City of Washington
NORTH CAROLINA

Council Agenda
MAY 11, 2015
5:30 PM

Opening of Meeting

Nondenominational Invocation

Roll Call

Approval of minutes from April 27, and April 28, 2015 **(page 4)**

Approval/Amendments to Agenda

Presentation: Mr. Ford Worthy Certificate – donation of twenty live oaks

I. Consent Agenda:
   A. Declare Surplus/Authorize – Electronic Auction of Vehicle through GovDeals **(page 16)**

   B. Approve – Educational Attainment Incentive Pay for Paramedic Certification **(page 17)**

   C. Adopt – Resolution fixing date for public hearing on the contiguous annexation of the Granville Lilley property **(page 18)**

   D. Adopt – Airport Vision Grant Runway 5-23 Lighting Rehab Project Ordinance Amendment **(page 24)**

   E. Adopt – Budget Ordinance Amendment to establish Vehicle Replacement and Facility Maintenance Funds **(page 26)**

II. Comments from the Public:

III. Public Hearing – Zoning: **6:00 PM**
   A. None –

IV. Public Hearing - Other:
   A. Adopt – Resolution to Adopt Pamlico Sound Regional Hazard Mitigation Plan **(page 32)**

   B. Discussion – Fiscal Year 2015-2016 Proposed Budget **(page 36)**

V. Scheduled Public Appearances: None

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VI. Correspondence and Special Reports:
A. Memo – Tennis Courts **(page 37)**

B. Memo – Budget Transfer – General Fund **(page 38)**

VII. Reports from Boards, Commissions and Committees:
A. Human Relations Council – **(page 40)**

VIII. Appointments: None

IX. Old Business:
A. Adopt/Authorize – Ordinance approving the Asset Purchase Agreement and the Full Requirements Power Purchase Agreement between the North Carolina Eastern Municipal Power Agency and Duke Energy Progress, consenting to the related transactions, and **Authorizing** execution of certain, related and necessary agreements **(page 42)**
1. *Ordinance **(page 44)***
2. *Debt Service Support Contract **(page 52)***
3. *Full Requirements Power Sales Agreement **(page 76)***
4. *Power Sales Agreements Termination Agreement **(page 137)***
5. *Asset Purchase Agreement **(document on file in City Clerk's office and available for review)***
6. *Full Requirements Power Purchase Agreement **(document on file in City Clerk's office and available for review)***
7. *Resolution BDR-4-15**(document on file in City Clerk's office and available for review)***
8. *Bond Resolution (draft) **(document on file in City Clerk's office and available for review)***
9. *Economic Analysis **(document on file in City Clerk's office and available for review)***

B. Discussion – Budget follow-up (Library test proctoring fee, Ball field lighting charge, Pool hours of operation) **(page 142)**

X. New Business:
A. Allow – Cart vendors on Stewart Parkway and Havens Gardens **(page 146)**

B. Adopt – Policy revision for making Water & Sewer Billing Adjustments **(page 147)**

C. Authorize – City Manager to issue a Notice to proceed with Land Design for Downtown Streetscape Designs **(page 150)**

D. Authorize – Staff to draft and enter into an agreement for the Washington Waterfront Underground Railroad Museum **(page 169)**

E. Adopt – Purchasing Policy and Procedures **(page 178)**

F. Amend – City Code Adjustment of Bill Ordinances **(page 191)**

G. Approve – Transportation Asset Management Proposal from Martin-McGill **(page 198)**

XI. Any Other Items From City Manager: None

XII. Any Other Business from the Mayor or Other Members of Council: None

XIII. Closed Session – Under NCGS § 143-318.11(a)(6) Personnel

XIV. Adjourn – Until Monday, June 8, 2015 at 5:30 pm, in the Council Chambers

The Washington City Council met in a regular session on Monday, April 27, 2015 at 6:00pm 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: Matt Rauschenbach, Administrative Services Director/C.F.O.; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Gloria Moore, Library Director; Susan Hodges, Human Resources Director; Kristi Roberson, Parks and Recreation Manager; Keith Hardt, Electric Utilities Director; John Rodman, Community & Cultural Services Director; Anita Radcliffe, Assistant Finance Director; David Carraway, Network Administrator and Mike Voss, Washington Daily News.

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

APPROVAL OF MINUTES:

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved the minutes of April 13, 2015 as presented.

APPROVAL/AMENDMENTS TO AGENDA:

Mayor Hodges reviewed the requested amendment to the agenda:

- Add: 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 approved the agenda as amended.

CONSENT AGENDA: NONE

COMMENTS FROM THE PUBLIC: NONE

SCHEDULED PUBLIC APPEARANCES: NONE

CORRESPONDENCE AND SPECIAL REPORTS:

DISCUSSION – GRANT UPDATES (accepted as presented)

Grant Executive Summary
as of 3/31/2015

Active		Dates			Financials				Deliverable				Notes
					Revenue		Expense						
Fund	Grant Description	Award	Expiration	Completion	Budget	Actual	Budget	Actual	Metric	Total	Achieved	Bal.	
50	CDBG Affordable Housing	04/09/10	10/31/14	09/30/15	227,700	185,719	227,700	185,719	LMI homes	10	6	4	6 completed, guaranty being revised, 1 closing w/in 30 days
52	Comprehensive Bicycle Plan	05/26/11	12/31/13	06/30/14	35,000	30,430	35,000	33,713				0	Council approved plan in December, pending DOT approval
55	EDI/Impressions NC One Grant	09/30/13	09/30/16		300,000	-	300,000	-	Jobs/investment	160	0	160	Jobs created but not since award date
59	EDI Building Reuse	12/18/15	12/18/16		512,500	4,000	512,500	2,500	Jobs/investment	50		50	Grant agreements executed, Mid-East administering
61	Pedestrian Plan Grant	05/20/13	09/30/13	12/31/14	10,000	10,000	10,000	-				0	Reforming committee, meet April 23
66	Airport Terminal Grant	04/04/13	07/01/15	03/31/15	1,254,488	1,044,310	1,254,488	817,009				0	Complete May 15, grand opening Memorial Day
67	Façade Grant Program	07/01/13	06/30/14	06/30/14	20,000	20,027	20,000	10,912				0	In progress, 6 reimbursed, 3 pending
69	Way Finding			04/01/15	150,000	150,320	150,000	12,163					Reviewing w/ DOT, cost estimate & recommendation in April
71	Airport Lighting Reheb				460,121	81,046	460,121	40,378					Contract signed, construction complere August 1st
72	Municipal Pier Access Grant	07/01/14	11/30/15		135,000	15,000	135,000	-					Piling driving moratorium, complete by Nov 30th
75	Firefighter's Assistance- Exhaust	08/08/14	08/07/15		50,000	2,500	50,000	-					Exhaust system complete, other equipment being ordered
76	EDA Water Projects	09/11/13	03/11/17	02/28/17	1,428,262	706,133	1,428,262	38,632				0	Bid awarded January 2015, notice to proceed Feb. 23
77	EDA Sewer Grants	09/11/13	03/11/17	02/28/17	1,423,894	703,974	1,423,894	164,136				0	Bid awarded January 2015, notice to proceed Feb. 23
	CDBG Keysville Rd.	2005	6/4/2013	06/30/16	320,000	320,000	320,000	320,000				0	Lot 1 does not qualify for LMI. Construction on lot 2 & 3 near compl.
32	TAG - Sanitary sewer study	05/12/14		09/09/14	35,000	-	35,000	31,851					Completed, reimbursement to be requested
37	Airport Approach Survey	07/01/14	07/01/16		16,986	14,161	18,873	15,734					Survey completed
10	NC Cardinal	07/01/14		06/30/15	22,345	9,252	31,597	9,252					Grant awarded, complete by 6/30/15
10	Historic Preservation Grant	07/01/14	08/21/15		11,000	-	15,000	1,000					PO issued to update National Registry inventory
10	EZ Technology Library Grant	11/03/14	12/12/14	04/15/15	4,863	4,556	4,863	4,556					Complete

Applications	Pre-App	Selected	Final App	Grant	Match	Total	
FEMA AFG Fire Engine/Resc. Tools	11/30/14			353,929	18,571	372,500	Application submitted
Havens Garden PARTF				250,000	250,000	500,000	Application submitted, award notification July

Councilman Mercer inquired about the anticipated completion date of the airport terminal. City Manager, Brian Alligood explained that a temporary Certificate of Occupancy will hopefully be issued tomorrow, but we do not know the final completion date. The contractor is already into the $500 per day for liquidated damages.

Mayor Pro tem Roberson asked for an update on the Municipal Pier. Mr. Alligood explained that based on information from DENR, we can't get in the water and drive pilings until August 1st. It will take approximately two weeks to drive the pilings and the project should be completed by the grant deadline of November 30th.

Councilman Pitt asked for an update on the Keysville Road project. Mr. Alligood advised that work is still being done on the homes and another deadline is coming up on July 1st. The lots will not be released until LMI confirmation has been received from the Department of Commerce.

DISCUSSION – PROJECT UPDATES (accepted as presented)

Capital Project Status FY 2014/2015 4/20/2015

Fund/Department	Account	Description	Budget $	Spent	Open PO	Balance	Status	Notes
General Fund:								
IT	10-00-4152-7400	Wireless Bridge - sewer plant	1,204	368	0	836	Completed PY, TDA phone move CR	1
		Redundant PRI	6,917	6,709	0	208	Complete	1
		Redundant Cisco phone svr.	19,063	18,617	0	446	Complete	1
		IP addressing	1,520	1,520	0	0	Complete	1
		Total IT	28,704	27,214	0	1,490		
Police	10-10-4310-7400	Vehicles	134,000	113,906	19,219	875	4 received, equipment on order	
Fire	10-10-4340-7400	Thermal imaging camera	8,105	8,094	0	11	Complete	1
		Support vehicle 1	29,914	30,161	0	(247)	Complete	
		Total Fire	38,019	38,255	0	(236)		
Planning	10-10-4910-7400	Streetscape	25,000	0	0	25,000	Design contract May 11 Council meeting	
	10-10-4910-8400	Havens Gardee Master Plan	7,200	7,200	0	0	Completed	
Powell Bill	10-20-4511-4500	Street Paving	279,708	215,516	41,410	22,282	Original contract completed	2
Street Maintenance	10-20-4510-7400	Dump truck #454	64,000	63,816	0	184	Complete	
Library	10-40-6110-7400	PC virtualization	14,700	12,471	0	2,229	Complete	
Outside Agency	10-40-6170-8115	Veterans Park Sign	6,920	3,946	745	2,229	Complete	1,2
Rec. Maintenance	10-40-6130-7400	3rd St ball field RR	99,620	99,620	0	0	Complete	1
		Utility trucks # 807 & 810	65,783	65,213	0	(1,430)	Complete	
		Total Rec. Maintenance	123,403	124,833	0	(1,430)		
		Total General Fund	721,158	607,158	61,374	52,625		
Water:								
Water Meter Svc.	30-80-7250-7000	AMR meters	110,000	73,225	1,836	34,939	Complete end of May	1
Water Treatment	30-80-8160-7400	Van #882 & pickup #886	40,000	38,241	0	759	Complete	
Water Maintenance	30-80-8260-7400	Truck #414 body	7,393	8,399	0	(1,006)	Complete	1
Water Construction	30-80-8180-8400	10" WL engineering	61,653	2,848	58,805	0	Design compl., construction inspection rem	1
	30-80-8180-7400	Summit Ave. water line	168,806	75,035	0	93,771	Complete	1,2
		Total Water Fund	387,852	198,748	60,641	128,463		
Sewer:								
Wastewater Treatment	32-80-8220-7000	Blast & paint clarifiers 1&2	34,600	34,600	0	0	Complete	1
	32-80-8220-7400	Vehicle #648	25,000	24,911	0	89	Complete	
	32-80-8220-7400	Effluent control panel	24,000	18,549	1,961	3,490	Completed, pay final invoices	
	32-80-8220-7400	Tractor equipment	17,000	15,816	0	1,184	Complete	
Lift Stations	32-80-8230-7400	Rebuild 6th&Roupes pump s	40,000	11,931	27,840	229	Complete June 30	
	32-80-8230-7400	Fountain L.S. generator	8,663	913	0	7,750	Complete	1
		Total Sewer Fund	129,263	86,719	29,801	13,743		

Capital Project Status FY 2014/2015 4/20/2015

Fund/Department	Account	Description	Budget $	Spent	Open PO	Balance	Status	Notes
Electric:								
Electric Director	35-90-7220-0400	Peak Shaving Rate Study	8,962	8,962	0	0	Complete	1
		Total Electric Director	8,962	8,962	0	0		
Electric Meter Service	35-90-7250-7400	Test Switches	1,740	1,740	0	0	Complete	1
		Meters & handhelds	70,000	14,525	7,008	48,467	In progress, being quoted, PO's 4/20	
		Total Electric Meter Svc.	71,740	16,265	7,008	48,467		
Substation Maint.	35-90-8370-7400	Eastern substation breaker	46,512				Completed	1
		VOA recloser	20,000				PO written, mat'l recd, awaiting invoice	
		Distribution reclosers	20,000				Completed	
		Capacitors	8,000				Completed	
		E. substation security system	2,500				Reevaluating project	
		FRHL & Whar St. bus metering	5,500				Complete	
		Chocowinity breaker rebuild	100,000				Complete	
		2nd/5th Feeder	100,000				Acquiring materials labor to be bid out	
		Main substation rebuild	250,000	0	0		Acquiring materials labor to be bid out	
		Total Substation	552,512	196,259	86,041	270,212		
Load Management	35-90-8375-7400	Load management switches	70,000	65,835	3,700	465	Complete	
Power Line Construction	35-90-8390-7400	2nd St./5th St Rebuild Engine	71,538				Complete	2
		High School Feeder relocation	114,332				Complete	1,2
		Grimesland Feeder Engineerii	73,226				Complete	1,2
		NC 32 Feeder Engineering	32,299				Complete	1,2
		White Post/Slatestone Feede	0				Delayed to FY 15. Not started	2
		NC 32 Feeder rebuild	325,000				Under construction, 2nd mile matl ordered	
		2nd St./5th St Rebuild	300,000				Purchase Order #53157	
		Line truck #617	230,000				Purchase Order #52951	
		Dually F350 #613	50,000				Complete	
		Portable air compressor	20,000				Compiling specs	
		Total Power Line Construct	1,216,395	272,283	414,309	529,803		
		Total Electric Fund	1,919,609	558,604	511,058	849,947		
Solid Waste Collection:	38-90-4710-7400	Two leaf machines	56,500	51,042	0	5,458	Complete	
		Total Solid Waste	56,500	51,042	0	5,458		
Cemetery:								
Cemetery Fund	39-90-4740-5600	Storm drain repairs	7,223	7,223	0	0	Complete	2
	39-90-4740-7400	Two equipment sheds	30,000	10,000	20,000	0	Complete April 30	
		Total Cemetery	37,223	17,223	20,000	0		
Grand Total		Grand Total	3,251,600	1,528,492	682,874	1,049,234		

Notes:
1 PO carryforward
2 Project carryforward

DISCUSSION – ACCIDENT STATISTICS REPORT (accepted as presented)

City of Washington Accident Statistics Report						1st Quarter 2015		
						3/31/2015		
					2015 Calendar Year Total			
Department	January	Feb	March		#OSHA Recordable	Non Recordable	Total	
Public Works		1/strain	1/strain		2	0	2	
Electric	1/strain		1/strain		2	0	2	
Fire					0	0	0	
Police			1/eye inj		1	0	1	
Adminstrative Services					0	0	0	
Comm & Cultural Svcs.					0	0	0	
					5	0	5	
*Denotes an OSHA Recordable Accident								
1904.7(a)								
Recordable - Basic requirement. An injury or illness meets the general recording criteria, and therefore is deemed recordable,								
if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond								
first-aid, or loss of consciousness. A case will also meet the general recording criteria if it involves a significant injury or illness								
diagnosed by a physician or other licensed health care professional, even if it does not result in death, days away from work, restricted work								
or job transfer, medical treatment beyond first aid, or loss of consciousness.								
Non - recordable . An injury or illness that requires treatment that is defined as first aid with first aid being defined in 1904.7(b)(5)(ii).								

PUBLIC HEARING – ZONING: NONE

PUBLIC HEARING – OTHER:

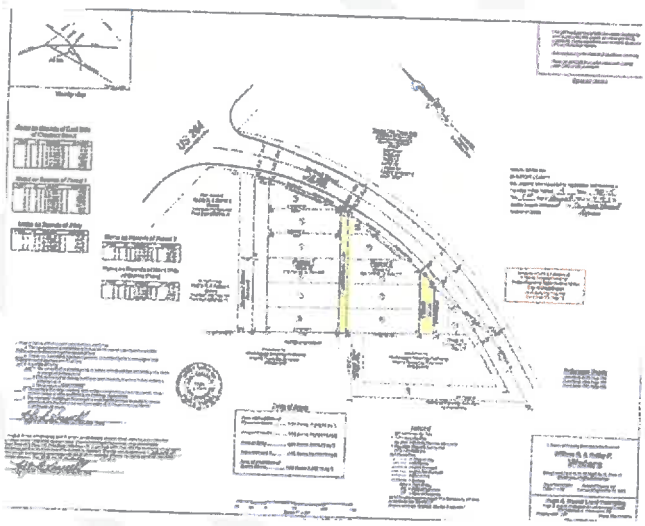
ADOPT – RESOLUTION ORDERING THE CLOSURE AND ABANDONMENT OF PORTIONS OF QUEEN STREET AND AN ALLEY OFF HUDNELL STREET

Mayor Hodges opened the public hearing.

John Rodman, Community & Cultural Services explained that the City Council adopted a Resolution of Intent to close a portion of Queen Street and an alley right-of-way that is adjacent to Eastern Elementary School and intersects with Hudnell Street. The map prepared by Hugh A. Sorrell Land Surveying is attached. The appropriate advertisement and publications have been completed. In addition, adjoining property owners have been notified and no one had voiced concern over this matter.

There being no comments from the public, Mayor Hodges closed the public hearing.

By motion of Councilman Mercer, seconded by Councilman Beeman, Council adopted the resolution ordering the closure and abandonment of portions of Queen Street and an alley way off Hudnell Street as shown on the attached survey map as recommended by the Planning and Development Office.



A RESOLUTION ORDERING THE CLOSURE AND ABANDONMENT OF PORITIONS OF QUEEN STREET AND AN ALLEY OFF HUDNELL STREET

WHEREAS, on the 23rd day of March, 2015, the City Council (Council) of the City of Washington (City) directed the City Clerk (Clerk) to publish A Resolution Declaring the Intent of the City of Washington to Consider Closing and Abandoning Portions of Queen Street and an Alley off Hudnell Street (Resolution of Intent) in the Washington Daily News once each week for four successive weeks. Said Resolution of Intent advised the public that a public hearing would be conducted at 6:00 p.m. on this the 27th day of April, 2015 in the Council Chambers to consider the matter.

WHEREAS, said portions of Queen Street and an alley off Hudnell Street (Abandoned Portions of Queen Street and an Alley off Hudnell Street) under consideration to be closed and abandoned are more particularly as follows.

All of those areas labeled "15' Undeveloped Alley" and "Queen Street" (east and west sides) as shown on that plat entitled "A Survey of Property Standing in the Name of William R. & Kathy P. Waters" by Hugh A. Sorrell Land Surveying dated July 30, 2012 and recorded in Plat Cabinet H, Slide 90-5, Beaufort County Registry, to which plat reference is herein made for a more complete and accurate description.

WHEREAS, on the 23rd day of March, 2015, the Council also directed the Clerk to provide, by registered or certified mail, a copy of the Resolution of Intent to all persons who own property that abuts said Abandoned Portions of Queen Street and an Alley off Hudnell Street, as shown on the county tax records, and the Clerk has advised the Council that the Clerk has done the same.

WHEREAS, the Clerk has also advised the Council that adequate notices were posted on the Abandoned Portions of Queen Street and an Alley off Hudnell Street as required by North Carolina General Statute § 160A-299.

WHEREAS, the Council has provided a full and complete opportunity for all interested persons to appear and register any objections that they might have with respect to the potential closure and abandonment of the Abandoned Portions of Queen Street and an Alley off Hudnell Street during the public hearing held this the 27th day of April, 2015.

WHEREAS, after a full and complete consideration of the matter, it now appears to the satisfaction of the Council that the closure and abandonment of said Abandoned Portions of Queen Street and an Alley off Hudnell Street are not detrimental to the property rights of any individual or contrary to the public interest, and that no person who owns property that abuts or is in the vicinity of the Abandoned Portions of Queen Street and an Alley off Hudnell Street will be deprived of a reasonable means of ingress and egress to their property as a result of said closure and abandonment.

NOW, THEREFORE BE IT RESOLVED said Abandoned Portions of Queen and an Alley off Hudnell Street are hereby ordered closed and abandoned, and all right, title and interest that may be vested in the public to said areas for street or alley purposes is hereby released and shall be conclusively presumed to be vested in those persons or entities owning lots or parcels of land adjacent thereto in accordance with the provisions of North Carolina General Statute § 160A-299.

The Clerk is hereby ordered and directed to file in the Office of the Register of Deeds of Beaufort County a certified copy of this Resolution and Order.
Adopted this the 27th day of April, 2015.

ATTEST:

s/Cynthia S. Bennett **s/Jay MacDonald Hodges**
City Clerk **Mayor**

REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES: NONE

APPOINTMENTS: NONE

Councilman Mercer requested an attendance roster for all City boards & commissions. He noted that if the members aren't attending the meetings then Council could ask them if they are going to be active and if they aren't the members should be removed from the board.

Recess

OLD BUSINESS:

BUDGET DISCUSSIONS: GENERAL FUND REVENUE & EXPENDITURES

Brian Alligood, City Manager reviewed the General Fund Revenue and Expenditure Summary with Council.

General Fund FY 2015-2016 Budget Summary 4/7/2015

	Amended 2015	Original 2015	Budget 2016	Original G/(L)	%	
Revenue:						
Advalorem taxes	4,359,618	4,359,618	4,483,809	124,191	3%	$120,000 increase to offset business license repeal
Sales, Business, & Occup Tax	2,422,219	2,422,219	2,471,312	49,093	2%	Sales tax +125, business tax (120), occupancy tax +44
Utility franchise & sales tax	1,328,000	1,328,000	1,146,348	(181,652)	-14%	Reclassification of PILO utility sales tax
Other taxes	131,847	131,847	132,947	1,100	1%	Vehicle, Beer & wine, BC airport tax
PILOT	494,502	494,502	698,549	204,047	41%	Reclassification of PILO utility sales tax
Miscellaneous	88,861	88,861	72,602	(16,259)	-18%	Interest, miscellaneous revenue
Rent	32,256	32,256	32,256	0	0%	
OS agency	31,000	31,000	31,000	0	0%	ABC distribution, OS agency gas purchase admin. chg.
Financing proceeds				0		
Admin charges:						
Other	187,894	187,894	172,767	(15,127)	-8%	TDA/Civic Center personnel
Enterprise funds	2,137,312	2,137,312	2,317,578	180,266	8%	
Transfers:						
Public safety debt service	166,970	166,970	166,970	0	0%	
Economic development	153,500	153,500	149,500	(4,000)	-3%	
Powell Bill	112,495	112,495	112,495	0	0%	
BHM Library	7,800	7,800	7,800	0	0%	
Enterprise funds	470,000	470,000	470,000	0	0%	
Police	45,250	45,250	34,500	(10,750)	-24%	Controlled substance tax, contracted services
Fire/EMS	1,021,592	1,021,592	969,262	(52,330)	-5%	State medicaid reimbursement
Planning/Inspection	101,690	90,690	70,670	(20,020)	-22%	Building permits, historic survey grant
Public works	190,700	190,700	187,239	(3,461)	-2%	
Recreation	232,515	232,515	247,112	14,597	6%	Sports league participant fee, slip rental
Library	60,408	31,700	131,708	100,008	315%	Anticipated County library contribution
Fund balance appropriated	852,431	391,783	300,996	(90,787)	-23%	
Total	14,628,860	14,128,504	14,407,419	278,915	2%	
Expenditure:						
City Council	56,075	56,075	61,975	5,900	11%	Election expense
Mayor Office	12,885	12,885	13,855	970	8%	Election expense
City Manager	320,506	320,506	320,262	(244)	0%	
TDA Director	107,993	107,993	113,366	5,373	5%	Reallocation of PT salaries (Dept. 100% reimbursed)
Human Resources	310,009	309,709	326,681	16,972	5%	Vacation payout & insurance for retiring Director
Finance Director	528,087	528,087	577,514	49,427	9%	Financial software $50k
Purchasing/whse.	141,981	138,131	216,904	78,773	57%	Capital & other maintenance
Information Services	288,450	259,519	317,624	58,105	22%	Capital
Billing Department	166,381	166,381	164,967	(1,414)	-1%	
Customer Service	626,093	626,093	639,151	13,058	2%	Credit card fees
Legal Services	145,000	145,000	145,000	0	0%	
Municipal Building	166,842	166,842	164,347	(2,495)	-1%	
Miscellaneous	974,914	876,363	724,870	(151,493)	-17%	Excluded clawbacks $150k; no subsidy appropriations
Economic Development	149,500	149,500	149,500	0	0%	
Contingency	0	0		0		
Police Department	2,961,864	2,961,864	2,931,159	(30,705)	-1%	Salary & benefit savings from eliminated position
E-911 Communications	398,415	398,415	355,305	(43,110)	-11%	Salary & benefit savings from eliminated position
Fire Department	774,332	766,227	750,716	(15,511)	-2%	
EMS	1,612,933	1,612,933	1,864,689	251,756	16%	Capital (ambulance) & paramedic salary increases
Code Enforcement/Inspections	298,296	296,869	297,405	536	0%	
Planning/Zoning	377,782	354,582	325,961	(28,621)	-8%	Streetscape & Historic Distric Survey in FY 14/15
Garage	129,691	129,691	132,317	2,626	2%	
Street Maintenance	460,298	460,298	525,038	64,740	14%	Capital & repairs at Holloman St.
Powell Bill	479,029	316,047	253,769	(62,278)	-20%	Fund balance availability
Street Lighting	142,734	128,500	153,000	24,500	19%	Moved lighting cost from Docks to here
Public Works Director	77,627	77,297	76,064	(1,233)	-2%	
Stormwater	308,712	308,712	302,822	(5,890)	-2%	
Brown Library	465,497	435,551	418,614	(16,937)	-4%	Professional services (grant) & capital in FY 14/15
Recreation Administration	157,592	155,451	150,540	(4,911)	-3%	
Events & Facilities	176,390	176,075	228,354	52,279	30%	Bobby Andrews Ctr. roof
Senior Programs	221,711	203,305	207,875	4,570	2%	
Waterfront Docks	108,816	127,400	109,770	(17,630)	-14%	Utilities moved from here to Street Lighting
Civic Center	147,867	147,867	121,736	(26,131)	-18%	Reallocation of PT salaries & reduced subsidy pmt.
Aquatic Center	338,310	310,599	331,251	20,652	7%	Dectron & roof replacement not included in FY 15/16
Bldg. & Grounds Maintenance	621,951	530,360	576,052	45,692	9%	Capital in FY 14/15
Outside Agencies	113,970	107,050	105,550	(1,500)	-1%	Moved Human Relation Council to Mgr. budget
Debt Service	260,327	260,327	253,416	(6,911)	-3%	
Total	14,628,860	14,128,504	14,407,419	278,915	2%	
Net Revenue	0	0	0	0		

Councilmembers discussed the aquatics center, the terms of the PARTF grant associated with it and the future of the facility. Discussion was held regarding the perpetual care fund (cemetery), streets and facilities maintenance. Councilmembers reviewed the remaining revenues and expenditures as presented.

Discussion was held regarding payment in lieu of taxes (PILOT) – Councilman Mercer noted he was against this and that he will not vote for payment in lieu of taxes (PILOT) at $190,000 nor the 1½ cent tax increase at $120,000 for a total of $310,000. Mr. Alligood asked Council to determine what services they wanted to cut or they will need to find another revenue source in order to find funding for the $310,000 if the tax increase nor payment in lieu of taxes were approved. Mayor Pro tem Roberson noted he is against the 1½ cent tax increase. Councilman Mercer expressed concern with the proposed tax increase and further noted that the estimated revenues should be increased. Mr. Alligood noted that in preparing the budget, staff is always conservative in estimating revenues and aggressive in expenditures.

Mayor Pro tem Roberson suggested an increase in the electric rate instead of increasing water/sewer/stormwater rates, etc.

NEW BUSINESS: NONE

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)(6) PERSONNEL

By motion of Councilman Pitt, seconded by Councilman Brooks, Council agreed to enter into closed session at 8:40pm under NCGS § 143-318.11 (a)(3) Attorney/Client Privilege & (a)(6) Personnel.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council agreed to come out of closed session at 9:30pm.

ADJOURN:

By motion of Councilman Pitt, seconded by Councilman Brooks, Council adjourned the meeting at 9:30pm until Tuesday, April 28, 2015 at 6:00 pm, in the Council Chambers.

(Subject to the Approval of the City Council)

Cynthia S. Bennett, MMC
City Clerk

The Washington City Council met in a budget workshop on Tuesday, April 28, 2015 at 6:00pm 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 and Cynthia S. Bennett, City Clerk.

Also present were: Matt Rauschenbach, Administrative Services Director/C.F.O.; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Gloria Moore, Library Director; Susan Hodges, Human Resources Director; Kristi Roberson, Parks and Recreation Manager; Keith Hardt, Electric Utilities Director; John Rodman, Community & Cultural Services Director; Anita Radcliffe, Assistant Finance Director; David Carraway, Network Administrator and Mike Voss, Washington Daily News.

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

BUDGET WORKSHOPS - SERVICE EXPANSIONS:

City Manager, Brian Alligood reviewed the General Fund Service Expansions budget requests. Any new or additional funding requests from outside agencies is included in the expansion budget. Beginning on page 497 (the summary page of service expansions) there is a proposed COLA increase for all city staff at 1%, 2%, or 3%. Staff compared these percentages to the consumer price index for the south east region and it was 1.3% - the 1% COLA increase would equate to a total of $98,338 across all funds. The general fund portion is $63,494.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council agreed to eliminate funding the expansion budget as presented. Mayor Pro tem Roberson suggested he would like to come back to the COLA. Mayor Hodges directed Mr. Alligood to clarify requested items in the expansion budget.

Discussion: Mayor Pro tem Roberson voiced it is a very difficult time as we are short of funds. Councilman Mercer expressed that at last night's meeting there was an indication that we would have to find $310,000; therefore, if Council was to adopt this expansion budget we would have to find another $300,000.

OUTSIDE AGENCY REQUESTS:

Mayor Pro tem Roberson suggested funding economic development strategies to: North Carolina Estuarium, Arts Council (Turnage Theater), Washington Harbor District Alliance and Kiwanis Christmas Parade for a total amount of $100,000. Councilman Mercer suggested setting up a Harbor District Economic Fund to be funded at $75,000(contribution coming from electric, water-sewer fund as they currently do) and divide the money between the three agencies as well as the Kiwanis for the Christmas parade ($20,000 each, plus $1500 for Kiwanis and remaining $13,500 in contingency). Mayor Hodges expressed concern with only funding WHDA at $20,000.

A motion was made by Councilman Mercer, seconded by Mayor Pro tem Roberson, to establish a fund for a Harbor District Economic Fund in the amount of $75,000 for monies to be distributed to the Washington Harbor District Alliance($20,000), North Carolina Estuarium($20,000), Arts Council($20,000), and $1,500 for Kiwanis Washington Christmas Parade and remaining amount of $13,500 in contingency.

An amended motion was made by Mayor Pro tem Roberson, seconded Councilman Beeman, to fund the WHDA ($62,000), Estuarium ($20,000), Arts Council ($16,000) and Kiwanis Christmas Parade ($1500) at the same amount they are funded in the current budget. Following discussion Mayor Pro tem Roberson withdrew his amended motion.

Following discussion regarding the substitute motion the following agency would be funded at the following amounts (same level as last year):

• Arts Council	$16,000
• NC Estuarium	$20,000
• Washington Harbor District Alliance	$62,000
• Kiwanis	$ 1,500
Total	$99,500

Councilman Pitt voiced we talk about each funding for outside agencies being reduced by at least 10% and Councilman Mercer agreed. Councilman Pitt voiced all these agencies do great things but at some point they need to be able to stand alone from the City and become self sufficient.

An amended motion was made by Councilman Beeman, seconded by Mayor Pro tem Roberson, to decrease the outside agency funding by 10%. 4-1 vote with Councilman Mercer opposing.

Reservation, ideas, suggestion, and comments followed. Following more discussion:

• Arts Council	$14,400
• North Carolina Estuarium	$18,000
• Washington Harbor District Alliance	$55,800
• Kiwanis (Christmas Parade)	$ 1,350
Total	$89,550

Mr. Alligood stated with the 4-1 vote we will not hear Councilman Mercer's motion and Councilman Mercer voiced the secondary motion will now become the primary motion. Councilman Mercer voiced parliamentary procedure states when the secondary motion becomes the primary motion then the primary motion must be voted on again.

By motion of Councilman Beeman, seconded by Mayor Pro tem Roberson, Council approved to decrease the following outside agency funding by 10%. Motion carried 4-1 with Councilman Mercer opposing.

• Arts Council	$14,400
• North Carolina Estuarium	$18,000
• Washington Harbor District Alliance	$55,800
• Kiwanis (Christmas Parade)	$ 1,350
Total	$89,550

Mr. Alligood inquired for clarification as to where the money would come from? Mr. Alligood further explained where the monies come from now (Harbor District from Economic Development fund and the remainder ones from General Fund). Councilman Mercer asked that a Downtown Economic Fund be established versus calling them an outside agency. Mayor Pro tem Roberson suggested funding from the same source as last year. Councilman Mercer voiced we are currently taking funds out of

water/sewer and electric fund for economic activities. Mayor Pro tem Roberson stated they should not be called outside agencies and Mayor Hodges agreed. Mr. Alligood voiced this is funded by the Enterprise Funds account code 10-00-4650 (which is Economic Development) and Mayor Pro tem Roberson said this is correct. Funding for these four recipients will come from revenue transferred from Enterprise Funds.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved moving Washington Harbor District Alliance, Beaufort County Arts Council, North Carolina Esturaium, and Washington Christmas Parade (organized by the Washington Kiwanis) under the Economic Development budget and to be funded from water/sewer and electric.

Mr. Alligood reviewed all items under Economic Development Fund and Council directed Mr. Alligood to leave the remaining as they are.

Mr. Alligood requested clarification on the remaining agency funding. Mayor Pro tem Roberson suggested he was under the impression Council had eliminated all other outside agency funding. Mr. Alligood reviewed the remaining items that were not moved to the Economic Development budget.

Councilman Mercer recommended only funding BHM if it is a pass through from Beaufort County. If the County does not fund it then the City will not fund it.

By motion of Councilman Brooks, seconded by Councilman Mercer, reduced Boys & Girls funding to $14,400.

Councilman Mercer recommended an increase for the Zion Shelter and Councilman Brooks disagreed and reiterated what Councilman Mercer proposed earlier regarding the 10% for all outside agencies. If you cut 10% on one then you should cut 10% on all (no exception).

By motion of Councilman Brooks, seconded by Council Beeman, Council approved decreasing all other outside agency funding by 10%.

Councilman Mercer expressed concerns with the whole list but pointed out the funding for Cornerstone. Councilman Mercer stated they came to Council three years ago requesting help for that year and they would become self sufficient and came back this year requesting more money than they did the first year. Again, Councilman Brooks stated all should be treated the same. Councilman Pitt suggested all agencies be cut by another 10% next year.

SUMMARY OF REQUESTED SERVICE EXPANSIONS

GENERAL FUND REVENUE	City Manager Recommends	Board Approves
Amount Available for Service Expansions (Revenues over Expenditures)	$0	$0
Amount Requested from Fund Balance	$0	$0
Total	$0	$0
Total Available for Service Expansions	$0	$0

Note: 1 penny on the tax rate = $ 82,356

REQUESTS

Department	Title	Dept. Mgrs Priority	Estimated Initial Cost	Estimated Annual Revenue Offset	Estimated Initial Net Cost	Estimated Annual Recurring Cost	Board Member's Priority	Comments
All Funds	1% COLA		$63,494	$0	$63,494	$63,494		Amt. shown here is GF portion only
All Funds	2% COLA		$126,988	$0	$126,988	$126,988		Amt. shown here is GF portion only
All Funds	3% COLA		$190,481	$0	$190,481	$190,481		Amt. shown here is GF portion only
Human Resources	Classification & Pay Study		$35,000	$0	$35,000	$0		Contract Service for pay study. This does not include implementation cost.
Community & Cultural Recreation -Seniors	Front Desk Attendant		$6,805	$0	$6,805	$6,805		Cost associated with changing from volunteers to paid staff.
Community & Cultural Recreation -Seniors	Part Time Program Assistant		$5,671	$0	$5,671	$5,671		Cost associated with changing from volunteers to paid staff.
Community & Cultural Recreation -Events & Facilities	Joint Use -BC Schools Ed Tech Gym		$21,208	$0	$21,208	$3,708		Cost to add more gym space for youth basketball. Joint Use Agreement with BC Schools.
Community & Cultural Recreation -Events & Facilities	Part time Staff for Sunday Play for Baseball		$1,118	$0	$1,113	$1,113		Cost associated with adding staff for Sunday Play for Baseball at McConnell Sports Complex.
Public Works- Building & Grounds	Recreation Maintenance Worker		$35,122	$0	$35,122	$35,122		Cost associated with hiring a Recreation Maintenance Worker.
Outside Agencies	Arts Council		$34,000	$0	$34,000	$34,000		Amount requested over current year funding level.
Outside Agencies	Boys & Girls Club		$4,000	$0	$4,000	$4,000		Amount requested over current year funding level.
Outside Agencies	Wright Flight		$1,500	$0	$1,500	$1,500		Amount requested over current year funding level.

REQUESTS

Department	Title	Dept. Mgrs Priority	Estimated Initial Cost	Estimated Annual Revenue Offset	Estimated Initial Net Cost	Estimated Annual Recurring Cost	Board Member's Priority	Comments
Outside Agencies	Blind Center		$250	$0	$250	$250		Amount requested over current year funding level.
Outside Agencies	Cornerstone Community Learning Center		$6,000	$0	$6,000	$6,000		Amount requested over current year funding level.
Outside Agencies	NC Estuarium		$5,000	$0	$5,000	$5,000		Amount requested over current year funding level.
Total of all General Fund Service Expansion Request (3% COLA is in total; 1% and 2% are excluded from total)			$346,150	$0	$346,150	$293,650		

4/8/2015 3:29:11 PM

City Of Washington

Expenditure Budget Worksheet

7/1/2015 Through 6/30/2016

		Pr.Year Actual 13-14	Original Budget 14-15	Amended Budget 14-15	Expended/ Encumbered 14-15	% Spent	Est.Exp. Entire Year 14-15	Dept Head Request 15-16	Manager Recommends 15-16
Fund # 10	GENERAL FUND								
10-40-6170	OUTSIDE AGENCIES		CONTRIBUTIONS		CULTURAL & LEISURE				
9101	ARTS COUNCIL	13,000	13,000	13,000	13,000	100.00%	13,000	13,000	13,000
9102	B.H.M. LIBRARY	0	7,800	7,800	6,500	83.33%	7,800	7,800	7,800
9104	ARTS COUNCIL CONCERTS	3,000	3,000	3,000	3,000	100.00%	3,000	3,000	3,000
9105	BOYS & GIRLS CLUB	16,000	16,000	16,000	16,000	100.00%	16,000	16,000	16,000
9106	HARBOUR DISTRICT ALLIANCE	0	0		0	0.00%			
9107	ZION SHELTER	8,500	8,500	8,500	8,500	100.00%	8,500	8,500	8,500
9108	WRIGHT FLIGHT	3,500	3,500	3,500	3,500	100.00%	3,500	3,500	3,500
9109	EAST CAROLINA WILDLIFE GUILD	1,540	0		0	0.00%			
9110	THE BLIND CENTER	1,250	1,250	1,250	1,250	100.00%	1,250	1,250	1,250
9112	CHRISTMAS PARADE	1,500	1,500	1,500	1,500	100.00%	1,500	1,500	1,500
9113	VETERANS PARK	3,455	0	6,920	4,691	67.79%	6,920		
9116	EAGLE WINGS	1,000	1,000	1,000	1,000	100.00%	1,000	1,000	1,000
9120	HUMAN RELATIONS COUNCIL	422	1,000	1,000	241	24.10%	1,000	1,000	
9136	PURPOSE OF GOD	24,000	20,000	20,000	20,000	100.00%	20,000	20,000	20,000
9150	DOCK DOGS	5,000	0		0	0.00%			
9160	AMERICAN RED CROSS	500	500	500	0	0.00%	500		
9165	CORNER STONE WORSHIP CTR.	15,000	10,000	10,000	10,000	100.00%	10,000	10,000	10,000
9170	ESTUARIUM		20,000	20,000	20,000	100.00%	20,000	20,000	20,000
TOTAL OUTSIDE AGENCIES		97,667	107,050	113,970	109,182	95.80%	113,970	106,550	105,550

ADJOURN:

By motion of Councilman Pitt, seconded by Councilman Brooks, Council adjourned the meeting at 7:00 pm until Wednesday, April 29, 2015 at 6:00 pm, in the Council Chambers.

(Subject to the Approval of the City Council)

Cynthia S. Bennett, MMC
City Clerk

Agenda Date: May 11, 2015

City of Washington NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Mike Whaley, Purchasing Agent**
Date:	**April 28, 2015**
Subject:	**Declare Surplus/Authorize Electronic Auction of Vehicles 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 vehicles through electronic auction using GovDeals.

