Security Arrangements

At least 30 calendar days prior to the commencement of the design, procurement, installation, or construction of a discrete portion of the Utility's Interconnection Facilities and Upgrades, the Interconnection Customer shall provide the Utility a 25% cash payment based on the total costs listed in Appendix 2 and Appendix 7 attached hereto.

6.4 Wheeling Charges for Generating Facility Produced Energy

Monthly wheeling charges for energy produced by the Generating Facility shall be billed in accordance with the appropriate rate schedule, rate tariff, and/or rate rider listed in Appendix 9.

6.4 Facilities Charges for Utility Installed Facilities

Monthly facilities charges for Utility installed Interconnection Equipment, Metering Equipment, SCADA Equipment, Utility System Upgrades or other additional and upgraded facilities attributable to the generating Facility shall be billed in accordance with the appropriate rate schedule, rate tariff, and/or rate rider listed in Appendix 9.

Article 7. Interconnection Facility and Generating Facility Monitoring

7.1 Interconnection Facility and Generating Facility Monitoring

Interconnection Customer and Utility may determine that it is in the best interest to both Parties that Utility provide monitoring and/or control of parts of the Interconnection Facility and/or the Generating Facility. In such a case the operating procedure, response and control details, and cost associated with such monitoring and/or control shall be outlined in Appendix 8.

Article 8. Assignment, Liability, Indemnity, Force Majeure, Consequential Damages, and Default

8.1 Assignment

- 8.1.1 Subject to Section 8.1.2, the Interconnection Customer shall not assign its rights or obligations under this Agreement to any other person or entity, without the prior written consent of the Utility, which consent shall not be unreasonably withheld or delayed.
- 8.1.2 The Interconnection Customer shall have the right to assign this Agreement, without the consent of the Utility, for collateral security purposes to aid in providing financing for the Generating Facility, provided that the Interconnection Customer will promptly notify the Utility of any such assignment. Assignment shall not relieve a Party of its obligations, nor shall a Party's obligations be enlarged, in whole or in part, by reason thereof.
- 8.1.3 Any attempted assignment that violates this article is void and ineffective.

8.2 Limitation of Liability

Each Party's liability to the other Party for any loss, cost, claim, injury, liability, or expense, including reasonable attorney's fees, relating to or arising from any act or omission in its performance of this Agreement, shall be limited to the amount of direct damage actually incurred. In no event shall either Party be liable to the other Party for any indirect, special, incidental, consequential, or punitive damages of any kind, except as authorized by this Agreement.

8.3 Indemnity

- 8.3.1 This provision protects each Party from liability incurred to third parties as a result of carrying out the provisions of this Agreement. Liability under this provision is exempt from the general limitations on liability found in Article 8.2.
- 8.3.2 The Parties shall at all times indemnify, defend, and save the other Party harmless from, any and all damages, losses, claims, including claims and actions relating to injury to or death of any person or damage to property, demand, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising out of or resulting from the other Party's action or inaction of its obligations under this Agreement on behalf of the indemnifying Party, except in cases of gross negligence or intentional wrongdoing by the indemnified Party.
- 8.3.3 If an indemnified Party is entitled to indemnification under this Article as a result of a claim by a third party, and the indemnifying Party fails, after notice and reasonable opportunity to proceed under this Article, to assume the defense of such claim, such indemnified Party may at the expense of the indemnifying Party contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.
- 8.3.4 If an indemnifying Party is obligated to indemnify and hold any indemnified Party harmless under this Article, the amount owing to the indemnified Party shall be the amount of such indemnified Party's actual loss, net of any insurance or other recovery.
- 8.3.5 Promptly after receipt by an indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in this Article may apply, the indemnified Party shall notify the indemnifying Party of such fact. Any failure of or delay in such notification shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the indemnifying Party.

8.4 Consequential Damages

Other than as expressly provided for in this Agreement, neither Party shall be liable under any provision of this Agreement for any losses, damages, costs or expenses for any special, indirect, incidental, consequential, or punitive damages, including but not limited to loss of profit or revenue, loss of the use of equipment, cost of capital, cost of temporary equipment or services, whether based in whole or in part in contract, in tort, including negligence, strict liability, or any other theory of liability; provided, however, that damages for which a Party may be liable to the other Party under another agreement will not be considered to be special, indirect, incidental, or consequential damages hereunder.

8.5 Force Majeure

8.5.1 As used in this article, a Force Majeure Event shall mean any act of God, labor disturbance, act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any order, regulation or restriction imposed by governmental, military or lawfully established civilian authorities, or any other cause beyond a Party's control. A Force Majeure Event does not include an act of negligence or intentional wrongdoing.

8.5.2 If a Force Majeure Event prevents a Party from fulfilling any obligations under this Agreement, the Party affected by the Force Majeure Event (Affected Party) shall promptly notify the other Party, either in writing or via the telephone, of the existence of the Force Majeure Event. The notification must specify in reasonable detail the circumstances of the Force Majeure Event, its expected duration, and the steps that the Affected Party is taking to mitigate the effects of the event on its performance. The Affected Party shall keep the other Party informed on a continuing basis of developments relating to the Force Majeure Event until the event ends. The Affected Party will be entitled to suspend or modify its performance of obligations under this Agreement (other than the obligation to make payments) only to the extent that the effect of the Force Majeure Event cannot be mitigated by the use of Reasonable Efforts. The Affected Party will use Reasonable Efforts to resume its performance as soon as possible.