BACKGROUND AND FINDINGS:

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

Vehicle #	Make/Model	Department	Serial Number	Odometer Reading
111	1996 Jeep Cherokee	Municipal Bldg.	1J4FT28S8TL267550	65,169
454	International Dump Trk.	Public Works	1HTSCABM1XH608162	92,155

PREVIOUS LEGISLATIVE ACTION:

FISCAL IMPACT:

____Currently Budgeted (Account _____) ___ Requires additional appropriation
____No Fiscal Impact

SUPPORTING DOCUMENTS:

City Manager Review: BLA Concur _____ Recommend Denial _____ No Recommendation
5/5/15 Date

Agenda Date: May 11, 2015

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To: **Mayor Hodges & Members of the City Council**
From: **Brian Alligood, City Manager**
Date: **May 11, 2015**
Subject: **Educational Attainment Incentive Pay for Paramedic Certification**
Applicant Presentation:
Staff Presentation:

RECOMMENDATION:

I move that the City Council approve revision to the Educational Attainment Incentive Pay Plan eliminating the 5% pay increase for Emergency Medical Technician – Intermediate certification and replacing it with a 5% pay increase for initial certification as Paramedic for employees who occupy positions assigned to a salary grade at or above the salary grade for Firefighter/Paramedic classification effective May 11, 2015.

BACKGROUND AND FINDINGS:

Effective February, 2015, the City of Washington began providing emergency response services at the Paramedic level. Due to this advancement in service level, a change is needed in the City's Educational Attainment Incentive Pay Plan. It is recommended that the certification pay increase for Emergency Medical Technician - Intermediate (EMT-I) is eliminated and replaced with a certification pay increase for employees occupying higher ranking positions, such as Fire Engineer, Fire Company Officer, and Fire Shift Commander, at the time they receive their initial Paramedic certification. Under the City's currently adopted classification schedule and Personnel Policy, employees who are classified as Firefighter/EMT (Pay Grade 16) at the time they attain Paramedic certification are reclassified to Firefighter/Paramedic (Pay Grade 18) and receive a reclassification pay adjustment and therefore, no additional certification increase is needed for these employees.

Three current employees with EMT-I certification pending who were hired prior to this change will be grandfathered and eligible for the 5% pay increase upon attainment of their initial EMT-I certification.

PREVIOUS LEGISLATIVE ACTION:

FISCAL IMPACT:

____Currently Budgeted (Account _____) ___ Requires additional appropriation
____No Fiscal Impact

SUPPORTING DOCUMENTS:

City Manager Review: BWA Concur _____ Recommend Denial _____ No Recommendation
5/5/15 Date

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Glen Moore, Planning Administrator**
Date:	**May 4, 2015**
Subject:	**Resolution fixing date for public hearing on the contiguous annexation of the Granville Lilley property.**
Applicant Presentation:	**N/A**
Staff Presentation:	**John Rodman, Community and Cultural Services**

RECOMMENDATION:

I move that City Council adopt the resolution fixing the date for a public hearing on the contiguous annexation of the Granville Lilley property located on West 15th Street and containing 3.47 acres for June 8, 2015.

BACKGROUND AND FINDINGS:

When an annexation petition is received, the City Council must direct the Clerk to investigate the sufficiency of the petition. Upon making an investigation, the Clerk shall certify the results to the governing body. Upon receipt of the Clerk's certificate, the City Council shall fix a date for a public hearing on the annexation. Notice of the public hearing must be published once in the newspaper at least ten (10) days before the date of the hearing.

PREVIOUS LEGISLATIVE ACTION

On April 13, 2015 City Council adopted a resolution directing the Clerk to investigate the petition presented for a contiguous annexation.

FISCAL IMPACT

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

SUPPORTING DOCUMENTS

Attached resolution, map & Certificate of Sufficiency

City Manager Review: bwd Concur _____ Recommend Denial
_____ No Recommendation 5/5/15 Date

RESOLUTION FIXING DATE OF PUBLIC HEARING ON QUESTION OF ANNEXATION PURSUANT TO G.S. 160A-31

WHEREAS, a petition requesting annexation of the contiguous area described herein has been received; and

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

WHEREAS, certification by the City Clerk as the sufficiency of the petition has been made;

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

Section 1. A public hearing on the question of annexation of the contiguous area described herein will be 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, June 8, 2015.

Section 2. The area proposed for annexation is described as follows:

Being 3.47 acres of land noted on the survey "D. Granville & Anna W. Lilley" by Hood Richardson dated February 9, 2015 and being located in Washington Township, Beaufort County North Carolina and being more particularly described as follows;

See Attached Map

Together with and subject to covenants, easements and restrictions of record. Said property to be annexed contains 3.47 acres.

Section 3. Notice of the public hearing shall be published once in the Washington Daily News, a newspaper having general circulation in the City of Washington, at least ten (10) days prior to the date of the public hearing.

_____
Jay MacDonald Hodges, Mayor

ATTEST:

_____
Cynthia S. Bennett, Clerk

CERTIFICATE OF SUFFICIENCY

To the City Council of the City of Washington, North Carolina;

I, Cynthia S. Bennett, City Clerk, do hereby certify that I have investigated the petition attached hereto and have found as a fact that said petition is signed by all owners of real property lying in the area described therein, in accordance with G.S. 160A-58.1.

In witness whereof, I hereunto set my hand and affixed the seal of the City of Washington, this 4th day of May, 2015.

Cynthia Bennett, City Clerk

Annexation #15-A-02
Granville A. Lilley

PETITION REQUESTING A CONTIGUOUS ANNEXATION

Date: 2/16/15

To the City Council of the City of Washington:

1. We the undersigned owners of real property respectfully request that the area described in Paragraph 2 below be annexed to the City of Washington.

2. The area to be annexed is contiguous to the City of Washington and the boundaries of such territory are as follows:

SEE ATTACHED MAP AND DESCRIPTION

(Insert Metes and Bounds Description of Boundaries)

3. A Map is attached showing the area proposed for annexation in relation to the primary corporate limits of the City.

4. We acknowledge that any zoning vested rights acquired pursuant to G.S. 160A-385.1 or G.S. 153A-344.1 must be declared and identified on this petition. We further acknowledge that failure to declare such rights on this petition shall result in a termination of vested rights previously acquired for the property. (If zoning vested rights are claimed, indicate below and attach proof.)

Name	Address	Do you declare vested rights? (Indicate yes or no.)	Signature
1. D. Granville Lilley	214 whispering pines Road WASHINGTON, N.C. 27889	No	D. Granville Lilley
2.			
3.			

Hood Richardson, PA C-576
Engineers – Surveyors – Geologists
110 West Second Street
Washington, North Carolina 27889
(252) 975-3472
February 15, 2015

PROPOSED REZONING AND ANNEXATION

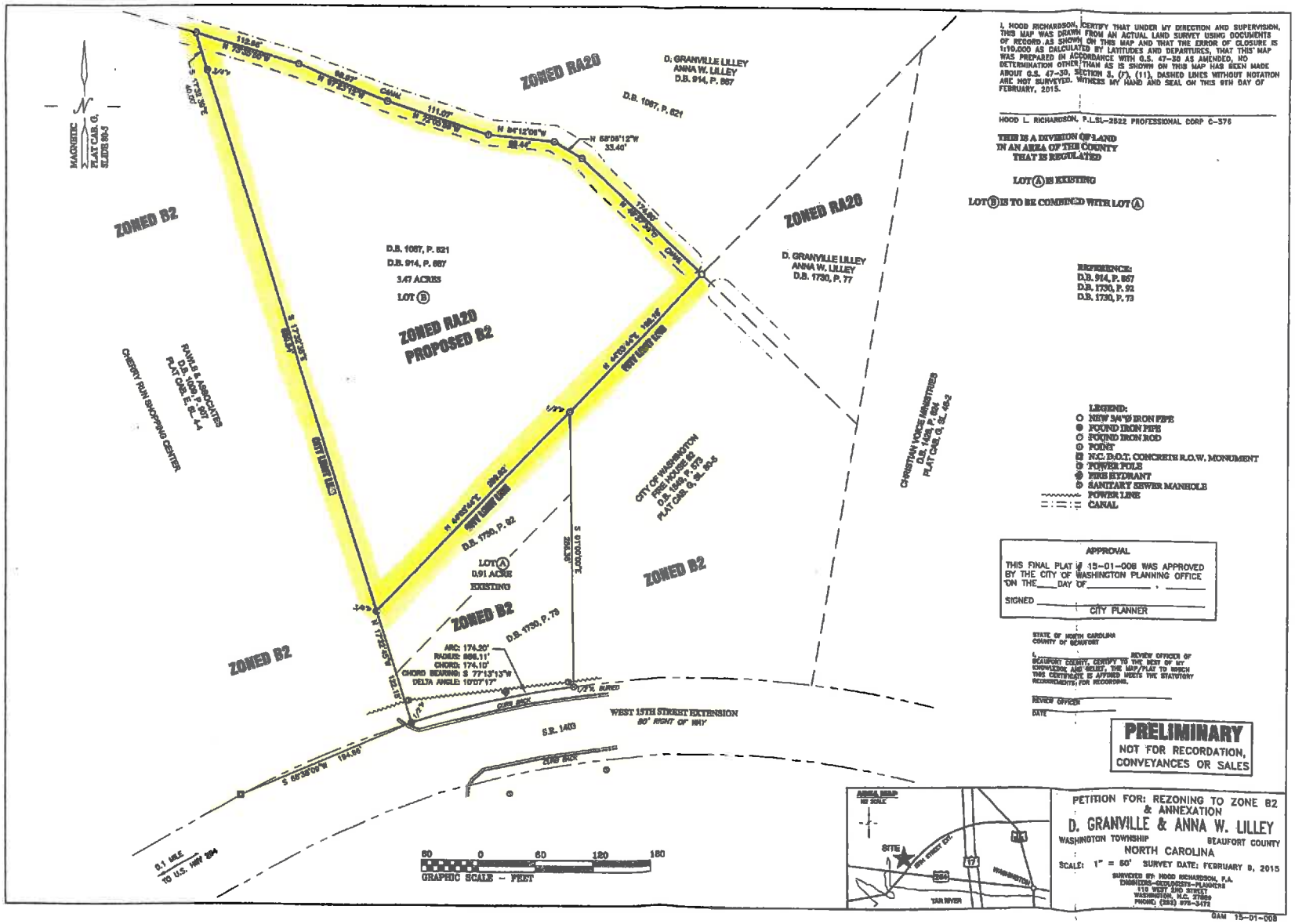
PROPERTY OWNER: D. GRANVILLE LILLEY

BEGINNING at an iron pipe in the eastern boundary line of the Cherry Run Shopping Center of record in Deed Book 1009 page 907 Beaufort County Register of Deeds, the said iron pipe is North 17 degrees 32 minutes 45 seconds West along the easterly boundary line of the said Cherry Run Shopping Center from an iron pipe in concrete in the northernly right of way line of the 15th Street Extension; thence North 44 degrees 03 minutes 44 seconds East 289.92 feet along the northerly line of another parcel belonging to D. Granville Lilley of record in Deed Book 1730 page 92 to and iron rod; thence along the City of Washington Fire House Number 2 line of record in Deed Book 1549 page 573 North 44 degrees 03 minutes 44 seconds East 199.18 feet to an iron pipe over a culvert, a corner to the said City of Washington parcel; thence the following six calls with a ditch, North 46 degrees 37 minutes 31 seconds West 174.80 feet, North 58 degrees 06 minutes 12 seconds West 33.40 feet, North 84 degrees 12 minutes 06 seconds West 69.44 feet, North 72 degrees 05 minutes 59 seconds West 111.07 feet, North 67 degrees 23 minutes 12 seconds West 98.97 feet, and North 73 degrees 35 minutes 50 seconds West 112.96 feet to a point in the canal; thence the following two calls with the said easterly line of the Cherry Run Shopping Center, South 17 degrees 32 minutes 39 seconds East to an iron pipe and South 17 degrees 32 minutes 38 seconds East 589.54 feet to the BEGINNING: being a part of that land described in Deed Book 1067 page 621 containing 3.47 acres and being Lot B on a survey dated February 9, 2015 titled "Petition for Rezoning to Zone B2 and Annexation for D. Granville and Anna W. Lilley" by Hood L. Richardson, PLS.

Hood L. Richardson, PLS

NORTH CAROLINA PROFESSIONAL SEAL L-2522 LAND SURVEYOR HOOD L. RICHARDSON

Disc s



I, HOOD RICHARDSON, CERTIFY THAT UNDER MY DIRECTION AND SUPERVISION, THIS MAP WAS DRAWN FROM AN ACTUAL LAND SURVEY USING DOCUMENTS OF RECORD AS SHOWN ON THIS MAP AND THAT THE ERROR OF CLOSURE IS 1:10,000 AS CALCULATED BY LATITUDES AND DEPARTURES, THAT THIS MAP WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED, NO DETERMINATION OTHER THAN AS IS SHOWN ON THIS MAP HAS BEEN MADE ABOUT G.S. 47-30, SECTION 3, (F), (11), DASHED LINES WITHOUT NOTATION ARE NOT SURVEYED. WITNESS MY HAND AND SEAL ON THIS 9TH DAY OF FEBRUARY, 2015.
HOOD L. RICHARDSON, P.L.SL-2522 PROFESSIONAL CORP C-376
THIS IS A DIVISION OF LAND IN AN AREA OF THE COUNTY THAT IS REGULATED
LOT (A) IS EXISTING
LOT (B) IS TO BE COMBINED WITH LOT (A)
REFERENCE:
D.B. 914, P. 867
D.B. 1730, P. 92
D.B. 1730, P. 73
LEGEND:
NEW 3/4"Ø IRON PIPE
FOUND IRON PIPE
FOUND IRON ROD
POINT
N.C. D.O.T. CONCRETE R.O.W. MONUMENT
POWER POLE
FIRE HYDRANT
SANITARY SEWER MANHOLE
POWER LINE
CANAL
APPROVAL
THIS FINAL PLAT # 15-01-008 WAS APPROVED BY THE CITY OF WASHINGTON PLANNING OFFICE ON THE ___ DAY OF _____, _____
SIGNED _____
CITY PLANNER
STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT
I, _____ REVIEW OFFICER OF BEAUFORT COUNTY, CERTIFY TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE MAP/PLAT TO WHICH THIS CERTIFICATE IS AFFIXED MEETS THE STATUTORY REQUIREMENTS FOR RECORDING.
REVIEW OFFICER
DATE
PRELIMINARY
NOT FOR RECORDATION, CONVEYANCES OR SALES
PETITION FOR: REZONING TO ZONE B2 & ANNEXATION
D. GRANVILLE & ANNA W. LILLEY
WASHINGTON TOWNSHIP
BEAUFORT COUNTY
NORTH CAROLINA
SCALE: 1" = 60' SURVEY DATE: FEBRUARY 9, 2015
SURVEYED BY: HOOD RICHARDSON, P.A.
ENGINEERS-GEOLOGISTS-PLANNERS
110 WEST 2ND STREET
WASHINGTON, N.C. 27889
PHONE: (252) 975-3472
GAM 15-01-008
ZONED RA20
D. GRANVILLE LILLEY
ANNA W. LILLEY
D.B. 914, P. 867
D.B. 1067, P. 621
ZONED B2
D.B. 1067, P. 621
D.B. 914, P. 867
3.47 ACRES
LOT (B)
ZONED RA20
PROPOSED B2
D. GRANVILLE LILLEY
ANNA W. LILLEY
D.B. 1730, P. 77
CHERRY RUN SHOPPING CENTER
RAWLS & ASSOCIATES
D.B. 1009, P. 907
PLAT CAB. E, SL. 4-4
CITY LIMIT LINE
CITY OF WASHINGTON
FIRE HOUSE #2
D.B. 1429, P. 573
PLAT CAB. G, SL. 80-5
CHRISTIAN VOICE MINISTRIES
D.B. 1429, P. 684
PLAT CAB. G, SL. 45-2
D.B. 1730, P. 92
LOT (A)
0.91 ACRE
EXISTING
ZONED B2
D.B. 1730, P. 73
ARC: 174.20'
RADIUS: 666.11'
CHORD: 174.10'
CHORD BEARING: S 77°13'13"W
DELTA ANGLE: 10°07'17"
WEST 15TH STREET EXTENSION
80' RIGHT OF WAY
S.R. 1403
CURB BACK
0.1 MILE TO U.S. HWY 264
GRAPHIC SCALE - FEET
MAGNETIC
PLAT CAB. G, SLIDE 80-5
SITE
TAR RIVER
WASHINGTON

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Matt Rauschenbach, Administrative Services Director/C.F.O.**
Date:	**May 11, 2015**
Subject:	**Airport Vision Grant Runway 5-23 Lighting Rehab Project Ordinance Amendment**
Applicant Presentation:	**N/A**
Staff Presentation:	**Matt Rauschenbach**

RECOMMENDATION:

I move that City Council adopt a Grant Project Amendment for the airport lighting rehabilitation grant.

BACKGROUND AND FINDINGS:

Additional Vision 100 grant funds were awarded for the lighting rehabilitation project at the airport in January 2015. This amendment redistributes the budget to match that of the awarded project.

PREVIOUS LEGISLATIVE ACTION

January 12 & 26, 2015 budget amendment and award acceptance resolution

FISCAL IMPACT

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

SUPPORTING DOCUMENTS

Grant Project Ordinance Amendment

City Manager Review: bdd Concur _____ Recommend Denial _____ No Recommendation
5/5/15 Date

AN ORDINANCE TO AMEND THE GRANT PROJECT ORDINANCE OF THE CITY OF WASHINGTON, N.C. FOR THE FISCAL YEAR 2014-2015

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

Section 1. That the following appropriation account numbers be increased or decreased in the amounts shown in the Airport Rehabilitation Capital Project Grant Fund to account for grant funded rehabilitation projects at the airport:

71-90-4530-0400	Professional Services	$ 68,530
71-90-4530-4500	Airport Rehabilitation	(68,530)

Section 2. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 3. This ordinance shall become effective upon its adoption.

Adopted this the 11th day of May, 2015.

_____
MAYOR

ATTEST:

_____
CITY CLERK

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Matt Rauschenbach, Administrative Services Director**
Date:	**May 11, 2015**
Subject:	**Adopt Budget Ordinance Amendment to Establish Vehicle Replacement and Facility Maintenance Funds**
Applicant Presentation:	**N/A**
Staff Presentation:	**N/A**

RECOMMENDATION:

I move that City Council adopt a Budget Ordinance Amendment to fund the establishment of a vehicle replacement and facility maintenance funds.

BACKGROUND AND FINDINGS:

Council agreed to establish vehicle replacement and facility maintenance funds during the April 30, 2015 budget work session.

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

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

SUPPORTING DOCUMENTS

Budget Ordinance Amendment
Fund Balance Analysis
Vehicle Replacement Fund Schedule

City Manager Review: bwt Concur _____ Recommend Denial _____ No Recommendation
5/5/15 Date

AN ORDINANCE TO AMEND THE BUDGET ORDINANCE OF THE CITY OF WASHINGTON, N.C. FOR THE FISCAL YEAR 2014-2015

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 following accounts and amounts:

10-00-3991-9100	Fund Balance Appropriated	$1,733,937

Section 2. That the following accounts and amounts be increased in the Miscellaneous division of the General Fund appropriations budget to fund the establishment of vehicle replacement and facility maintenance funds:

10-00-4400-8600	Transfer to Vehicle Fund	$1,233,937
10-00-4400-8700	Transfer to Facility Maintenance Fund	500,000
	Total	$1,733,937

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 11th day of May, 2015.

_____

MAYOR

ATTEST:

_____

CITY CLERK

It is important to distinguish between the statutory calculation of fund balance available for appropriation and the fund balance that is reported on a unit's General Fund Balance Sheet. Fund balance available for appropriation represents the maximum amount that is legally available for appropriation in the next year per NCGS 159-8(a). This amount includes funds that are restricted in nature and funds that the unit has already committed to spend in subsequent years for various purposes. For example, fund balance available for appropriation would include any Powell Bill moneys on hand at June 30 that are restricted for use for streets. Those funds will be recorded as restricted fund balance on the Statement of Net Position because our General Statutes restrict how the funds are to be spent.

The categories of fund balance that one may see on the Balance Sheet are:

- **Non-spendable**: fund balance that is not spendable by its nature; created by long-term receivables, inventory, or the non-spendable corpus of a trust
- **Restricted**: funds on which constraints are placed externally by creditors, grantors, contributors, or laws of other governments or imposed by law through enabling legislation or constitutional provisions. Restricted fund balance includes the amount restricted by North Carolina General Statutes as unavailable for appropriation in the next budget year. As a result the reader of the financial statements cannot make a direct connection between the fund balance that appears on the financial statements and the fund balance available calculation that appears in the CAFR.
- **Committed**: funds to be used for specific purposes as dictated by formal action of the unit's governing body
- **Assigned**: amounts that are constrained by the government's intent but are neither restricted or committed
- **Unassigned**: funds that do not fall into any of the other spendable categories

Fund Balance	**2013**	**2014**	
Non-spendable			
Inventory	90,360	94,235	
Prepaid items	30,967	29,418	
Restricted:			
Stabilization by state sta	1,616,400	1,757,518	
Total unavailable	**1,737,727**	**1,881,171**	
Restricted all other	156,050	162,143	
Committed	21	21	
Assigned	189,471	243,945	W&S Powell Bill
Unassigned	5,962,238	6,238,713	
Total available	**6,307,780**	**6,644,822**	
Grand total	**8,045,507**	**8,525,993**	

Restricted- all other		
Controlled substance	44,396	30,752
Seized federal funds	3,843	3,876
McConnel Complex		15,295
Seized local funds	13,202	15,314
Veteran's Park	5,976	7,021
Recreation projects		859
Sand mine surety bond	3,900	3,900
Unspent debt proceeds	1,063	
Peg Channel	83,670	85,126
Total restricted other	**156,050**	**162,143**

City FB policy	
2 month operating reserve	2,354,751
Natural disaster recovery	2,000,000
Total reserve policy	**4,354,751**

Available for assignment or commitment	1,883,962	Unassigned net of FB policy

Recommend assignments/commitments:		
Vehicle reserve increment current year	95,766	
Vehicle replacement fund	1,138,171	1,233,937
Facility maintenance	500,000	
Total	**1,733,937**	

Other assignments/committments:	
Police Station	1,000,000
Havens Garden PARTF match	500,000
Street paving fund	500,000
Total	**2,000,000**

Department	Description	#	Year	Make/Model	Useful Life (yrs.)	Base Cost	Cost/ Year	Years Old	Base Reserve	Replacement Schedule 2016	2017	2018	2019	2020	2021	Calc. Year
								2015								
Police	Patrol Vehicles	130	2014	Ford Interceptor	5	36,000	7,200	1	7,200				36,000			2019
Police	Administrative	131	2009	Chevrolet Traverse	9	36,000	4,000	6	24,000			36,000				2018
Police	Patrol Vehicles	132	2015	Ford Interceptor	5	36,000	7,200	-	-					36,000		2020
Police	Patrol Vehicles	134	2013	Dodge Charger	5	36,000	7,200	2	14,400			36,000				2018
Police	Administrative	135	2009	Chevrolet Impala	9	36,000	4,000	6	24,000			36,000				2018
Police	Patrol Vehicles	136	2010	Ford Crown Victoria	5	36,000	7,200	5	36,000	36,000					36,000	2015
Police	Administrative	137	2009	Ford F-150	9	36,000	4,000	6	24,000			36,000				2018
Police	Administrative	138	2011	Ford Fusion	9	36,000	4,000	4	16,000					36,000		2020
Police	Administrative	139	2009	Chevrolet Impala	9	36,000	4,000	6	24,000			36,000				2018
Police	Animal Control	140	2015	Ford Truck	9	36,000	4,000	-	-							2024
Police	Patrol Vehicles	141	2015	Ford Interceptor	5	36,000	7,200	-	-					36,000		2020
Police	Patrol Vehicles	142	2008	Ford Crown Victoria	5	36,000	7,200	7	36,000	36,000					36,000	2013
Police	Administrative	143	2008	Chevrolet Tahoe	9	36,000	4,000	7	28,000		36,000					2017
Police	Administrative	144	2010	Dodge Avenger	9	36,000	4,000	5	20,000				36,000			2019
Police	Patrol Vehicles	145	2010	Ford Crown Victoria	5	36,000	7,200	5	36,000	36,000					36,000	2015
Police	Patrol Vehicles	147	2008	Ford Crown Victoria	5	36,000	7,200	7	36,000	36,000					36,000	2013
Police	Patrol Vehicles	148	2015	Ford Interceptor	5	36,000	7,200	-	-					36,000		2020
Police	Patrol Vehicles	150	2014	Ford Interceptor	5	36,000	7,200	1	7,200				36,000			2019
Police	Patrol Vehicles	151	2012	Dodge Charger	5	36,000	7,200	3	21,600		36,000					2017
Police	Disaster response	153	2000	AMC Humvee	10	0	0	15	-							2010
Police	Disaster response	154	2000	AMC 2.5 ton truck	10	0	0	15	-							2010
Police	Patrol Vehicles	157	2004	Ford Crown Victoria	5	36,000	7,200	11	36,000	36,000					36,000	2009
Police	Patrol Vehicles	158	2012	Dodge Charger	5	36,000	7,200	3	21,600		36,000					2017
Police	Patrol Vehicles	159	2013	Dodge Charger	5	36,000	7,200	2	14,400			36,000				2018
Police	Patrol Vehicles	160	2011	Ford Crown Victoria	5	36,000	7,200	4	28,800	36,000					36,000	2016
Police	Patrol Vehicles	161	2010	Chevrolet Impala	9	36,000	4,000	5	20,000				36,000			2019
Police	Administrative	164	2004	Pontiac Grand Am	9	36,000	4,000	11	36,000	36,000						2013
Police	Administrative	166	2014	Dodge truck	9	36,000	4,000	1	4,000							2023
Police				**Total**		**936,000**	**152,000**		**515,200**	**252,000**	**108,000**	**216,000**	**144,000**	**144,000**	**216,000**	
				Reserve balance maximum					**515,200**	**415,200**	**459,200**	**395,200**	**403,200**	**411,200**	**347,200**	
				Reserve balance minimum				**33%**	**168,000**	**68,000**	**112,000**	**48,000**	**56,000**	**64,000**	**0**	
				Budget			**142,000**									
				Budget change to level			**10,000**									
Fire	Aerial Ladder #1	230	2006	Pierce	20	850,000	42,500	9	382,500							2026
Fire	Fire Engine # 1	231	2000	Spartan	20	450,000	22,500	15	337,500					450,000		2020
Fire	Fire Engine # 2	233	1996	Freightliner	20	450,000	22,500	19	427,500			450,000				2016
Fire	Rescue Truck 1	235	2013	Kenworth	20	400,000	20,000	2	40,000							2033
Fire	Fire Engine # 3	236	1988	Ford D80	20	450,000	22,500	27	450,000		450,000					2008
Fire	Staff/Station	237	2015	Ford F150 XL	10	31,000	3,100	-	-							2025
EMS	Staff/Station	238	2005	Chevrolet .5 ton 4x4	10	31,000	3,100	10	31,000		30,000					2015
Fire	Staff/Station	248	2014	Ford Explorer	10	31,000	3,100	1	3,100							2024
Fire	Disaster response	255	2006	2 1/2 TON MILITARY VEHIC	10	0	0	9	-							2016
EMS	Ambulance	430	2008	Chevrolet	7	150,000	21,429	7	150,000	150,000						2015
EMS	Ambulance	432	2011	Wheeled Coach	7	150,000	21,429	4	85,714			150,000				2018
EMS	Ambulance- new rotation	431	2013	Add when #430 purchased	7	150,000	21,429	2	42,857					150,000		

Department	Description	#	Year	Make/Model	Useful Life (yrs.)	Base Cost	Cost/ Year	Years Old	Base Reserve	Replacement Schedule 2016	2017	2018	2019	2020	2021	Calc. Year
								2015								
Fire/EMS	Total			Total	161	3,143,000	203,586		1,950,171	150,000	480,000	600,000	0	600,000	0	
				Reserve balance maximum					1,950,171	2,003,757	1,727,343	1,330,929	1,534,514	1,138,100	1,341,686	
				Reserve balance minimum				42%	812,071	865,657	589,243	192,829	396,414	0	203,586	
				Budget			150,000									
				Budget change to level			53,586									
Miscellaneous	Administrative	133	2008	Chevrolet Impala	10		-									2018
				Total		-	-	-	-	-	-	-	-	-	-	
				Reserve balance maximum					0	0	0	0	0	0	0	
				Reserve balance minimum					0	0	0	0	0	0	0	
Warehouse	Fork Lift	113	2009	Mitsubishi FD30N-D	15	30,000	2,000	6	12,000							2024
				Total		30,000	2,000	6	12,000	-	-	-	-	-	-	
				Reserve balance maximum					12,000	14,000	16,000	18,000	20,000	22,000	24,000	
				Reserve balance minimum					12,000	14,000	16,000	18,000	20,000	22,000	24,000	
				Budget			0									
				Budget change to level			2,000									
Inspection	Inspection	121	2000	Jeep Cherokee	10	20,000	2,000	15	20,000	20,000						2010
Inspection	Inspection	122	2012	Ford F-150	10	20,000	2,000	3	6,000							2022
Inspection	Inspection	123	2013	Ford F-150	10	20,000	2,000	2	4,000							2023
				Total		60,000	6,000		30,000	20,000	-	-	-	-	-	
				Reserve balance maximum					30,000	16,000	22,000	28,000	34,000	40,000	46,000	
				Reserve balance minimum				47%	14,000	0	6,000	12,000	18,000	24,000	30,000	
				Budget			20,000									
				Budget change to level			(14,000)									
Rec- Sr. Ctr.	Passenger Van	802	2001	Chevrolet Astro	10	25,000	2,500	14	25,000		25,000					2011
Rec- Sr. Ctr.	Handicap Van	803	2008	Ford S34G	15	46,000	3,067	7	21,467							2023
				Total		71,000	5,567		46,467	-	25,000	-	-	-	-	
				Reserve balance maximum					46,467	52,033	32,600	38,167	43,733	49,300	54,867	
				Reserve balance minimum				57%	26,467	32,033	12,600	18,167	23,733	29,300	34,867	
				Budget			0									
				Budget change to level			5,567									
Streets	1/2 ton pickup	451	2006	Chevrolet Silverado	10	23,000	2,300	9	20,700	23,000						2016
Streets	Utility body lift	452	2008	Ford F-250	10	31,000	3,100	7	21,700			31,000				2018
Streets		454	2014	Ford F-750	10	63,000	6,300	1	6,300							2024
Streets	2 ton dump truck	455	2001	Chevrolet Dump Truck	10	75,000	7,500	14	75,000	75,000						2011
Streets	Motor Grader	461	2001	Caterpillar 120G	20	121,000	6,050	14	84,700						121,000	2021
Streets	Front End Loader	463	2012	Hyundai HL740TM-9	15	94,000	6,267	3	18,800							2027
Streets	Asphalt roller	464	1996	Isuzu C330B	25	67,000	2,680	19	50,920						67,000	2021
Streets	Dump truck 16.5 FT	465	2002	International 4900	10	110,000	11,000	13	110,000	120,000						2012

Department	Description	#	Year	Make/Model	Useful Life (yrs.)	Base Cost	Cost/ Year	Years Old	Base Reserve	Replacement Schedule 2016	2017	2018	2019	2020	2021	Calc. Year
								2015								
Streets- PB	Street Sweeper	466	2012	Autocar	8	250,000	31,250	3	93,750					250,000		2020
Streets	Tractor	468	2006	John Deere 6715	15	70,000	4,667	9	42,000						70,000	2021
Streets	Mowing Tractor	469	1993	Ford 5610	15	35,000	2,333	22	35,000	35,000						2008
Streets	Mowing tractor- r/w airport		New	120 hp	15	130,000	8,667		-		130,000					
Garage	Utility body lift	512	2007	Ford F-250	10	31,000	3,100	8	24,800		31,000					2017
				Total		**1,100,000**	**95,213**		**583,670**	**253,000**	**161,000**	**31,000**	**0**	**250,000**	**258,000**	
				Reserve balance maximum					**583,670**	**425,883**	**360,097**	**424,310**	**519,523**	**364,737**	**201,950**	
				Reserve balance minimum				**65%**	**381,720**	**223,933**	**158,147**	**222,360**	**317,573**	**162,787**	**0**	
				Budget			**75,000**									
				Budget change to level			**20,213**									
Grounds Maint.		501	2009	Ford F-150	10	25,000	2,500	6	15,000				25,000			2019
Grounds Maint.	3/4 ton	504	2008	Ford F-250	10	31,000	3,100	7	21,700			31,000				2018
Grounds Maint.	3/4 ton	505	2005	Dodge Ram 2500	10	31,000	3,100	10	31,000	31,000						2015
Grounds Maint.	3/4 ton	506	2004	Ford F-250	10	31,000	3,100	11	31,000	31,000						2014
Grounds Maint.		507	2015	Ford F-350	10	41,000	4,100	-	-							2025
Grounds Maint.	3/4 ton	508	2015	Ford F-150	10	25,000	2,500	-	-							2025
				Total		**184,000**	**18,400**		**98,700**	**62,000**	**0**	**31,000**	**25,000**	**0**	**0**	
				Reserve balance maximum					**98,700**	**55,100**	**73,500**	**60,900**	**54,300**	**72,700**	**91,100**	
				Reserve balance minimum				**45%**	**44,400**	**800**	**19,200**	**6,600**	**0**	**18,400**	**36,800**	
				Budget			**0**									
				Budget change to level			**18,400**									
				Grand Total	**11**	**5,524,000**	**482,766**		**3,236,208**	**737,000**	**774,000**	**878,000**	**169,000**	**994,000**	**474,000**	
				Reserve balance maximum					**3,236,208**	**2,981,974**	**2,690,740**	**2,295,505**	**2,609,271**	**2,098,037**	**2,106,802**	
				Reserve balance minimum sum				**45%**	**1,458,658**	**1,204,424**	**913,190**	**517,955**	**831,721**	**320,487**	**329,252**	
				Consolidated minimum adjustment					**(320,487)**							
				Minimum beginning reserve					**1,138,171**							
				Budget			**387,000**									
				Budget change to level			**95,766**									

Notes:

1) Replacement schedule is based on useful life, not on what is currently planned

2) Add contribution inflation adjustment 2.5%

3) Total vehicle replacement cost 5,524,000

4) Annual reserve contribution 482,766
Current 15/16 budget 387,000
15/16 Budget adjustment 95,766

5) Initial reserve- minimum 1,138,171

6) Take out of service: City Hall Jeep (PD #133), Rec Admin Jeep, HR truck, PD forfeited vehicle

City of Washington NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	Mayor Hodges & Members of the City Council
From:	John Rodman, Community & Cultural Services
Date:	May 4, 2015
Subject:	Public Hearing: Resolution to adopt the Pamlico Sound Regional Hazard Mitigation Plan
Applicant Presentation:	N/A
Staff Presentation:	John Rodman, Community and Cultural Services

RECOMMENDATION:

I move that the City Council approve the Resolution adopting the Pamlico Sound Hazard Mitigation Plan Update as presented.

BACKGROUND AND FINDINGS:

Beaufort County received a request from North Carolina Emergency Management to participate in a regional hazard mitigation plan to include Beaufort, Craven, Carteret, and Pamlico Counties. Each municipality was asked to sign an agreement as the intent of the municipality to participate in the plan. FEMA covered all costs involved in the rewrite of the plan and provided funding to Craven County as the lead agency. No funds were required by the City of Washington. The Plan received preliminary approval from FEMA stating that all jurisdictions should proceed with adoption. A digital copy of the draft Regional Plan can be accessed via the project website at ***http://www.pamlicosoundhmp.org.***

PREVIOUS LEGISLATIVE ACTION

Beaufort County Hazard Mitigation Plan adopted June 2011
City Council adopted agreement to participate in the Plan update August 2012

FISCAL IMPACT

___ Currently Budgeted (Account _____) ___ Requires additional appropriation ___No Fiscal Impact

SUPPORTING DOCUMENTS

City Manager Review: 5/5/15 Date Concur BWH Recommend Denial ____
No Recommendation_____

City of Washington
NORTH CAROLINA

RESOLUTION ADOPTING THE
PAMLICO SOUND REGIONAL HAZARD MITIGATION PLAN UPDATE

WHEREAS, the citizens and property within Beaufort County are subject to the effects of natural hazards and man-made hazard events that pose threats to lives and cause damages to property, and with the knowledge and experience that certain areas, i.e., flood hazard areas, are particularly susceptible to flood hazard events; and

WHEREAS, the county desires to seek ways to mitigate situations that may aggravate such circumstances; and

WHEREAS, the Legislature of the State of North Carolina has in Part 6, Article 21 of Chapter 143; Parts 3, 5, and 8 of Article 19 of Chapter 160A; and Article 8 of Chapter 160A of the North Carolina General Statutes, delegated to local governmental units the responsibility to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry; and

WHEREAS, the Legislature of the State of North Carolina has in Section 1 Part 166A of the North Carolina General Statutes (adopted in Session Law 2001-214 – Senate Bill 300 effective July 1, 2001), states in Item (a) (2) "For a state of disaster proclaimed pursuant to G.S. 166A- 6(a) after August 1, 2002, the eligible entity shall have a hazard mitigation plan approved pursuant to the Stafford Act that is updated every five years"; and

WHEREAS, it is the intent of the Board of Commissioners of Beaufort County to fulfill this obligation in order that the county will be eligible for federal and state assistance in the event that a state of disaster is declared for a hazard event affecting the county; and

WHEREAS, Section 322 of the Federal Disaster Mitigation Act of 2000 states that local governments must develop an All-Hazards Mitigation Plan and update it every five years in order to receive future Hazard Mitigation Grant Program Funds; and

WHEREAS, the City of Washington actively participated in the planning process of the Pamlico Sound Regional Hazard Mitigation Plan and has fulfilled all their part of the multi-jurisdictional planning elements required by FEMA;

NOW, THEREFORE, be it resolved that the City Council of the City of Washington hereby:

1. Adopts the Pamlico Sound Regional Hazard Mitigation Plan; and

2. Separately adopts the sections of the plan that are specific to the City of Washington; and

3. Vests the Flood Plain Manager with the responsibility, authority, and the means to:

   (a) Inform all concerned parties of this action.

   (b) Cooperate with Federal, State and local agencies and private firms which undertake to study, survey, map, and identify floodplain or flood-related erosion areas, and cooperate with neighboring communities with respect to management of adjoining floodplain and/or flood-related erosion areas in order to prevent aggravation of existing hazards.

4. Appoints the Flood Plain Manager to assure that, in cooperation with Beaufort County, the Hazard Mitigation Plan is reviewed annually and in greater detail at least once every five years.

5. Agrees to take such other official action as may be reasonably necessary to carry out the strategies outlined within the 2015 Pamlico Sound Regional Hazard Mitigation Plan.

Adopted this _____ day of _____, 2015.

_____
Jay MacDonald Hodges, Mayor
City of Washington

ATTEST: _____
Cynthia S. Bennett, City Clerk

HOLLAND CONSULTING PLANNERS

RECEIVED APR 27 2015

Memorandum

To: All Municipalities Participating in the Pamlico Sound Regional HMP

From: Landin Holland, AICP, MPA, CZO, Senior Planner

Date: April 24, 2015

Subject: MANDATORY Adoption Procedures

The Pamlico Sound Regional Hazard Mitigation Plan (HMP) has received preliminary approval from the Federal Emergency Management Agency (FEMA) stating that all jurisdictions should proceed with adoption. A digital copy of the draft Regional HMP can be accessed via the project website at http://www.pamlicosoundhmp.org.

Adoption of the Regional HMP will require the scheduling of a public hearing and adoption of a resolution by your elected board. **NOTE: Failure to adopt the plan immediately could jeopardize your ability to secure emergency response funding in the event of a natural disaster.** A sample resolution is attached for your use. Please modify this draft resolution to comply with any necessary local requirements. The following steps should be carried out to ensure that the Regional HMP is certified by FEMA in an expedient manner:

- Schedule a public hearing for your **May or June meeting**, if possible. Provide your elected board members with the draft plan. **Once a public hearing date has been set, please forward the meeting date and time to Cindy Anderson via email at canderson@hcpplanning.com or by phone at 910/392-0060.**

- Arrange to publish a public hearing advertisement in a local newspaper of your choice. **The advertisement should be published at least ten days before the public hearing date.** In computing such period, the day of publication is not to be included, but the day of the hearing shall be included. A sample advertisement has been attached for your review and use.

- Hold the public hearing at the regularly scheduled meeting of your governing body on the scheduled date. Following the public hearing, the governing body should consider adopting the plan through approval of the attached resolution. If your governing body elects to table the adoption of the plan for any reason, please contact me immediately so that we may address any problems and/or concerns.

- Forward the executed adoption resolution to **Holland Consulting Planners, Inc., 3329 Wrightsville Avenue, Suite F, Wilmington, NC 28403, Attention: Cindy Anderson**, *immediately* following the public hearing.

- Secure an affidavit of publication for the public hearing notice from the newspaper and forward the affidavit of publication to **Holland Consulting Planners, Inc. (address provided above)** as soon as possible following the public hearing.

You may contact Cindy Anderson at 910/392-0060 if you have any questions or concerns regarding these instructions.