8.6 Default

8.6.1 No Default shall exist where such failure to discharge an obligation (other than the payment of money) is the result of a Force Majeure Event as defined in this Agreement or the result of an act or omission of the other Party. Upon a Default, the non-defaulting Party shall give written notice of such Default to the defaulting Party. Except as provided in Article 8.6.2, the defaulting Party shall have 60 calendar days from receipt of the Default notice within which to cure such Default; provided however, if such Default is not capable of cure within 60 calendar days, the defaulting Party shall commence such cure within 20 calendar days after notice and continuously and diligently complete such cure within six months from receipt of the Default notice; and, if cured within

such time, the Default specified in such notice shall cease to exist.

- 8.6.2 If a Default is not cured as provided in this Article, or if a Default is not capable of being cured within the period provided for herein, the non-defaulting Party shall have the right to terminate this Agreement by written notice at any time until cure occurs, and be relieved of any further obligation hereunder and, whether or not that Party terminates this Agreement, to recover from the defaulting Party all amounts due hereunder, plus all other damages and remedies to which it is entitled at law or in equity. The provisions of this article will survive termination of this Agreement.

Article 9. Insurance

- 9.1 The Interconnection Customer shall obtain and retain, for as long as the Generating Facility is interconnected with the Utility's System, liability insurance which protects the Interconnection Customer from claims for bodily injury and/or property damage. The amount of such insurance shall be sufficient to insure against all reasonably foreseeable direct liabilities given the size and nature of the generating equipment being interconnected, the interconnection itself, and the characteristics of the system to which the interconnection is made. This insurance shall be primary for all purposes. The Interconnection Customer shall provide certificates evidencing this coverage as required by the Utility. Such insurance shall be obtained from an insurance provider authorized to do business in North Carolina.
- 9.2 Interconnection Customer shall provide comprehensive general liability insurance with coverage in the amount of at least \$1,000,000 per occurrence.
- 9.3 The Utility agrees to maintain general liability insurance or self-insurance consistent with the Utility's commercial practice.
- 9.4 The Parties further agree to notify each other whenever an accident or incident occurs resulting in any injuries or damages that are included within the scope of coverage of such insurance, whether or not such coverage is sought.
- 9.5 The Parties further agree that Interconnection Customer may elect to self-insure all or any portion of a risk provided
- (a) Interconnection Customer maintains a net worth of no less than \$20,000,000, or
 - (b) Interconnection Customer is covered by a program of self-insurance maintained by a corporate affiliate of Interconnection Customer and either
 - (i) such corporate affiliate maintains a net worth of no less than \$20,000,000, or
 - (ii) the obligations and liabilities of such corporate affiliate are guaranteed or supported by a parent entity having a net worth of no less than \$20,000,000.

If neither clause (a) nor (b) is satisfied, then, upon request from Utility, the Interconnection Customer shall provide to the Utility evidence of third party insurance according to this Agreement.

Article 10. Confidentiality

- 10.1 Confidential Information shall mean any confidential and/or proprietary information provided by one Party to the other Party that is clearly marked or otherwise designated "Confidential." For purposes of this Agreement all design, operating specifications, and metering data provided by the Interconnection Customer shall be deemed Confidential Information regardless of whether it is clearly marked or otherwise designated as such.
- 10.2 Confidential Information does not include information previously in the public domain, required to be publicly submitted or divulged by Governmental Authorities (after notice to the other Party and after exhausting any opportunity to oppose such publication or release), or necessary to be divulged in an action to enforce this Agreement. Each Party receiving Confidential Information shall hold such information in confidence and shall not disclose it to any third party nor to the public without the prior written authorization from the Party providing that information, except to fulfill obligations under this Agreement, or to fulfill legal or regulatory requirements.
- 10.2.1 Each Party shall employ at least the same standard of care to protect Confidential Information obtained from the other Party as it employs to protect its own Confidential Information.
- 10.2.2 Each Party is entitled to equitable relief, by injunction or otherwise, to enforce its rights under this provision to prevent the release of Confidential Information without bond or proof of damages, and may seek other remedies available at law or in equity for breach of this provision.
- 10.2.3 If information is requested by the Commission from one of the Parties that is otherwise required to be maintained in confidence pursuant to this Agreement, the Party shall provide the requested information to the Commission within the time provided for in the request for information. In providing the information to the Commission, the Party may request that the information be treated as confidential and non-public in accordance with North Carolina law and that the information be withheld from public disclosure.

Article 11. Disputes

- 11.1 The Parties agree to attempt to resolve all disputes arising out of the interconnection process according to the provisions of this Article.
- 11.2 In the event of a dispute, either Party shall provide the other Party with a written notice of dispute. Such notice shall describe in detail the nature of the dispute.
- 11.3 If the dispute has not been resolved within two Business Days after receipt of the notice,

either Party may contact the Office of the Washington City Manager for assistance in resolving the dispute.

11.4 Each Party agrees to conduct all negotiations in good faith.

Article 12. Taxes

12.1 The Parties agree to follow all applicable tax laws and regulations, consistent with North Carolina and federal policy and revenue requirements.

12.2 Each Party shall cooperate with the other to maintain the other Party's tax status. Nothing in this Agreement is intended to adversely affect the Utility's tax exempt status with respect to the issuance of bonds including, but not limited to, local furnishing bonds.

Article 13. Miscellaneous

13.1 Governing Law, Regulatory Authority, and Rules

The validity, interpretation and enforcement of this Agreement and each of its provisions shall be governed by the laws of the State of North Carolina, without regard to its conflicts of law principles. This Agreement is subject to all Applicable Laws and Regulations. Each Party expressly reserves the right to seek changes in, appeal, or otherwise contest any laws, orders, or regulations of a Governmental Authority.

13.2 Amendment

The Parties may amend this Agreement by a written instrument duly executed by both Parties, or under Article 13.12 of this Agreement.

13.3 No Third-Party Beneficiaries

This Agreement is not intended to and does not create rights, remedies, or benefits of any character whatsoever in favor of any persons, corporations, associations, or entities other than the Parties, and the obligations herein assumed are solely for the use and benefit of the Parties, their successors in interest and where permitted, their assigns.

13.4 Waiver

13.4.1 The failure of a Party to this Agreement to insist, on any occasion, upon strict performance of any provision of this Agreement will not be considered a waiver of any obligation, right, or duty of, or imposed upon, such Party.

13.4.2 Any waiver at any time by either Party of its rights with respect to this Agreement shall not be deemed a continuing waiver or a waiver with respect to any other failure to comply with any other obligation, right, duty of this Agreement. Termination or default of this Agreement for any reason by Interconnection Customer shall not constitute a waiver of the Interconnection

Customer's legal rights to obtain an interconnection from the Utility. Any waiver of this Agreement shall, if requested, be provided in writing.

13.5 Entire Agreement

This Agreement, including all Appendices, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter of this Agreement. There are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

13.6 Multiple Counterparts

This Agreement may be executed in two or more counterparts, each of which is deemed an original but all constitute one and the same instrument.

13.7 No Partnership

This Agreement shall not be interpreted or construed to create an association, joint venture, agency relationship, or partnership between the Parties or to impose any partnership obligation or partnership liability upon either Party. Neither Party shall have any right, power or authority to enter into any agreement or undertaking for, or act on behalf of, or to act as or be an agent or representative of, or to otherwise bind, the other Party.

13.8 Severability

If any provision or portion of this Agreement shall for any reason be held or adjudged to be invalid or illegal or unenforceable by any court of competent jurisdiction or other Governmental Authority,

- (1) such portion or provision shall be deemed separate and independent,
- (2) the Parties shall negotiate in good faith to restore insofar as practicable the benefits to each Party that were affected by such ruling, and
- (3) the remainder of this Agreement shall remain in full force and effect.

13.9 Security Arrangements

Infrastructure security of electric system equipment and operations and control hardware and software is essential to ensure day-to-day reliability and operational security. All Utilities are expected to meet basic standards for electric system infrastructure and operational security, including physical, operational, and cyber-security practices.

13.10 Environmental Releases

Each Party shall notify the other Party, first orally and then in writing, of the release of any hazardous substances, any asbestos or lead abatement activities, or any type of remediation activities related to the Generating Facility or the Interconnection Facilities, each of which may reasonably be expected to affect the other Party. The notifying Party shall

- (1) provide the notice as soon as practicable, provided such Party makes a good faith effort to provide the notice no later than 24 hours after such Party becomes aware of the occurrence, and
- (2) promptly furnish to the other Party copies of any publicly available reports filed with any Governmental Authorities addressing such events.

13.11 Subcontractors

Nothing in this Agreement shall prevent a Party from utilizing the services of any subcontractor as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services and each Party shall remain primarily liable to the other Party for the performance of such subcontractor.

13.11.1 The creation of any subcontract relationship shall not relieve the hiring Party of any of its obligations under this Agreement. The hiring Party shall be fully responsible to the other Party for the acts or omissions of any subcontractor the hiring Party hires as if no subcontract had been made; provided, however, that in no event shall the Utility be liable for the actions or inactions of the Interconnection Customer or its subcontractors with respect to obligations of the Interconnection Customer under this Agreement. Any applicable obligation imposed by this Agreement upon the hiring Party shall be equally binding upon and shall be construed as having application to, any subcontractor of such Party.

13.11.2 The obligations under this article will not be limited in any way by any limitation of subcontractor's insurance.

13.12 Reservation of Rights

The Utility shall have the right to make a unilateral filing with the Commission to modify this Agreement with respect to any rates, terms and conditions, charges, or classifications of service, and the Interconnection Customer shall have the right to make a unilateral filing with the Commission to modify this Agreement; provided that each Party shall have the right to protest any such filing by the other Party and to participate fully in any proceeding before the Commission in which such modifications may be considered. Nothing in this Agreement shall limit the rights of the Parties except to the extent that the

Parties otherwise agree as provided herein.