3329 Wrightsville Avenue, Ste F
Wilmington, North Carolina 28403
Phone 910.392.0060 • Fax 910.392.2839

Peterson Building • 310 West Main Street
Washington, North Carolina 27889
Phone 252.946.0877 • Fax 252.946.7912

		General	Water	Sewer	Storm Water	Electric	Airport	Sanitation	Cemetery	ED Capital Reserve	Total
Revenue											
10-00-3100-1115	Ad Valorem tax	(120,000)									(120,000)
10-00-3980-3500	Transfer from Electric fund	185,050									185,050
39-90-3471-4100	Grave Openings								(24,000)		(24,000)
39-90-3991-9900	Fund balance appropriated								24,000		24,000
35-90-3920-9100	Installment note proceeds					(1,075,000)					(1,075,000)
10-00-3980-2100	Transfer from ED	27,550									27,550
21-60-3940-3000	Payments from Water fund									4,959	4,959
21-60-3940-3200	Payments from Sewer fund									4,959	4,959
21-60-3940-3500	Payments from Electric fund									17,632	17,632
34-90-3571-5100	Storm water fees				(40,000)						(40,000)
34-90-3991-9910	Fund balance appropriated	57,285			40,000						97,285
32-90-3991-9910	Fund balance appropriated			12,902							12,902
37-90-3991-9910	Fund balance appropriated						1,370				1,370
39-90-3991-9910	Fund balance appropriated								751		751
10-00-3970-3000	Admin. Chgs. from water	(7,899)									(7,899)
10-00-3970-3200	Admin. Chgs. from sewer	(5,856)									(5,856)
10-00-3970-3500	Admin. Chgs. from electric	(39,997)									(39,997)
10-00-3970-3700	Admin. Chgs. from airport	662									662
10-00-3970-3800	Admin. Chgs. from sanitation	(3,905)									(3,905)
10-00-3970-3900	Admin. Chgs. from cemetery	(290)									(290)
											-
Total Revenue		**92,600**	**-**	**12,902**	**-**	**(1,075,000)**	**1,370**	**-**	**751**	**27,550**	**(939,827)**
											-
Expenditures											
10-40-6170-9101	Arts Council to ED	(13,000)									(13,000)
10-40-6170-9102	BHM to library	(7,800)									(7,800)
10-40-6110-xxxx	BHM to library	7,800									7,800
10-40-6170-9104	Arts Council to ED	(3,000)									(3,000)
10-40-6170-9105	Boys & Girls 10%	(1,600)									(1,600)
10-40-6170-9107	Zion Shelter 10%	(850)									(850)
10-40-6170-9108	Wright Flight 10%	(350)									(350)
10-40-6170-9110	Blind Center 10%	(125)									(125)
10-40-6170-9112	Christmas parade to ED	(1,500)									(1,500)
10-40-6170-9116	Eagle Wings 10%	(100)									(100)
10-40-6170-9136	Purpose of God 10%	(2,000)									(2,000)
10-40-6170-9165	Corner Stone Worship 10%	(1,000)									(1,000)
10-40-6170-9170	Estuarium to ED	(20,000)									(20,000)
10-00-4650-4520	WHDA 10%	(6,200)									(6,200)
10-00-4650-xxxx	Turnage from o/s	14,400									14,400
10-00-4650-xxxx	Christmas Parade from o/s	1,350									1,350
10-00-4650-xxxx	Estuarium from o/s	18,000									18,000
30-90-6610-5702	Payment to ED		4,959								4,959
32-90-6610-5702	Payment to ED			4,959							4,959
35-90-6610-5702	Payment to ED					17,632					17,632
21-60-4492-1000	Transfer to General Fund									27,550	27,550
35-90-8390-7401	Midway to 5 Points tie					(325,000)					(325,000)
35-90-8390-7401	Honey Pod Farm rework					(150,000)					(150,000)
35-90-8390-7401	White Post to Statestone 34kV					(600,000)					(600,000)
35-90-8380-4501	Large bucket trimming truck upcharge					(100,000)					(100,000)
35-90-8375-7400	LM switches					(70,000)					(70,000)
35-90-4020-8300	Installment note principal					(99,115)					(99,115)
35-90-4020-8301	Installment note interest					(20,672)					(20,672)
10-10-4341-3301	EMS medical supplies	15,000									15,000
Svc. Expansion	Cola @ 1.3%	81,965	8,225	7,928		22,671	618	4,517	1,820		127,744
Svc. Expansion	Fica	6,271	1,819	1,798		2,689	48	345	140		13,108
Svc. Expansion	Retirement	5,339	1,294	1,259		3,233	42	297	122		11,586
Svc. Expansion	Utility Maintenance Worker @ 50%		15,549	15,549							31,098
Svc. Expansion	Rt of Way Position Upgrade					5,364					5,364
Svc. Expansion	Meter Reader Upgrade					2,288					2,288
Svc. Expansion	Lead Meter Reader Upgrade					1,821					1,821
Svc. Expansion	Meter ServicesSupervisor Upgrade					2,562					2,562
Svc. Expansion	Pt Meter Tech eliminated					(13,134)					(13,134)
Svc. Expansion	PT Adm. Support					13,572					13,572
Svc. Expansion	Admin support equipment					1,500					1,500
Svc. Expansion	Admin support training					500					500
Svc. Expansion	Electric LM study- commercial					15,000					
35-90-6610-1000	Transfer to General Fund					185,050					185,050
30-90-6610-9231	Transfer to water capital reserve		(23,947)								(23,947)
32-90-9990-9900	Contingency			(12,733)							(12,733)
35-90-9990-9900	Contingency					69,035					69,035
38-90-9990-9900	Contingency							(1,254)			(1,254)
39-90-9990-9900	Contingency								(1,041)		(1,041)
30-90-6610-9200	Admin. Chgs. To GF		(7,899)								(7,899)
32-90-6610-9201	Admin. Chgs. To GF			(5,856)							(5,856)
35-90-6610-9200	Admin. Chgs. To GF					(39,997)					(39,997)
37-90-4530-9710	Admin. Chgs. To GF						662				662
38-90-4710-9200	Admin. Chgs. To GF							(3,905)			(3,905)
39-90-4740-9200	Admin. Chgs. To GF								(290)		(290)
10-10-4310-7400	Vehicle fund payment	(142,000)									(142,000)
10-10-4310-7486	Vehicle fund payment	142,000									142,000
10-10-4341-7400	Vehicle fund payment	(150,000)									(150,000)
10-10-4341-7486	Vehicle fund payment	150,000									
10-10-4350-7400	Vehicle fund payment	(20,000)									
10-10-4350-7486	Vehicle fund payment	20,000									
10-20-4510-7400	Vehicle fund payment	(75,000)									
10-20-4510-7486	Vehicle fund payment	75,000									
											-
Total Expenditures		**92,600**	**-**	**12,902**	**-**	**(1,075,000)**	**1,370**	**-**	**751**	**27,550**	**(939,827)**
											-
Net		**-**	**-**	**-**	**-**	**0**	**-**	**-**	**-**	**-**	**0**

City of Washington
NORTH CAROLINA

Office of Parks & Recreation

Memo:

DATE: May 11, 2015
TO: Mayor and City Council
FROM: Kristi Roberson, Parks & Recreation
RE: tennis courts

The Recreation Advisory Committee met on April 20, 2015 and discussed the options for tennis courts. The following options were provided:

1. Resurface the current tennis courts at Bug House Park. The contractor stated this would not KEEP them safe and playable. Estimated cost is $11,000.00
2. Relocate the tennis courts to another location. New courts will cost an estimated $90,000.00
    a. The subject of walkability was discussed.
    b. The proposed location was at the McConnell Complex.
3. Partner with Washington High School and create a Joint Use Agreement for their 6 tennis courts. Estimated Project costs are $30,000 and the City will be responsible to pay half.

The Recreation Advisory Committee was uncomfortable making a recommendation at that time. They wanted to gather more information. RAC will revisit this discussion during the May 18, 2015 meeting.

Mayor
Mac Hodges

City Manager
Brian M. Alligood

City of Washington
NORTH CAROLINA

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: **May 11, 2015**
Subject: **Budget Transfer- General Fund**

The Budget Officer transferred $4,330 of funds between the Recreation Admin, Recreation Events & Facilities and Aquatic Center departments of the General Fund appropriations budget for water and electric services.

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: 4-30-15

TO: City Manager or Finance Director

FROM: Kristi Roberson, Recreation Manager

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:	Recreation	10-40-6120 10-40-6121	1601 7000 1100 1502	$3000 $80 $250 $1000
TO:	Recreation	10-40-6126	1300	$4330

To cover over spend line item.

Supervisor

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.

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

City Manager or Finance Director

5/4/15
Date

HUMAN RELATIONS COUNCIL

Human Relations Council (HRC) report for the month of April
Monday May 11, 2015 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: None

OLD BUSINESS:

Update – Spring Symposium: Board member Recko distributed a handout to all Board members and reviewed the following updates:

Beaufort County/Washington Housing Symposium
"A Home is more than Bricks and Mortar!"

Tentative Schedule

10:00 – 10:15	Welcome and introductions Mayor County Commissioner Chair
10:15 – 10:45	Keynote Speaker HUD or NCHFA Representative/Realtor Representative
11:00 – 11:45	Realtor Overview The housing market in Washington and Beaufort County
12:00 – 1:00	Lunch
1:00 – 1:45	Assisted/Supportive/Emergency/Shelter Housing Overview Availability of assisted housing in Washington and Beaufort County
2:00 – 2:45	Fair Housing
3:00 – 3:45	Roundtable
3:45 – 4:00	Final Thoughts and Review

Board member Recko reviewed the need assessment for the Spring Symposium and requested assistance from the Human Relations Council. Also, he is expecting approximately 100-125 attendees.

By motion of Board member Howard, seconded by Board member O'Pharrow, the Council approved allocating $200 toward the Spring Symposium ~ date to be determined. Tentative dates are June 11th, 18th, or 25th.

Discussion – Expiring terms: Vice-chair St. Clair reviewed the expiring terms and the two vacancies on the Human Relations Council. There will be a total of seven (7) positions available for appointment. It is crucial that we beat the bushes for viable candidates to recommend to City Council for appointment.

NEW BUSINESS: None

OTHER BUSINESS:

FYI – All FYI items and reminders were discussed inclusive of the March 10, 2015 report submitted to City Council, financial report and updated Board members contact information.

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Franz Holscher, City Attorney**
Date:	**May 5, 2015**
Subject:	**Adopt ordinance approving the Asset Purchase Agreement and the Full Requirements Power Purchase Agreement between the North Carolina Eastern Municipal Power Agency and Duke Energy Progress, consenting to the related transactions, and authorizing execution of certain, related and necessary agreements**
Applicant Presentation:	
Staff Presentation:	**Franz Holscher, City Attorney and/or Brian Alligood, City Manager**

RECOMMENDATION:

I move that the City Council adopt the attached Ordinance of the City Council of the City of Washington, North Carolina, Determining That It Is in the Best Interests of the City of Washington to Approve the Asset Purchase Agreement and the Full Requirements Power Purchase Agreement between North Carolina Eastern Municipal Power Agency and Duke Energy Progress, Inc., to Consent to the Transactions Contemplated Thereby and to Approve and Authorize the Execution and Delivery of the Debt Service Support Contract, the Full Requirements Power Sales Agreement and the Power Sales Agreements Termination Agreement between the City of Washington and North Carolina Eastern Municipal Power Agency.

BACKGROUND AND FINDINGS:

The City of Washington is a 4.0871 percentage member of the North Carolina Eastern Municipal Power Agency (NCEMPA). NCEMPA has agreed to sell its ownership interest in the jointly owned generation assets to Duke Energy Progress, Inc. (DEP). This agreement will lower wholesale power costs and provide NCEMPA members with an opportunity to pass related savings on to their customers.

The North Carolina General Assembly passed legislation that generally approved this agreement as well as related transaction and specifically authorized NCEMPA to borrow money to pay the remaining outstanding debt and allowed DEP to recover the costs associated with purchasing the generation power plants. The Governor signed this legislation, Senate Bill 305, NCEMPA Asset Sale, into law on April 2, 2015. Approval from all 32 NCEMPA members' city councils and the Greenville Utilities Commission is required for this asset sale. Upon approval from each NCEMPA member and after receipt of any remaining Federal as well as State approvals that may be required, the transaction will close. The exact impact of this transaction on an individual municipal member's retail rates will vary for each member community based upon several factors, including but not limited to each individual member's (1) share of the remaining outstanding debt, (2) maintenance

needs, (3) other needs that may have been postponed to defer rate increases in the past, (4) specific load characteristics, and (5) customer mix. After the sale is completed, the City will continue to provide power to its customers; own its power lines, substations and transformers that carry electricity directly to its customers; employ its own staff; and be responsible for maintenance, billing, and customer service. Selling the generation assets mitigates the risk associated with ownership of power plants and provides more predictable power costs.

The ElectriCities Board of Directors has adopted a resolution authorizing NCEMPA Management to execute the legal documents that are necessary to consummate this sale and recommend approval of this transaction to the NCEMPA members' city councils. The City has been requested to return all necessary documents by June 15th, the City Clerk has prepared the Clerk's Certificate, and the City Attorney has prepared the Attorney's Opinion. These materials will be returned promptly by City staff once the minutes of this meeting are approved by City Council on June 8th.

PREVIOUS LEGISLATIVE ACTION

The North Carolina General Assembly approved Senate Bill 305, NCEMPA Asset Sale, and it was signed into law by the Governor on April 2, 2015.

The ElectriCities and NCEMPA Boards have approved this transaction and the related legal documents referenced herein.

FISCAL IMPACT

____Currently Budgeted (Account _____) ___ Requires additional appropriation
____No Fiscal Impact

SUPPORTING DOCUMENTS

- Ordinance, Debt Service Support Contract, Full Requirements Power Sales Agreement Power Sales Agreements Termination Agreement (included in agenda)
- Asset Purchase Agreement, Full Requirements Power Purchase Agreement, Resolution BDR-4-15, Bond Resolution (draft), Economic Analysis (documents on file in City Clerk's office and available for review)

City Manager Review: ___but___ Concur _____ Recommend Denial _____ No Recommendation
___5/6/15___ Date

WASHINGTON – ORDINANCE

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WASHINGTON, NORTH CAROLINA, DETERMINING THAT IT IS IN THE BEST INTERESTS OF THE CITY OF WASHINGTON TO APPROVE THE ASSET PURCHASE AGREEMENT AND THE FULL REQUIREMENTS POWER PURCHASE AGREEMENT BETWEEN NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY AND DUKE ENERGY PROGRESS, INC., TO CONSENT TO THE TRANSACTIONS CONTEMPLATED THEREBY, AND TO APPROVE AND AUTHORIZE THE EXECUTION AND DELIVERY OF THE DEBT SERVICE SUPPORT CONTRACT, THE FULL REQUIREMENTS POWER SALES AGREEMENT AND THE POWER SALES AGREEMENTS TERMINATION AGREEMENT BETWEEN THE CITY OF WASHINGTON AND NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY

WHEREAS, the City of Washington, North Carolina (the "Municipality") and North Carolina Eastern Municipal Power Agency ("Power Agency") entered into an Initial Project Power Sales Agreement dated as of July 30, 1981, as amended by an Amendment Agreement dated as of October 31, 1984 (the "Project Power Sales Agreement"), pursuant to which Power Agency sells and the Municipality purchases and pays for the Municipality's Participant's Share (as defined in the Project Power Sales Agreement) of Project Output (as defined in the Project Power Sales Agreement); and

WHEREAS, the Municipality and Power Agency entered into a Supplemental Power Sales Agreement dated as of July 31, 1981, as amended by an Amendment Agreement dated as of October 31, 1984 (the "Supplemental Power Sales Agreement"), pursuant to which Power Agency sells and the Municipality purchases and pays for All Requirements Bulk Power Supply (as defined in the Supplemental Power Sales Agreement), which consists of Project Output (as defined in the Supplemental Power Sales Agreement) and Supplemental Bulk Power Supply (as defined in the Supplemental Power Sales Agreement); and

WHEREAS, Power Agency and Duke Energy Progress, Inc. ("DEP") have entered into an Asset Purchase Agreement (as supplemented and amended, the "APA") dated as of September 5, 2014, pursuant to which Power Agency has agreed to sell and transfer to DEP, and DEP has agreed to purchase and pay for, the following undivided ownership interests of Power Agency in the following electric generating facilities: (i) 16.17% in Harris Unit No. 1, (ii) 18.33% in Brunswick Unit No. 1, (iii) 18.33% in Brunswick Unit No. 2, (iv) 16.17% in Mayo Unit No. 1, and (v) 12.94% in Roxboro Unit No. 4 and 3.77% in the common facilities that support Roxboro Unit No. 4 and the three (3) other coal-fired generation facilities located at the site of Roxboro Unit No. 4 (collectively, the "Joint Facilities"); and

WHEREAS, in connection with the sale and transfer of the Joint Facilities to DEP, Power Agency is required to redeem, purchase, otherwise retire or defease all of its bonds (the "Outstanding Bonds") issued pursuant to, and outstanding under, Resolution R-2-82, adopted by Power Agency on April 1, 1982, as amended and supplemented thereafter; and

WHEREAS, such redemption, purchase, retirement or defeasance by Power Agency of the Outstanding Bonds will result in Power Agency being obligated to pay certain costs associated therewith (the "Defeasance Costs"); and

WHEREAS, portions of the Defeasance Costs will be funded from proceeds of the sale and transfer of the Joint Facilities to DEP and other funds available to Power Agency for such purpose, and Power Agency proposes to finance the balance of the Defeasance Costs by the issuance of revenue bonds (the "Bonds") pursuant to a bond resolution substantially in the form and content of the proposed form of bond resolution dated April 24, 2015, previously delivered to the Municipality by Power Agency (the "Draft Bond Resolution"); and

WHEREAS, Power Agency proposes to enter into a Debt Service Support Contract dated as of April 24, 2015, with each of its members, including the Municipality, in order to support Power Agency's obligation to pay debt service on the Bonds, pursuant to which Debt Service Support Contracts each of its members, including the Municipality, is obligated to pay to Power Agency its Member's Share (as defined in the Debt Service Support Contract) of Monthly Support Costs (as defined in the Debt Service Support Contract) pursuant to the terms of the Debt Service Support Contracts; and

WHEREAS, the Bonds will be secured by, among other things, revenues derived by Power Agency pursuant to the Debt Service Support Contracts; and

WHEREAS, pursuant to Section 5 of the Debt Service Support Contract, the payment by the Municipality of its Monthly Support Costs is to be made to Power Agency unconditionally and without offset, counterclaim or other reduction, whether or not all or any portion of the electric power and energy contracted for under the member's Full Requirements Power Sales Agreement (described below) is delivered to the member or such Full Requirements Power Sales Agreement expires or is terminated in whole or in part; and

WHEREAS, the Municipality's Member's Share (as defined in the Debt Service Support Contract) is as set forth in Exhibit A to the Debt Service Support Contract; and

WHEREAS, Power Agency and DEP have entered into a Full Requirements Power Purchase Agreement (as supplemented and amended, the "Full Requirements Power Purchase Agreement") dated as of September 5, 2014, pursuant to which Power Agency will purchase from DEP and DEP will sell to Power Agency firm capacity and energy in the amounts required by Power Agency to reliably serve the current and future electrical loads of each of its members,

including the Municipality, throughout the term of the Full Requirements Power Purchase Agreement; and

WHEREAS, Power Agency proposes to enter into a Full Requirements Power Sales Agreement dated as of April 24, 2015, with each of its members, including the Municipality, in order to supply its members, including the Municipality, with its Full Requirements Bulk Power Supply (as defined in the Full Requirements Power Sales Agreement); and

WHEREAS, the Asset Purchase Agreement, among other things, requires the consent of the Municipality to, and approval of, the consummation of the transactions contemplated by the Asset Purchase Agreement and the Full Requirements Power Purchase Agreement and each of the Asset Purchase Agreement and the Full Requirements Power Purchase Agreement requires the termination of the Project Power Sales Agreement and the Supplemental Power Sales Agreement; and

WHEREAS, Power Agency proposes to enter into a Power Sales Agreements Termination Agreement dated as of April 24, 2015, with each of its members, including the Municipality, to terminate the Project Power Sales Agreement and the Supplemental Power Sales Agreement; and

WHEREAS, Power Agency has caused GDS Associates, Inc., Power Agency's Consulting Engineer, to prepare an economic analysis of the projected financial impact of the transaction contemplated by the APA on Power Agency's wholesale power costs and proposed full requirements wholesale rates (the "Economic Analysis"); and

WHEREAS, Power Agency has caused to be furnished to this governing body a copy of each of the following: (i) the Asset Purchase Agreement, (ii) the Full Requirements Power

Purchase Agreement, (iii) the Draft Bond Resolution, (iv) the Debt Service Support Contract, (v) the Full Requirements Power Sales Agreement, (vi) the Power Sales Agreements Termination Agreement, and (vi) the Economic Analysis.

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

1. After due consideration to the contents of each of the preambles set forth above and each of the documents referred to in such preambles, it is hereby found and determined that it is in the best interests of the Municipality to consent to and approve the consummation of the transactions contemplated by the Asset Purchase Agreement and the Full Requirements Power Purchase Agreement, and such other documents as may be necessary to effect or implement either of the foregoing, and the same are hereby consented to and approved, and to enter into the Debt Service Support Contract, the Full Requirements Power Sales Agreement and the Power Sales Agreements Termination Agreement terminating the Project Power Sales Agreement and the Supplemental Power Sales Agreement effective upon APA Closing Date (as defined in the APA), which also is the effective date of the Full Requirements Power Sales Agreement.

2. The Municipality hereby approves the form, terms and provisions of the Debt Service Support Contract, the Full Requirements Power Sales Agreement and the Power Sales Agreements Termination Agreement between Power Agency and the Municipality, and the exhibits attached thereto, in the forms presented to the meeting at which this Ordinance is adopted, with such changes therein as shall be approved by the officials of the Municipality executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes. The Mayor and the Clerk of the Municipality are hereby authorized

and directed to execute, acknowledge and deliver the aforesaid Debt Service Support Contract, Full Requirements Power Sales Agreement and the Power Sales Agreements Termination Agreement in the name of and on behalf of the Municipality and thereupon to cause the aforesaid Debt Service Support Contract, Full Requirements Power Sales Agreement and Power Sales Agreement Termination Agreement to be delivered to Power Agency.

3. The officers and officials of the Municipality are hereby authorized and directed to execute such further documents and to take any and all further action as, upon the advice of the Attorney of the Municipality, shall be deemed necessary or desirable in order to effectuate the execution and delivery of the aforesaid Debt Service Support Contract, Full Requirements Power Sales Agreement and Power Sales Agreements Termination Agreement and the transactions contemplated thereby and by the Asset Purchase Agreement and Full Requirements Power Purchase Agreement.

4. The Clerk of the Municipality is hereby directed to file with the minutes of the meeting at which this Ordinance is adopted each of the documents referred to in the last preamble of this Ordinance.

5. This Ordinance shall become effective from and after its adoption.

ADOPTED this ____ day of _____, 2015.

_____
Mayor

ATTEST:

_____
Clerk

(Impress SEAL here)

WASHINGTON – DEBT SERVICE SUPPORT CONTRACT

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY

Debt Service Support Contract

Dated as of April 24, 2015

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NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY
DEBT SERVICE SUPPORT CONTRACT

THIS DEBT SERVICE SUPPORT CONTRACT, dated as of the 24th day of April, 2015, is by and between North Carolina Eastern Municipal Power Agency, a joint agency of the State of North Carolina (including successors and permitted assigns, "Power Agency"), and the municipality of the State of North Carolina (including successors and permitted assigns, the "Member") which has executed this Debt Service Support Contract (as supplemented and amended from time to time, "this Contract").

WHEREAS, the Member previously entered into an Initial Project Power Sales Agreement dated as of July 30, 1981, as amended by an Amendment Agreement dated as of October 31, 1984 (the "Project Power Sales Agreement") with Power Agency pursuant to which Power Agency sold and the Member purchased the Member's Participant's Share (as defined in the Project Power Sales Agreement) of Project Output (as defined in the Project Power Sales Agreement); and

WHEREAS, Project Output is provided by Power Agency from its ownership interests in the Brunswick Units, the Harris Unit, the Mayo Unit and Roxboro Unit No. 4 (as such terms are defined in the Project Power Sales Agreement; such ownership interests, collectively, the "Joint Facilities"); and

WHEREAS, Power Agency has entered into an Asset Purchase Agreement (as the same may be supplemented or amended from time to time, the "APA") with Duke Energy Progress, Inc. (including successors and permitted assigns, "DEP"), dated as of September 5, 2014, pursuant to which Power Agency has agreed to sell and transfer the Joint Facilities to DEP and, in connection therewith, Power Agency and the Member have agreed to terminate the Project Power Sales Agreement; and

WHEREAS, Power Agency is required to redeem, purchase, otherwise retire or defease all of its bonds (the "Outstanding Prior Bonds") issued pursuant to, and outstanding under, Resolution R-2-82, adopted by Power Agency on April 1, 1982, as amended and supplemented thereafter, (the "Prior Bond Resolution") in connection with the sale and transfer of the Joint Facilities; and

WHEREAS, such redemption, purchase, retirement or defeasance by Power Agency of its Outstanding Prior Bonds will result in Power Agency being obligated to pay Defeasance Costs (as defined herein) associated therewith; and

WHEREAS, portions of the Defeasance Costs will be funded from proceeds of the sale and transfer of the Joint Facilities to DEP and other funds available to Power Agency for this purpose, and Power Agency proposes to finance the balance of the Defeasance Costs (the "Balance of Defeasance Costs") by the issuance of Bonds (as herein defined); and

WHEREAS, the Member has determined and agrees herein to support Power Agency's obligation to pay debt service on the Bonds by paying to Power Agency its Member's Share (as

defined herein) of Monthly Support Costs (as defined herein) pursuant to the terms of this Contract; and

WHEREAS, N.C.G.S. Chapter 159B has been amended to the extent necessary to authorize the transactions described in the foregoing preambles and contemplated by this Contract,

NOW, THEREFORE, the parties hereto mutually agree as follows:

SECTION 1. Definitions. The singular of any term defined in this Contract shall encompass the plural, and the plural the singular, unless the context clearly indicates otherwise or may otherwise require.

(a) "Affiliate" of any Person means any other Person directly or indirectly Controlling, directly or indirectly Controlled by or under direct or indirect common Control with such Person.

(b) "APA" has the meaning assigned in the preambles to this Contract.

(c) "Balance of Defeasance Costs" has the meaning assigned in the preambles to this Contract.

(d) "Bond Resolution" means the resolution adopted by Power Agency, as the same may be amended or supplemented from time to time pursuant to the terms thereof, pursuant to which the Bonds are issued. A proposed form of Bond Resolution dated April 24, 2015, has been delivered to the Member, and said resolution as adopted, insofar as is reasonably material to the Member's obligations under this Contract, shall be substantially the same as such proposed form but with such changes as may be determined by Power Agency to be necessary or appropriate. Subsequent amendments to the Bond Resolution may be made without the approval of the Member if made pursuant to the terms of the Bond Resolution.

(e) "Bonds" means Bonds (as such term is defined in the Bond Resolution) issued from time to time pursuant to and under the authority of the Bond Resolution (i) to pay the Balance of Defeasance Costs, and (ii) to refund Bonds, Notes or Subordinated Debt theretofore issued and outstanding as authorized by Section 8 of this Contract.

(f) "Contract" or "this Contract" has the meaning assigned in the first paragraph of this Contract.

(g) "Contract Year" means the 12-month period commencing January 1 of each year during the term of this Contract and ending midnight local time on the December 31 next following (or such other 12-month period as Power Agency shall determine); *provided, however*, that the first Contract Year shall commence on the day immediately following the Effective Date; and *provided further, however*, that the last Contract Year shall end at midnight local time on the date of termination of this Contract as provided in Section 3 of this Contract.

(h) "Control" of any Person means the possession, directly or indirectly, of the power either to (a) vote more than fifty percent (50%) of the securities or interests having ordinary

voting power for the election of directors (or other comparable controlling body) of such Person or (b) direct or cause the direction of management or policies of such Person, whether through the ownership of voting securities or interests, by contract or otherwise.

(i) "Debt Service Support Contracts" means this Contract and all other contracts substantially identical to this Contract entered into between Power Agency and the Members, as the same may be supplemented and amended from time to time.

(j) "Defeasance Amount" means the amount required by Power Agency to redeem, purchase, otherwise retire or defease all Outstanding Prior Bonds and cause such bonds to be no longer outstanding under the Prior Bond Resolution.

(k) "Defeasance Costs" means all costs associated with:

(A) the redemption, purchase or otherwise retirement or defeasance of all Outstanding Prior Bonds;

(B) causing all Outstanding Prior Bonds to be no longer outstanding under the Prior Bond Resolution, including but not limited to the deposit of the Defeasance Amount under the Prior Bond Resolution;

(C) financing the Balance of Defeasance Costs, whether heretofore or hereafter paid or incurred by Power Agency; and

(D) the development, negotiation, execution and delivery of the Debt Service Support Contracts,

and in each such case shall include, but not be limited to, funds required for:

(1) the deposit or deposits from the proceeds of Bonds in any fund or account established pursuant to the Bond Resolution to meet debt service reserve requirements or for initial working capital;

(2) the payment of all costs and expenses incurred in connection with the deposit, pursuant to the Prior Bond Resolution, of the Defeasance Amount and the issuance and sale of the Bonds, including, but not limited to, bond and underwriters' discounts, fees and expenses of trustees and paying agents, and legal, financial advisory and other financing costs; and

(3) the payment of all other costs incurred by Power Agency in considering, planning for and implementing the deposit pursuant to the Prior Bond Resolution of the Defeasance Amount and the issuance of Bonds to finance the Balance of Defeasance Costs and the entry into the Debt Service Support Contract, including, but not limited to, costs associated with any necessary amendments to N.C.G.S. Chapter 159B.

provided, however, that "Member's Defeasance Costs" for purposes of Section 13 of this Contract shall have the meaning given to it in said Section 13.

(l) "DEP" has the meaning assigned in the preambles to this Contract.

(m) "Effective Date" means the date on which the closing of the transactions contemplated by the APA takes place.

(n) "Electric System" means all properties and assets, real and personal and tangible and intangible, of the Member now or hereafter existing, used for or pertaining to the generation, transmission, transformation, distribution and sale of electric power and energy or general plant associated therewith, including all renewals, replacements, additions, extensions, expansions, improvements and betterments thereto and equippings thereof.

(o) "Full Requirements Power Sales Agreements" means the substantially identical Full Requirements Power Sales Agreements dated as of the date of this Contract entered into between Power Agency and the Members, as the same may be supplemented or amended from time to time.

(p) "Late Payment Interest Rate" means, for any month, the prime rate being charged by Bank of America, N.A., or its successor, or by any other major bank selected by Power Agency in its sole discretion, on the first day of such month, plus one percentage point, divided by twelve, expressed in percentage points, to the nearest hundredth, but not in excess of the rate permitted by applicable North Carolina law.

(q) "Member" has the meaning assigned in the first paragraph of this Contract.

(r) "Members" means those entities listed on Exhibit A to this Contract, all of which have entered into Debt Service Support Contracts with Power Agency substantially identical to this Contract.

(s) "Member's Share" means the percentage indicated opposite the Member's name on Exhibit A to this Contract, subject to Section 7(d) of this Contract; *provided, however*, that in the event the Member terminates this Contract pursuant to Section 13 of this Contract, its Member's Share shall be zero and all other Members' Shares shall be recalculated as a percentage of the total of all non-terminating Members' Shares. In each case, Members' Shares shall be carried to four (4) decimal places.

(t) "Monthly Bill" means the written statement prepared monthly by Power Agency and provided to the Member pursuant to Section 5 of this Contract.

(u) "Monthly Support Costs" means all of Power Agency's costs that are paid or incurred by Power Agency during each month of each Contract Year and as of the Effective Date resulting from the issuance of the Bonds, Notes and Subordinated Debt including, but not limited to, the following items of costs:

(1) the amount which Power Agency is required under the Bond Resolution to pay or deposit during such month from the "Revenue Fund" into the "Bond Fund" (as such terms are defined in the Bond Resolution) established by the Bond Resolution for the payment of the principal of and premium, if any, and interest on the Bonds and for reserves with respect thereto;

(2) the amount required under the Bond Resolution with respect to the Bonds to be paid or deposited during such month into any fund or account established by the Bond Resolution, other than funds and accounts referred to in subparagraph (1) above;

(3) the amount required to pay or provide for the payment of the principal of and premium, if any, and interest on Notes and Subordinated Debt and for reserves with respect thereto;

(4) Power Agency's administrative overhead costs allocable to Power Agency's activities under the Bond Resolution and the Debt Service Support Contracts, as determined by Power Agency; and

(5) any other costs incurred by Power Agency during such month relating to Bonds, Notes and Subordinated Debt, and the payment of Defeasance Costs and the defeasance, payment and retirement of the Outstanding Prior Bonds, not included in the costs hereinabove specified, including but not limited to amounts required as working capital for the payment of the costs included in this definition.

(v) "Notes" means any notes or other evidences of indebtedness issued in anticipation of the issuance of Bonds for the payment of the Balance of Defeasance Costs or for the purposes specified in Section 8 of this Contract.

(w) "Outstanding Prior Bonds" has the meaning assigned in the preambles to this Contract.

(x) "Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, limited liability company, unincorporated organization, governmental authority or any other form of legal entity.

(y) "Power Agency" has the meaning assigned in the first paragraph of this Contract.

(z) "Prior Bond Resolution" has the meaning assigned in the preambles to this Contract.

(aa) "Prudent Utility Practice" means, at a particular time, any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in the 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. Prudent Utility Practices are not intended to be limited to the optimum practices, methods or acts, to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the electric utility industry. In evaluating whether any matter conforms to Prudent Utility Practice as used in this Contract, the parties to this Contract shall take into account the fact that the Member is a public body and a body corporate and politic organized under the laws of the State of North Carolina, with the statutory duties and responsibilities thereof.

(bb) "Revenues" means all income, rents, rates, fees, charges, receipts, profits and other moneys or monetary benefits derived by the Member directly or indirectly from the ownership or operation of its Electric System and the sale, furnishing or supplying of capacity or output and power and energy therefrom, including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges, receipts, profits or other moneys derived from the sale, furnishing or supplying of the electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of the Electric System, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, receipts, profits or other moneys to the extent that the use of such earnings and income is limited by or pursuant to law to the Electric System and (iii) the proceeds derived by the Member directly or indirectly from the sale, lease or other disposition of a part of the Electric System as permitted by Sections 6(d)(1) and 6(d)(2) of this Contract, but the term "Revenues" shall not include retail customers' deposits or any other deposits subject to refund until such deposits have become the property of the Member and shall not include any refunds associated with electric service by a Member prior to the Effective Date.

(cc) "Subordinated Debt" means any bonds, notes, certificates, warrants or other evidences of indebtedness issued for the payment of the Balance of Defeasance Costs, or for the purposes specified in Section 8 of this Contract, which are payable as to principal and interest from the Revenues subject and subordinate to the deposits and credits required to be made pursuant to the Bond Resolution from the "Revenues" and "Revenue Fund" into the "Bond Fund" (as such terms are defined in the Bond Resolution).

(dd) "Total Annual Budget" means the budget adopted by Power Agency pursuant to Section 5 of this Contract.

SECTION 2. Financing Balance of Defeasance Costs; Surplus Moneys.

(a) Power Agency, in good faith, shall use its best efforts to issue and sell Bonds, Notes or Subordinated Debt to finance all Balance of Defeasance Costs, as permitted by the terms of the Bond Resolution, provided that, in each such case, Bonds, Notes or Subordinated Debt may then be legally issued and sold.

(b) If, following the retirement or defeasance of all Outstanding Prior Bonds under and pursuant to the Prior Bond Resolution and the final payment of all Pre-Closing Costs (defined below), any moneys remain on deposit in any fund or account established by or pursuant to the Prior Bond Resolution, which moneys are no longer required for the purposes of such funds and accounts, for the retirement or defeasance of Outstanding Prior Bonds or for the payment of Pre-Closing Costs, such surplus moneys may be applied by Power Agency to any purpose permitted by this Contract or by the Full Requirements Power Sales Agreement, including, but not limited to, working capital or other reserves. "Pre-Closing Costs" means all charges, costs and expenses payable by Power Agency subsequent to the Effective Date associated with the ownership and operation of the Joint Facilities.

SECTION 3. Term of Contract. This Contract shall be effective as of the Effective Date. Power Agency shall notify the Member of the Effective Date as soon as practicable thereafter.

The term of this Contract shall expire on the earliest to occur of (i) the date on which no Bonds remain outstanding under the Bond Resolution, (ii) midnight local time on December 31, 2035, or (iii) the date this Contract is terminated pursuant to Section 13 of this Contract.

Notwithstanding the foregoing, the expiration or termination of this Contract shall not affect any accrued liability or obligation hereunder, including, but not limited to, the Member's obligation to pay Monthly Support Costs. This Contract shall not be subject to termination by either party under any circumstances, whether based upon the default of any other party under this Contract or any other instrument or otherwise, except as specifically provided in this Contract.

SECTION 4. Charges for Monthly Support Costs.

(a) Power Agency shall determine, and revise from time to time to the extent necessary, the amounts required to permit Power Agency to timely pay all Monthly Support Costs, and each Member shall pay such Member's Share of the Monthly Support Costs.

(b) In determining and revising the amounts required to permit Power Agency to pay all Monthly Support Costs pursuant to subsection (a) of this Section 4, Power Agency shall comply with the provisions of N.C.G.S. Chapter 159B, including but not limited to the provisions of Section 159B-10(b), if applicable, and Section 159B-16.1(b). Power Agency shall cause a notice in writing to be given to the Member and the other Members which shall set out such determinations and revisions.

(c) In consideration of Section 5(d) of this Contract and a corresponding provision in the Full Requirements Power Sales Agreements, Power Agency shall (i) establish appropriate rates and charges for Full Requirements Bulk Power Supply for the Members sufficient at all times to pay all costs and expenses incurred by Power Agency and reserves deemed necessary therefor by Power Agency, including reserves for the payment of such costs and expenses in future periods (including future Contract Years) and taking into account withdrawals of such reserves established in previous periods, all with respect to Full Requirements Bulk Power Supply, and shall establish appropriate rates and charges for special obligations as set forth in the Monthly Bill as provided in Section 5 of the Full Requirements Power Sales Agreements, and (ii) enforce all Full Requirements Power Sales Agreements in accordance with their terms. As used in this subsection (c), the terms Full Requirements Bulk Power Supply, Members, Contract Years and Monthly Bill shall have the respective meanings given to them in the Full Requirements Power Sales Agreements.

SECTION 5. Total Annual Budget and Monthly Bills; Payments by the Member.

(a) Not less than thirty (30) days prior to each Contract Year, Power Agency shall provide to the Member a proposed annual budget for the ensuing Contract Year with respect to amounts to be paid under this Contract, and thereafter shall hold a public hearing on such proposed annual budget and shall provide to the Member a Total Annual Budget for the Contract Year. During each Contract Year, Power Agency shall review at least quarterly, and at such other times as Power Agency deems desirable, the Total Annual Budget for the Contract Year. In the event such review indicates that the Total Annual Budget does not or will not substantially

correspond with actual receipts and expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary receipts, credits, or costs substantially affecting the Monthly Support Costs, Power Agency shall adopt and provide to the Member an amended Total Annual Budget, which shall supersede, for the remainder of such Contract Year, the Total Annual Budget or amended Total Annual Budget theretofore provided as the basis for the determination of Monthly Support Costs. The Total Annual Budget under this Contract may be included with or as a component of any budget required to be provided to the Member under the Member's Full Requirements Power Sales Agreement.

(b) On or before the fifth (5th) day of each month of each Contract Year (beginning with the first full month of the Contract Year), or such other date not later than the tenth (10th) day of such month as Power Agency shall establish from time to time, Power Agency shall prepare, date, and on such date provide to the Member a Monthly Bill showing the amount payable by the Member for its Member's Share of Monthly Support Costs for the preceding month. The Monthly Bill under this Contract may be included with or as a component of any monthly bill under the Member's Full Requirements Power Sales Agreements.

(c) The amounts shown in the Monthly Bill to be paid to Power Agency by the Member shall be due and payable ten (10) days after the date of the Monthly Bill, and any amounts due and not paid by the Member within fifteen (15) days after the date of the Monthly Bill shall accrue a late payment charge computed at the Late Payment Interest Rate. Remittances received by mail will be accepted without assessment of a late payment charge, *provided* that the postmark of the United States Postal Service clearly indicates that the payment was mailed on or before such fifteenth (15th) day. Remittances due in a month and transmitted by wire transfer will be accepted without assessment of a late payment charge if received on or before the twenty-fifth (25th) day of such month.

(d) All monies received by Power Agency as payment from the Member of any Monthly Bill and of any monthly bill, for the same month, under the Member's Full Requirements Power Sales Agreement (whether in full or partial payment of either thereof) shall be applied by Power Agency *pro rata* to the Monthly Bill and to such other monthly bill in the ratio that the total amount of each bears to the total of the two, and the resulting amounts shall be credited to the appropriate accounts on the books of Power Agency. ***The Member understands and agrees that a failure by the Member to pay in full its obligations under both this Contract and its Full Requirements Power Sales Agreement may result in an event of default under both this Contract and its Full Requirements Power Sales Agreement.***

(e) In each Contract Year, the Member shall pay to Power Agency the Member's Share of Monthly Support Costs for such Contract Year. The Member shall be obligated to make such payments unconditionally and without offset, counterclaim or other reduction, whether or not all or any portion of the electric power and energy contracted for under the Member's Full Requirements Power Sales Agreement is delivered to the Member or such Full Requirements Power Sales Agreement expires or is terminated in whole or in part. Such payments shall be made and shall not be conditioned upon the performance or non-performance by Power Agency or any other Member under this or any other agreement or instrument. The remedies for any such non-performance by Power Agency shall be limited to those provided by Sections 7(f) and 7(g) of this Contract.

(f) In the event of any dispute as to any portion of any Monthly Bill, the Member shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to Power Agency within sixty (60) days following the date on which such payment is due. Such notice shall identify the disputed bill, state the amount in dispute, and set forth a full statement of the grounds on which such dispute is based. No adjustment shall be considered or made for disputed charges unless notice is given as aforesaid. Power Agency shall give consideration to such dispute and shall advise the Member with regard to its position relative thereto within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement, arbitration, adjudication, or otherwise) of the correct amount, an appropriate adjustment shall be made on the Monthly Bill next submitted to the Member after such determination, together with interest computed at the Late Payment Interest Rate.