Article 14. Notices

14.1 General

Unless otherwise provided in this Agreement, any written notice, demand, or request required or authorized in connection with this Agreement (Notice) shall be deemed properly given if delivered in person, delivered by recognized national courier service, or sent by first class mail, postage prepaid, to the person specified below:

If to the Utility:

City: City of Washington
Attention: Keith Hardt, P.E., Electric Utilities Director
Address: Post Office Box 1988 / 102 East Second Street
City: Washington State: NC Zip: 27889
Phone: (252) 975-9300 Fax: (252) 946-1965
Email: khardt@washingtonnc.gov

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: Kenny Habul, President and CEO
Address: 192 Raceway Drive
City: Mooreville State: NC Zip: 28117
Phone: (704) 662-0375 Fax: (704) 960-1467
Email: kenny@sunenergy1.com

14.2 Billing and Payment

Billings and payments shall be sent to the addresses set out below:

If to the Utility:

City: City of Washington

Attention: Matt Rauschenbach, Finance Director
Address: Post Office Box 1988 / 102 East Second Street
City: Washington State: NC Zip: 27889
Phone: (252) 975-9300 Fax: (252) 946-1965
Email: mrauschenbach@washingtonnc.gov

If to the Interconnection Customer:

Interconnection Customer: _____
Attention: Kenny Habul, President and CEO
Address: 192 Raceway Drive
City: Mooresville State: NC Zip: 28117
Phone: (704) 662-0375 Fax: (704) 960-1467
Email: kenny@sunenergy1.com

14.3 Alternative Forms of Notice

Any notice or request required or permitted to be given by either Party to the other and not required by this Agreement to be given in writing may be so given by telephone, facsimile or e-mail to the telephone numbers and e-mail addresses set out below:

If to the Utility:

City: City of Washington
Attention: Brian Alligood, City Manager
Address: Post Office Box 1988 / 102 East Second Street
City: Washington State: NC Zip: 27889
Phone: (252) 975-9300 Fax: (252) 946-1965
Email: balligood@washingtonnc.gov

If to the Interconnection Customer:

Interconnection Customer: _____

Attention: Bradley Fite, Director of Field Operations
Address: 192 Raceway Drive
City: Mooresville State: NC Zip: 28117
Phone: (704) 677-3506 Fax: (704) 960-1467
Email: bradley.fite@sunenergy1.com

14.4 Designated Operating Representative

The Parties may also designate operating representatives to conduct the communications which may be necessary or convenient for the administration of this Agreement. This person will also serve as the point of contact with respect to operations and maintenance of the Party's facilities.

Utility's Operating Representative:

City: City of Washington
Attention: Ed Pruden, Electric Support Superintendent
Address: Post Office Box 1988 / 250 Plymouth Street
City: Washington State: NC Zip: 27889
Phone: (252) 975-9320 Fax: (252) 975-0249
Email: epruden@washingtontnc.gov

Interconnection Customer's Operating Representative:

Interconnection Customer: _____
Attention: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone: _____ Fax: _____
Email: _____

14.5 Changes to the Notice Information

Either Party may change this information by giving five (5) Business Days written notice prior to the effective date of the change.

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IN WITNESS WHEREOF the parties hereto have executed this Agreement on the day and date first above written in FOUR (4) counterparts, each of which shall, without proof or accounting or other counterparts, be deemed an original agreement document.

By _____

Title _____

ATTEST:

Secretary

CITY OF WASHINGTON
WASHINGTON, NORTH CAROLINA

By _____
Electric Utilities Director

ATTEST:

City Clerk

Appendix 1

Glossary of Terms

Affected System – An electric system other than the Utility's System that may be affected by the proposed interconnection. The owner of an Affected System might be a Party to the Interconnection Agreement or other study agreements needed to interconnect the Generating Facility.

Applicable Laws and Regulations – All duly promulgated applicable federal, state and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders, permits and other duly authorized actions of any Governmental Authority.

Business Day – Monday through Friday, excluding City observed and/or State Holidays.

Commission – The North Carolina Utilities Commission.

Default – The failure of a breaching Party to cure its breach under the Interconnection Agreement.

Distribution System – The Municipal Electric Utility's facilities and equipment used to transmit electricity to ultimate usage points such as homes and industries from nearby generators or from interchanges with higher voltage transmission networks which transport bulk power over longer distances.

Distribution Upgrades – The additions, modifications, and upgrades to the Utility's Distribution System at or beyond the Point of Interconnection to facilitate interconnection of the Generating Facility and render the service necessary to allow the Generating Facility to operate in parallel with the Utility and to inject electricity onto the Utility's System. Distribution Upgrades do not include Interconnection Facilities.

Electric Utility Plant - The facilities and equipment used to transmit electricity including, but not limited to, towers, poles, wires, conductors, insulators, transformers, meters and metering equipment and hardware.

Generating Facility – The Interconnection Customer's device for the production of electricity identified in the Interconnection Request, but shall not include the Interconnection Customer's Interconnection Facilities.