SECTION 6. Payment Sources; Certain Obligations of Members.

(a) The obligations of the Member to make payments under Section 5 of this Contract shall be an operating expense of its Electric System.

(b) The Member shall not be required to make any payments to Power Agency under this Contract except from the Revenues of its Electric System. The Member covenants and agrees that it will fix, charge, and collect rents, rates, fees, and charges for electric power and energy and other services, facilities, and commodities sold, furnished, or supplied through the facilities of its Electric System at least sufficient to provide Revenues adequate to meet its obligations under this Contract and under its Full Requirements Power Sales Agreement and any additional contract relating to supplying Full Requirements Bulk Power Supply by and between Power Agency and the Member, and to pay any and all other amounts payable from or constituting a charge and lien upon such Revenues, including, but not limited to, amounts sufficient to pay the principal of and interest on all general obligation bonds (if also payable from Revenues) and revenue bonds heretofore or hereafter issued by the Member to finance its Electric System. Notwithstanding the foregoing, nothing in this Contract shall be construed to limit, constrain or affect in anyway the legal rights and authority of the Member to design, set and implement rates, fees and charges for electric power and energy and other services to its retail and wholesale customers through the operation of the Member's duly authorized rate setting process so long as the Member's rates, fees and charges for electric power and energy and other services fully meet and comply with the Member's obligations under this Section 6(b).

(c) The Member covenants and agrees that in accordance with Prudent Utility Practice: (i) it shall at all times operate the properties of its Electric System and the business in connection therewith in an efficient manner and at reasonable cost, (ii) it shall maintain its Electric System in good repair, working-order and condition and in a safe operating condition, and (iii) it shall make all necessary and proper repairs, renewals, replacements, additions, betterments, equippings and furnishings to its Electric System.

(d) The Member covenants and agrees that it shall not sell, mortgage, lease or otherwise dispose of or encumber its Electric System or any part thereof except as permitted by any of the following provisions of this subsection (d) and subsection (e) of this Section 6:

(1) The Member may, in the ordinary course of the business of operating and maintaining its Electric System, scrap, trade-in, sell or otherwise dispose of any property or equipment if the Member determines that (i) such property or equipment is surplus, obsolete or otherwise not required for the operation and maintenance of its Electric System, and (ii) the original cost of all property and equipment disposed of pursuant to this paragraph (1) in any fiscal year of the Member is less than the greater of $25,000 or two percent (2%) of the gross plant investment of the Electric System as reported on the books for the Electric System as of the end of the most recent fiscal year of the Member for which such figure is available.

(2) The Member may sell, lease, mortgage or otherwise dispose of or encumber any property and equipment (i) if and to the extent permitted by N.C.G.S. Section 160A-20, as the same may be amended from time to time, or (ii) if the Member determines, with the written concurrence of Power Agency (which concurrence shall not be unreasonably withheld), that, taking into account past and current operating results of its Electric System and any replacements or intended replacements for such property and equipment to be disposed of, the proposed action will not have a material adverse effect on the Revenues or the operation of its Electric System, or materially increase the operating and maintenance expenses of its Electric System.

(3) The Member may sell or otherwise dispose of its Electric System to one or more other Members, or merge or consolidate its Electric System with the Electric System or Systems of one or more other Members, *provided* that the purchasing or surviving Member(s), as the case may be, shall have assumed all of the transferor Member's duties and obligations under this Contract and under the transferor Member's Full Requirements Power Sales Agreement.

(4) The Member may merge or consolidate with, or be merged or consolidated into, one or more units of local government which shall have assumed all of the Member's duties and obligations hereunder, in which event such Member shall be relieved from all such duties and obligations, but only if (i) this Contract shall have been assigned to such unit(s) of local government, which shall have assumed all of the transferor Member's duties and obligations hereunder, and (ii) the Local Government Commission of North Carolina shall have determined that after such merger or consolidation the survivor unit(s) of local government will have the ability to meet the obligations of such Member hereunder.

(5) The Member may sell or otherwise dispose of its Electric System to any other Person but only if the Member (i) has terminated this Contract pursuant to the provisions of Section 13 of this Contract, and (ii) has assigned and transferred its Full Requirements Power Sales Agreement and all interests therein to the transferee Person who has assumed all of the transferor Member's duties and obligations under the transferor Member's Full Requirements Power Sales Agreement; *provided, however*, that prior to any sale or other disposition pursuant to this paragraph (5), Power Agency shall have determined that such sale or other disposition will not increase the cost of power and energy under the Full Requirements Power Sales Agreement of any other Member; and *provided further, however*, that if the transferee Person is DEP, or a subsidiary or

Affiliate of DEP, the transferor Member's Full Requirements Power Sales Agreement shall be terminated and not assigned and transferred and DEP shall have agreed to (a) exclude the transferor Member's load from the calculation of Power Agency's Hourly Demand under the Full Requirements Power Purchase Agreement, and (b) delete the transferor Member's Delivery Points from the NITSA/NOA. For purposes of this paragraph (5), the terms Hourly Demand, Full Requirements Power Purchase Agreement, Delivery Points and NITSA/NOA shall have the respective meanings given to them in the Full Requirements Power Sales Agreements.

(6) In the event of a sale or other disposition permitted by paragraph (3) of this subsection (d), or a merger or consolidation permitted by paragraphs (3) and (4) of this subsection (d), the Member shall provide to Power Agency a counsel's opinion, satisfactory in form and substance to counsel to Power Agency, that (i) in the event of a sale or other disposition, the transferee has assumed and become liable for the duties and obligations of the transferor Member under this Contract and the transferor Member's Full Requirements Power Sales Agreement, and (ii) in the event of a merger or consolidation, that following such merger or consolidation the Electric System or unit of local government, as the case may be, surviving such merger or consolidation shall remain or shall have become subject to this Contract and liable for the duties and obligations of the transferor Member under this Contract and under the transferor Member's Full Requirements Power Sales Agreement to the same extent that such Electric System or Member had been so subject prior to such merger or consolidation. In the event of a sale or other disposition permitted by paragraph (5) of this subsection (d) (other than a sale or disposition to DEP or a subsidiary or Affiliate of DEP), the Member shall provide to Power Agency a counsel's opinion, satisfactory in form and substance to counsel to Power Agency, that the transferee has assumed and become liable for the duties and obligations of the transferor Member under its Full Requirements Power Sales Agreement.

(7) Nothing contained in the foregoing paragraphs (1) through (6) of this subsection (d) shall be deemed to authorize a Member to mortgage or encumber all or substantially all of the properties of its Electric System.

The provisions of subsections (a), (b) and (c) of this Section 6 shall be subject to the provisions of paragraphs (2), (3), (4) and (5) of this subsection (d).

(e) The Member covenants and agrees not to issue bonds, notes or other evidences of indebtedness or enter into any agreement to take or to take or pay for power and energy, other than a power sales agreement with Power Agency, payable from the Revenues on a parity with or superior to the payment of operating expenses of its Electric System (including Monthly Support Costs hereunder) unless an independent consulting engineer or engineering firm or corporation having a national and favorable reputation for special skill, knowledge and experience in analyzing the operations of electric utility systems (which may be a consulting engineer to Power Agency) shall render and file with Power Agency a written opinion that the facilities for the financing of which the bonds, notes or other evidences of indebtedness are being issued or with respect to which such agreement is being entered into are (or were when the Member committed itself to them by contract or financing) reasonably expected to contribute

properly and advantageously to the conduct of the business of its Electric System in an efficient and economical manner consistent with Prudent Utility Practice and will not impair the ability of the Member to raise Revenues sufficient to meet its obligations under Section 6(b) of this Contract; *provided, however*, that the foregoing written opinion is not required with respect to bonds, notes or other evidences of indebtedness issued to refund bonds, notes or other evidences of indebtedness theretofore or thereafter issued for which the foregoing written opinion was provided and which refunded bonds, notes or other evidences of indebtedness are payable from and secured by a lien on Revenues on a parity with or superior to the payment of operating expenses of the Member's Electric System.

(f) The Member shall take no action the effect of which would be to prevent, hinder, or delay Power Agency from the timely fulfillment of its obligations under this Contract, the Member's Full Requirements Power Sales Agreement, the Bond Resolution and the Bonds, or any Debt Service Support Contract or Full Requirements Power Sales Agreement entered into between Power Agency and any other Member.

SECTION 7. Obligations in the Event of Default.

(a) Upon failure of the Member to make any payment in full when due under this Contract or to perform or otherwise comply with any other obligation of the Member under this Contract, Power Agency shall make demand upon the Member for payment or performance, and if said failure is not cured within fifteen (15) days from the date of such demand, it shall constitute a default under this Contract at the expiration of such period, and notice of such event of default shall forthwith be given to the Member. Notice of such demand, and of the default if it occurs, shall be provided to the other Members by Power Agency.

(b) No default shall affect any accrued liabilities or the obligations of the Member under this Contract, including, but not limited to, its obligation to pay its Member's Share of Monthly Support Costs, all of which shall continue in full force and effect.

(c) In the event of any default by the Member under any covenant, agreement, or obligation under this Contract, Power Agency may, upon fifteen (15) days' prior written notice, bring any suit, action, or proceeding in law or in equity, including mandamus, injunction, and action for specific performance as may be necessary or appropriate to enforce any covenant, agreement, or obligation of this Contract against the Member.

(d) Upon the failure of any Member(s) to make any payment which failure constitutes a default under any Debt Service Support Contract, the Member's(s') Share(s) of each nondefaulting Member shall be automatically increased, but only for the duration of the existence and continuation of such default, by the *pro rata* amount of the defaulting Member's(s') Share(s) compared to those of the other non-defaulting Member(s), and the defaulting Member's(s') Share(s) shall be reduced correspondingly; *provided, however*, that no such reduction shall reduce the defaulting Member's(s') obligations under subsection (e) of this Section 7; and *provided further, however*, that the sum of such increases for any nondefaulting Member pursuant to this subsection (d) shall not exceed, without the consent of such nondefaulting Member, an accumulated maximum of twenty-five percent (25%) of the nondefaulting Member's Share prior to any such increases. The provisions of this subsection (d)

shall apply to accrued obligations of the defaulting Member prior to the change in Member's(s') Share(s).

(e) If the Member shall fail or refuse to pay any amounts due to Power Agency hereunder, the fact that other Members have assumed the obligation to make such payments shall not relieve the defaulting Member of its liability for such payments, and any Members assuming such obligation, either individually or as a member of a group, shall have a right of recovery from the defaulting Member. Power Agency or any Members, as their interests may appear, jointly or severally, may commence such suits, actions or proceedings, at law or in equity, as may be necessary or appropriate to enforce the obligations of this Contract against the defaulting Member.

(f) In the event of any default by Power Agency under any covenant, agreement, or obligation under this Contract, the Member may, upon fifteen (15) days' prior written notice, bring any suit, action, or proceeding in law or in equity, including mandamus and injunction, as may be necessary or appropriate to enforce any covenant, agreement, or obligation of this Contract against Power Agency.

(g) No remedy conferred upon or reserved to the parties hereto is intended to be exclusive of any other remedy or remedies available hereunder or now or hereafter existing at law, in equity, or by statute or otherwise, but each and every such remedy shall be cumulative and shall be in addition to every other such remedy. The pursuit by either party of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other or others, whether provided hereunder or by law, equity, or statute. Any delay by either party in the exercise of any remedy with respect to any matter arising in connection with this Contract shall not constitute a waiver by such party of any right to later exercise such remedy with respect to the same or any other matter arising in connection with this Contract.

(h) Any waiver at any time by either party to this Contract of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with this Contract, shall not be considered a waiver with respect to any subsequent default, right, or matter arising in connection with this Contract or with respect to any default, right or matter arising in connection with any other Debt Service Support Contract.

SECTION 8. Issuance of Obligations for Refunding. In addition to the issuance of Bonds, Notes and Subordinated Debt to pay the Balance of Defeasance Costs as provided in Section 2 of this Contract, Power Agency may issue Bonds in accordance with the provisions of the Bond Resolution, or may issue Notes or Subordinated Debt, at any time and from time to time to provide for refunding any Bonds, Notes or Subordinated Debt.

SECTION 9. Notices and Computation of Time. Any notice or demand given by the Member to Power Agency under this Contract shall be deemed properly given if mailed postage prepaid and addressed, or electronically mailed, to the chief executive officer of Power Agency at its principal office or electronic mail address designated in writing filed with the Members by Power Agency. Any notice, demand, budget, or statement given or rendered by Power Agency to the Members under this Contract shall be deemed properly given or rendered if mailed postage prepaid and addressed, or electronically mailed, to the person and at the address designated in

writing filed with Power Agency by the Member. The designations of the name and address to which any such notice or demand is directed may be changed at any time and from time to time by either party giving notice as above provided.

In computing any period of time prescribed or allowed under this Contract, the day of the act or event after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, a Sunday, or a legal holiday in North Carolina, in which event the period runs until the end of the next day which is not a Saturday, a Sunday, or a legal holiday in North Carolina.

SECTION 10. Records; Accounts; Reports; Audits; Information to be Made Available.

(a) Power Agency shall keep accurate records and accounts of Monthly Support Costs, separate and distinct from its other records and accounts. Such records and accounts shall contain information supporting the allocation of Power Agency's indirect costs associated with Monthly Support Costs and the payment thereof under this Contract, with Full Requirements Bulk Power Supply (as defined in the Full Requirements Power Sales Agreement) and the payment thereof and of special charges under the Full Requirements Power Sales Agreements and with any projects owned or controlled by Power Agency and the payment of costs thereof. Such records and accounts shall be audited annually by a firm of independent certified public accountants, experienced in electric utility accounting and of national reputation, to be employed by Power Agency. Such records and accounts and such annual audit, including all written comments and recommendations of such accountants, shall be made available for inspection at any reasonable time by the Member at the principal office of Power Agency.

(b) The Member shall keep accurate records and accounts for its Electric System, separate and distinct from its other records and accounts. Such records and accounts shall be audited annually by a firm of certified public accountants or by an accountant approved by the Local Government Commission of North Carolina as qualified to audit Local Government accounts who has no personal interest, direct or indirect, in the fiscal affairs of the municipal government or any of its officers, which audit may be part of the annual audit of the accounts of the Member. Such records and accounts shall be made available for inspection by Power Agency at any reasonable time, and a copy of such annual audit, including all written comments and recommendations of such accountants, shall be furnished to Power Agency not later than one hundred eighty (180) days after the close of the Member's fiscal year.

(c) The Member shall, upon the request of Power Agency, furnish to Power Agency all financial statements and information and operating data, and at such times, as Power Agency shall advise the Member is necessary to enable Power Agency to comply with the requirements of any continuing disclosure undertaking entered into by Power Agency pursuant to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 11. Modification and Uniformity of Contracts. If any other Debt Service Support Contract is amended or replaced so that it contains terms and conditions different from those contained in this Contract, Power Agency shall notify the Member and, at the option of the

Member and upon timely request, Power Agency shall amend this Contract to include similar terms and conditions.

SECTION 12. Assignment of Contract. Except as provided in Section 6 of this Contract and subsection (b) of this Section 12, this Contract shall not be transferred or assigned.

(a) The Member consents to the assignment by Power Agency of this Contract and any or all of Power Agency's rights under or interests in this Contract to any trustee or other fiduciary acting for the benefit of holders of Bonds, Notes or Subordinated Debt, without further notice to the Member.

SECTION 13. Termination.

(a) This Contract may be terminated by the Member pursuant to and to the extent provided in this Section 13. Any such termination shall be of the whole of this Contract and not in part.

(b) The Member shall give Power Agency notice in writing of (i) the Member's intent to terminate this Contract, (ii) the proposed effective date of such termination, which shall not be less than six (6) months following the date Power Agency receives such notice, (iii) the proposed Retirement Date referred to in subsection (c) below, and (iv) the Net Funding Election referred to in subsection (c) below. Such notice shall be irrevocable on and after such date as Power Agency is required to irrevocably give notice of redemption to any trustee or paying agent under the Bond Resolution or Power Agency or such trustee or paying agent is required to irrevocably give notice of redemption to the owners of the affected Bonds.

(c) If the Member properly gives notice of termination, the termination shall be effective upon deposit by the Member, as directed by Power Agency and under and pursuant to the Bond Resolution, of immediately available funds in the amount calculated as provided in this subsection (c). The amount of the deposit shall be at least equal to the amount necessary (together with any amounts that Power Agency advises the Member will be available for the purpose from funds held under the Bond Resolution and allocable to the Member) to enable the principal or redemption price of and interest on the Member's Share of the Bonds at the time outstanding under the Bond Resolution, determined pursuant to subsection (d) below, to be paid (or its payment provided for) in full (for purposes of this Section 13, the "Member's Defeasance Costs") and to enable such Bonds to be redeemed, purchased or otherwise retired, and defeased, under the Bond Resolution (for purposes of this Section 13, the "Member's Defeasance"). The Member understands that such redemption price may be at a premium over par or at a so-called "make-whole" redemption price.

The amount of the Member's Defeasance Costs shall be the amount that is due on and prior to the first optional redemption date or earlier maturity date of the Member's Share of the outstanding Bonds after the date Power Agency receives notice of termination, or on such other date or dates as may be agreed upon between Power Agency and the Member (for purposes of this Section 13, the "Retirement Date"). Member's Defeasance Costs may take into account investment income on amounts deposited under the Bond Resolution to effectuate such defeasance, if the Member so elects (for purposes of this Section 13, the "Net Funding

Election"), in which case the same may be estimated in advance but shall be finally determined as of a date agreed upon between Power Agency and the Member when such amounts are capable of being finally determined; *provided, however*, that the nature of the securities invested in shall be subject to the approval of Power Agency. The sufficiency of such deposit for such purpose shall be verified at the sole expense of the Member by such person or firm as shall be satisfactory to Power Agency in its sole discretion.

In addition to the deposit of the Member's Defeasance Costs, the Member also shall pay directly to Power Agency, contemporaneously with the deposit of the Member's Defeasance Costs, immediately available funds in an amount estimated by Power Agency to be sufficient to reimburse Power Agency for internal costs incident to the Member's Defeasance and all costs estimated by Power Agency to be payable by it to third parties (including, but not limited to, the trustee and paying agents under the Bond Resolution) in connection with the Member's Defeasance (for purposes of this Section 13, the "Termination Costs").

The deposit of the Member's Defeasance Costs and the payment of Termination Costs, once made by the Member, shall be irrevocable; *provided, however*, that any amount of such deposit or earnings in excess of the amount required to pay any balance of the Member's Defeasance Costs or any amount paid to Power Agency in excess of the amount required to pay Termination Costs shall be returned by Power Agency to the Member, and any deficiency in either the Member's Defeasance Costs or Termination Costs, if and to the extent Power Agency notifies the Member of such deficiency in writing within ninety (90) days after the deposit required by this subsection (c), shall be paid by the Member to Power Agency within sixty (60) days thereafter. All such amounts shall be determined by Power Agency, which determinations shall be conclusive absent manifest error.

(d) The particular Bonds to be paid at maturity or redemption prior to maturity that shall constitute the Member's Share of the Bonds for purposes of subsection (c) above shall be selected by Power Agency, or the trustee or registrar for the Bonds under the Bond Resolution, from each maturity of Bonds then outstanding under the Bond Resolution. Power Agency shall select such Bonds of each maturity, or cause such Bonds of each maturity to be selected, *pro rata* as nearly as possible, based on the terminating Member's Share compared to the total of all Members' Shares at the time of termination, subject to the authorized denominations of the Bonds, but in each or any year may round upwards from *pro rata* in its sole discretion. The Member acknowledges that this process may result in higher debt service being allocated to the termination than would be the Member's Share of debt service had the termination not occurred.

(e) Upon the termination of this Contract pursuant to this Section 13, Power Agency shall recalculate the Members' Shares of the non-terminating Members in accordance with the definition of Member's Share in Section 1 of this Contract and shall notify the non-terminating Members of such termination pursuant to this Section 13 and of the recalculated Members' Shares following such termination by providing an amended Exhibit A to this Contract. Such amended Exhibit A shall be attached to this Contract by the parties to this Contract, and whether or not attached shall be incorporated into and be deemed to be a part of this Contract as if set forth in this Contract.

(f) Notwithstanding the termination of this Contract pursuant to this Section 13, the terminating Member shall be obligated to indemnify and hold harmless each non-terminating Member for any financial liability pursuant to Section 7(d) of this Contract after such termination in excess of the financial liability that would have been incurred by such non-terminating Member pursuant to Section 7(d) of this Contract prior to such termination. To the extent of such indemnification and hold harmless obligations and the provisions of this Contract governing payment obligations and the enforcement thereof, this Contract shall not be terminated and shall remain in full force and effect with respect to the terminating Member.

(g) Notwithstanding anything to the contrary in this Contract, the Member shall be obligated to pay its Member's Share of Monthly Support Costs applicable to the entire month during which such termination occurs, notwithstanding a termination that becomes effective during such month or prior to the date the Monthly Bills for such month have been delivered pursuant to Section 5 of this Contract.

SECTION 14. Survivorship of Obligations. The termination of this Contract shall not discharge any party hereto from any obligation it owes to the other party under this Contract by reason of any transaction, loss, cost, damage, expense, or liability which shall occur or arise (or the circumstances, events, or basis of which shall occur or arise) prior to such termination. It is the intent of the parties hereby that any such obligation owed (whether the same shall be known or unknown at the termination of this Contract or whether the circumstances, events, or basis of the same shall be known or unknown at the termination of this Contract) shall survive the termination of this Contract.

SECTION 15. Severability. If any section, paragraph, clause, or provision of this Contract shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Contract shall be unaffected by such adjudication and all of the remaining provisions of this Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein. In the event of any such invalidity, the parties hereto shall promptly negotiate in good faith valid new provisions to restore the Contract to its original intent and effect.

Notwithstanding the invalidity or unenforceability of any or all other provisions of this Contract, the provisions of this Contract in respect of the Member's obligation to pay its Member's Share of Monthly Support Costs shall remain in full force and effect.

SECTION 16. No Delay. No disagreement or dispute of any kind between the parties to this Contract, or between any party and any other entity, concerning any matter, including, without limitation, the amount of any payment due from said party or the correctness of any billing made to the party, shall permit the said party or either of them, to delay or withhold any payment or the performance by any party of any other obligation pursuant to this Contract. Each party shall promptly and diligently undertake to resolve such disagreement and dispute without undue delay.

SECTION 17. Continuance and Enforcement of Contract.

(a) Power Agency shall continue this Contract in full force and effect, except as provided in Section 13, and shall enforce this Contract in accordance with its terms to the extent permitted by law.

(b) The failure of a party to enforce at any time any of the provisions of this Contract or to require at any time performance by the other party of any of the provisions of this Contract shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Contract or any part thereof, or the right of such party thereafter to enforce each and every such provision.

SECTION 18. Applicable Law; Construction. This Contract is made under and shall be governed by the law of the State of North Carolina without regard to principles of conflicts of laws. Headings herein are for convenience only and shall not influence the construction of this Contract.

SECTION 19. Further Documentation. From time to time after the execution of this Contract, the parties hereto shall within their legal authority execute other documents as may be necessary, helpful, or appropriate to carry out the terms of this Contract.

SECTION 20. Incorporation of Exhibits. All Exhibits attached to this Contract are hereby incorporated into and shall be a part of this Contract.

SECTION 21. Relationship to Other Instruments. It is recognized by the parties hereto that Power Agency must comply with the requirements of the Bond Resolution and that this Contract is intended to support Power Agency's obligations under the Bond Resolution, and it is therefore agreed that this Contract is made subject to the terms and provisions of the Bond Resolution.

SECTION 22. Counterparts; Electronic Signatures. This Contract may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, taken together, shall constitute but one and the same Debt Service Support Contract. The parties agree that the electronic signature of a party to this Contract shall be as valid as an original signature of such party and shall be effective to bind such party to this Contract and, when printed from electronic files, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. For purposes of this Contract, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means, and "transmitted by electronic means" means sent in the form of a facsimile or via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message.

SECTION 23. Entire Agreement. This Contract shall constitute the entire understanding among the parties hereto, superseding any and all previous understandings, oral or written, pertaining to the subject matter contained herein. No party hereto has relied, or will rely, upon any oral or written representation or oral or written information made or given to such party by any representative of the other party or anyone on its behalf.

SECTION 24. Preaudit. Execution of this Contract by the finance officer of the Member shall constitute a certification of such finance officer that, to the extent this Contract requires the Member to satisfy a financial obligation during the Member's fiscal year in which the Effective Date occurs, this Contract has been preaudited in the manner required by the N.C. Local Government Budget and Fiscal Control Act.

[Balance of Page Intentionally Left Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Contract all by authority of their respective governing bodies duly given.

Executed this ____ day of _____, 2015.

CITY OF WASHINGTON

By:_____
Mayor

Attest:

_____
City Clerk

For purposes of Section 24 only:

_____
Finance Officer

(SEAL)

Executed this ____ day of _____, 2015.

NORTH CAROLINA EASTERN
MUNICIPAL POWER AGENCY

By:_____
Chief Executive Officer

Attest:

_____
Assistant Secretary

(SEAL)

[Signature Page to Debt Service Support Contract]

EXHIBIT A

Members and Members' Shares

Member	Member's Share
Town of Apex	1.1218%
Town of Ayden	1.4347
Town of Belhaven	0.3473
Town of Benson	0.6507
Town of Clayton	1.0539
Town of Edenton	1.5570
City of Elizabeth City	4.0525
Town of Farmville	0.9836
Town of Fremont	0.2359
City of Greenville	20.3709
Town of Hamilton	0.0675
Town of Hertford	0.3867
Town of Hobgood	0.0730
Town of Hookerton	0.1057
City of Kinston	7.6434
Town of LaGrange	0.4261
City of Laurinburg	2.1984
Town of Louisburg	0.8445
City of Lumberton	4.7153
City of New Bern	6.6370
Town of Pikeville	0.1611
Town of Red Springs	0.5500
Town of Robersonville	0.4237
City of Rocky Mount	12.9031
Town of Scotland Neck	0.5140
Town of Selma	0.9171
Town of Smithfield	2.2631
City of Southport	0.7366
Town of Tarboro	3.6701
Town of Wake Forest	1.1297
City of Washington	4.0871
City of Wilson	17.7385
	98.8894%

This Exhibit A is subject to amendment pursuant to Section 13 of this Contract.

WASHINGTON – FULL REQUIREMENTS POWER SALES AGREEMENT

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY

Full Requirements Power Sales Agreement

Dated as of April 24, 2015

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Exhibit A - Network Integration Transmission Service Agreement and Network Operating Agreement between Duke Energy Progress, Inc. and North Carolina Eastern Municipal Power Agency A-1

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY
FULL REQUIREMENTS POWER SALES AGREEMENT

THIS AGREEMENT, dated as of the 24th day of April, 2015, is by and between North Carolina Eastern Municipal Power Agency, a joint agency of the State of North Carolina (including successors and permitted assigns, "Power Agency"), and the municipality of the State of North Carolina (including successors and permitted assigns, the "Member") which has executed this Agreement (as supplemented and amended pursuant to the terms of this Agreement, the "Agreement").

WHEREAS, Power Agency is duly organized as a public body and a body corporate and politic under the laws of the State of North Carolina (G.S. Chapter 159B) and, among other things, is authorized to sell for resale electric power and energy; and

WHEREAS, the Member is a city or town created under the laws of the State of North Carolina owning a system or facilities for the generation, transmission or distribution of electric power and energy for public and private use, and is authorized by said laws to contract to buy from Power Agency some or all of the power and energy required for its present or future requirements; and

WHEREAS, the Member previously entered into a Supplemental Power Sales Agreement, dated July 30, 1981, as amended by an Amendment Agreement dated as of October 31, 1984 (the "Supplemental Power Sales Agreement") with Power Agency pursuant to which Power Agency sold and the Member purchased All Requirements Bulk Power Supply (as defined in the Supplemental Power Sales Agreement), which consisted of Project Output (as defined in the Supplemental Power Sales Agreement) and Supplemental Bulk Power Supply (as defined in the Supplemental Power Sales Agreement); and

WHEREAS, Project Output is sold by Power Agency and purchased by the Member pursuant to an Initial Project Power Sales Agreement between Power Agency and the Member dated July 30, 1981, as amended by an Amendment Agreement dated as of October 31, 1984 (the "Project Power Sales Agreement"); and

WHEREAS, Project Output is provided by Power Agency from its ownership interests in the Brunswick Units, the Harris Unit, the Mayo Unit and Roxboro Unit No. 4 (as such terms are defined in the Project Power Sales Agreement; such ownership interests, collectively, the "Joint Facilities"); and

WHEREAS, Power Agency has entered into an Asset Purchase Agreement (as the same may be supplemented and amended, the "APA") with Duke Energy Progress, Inc. (including successors and permitted assigns, "DEP"), dated as of September 5, 2014, pursuant to which Power Agency has agreed to sell and transfer the Joint Facilities to DEP, and, in connection therewith, Power Agency and the Member have agreed to terminate the Project Power Sales Agreement and the Supplemental Power Sales Agreement; and

WHEREAS, after the termination of the Project Power Sales Agreement and the Supplemental Power Sales Agreement, the Member will have a need for an economical and reliable source of electric power and energy to meet the current and future demands of its customers and has determined to purchase such electric power and energy from resources owned, controlled, or purchased by Power Agency; and

WHEREAS, Power Agency has entered into a Full Requirements Power Purchase Agreement (as the same may be supplemented and amended, the "Full Requirements Power Purchase Agreement") with DEP, dated as of September 5, 2014, pursuant to which Power Agency will purchase from DEP and DEP will sell to Power Agency firm capacity and energy in the amounts required by Power Agency to reliably serve the current and future electrical loads of its Members; and

WHEREAS, Power Agency is a party to the Network Integration Transmission Service Agreement (the "NITSA") and the Network Operating Agreement (the "NOA") Between Duke Energy Progress, Inc. and North Carolina Eastern Municipal Power Agency, as amended by DEP from time to time, on file with the Federal Energy Regulatory Commission as OATT Service Agreement No. 268 of Duke Energy Progress, Inc., a copy of which is attached to this Agreement as **Exhibit A**; and

WHEREAS, Power Agency is a party to an Agreement for Transmission Use and Other Electric Service (the "Dominion NCP Transmission Agreement") with Dominion North Carolina Power (formerly Virginia Electric and Power Company) ("Dominion NCP"), dated as of July 30, 1981, with respect to (i) arrangements for the transmission of electric energy from points of interconnection of the DEP and Dominion NCP electric systems; and (ii) other related matters; and

WHEREAS, Power Agency proposes to sell, and the Member proposes to purchase, Full Requirements Bulk Power Supply (as defined herein) pursuant to the terms of this Agreement.

NOW, THEREFORE, the parties hereto mutually agree as follows:

SECTION 1. Definitions. The singular of any term defined in this Agreement shall encompass the plural, and the plural the singular, unless the context clearly indicates otherwise or may otherwise require.

(a) "Affiliate" of any Person means any other Person directly or indirectly Controlling, directly or indirectly Controlled by or under direct or indirect common Control with such Person.

(b) "APA" has the meaning assigned in the preambles to this Agreement.

(c) "Bond Resolution" means the resolution adopted by Power Agency, as the same may be amended or supplemented from time to time pursuant to the terms thereof, pursuant to which the Bonds are issued. A proposed form of Bond Resolution dated April 24, 2015, has been delivered to the Member, and said resolution as adopted, insofar as is reasonably material to the Member's obligations under this Agreement, shall be substantially the same as such proposed form but with such changes as may be determined by Power Agency to be necessary

or appropriate. Subsequent amendments to the Bond Resolution may be made without the approval of the Member if made pursuant to the terms of the Bond Resolution.

(d) "Bonds" means Bonds (as such term is defined in the Bond Resolution) issued from time to time pursuant to and under the authority of the Bond Resolution (i) to pay Balance of Defeasance Costs (as such term is defined in the Debt Service Support Contract), and (ii) to refund Bonds, Notes (as such term is defined in the Debt Service Support Contract) or Subordinated Debt (as such term is defined in the Debt Service Support Contract) theretofore issued and outstanding as authorized by Section 8 of the Debt Service Support Contract.

(e) "Contract Year" means the 12-month period commencing January 1 of each year during the term of this Agreement and ending midnight local time on the December 31 next following (or such other 12-month period as Power Agency shall determine); provided, however, that the first Contract Year shall commence, with respect to Full Requirements Bulk Power Supply, on the day immediately following the Effective Date; and provided further, however, that the last Contract Year shall end at midnight local time on the date of termination of this Agreement as provided in Section 2 herein.

(f) "Control" of any Person means the possession, directly or indirectly, of the power either to (a) vote more than fifty percent (50%) of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of such Person or (b) direct or cause the direction of management or policies of such Person, whether through the ownership of voting securities or interests, by contract or otherwise.

(g) "Customer Generation" means any generating unit having a nameplate capacity rating of 95 kW or more that is owned (i) by a retail or wholesale customer of a Member, or a retail customer of a wholesale customer of a Member and is used to serve load at the site of the load; or (ii) by a Member and is installed at a customer location for the benefit of the customer.

(h) "Debt Service Support Contract" means the Debt Service Support Contract, dated as of the date hereof, entered into between Power Agency and the Members, as the same may be supplemented and amended from time to time.

(i) "Delivery Point" means the point on the DEP Transmission System where the delivery of power to the Member is measured in accordance with the NITSA and NOA, at which point the delivery of electric power to the Member is measured for billing purposes under this Agreement.

(j) "Dominion NCP Transmission Agreement" has the meaning assigned in the preambles to this Agreement.

(k) "Economic Development Generation" means any generating unit owned by Power Agency, a Member, or a retail or wholesale customer of a Member, or a retail customer of a wholesale customer of a Member, in each case that is installed for the purpose of retaining the load of an existing customer or attracting the load of a new customer served or to be served by a Member.

(l) "Edenton Generators" means the two (2) 1,250 kW generators owned and operated by the Town of Edenton that are located on Tower Drive, Edenton, North Carolina.

(m) "Effective Date" means the date on which the closing of the transactions contemplated by the APA takes place.

(n) "Electric System" means all properties and assets, real and personal and tangible and intangible, of the Member now or hereafter existing, used for or pertaining to the generation, transmission, transformation, distribution and sale of electric power and energy or general plant associated therewith, including all renewals, replacements, additions, extensions, expansions, improvements and betterments thereto and equippings thereof.

(o) "Elizabeth City Generators" means the four (4) 1,750 kW generators owned and operated by the City of Elizabeth City that are located at 410 Pritchard Street, Elizabeth City, North Carolina.

(p) "Full Requirements Bulk Power Supply" means, with respect to the Member, all electric power and energy required by the Member at its Delivery Point(s)[1], exclusive of any purchases of power and energy by the Member from the Southeastern Power Administration ("SEPA"), if any, and, as applicable, exclusive of the output of Customer Generation, Member Generation, Economic Development Generation, the Edenton Generators and the Elizabeth City Generators. Full Requirements Bulk Power Supply shall include all transmission service to deliver Full Requirements Bulk Power Supply to the Member's Delivery Point(s), power and energy purchases made by Power Agency pursuant to the Full Requirements Power Purchase Agreement, power and energy supplied by NCEMPA Generation, and power and energy derived by Power Agency from any resource used to replace power and energy purchases under the Full Requirements Power Purchase Agreement (i) following the exercise by Power Agency of an early termination option set forth in the Full Requirements Power Purchase Agreement, or (ii) in connection with a PURPA Qualifying Resource owned by Power Agency.

(q) "Full Requirements Power Costs" for any period means all costs associated with or incidental to Full Requirements Bulk Power Supply for such period. In addition to the costs associated with or incidental to Full Requirements Bulk Power Supply, Full Requirements Power Costs also shall include, without limitation (i) Power Agency's general and administrative overhead costs allocated to Power Agency's activities related to its provisions of Full Requirements Bulk Power Supply, (ii) working capital deemed necessary by Power Agency, (iii) costs and expenses relating to the acquisition, construction, maintenance and operation of an administrative building or office, including land therefor, together with any administrative equipment and facilities, which may be owned alone or together with any other joint agency or agencies, joint municipal assistance agencies, municipalities, corporations, associations or Persons under such terms and provisions for sharing costs and otherwise as may be determined by Power Agency, (iv) costs associated with Power Agency management and other services provided to Members, including, but not limited to, costs associated with compliance with renewable energy requirements or mandatory electric reliability standards, (v)

[1] Including any load met by NCEMPA Generation that is interconnected with the Member's Electric System

amounts necessary for the payment of the principal of and premium, if any, and interest on any bonds, notes (including notes issued in anticipation of the issuance of bonds), certificates, warrants or other evidences of indebtedness, including commercial paper, issued for Full Requirements Power Costs (collectively, "Full Requirements Power Debt"), which Full Requirements Power Debt shall be payable from all or any amounts received under the Full Requirements Power Sales Agreements, as determined by Power Agency, after giving effect to the provisions of Section 6(d) thereof, as payments from the Members of Full Requirements Power Costs, and (vi) all costs and expenses relating to the issuance, security and payment of Full Requirements Power Debt, including without limitation costs and expenses associated with insurance contracts, agreements for lines of credit, letters of credit, commitments to purchase Full Requirements Power Debt, depositaries for safekeeping and agents for delivery and payment.

(r) "Full Requirements Power Purchase Agreement" has the meaning assigned in the preambles to this Agreement.

(s) "Full Requirements Power Sales Agreement" means this Agreement and all other Agreements substantially identical to this Agreement entered into by Power Agency and the Members with respect to the purchase and sale of Full Requirements Bulk Power Supply, as the same may be supplemented or amended from time to time.

(t) "Guidelines Concerning Load-side Generation" means the Guidelines Concerning Load-side Generation approved and adopted by the Board of Directors of Power Agency, as supplemented and amended, including, but not limited to, as supplemented and amended on November 16, 2012.

(u) "Hourly Demand" means, in each hour, the aggregate load of Power Agency's Members for which there is in effect a Full Requirements Power Sales Agreement, determined by summing the metered 60-minute demands of the Members (integrated metered kilowatt load, compensated where applicable, in accordance with the NITSA and NOA and Dominion NCP Transmission Agreement, to reflect losses from the meter location back to the Delivery Point), adjusted to include the output of PURPA Qualifying Resources in each clock hour in accordance with Section 4.4.2 of the Full Requirements Power Purchase Agreement, and adjusted further to include line losses over the DEP transmission system.

(v) "Late Payment Interest Rate" means, for any month, the prime rate being charged by Bank of America, N.A., or its successor, or by any other major bank selected by Power Agency in its sole discretion, on the first day of such month, plus one percentage point, divided by twelve, expressed in percentage points, to the nearest hundredth, but not in excess of the rate permitted by applicable North Carolina law.

(w) "Members" means those entities which enter into Full Requirements Power Sales Agreements with Power Agency substantially identical to this Agreement.

(x) "Member Generation" means any generating unit (other than the Edenton Generators and Elizabeth City Generators) owned by a Member having a nameplate capacity of 95kW or more, that is used to serve load at the site of the load, except for any such generating

unit owned by a Member that is installed at the Member's customer's location for the benefit of the customer.

(y) "Member's Share" has the meaning assigned in the Debt Service Support Contract.

(z) "Monthly Bill" means the written statement prepared monthly by Power Agency and provided to the Member pursuant to Section 5 herein.

(aa) "Monthly Support Costs" has the meaning assigned in the Debt Service Support Contract.

(bb) "NCEMPA Generation" means any generating unit owned by Power Agency having a nameplate capacity rating of 95 kW or more (but not more than 2,000 kW) that is connected directly to the electric distribution system of a Member, such that the output of such unit is thereby excluded from Power Agency's Hourly Demand.

(cc) "NITSA" has the meaning assigned in the preambles to this Agreement.

(dd) "NOA" has the meaning assigned in the preambles to this Agreement.

(ee) "Outstanding Prior Bonds" means bonds issued by Power Agency pursuant to, and outstanding under, the Prior Bond Resolution.

(ff) "Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, limited liability company, unincorporated organization, governmental authority or any other form of legal entity.

(gg) "Policy Guidelines for Leased Facilities Charges" means the Policy Guidelines For Leased Facilities Charges approved and adopted by the Board of Directors of Power Agency, as revised, supplemented and amended, including, but not limited to, as supplemented and amended on April 23, 2004.

(hh) "Prior Bond Resolution" means Resolution R-2-81, adopted by Power Agency on April 1, 1982, as amended and supplemented thereafter.

(ii) "Prudent Utility Practice" means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility 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. Prudent Utility Practices are not intended to be limited to the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the electric utility industry. In evaluating whether any matter conforms to Prudent Utility Practice as used in this Agreement, the parties hereto shall take into account (i) the fact that Power Agency and each Member is a public body and a body corporate and politic organized under the laws of the State of North Carolina, with the statutory duties and responsibilities thereof, and (ii) the objectives to

integrate Full Requirements Bulk Power Supply with the other resources of the Members, including, but not limited to, Qualified Generation owned by Power Agency, its Members and its Members' customers, SEPA Purchases and other PURPA Qualifying Resources to achieve optimum utilization of the resources and achieve efficient and economical operation of each system.

(jj) "PURPA Qualifying Resource" means a resource derived from a generating facility that is a "small power production facility" or "cogeneration facility" that, in each case, meets the requirements of Sections 292.203(a) and 292.203(b) of Title 18 of the Code of Federal Regulations and that has satisfied the procedures for obtaining Qualifying Facility status under Section 292.207 of Title 18 of the Code of Federal Regulations.

(kk) "Qualified Generation" means Member Generation, Customer Generation, and NCEMPA Generation.

(ll) "Renewable Energy Development and Service Agreement" means the Renewable Energy Development and Service Agreement between Power Agency and each of its members dated as of May 26, 2009, as the same may be supplemented and amended.

(mm)"Revenues" means all income, rents, rates, fees, charges, receipts, profits and other moneys or monetary benefits derived by the Member directly or indirectly from the ownership or operation of its Electric System and the sale, furnishing or supplying of capacity or output and power and energy therefrom, including, without limiting the generality of the foregoing, (i) all income, rents, rates, fees, charges receipts, profits or other moneys derived from the sale, furnishing or supplying of the electric power and energy and other services' facilities and commodities sold, furnished or supplied the facilities of the Electric System, (ii) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, receipts, profits or other moneys to the extent that the use of such earnings and income is limited by or pursuant to law to the Electric System and (iii) the proceeds derived by the Member directly or indirectly from the sale, lease or other disposition of a part of the Electric System, but the term "Revenues" shall not include retail customers' deposits or any other deposits subject to refund until such deposits have become the property of the Member and shall not include any refunds associated with electric service by a Member prior to the Effective Date.

(nn) "SEPA Purchases" means the aggregate sum of capacity and energy that some or all of Power Agency's Members receive as preference customers, through the U.S. Department of Energy - Southeastern Power Administration ("SEPA"), pursuant to contracts entered into between the United States of America and such Members pursuant to the Flood Control Act of 1944 or similar or superseding Federal law.

(oo) "Telemetry and Metering System Services Agreement" means the Telemetry and Metering System Services Agreement between DEP (formerly Carolina Power & Light Company) and Power Agency dated as of August 7, 1998.

(pp) "Total Annual Budget" means the budget adopted by Power Agency pursuant to Section 5 of this Agreement.

SECTION 2. Term of Agreement. This Agreement shall be effective as of the Effective Date. Power Agency shall notify the Member of the Effective Date as soon as practical thereafter.

The term of this Agreement shall expire at midnight local time on December 31, 2043; provided, however, that this Agreement may be terminated by the Member effective at midnight local time on December 31, 2035, upon written notice to Power Agency (i) not later than July 31, 2027, or (ii) not later than March 31, 2031; provided, however, if the number of Members giving notice to terminate pursuant to clause (ii) of Section 2 of such Members' Full Requirements Power Sales Agreements would cause Power Agency's 12-month average Monthly Coincident Billing Demands (as such term is defined in the Full Requirements Power Purchase Agreement) to be reduced by more than 700 megawatts, as determined by Power Agency based on Power Agency's actual Monthly Coincident Billing Demands during Calendar Year 2030, Power Agency shall give written notice, not later than July 31, 2031, of such fact to all Members from whom Power Agency has received such notice to terminate, together with Power Agency's best estimate of the costs Power Agency expects to incur under the Full Requirements Power Purchase Agreement as a result of a reduction in its 12-month average Monthly Coincident Billing Demands exceeding 700 megawatts, and any such Member who has given such notice to terminate thereafter may rescind such notice to terminate by written notice to Power Agency not later than September 30, 2031. In the event Power Agency determines that the number of Members giving notice to terminate pursuant to clause (ii) of Section 2 of such Members' Full Requirements Power Sales Agreements would cause Power Agency's 12-month average Monthly Coincident Billing Demands to be reduced by more than 700 megawatts, Power Agency shall use its reasonable best efforts to engage in negotiations (in which the Member may participate) with DEP to permit all Members who have given such notice to terminate to terminate their Full Requirements Power Sales Agreements without any financial costs to Power Agency. Notwithstanding the foregoing, any costs incurred by Power Agency pursuant to the Full Requirements Power Purchase Agreement if the final number of Members giving notice to terminate pursuant to clause (ii) of this Section 2 causes Power Agency's 12-month average Monthly Coincident Billing Demands to be reduced by more than 700 megawatts shall be borne by such terminating Members on a pro rata basis, as determined by Power Agency using Power Agency's actual Monthly Coincident Billing Demands during Calendar Year 2030. This Agreement may be terminated by Power Agency as provided in Section 7(b) of this Agreement.

Notwithstanding the foregoing, the expiration or termination of this Agreement shall not affect any accrued liability or obligation hereunder. This Agreement shall not be subject to termination by either party under any circumstances, whether based upon the default of any other party under this Agreement or any other instrument or otherwise, except as specifically provided in this Agreement.

SECTION 3. Sale and Purchase of Full Requirements Bulk Power Supply.

(a) Commencing with the first day of the first Contract Year, Power Agency shall provide or cause to be provided and sell, and the Member shall purchase from Power Agency, the Full Requirements Bulk Power Supply requirements of the Member. Power Agency will be responsible in accordance with the provisions of this Agreement for planning, negotiating,

designing, financing, acquiring or constructing, contracting for, administering, operating, and maintaining all generation and transmission arrangements and facilities and power purchases necessary to effect the delivery and sale of Full Requirements Bulk Power Supply to the Member during the term of this Agreement. In furtherance of Power Agency's obligations to sell and the Member's obligations to purchase hereunder, Full Requirements Bulk Power Supply shall initially be sold and purchased pursuant to the provisions of this Agreement (i.e., on a take and pay basis to the extent delivered or provided).

(b) Full Requirements Bulk Power Supply shall be obtained or furnished and delivered or caused to be delivered by Power Agency in the manner it determines to be most economical, dependable, and otherwise feasible. Initially, Full Requirements Bulk Power Supply shall be obtained and furnished to all Members in accordance with the Full Requirements Power Purchase Agreement and the NITSA and NOA. If Power Agency exercises one or more of its early termination options set forth in the Full Requirements Power Purchase Agreement, Power Agency may provide for Full Requirements Bulk Power Supply by any additional or alternative means it determines to be most economical, dependable, and otherwise feasible, including, but not limited to, one or more of the following methods: (1) purchase by Power Agency of power generated by one or more other power suppliers and transmission thereof over the facilities of one or more other power suppliers, either solely or in combination with transmission facilities owned by Power Agency or as to which Power Agency has the right of use, if any; (2) acquisition or construction by Power Agency of generation or transmission facilities or any project supplying a portion of Full Requirements Bulk Power Supply; (3) acquisition or construction by Power Agency of such additional generation facilities and transmission of the power and energy generated thereby over the facilities of one or more other power suppliers, either solely or in combination with transmission facilities owned by Power Agency or as to which Power Agency has the right of use, if any; or (4) generation, transmission and delivery by one or more other power suppliers, pursuant to a contract arrangement therefor obtained or approved by, or assigned to, Power Agency for and on behalf of Member or the Members as its agent for that purpose. In the event that any such method or any combination of such methods is such that the Member makes payment for any part of such power supply service directly to one or more other power suppliers, such payments shall nevertheless be accounted for as though the same were paid by Power Agency, and the Member shall be granted a credit with respect to Power Agency's rates and charges to the Member with respect to the same billing period, accordingly.

(c) From and after the Effective Date, neither Power Agency nor the Member shall enter into any new contract or permit any then or thereafter existing contract to be renewed or extended (regardless of the manner in which such renewal or extension may be effectuated, including failure of a party thereto timely to cancel and terminate the same upon any anniversary date when such is possible) or enter into any amendment to or modification to such a contract, with any other bulk power supplier which shall preclude or impair the ability of Power Agency or the Member to exercise and perform its rights and obligations under this Agreement.

(d) Power Agency, for the purpose of carrying out its rights and obligations under this Agreement, shall be, and the Member hereby designates and appoints Power Agency as, the

Member's sole agent to the fullest legal extent that such agency may be established for such purposes.

(c) From and after the effective date of any termination of this Agreement pursuant to Section 7(b) of this Agreement, the Member shall be solely responsible for providing its Full Requirements Bulk Power Supply to the Member's Delivery Point(s); provided, however, that such Member shall be obligated to Power Agency under this Agreement for any costs incurred by Power Agency pursuant to any agreements with a bulk power supplier associated with the delivery to the Member's Delivery Point(s) of Full Requirements Bulk Power Supply or any delivery facilities, and any other cost not included in the costs payable by the Member under any other agreement with Power Agency, including, but not limited to: wheeling charges, leased facilities charges; costs of administration, operation, maintenance, renewals, replacements, or capital additions required for the Member's Delivery Point(s); costs associated with delivery facilities, protection stations, metering, transmission extensions, capacitors, reactive charges, changes in DEP-owned equipment, or loss due to early retirement of delivery facilities and all such similar costs incurred by Power Agency with respect to the Member or otherwise. Following such a termination, the Member shall be entitled to purchase the balance of its Full Requirements Bulk Power Supply requirements from Power Agency only if Power Agency and the Member shall enter into a new power sales agreement, containing such additional or different terms and conditions, if any, as Power Agency may reasonably require.

SECTION 4. Rates and Charges; Surplus Moneys.

(a) Power Agency shall establish appropriate rates and charges for Full Requirements Bulk Power Supply for the Members sufficient at all times to pay all costs and expenses incurred by Power Agency and reserves deemed necessary therefor by Power Agency, including reserves for the payment of such costs and expenses in future periods (including future Contract Years) and taking into account withdrawals of such reserves established in previous periods, all with respect to Full Requirements Bulk Power Supply, and shall establish appropriate rates and charges for special obligations as set forth in the Monthly Bill as provided in Section 5 of this Agreement. Such rates and charges shall be sufficient at all times to permit the payment of all Monthly Support Costs and of all Full Requirements Power Costs of Power Agency and shall at all times be consistent with the provisions of the NITSA and NOA, the Dominion NCP Transmission Agreement, the Renewable Energy Development and Service Agreement and the policies and guidelines established from time to time by Power Agency, including, but not limited to, Policy Guidelines for Leased Facilities Charges, Guidelines Concerning Load-side Generation, and policies regarding any compliance responsibilities associated with mandatory electric reliability standards applicable to the Members.

Power Agency shall furnish to the Members the basis for changes in rates and charges for Full Requirements Bulk Power Supply made pursuant to the provisions of Section 6(a) of this Agreement.

(b) If, following the retirement or defeasance of all Outstanding Prior Bonds under and pursuant to the Prior Bond Resolution and the final payment of all Pre-Closing Costs (defined below), any moneys remain on deposit in any fund or account established by or pursuant to the

Prior Bond Resolution or any other fund or account established by Power Agency, which moneys are no longer required for the purposes of such funds and accounts, for the retirement or defeasance of Outstanding Prior Bonds or for the payment of Pre-Closing Costs, such surplus moneys may be applied by Power Agency to any purpose permitted by this Agreement or by the Debt Service Support Contract, including, but not limited to, working capital or other reserves. "Pre-Closing Costs" means all charges, costs and expenses payable by Power Agency subsequent to the Effective Date associated with the ownership and operation of the Joint Facilities.

SECTION 5. Total Annual Budget and Monthly Bills; Payments by the Member.

(a) Not less than thirty (30) days prior to each Contract Year, Power Agency shall provide to the Member a proposed annual budget for the ensuing Contract Year with respect to amounts to be paid under this Agreement, and thereafter shall hold a public hearing on such proposed annual budget and shall provide to the Member a Total Annual Budget for the Contract Year. During each Contract Year, Power Agency shall review at least quarterly, and at such other times as Power Agency deems desirable, the Total Annual Budget for the Contract Year. In the event such review indicates that the Total Annual Budget does not or will not substantially correspond with actual receipts and expenditures, or if at any time during such Contract Year there are or are expected to be extraordinary receipts, credits, or costs substantially affecting the Monthly Support Costs or Full Requirements Power Costs, Power Agency shall adopt and provide to the Member an amended Total Annual Budget, which shall supersede, for the remainder of such Contract Year, the Total Annual Budget or amended Total Annual Budget theretofore provided as the basis for the determination of Monthly Support Costs and Full Requirements Power Costs. The Total Annual Budget under this Agreement shall include, as a component thereof, any budget required to be provided the Member under the Member's Debt Service Support Contract.

(b) On or before the fifth (5th) day of each month of each Contract Year (beginning with the first full month of the Contract Year), or such other date not later than the tenth (10th) day of such month as Power Agency shall establish from time to time, Power Agency shall prepare, date, and on such date provide to the Member a Monthly Bill separately showing (i) the amount of power and energy of Full Requirements Bulk Power Supply delivered to the Member in the preceding calendar month at the Delivery Point(s) and the total amount payable by the Member therefor at Power Agency's applicable Full Requirements Bulk Power Supply rates and charges; (ii) the amount payable by the Member under the Monthly Bill pursuant to the Debt Service Support Contract for the next succeeding month for its Member's Share of Monthly Support Costs; (iii) the amount payable by the Member for special obligations, which shall be for leased facilities charges, delivery facilities costs, any back end costs or liabilities or any charges payable by the Member for services or facilities other than for the provisions of Full Requirements Bulk Power Supply for the preceding month, and (iv) any costs or charges payable by the Member associated with the Agreement for Transmission Use and Other Electric Service.

(c) The amounts shown in the Monthly Bill to be paid to Power Agency by the Member shall be due and payable ten (10) days after the date of the Monthly Bill, and any amounts due and not paid by the Member within fifteen (15) days after the date of the Monthly

Bill shall accrue a late payment charge computed at the Late Payment Interest Rate. Remittances received by mail will be accepted without assessment of a late payment charge, provided that the postmark of the United States Postal Service clearly indicates that the payment was mailed on or before such fifteenth (15th) day. Remittances due in a month transmitted by wire transfer will be accepted without assessment of a late payment charge if received on or before the twenty-fifth (25th) day of such month.

(d) All monies received by Power Agency as payment from the Member of any Monthly Bill (whether in full or partial payment thereof) shall be applied by Power Agency pro rata to the separate monthly charges shown on the Monthly Bill in the ratio that each separate charge as set forth in Sections 5(b)(i) through 5(b)(iv) of this Agreement bears to the total Monthly Bill rendered, and the resulting amounts shall be credited to the appropriate accounts on the books of Power Agency. ***The Member understands and agrees that a failure by the Member to pay in full its obligations under this Agreement and under its Debt Service Support Contract may result in an event of default under this Agreement and under its Debt Service Support Contract.***

(e) In each Contract Year, the Member shall pay to Power Agency the Member's Share of Monthly Support Costs for such Contract Year. The Member shall be obligated to make such payments unconditionally and without offset, counterclaim or other reduction, whether or not all or any portion of Full Requirements Bulk Power Supply is delivered to the Member pursuant to Section 3 of this Agreement or this Agreement expires or is terminated in whole or in part. Such payments shall be made and shall not be conditioned upon the performance or non-performance by Power Agency or any other Member under this or any other agreement or instrument. The remedies for any such non-performance by Power Agency shall be limited to those provided by Sections 7(d) and 7(e) of this Agreement.

(f) In the event of any dispute as to any portion of any Monthly Bill, the Member shall nevertheless pay the full amount of the disputed charges when due and shall give written notice of the dispute to Power Agency within sixty (60) days following the date on which such payment is due. Such notice shall identify the disputed bill, state the amount in dispute, and set forth a full statement of the grounds on which such dispute is based. No adjustment shall be considered or made for disputed charges unless notice is given as aforesaid. Power Agency shall give consideration to such dispute and shall advise the Member with regard to its position relative thereto within thirty (30) days following receipt of such written notice. Upon final determination (whether by agreement, arbitration, adjudication, or otherwise) of the correct amount, an appropriate adjustment shall be made on the Monthly Bill next submitted to the Member after such determination, together with interest computed at the Late Payment Interest Rate.

SECTION 6. Rate Review and Payment Sources.

(a) Power Agency, at such intervals as it shall deem appropriate, but in any event not less frequently than once each Contract Year, shall review its rates and charges and, if necessary, shall revise such rates and charges so that the revenues collected hereunder shall be at least sufficient to comply with the provisions of Section 4 of this Agreement. In making revisions to rates and charges, Power Agency shall comply with the provisions of Chapter

159B, including. but not limited to, the provisions of §159B-10(b). if applicable, and §159B-16.1(b). Power Agency shall cause a notice in writing to be given to the Member and the other Members which shall set out all the proposed revisions of the rates and the date upon which such revised rates shall become effective. The effective date shall not be less than forty (40) days after the date of the notice except when required to assure compliance with the provisions of Section 4 of this Agreement, and shall set forth the basis upon which the rates are proposed to be adjusted and established. Monthly changes in amounts billed pursuant to automatic adjustment clauses included in the rates and charges shall not require, notice, but changes in such clauses shall be subject to the foregoing notice provisions.

(b) The obligations of the Member to make payments under Section 5 of this Agreement for its Full Requirements Bulk Power Supply shall be an operating expense of its Electric System.

(c) The Member shall not be required to make any payments to Power Agency under this Agreement except from the Revenues of its Electric System. The Member covenants and agrees that it will fix, charge, and collect rents, rates, fees, and charges for electric power and energy and other services, facilities, and commodities sold, furnished, or supplied through the facilities of its Electric System at least sufficient to provide Revenues adequate to meet its obligations under this Agreement, any additional contract relating to supplying Full Requirements Bulk Power Supply by and between Power Agency and the Member and its Debt Service Support Contract, and to pay any and all other amounts payable from or constituting a charge and lien upon such Revenues, including, but not limited to, amounts sufficient to pay the principal of and interest on all general obligation bonds (if also payable from Revenues) and revenue bonds heretofore or hereafter issued by the Member to finance its Electric System. Notwithstanding the foregoing, nothing set forth in this Agreement shall be construed to limit, constrain or affect in any way the legal rights and authority of the Member to design, set and implement rates, fees and charges for electric power and energy and other services to its retail and wholesale customers through the operation of the Member's duly authorized rate setting process so long as the Member's rates, fees and charges for electric power and energy and other services fully meet and comply with the Member's obligations set forth in this Section 6(c).

(d) The Member shall take no action the effect of which would be to prevent, hinder, or delay Power Agency from the timely fulfillment of its obligations under this Agreement, the Full Requirements Power Purchase Agreement, the NITSA and NOA, the Agreement for Transmission Use and Other Electric Service, the Bond Resolution, and the Bonds or other securities or evidences of indebtedness issued to provide the amounts due and payable between Power Agency and the Member relating to delivery facilities, or any other agreement entered into between Power Agency and any Member.

SECTION 7. Obligations in the Event of Default.

(a) Upon failure of the Member to make any payment in full when due under this Agreement or to perform any obligation herein, Power Agency shall make demand upon the Member for payment or performance, and if said failure is not cured within fifteen (15) days from the date of such demand, it shall constitute a default under this Agreement at the

expiration of such period, and notice of such default shall forthwith be given to the Member. Notice of such demand, and the default if it occurs. shall be provided to the other Members by Power Agency.

(b) If the Member shall fail to pay any amounts due to Power Agency under this Agreement. or to perform any other obligation hereunder which failure constitutes a default under this Agreement, Power Agency may terminate this Agreement. In either such event, Power Agency shall forthwith notify such Member of such termination. Notice of such termination shall be given to the other Members of Power Agency. Except for such termination, the obligations of the Member under this Agreement shall continue in full force and effect. For purposes of applying the other provisions of this section, such termination shall be considered to be a default under this Agreement.

(c) Any waiver at any time by either party to this Agreement of its rights with respect to any default of the other party hereto, or with respect to any other matter arising in connection with such Agreement, shall not be considered a waiver with respect to any subsequent default, right, or matter.

(d) In the event of any default by Power Agency under any covenant, agreement, or obligation of this Agreement, the Member may, upon fifteen (15) days' prior written notice, bring any suit, action, or proceeding in law or in equity, including mandamus and injunction, as may be necessary or appropriate to enforce any covenant, agreement, or obligation of this Agreement against Power Agency.

(e) No remedy conferred upon or reserved to the parties hereto is intended to be exclusive of any other remedy or remedies available hereunder or now or hereafter existing at law, in equity, or by statute or otherwise, but each and every such remedy shall be cumulative and shall be in addition to every other such remedy. The pursuit by either party of any specific remedy shall not be deemed to be an election of that remedy to the exclusion of any other or others, whether provided hereunder or by law, equity, or statute. Any delay by either party in the exercise of any remedy with respect to any matter arising in connection with this Agreement shall not constitute a waiver by such party of any right to later exercise such remedy with respect to the same or any other matter arising in connection with this Agreement.

SECTION 8. Deliveries; Delivery Facility Costs; Load Forecasts; System Reliability.

(a) Full Requirements Bulk Power Supply shall be delivered to the high voltage side of the Member's Delivery Point(s).

(b) In addition to the rates and charges for Full Requirements Bulk Power Supply, the Member, to the extent applicable, shall be responsible to Power Agency for all costs of delivery facilities, Power Agency's payments to DEP for Protection Station costs, leased facilities charges, net loss in salvage (as defined in the NITSA and NOA) of delivery facilities, capacitor costs and charges for reactive power, all pursuant to the NITSA and NOA, all such similar costs incurred by Power Agency pursuant to the Dominion NCP Transmission Agreement , if applicable, and all other charges incurred by Power Agency at the request or on behalf of the Member in accordance with Power Agency's established policies and guidelines.

The Member shall fulfill such cost responsibility by: (i) payment to Power Agency of any costs to Power Agency relating to delivery of Full Requirements Bulk Power Supply to the Member's Delivery Point(s) and not included in the rates and charges of Power Agency for delivery of Full Requirements Bulk Power Supply, including, but not limited to, leased facilities charges; (ii) payment of any and all costs of ownership, operation, maintenance, renewals, replacements, and additions to delivery facilities owned by Power Agency but required to deliver Full Requirements Bulk Power Supply to the Member pursuant to a Delivery Facility Use Agreement between Power Agency and the Member; (iii) payment of any and all costs of operation and maintenance, exclusive of renewals, replacements, and additions of delivery facilities owned by the Member and operated by Power Agency pursuant to a Delivery Facility Operating and Maintenance Agreement; and (iv) payment by any combination of the foregoing. Leased facilities charges for Members connected to the DEP and Dominion NCP transmission systems will be calculated in accordance with Power Agency's Policy Guidelines for Leased Facilities Charges, as established and amended from time to time by Power Agency.

(c) Delivery Point data sheets shall be completed for each Delivery Point. No revisions or modifications (other than necessary maintenance) of the delivery facilities for Members shall be undertaken for the purpose of modifying the characteristics of delivery from transmission facilities of DEP or Dominion NCP, as applicable, and/or of Power Agency set out on the Delivery Point data sheets unless prior agreement is obtained from Power Agency and DEP or Dominion NCP, as applicable, and revised Delivery Point Data Sheet(s) are first executed. Power Agency and each Member shall agree on the amount of firm capacity required at each such Delivery Point, taking into account the firm load expected to be served at such Delivery Point(s). A reasonable allowance will be included if growth is anticipated. A Member shall not place loads on Delivery Point(s) in excess of the firm capacity amount(s) so agreed to and recorded on the Delivery Point Data Sheet(s) without Power Agency and the Member first negotiating a new Delivery Point Data Sheet. Pursuant to the NITSA and NOA, DEP has agreed with Power Agency that it shall not unreasonably withhold its agreement for an increase in the firm capacity amount. The Agreement for Transmission Use and Other Electric Service also includes provisions for modifications to existing Delivery Points. Delivery Points will be established and/or modified in accordance with the terms and conditions of the NITSA and NOA or the Dominion NCP Transmission Agreement and the Procedure for Establishing New Delivery Points adopted by Power Agency in accordance with the requirements of NERC Reliability Standard FAC-002-0, as each may be amended from time to time.

(d) Should a Member request more capacity at a Delivery Point than is reasonably necessary to serve the continuous load at that point for the purpose of switching load between Delivery Points, such capability will be provided by DEP pursuant to the NITSA and NOA. If additional transmission or other facilities are required, and payment by Power Agency of a leased facilities charge to cover the investment in any required additional transmission or other facilities is required, the Member shall agree to reimburse Power Agency for payment of such charge. In the alternative, Power Agency or a Member may provide such capability through its own facilities if Power Agency gives written notice to DEP sufficient to enable DEP to accommodate such an arrangement. Parallel operation, transfer of loads, emergency switching and other operations at or in connection with Delivery Points will be undertaken in accordance with Section 5.0 of the NOA.

(e) Prior to March 31 of each Contract Year, each Member shall assist Power Agency with development of projected capacity requirements at each Delivery Point for the next ten (10) calendar years in order for Power Agency to fulfill in a timely manner its responsibilities to DEP and to Dominion NCP, and its responsibilities to the Member hereunder. The projected capacity requirement shall be for the load reasonably expected to exist in the area served by each such Delivery Point. The proposed location, delivery voltage, and estimated capacity requirements of any new delivery point desired by the Member or Power Agency for the next ten (10) calendar years shall also be delineated.

The terms and conditions of the NITSA and NOA shall govern the size of loads connected to Delivery Points on, or extensions from, the 115kV or 230kV transmission system of DEP and the conditions upon which a Delivery Point may be connected to a DEP transmission line.

(f) Subject to the terms and conditions of the NITSA and NOA, transmission line extensions shall be made to new Delivery Points for Members whose conductors connect with those of DEP (either directly or through Power Agency's facilities) from a transmission line which has adequate capacity to serve the additional load involved.

(g) In accordance with Section 3.5 of the Dominion NCP Transmission Agreement, Future Delivery Points on the Dominion NCP transmission system will be established pursuant to Prudent Utility Practices as defined therein. Future Delivery Points shall be established at 230kV or 115kV at the option of Dominion NCP, exercised consistent with Prudent Utility Practices, except in the case of small loads where Dominion NCP may agree to provide service at lower voltage levels.

(h) The Member shall operate and maintain Delivery Points in a manner consistent with the terms and conditions of the NOA. The Member shall avoid and refrain from any acts or transactions, or the use of any equipment, appliance, or device, which would (i) have a significant adverse effect upon the reliability or operating characteristics of the DEP or Dominion NCP systems, or the interconnected facilities of Power Agency or of its other Members, including, but not limited to, such adverse effects caused by the interconnection of, or the transfer of loads between, Delivery Points not made in accordance with the terms and conditions of the NOA, or (ii) interconnect the DEP or Dominion NCP systems through the systems of Power Agency or the Member with other power suppliers without agreement between Power Agency and DEP or Dominion NCP on reasonable measures or conditions, if any, for parallel operation. Each Member shall maintain a reasonable electrical balance between the phases at each Delivery Point.

(i) It is expressly understood and agreed that Power Agency does not hereby contract to furnish Member electric power for pumping water for extinguishing fires.

(j) The Member shall install, maintain, and operate such protective equipment and switching, voltage control, load shedding, and other facilities as shall be required in order to meet the requirements of DEP and Dominion NCP, as applicable, to assure continuity and adequacy of service and the stability of the interconnected facilities of DEP or Dominion NCP and Power Agency and the other Members and to provide adequate protection for DEP's or

Dominion NCP's facilities, and its services to other customers, against trouble originating on the electric system of Power Agency or the Member. In addition, the Member recognizes and agrees to comply and to cooperate with Power Agency in complying, as applicable, (i) with the terms and conditions of the NITSA and NOA and the applicable NERC Reliability Standards, including, but not limited to, those related to system protection, load reduction, load shedding and load management and (ii) with any similar provisions applicable to Dominion NCP.

(k) The Member shall provide promptly to Power Agency any and all information requested by Power Agency to permit Power Agency to provide to DEP the information which DEP may request pursuant to the terms and conditions of the NITSA and NOA to carry out DEP's scheduling and dispatch function, including the telemetering of Delivery Point data and other network planning and operation activities.

SECTION 9. Member Planning and Operations.

(a) Power Supply Planning. The Member will keep Power Agency advised on matters relating to the Member's power supply planning, including, but not limited to, load forecasts, proposed transmission additions, and new Delivery Points.

(b) Diligence. The Member will exercise diligence in the operation of its Electric System with the view of securing efficiency in keeping with Prudent Utility Practice, will construct its facilities in accordance with specifications at least equal to those prescribed by the National Electric Safety Code of the United States Bureau of Standards, and will maintain its lines at all times in a safe operating condition. Each Member will operate said lines in conformity with Section 8(h) of this Agreement. The Member will use electric service equally from the three phases as nearly as possible.

(c) Capacitors. Members whose conductors connect with those of DEP (either directly or through Power Agency's facilities) shall install capacitors and operate switched capacitors in accordance with the terms and conditions of the NITSA and NOA. In the alternative, Power Agency may install such capacitors, or cause such capacitors to be installed, to maintain the required power factor, and such Member will reimburse Power Agency for the costs and expenses it incurs in connection therewith. Power Agency may (i) require each Member whose conductors connect with those of Dominion NCP (either directly or through Power Agency's facilities) to install on its distribution system sufficient capacitors or other facilities to maintain at the time of Dominion NCP's monthly peak a power factor of 92% or higher, or any future power factor established by Dominion NCP, at each of that Member's Delivery Points, or (ii) in the alternative, install facilities to maintain such power factor, and such Member will reimburse Power Agency for the costs and expenses it incurs in connection therewith. Any such costs or expenses incurred by Power Agency pursuant to arrangements with Dominion NCP shall be reimbursed by the Member which caused such costs or expenses to be incurred.

(d) Access. Power Agency and the Member each will give the other the right to enter the premises of the other, and the Member will give DEP or Dominion NCP the right to enter the Member's premises, at all reasonable times for the purpose of repairing or removing

facilities, reading meters, or performing work incidental to delivery and receipt of Full Requirements Bulk Power Supply.

(e) Compliance. The Member will be subject to and will comply with all applicable terms and conditions set forth in those tariffs, rate schedules and contracts which affect Power Agency and the Member.

SECTION 10. Disposition of Electric Systems. The Member covenants and agrees that it shall not sell, mortgage, lease or otherwise dispose of or encumber its Electric System or any part thereof except as permitted by any of the following provisions of this Section 10:

(a) The Member may, in the ordinary course of the business of operating and maintaining its Electric System, scrap, trade-in, sell or otherwise dispose of any property or equipment if the Member determines that (i) such property or equipment is surplus, obsolete or otherwise not required for the operation and maintenance of its Electric System, and (ii) the original cost of all property and equipment disposed of pursuant to this subparagraph (a) in any fiscal year of the Member is less than the greater of $25,000 or two percent (2%) of the gross plant investment of the Electric System as reported on the books for the Electric System as of the end of the most recent fiscal year of the Member for which such figure is available.

(b) The Member may sell, lease, mortgage or otherwise dispose of or encumber any property and equipment (i) if and to the extent permitted by N.C.G.S. Section 160A-20, as the same may be amended from time to time, or (ii) if the Member determines, with the written concurrence of Power Agency (which concurrence shall not be unreasonably withheld), that, taking into account past and current operating results of its Electric System and any replacements or intended replacements for such property and equipment to be disposed of, the proposed action will not have a material adverse effect on the Revenues or the operation of its Electric System, or materially increase the operating and maintenance expenses of its Electric System.

(c) The Member may sell or otherwise dispose of its Electric System to one or more other Members, or merge or consolidate its Electric System with the Electric System or Systems of one or more other Members, provided that the purchasing or surviving Member(s), as the case may be, shall have assumed all of the transferor Member's duties and obligations hereunder and under the transferor Member's Debt Service Support Contract.

(d) The Member may merge or consolidate with, or be merged or consolidated into, one or more units of local government which shall have assumed all of the Member's duties and obligations hereunder, in which event such Member shall be relieved from all such duties and obligations, but only if (i) this Agreement shall have been assigned to such unit(s) of local government, which shall have assumed all of the transferor Member's duties and obligations hereunder, and (ii) the Local Government Commission of North Carolina shall have determined that after such merger or consolidation the survivor unit(s) of local government will have the ability to meet the obligations of such Member hereunder.

(e) The Member may sell or otherwise dispose of its Electric System to any other Person but only if the Member (i) has assigned and transferred this Agreement and all interests

herein to the transferee Person who has assumed all of the transferor Member's duties and obligations hereunder, and (ii) has terminated its Debt Service Support Contract pursuant to the provisions of Section 13 of the Debt Service Support Contract; provided, however, that prior to any sale or other disposition pursuant to this subsection (e), Power Agency shall have determined that such sale or other disposition will not increase the cost of power and energy under the Full Requirements Power Sales Agreement of any other Member; and provided further, however, that if the transferee Person is DEP, or a subsidiary or Affiliate of DEP, this Agreement shall be terminated and not assigned and transferred and DEP shall have agreed to (a) exclude the transferor Member's load from the calculation of Power Agency's Hourly Demand under the Full Requirements Power Purchase Agreement, and (b) delete the transferor Member's Delivery Points from the NITSA and NOA.

(f) In the event of a sale or other disposition permitted by subsection (c) of this Section 10, or a merger or consolidation permitted by subsection (c) and (d) of this Section 10, the Member shall provide to Power Agency a counsel's opinion, satisfactory in form and substance to counsel to Power Agency, that (i) in the event of a sale or other disposition, the transferee has assumed and become liable for the duties and obligations of the transferor Member under this Agreement and the transferor Member's Debt Service Support Contract, or (ii) in the event of a merger or consolidation, that following such merger or consolidation the Electric System or unit of local government, as the case may be, surviving such merger or consolidation shall remain or shall have become subject to this Agreement and the transferor Member's Debt Service Support Contract and liable for the duties and obligations of the Member hereunder and thereunder to the same extent that such Electric System or Member had been so subject prior to such merger or consolidation. In the event of a sale or other disposition permitted by subsection (e) of this Section 10 (other than a sale or disposition to DEP or a subsidiary or Affiliate of DEP), the Member shall provide to Power Agency a counsel's opinion, satisfactory in form and substance to counsel to Power Agency, that the transferee has assumed and become liable for the duties and obligations of the transferor Member under this Agreement.

(g) Nothing contained in the foregoing subsections (a) through (f) of this Section 10 shall be deemed to authorize a Member to mortgage or encumber all or substantially all of the properties of its Electric System.

SECTION 11. Miscellaneous General Provisions.

(a) Character and Continuity of Service. Power Agency shall use its reasonable best efforts to enforce the terms and conditions of the Full Requirements Power Purchase Agreement, the NITSA and NOA and the Dominion NCP Transmission Agreement, and the terms and conditions of any other similar agreement(s) with other parties for Full Requirements Bulk Power Supply.

Power Agency may temporarily interrupt or reduce deliveries of electric energy to the Member if Power Agency determines that such interruption or reduction is necessary in case of emergencies, to meet any regulatory compliance or reliability directives or in order to install equipment in or make repairs to or replacements, investigations, and inspections of or to perform other maintenance work on its generation or transmission facilities and related apparatuses. After

informing the Member regarding any such planned interruption or reduction, giving the reason therefor, and stating the probable duration thereof. Power Agency will, to the best of its ability and if sufficient time is available, schedule such interruption or reduction at a time which will cause the least interference with the operations of the Members.

Power Agency shall not be required to provide, and shall not be liable for failure to provide, service under this Agreement when such failure or the cessation or curtailment of or interference with the service is caused by Force Majeure or, with respect to the services to be provided for Full Requirements Bulk Power Supply, is caused by the inability of Power Agency to obtain any required governmental approvals to enable Power Agency to acquire or construct any facilities.

(b) Metering. Electric capacity and energy delivered by Power Agency to Members' Delivery Points connected to the DEP transmission system will be measured by meters installed at such Members' Delivery Points. The installation, operation, maintenance, repair and replacement of all metering equipment located at Delivery Points connected to the DEP transmission system will be performed by DEP pursuant to the NITSA and NOA. Electric capacity and energy delivered by Power Agency to Members' Delivery Points connected to the Dominion NCP transmission system will be measured by meters installed at such Members' Delivery Points, and such measurements will be transmitted to the point of interconnection between the DEP transmission system and the Dominion NCP transmission system pursuant to the Telemetry and Metering System Services Agreement. The installation, operation, maintenance, repair and replacement of all metering equipment located at Delivery Points connected to the Dominion NCP transmission system will be performed pursuant to the Dominion NCP Transmission Agreement.

(c) Power Deliveries. Power and energy furnished to the Member under this Agreement shall be in the form of three phase current, alternating at a frequency of approximately 60 Hertz.

(d) Effect of PURPA. Power Agency shall endeavor to provide the Member with capacity and energy, or transmission services, as required by the provisions of Section 210 of the Public Utility Regulatory Policies Act of 1978 (16 USC 824a-3) and its implementing regulations ("PURPA Requirements") in connection with the service of loads by the Members pursuant to the PURPA Requirements. In connection with the purchase by a Member of capacity and energy from a PURPA Qualifying Resource that (i) has a nameplate capacity below 500 kW, Power Agency shall provide the Member a billing credit, on a monthly basis, equal to the Power Agency's avoided cost rate, as the same may be amended from time to time, and (ii) has a nameplate capacity at or above 500 kW, Power Agency shall provide the Member a billing credit, on a monthly basis, equal to the rate that such PURPA Qualifying Resource would receive pursuant to the terms and conditions of DEP's applicable North Carolina filed rate tariff (the "Applicable Rate") applied to the energy and capacity, if applicable, from such PURPA Qualifying Resource. The capacity and energy generated by such PURPA Qualifying Resources shall be added to the Member's Delivery Point metered loads for purposes of determining the monthly billing demand and energy for the Member. For a PURPA Qualifying Resource having a nameplate capacity at or above 500 kW, the Applicable Rate shall be either: (a) the energy-only rate under DEP's North Carolina filed rate

tariff that the PURPA Qualifying Resource would be eligible to receive from DEP for facilities not directly interconnected with DEP, or (b) the energy and capacity, if applicable, rates that such facility would be eligible to receive from DEP, based on DEP's PURPA avoided cost rates, as determined by DEP in its sole discretion in accordance with Section 4.4.2 of the Full Requirements Power Purchase Agreement.

(e) Liability of Parties. Neither Power Agency nor the Member shall be responsible for the transmission, control, use or application of electric power provided under this Agreement on the other side of the Point of Connection (hereinafter defined) therefor and shall not, in any event, be liable for damage or injury to any Person or property whatsoever arising, accruing, or resulting from, in any manner, the receiving, transmission, control, use, application, or distribution by Power Agency or the Member of said electric power.

Where Power Agency or the Member has facilities and equipment located on the premises of the other party, the party owning the premises shall permit no one but the other party's authorized representatives to have access to or handle those facilities and equipment. Each party shall indemnify, hold and save harmless the other party for any loss or damage to that other party's premises caused by or arising out of the negligence of the party owning the facilities and equipment, or its representatives, while on the premises of the other party. Each party shall indemnify, hold and save harmless the other party from and against any and all legal and other expenses, claims, costs, losses, suits or judgments for damages, injuries to or death of Persons, or damage to or destruction of property, arising in any manner directly or indirectly by reason of acts of negligence of either party's authorized representative while on the premises of the other party under the right of access provided in this Section 11(e).

Power Agency and the Member shall indemnify, hold and save each other harmless from any and all loss or damage sustained, and from any and all liability to any Person or property incurred by the other (the indemnified party), by reason of any act or performance, or failure to act or perform, on the part of the other (the indemnifying party) or its officers, agents, or employees, in constructing, maintaining or operating the indemnifying party's apparatus, appliances or other property, or in the transmission, control, or application, redistribution, delivery, or sale of said power and energy on the indemnifying party's side of said Point of Connection. Whenever any claim is made against either party, whether the indemnified party or the indemnifying party, the party against whom the claim is made shall give notice to the other party within a reasonable time after the party against whom the claim is made becomes aware of any facts which could reasonably cause it to conclude that the claim is covered by this indemnification. Except as otherwise specifically provided in this Section 11(e), such indemnification shall hold harmless the indemnified party, its officer, agents or employees, from and against any and all liability and any and all losses, damages, injuries, costs and expenses, including expenses incurred by the indemnified party, its agents, servants or employees, in connection with defending any claim or action, and including reasonable attorneys' fees incurred or suffered by the indemnified party, its officer, agents or employees, by reason of the assertion of any such claim against the one indemnified, its officer, agents or employees. The indemnification provided for in this Section 11(e) shall not cover the following expenses: (1) the expense of investigating any claim prior to the time that notice is given to the other party that said claim is covered by this indemnification; (2) compensation for time of employees of the indemnified party spent in defending any action; and (3) attorneys' fees incurred by an

indemnified party after an indemnifying party has assumed the defense of an action as provided in this Section 11(e). At any time, the indemnifying party may, at its option, assume on behalf of the indemnified party, its officer, agents and employees, after written notification by the indemnified party of the existence of such a claim, the defense of any action at law or in equity which may be brought against the indemnified party, its officers, agents or employees. The indemnifying party, regardless of whether it assumes the defense of any such action, will pay on behalf of the indemnified party, its officer, agents or employees, the amount of any judgment that may be entered against the indemnified party, its officer, agents or employees, in any such action.

If, pursuant to the provisions of the Full Requirements Power Purchase Agreement, Power Agency is liable to DEP for any loss or damage sustained or any liability to any Person or property incurred by DEP by reason of any act or performance, or failure to act or perform, by the Member, its officers, agents or employees, then the Member shall reimburse Power Agency for any costs or expenses incurred in connection therewith.

In the event that a Member sustains any loss or damage or incurs any liability to any Person or property by reason of any act or performance, or failure to act or perform, by DEP, its officers, agents or employees, then Power Agency shall indemnify and hold harmless such Member from and against such loss, damage or liability; provided, however, that Power Agency shall not be required to indemnify and hold harmless such Member from and against such loss, damage or liability unless Power Agency shall be entitled to recover from DEP the amount of any indemnification sought by the Member pursuant to this paragraph.

The term "Point of Connection" as used in this Section 11(e) shall mean any point at which the conductors owned by a Member connect with the conductors owned by any other entity, including Power Agency, for the purpose of delivering electric power to the Member in accordance with the provisions of this Agreement.

(f) No Adverse Distinction. Power Agency agrees that there shall be no pattern of adverse distinction and no pattern of undue discrimination in carrying out its obligations under this Agreement relating to the Member as compared to the other Members.

(g) Other Terms and Conditions. Service hereunder shall be in accordance with such other terms and conditions as are established as part of Power Agency's service rules and regulations, which shall not be inconsistent with the provisions of this Agreement.

(h) Notices and Computation of Time. Any notice or demand given by the Member to Power Agency under this Agreement shall be deemed properly given if mailed postage prepaid and addressed, or electronically mailed, to the chief executive officer of Power Agency at its principal office or electronic mail address designated in writing filed with the Members by Power Agency. Any notice, demand, budget, or statement given or rendered by Power Agency to the Members under this Agreement shall be deemed properly given or rendered if mailed postage prepaid and addressed, or electronically mailed, to the Person and at the address designated in writing filed with Power Agency by the Member. The designations of the name and address to which any such notice or demand is directed may be changed at any time and from time to time by either party giving notice as above provided.