Good Utility Practice – Any of the practices, methods and acts engaged in or approved by a significant portion of the electric industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

Governmental Authority – Any federal, state, local or other governmental regulatory or administrative agency, court, commission, department, board, or other governmental subdivision, legislature, rulemaking board, tribunal, or other governmental authority having jurisdiction over the Parties, their respective facilities, or the respective services they provide, and exercising or entitled to exercise any administrative, executive, police, or taxing authority or power; provided, however, that such term does not include the Interconnection Customer, the Utility, or any affiliate thereof.

Interconnection Customer – Any entity, including the Utility that proposes to interconnect its Generating Facility with the Utility's System.

Interconnection Facilities – The Utility's Interconnection Facilities and the Interconnection Customer's Interconnection Facilities. Collectively, Interconnection Facilities include all facilities and equipment between the Generating Facility and the Point of Interconnection, including any modification, additions or upgrades that are necessary to physically and electrically interconnect the Generating Facility to the Utility's System. Interconnection Facilities are sole use facilities and shall not include Upgrades.

Interconnection Request – The Interconnection Customer's request, in accordance with these procedures, to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to, an existing Generating Facility that is interconnected with the Utility's System.

Material Modification – A modification to machine data or equipment configuration or to the interconnection site of the Generating Facility that has a material impact on the cost, timing or design of any Interconnection Facilities or Upgrades.

Network Upgrades – Additions, modifications, and upgrades to the Utility's Transmission System required to accommodate the interconnection of the Generating Facility to the Utility's System. Network Upgrades do not include Distribution Upgrades.

Operating Requirements – Any operating and technical requirements that may be applicable due to Regional Reliability Organization, Independent System Operator, control area, or the Utility's requirements, including those set forth in the Interconnection Agreement.

Participant – Member of the North Carolina Eastern Municipal Power Agency (NCEMPA).

Party or Parties – The Utility, Interconnection Customer, and possibly the owner of an Affected System, or any combination of the above.

Point of Interconnection – The point where the Interconnection Facilities connect with the Utility's System.

Public Staff – The Public Staff of the North Carolina Utilities Commission.

Reasonable Efforts – With respect to an action required to be attempted or taken by a Party under the Interconnection Agreement, efforts that are timely and consistent with Good Utility

Practice and are otherwise substantially equivalent to those a Party would use to protect its own interests.

Site Location - The actual physical location of the Generating Facilities.

Standard – The interconnection procedures, forms and agreements approved by the Washington City Council for interconnection of Generating Facilities to its Utility System.

System – The facilities owned, controlled or operated by the Utility that are used to provide electric service in North Carolina.

Utility – The entity that owns, controls, or operates facilities used for providing electric service in North Carolina.

Transmission System – The facilities owned, controlled or operated by the Utility that are used to transmit electricity in North Carolina.

Upgrades – The required additions and modifications to the Utility's System at or beyond the Point of Interconnection. Upgrades may be Network Upgrades or Distribution Upgrades. Upgrades do not include Interconnection Facilities.

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Appendix 2

**Description and Costs of the Generating Facility, Interconnection Facilities,
and Metering Equipment**

Equipment including the Generating Facility, Interconnection Facilities, metering, and SCADA equipment shall be itemized and identified as being owned by the Interconnection Customer, or the Utility. The Utility will provide a best estimate itemized cost, including overheads, of its Interconnection Facilities, metering equipment, and SCADA equipment.

A2.1 Interconnection Equipment - Utility Owned

(1)	\$8,000	34.5/19.9 kV riser pole
(2)	\$40,000	34.5/19.9 kV, 1200 amp recloser
(3)	\$8,000	34.5/19.9 kV GOAB isolation switch
(4)	\$35,000	Hardware, wiring, and poles
(5)	\$30,000	Labor and equipment for installation
	\$121,000	Total A2.1

A2.2 Metering Equipment - Utility Owned

(1)	\$25,000	34.5/19.9 kV instrument transformers
(2)	\$5,000	Instrument rated electric meter
(3)	\$10,000	Hardware, wiring, pole, and enclosures
(4)	\$25,000	Labor and equipment for installation
	\$65,000	Total A2.2

A2.3 SCADA Equipment - Utility Owned

(1)	\$7,000	SCADA RTU and communications equipment
(2)	\$2,000	SCADA Programming
(3)	\$1,000	Hardware and wiring
(4)	\$15,000	Labor and equipment for installation
	\$25,000	Total A2.3

A2.4 Facilities Charge for Utility Owned and Maintained Equipment

Monthly facilities charges for Utility installed Interconnection Equipment, Metering Equipment, SCADA Equipment or other additional and upgraded facilities attributable to the Generating Facility shall be billed in accordance with the appropriate billed in accordance with the appropriate rate schedule, rate tariff, and/or rate rider listed in Appendix 9.

Appendix 3

**One-line Diagram Depicting the Generating Facility, Interconnection
Facilities, Metering Equipment, and Upgrades**

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Appendix 4

Milestones

In-Service Date: _____

Critical milestones and responsibility as agreed to by the Parties:

<u>Milestone / Date</u>	<u>Responsible Party</u>
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	

Agreed to by:

For the Utility _____ Date _____

For the Interconnection Customer _____ Date _____

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Appendix 5

North Carolina Eastern Municipal Power Agency Reference Documents

Listed herein are related documents between the City of Washington and the North Carolina Eastern Municipal Power Agency and between the North Carolina Eastern Municipal Power Agency and Carolina Power & Light (d.b.a. Progress Energy)

- (1) Initial Project Power Sales Agreement
- (2) Purchase, Construction and Ownership Agreement(s)
- (3) Operating and Fuel Agreement(s)
- (4) Power Coordination Agreement(s)
- (5) Supplemental Power Sales Agreement(s)
- (6) Supplemental Load Agreement(s)
- (7) New Resource and Interim Capacity Agreement
- (8) Settlement Agreement(s)

Appendix 6

Additional Operating Requirements for the Utility's System and Affected Systems Required to Support the Interconnection Customer's Needs

The Utility shall also provide requirements that must be met by the Interconnection Customer prior to initiating parallel operation with the Utility's System.

A6.1 Normal Utility Operations

During normal Utility operations the Interconnection Customer may produce electrical energy up to the capacity in the Interconnect Agreement and present said energy to the Utility's distribution system.

A6.2 Utility Live Line Maintenance Operation

A6.2.1 Description - Utility Live Line Maintenance Operation is an event where the Utility performs electrical facilities maintenance while the facilities are energized at the appropriate operating voltage.

A6.2.2 The Utility shall temporarily disconnect the Generating Facility from the Distribution System during Utility Live Line Maintenance Operation.

A6.2.3 The Utility shall reconnect the Generating Facility to the Distribution System after the Utility Live Line Maintenance Operation is complete.

A6.3 Utility Generated Forced Outage Operation

A6.3.1 Description - Utility Generated Forced Outage Operation is an event where the Utility forces an outage on the Distribution System so as to perform electrical facilities maintenance or to prevent damage to the Distribution System.

A6.3.2 The Utility shall temporarily disconnect the Generating Facility from the Distribution System during Utility Generated Forced Outage Operation.

A6.3.3 The Utility shall reconnect the Generating Facility to the Distribution System after the Utility Generated Forced Outage Operation is complete.

A6.4 Emergency or Non-Scheduled Forced Outage Operation

A6.4.1 Description - Emergency Non-Scheduled Forced Outage Operation is an event where an Electrical Outage is experienced on the Distribution System that is unplanned or caused by conditions uncontrolled by the Utility.

A6.4.2 The Utility shall make every attempt to isolate the Generating Facility from the Distribution System during an Emergency Non-Scheduled Forced Outage Operation.

- A6.4.3 The Utility shall reconnect the Generating Facility to the Distribution System after an Emergency Non-Scheduled Forced Outage Operation as practical.

A6.5 Utility Live Line Switching Operation

- A6.5.1 Description - Utility Live Line Switching Operation is an event where the Utility performs switching on distribution circuits or in a distribution substation while the facilities are energized at the appropriate operating voltage. The switching may include devices that normally do not serve the Generating Facility and therefore do not have the appropriate protective relaying installed or enabled.
- A6.5.2 The Utility shall temporary disconnect the Generating Facility from the Distribution System during Utility Live Line Switching Operation.
- A6.5.3 The Utility shall reconnect the Generating Facility to the Distribution System after the Utility Live Line Switching Operation is complete.

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Appendix 7

Utility's Description of its Upgrades and Best Estimate of Upgrade Costs

The Utility shall describe Upgrades and provide an itemized best estimate of the cost, including overheads, of the Upgrades and annual operation and maintenance expenses associated with such Upgrades. The Utility shall functionalize Upgrade Costs and annual expenses as either transmission or distribution related.

A7.1 Utility Upgrades

(1)	\$25,000	Construction of a single 34.5/19.9 kV overhead distribution feeder on one pole line approximately 500 linear feet
(2)	\$5,000	Substation relaying upgrades and programming
	\$30,000	Total A7.1

A7.2 Facilities Charge for Upgraded Utility Owned and Maintained Equipment

Monthly facilities charges for Utility System Upgrades or other additional and upgraded facilities attributable to the Generating Facility shall be billed in accordance with the appropriate rate schedule, rate tariff, and/or rate rider listed in Appendix 9.

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Appendix 8

Description of the Utility Interconnection Facility and Generating Facility Monitoring

Description and cost associated with the Utility monitoring and/or controlling parts of the Interconnection Customer owned or operated Interconnection Facility and/or Generating Facility.

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Appendix 9

Rate Schedules, Rate Tariffs, and/or Rate Riders in Effect under this Agreement

Listing of the applicable rate schedules, tariffs, and riders in effect under this agreement.