In computing any period of time prescribed or allowed under this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included. The last day of the period so computed is to be included, unless it is a Saturday, a Sunday, or a legal holiday in North Carolina, in which event the period runs until the end of the next day which is not a Saturday, a Sunday, or a legal holiday in North Carolina.

SECTION 12. Future Members. It is expressly understood that nothing herein shall preclude other future Members from contracting with Power Agency for planning, procuring, and providing such other future Members' bulk power supply.

SECTION 13. Records; Accounts; Reports; Audits. Power Agency shall keep accurate records and accounts for any projects owned or controlled by Power Agency and for Full Requirements Bulk Power Supply, separate and distinct from its other records and accounts. Such records and accounts shall contain information supporting the allocation of Power Agency's indirect costs associated with any projects owned or controlled by Power Agency and with Full Requirements Bulk Power Supply. Such records and accounts shall be audited annually by a firm of independent certified public accountants, experienced in electric utility accounting and of national reputation, to be employed by Power Agency. Such records and accounts and such annual audit, including all written comments and recommendations of such accountants, shall be made available for inspection at any reasonable time by the Member at the principal office of Power Agency.

The Member shall keep accurate records and accounts for its Electric System, separate and distinct from its other records and accounts. Such records and accounts shall be audited annually by a firm of certified public accountants or by an accountant approved by the Local Government Commission of North Carolina as qualified to audit Local Government accounts who has no personal interest, direct or indirect, in the fiscal affairs of the municipal government or any of its officers, which audit may be part of the annual audit of the accounts of the Member. Such records and accounts shall be made available for inspection by Power Agency at any reasonable time, and a copy of such annual audit, including all written comments and recommendations of such accountants, shall be furnished to Power Agency not later than one hundred eighty (180) days after the close of the Member's fiscal year.

Power Agency shall, following the close of each fiscal year, submit an annual report of its activities for the preceding year to the Members, to the North Carolina Utilities Commission, and to the Local Government Commission of North Carolina. Each such report shall set forth a complete operating and financial statement covering the operations of Power Agency.

SECTION 14. Modification and Uniformity of Contracts. This Agreement shall not be subject to termination by either party hereto under any circumstances whether based upon the default of the other party under this Agreement, or any other agreement, or otherwise, except as specifically provided in this Agreement. If any other Full Requirements Power Sales Agreement is amended or replaced, so that it contains terms and conditions different from those contained in this Agreement, Power Agency shall notify the Member and, at the option of the Member and upon timely request, Power Agency shall amend this Agreement to include similar terms and conditions.

SECTION 15. Assignment of Agreement. Except as provided in Section 10 of this Agreement, this Agreement shall not be transferred or assigned.

SECTION 16. Severability. If any section, paragraph, clause, or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall be unaffected by such adjudication and all of the remaining provisions of this Agreement shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein. In the event of any such invalidity, the parties hereto shall promptly negotiate in good faith valid new provisions to restore the Agreement to its original intent and effect.

Notwithstanding the invalidity or unenforceability of any or all other provisions of this Agreement, the provisions of this Agreement in respect of the Member's obligation to pay its Member's Share of Monthly Support Costs shall remain in full force and effect.

SECTION 17. Applicable Law; Construction. This Agreement is made under and shall be governed by the law of the State of North Carolina without regard to principles of conflicts of laws. Headings herein are for convenience only and shall not influence the construction of this Agreement.

SECTION 18. Survivorship of Obligations. The termination of this Agreement shall not discharge any party hereto from any obligation it owes to the other party under this Agreement by reason of any transaction, loss, cost, damage, expense, or liability which shall occur or arise (or the circumstances, events, or basis of which shall occur or arise) prior to such termination. It is the intent of the parties hereby that any such obligation owed (whether the same shall be known or unknown at the termination of this Agreement or whether the circumstances, events, or basis of the same shall be known or unknown at the termination of this Agreement) shall survive the termination of this Agreement.

SECTION 19. No Delay. No disagreement or dispute of any kind between the parties to this Agreement or between any party and any other entity, concerning any matter, including, without limitation, the amount of any payment due from said party or the correctness of any billing made to the party, shall permit the said party or either of them, to delay or withhold any payment or the performance by any party of any other obligation pursuant to this Agreement. Each party shall promptly and diligently undertake to resolve such disagreement and dispute without undue delay.

SECTION 20. Further Documentation. From time to time after the execution of this Agreement, the parties hereto shall within their legal authority execute other documents as may be necessary, helpful, or appropriate to carry out the terms of this Agreement.

SECTION 21. Incorporation of Exhibits. All Exhibits attached to this Agreement shall be incorporated into and be a part of this Agreement.

SECTION 22. Continuance and Enforcement of Agreement.

(a) Except as provided in Section 7(b) of this Agreement, Power Agency shall continue this Agreement in full force and effect and shall enforce this Agreement in accordance with its terms to the extent permitted by law.

(b) The failure of a party to enforce at any time any of the provisions of this Agreement or to require at any time performance by the other party of any of the provisions of this Agreement shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part thereof, or the right of such party thereafter to enforce each and every such provision.

SECTION 23. Relationship to Other Instruments. It is recognized by the parties hereto that Power Agency must comply with the requirements of the Bond Resolution, and it is therefore agreed that this Agreement is made subject to the terms and provisions of the Bond Resolution.

SECTION 24. Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, taken together, shall constitute but one and the same Full Requirements Power Sales Agreement. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement and, when printed from electronic files, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. For purposes of this Agreement, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means, and "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message.

SECTION 25. Entire Agreement. This Agreement shall constitute the entire understanding among the parties hereto, superseding any and all previous understandings, oral or written, pertaining to the subject matter contained herein. No party hereto has relied, or will rely, upon any oral or written representation or oral or written information made or given to such party by any representative of the other party or anyone on its behalf.

SECTION 26. Preaudit. Execution of this Agreement by the finance officer of the Member shall constitute a certification of such finance officer that, to the extent this Agreement requires the Member to satisfy a financial obligation during the Member's fiscal year in which the Effective Date occurs, this Agreement has been preaudited in the manner required by the N.C. Local Government Budget and Fiscal Control Act.

[Balance of Page Intentionally Left Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement all by authority of their respective governing bodies duly given.

Executed this ____ day of _____, 2015.

CITY OF WASHINGTON

By:_____
Mayor

Attest:

For purposes of Section 26 only:

_____
City Clerk

_____
Finance Officer

(SEAL)

Executed this ____ day of _____, 2015.

NORTH CAROLINA EASTERN
MUNICIPAL POWER AGENCY

By:_____
Chief Executive Officer

Attest:

_____
Assistant Secretary

(SEAL)

[Signature Page of Full Requirements Power Sales Agreement]

Exhibit A

Network Integration Transmission Service Agreement

and

Network Operating Agreement

between

Duke Energy Progress, Inc.

and

North Carolina Eastern Municipal Power Agency

NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT

AND

NETWORK OPERATING AGREEMENT

BETWEEN

DUKE ENERGY PROGRESS, INC.

AND

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY

SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1.0 This Service Agreement, dated as of April 30, 2008 , is entered into, by and between Duke Energy Progress, Inc., formerly known as Carolina Power & Light Company, (d/b/a Progress Energy Carolinas, Inc.), with its principal offices located at 410 S. Wilmington Street, Raleigh, North Carolina 27601, ("Transmission Provider" or " "DEP"), and North Carolina Eastern Municipal Power Agency, with its principal offices located at 1427 Meadow Wood Blvd, Raleigh, NC 27604 ("Transmission Customer" or "NCEMPA").

2.0 The Transmission Customer has been determined by the Transmission Provider to have submitted a Completed Application for Network Integration Transmission Service under the Open Access Transmission Tariff of Duke Energy Progress, Inc. (the "Tariff").

3.0 The Transmission Customer has met the creditworthiness standards of Section 11.2 of the Tariff. In the event that Transmission Customer does not take service for any reason, the Transmission Provider will provide Transmission Customer with a statement identifying the costs incurred.

4.0 Service under this Service Agreement shall commence on the later of (1) July 1, 2008, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission.

5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of the Tariff and this Service Agreement.

5.1 The Transmission Customer is responsible for replacing Real Power Losses associated with all transmission service in accordance with Section 28.5 of the Tariff.

NCEMPA has initially arranged, through its contracts with Duke Energy Progress, Inc. ("DEP"), for the supply of Real Power Losses associated with its transmission service in accordance with Section 28.5 of the Tariff.

6.0 Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below.

Transmission Provider:

Sammy Roberts
Duke Energy Progress, Inc.
Director, Power System Operations - Carolinas
3401 Hillsborough Street
Raleigh, NC 27607
Phone: (919) 546-5678
Fax: (919) 546-4048

Transmission Customer:

Roy Jones, COO
ElectriCities of North Carolina, Inc.
1427 Meadow Wood Blvd.
Raleigh, NC 27604
RJones@electricities.org

7.0 The Tariff, Specifications for Network Integration Transmission Service and the Network Operating Agreement, all of which may be amended from time to time, are incorporated herein and made a part hereof.

8.0 Service under this Service Agreement will be subject to some combination of the agreed-upon charges detailed below.

8.1 Transmission Charge:

In each month, Transmission Customer's charge for transmission service shall be determined in accordance with Attachment H of the Tariff. For purposes of applying the provisions of Attachment H, the Transmission Customer's "Network Load" shall be determined as follows:

$$\text{Network Load} = [(\text{TCCP} - \text{SEPA}) / (1.0 - \text{TLF})] + 50 \text{ MW}$$

where:

"TCCP" for any month is the aggregate of the 60-minute integrated metered demands recorded at (or, if the metering location is remote from the Delivery Point, compensated to) the Transmission Customer's Delivery Points during the hour of the month in which the greatest load was imposed on the Transmission Provider's Transmission System.

"SEPA" is the sum of the preference customer Southeastern Power Administration ("SEPA") capacity allocations of Transmission Customer's municipal participants.

"TLF" is the approved Transmission Loss Factor (expressed as a decimal amount) for the Transmission Provider's Transmission System.

8.2 Ancillary Services Charges:

1 Scheduling, System Control and Dispatch Service

The charges for Scheduling, System Control and Dispatch Service shall be per Schedule 1 of the Tariff.

The Transmission Customer's load for purposes of computation of the Scheduling, System Control and Dispatch Service, shall include the Customer's coincident peak load reduced by the Customer's allocation of capacity from the Southeastern Power Administration ("SEPA"), plus the associated DEP transmission system losses.

2 Reactive Supply and Voltage Control from Generation Sources Service

The charges for Reactive Supply and Voltage Control from Generation Sources Service shall be per Schedule 2 of the Tariff.

The Transmission Customer's load used for the purposes of calculating the charges for Reactive Supply and Voltage Control from Generation Sources Service shall include the Customer's coincident peak load reduced by the Customer's allocation of capacity from the Southeastern Power Administration ("SEPA"), plus the associated DEP transmission system losses minus the Transmission Customer's Retained Capacity (as identified in Section 3.0 (1) of the Specifications for Network Integration Transmission Service).

3 Regulation and Frequency Response Service

The charges for Regulation and Frequency Response Service shall be per Schedule 3 of the Tariff. The Transmission Customer has initially made alternative comparable arrangements to satisfy its Regulation and Frequency Response Service obligation through its (i) 1981 Power Coordination Agreement with DEP (the "1981 PCA"), and (ii) Supplemental Load Agreements with DEP dated December 23, 2002 and February 25, 2005.

4 Energy Imbalance Service

The charges for Energy Imbalance Service shall be per Schedule 4 of the Tariff. The Transmission Customer has initially made alternative comparable arrangements to satisfy its Energy Imbalance Service obligation through its (i) 1981 Power Coordination Agreement with DEP (the "1981 PCA"), and (ii) Supplemental Load Agreements with DEP dated December 23, 2002 and February 25, 2005.

5 Operating Reserve - Spinning Reserve Service

The charges for Operating Reserve - Spinning Reserve Service shall be per Schedule 5 of the Tariff. The Transmission Customer has initially made alternative comparable arrangements to satisfy its Operating Reserve - Spinning Reserve Service obligation through its (i) 1981 Power Coordination Agreement with DEP (the "1981 PCA"), and (ii) Supplemental Load Agreements with DEP dated December 23, 2002 and February 25, 2005.

6 Operating Reserve -Supplemental Reserve Service

The charges for Operating Reserve -Supplemental Reserve Service shall be per Schedule 6 of the Tariff. The Transmission Customer has initially made alternative comparable arrangements to satisfy its Operating Reserve -Supplemental Reserve Service obligation through its (i) 1981 Power Coordination Agreement with DEP (the "1981 PCA"), and (ii) Supplemental Load Agreements with DEP dated December 23, 2002 and February 25, 2005.

9.0 Nothing contained herein shall be construed as affecting in any way the Transmission Provider's right to unilaterally make application to the Federal Energy Regulatory Commission, or other regulatory agency having jurisdiction, for any change in the Tariff or this Service Agreement under Section 205 of the Federal Power Act, or other applicable statute, and any rules and regulations promulgated thereunder; or the Transmission Customer's rights under the Federal Power Act and rules and regulations promulgated thereunder.

10.0 The Transmission Customer will be responsible for Delivery Facilities Charges, Distribution Substation Service charges, Redispatch cost, Network Upgrade, and/or Direct Assignment Facilities cost under this agreement as follows:

Delivery Facilities Charges calculated as set forth in Attachment B-1 to the Specifications for Network Integration Transmission Service.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Transmission Provider:

By: /s/ K. R. Wilkerson _____ 04/28/08

Name: K. R. Wilkerson Date

Title: Director, Power System Operations – Carolinas
Progress Energy Carolinas, Inc.

Transmission Customer:

By: /s/ Kenneth M. Raber _____ 04/25/08

Name: Kenneth M. Raber Date

Title: Sr. VP ElectriCities Services / NCEMPA
ElectriCities of North Carolina, Inc.

SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1.0 Term of Transaction:

Start Date: July 1, 2008

Termination Date: This Service Agreement shall rollover automatically at the end of each calendar year unless termination notice is provided by either party to the other party no later than April 1 of the year that it wishes to terminate or change this agreement. In the event the notice of termination is provided, this Agreement will terminate at the end of the calendar year in which notice is provided.

2.0 Description of capacity and energy to be transmitted by Transmission Provider including the electric Control Area in which the transaction originates.

The Transmission Customer has capacity and energy pursuant to 1) agreements with Duke Energy Progress, Inc. with capacity and energy made available in the DEP Eastern control area, 2) an agreement with Southeastern Power Administration (SEPA) with capacity and energy originating from SEPA's Kerr hydroelectric project in the Dominion Virginia Power control area, 3) agreements with the Town of Edenton and the City of Elizabeth City with capacity and energy originating from municipality–owned generation physically located in the Dominion Virginia Power control area.

3.0 Network Resources

(1) Transmission Customer Generation Owned or Leased:

Retained Capacity (as defined in the 1981 PCA) associated with NCEMPA's ownership interests in Brunswick Units 1 and 2, Harris Unit 1, Roxboro Unit 4, and Mayo Unit 1 (collectively referred to as the "Initial Project Resources"). These resources are jointly owned with and operated by DEP.

Unit	Ownership %	Capacity (MW)
Brunswick 1	18.33%	171.935
Brunswick 2	18.33%	170.836
Harris	16.17%	145.530
Roxboro 4	12.94%	90.321
Mayo	16.17%	117.556
Total		696.178

(2) Transmission Customer Generation Purchased:

(a) The purchase of approximately 29 MW of capacity and associated energy from the Kerr hydroelectric project located in the Dominion Virginia Power control area, operated by the U.S. Army Corps of Engineers, and marketed by the Southeastern Power Administration ("SEPA"). Although considered a Network Resource for purposes of this Service Agreement, SEPA reimburses the Transmission Provider for transmission service under a separate Service Agreement. Consequently, SEPA allocations will be subtracted from the Transmission Customer's Network Load for purposes of determining charges pursuant to paragraph 8.0 of this Service Agreement.

(b) The purchase of capacity and energy from DEP pursuant to Article 7 of the 1981 PCA to replace capacity and energy from Initial Project Resources when any portion thereof is not available or is subject to a dispatch related reduction ("Backstand" or "Replacement Energy"). Backstand and Replacement Energy is supplied by DEP's system of generating and purchased resources and is delivered to the DEP-East Control Area. The term of the 1981 PCA extends to the later of (i) January 1, 2032, or (ii) upon the date on which the last Initial Project Resource is retired.

(c) The purchase by NCEMPA of approximately 8 MW of capacity and associated energy pursuant to an agreement dated March 29, 1988 between NCEMPA and the Town of Edenton and an agreement dated March 24, 1988, between NCEMPA and the City of Elizabeth City (collectively, the "Diesel New Resources"). These resources are physically located in the Dominion Virginia Power control area.

(d) The purchase of capacity and energy from DEP pursuant to the Agreements between NCEMPA and DEP applicable to Supplemental Load dated December 23, 2002 and February 25, 2005 (the "Supplemental Load Agreements"), which obligate DEP to provide capacity and energy to meet all remaining load of NCEMPA not met by other resources. Supplemental Capacity and Energy under the Supplemental Load Agreements is supplied by DEP's system of generating and purchased resources and is delivered to the DEP-East Control Area. The Supplemental Load Agreements obligate DEP to supply such capacity and energy through December 31, 2017.

(e) Effective January 1, 2018: The purchase of capacity and energy from DEP pursuant to an Agreement between NCEMPA and DEP applicable to Supplemental Load dated October 31, 2011 (the "Power Supply Agreement"), which obligates DEP to provide capacity and energy to meet all remaining load of NCEMPA not met by other resources. Supplemental Capacity and Energy under this Agreement is supplied by DEP's system of generating and purchased resources and is delivered to the DEP-East Control Area. This Power Supply Agreement obligates DEP to supply such capacity and energy through December 31, 2031.

Total Network Resources = (1) + (2) = Transmission Customer's Total Network Load

4.0 Network Load

(1) Transmission Customer Network Load:

See Attachment A-1 for a list of the Transmission Customer's Delivery Points and the 10-year forecast for each. Detailed information about each of the Transmission Customer's Delivery Points shall be set forth in Delivery Point Data Sheets, executed by the Parties, substantially in the form set forth in Attachment A-2. Initiation of a new Delivery Point, or changes to the configuration of or investment in existing Delivery Points, shall require execution of an appropriately modified Delivery Point Data Sheet.

(2) Total Network Load at time of most recent annual peak load:

Season (Date - Hour Ending)	Total Network Load [kW]
Summer 2007 (08/21/2007-HE15)	1,626,015
Winter 2007 (02/06/2007-HE10)	1,283,024

5.0 Power Factor Requirements

The power factor requirements applicable to Transmission Customer's Delivery Points shall be as set forth in the Transmission Provider's Tariff.

6.0 Designation of party(ies) subject to reciprocal service obligation:

None.

7.0 Name(s) of any Intervening Systems providing transmission service:

None.

8.0 Party Responsible for Providing Real Power Losses:

Transmission Customer has initially arranged, through its contracts with Duke Energy Progress, Inc. ("DEP"), for the supply of Real Power Losses associated with its transmission service in accordance with Section 28.5 of the Tariff.

ATTACHMENT A-1

TO THE SPECIFICATIONS FOR SERVICE UNDER THE NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT (NITSA) BETWEEN NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY AND DUKE ENERGY PROGRESS, INC.

NCEMPA DELIVERY POINTS AND FORECASTED DELIVERY POINT DEMANDS

North Carolina Eastern Municipal Power Agency
2008 Forecast Annual DP NCP Demand Kilowatts at Power Agency Delivery Level
Including SEPA Allocation
(2008-2018)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Apex 2	35,663	36,973	38,170	39,359	40,588	41,876	43,233	44,690	46,230	47,783	48,969
Apex 3	25,710	26,655	27,518	28,375	29,261	30,190	31,168	32,218	33,328	34,448	35,303
Apex 4	21,563	22,356	23,080	23,799	24,541	25,320	26,141	27,022	27,953	28,892	29,609
Ayden	23,481	23,836	24,354	24,860	25,378	25,918	26,469	27,050	27,661	28,285	28,906
Benson	8,677	8,706	8,716	8,732	8,751	8,774	8,802	8,950	9,100	9,253	9,403
Clayton	24,122	24,375	25,139	25,804	26,492	27,205	27,937	28,583	29,469	30,266	31,058
Farmville 1	-	-	-	-	-	-	-	-	-	-	-
Farmville 2	13,221	13,246	13,273	13,299	13,327	13,354	13,381	13,408	13,435	13,461	13,486
Fremont	3,312	3,322	3,332	3,342	3,352	3,362	3,372	3,382	3,393	3,404	3,414
Greenville 1	269,827	274,268	279,959	285,780	292,178	298,652	305,343	312,384	319,575	326,699	333,716
Greenville 4	83,723	85,100	86,866	88,673	90,658	92,666	94,743	96,927	99,158	101,369	103,546
Hookerton	1,520	1,557	1,570	1,579	1,585	1,590	1,596	1,603	1,609	1,616	1,623
Kinston	101,953	103,340	104,637	105,376	105,877	106,372	106,759	107,095	107,497	107,940	108,360
La Grange	7,035	7,057	7,176	7,255	7,319	7,386	7,447	7,508	7,577	7,651	7,726
Laurinburg	34,746	34,878	35,290	35,631	35,967	36,203	36,412	36,665	37,058	37,414	37,777
Louisburg	12,786	12,927	13,095	13,237	13,384	13,537	13,700	13,866	14,041	14,217	14,392
Lumberton 2	36,004	36,231	36,616	36,982	37,353	37,707	38,048	38,390	38,760	39,135	39,512
Lumberton 3	33,057	33,265	33,618	33,955	34,295	34,620	34,933	35,247	35,586	35,931	36,277
New Bern 1	31,185	31,420	31,798	32,179	32,551	32,892	33,217	33,557	33,922	34,309	34,723
New Bern 2	36,888	37,165	37,611	38,063	38,504	38,906	39,292	39,694	40,126	40,583	41,073
New Bern 3	7,516	7,573	7,663	7,755	7,845	7,927	8,006	8,088	8,176	8,269	8,369
New Bern 4	43,950	44,281	44,811	45,350	45,876	46,355	46,814	47,293	47,807	48,353	48,936
Pikeville	2,240	2,249	2,261	2,273	2,285	2,297	2,309	2,322	2,335	2,347	2,359
Red Springs	8,500	8,570	8,657	8,741	8,825	8,905	8,984	9,064	9,153	9,244	9,337
Rocky Mount 1	160,049	140,537	140,614	140,641	140,664	140,685	140,704	140,724	140,743	140,762	140,779
Rocky Mount 4	-	19,766	19,777	19,781	19,784	19,787	19,790	19,792	19,795	19,798	19,800
Selma 2	13,326	13,648	13,916	14,204	14,494	14,804	15,114	15,443	15,780	16,125	16,449
Selma 3	1,220	1,243	1,267	1,293	1,320	1,348	1,376	1,406	1,437	1,468	1,498
Smithfield 1	34,614	29,897	30,404	30,910	31,459	31,980	32,567	33,201	33,908	34,599	35,338
Smithfield 2	4,929	9,869	9,961	10,033	10,111	10,185	10,269	10,359	10,460	10,558	10,663
Southport	12,735	13,051	13,214	13,402	13,543	13,728	13,930	14,056	14,249	14,366	14,545
Wake Forest 2	37,302	19,335	20,119	20,947	21,680	22,388	23,264	24,188	25,150	25,632	26,494

Wake Forest 3	-	19,335	20,119	20,947	21,680	22,388	23,264	24,188	25,150	25,632	26,494
Washington	74,397	75,902	77,333	78,630	79,913	81,218	82,505	83,797	85,121	86,451	87,771
Wilson 1	-	-	-	-	-	-	-	-	-	-	-
Wilson 2	15,751	15,675	15,857	16,057	16,278	16,481	16,696	16,925	17,187	17,448	17,734
Wilson 3	40,192	39,999	40,465	40,973	41,538	42,056	42,605	43,189	43,856	44,524	45,252
Wilson 4	11,664	11,807	11,945	12,095	12,261	12,414	12,576	12,749	12,946	13,143	13,358
Wilson 5	20,519	20,420	20,658	20,918	21,206	21,470	21,751	22,049	22,390	22,73[illegible]	23,102
Wilson 6	27,689	27,556	27,877	28,227	28,616	28,973	29,351	29,754	30,213	30,674	31,175
Wilson 7	15,311	15,238	15,415	15,609	15,824	16,021	16,231	16,453	16,707	16,962	17,239
Wilson 8	-	-	-	-	-	-	-	-	-	-	-
Wilson 9	-	-	-	-	-	-	-	-	-	-	-
Wilson 10	47,980	47,749	48,305	48,912	49,586	50,204	50,860	51,557	52,354	53,15[illegible]	54,020
Wilson 11	66,567	66,247	67,018	67,860	68,795	69,653	70,563	71,530	72,635	73,741	74,947
Wilson 12	4,944	4,920	4,977	5,040	5,109	5,173	5,241	5,312	5,395	5,477	5,566
DEP Total	1,456,070	1,471,569	1,494,452	1,516,878	1,540,053	1,562,969	1,586,764	1,611,778	1,638,424	1,664,110	1,690,098
Belhaven 1	5,388	5,409	5,431	5,454	5,478	5,503	5,528	5,551	5,573	5,595	5,617
Edenton 1	25,641	25,938	26,245	26,553	26,848	27,135	27,431	27,737	28,097	28,469	28,854
Elizabeth City 1	70,380	71,734	72,953	74,106	75,291	76,380	77,452	78,619	79,912	81,262	82,628
Hamilton 1	1,060	1,061	1,066	1,072	1,077	1,083	1,089	1,094	1,100	1,106	1,111
Hertford 1	5,582	5,615	5,652	5,688	5,725	5,760	5,795	5,831	5,868	5,906	5,945
Hobgood 1	1,066	1,088	1,099	1,103	1,107	1,110	1,113	1,115	1,118	1,121	1,124
Robersonville 1	6,431	6,450	6,561	6,660	6,750	6,831	6,898	6,973	7,063	7,157	7,247
Scotland Neck 1	7,333	7,338	7,338	7,338	7,338	7,338	7,338	7,338	7,338	7,338	7,338
Tarboro 1	13,030	13,110	13,277	13,405	13,524	13,622	13,728	13,836	13,960	14,075	14,200
Tarboro 2	13,429	13,511	13,684	13,816	13,939	14,040	14,146	14,260	14,388	14,507	14,635
Tarboro 3	18,188	18,299	18,532	18,712	18,878	19,015	19,162	19,314	19,486	19,648	19,822
Tarboro 4	10,870	10,936	11,075	11,183	11,282	11,364	11,451	11,542	11,645	11,742	11,846
Tarboro 5	8,055	8,104	8,207	8,287	8,360	8,421	8,486	8,553	8,629	8,701	8,778
VEPCO Total	186,452	188,594	191,119	193,379	195,597	197,802	199,620	201,763	204,176	206,626	209,147
NCEMPA Total	1,642,522	1,660,163	1,685,571	1,710,257	1,735,650	1,760,572	1,786,384	1,813,541	1,842,600	1,870,736	1,899,245

ATTACHMENT A-2

TO THE SPECIFICATIONS FOR SERVICE UNDER THE NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT (NITSA) BETWEEN NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY AND DUKE ENERGY PROGRESS, INC.

FORM OF DELIVERY POINT DATA SHEETS

DELIVERY POINT DATA SHEET

1. NCEMPA Participant _____
2. Location _____
3. Effective Date _____
4. Delivery Point Name and Location _____
5. Delivery Point Voltage _____
6. Point of Connection
   - A. Name _____
   - B. Number _____
   - C. Physical Location _____
   - D. Firm Capacity of: _____
   - E. Voltage _____
   - F. Metered Voltage _____
   - G. Location of Meter _____
7. Special Facilities or Conditions _____

ACCEPTED BY NCEMPA

Name: _____
Title: _____
Date: _____

ACCEPTED BY DEP

Name: _____
Title: _____
Date: _____

ATTACHMENT B-1

TO THE SPECIFICATIONS FOR SERVICE UNDER THE NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT (NITSA) BETWEEN NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY AND DUKE ENERGY PROGRESS, INC.

DELIVERY FACILITIES CHARGES

DELIVERY FACILITIES CHARGES

Transmission Customer will compensate Transmission Provider for Transmission Customer's share of the cost of Delivery Facilities (facilities beyond the Delivery Points that are used to deliver capacity and energy from the Transmission System to the systems of Transmission Customer's municipal participants at each Delivery Point). The charges for Delivery Facilities in each month shall be calculated in accordance with the formulas set forth below, based upon the operating voltage (transmission voltage or distribution voltage) of specific Delivery Facilities at a Delivery Point.

$$\text{Delivery Facilities Charge for Transmission Voltage Delivery Facilities} = (CACR_{EF} + CACR_{AF}) \times MFCR_{TV}$$

$$\text{Delivery Facilities Charge for Distribution Voltage Delivery Facilities} = (CACR_{EF} + CACR_{AF}) \times MFCR_{DV}$$

$$CACR_{EF} = OC_{EF} \times RF$$

$$CACR_{AF} = OC_{AF} \times RF$$

Terms used in the foregoing formulas shall have the following meanings:

$CACR_{EF}$ ("Customer-Assigned Cost Responsibility – Existing Facilities"): the portion (in $) of the Original Cost of Delivery Facilities in service as of July 1, 2008 and located at Transmission Customer's Delivery Points for which Transmission Customer shall bear cost responsibility for purposes of calculating Delivery Facilities Charges.

$CACR_{AF}$ ("Customer-Assigned Cost Responsibility – Additional Facilities"): the portion (in $) of the Original Cost of Delivery Facilities placed in service on and after July 1, 2008 and located at Transmission Customer's Delivery Points for which Transmission Customer shall bear cost responsibility for purposes of calculating Delivery Facilities Charges. In any year, $CACR_{AF}$ shall be determined as the product of the Original Cost of Additional Facilities (Delivery Facilities placed in service on and after July 1, 2008) times the RF for that year.

OC_{EF} ("Original Cost of Existing Facilities"): for any Delivery Point, the asset costs of Delivery Facilities placed in service before July 1, 2008, as set forth in the Delivery Facilities Investment Data Sheet for such Delivery Point that is in effect as of July 1, 2008. These values, shall not change during the term of the NITSA except (as set forth below) as necessary to reflect the Transmission

Provider's remaining book investment in existing Delivery Facilities that later may be retired from service.

OC_{AF} ("Original Cost of Additional Facilities"): for any Delivery Point, the asset costs of new Delivery Facilities or modifications to existing Delivery Facilities that are placed in service on and after July 1, 2008, as properly recorded by Transmission Provider in FERC Accounts 360 through 369 (or their successor accounts) and reflected on a new or modified Delivery Facilities Investment Data Sheet for that Delivery Point.

OC_{EF} and OC_{AF} shall be reduced from time to time by an appropriate share of the Transmission Provider's remaining book investment in existing or new Delivery Facilities that were reflected in the determination of OC_{EF} or OC_{AF} (as applicable) but that later are retired from service.

RF ("Responsibility Factor"): For Delivery Points where the Transmission Customer is the sole user of the Delivery Facilities, RF shall equal 1.0. For Delivery Points where the Transmission Customer is not the sole user of the Delivery Facilities, RF shall be calculated as follows:

RF =

(Transmission Customer metered demand at hour of peak annual demand on Delivery Facility)

divided by

(Total demand on Delivery Facility at hour of peak annual demand on Delivery Facility)

The Transmission Provider shall update the values used for RF each calendar year based on the most recent available load data.

$MFCR_{TV}$ ("Monthly Fixed Charge Rate – Transmission Voltage"): A rate, expressed as a decimal value, representing one-twelfth of the annual cost of ownership of Delivery Facilities operated at transmission voltage (115 kV and higher). The current $MFCR_{TV}$ value is 1.10%.

$MFCR_{DV}$ ("Monthly Fixed Charge Rate – Distribution Voltage"): A rate, expressed as a decimal value, representing one-twelfth of the annual cost of ownership of Delivery Facilities operated at distribution voltage (below 115 kV). The current $MFCR_{DV}$ value is 1.18%.

The values used for $MFCR_{TV}$ and $MFCR_{DV}$ may be changed by the Transmission Provider only pursuant to a filing made under Section 205 of the Federal Power Act, and by the Transmission Customer only pursuant to a filing made under Section 206 of the Federal Power Act.

Effective July 1, 2014, Transmission Customer shall pay the following monthly Delivery Facilities charges:

Delivery Facilities Charge for Transmission Voltage Delivery Facilities = $13,113.49/month

Delivery Facilities Charge for Distribution Voltage Delivery Facilities = $116,514.62/month

ATTACHMENT B-2

TO THE SPECIFICATIONS FOR SERVICE UNDER THE NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT (NITSA) BETWEEN NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY AND DUKE ENERGY PROGRESS, INC.

ORIGINAL COST OF EXISTING DELIVERY FACILITIES AND INITIAL CUSTOMER-ASSIGNED COST RESPONSIBILITY FOR EXISTING DELIVERY FACILITIES

Cost Responsibility for Existing Power Agency Municipal Participant Distribution Delivery Facilities

(a)	(b)	(c)	(d)	(e)	(f)
Delivery Point	OC_{EF}	OC_{AF}	$CACR_{EF}$	$CACR_{AF}$	$CACR_{TOTAL}$
Apex #2 and #3	$1,531,103	0	$1,531,103	0	$1,531,103
Apex # 4		12,389		12,389	12 389
Apex # 5		14,067		14,067	14,067
Benson #1	1,247,074	149,105	401,063	167,608	568,671
Clayton #1	1,611,560	2,435,934	560,148	694097	1,254.245
Farmville #1	1,450,836	(1,450,836)	0	0	0
Farmville # 2	0	14,586	0	14,586	14,586
Fremont #1	562,283	0	217,739	0	217,739
Hookerton #1	889,473		144,102	0	144,102
Kinston #1	52,117		52,117	0	52,117
LaGrange #1	625 884		317,067	0	317,067
Laurinburg #1	770,049		548,129	0	548,129
Louisburg #1	1,004,227		515,842	0	515,842
Lumberton #2	39,671		39,671	0	39,671
Lumberton #3	22,560		22,560	0	22,560
Lumberton #4		10,740		10,740	10,740
New Bern #1	11,869		11,869	0	11,869
New Bern #2	52,988		52,988	0	52,988
New Bern #3	1,002,374		456,188	0	456,188
New Bern #4	2,641		2,641	0	2,641
New Bern Lewis Farm Rd.		12,803		12,803	12,803
Pikeville #1	621,744	(44,673)	166,780	0	166,780
Red Springs #1	517,037		441,431	0	441,431
Selma #2	871,869		507494	0	507494
Selma # 3	0	15,664	0	15,664	15,664
Smithfield #1	553,433		553,433	0	553,433
Smithfield # 2	0	8,650	0	8,650	8,650
Southport #1	1,068,355		532,692	0	532692
Wake Forest #2	1,429,433		1,429,433	0	1,429,433
Wake Forest # 3		15,219		15,219	15,219
Wilson #1 through 11	399,986	0	399,986	0	399,986
Investment in metering, telemetering, and related equipment (combined system load signal)	3,821		3,821	0	3,821
Total Distribution	$15,162,387	$ 1,183,648	$8,968,297	$ 985,823	$ 9,874,120

Cost Responsibility for Existing Power Agency Municipal Participant Transmission Delivery Facilities

(a)	(b)	(c)	(d)	(e)	(f)
	Transmission Voltage Delivery Facilities				
	OC_{EF}	OC_{AF}	$CACR_{EF}$	$CACR_{AF}$	$CACR_{TOTAL}$
Ayden #1	$79,383		$79,383		$79,383
Greenville #1, #2 and #3	742,482	(394,981)	742,482	(394,981)	347,501
Rocky Mount #1	310,574		310,574		310,574
Washington #1	157,956		157,956		157,956
Wilson 230 kV POD	296,721		296,721		296,721
Total Transmission	$1,587,116	(394,981)	$1,587,116	(394,981)	$1,192,135

Network Operating Agreement

Between

Duke Energy Progress, Inc.

And

North Carolina Eastern Municipal Power Agency

Duke Energy Progress, Inc., formerly known as Carolina Power & Light Company (d/b/a Progress Energy Carolinas, Inc.) (Transmission Provider), and North Carolina Eastern Municipal Power Agency (Transmission Customer) agree that the provisions of this Network Operating Agreement (NOA) and the Service Agreement govern the Transmission Provider's provision of Network Integration Service to the Transmission Customer in accordance with DEP's Open-Access Transmission Tariff (Tariff), as it may be amended from time to time. Unless specified herein, capitalized terms shall refer to terms defined in the Tariff.

The Network Operating Committee consisting of a representative and an alternate from each Network Customer and the Transmission Provider shall: (i) coordinate operating criteria and other technical considerations required for implementation of Network Integration Transmission Service; (ii) ensure that current operating practices and procedures are consistent with the Network Operating Agreement; (iii) plan, schedule, and implement operational changes to maintain consistency with the Network Operating Agreement; and (iv) recommend, schedule, and implement Network Operating Agreement changes. Each party's authorized official will inform the other party's authorized official in writing of the representative and alternate to the Network Operating Committee as soon as practical, so that the agreement can be implemented.

1.0 Control Area Requirements

The Transmission Customer shall: (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Corporation ("NERC") and the SERC Reliability Corporation ("SERC"); or (ii) satisfy its Control Area requirements, including all Ancillary Services, by contracting with the Transmission Provider; or (iii) satisfy its Control Area requirements, including all Ancillary Services, by contracting with another entity that can satisfy those requirements in a manner that is consistent with the Tariff and Good Utility Practice and satisfies NERC and SERC standards. The Transmission Customer shall plan, construct, operate and maintain its facilities and system in accordance with Good Utility Practice, which shall include, but not be limited to, all applicable guidelines of NERC and SERC, as they may be modified from time to time, and any generally accepted practices in the region that are consistently adhered to by the Transmission Provider.

2.0 Redispatch Procedures

(a) If the Transmission Provider determines that redispatching resources (including reductions in off-system purchases and sales) to relieve an existing or potential transmission constraint is the most effective way to ensure the reliable operation of the Transmission System, the Transmission Provider will redispatch the Transmission Provider's resources, and request the Transmission Customer to redispatch its resources, on a least–cost basis, without regard to the ownership of such resources. The Transmission Provider will maintain a redispatch protocol and will apprise the Transmission Customer of its redispatch practices and procedures, as they may be modified from time to time.

(b) The Transmission Customer will submit verifiable cost data for its resources, which estimate the cost to the Transmission Customer of changing the generation output of its Network Resources, to the Transmission Provider. This cost data will be used, along with similar data for the Transmission Provider's resources, as the basis for least–cost dispatch. The Transmission Provider's bulk power operations personnel will keep this data confidential, and will not disclose it to the Transmission Provider's marketing personnel. If the Transmission Customer experiences changes to its costs, the Transmission Customer will submit those changes to the Transmission Provider's Energy Control Center. The Transmission Provider will implement least–cost redispatch consistent with its existing contractual obligations and its current practices and procedures for its own resources per Sections 33.2 and 42.2 of the Tariff. The Transmission Customer shall respond within ten minutes to requests for redispatch from the Transmission Provider's Energy Control Center.

(c) The Transmission Customer may audit, at its own expense, particular redispatch events (such as the cause or necessity of the redispatch) during normal business hours following reasonable notice to the Transmission Provider. Either the Transmission Customer or the Transmission Provider may request an audit of the other Party's cost data. Any audit of cost data will be performed by an independent agent at the requesting Party's cost. Such independent agent will be a nationally recognized accounting firm and will be required to keep all cost data confidential.

(d) Once redispatch has been implemented, the Transmission Provider will book in a separate account the redispatch costs incurred by the Transmission Provider and the Transmission Customer based on the submitted cost data. The Transmission Provider and the Transmission Customer will each bear a proportional share of the total redispatch costs pursuant to Sections 33 and 42 and Attachment J of the Tariff. The redispatch charge or credit, as appropriate, will be reflected on the Transmission Customer's monthly bill.

3.0 Metering

(a) Unless otherwise agreed and except as provided in Section 3(b), the Transmission Provider will be responsible for the installation, operation, maintenance, repair and replacement of all metering equipment necessary to provide Network Integration Service or Network Contract Demand Service.

All metering equipment shall conform to Good Utility Practice and, if it is electrically located in the Transmission Provider's Control Area, the standards and practices of the Transmission Provider's Control Area. Prior to installation of any metering equipment by the Transmission Customer or its agents, the Transmission Provider and the Transmission Customer shall review the metering equipment to ensure conformance with such standards or practices.

Metering equipment necessary to provide Network Integration Transmission Service that is in place at each Delivery Point as of the date of this Agreement is included within the Delivery Facilities provided by Transmission Provider pursuant to Section 10 and Attachments B-1 and B-2 of the NITSA.

(b) Unless otherwise agreed, electric capacity and energy received by the Transmission Provider from the Transmission Customer will be measured by meters installed and maintained by the Transmission Customer at the Transmission Customer's Network Resources if such Network Resources are electrically located within the Transmission Provider's Control Area. When measurement is made at any location other than a Point of Receipt, suitable adjustment for losses between the point of measurement and the Point of Receipt will be agreed upon in writing between the Parties hereto and will be applied to all measurements so made. Metered receipts used in billing and accounting hereunder will in all cases include adjustment for such losses.

(c) Electric capacity and energy delivered to the Transmission Customer's points of delivery by the Transmission Provider will be measured by meters installed at the points of delivery. When measurement is made at any location other than a Point of Delivery, suitable adjustment for losses between the point of measurement and the Point of Delivery will be agreed upon in writing between the Parties hereto and will be applied to all measurements so made. Metered receipts used in billings and accounting hereunder will in all cases include adjustments for such losses.

(d) Meters at the Transmission Customer's Network Resources and Network Loads will be tested at least biennially. In addition, the Transmission Customer will, upon request of the Transmission Provider, test any of its meters at its Network Resources or Network Loads used for determining the receipt or delivery of capacity and energy by the Transmission Provider. Representatives of the Transmission Provider will be afforded an opportunity to witness such tests. In the event the test shows the meter to be inaccurate, the Transmission Customer will make any necessary adjustments, repairs or replacements thereon.

(e) In the event any meter used to measure capacity and energy fails to register or is found to be inaccurate, appropriate billing adjustments, based on the best information available, will be agreed upon by the Parties hereto. Any meter tested and found to be not more than two percent above or below normal will be considered to be correct and accurate insofar as correction of billing is concerned. If, as a result of any test, a meter is found to register in excess of two percent either above or below normal, then the reading of such meter previously taken will be corrected according to the percentage of inaccuracy so found, but no correction will extend beyond ninety days prior to the day on which inaccuracy is discovered by such test.

(f) The Transmission Provider will have the right to install suitable metering equipment at any Point(s) of Receipt or Delivery, as herein provided for the purpose of checking the meters installed by the Transmission Customer.

(g) The Transmission Customer will read the meters owned by it, except as may be mutually agreed, and will furnish to the Transmission Provider all meter readings and other information required for operations and for billing purposes. Such information will remain available to the Transmission Provider for 3 years.

4.0 Control Area and Data Equipment

(a) Unless otherwise agreed, the Transmission Provider will be responsible for the installation, modification, operation, maintenance, repair and replacement of all data acquisition equipment, protection equipment, and any other associated equipment and software, which may be required by either Party for the Transmission Customer to operate in accordance with its choice under Section 1.0 of this NOA.

Such equipment shall conform to Good Utility Practice and, if the Transmission Customer is electrically located within the Transmission Provider's Control Area, the standards and practices of the Transmission Provider's Control Area. Prior to installation of any such equipment by Transmission Customer or its agents, the Transmission Provider and the Transmission Customer shall review the equipment and software required by this Section to ensure conformance with such standards or practices.

(b) The selection of real time telemetry and data to be received by the Transmission Provider's Energy Control Center and the Transmission Customer shall be at the reasonable discretion of the Transmission Provider's Control Area, as deemed necessary for reliability, security, economics, and/or monitoring of system operations. This telemetry includes, but is not limited to, loads, line flows, voltages, generator output, and breaker status at any of the Transmission Customer's transmission facilities. To the extent telemetry is required that is not available, the Transmission Customer shall, at its own expense, install any metering equipment data acquisition equipment, or other equipment and software

necessary for the telemetry to be received by the Transmission Provider's Energy Control Center.

The Transmission Customer has load located outside the Transmission Provider's Control Area. The Transmission Customer currently provides and shall continue to provide real time telemetry and data for this load to the Transmission Provider's Energy Control Center that is necessary for the provision of Network Integration Transmission Service.

(c) Each Party shall be responsible for implementing any computer modifications or changes required to its own computer system(s) as necessary to implement this Section.

5.0 Operating Requirements

(a) The Transmission Customer shall operate its generating resources inside the Transmission Provider's Control Area in a manner consistent with that of the Transmission Provider, including following voltage schedules, free governor response, meeting power factor requirements at the point of interconnection with the Transmission Provider's system, and other such criteria required by NERC and SERC, and consistently adhered to by the Transmission Provider.

(b) When load is being served by the Transmission Customer within the DEP control area, the Transmission Customer shall maintain a power factor of 100% to 90% lagging at each point of delivery determined on the basis of the 60-minute metered or computed reactive demand (kVar) for each hour of the month and the corresponding 60-minute metered or computed kilowatt demand for that hour.

In addition, the Transmission Customer shall maintain a power factor of 100% to 95% lagging at each point of delivery, determined on the basis of the 60-minute metered or computed kilowatt demand at the time of DEP's monthly transmission system peak and the corresponding 60-minute reactive demand (kVar) for that hour.

To the extent the Transmission Customer owns or operates reactive devices which would cause reactive power to flow onto the DEP system, DEP and the Customer will develop procedures governing the Customer's delivery of reactive power to the DEP system.

In the event that the Transmission Customer does not satisfy the power factor requirements outlined above, or the Parties cannot agree on the procedures governing the customer's delivery of reactive power, or the Parties cannot agree on the efforts to be undertaken by the Transmission Customer to satisfy the power factor requirements within an agreed upon period of time, DEP reserves the right to make a unilateral filing with FERC under Section 205 of the Federal Power Act seeking authorization to either (i) assess appropriate charges to the Transmission Customer for reactive power supplied to the Transmission Customer by DEP up to the level of minimum power factor requirement, or (ii) install power factor

correction equipment sufficient to bring the Transmission Customer's power factor into compliance with the power factor requirements, and to assess the Transmission Customer the reasonable cost of such equipment.

(c) Insofar as practicable, the Transmission Provider and the Transmission Customer shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service on the system(s) of the other. The Parties shall implement load shedding programs to maintain the reliability and integrity of the Transmission System, consistent with the standards of NERC and SERC, as provided in Sections 33.6 and 42.6 of the Tariff. Load shedding shall include: (1) automatic load shedding by under frequency relay or (2) manual load shedding. The Transmission Provider will implement load shedding to maintain the relative sizes of load served, unless otherwise required by circumstances beyond the control of the Transmission Provider or the Transmission Customer. Automatic load shedding devices will operate without notice. When manual load shedding is necessary, the Transmission Provider shall notify the Transmission Customer's dispatchers or schedulers of the required action and the Transmission Customer shall comply within ten minutes.

(d) The Transmission Customer shall, at its own expense, provide, operate, and maintain in service high–speed, digital under frequency load shedding equipment. For load served in or from the DEP Zone, the Transmission Customer will install under frequency relays to disconnect automatically its Network Load in a manner consistent with that followed by the Transmission Provider.

The installation of under frequency relays to accomplish any load shedding in addition to that already installed shall be completed on a schedule agreed to by the Network Operating Committee. The Network Operating Committee may review the amount of load that would be disconnected automatically, and make such adjustments and changes as necessary.

(e) In the event the Transmission Provider modifies the load shedding system, the Transmission Customer shall, at its expense, make changes to its equipment and the settings of such equipment, as required. The Transmission Customer shall test and inspect the load shedding equipment within ninety (90) days of taking Network Integration Transmission Service or Network Contract Demand Transmission Service under the Tariff and thereafter in accordance with Good Utility Practice, and provide a written report to the Transmission Provider. The Transmission Provider may request a test of the load shedding equipment with reasonable notice.

(f) The Transmission Customer shall ensure that all Network Resources meet the Transmission Provider's requirements for parallel operation of non-utility generation.

The Transmission Customer shall not permit any generating unit greater than 5 MW to be operated in parallel either continuously or momentarily with the Transmission Provider's system without the written approval of the Transmission Provider's Network Operating Committee representative.

For the Transmission Customer owned generation greater than 5 MW operated in parallel with the Transmission Provider's system without prior written approval, the Transmission Provider may take any and all appropriate action necessary to prevent the parallel operation of such generation. These actions may include, but are not limited to, ensuring reliability and safety of the Transmission Provider's system by whatever means necessary.

(g) Parallel Operation or Transfers of Load Between Points of Connection

(1) Planning

The Transmission Customer shall not permit any Point of Delivery to be operated in parallel with another Point of Delivery, or transfer load between Points of Delivery, unless the Transmission Provider has first approved the arrangement. The Transmission Provider shall grant such approval unless the reliability of its system and its ability to measure energy at any Point of Delivery would be adversely affected by such operation in parallel or load transfer. Any and all switching shall be done with the prior consent of the Transmission Provider Energy Control Center System Operator.

(2) Operations

The Transmission Customer will be permitted to parallel Points of Delivery or to transfer loads for purposes of emergencies, maintenance, construction, or restoration of service with the prior consent of the Transmission Provider Energy Control Center System Operator.

6.0 Operational Information

The Transmission Customer shall provide data needed for the safe and reliable operation of the Transmission Customer's and the Transmission Provider's Control Area and to implement the provisions of the Tariff. The Transmission Provider will treat this information as confidential and will not divulge it to its marketing personnel.

(a) The Transmission Customer served from the DEP Zone shall provide by September 1st of each year the Customer's Network Resource availability forecast (e.g., all planned resource outages, including off–line and on–line dates) for the following year. Such forecast shall be made in accordance with Good Utility Practice. The Transmission Customer shall inform the Transmission Provider, in a timely manner, of any changes to the Transmission Customer's Network Resource availability forecast. In the event that the Transmission Provider determines that such forecast cannot be accommodated due to a transmission constraint on its

Transmission System, and such constraint may jeopardize the security of its Transmission System or adversely affect the economic operation of either the Transmission Provider or the Transmission Customer, the provisions of Sections 33.2 and 42.2 of the Tariff will be implemented.

(b) The Transmission Customer served from the DEP Zone shall provide at least 14 calendar days advance notice of the Transmission Customer's best forecast of any planned transmission or Network Resource outage(s) and other operating information that the Transmission Provider deems appropriate. In the event that such planned outages cannot be accommodated due to a transmission constraint on the Transmission Provider's Transmission System, the provisions of Sections 33.2 and 42.2 of the Tariff will be implemented.

(c) The Transmission Provider and the Transmission Customer shall notify and coordinate with as much advance notice as reasonably possible with the other Party prior to the beginning of any work by the other Party (or contractors or agents performing on their behalf), which may directly or indirectly have adverse effects on the reliability and security of the other Party's system.

(d) The Transmission Customer is responsible for replacing Real Power Losses associated with all transmission service in accordance with Sections 28.5 and 36.11 of the Tariff. The Transmission Customer must identify the party responsible for supplying Real Power Losses before the transaction takes place.

7.0 Network Planning

In order for the Transmission Provider to plan, on an ongoing basis, to meet the Transmission Customer's requirements for Network Integration Service, the Transmission Customer served from the DEP Zone shall provide, by January 1st of each year, updated information (current year and 15–year projections) for Network Loads and Network Resources, as well as any other information reasonably necessary to plan for Network Integration Service. This type of information is consistent with the Transmission Provider's information requirements for planning to serve its Native Load Customers. The data will be provided in a format consistent with that used by the Transmission Provider.

8.0 Character of Service

Power and energy delivered under the Service Agreement and this NOA shall be delivered as three–phase alternating current at a nominal frequency of sixty (60) Hertz, and at the nominal voltages at the delivery and receipt points.

9.0 Transfer of Power and Energy Through Other Systems

Since the Transmission Provider's Transmission System is, and will be, directly and indirectly connected with other electric systems, it is recognized that, because of the physical and electrical characteristics of the facilities involved, power delivered under the Service Agreement and this NOA may flow through such other systems. The Parties agree to advise other electric systems as

deemed appropriate of such scheduled transfers and to attempt to maintain good relationships with affected third parties. If the Transmission Provider is charged by another electrical system for loop flow charges, then the Transmission Provider may seek recovery of these charges from the Transmission Customer based on his cost responsibility pursuant to § 205 of the Federal Power Act.

10.0 Notice

If any Notice or request made to or by either Party regarding this NOA shall be made to the representative of the other Party as indicated in the Network Service Agreement.

11.0 Incorporation

The Tariff and the Service Agreement, as may be amended from time to time, are incorporated herein and made a part hereof.

12.0 Term

The term of this NOA shall be concurrent with the term of the Service Agreement between the Parties.

IN WITNESS WHEREOF, the Parties have caused this NOA to be executed by their respective authorized officials.

Transmission Provider:

By: /s/ K. R. Wilkerson 04/28/08

Name: K. R. Wilkerson Date

Title: Director, Power System Operations - Carolinas
Progress Energy Carolinas, Inc.

Transmission Customer:

By: /s/ Kenneth M. Raber 04/25/08

Name: Kenneth M. Raber Date

Title: Sr. VP ElectriCities Services / NCEMPA
ElectriCities of North Carolina, Inc.

WASHINGTON –

POWER SALES AGREEMENTS TERMINATION AGREEMENT

POWER SALES AGREEMENTS TERMINATION AGREEMENT

THIS POWER SALES AGREEMENTS TERMINATION AGREEMENT, dated as of the 24th day of April, 2015, is by and between North Carolina Eastern Municipal Power Agency, a joint agency of the State of North Carolina (including successors and permitted assigns, "Power Agency"), and the municipality of the State of North Carolina (the "Member") which has executed this Agreement (the "Agreement").

WHEREAS, Power Agency is duly organized as a public body and a body corporate and politic under the laws of the State of North Carolina (G.S. Chapter 159B) and, among other things, is authorized to sell for resale electric power and energy; and

WHEREAS, Power Agency owns the following undivided ownership interests in the following electric generating facilities: (i) 16.17% in Harris Unit No. 1, (ii) 18.33% in Brunswick Unit No.1, (iii) 18.33% in Brunswick Unit No. 2, (iv) 16.17% in Mayo Unit No. 1, and (v) 12.94% in Roxboro Unit No. 4 and 3.77% in the common facilities that support Roxboro Unit No. 4 and the three (3) other coal-fired generation facilities located at the site of Roxboro Unit No. 4 (collectively, the "Joint Facilities"); and

WHEREAS, the Member is a city or town created under the laws of the State of North Carolina owning a system or facilities for the generation, transmission or distribution of electric power and energy for public and private use, and is authorized by said laws to contract to buy from Power Agency some or all of the power and energy required for its present or future requirements; and

WHEREAS, the Member has entered into an Initial Project Power Sales Agreement dated as of July 30, 1981, as amended by an Amendment Agreement dated as of October 31, 1984 (the "Project Power Sales Agreement"), with Power Agency pursuant to which Power Agency sells and the Member purchases the Member's Participant's Share (as defined in the Project Power Sales Agreement) of Project Output (as defined in the Project Power Sales Agreement) from the Joint Facilities; and

WHEREAS, the Member has entered into a Supplemental Power Sales Agreement dated July 31, 1981, as amended by an Amendment Agreement dated as of October 31, 1984 (the "Supplemental Power Sales Agreement" and, together with the Project Power Sales Agreement, the "Power Sales Agreements"), with Power Agency pursuant to which Power Agency sells and the Member purchases its All Requirements Bulk Power Supply (as defined in the Supplemental Power Sales Agreement), which consists of Project Output (as defined in the Project Power Sales Agreement) and Supplemental Bulk Power Supply (as defined in the Supplemental Power Sales Agreement); and

WHEREAS, Power Agency has entered into an Asset Purchase Agreement (as the same may be supplemented and amended, the "APA") with Duke Energy Progress, Inc. (including successors and permitted assigns, "DEP"), dated as of September 5, 2014, pursuant to which Power Agency has agreed to sell and transfer to DEP, and DEP has agreed to purchase and pay for, among other assets, the Joint Facilities; and

WHEREAS, upon the closing of the transaction contemplated by the APA (the "Closing"), including the sale and transfer of the Joint Facilities to DEP, Power Agency will no longer receive Project Output (as defined in the Project Power Sales Agreement); and

WHEREAS, Power Agency has entered into a Full Requirements Power Purchase Agreement (as the same may be supplemented and amended, the "Full Requirements Power Purchase Agreement") with DEP, dated as of September 5, 2014, pursuant to which Power Agency, effective upon the Closing, will purchase from DEP and DEP will sell to Power Agency firm capacity and energy in the amounts required by Power Agency to reliably serve the current and future electrical loads of its Members; and

WHEREAS, Power Agency and the Member have entered into a Full Requirements Power Sales Agreement pursuant to which, effective upon the Closing, Power Agency shall sell and deliver, and the Member shall purchase and receive, the Member's full requirements bulk power supply; and

WHEREAS, pursuant to Section 2.4.1(b)(xiii) of the APA, Power Agency is required to deliver to DEP, at the Closing, a termination agreement executed by Power Agency and each of its members, including the Member, terminating the Power Sales Agreements; and

WHEREAS, effective upon the Closing, Power Agency and the Member desire to terminate the provisions of the Power Sales Agreements.

NOW, THEREFORE, the parties mutually agree as follows:

SECTION 1. Termination of Power Sales Agreements. Effective as of, and conditional upon the occurrence of the Closing, the Power Sales Agreements shall terminate and, except to the extent specifically set forth in Section 2 of the Project Power Sales Agreement and Sections 2 and 19 of the Supplemental Power Sales Agreement with respect to accrued liabilities and obligations, shall be of no further force and effect, and neither party shall have any rights, obligations or liabilities in connection therewith, except to the extent set forth in the aforementioned Section 2 of the Project Power Sales Agreement and Sections 2 and 19 of the Supplemental Power Sales Agreement.

SECTION 2. Miscellaneous Provisions.

(i) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(ii) Severability. If any section, paragraph, clause, or provision of this Agreement shall be finally adjudicated by a court of competent jurisdiction to be invalid, the remainder of this Agreement shall be unaffected by such adjudication and all of the remaining provisions of this Agreement shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated to be invalid had not been included herein. In the event of any such invalidity, the parties hereto shall promptly negotiate in good faith valid new provisions to restore the Agreement to its original intent and effect.

(iii) Applicable Law; Construction. This Agreement is made under and shall be governed by the law of the State of North Carolina without regard to principles of conflicts of laws. Headings herein are for convenience only and shall not influence the construction of this Agreement.

(iv) Entire Agreement. This Agreement shall constitute the entire understanding among the parties hereto, superseding any and all previous understandings, oral or written, pertaining to the subject matter contained herein. No party hereto has relied, or will rely, upon any oral or written representation or oral or written information made or given to such party by any representative of the other party or anyone on its behalf.

(v) Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, taken together, shall constitute but one and the same Power Sales Agreements Termination Agreement. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement and, when printed from electronic files, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. For purposes of this Agreement, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means, and "transmitted by electronic means" means sent in the form of a facsimile or via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message.

[Balance of Page Intentionally Left Blank; Signature Page Follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement all by authority of their respective governing bodies duly given.

Executed this ____ day of _____, 2015.

CITY OF WASHINGTON

By:_____
Mayor

Attest:

_____
City Clerk

(SEAL)

Executed this ____ day of _____, 2015.

NORTH CAROLINA EASTERN
MUNICIPAL POWER AGENCY

By:_____
Chief Executive Officer

Attest:

_____
Assistant Secretary

(SEAL)

[Signature Page of Power Sales Agreements Termination Agreement]

Ball Field Lighting Cost

		Hourly Cost	Cost 3 hours	Fixtures
Complex				
	F1	15.37	46.11	60 fixtures on 5 poles, 1500 watt bulbs
	F2	4.10	12.30	16 fixtures on 4 poles, 1500 watt bulbs
	F3	3.07	9.21	12 fixtures on 4 poles, 1500 watt bulbs
	F4	3.07	9.21	12 fixtures on 4 poles, 1500 watt bulbs
	F5	3.07	9.21	12 fixtures on 4 poles, 1500 watt bulbs
	F6	3.07	9.21	12 fixtures on 4 poles, 1500 watt bulbs
3rd Street				
	F1	14.25	42.75	18 fixtures on 8 poles, 1000 watt bulbs
	F2	12.66	37.98	16 fixtures on 8 poles, 1000 watt bulbs
JCT				
	Front	16.75	50.25	16 fixtures on 6 poles, 1000 watt bulbs
	Back	14.65	43.95	14 fixtures on 6 poles, 1000 watt bulbs
Kugler		14.54	43.62	34 fixtures on 8 poles, 1500 watt bulb

Current charge is $25/field/night

Mayor
Mac Hodges

City Manager
Brian M. Alligood

City of Washington
NORTH CAROLINA

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

MEMORANDUM

TO: Washington City Council
FROM: Gloria J. Moore, Library Director GJM
DATE: May 11, 2015
RE: Test Proctoring Fee Recommendation

Eighty-three public libraries were surveyed on test proctoring fees. Forty-nine libraries out of the 83 responded. Seven out of the 49 libraries charged for test proctoring. Only one of the seven was a municipal library --Farmville Public Library.

The remaining 42 libraries did not charge for one or all of the following reasons:

1. The demand for proctoring was fairly small with few requests
2. Staff was limited and time did not permit.
3. Proctoring was seen as another public service the library provides.

Test proctoring can include incidental fees such as printing copies, faxing pages, dropping off the finished test package to be mailed which includes an hour to 1 ½ hours at most. Brown has few requests for test proctoring. In the course of eight years, we have had 5 requests. This is due to the fact that Beaufort County Community College offers test proctoring as a free service. Therefore, few students require our services.

The revenue stream would be minimal. It is my recommendation that Brown Library charge a $25 processing fee. This would cover staff salary and mileage.

A list of libraries that were surveyed follows.

Libraries	Proctoring Fees
Lee County Public Library	No charge
Appalachian Regional	$20.00
Davie County Public Library	No charge
Sandhill Regional Library System	No charge
Granville County Library	No charge
Public Library of Johnston Co. & Smithfield	No charge
Neuse Regional Library System	$20 per test if the student lives inside county. $30 per test if the student lives outside our region.
Edgecombe County Library	No charge
Davidson County Library	No charge
Rutherford County Library	No charge but have considered charging
Charlotte Mecklenburg Library	$30
Onslow County Library	$30 proctoring fee per exam.
Braswell Memorial Library	$20.00
Gastonia Public Library	No charge
Alexander County	No charge
McDowell County	No charge
Pettigrew	No charge
Catawba	Do not proctor
Gastonia Public Library	No charge but limits on availability
Stanly County Library	Charge is $20 (approximately an hours salary for the reference librarian).
MUNICIPAL LIBRARIES	
Roanoke Rapids	No charge
Chapel Hill	No charge
Southern Pines	No charge
High Point	No charge
Mooresville	No charge
Nashville Public	No charge
Jacob S. Mauney	No charge
Farmville Public	$5.00
Hickory Public	No charge
Ahoskie Public	No charge
Caswell County Library	No charge
Nantahala Regional	No charge
Harnett County	No charge
Randolph County	No charge
Mitchell County Library	No charge
East Albemarle Regional	No charge
Fontana Regional	No charge
Wayne County	No charge
H. Leslie Perry	No charge
Sandhill Regional Library	No charge
Cabarrus County	No charge
Caldwell County Public	No charge
Durham County Library	No charge
Orange County Library	No charge
Duplin County	No charge
Pettigrew Regional	No charge
Haywood County	No charge

City of Washington
NORTH CAROLINA

Office of Parks & Recreation

Memo:

DATE: May 11, 2015
TO: Mayor and City Council
FROM: Kristi Roberson, Parks & Recreation
RE: Moore Aquatic & Fitness Center

The Moore Aquatic and Fitness Center was built to assist in drown proofing the community and offering individuals and families an affordable place to swim year round. In addition to the generous donation by Mr. John McConnell for the Susiegray McConnell Sport Complex, he graciously gave money to assist with the construction of the pool.

City Council requested staff to generate a new schedule that would reduce the facility's hours from 75.5 hours to 40 hours per week. These hours have not been presented to the Recreation Advisory Committee for consideration, however this item will be placed on the agenda for our May 18, 2015 meeting. Staff considered the hours of operation that were most utilized by our patrons, thus the following hours of operation are being proposed:

Monday – Friday	6:00 AM – 10 AM and 4 PM – 7 PM
Saturday	11 AM – 4 PM
Sunday	Closed

*These hours will be hard to accommodate summer swim lessons with other yearlong programs.

The proposed reduction in hours will save the City an estimated $30,000 in staff costs. We do expect we will lose 25% of our memberships. Staff does not anticipate significant cost savings in any other line items. The pool will require the same amount of chemicals and gas to heat the pool even during nonoperational hours. The utility costs will remain constant as well, it is important to maintain facility temperatures and humidity levels to reduce building and equipment maintenance. During the 2013-2014 budget year, the Aquatic Center was able to reopen during the hours of 1 PM – 3 PM with no additional expenses.

Carl Ralph, Alton E. Meads Recreation Center, Inc, has provided a proposal to assist the City with the operation of the Moore Aquatic and Fitness Center. This proposal will save the City an estimated $50,000 per year and not require the facility to reduce hours.

Currently the Aquatic and Fitness Center is the only year round indoor aquatic facility that anyone under the age of 18 is allowed to join. It is also the home of the ECA Swim Team and the Washington High School Swim Team.

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Kristi Roberson, Manager**
Date:	**May 11, 2105**
Subject:	**Cart Vendors on Stewart Parkway & Havens Gardens**
Applicant Presentation:	**none**
Staff Presentation:	**none**

RECOMMENDATION:

If City Council is interested in allowing cart vendors on Stewart Parkway and Havens Gardens, I am requesting guidance and direction concerning how they would like the concept implemented. In addition, I recommend they amend Section 22-5 of the City Code to allow peddling on the waterfront.

BACKGROUND AND FINDINGS:

In 2002 a vending contract was created for two locations on Stewart Parkway and one location on Havens Gardens for food vendors. The City sent out RFP's and a contract was entered into with Jimbo Jumbo's.

The Recreation Department has received another request for vending on Stewart Parkway. Currently section 22-5 of the City Code prohibits peddling on the waterfront.

PREVIOUS LEGISLATIVE ACTION

In 2002 a contract was entered into with Jimbo Jumbo's.

FISCAL IMPACT

__ Currently Budgeted (Account __) ___ Requires additional appropriation _x__ No Fiscal Impact

SUPPORTING DOCUMENTS

City Manager Review: KRT Concur _____ Recommend Denial _____ No Recommendation

5/6/15 Date

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Allen Lewis, Public Works Director**
Date:	**05-04-13**
Subject:	**Adopt a Policy Revision for Making Water & Sewer Billing Adjustments.**
Applicant Presentation:	**N/A**
Staff Presentation:	**Brian Alligood, City Manager**

RECOMMENDATION:

I move that Council adopt the revised policy for Water & Sewer Billing Adjustment dated May 2015.

BACKGROUND AND FINDINGS:

In addition to the other utility adjustment changes being presented for your review and approval today, staff felt that it was appropriate to change our water and sewer adjustment policy as well. The attached revised policy removes the possibility of a water adjustment altogether. Staff feels like this is appropriate as every drop of water that goes through a meter is treated the same whether it is consumed or leaks on the ground. The policy still allows for sewer adjustments for water that does not return to our sewer system as described in the attached policy.

PREVIOUS LEGISLATIVE ACTION

06-13-11, water and sewer adjustment policy adopted.

FISCAL IMPACT

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

SUPPORTING DOCUMENTS

See attached revised Water and Sewer Adjustments Policy

City Manager Review: BWA Concur _____ Recommend Denial _____ No Recommendation_____ Date 5/5/15 Date

POLICY FOR
WATER AND SEWER BILLING ADJUSTMENTS
EFFECTIVE MAY ~~2011~~2015

WATER & SEWER ADJUSTMENTS

To make an adjustment, the City of Washington will need the following information from the customer:

- When the leak was discovered;
- Who made the repairs, where and when; and
- A copy of the plumber's bill, or receipts for materials purchased if you made the repairs.

The amount of the bill adjustment depends in part on whether the water from the leak returned to the sanitary sewer system or leaked elsewhere on your property.

The City of Washington will issue a billing adjustment to any customer having a water leak repaired based on the following formula:

~~1. The customer will be required to pay for his monthly average water consumption, plus 40% of the total amount over the average.~~

~~2.~~1. The customer will be required to pay for his monthly average sewer consumption and will not be billed any additional charge, <u>if the water did not go into the Sewer System.</u>

~~3.~~2. If a customer has a high water usage due to leaks or malfunctions of equipment and the <u>water did go back into the sewer system</u>, then the customer will not receive an adjustment. Faulty commodes or constant running water in commodes are good examples of this high water usage.

<u>The City will only allow one adjustment during any 365 day period.</u>

If the City notifies a customer of a water leak at their premise and the customer does not correct the problem within 30 days of notification, the City will not issue any adjustment(s).

The following procedure will be followed before an adjustment is given:

- The customer has to provide the Customer Service Representative with proof that the water leaked on the ground or premises before an adjustment can be considered.
- A check-read service order will be generated by a Customer Service Representative to verify the reading of the meter and to investigate signs of a leak. The water and sewer department will be notified, if any assistance is needed.
- Approximately sixty (60) days from the date of repair, the customer's account will be printed and given to Public Works Department for review.
- Upon review of customer's usage history, a ~~water and/or~~ sewer adjustment will be granted based on an average monthly usage.

- The adjustment will appear on the customer's utility account.

Approved by City Council ~~June 13, 2011~~May 11, 2015.

POLICY FOR
WATER AND SEWER BILLING ADJUSTMENTS
EFFECTIVE MAY 2015

WATER & SEWER ADJUSTMENTS

To make an adjustment, the City of Washington will need the following information from the customer:

- When the leak was discovered;
- Who made the repairs, where and when; and
- A copy of the plumber's bill, or receipts for materials purchased if you made the repairs.

The amount of the bill adjustment depends in part on whether the water from the leak returned to the sanitary sewer system or leaked elsewhere on your property.

The City of Washington will issue a billing adjustment to any customer having a water leak repaired based on the following formula:

1. The customer will be required to pay for his monthly average sewer consumption and will not be billed any additional charge, <u>if the water did not go into the Sewer System.</u>
2. If a customer has a high water usage due to leaks or malfunctions of equipment and the <u>water did go back into the sewer system</u>, then the customer will not receive an adjustment. Faulty commodes or constant running water in commodes are good examples of this high water usage.

<u>The City will only allow one adjustment during any 365 day period.</u>

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- Approximately sixty (60) days from the date of repair, the customer's account will be printed and given to Public Works Department for review.
- Upon review of customer's usage history, a sewer adjustment will be granted based on an average monthly usage.

- The adjustment will appear on the customer's utility account.

Approved by City Council May 11, 2015.

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	Mayor Hodges & Members of the City Council
From:	John Rodman, Community & Cultural Services
Date:	May 4, 2015
Subject:	Authorize City Manager to issue a Notice to Proceed with Land Design for Downtown Streetscape Designs
Applicant Presentation:	Chris Furlough, WHDA
Staff Presentation:	John Rodman, Community and Cultural Services

RECOMMENDATION:

I move that the City Council authorize the Manager to issue a Notice to Proceed with Land Design to provide a Master Plan for Downtown Streetscape Designs not to exceed $29,600 and adopt the resolution exempting the City from G.S. 143-64.31.

BACKGROUND AND FINDINGS:

The City of Washington requested that Land Design submit a proposal to provide a Streetscape Master Plan to renew streetscape components in Downtown associated with the potential upgrade of utilities in the area. By awarding the project to Land Design the City saw this as an opportunity to tie previous improvements to the successful waterfront enhancement projects, to help bolster the long term success of Downtown merchants, and to build on the overall brand. The City will utilize the $25,000 provided in the 2014-2015 budget and WHDA will provide the difference of $4,600.

PREVIOUS LEGISLATIVE ACTION

Recommended for approval by the Washington Harbor District Alliance and the Streetscape Improvement Committee

FISCAL IMPACT

_X_ Currently Budgeted (Account _____) ___ Requires additional appropriation ___No Fiscal Impact

SUPPORTING DOCUMENTS

Notice to Proceed, Scope of Work
Resolution

City Manager Review: 5/5/15 Date Concur BLM Recommend Denial ____
No Recommendation ____

Mayor
Mac Hodges

City Manager
Brian M. Alligood

City of Washington
NORTH CAROLINA

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

NOTICE TO PROCEED WITH PROJECT

May 12, 2015

Mr. Scott Laqueux, Partner
LandDesign
223 North Graham Street
Charlotte, NC 28202

Project: Downtown Streetscape Master Plan

Dear Mr. Laqueux;

You are hereby notified to commence work on the above referenced project in accordance with the Scope of Services dated April 14, 2015. The project cost shall not exceed $29,600.

The date of commencement for project work shall begin no later than fourteen days (14) days from the date of this letter. You are scheduled to complete the work within ten (10) weeks from the date of commencement.

I am looking forward to a successful project. If you have any questions or comments, please don't hesitate to give me a call.

Sincerely,

John Rodman, Director
Community and Cultural Services
City of Washington

_____
Signature of Authorized Official
Brian Alligood, City Manager

ACCEPTANCE OF NOTICE

Acknowledged by:

_____
Signature

Date_____

RESOLUTION EXEMPTING CITY OF WASHINGTON UNDERGROUND UTILITY/STREETSCAPE DESIGN PROJECT FROM G.S. 143-64.31

WHEREAS, G.S. 143-64.31 requires the initial solicitation and evaluation of firms to perform architectural, engineering, surveying, and alternative construction delivery services (collectively "design services") to be based on qualifications and without regard to fee;

WHEREAS, the City proposes to enter into one or more contracts for design services for work on downtown underground utilities and streetscape; and

WHEREAS, G.S. 143-64.32 authorizes units of local government to exempt contracts for design services from the qualifications-based selection requirements of G.S. 143-64.31 if the estimated fee is less than $50,000; and

WHEREAS, the estimated fee for design services for the above-described project is less than $50,000.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WASHINGTON RESOLVES:

Section 1. The above-described project is hereby made exempt from the provisions of G.S. 143-64.31.

Section 2. This resolution shall be effective upon adoption.

_____

Jay MacDonald Hodges, Mayor

ATTEST:

_____

Cynthia S. Bennett, City Clerk

I. SCOPE OF SERVICES – DOWNTOWN WASHINGTON STREETSCAPE MASTER PLAN

The general scope of services herein includes ideation, design and planning services to produce a Streetscape Master Plan for improvements *along Main Street between North/South Bridge Street and North/South Bonner Streets and for North/South Market Street from the waterfront to SR32.* The overall improvements will address pedestrian and bicycle circulation, public gathering areas along the streetscape, bulbouts and pedestrian crosswalks, location and orientation of gateway identification markers at each primary Downtown entry points, hardscape improvements, planting, irrigation and pedestrian light locations, parking zones, street furnishings, and other elements. The plan link to the overall strategy for utility improvements in the area.

Task 1. Project Initiation and Analysis

Task 1.1: Pre-Work Effort

The LandDesign Team shall conduct an initial data needs inventory to identify the types and formats of data required for the project. Our initial data needs inventory will serve as a starting point in the data collection and analysis component of the effort.

As part of the data collection effort and prior to the formal project Kick-Off Meeting, LandDesign will work with the City to identify key project stakeholders to facilitate the data collection process as well as better understand the strengths, weaknesses, opportunities and constraints of the project area. Stakeholder meetings will be held the day of the project kick-off meeting (described below).

Task 1.2: Project Kick-Off Meeting and Stakeholder Interviews

The Project Kick-Off Meeting will serve as the first formal organizational meeting between the LandDesign Team and the City and any established steering committee for the project. This meeting will help facilitate the plan process and provide a sounding board for project goals, recommendations and actions. In this meeting the following items will be reviewed: pedestrian circulation and crossings, design standards, parking locations and orientation, sidewalks and plazas, planting scheme, property owner impacts, planed utilities upgrades, storm water management and other items.

Following the Kick-Off Meeting, LandDesign will conduct up to 4 interviews with key stakeholders (or stakeholder groups) who can speak to the issues identified and share plans and information that will have an impact on the direction of the project effort.

The Team will also prepare a full photo documentation of the project area for use in the planning effort.

Task 1.3: Document Review

LandDesign will review plans, studies, and regulations that will help inform the Master Planning process. The document review effort will include, but not be limited to, the following documents:

- Comprehensive Land Use Plan for Washington
- Zoning Ordinance
- Park and Recreation Master Plan
- NCDOT Roadway Standards

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F: 704.375.4138

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San Francisco CA

- City of Washington Historical Information
- The Waterfront Plan
- *The recently completed signage and wayfinding plan for Downtown*
- *Plans and concepts developed around parcels locals the intersection of W Main Street and W Stewart Parkway/Gladden Street*

Task 1.4: Opportunities and Constraints Identification

LandDesign will prepare an opportunities and constraints map, supported by existing condition photos, that identifies opportunities and constraints in the study area. The focus of this task will be on: inappropriate/appropriate uses, sub-areas needing special treatment, parking, lighting, plantings, gateway opportunities, street furniture, programming, public art, and special events (including street fairs). The timing of streetscape improvements will also be considered within the context of utilities upgrade and the potential for impact to downtown merchants. *The team will also look closely at opportunities for renewal of parcels around the intersection of W Main Street and W Stewart Parkway/Gladden Street.*

Task 2. Streetscape Concepts Development and Public Open House

Task 2.1: Streetscape Concepts

Based on the results of Task 1, LandDesign will prepare initial concepts for the project area. Initial concepts will include:

- Preliminary streetscape layout plan;
- Initial sketches and photos of streetscape concepts/placemaking features;
- Initial ideas on hardscape, softscape, parking configuration, curb alignment, and other features; and,
- Thoughts on how the overall streetscape concept(s) supports the broader brand and image of the City.

Task 2.2: Public Open House

LandDesign Team members will travel to Washington to hold a meeting with the City and then an afternoon / evening public open house. This open house will allow stakeholders and the public-at-large to review the alternatives generated and provide comment.

Task 2.3: NCDOT Coordination

LandDesign will meet with key NCDOT staff to review the Draft Streetscape Concepts and design assumptions to gauge NCDOT support.

Task 3. Streetscape Master Plan Preparation

3.1: Master Plan Preparation and Order of Magnitude Cost Estimate

Based on the results of Task 2 and feedback from the City, LandDesign will prepare the City of Washington Streetscape Master Plan. The Master Plan will include:

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- Streetscape layout plan;
- Master grading plan/relocation of storm drainage inlets and pipe at a master planning level;
- Illustrative details/sketches of special features reflecting the streetscape concept/placemaking features (up to 4);
- Hardscape, plant palette, lighting, street furnishings, ~~signage,~~ parking configuration, curb alignment, and other features at a master planning level;
- *Incorporate current signage and wayfinding developed for the City (by others);*
- Suggested strategy for implementation in coordination with utilities upgrade; and,
- Suggestions on funding strategies for elements of the Master Plan.

Based on the above, LandDesign will also prepare a planning level order-of-magnitude cost estimate for Master Plan elements.

LandDesign will submit the draft Master Plan the City for comments and feedback. Comments received will be incorporated into the revised final Master Plan.

The City will make any needed final presentations to Council needed for final adoption of the Downtown Streetscape Master Plan.

Task 4. Optional Streetscape Master Plan Adoption Presentation

LandDesign can participate in one public hearing leading to adoption of the Streetscape Master Plan. A summary overview of the Plan will be provided and the team will be available to respond to questions and concerns that may arise during the meeting.

II. PROJECT DELIVERABLES

Project deliverables associated with the project effort include the following:

- Three (3) hard and one (1) soft copy of the Draft Streetscape Master Plan as well as any supporting presentation materials.
- Three (3) hard and one (1) soft copy of the Final Streetscape Master Plan as well as any supporting presentation materials.
- One (1) flash drive containing all other project elements collected as part of the planning process (e.g., meeting minutes, reports, photos).

The City shall be responsible for printing of handouts, securing space for the public open house and stakeholder meetings, and advertising and coordination of attendees for stakeholder and public meetings.

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III. FEE ESTIMATE AND TIMING

LandDesign will invoice the Client to complete the work identified in this Scope of Services as outlined below:

Task 1: Project Initiation and Analysis	*$ 7,300*
Task 2: Streetscape Concepts Development and Public Open House	*$ 12,500*
Task 3. Streetscape Master Plan Preparation	*$ 8,100*
Direct Expenses (Travel, Printing, Phone)	*$ 1,700*
Total Services	*$ 29,600*
~~Task 4. **Optional Streetscape Master Plan Adoption Presentation**~~	~~$ 3,500~~

Fees do not include any venue costs for the public meeting. Any other Additional Services requested by the Client, shall be billed on a time and materials basis.

Following the receipt of a Notice to Proceed from the Client, LandDesign will commence all project work. We estimate all work and reviews will be completed over an 8 to 10 week period. A final project schedule shall be prepared as part of Task 1.2, Project Kick-Off.

At the completion of the project, LandDesign will also prepare a scope of services for consideration by the City to provide full design services for master planned streetscape elements.

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San Francisco CA

Project Area

Qualifications

LandDesign.

Dale Stewart

PE, PRESIDENT, PARTNER | CHARLOTTE NC

LandDesign

Practicing as a Civil/Environmental Engineer since 1972, Mr. Stewart possesses a comprehensive understanding not only of the opportunities and challenges of today's engineering projects, but of the role those projects play in the development of the larger region. Mr. Stewart's expertise has made him a valuable member of a number of committees, task forces and advisory boards. He is also active in a number of land preservation efforts.

Larkin, Statesville, NC - Senior Engineer-in-Charge

Ballantyne, Mecklenburg County, NC – Senior Engineer-in-Charge

Morrocroft, Charlotte, NC - Senior Engineer-in-Charge

Baxter & Close Family Property Master Plan, Fort Mill, SC – Senior Engineer-in-Charge

The Sanctuary (LEED), Charlotte, NC – Partner-in-Charge

Montrose, Chester, SC - Partner-in-Charge

Downtown Statesville & NC-115 Streetscape/ Land Use Master Plan, Statesville, NC – Senior Engineer-in-Charge

Water & Sewer Authority of Cabarrus County (WSACC) FY '12-'13 Water & Wastewater Master Plan, Cabarrus County, NC - Partner-in-Charge

Registered Professional Engineer, NC 6988, SC 8571, AL 18096, MD 17932, VA 18540, GA 17251, PA 040313-R, TN 101239

Master of Science, Civil Engineering, North Carolina State University, 1972

Beth Poovey

RLA, ASLA, PROJECT MANAGER | CHARLOTTE

LandDesign

Ms. Poovey has an array of experience in master plan development, greenway and park design, streetscape design, site planning, landscape design, site analysis, graphic design, and public involvement process. Her focus and passion has evolved into planning and design of public open space and historic and cultural resource protection.