- (1) Schedule GF1 - Generating Facilities Service Schedule
- (2) Schedule EFC - Excess Facilities Charge Rate Ride

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WASHINGTON ELECTRIC UTILITIES
Washington, North Carolina

Generating Facilities Service Schedule
(Schedule GF1)

AVAILABILITY

This Rider is available in conjunction with service under Washington Electric Utilities (WEU) applicable Rate Schedules to customers who operate photovoltaic, wind powered, or biomass-fueled generating systems, or other renewable generation systems without battery storage, or other electric generating systems located and utilized at the customer's premises operating in parallel with the Utility's electric system.

The rated capacity of the generating system shall be greater than 1,000 kW to be eligible for this Schedule. The generating system that is in parallel operation with service from WEU and located on the customer's premises must be manufactured, installed, and operated in accordance all governmental and industry standards, in accordance with all requirements of the local code official, and fully conform with WEU's applicable renewable energy interconnection interface criteria or provisions in an interconnect agreement with the customer for the premises.

This Rider is available on a first come, first serve basis except that the aggregate capacity of all customer generators shall not exceed 50% of WEU's retail system peak load for the prior calendar year. If a customer's proposed installation results in exceeding the limit, the customer will be notified that service under this Rider will not be allowed.

MONTHLY RATE

Basic Charge: \$225.00

SALES TAX

North Carolina State Sales Tax will be added to charges for service.

PAYMENT TERMS

Bills are due when received and are payable within ten days of the due date of the bill. For unpaid bills, a notice will be issued twenty-one days after the billing date stating electric service will be terminated in approximately twelve days if the bill remains unpaid. A late payment fee of 5.0% will be charged on any balance outstanding twenty-five days after the billing date (see City Code Section 25-10).

SERVICE CONTRACT

Service will be provided only after a service agreement is executed including special terms and conditions for the customer's requirements, if any, satisfactory to the Utility.

WASHINGTON ELECTRIC UTILITIES
Washington, North Carolina

Excess Facilities Charge Rate Rider
(Schedule EFC)

AVAILABILITY

This Rider is available in conjunction with service under Washington Electric Utilities (WEU) applicable Rate Schedules. WEU will normally install, in accordance with the provisions of the applicable rate schedule and the General Terms and Conditions for Electric service, the facilities required to supply electric service to the customer at one point of delivery, through one meter or metering installation, at one delivery voltage and, where necessary, through one transformation. In the event that the customer requests from WEU facilities, hereinafter referred to as "excess facilities," which are in addition to, or in substitution for, the standard facilities which WEU will normally install, WEU will provide and install such excess facilities under the following conditions:

- (1) The type, extent, and location of such excess facilities shall be mutually agreed to by WEU and the customer.
- (2) Such excess facilities shall be and remain the property of WEU.
- (3) The customer shall agree to pay WEU a monthly excess facilities charge equal to:
 - (a) 2.25% of the estimated cost of the excess facilities when WEU installs and pays the cost for the excess facilities.
 - (b) 1.0% of the estimated cost of the excess facilities when WEU installs the excess facilities and the customer pays the cost for the excess facilities.
- (4) In the case where the requested facilities are to be substituted for the facilities normally installed by WEU and not in addition to, the monthly excess facilities charge shall be equal to the charges listed in part (3) of the excess cost of the facilities actually installed over the cost of normal facilities.
- (5) In the event that the excess facilities are abandoned prior to the term of the contract from the date service is first supplied from such excess facilities, the customer will pay to WEU the total cost of installing such excess facilities plus the cost of removal less the estimated salvage.

- (6) Where such excess facilities are later used in place in serving other customers of WEU, the monthly excess facilities charge shall be adjusted to that portion of the excess facilities charge which is reasonably assignable to the customer.

SALES TAX

North Carolina State Sales Tax will be added to all charges.

PAYMENT TERMS

Bills are due when received and are payable within ten days of the due date of the bill. For unpaid bills, a notice will be issued twenty-one days after the billing date stating electric service will be terminated in approximately twelve days if the bill remains unpaid. A late payment fee of 5.0% will be charged on any balance outstanding twenty-five days after the billing date (see City Code Section 25-10).



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Brian Alligood, City Manager *baa*
Date: February 3, 2014
Subject: Classification and Pay Grade Changes / Re-Organization
Applicant Presentation: N/A
Staff Presentation: Brian Alligood

RECOMMENDATION:

I move that the City Council approve the following position reclassifications in the Public Works Department: Public Works Supervisor I (Grade 16) to Public Works Supervisor II (Grade 18) (Streets & Stormwater); Cross Connection Control Technician (Grade 17) to Distribution & Collection System Supervisor I (Grade 19) and Distribution & Collection System Supervisor (Grade 20) to Distribution & Collection System Supervisor II (Grade 22) effective February 10, 2014.

BACKGROUND AND FINDINGS:

David Gibbs, Public Works Superintendent, retired effective February 1, 2014. His position will not be filled and will be abolished in the upcoming fiscal year 14-15 budget. This position managed the streets, stormwater, and solid waste divisions. While some of the administrative duties will be assumed by the Assistant Public Works Director, the technical work and daily planning will be delegated to the supervisors of these work units. This change will have its most significant impact on the supervisor for streets and stormwater who will have to assume a greater role in planning, prioritizing and organizing work crews similar to the role already assumed by the supervisor of solid waste. Therefore, it is recommended that the supervisor for streets and stormwater is upgraded from Public Works Supervisor I (Salary Grade 16) to Public Works Supervisor II (Salary Grade 18) which is the same classification and salary grade as the supervisor for solid waste.

Also with the Assistant Public Works Director assuming a more active role in managing the streets, storm water, and sanitation divisions with the absence of the superintendent position, it will be necessary for him to delegate certain responsibilities in water distribution and collection to existing staff. Most importantly the duty of Operator in Responsible Charge (ORC) for water distribution system, wastewater system, and backflow and cross connection will be delegated to the Distribution & Collection System Supervisor who currently serves as back up ORC. This individual already has all of the certifications necessary to perform these duties. With this new responsibility it is recommended that this position is upgraded from Distribution & Collection System Supervisor (Salary Grade 20) to Distribution & Collection System Supervisor II (Salary Grade 22).

In addition, the Cross Connection Control Technician will assume supervision of the water distribution unit and serve as back up ORC for the water distribution system, wastewater system, and backflow and cross connection. This individual already has all of the certifications necessary to perform these duties. It is recommended that this position is reclassified from Cross Connection Control Technician (Grade 17) to Distribution & Collection System Supervisor I (Grade 19).

The City is fortunate to have competent staff that is both willing and already possesses the necessary credentials/certifications to assume these additional levels of responsibilities. We feel these changes will solidify re-structuring in the Public Works department, for now, and are confident that these changes will maximize utilization of our employees. A revised organizational chart is attached that reflects these changes.

PREVIOUS LEGISLATIVE ACTION

N/A

FISCAL IMPACT

 Currently Budgeted (Account) Requires additional appropriation X No Fiscal Impact
(due to retirement and abolishing superintendent's position)

SUPPORTING DOCUMENTS

See attached Public Works organizational chart..

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: Concur Concur _____ Recommend Denial _____ No Recommendation 2/4/14 Date



REQUEST FOR CITY COUNCIL ACTION

To: Mayor Hodges & Members of the City Council
From: Brian Allgood, City Manager *Brit*
Date: February 10, 2014
Subject: Re-Organization & Position Vacancy
Applicant Presentation:
Staff Presentation: Brian Allgood

RECOMMENDATION:

I move that the City Council authorize the City Manager to fill the vacant Electric Line Operations Superintendent effective February 10, 2014.

BACKGROUND AND FINDINGS:

The City Council was presented with a proposed re-organizational plan in 2012 and major progress has been made. The major aspect of the plan that has been implemented is the combining of several smaller departments under larger, more comprehensive departments including Administrative Services, Community & Cultural Services, and Police and Fire Services. The City has also decreased its full-time positions from 243 budgeted in fiscal 10/11 to 233 budgeted in the current fiscal year 13/14. These reductions in staffing have been made without a change in services or service level provided by the City.

This organizational plan also included the proposal to combine the Electric and Public Works departments. Currently these departments have a combined full-time staff of 112 employees which is almost half of the full-time City positions. Because of the expansive services provided by these departments, the diversity of skills and expertise required to provide these services, and the number of employees to be managed, it would be essential to maintain a director over each of these areas. Combining these departments would actually add an additional hierarchy level and remove the City Manager one step further from these operations. It is my recommendation to keep Public Works and Electric as two separate departments with the current Directors reporting directly to the City Manager.

On February 1, 2014, the City realized the retirement of two very long term employees (each with over 30 years of service) who were overseeing major functions in Public Works and Electric departments. Management has taken this staff turnover as an opportunity to evaluate operational efficiencies and organizational structure. With these adjustments, it is also management's responsibility to recognize and address significant changes in duties and responsibilities of positions and adjust pay schedules as needed. A separate Council Action explains the proposed changes in the Public Works department.

Perhaps our largest challenge with the re-organization remains in the Electric Department which we will continue to analyze and provide feedback to Council.

However, we have an immediate situation that needs to be addressed with the February 1, 2014 retirement of Al Leggett, Electric Transmission and Distribution Superintendent. Although this position is not reflected in the 2012 re-organization proposal, it is my determination that this position is critical to ensure maximum performance of the transmission and distribution division. This position prioritizes, organizes, and coordinates the work of this work unit with other City services and customers; monitors the work of contractors such as the tree trimming crew, manages equipment vendors, ensures safety and lineman career development training, and provides significant customer contact and budget input. There is no other regular employee on staff that has the time or expertise to fulfill these very essential functions. We feel confident that if we are able to hire someone with considerable experience in the utility field and technical education we will be in an excellent position to re-evaluate the organizational structure, not only the Transmission and Distribution division, but the entire department overall.

With your approval, I would like to proceed with recruiting and hiring an Electric Transmission and Distribution Superintendent.

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

X Currently Budgeted (Account 35-90-8380-0200) ___ Requires additional appropriation ___ No Fiscal Impact

SUPPORTING DOCUMENTS

City Attorney Review: _____ Date By: _____ (if applicable)
Finance Dept Review: _____ Date By: _____ (if applicable)
City Manager Review: 2/4/14 Date Concur hwt Recommend Denial ___ No Recommendation ___