Downtown Statesville & NC-115 Streetscape Land Use Master Plan, Statesville, NC

Hickory Inspiring Spaces Initiative, Hickory, NC

Black Mountain Town Square & Corridor Study, Asheville, NC

GroWNC: Western North Carolina Livable Communities Initiative, Western NC

Apex Streetscape & Corridor Design Guidelines, Apex, NC

Freedom Drive Business Corridor Streetscape Master Plan, Charlotte, NC

Little Sugar Creek Greenway Master Plan, Mecklenburg County, NC

Carolina Thread Trail Vision Plan, North and South Carolina, Asst. Project Mgr. Subsequent projects:

- Belmont Rail Trail
- CTT Seven Oaks Greenway
- CTT Mooresville Corridor Plan
- CTT Shelby Corridor Plan
- CTT Kings Mountain Corridor Plan
- CTT South Fork Greenway Corridor Plan

Registered Landscape Architect, NC1354, MS598

Aaron Shier

ASSOCIATE, LANDSCAPE DESIGNER | CHARLOTTE NC

LandDesign

Aaron's passion for landscape architecture stems from the desire to create unique places where people immerse themselves in the natural environment. Playing an integral role in the Urban Section of the LSCG has been a highlight of his career and honed his planning, site planning, greenway and park design skills. He also is experienced in feasibility study, cost estimate preparation and analysis, construction document production and permitting processes.

Downtown Statesville & NC-115 Streetscape/ Land Use Master Plan, Statesville, NC

City of Hickory Inspiring Spaces Plan, Hickory, NC

Double Oaks Neighborhood Redevelopment, Charlotte NC

Little Sugar Creek Greenway, Mecklenburg County, NC

Carolina Thread Cleveland County, Cleveland, NC

City of Greenwood Linear Park, Greenwood, MS

Queen Charlotte Monument Relocation Douglas International Airport, Charlotte NC

Carolina Thread Trail Vision Plan, North and South Carolina, Asst. Project Mgr. Subsequent projects:

- Belmont Rail Trail
- CTT Seven Oaks Greenway
- CTT Mooresville Corridor Plan
- CTT Shelby Corridor Plan
- CTT Kings Mountain Corridor Plan
- CTT South Fork Greenway Corridor Plan

Bachelor of Landscape Architecture, Michigan State University

Frank McMahon

SENIOR ASSOCIATE , PE | CHARLOTTE NC

LandDesign

Mr. McMahan is responsible for project design, managing staff, and managing multiple projects of various sizes from the due diligence phase through construction administration. Projects have included capital improvement projects such as watershed analysis, stormwater mitigation, roadway realignment and reconstruction, and overall layout and design with aspects including stormwater management, multi-phase erosion and sediment control, grading, roadway design, wastewater collection system, water distribution, and traffic control.

City of Charlotte Unspecified Storm Drainage Improvement Projects, Charlotte, NC

City of Charlotte Various Stormwater Improvement Projects, Charlotte, NC

Brightwalk, Charlotte, NC

Little Sugar Creek Greenway, Mecklenburg County, NC

New Dixie River Road Thoroughfare, Charlotte, NC

Licensed Professional Engineer, NC 037773

Bachelor of Science, Civil Engineering, Clemson University

Project Experience

LandDesign.

Statesville Downtown Streetscape Improvements

LOCATION

Statesville, NC

CLIENT

City of Statesville, NC

REFERENCE

Michael H. Johnson
The Johnson Group, Inc.
132 Court Street
Statesville, NC 28677
704.881.0098

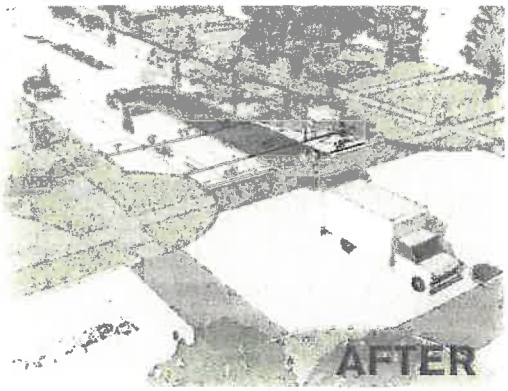
AWARDS & CERTIFICATIONS

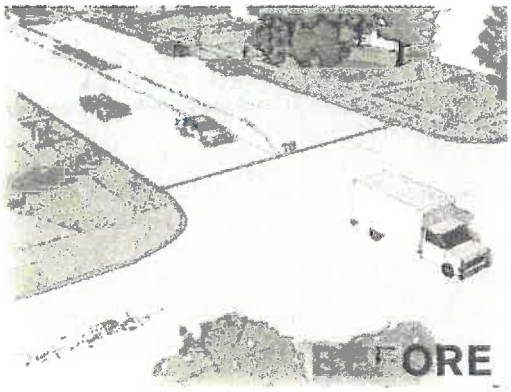
NCAPA Marvin Collins Outstanding Planning Award

Historic Downtown Statesville is the long-time cultural, business, historic, and centrally-located heart of Iredell County. LandDesign established the urban design guidelines, strategies and recommendations under the Downtown Statesville & NC-115 Streetscape/Land Use Master Plan project. This initiative paved the way for the design and bid documents for the streetscape improvements project along Center and Broad Street.

To enhance the historic corridor as a destination for retail, dining and people watching, the design focused on creating a rich pedestrian-focused environment with widened sidewalks, reconfigured parking, outdoor dining areas, public art, and streetscape amenities. These streetscape features treat the space between the building and curb as a linear park that re-establishes downtown Statesville as a destination. The success of this project led to the receipt of the NCAPA Marvin Collins Outstanding Planning Award.

Project Experience





East Boulevard Multi-Modal

LOCATION
Charlotte, NC

CLIENT
Charlotte Housing Authority/ Crosland

REFERENCE
Eric Bilsky, PE
Project Manager
City of Charlotte
600 East Fourth Street,
14th Floor
Charlotte, NC 28202
704.336.5906

For this project, the LandDesign team conducted a transportation analysis for the segment of East Boulevard from South Boulevard to Dilworth Road West for a four-lane to two-lane conversion. The concept modeled two travel lanes with bike lanes and on-street parking on both sides of the street and a planted landscape median, all within the current curb-to-curb dimension. The study suggested two roundabouts in lieu of the existing signalized intersections at Euclid Avenue and Dilworth Road West. Facilities are part of the future development program, and additional trails and open space areas (±57 acres) are provided for the entire community, linking the town center, district park, and residential areas.

A key corridor in the urban context of Charlotte, this section of East Boulevard serves a wide range of uses, that the older two-lane road did not accommodate well. This change presented a challenge to convince the community of the advantages of a multi-modal solution. LandDesign was able, through the public involvement process, to build consensus with the aid of multiple visualization techniques of alternate parking and pedestrian crossing concepts..

A series of three public meetings were conducted by LandDesign in partnership with the City of Charlotte. LandDesign led the meetings, presenting plans and alternative scenarios including visual renderings to depict scenario options and the benefits of each. Based on these meetings and the public involvement, LandDesign worked with the City to present the final preferred scenario.

Little Sugar Creek Greenway

LOCATION
Charlotte, NC

CLIENT
Mecklenburg County Park & Recreation

SIZE
1.25 Miles of Construction Documents

TEAMING FIRMS INVOLVEMENT
LDI, Prime Consultant

AWARDS & CERTIFICATIONS
2012 NCASLA Award of Excellence

REFERENCE
Jay Higginbotham
Mecklenburg County Asset & Facility Management
| jay.higginbotham@mecklenburgcountync.gov
704.432.0622

Little Sugar Creek extends over 15 miles and traverses 17 neighborhoods from downtown Charlotte to the South Carolina line. Until recently, the creek has been mainly overlooked—a stormwater channel largely out of sight and out of mind. In undertaking the master planning of the Little Sugar Creek Greenway, LandDesign's goal was to strike a balance between environment and community. The design not only restores water quality and natural habitats, but it also provides a transportation corridor and natural amenity that links neighborhoods, schools, employment and retail nodes, and places of interest.

During the planning process, environmentally sensitive areas were identified with the goals of improving water quality and protecting natural areas. In an attempt to bring the creek closer to its natural state, the master plan includes uncovering the creek in several urban areas where it had been built over. Wildlands Engineering completed extensive hydraulic modeling that was required for floodplain permitting. Wildlands Engineering successfully coordinated 401/404 permitting with NC Division of Water Quality (DWQ) and the US Army Corps of Engineers and collaborated with LandDesign on sediment and erosion control permitting through NC Division of Land Quality.

SERVICES RENDERED
Services included trail and stream alignment; public involvement; facilitation of greenway easements; road crossings; construction documents and specification set; permitting and agency approvals; project cost estimate; bidding; and construction administration. Low-impact development techniques were utilized, including stormwater detention, rain gardens, and stream restoration.

KEY INDIVIDUALS & ROLE
LDI, Charlotte | Beth Poovey, Senior Project Manager; Aaron Shier, Project Manager

Project Experience

Hickory Inspiring Spaces Initiative

LOCATION
Hickory, NC

CLIENT
City of Hickory

SIZE
Town-wide Master Plan

PROJECT SCHEDULE / STATUS
August 2012 - Present

PROJECT DEADLINES
On-time, On-Budget

TEAMING FIRMS INVOLVEMENT
LDI, Prime Consultant

REFERENCE
Andrea L. Surratt
Assistant City Manager
76 North Center Street
Hickory, NC 28601
asurratt@hickorync.gov
828.323.7412

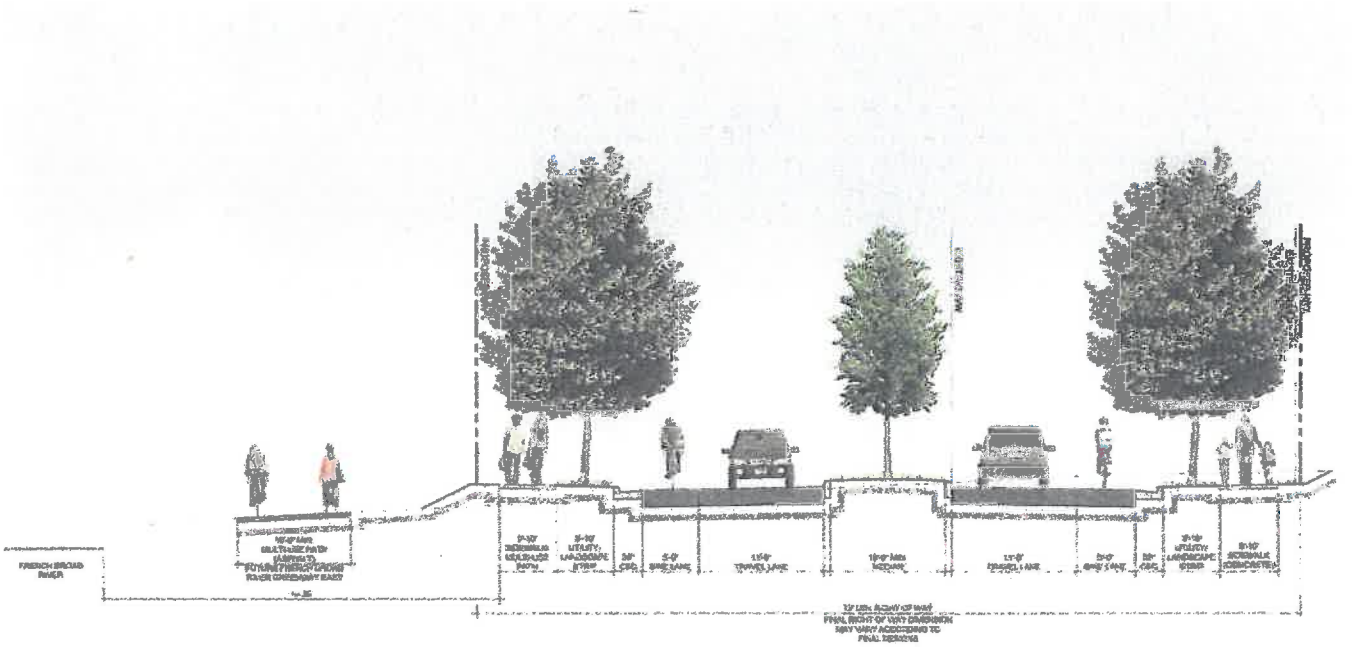
Hickory has made significant investment in its public spaces over the years with parks, greenways, Union Square, the SALT Block, landscaped intersections on Hwy 70 and in downtown. The plan for Inspiring Spaces will seek to make strategic investments in Hickory through a capital improvements plan over the next 10 years in order to attract additional private investment.

As communities compete with one another to attract such investment, the presence of quality parks and greenways, attractive streetscapes, vibrant plazas and other public spaces becomes an important marketing tool. With the Inspiring Spaces initiative, Hickory is positioning itself to be a community of choice in the region. The Inspiring Spaces Plan will identify opportunities for bolstering economic development through improvements to key cultural, institutional, and natural destinations and the linkages between them.

It is a city-wide planning process that will provide a framework for prioritizing improvements to the public infrastructure and properties to promote Hickory as a welcoming and vibrant city, as well as a thriving place to work, live and play. The plan will identify priority construction projects, their associated costs and an implementation schedule for improving the appearance and functionality of streets, parks and public areas throughout the city.

SERVICES RENDERED
LandDesign led data collection and analysis, public engagement activities, project marketing activities, plan development and adoption, recommendations, cost estimate preparation and implementation formulation.

KEY INDIVIDUALS & ROLE
LDI, Charlotte | Meg Nealon, Partner-in-Charge; Beth Poovey, Project Manager



Wilma Dykeman Riverway River Arts District Transportation Improvement Project (RADTIP)

LOCATION
Asheville, NC

CLIENT
City of Asheville

SIZE
2 Mile

TOTAL ESTIMATED CONSTRUCTION COST
$12.7 Million [Multiple Contracts]

TOTAL ESTIMATED LDI DESIGN CONTRACT COST
$125,000 [Other Contracts Pending]

PROJECT SCHEDULE / STATUS
Phase 1, May 2010 - September 2012, Complete | Phase 2, On-time, On-budget

TEAMING FIRMS INVOLVEMENT
LDI, Sub Consultant to CDM Smith

REFERENCE
Dan Baechtold, AICP
828.259.5943
dbaechtold@ashevillenc.gov

Rajit Ramkumar
CDM Smith
5400 Glenwood Avenue, Suite 300
Raleigh, NC 27612
919.325.3606
RamkumarR@cdmsmith.com

This project implements the 2004 Wilma Dykeman RiverWay Master Plan, the City of Asheville's signature greenway project and includes environmental documentation, analysis of project alternatives, functional and preliminary roadway and greenway designs, and the development of a project implementation strategy for roadway and greenway improvements in the River Arts District of Asheville. The River Arts District houses working artist studios in large industrial warehouses and former Cotton Mill buildings along the French Broad River. This area will continue to grow as new and reused mixed-use buildings offer more living and work space for artists and individuals interested in living and working by the river. The design team balanced complex NEPA, North Carolina State Historic Preservation Office, NCDOT, and other state and federal agency submittal and review requirements with other design factors such as aesthetics and character, economic development, environmental sustainability, recreational opportunities, and resource preservation.

For the Wilma Dykeman Riverway project, LandDesign is leading an extensive community involvement process for this planning effort and has coordinated and facilitated over forty (40) well-received public meetings, presentations and stakeholder interviews for this project in range of sizes and locations, including artist studios and unique trolley study area tour with the local citizen advisory committee.

SERVICES RENDERED
LandDesign is leading public involvement process and is providing greenway and streetscape design, storm water design, and public art coordination.

KEY INDIVIDUALS & ROLE
LDI, Charlotte | Beth Poovey, Greenway and Streetscape Design

Project Experience

Greenwood Linear Park & Extension

LOCATION
Greenwood, MS

CLIENT
City of Greenwood

MARKET
Environmental, Open Space, & Recreation Planning

Rich in history and Mississippi Delta culture, many say Greenwood is the birthplace of blues music. Amid a declining economic climate, the City of Greenwood decided to leverage their history and culture to improve the community's economic development. LandDesign was selected to study an abandoned section of railroad bed stretching two miles through the city. The primary focus of the project was to plan and implement an alternative transportation route along the railroad right-of-way, bridging social and economic boundaries by creating community gathering spaces, recreational areas, and bicycle/pedestrian connections to residential neighborhoods, schools, and the downtown retail district.

A multi-phased project, the LandDesign team led a strategic community engagement effort; meeting with local stakeholder groups and Mississippi Department of Transportation officials. The LandDesign team developed a master plan and phasing plan that will be implemented in two phases. Key to the success of the project is incorporating sustainable and budget conscious design solutions which utilize readily available material resources that speak to the local vernacular, as well as, implementation strategies that engage community participation to assist in telling the unique story of Greenwood—ultimately reviving the landscape and legend of the area.

Project Experience

Carolina Thread Trail
Belmont Rail Trail

LOCATION
Belmont / Gaston County, NC

CLIENT
City of Belmont,
Connect Gaston,
Carolina Thread Trail

SIZE
1.6 Mile

TEAMING FIRMS INVOLVEMENT
LDI, Prime Consultant

REFERENCE
Adrian T. Miller
Assistant City Manager for
Community Services
City of Belmont
POB 431
Belmont, NC 28012
704.901.2067
amiller@cityofbelmont.org

LandDesign was contracted to prepare a feasibility analysis for incorporating a multi-use trail within a 1.6 mile inactive railroad corridor running from downtown Belmont north to Belmont Abbey College. The corridor analysis includes the identification of the preferred alignment, coordination with property owners, NCDOT, NCRail, anticipated parking and trail head locations, road and highway crossings, permit requirements, adjacent parcel identification, identify environmental considerations, costs for construction and maintenance, etc. as well as design guidelines for the trail and opportunity areas. Since the completion of the feasibility study, LandDesign will move forward with complete construction and engineered documents.

The key design challenge for this project was to address the NCDOT requirement that the rails remain intact. The Design Team designed a trail cross-section that located the greenway trail on top of the tracks, while keeping the rails and ties in tact and generally undisturbed.

KEY INDIVIDUALS & ROLE
LDI, Charlotte | Beth Poovey, Senior Project Manager

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	Mayor Hodges & Members of the City Council
From:	John Rodman, Community & Cultural Services
Date:	May 4, 2015
Subject:	Authorize staff to draft and enter into an agreement for the Washington Waterfront Underground Railroad Museum
Applicant Presentation:	Rebecca Clark, Leesa Jones
Staff Presentation:	John Rodman, Community and Cultural Services

RECOMMENDATION:

I move that the City Council authorize staff to draft and enter into an agreement for the Washington Waterfront Underground Railroad Museum for the use of the Caboose and surrounding property as a museum as presented.

BACKGROUND AND FINDINGS:

The City of Washington has recently received recognition as a National Park Service "Underground Railroad Network to Freedom". This designation is an important one for Washington and signifies the importance of the role African American people have had in the development and history of the City. The Underground Railroad Museum is requesting to lease the existing caboose and surrounding grounds to promote tours and re-enactments throughout the year. Through partnerships the Caboose will be restored and maintained.

PREVIOUS LEGISLATIVE ACTION

Recommended for approval by the Parks and Recreation Advisory Committee – April 2015
Endorsed by the Washington Historic Preservation Commission – May 2015

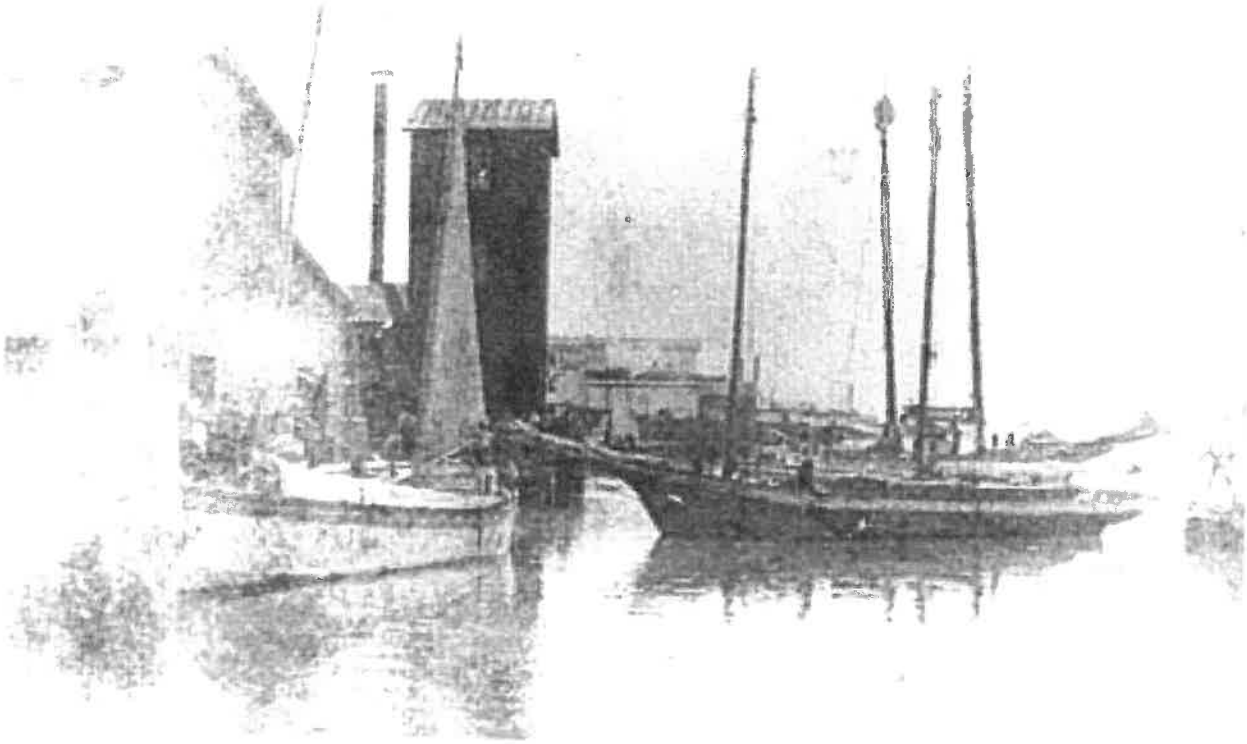
FISCAL IMPACT

___ Currently Budgeted (Account _____) ___ Requires additional appropriation ___No Fiscal Impact

SUPPORTING DOCUMENTS

Presentation
Site Plan

City Manager Review: 5/6/15 Date Concur Bmt Recommend Denial ____
No Recommendation



Washington Waterfront Underground Railroad Museum

Contacts:
Rebecca Clark mershonbill@aol.com
Leesa Jones leesawisdom@aol.com

Washington recently received recognition as a National Park Service **"Underground Railroad Network To Freedom"** site. This is an important designation both for Washington and North Carolina as a whole. We feel this designation warrants a museum to show the importance of Washington, NC and the role African American people have had in the development and prosperity of our beautiful town. We are in a position to tell a unique story about or town. We will educate and promote prosperity through tourism with the placement of the museum in downtown Washington.

We are requesting that the city allows us to operate the **"Washington Waterfront Underground Railroad Museum"** in the city owned Caboose and to use the grounds around the caboose to promote tours and re-enactments throughout the year. Through partnerships with Washington Harbor District Alliance and the Washington Noon Rotary, the Caboose will be restored to its original colors. The interior of the caboose will house a pictorial history of Washington's Underground Railroad.

The museum will be free and open to the public on a weekly schedule to be determined. Leesa Jones will act as Museum Curator. Docent volunteers will be on site when the museum is open. Historic tours, occasional re-enactments and traveling exhibits will also be showcased at the museum. The museum will be open for school, civic and church group tours.

The value of a museum in Washington is not only educational but will be a positive economic builder through tourism. Our museum will be one of only a few in the Eastern United States. It is anticipated that many thousands of people will be visiting Washington just to view the museum and restored caboose. The museum would attract media coverage from around the state of North Carolina and beyond.

The museum will be self-funded through donations, community and corporate sponsors and tour ticket sales. We would operate under the Washington Harbor District Alliance banner. We would ask the City of Washington to partner with us by allowing us to lease the caboose at no fee for a minimum of one year and to reconnect the utilities to the caboose.

The Caboose

Through extensive research it has been determined that the Caboose is a Seaboard Coast Line, M-5 Caboose, #0797. The color of the caboose should be orange with black lettering. Below is a photo of the correct coloring/lettering for the caboose. The Washington Noon Rotary and Washington Harbor District Alliance will contract with a qualified painter and pay for the exterior restoration of the caboose. Below is a cost estimate of restoration

Material: 1 gal Rust Inhibitive Primer
1 to 2 cans Bondo
6 to 8 gals SW Industrial Enamel
2 to 3 gals of paint thinner

Cost $600.00

Labor:

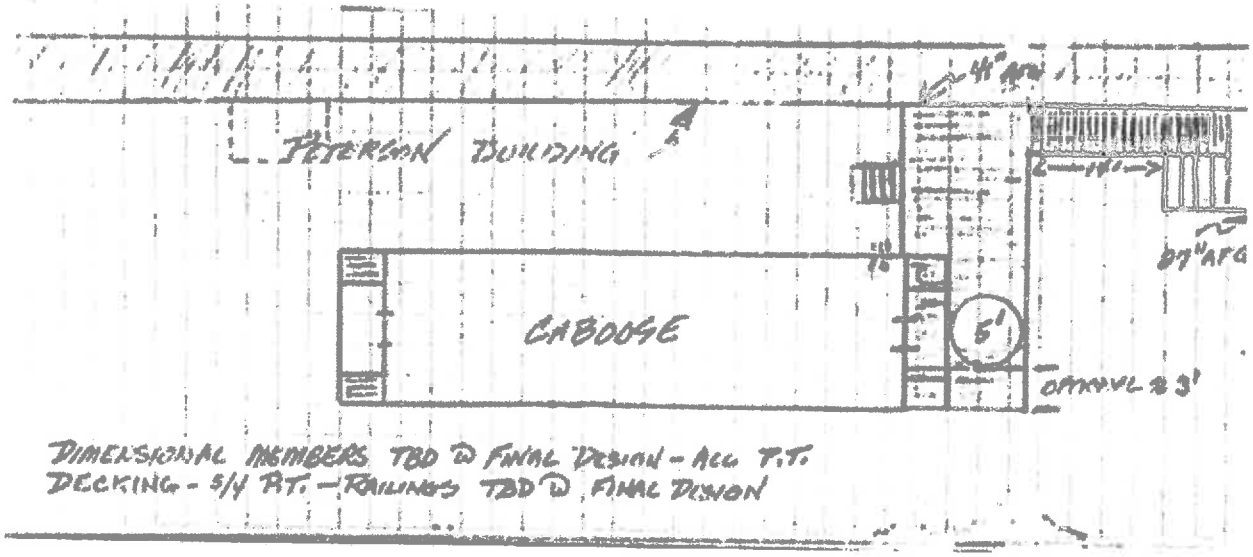
1- Scrape loose paint and rust.
2- Pressure wash exterior.
3- Bondo holes.
4- Spot prime with rust inhibitive primer.
5- 2 coat with industrial enamel

Cost $1450.00

Lettering **Cost $250.00**

Total **Cost $2300.00**

Washington Harbor District Alliance will assist the committee in connecting the Caboose to the current walkway and ramp located at the back of the Peterson Building. A wooden platform will be placed on the back right side of the caboose. See Illustration attached. This will meet current ADA standards as required by the city and state. The interior of the caboose will be painted a neutral color and shelving will be put in place for exhibits. These are the only alterations to the caboose at this time.



Museum Budget

Repaint Exterior	$2300.00	Donation
Refurbish Interior	$500.00	Partial Donation
Platform	$500.00	Donation
Exhibit	$1500.00	
Electricity ($50 Month)	$600.00	
Insurance (Year)	$300.00	
Misc.	$100.00	
Docents	Volunteers	
Total Budget	$2800.00	

Museum Committee

Leesa Jones, leesawisdom@aol.com, 252-833-0995
Milton Jones
Rebecca Clark, mershonbill@aol.com, 843-810-4300
Bill Clark

Trent Tetterton, Advisor
Beth Byrd, Advisor
Chris Furlough, Advisor
Rich Moran, Advisor

Supporters and Advocates

Washington Harbor District Alliance
Washington Park and Recreation
Washington Noon Rotary
Washington Area Historic Foundation

CERTIFICATE OF ACCEPTANCE

Presented to

Washington North Carolina Waterfront

The National Park Service has evaluated this SITE as making a significant contribution to the understanding of the Underground Railroad in American history and it meets the requirements for inclusion in the National Underground Railroad Network to Freedom

NATIONAL PARK SERVICE

Diane Miller

Diane Miller, National Program Manager
Network to Freedom, National Park Service

October 14, 2014

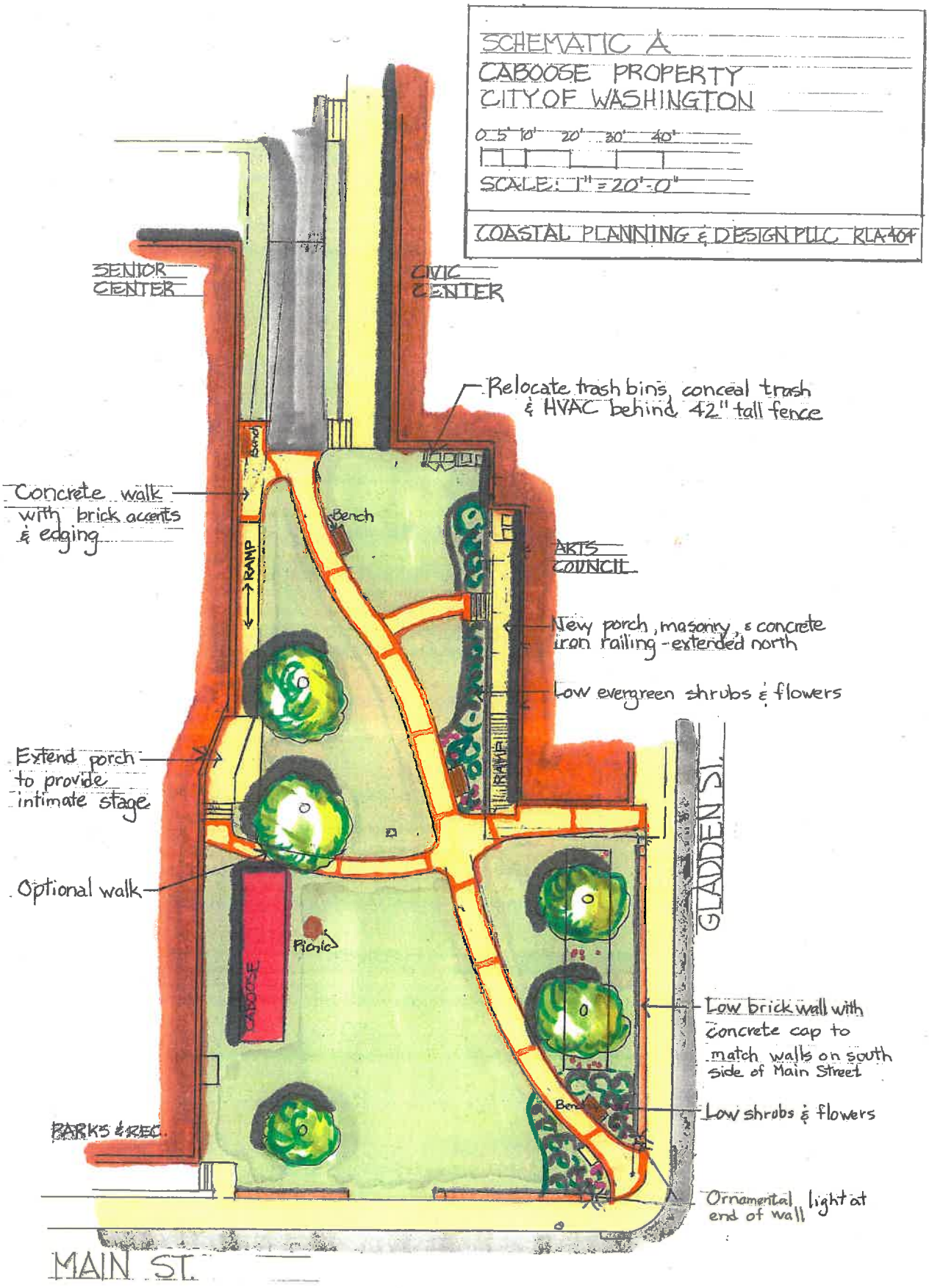
NATIONAL
UNDERGROUND RAILROAD
NETWORK TO FREEDOM

Washington was a very important part of the Underground Railroad 'Grapevine Communication System.'

This is one of the 'block houses' that were located on Fort Washington during the Civil War. Fort Washington was built by African Americans in the area that now encompasses the old P S Jones and Washington Colored School sites, Beebe Park, and the Pecan Grove area of Washington extending to Tenth and Market Streets. Local stories say the Union soldiers fell in love with the pecans that grew in Washington and started planting the trees near the fort with African American expertise of the soil and how to cultivate the trees and the trees flourished in that area. The name, 'The Pecan Grove' designated this area.

Did you know these flowers helped enslaved people to escape on the Underground Railroad?

The Black Eyed Susan (Justice Plant) was used by Clergy, Midwives and Teachers to signal to escaping slaves that it was safe to board ships on the Washington Waterfront to travel North to freedom.


SCHEMATIC A
CABOOSE PROPERTY
CITY OF WASHINGTON
0 5' 10' 20' 30' 40'
SCALE: 1" = 20'-0"
COASTAL PLANNING & DESIGN PLLC RLA#0101
SENIOR CENTER
CIVIC CENTER
Relocate trash bins, conceal trash & HVAC behind 42" tall fence
Concrete walk with brick accents & edging
Bench
RAMP
ARTS COUNCIL
New porch, masonry, & concrete iron railing - extended north
Low evergreen shrubs & flowers
Extend porch to provide intimate stage
GLADDEN ST.
Optional walk
Picnic
CABOOSE
Low brick wall with concrete cap to match walls on south side of Main Street
Low shrubs & flowers
PARKS & REC.
Ornamental light at end of wall
MAIN ST.

City of Washington
NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Matt Rauschenbach, Administrative Services Director**
Date:	**May 11, 2015**
Subject:	**Adopt Purchasing Policy and Procedures**
Applicant Presentation:	**N/A**
Staff Presentation:	**N/A**

RECOMMENDATION:

I move that City Council repeal the Manual of Purchasing Procedures and adopt the proposed Purchasing Policy and Procedures.

BACKGROUND AND FINDINGS:

The City's Manual of Purchasing Procedures adopted February 12, 1990 was last revised September 8, 1997. The City of Tarboro recently adopted a policy with input from the Local Government Commission and this proposal reflects that base document modified where needed for the City of Washington.

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

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

SUPPORTING DOCUMENTS

Purchasing Policy and Procedures

City Manager Review: KLA Concur _____ Recommend Denial _____ No Recommendation
5/5/15 Date

PURCHASING POLICY AND PROCEDURES

I. Introduction

A considerable portion of the expenditures of every government is for purchases of goods and services. A local government's power to make purchases and contracts, like other powers, is derived from the Legislature and is subject to such limitations and restrictions as it may impose. While this policy makes reference to certain statutory provisions relating to purchasing, its primary purpose is not to summarize but to supplement those provisions. It is intended that The City of Washington purchasing and contracting procedures will be consistent with State law and this policy.

Purchasing statutes and rules may change from time to time and this policy shall be updated periodically to reflect these changes.

II. Authorization for Expenditures

Funds must be properly appropriated or budgeted to meet contractual obligations. The Finance Director must determine whether a sufficient balance remains in the budget to pay the sums obligated by the transaction. General Statutes Section 159-28(a) requires that a pre-audit certificate signed by the Finance Officer to appear on the contract, agreement or purchase order before it becomes an obligation of the City.

According to G.S. 159-28(e), "if an officer or employee of a local government or public authority incurs an obligation or pays out or causes to be paid out any funds in violation of this section (funds which have not been appropriated), he and the sureties on his official bond are liable for any sums so committed or disbursed. If the finance officer or any properly designated deputy finance officer gives a false certificate to any contract, agreement, purchase order, check, draft, or other document, he and the sureties on his official bond are liable for any sums illegally committed or disbursed thereby."

Any purchase of supplies, materials, equipment or services without proper authorization is prohibited. Unauthorized purchases may not be honored by the City and the individual involved may be held personally liable for such purchases.

III. General Procedures

1. Requisitions for products or services shall be entered into the requisition form approved by the Finance Department, by a person designated by the department head. Sales tax should not be encumbered as an expense on the requisition.
2. All purchases which would result in line item budget overruns shall be approved by the Finance Officer prior to purchase.

3. The Purchasing Agent will review requisitions. A purchase order will then be generated and presented to the Finance Officer for final review. The purchase order is then forwarded to the department for placing the order.
4. Departments must allow ample time for processing for those purchases that require the competitive bidding process. The amount of time needed to complete the process is outlined in the section "Purchasing Procedures."
5. All purchase orders issued which involve multiple departments should have the approval of all participating department heads or appointed employees prior to issuance.
6. All purchases, except those made from special or recurring bills (e.g. annual dues, subscription renewals, contract billing, utility bills, insurance premiums, postage permits and expenses, medical examinations, professional services for accounting or legal, inter-local fees, appropriations and assessments, etc.), shall be made with a purchase order.
7. It is the desire of the City to purchase from vendors located within Beaufort County whenever possible. This can be accomplished by ensuring that local vendors who have goods or services available, which are needed by the City, are included in the competitive purchasing process. The City has a responsibility to its residents to ensure the maximum value for each dollar spent. The City cannot and will not make purchasing decisions solely based on vendor residence. Rather, the City will endeavor to encourage local vendors and suppliers to compete for all City business.

IV. Purchasing Procedures

This section outlines the City's purchasing procedure. The purchasing process is designed to provide a proper system of internal control over purchasing, to ensure that the proper authorizations are obtained before items are purchased, and to ensure that statutory requirements for purchasing are followed. All purchase contracts must be compliant with North Carolina's E-Verify law (G.S. 160A-20.1). The City is prohibited from entering into contracts with contractors and subcontractors who have not complied with the requirement of Article 2 of Chapter 64. All vendors must submit an affidavit to ensure compliance prior to the City enacting business with the vendor.

1. Cash Purchases under $50

   Cash purchases should be avoided, but in the event that it is not feasible to be billed for very small purchases, the employee may, with department head approval, buy the item and be reimbursed out of petty cash. The employee **must** submit an invoice or receipt for reimbursement. If petty cash is not available, an invoice or receipt must accompany a completed Check Request Form and must be sent to the Finance Department with an explanation or purpose for the expenditure for reimbursement. Reimbursement will be made in the next regularly scheduled check run.

2. Purchases less than $500

   Purchases may be made with the approval of the department head without a purchase order. Employees must obtain the original invoice or other type receipt, stamp the invoice with the approval stamp, get the department head's written approval and submit for payment to the Finance Department. These purchases should be made with reputable vendors who are

willing to bill the City. Dividing purchases in order to evade having to enter a requisition and obtain an assigned purchase order is prohibited.

3. Purchases $500 - $4,999

   A requisition must be submitted and approved **prior** to the purchase of any item or group of items exceeding $500. After the requisition has been checked for accuracy and reviewed by the Finance Department, the requisition will be converted to a purchase order. For items in this price range, the responsibility lies with the department head to establish need for goods or services and determine best quality at lowest cost. Notify the Purchasing Agent of items and quantities that are common to other departments to allow for group purchasing whenever possible.

4. Purchases $5,000 - $29,999

   Three (3) quotations must be received by either email, fax, hand delivered or by mail and sent to the Finance Department once the requisition is submitted. The requisition will not be approved until the quotes are received. Quotations should be for like items, equal quantities, and at a delivered price. Assistance from the Finance Department in securing these quotes will be available upon request. If three quotations are not available, or if the low quotation is not desirable, a written explanation in the "Note" field will avoid delays in processing the requisition. In cases where the item or service is available from a single source, you must indicate in the note section that it is "sole source". If you need to re-order an item within 12 months of receiving the verbal quote, you do not have to get new quotes as long as the supplier will honor the earlier prices. This information, showing date of last verbal quote and purchase order number, must accompany the requisition. After the requisition has been checked for accuracy and verified by the Finance Department, the requisition will be converted to a purchase order.

5. Purchases $30,000 - $89,999 (Informal Bid)
   a. Informal bid procedures must be followed on contracts for the following:
      i. Purchases or lease-purchases of apparatus, supplies, materials, or equipment expected to require expenditure equal to or greater than $30,000, but less than $90,000;
      ii. Construction or repair work when expenditures of $30,000 to $500,000 are involved (G.S. 143-131).
   b. Detailed specifications including description, brand/model number, quantity, unit, delivery date required, and any known vendors should be forwarded to the Finance Department. The Finance Department will obtain quotes from at least three vendors, if possible. However, contracts in the informal range may be awarded even if only one bid is received. Departments should allow ample time (seven to ten working days) for quotes to be obtained. Since informal bids do not have to be publicly opened, fax or email quotes are acceptable. The Finance Department shall keep a record of all bids submitted, which record shall not be subject to public inspection until the contract has been awarded. The Contractor shall submit the E-Verify Affidavit with their bid. Bids that do not include this Affidavit will be considered nonresponsive. After quotes have been reviewed by the Finance Department, a

recommendation based on determination of the lowest responsive responsible bidder, will be made to the department head or designated employee. If the low bid is not desirable, the department head and/or Finance Department shall provide a written explanation. A requisition will be entered into the financial system by the department head or designated employee which after approval, will be converted to a purchase order.

6. Purchases $90,000 and above (Formal Bid)
    a. With respect to the purchase or lease-purchase of apparatus, supplies, material, or equipment expected to require expenditure equal to or greater than $90,000 and construction or repair work requiring the estimated expenditure of $500,000 or more, the City shall comply with the provisions of G.S. 143-129 and other applicable statutes, as well as the following procedures:
        i. Detailed specifications including description, brand/model, quantity, unit, delivery date required, and any known vendors should be forwarded to the Finance Department before the bid package is prepared.
        ii. As provided in G.S. 143-129(b), the City shall notify prospective vendors of the opportunity to submit bids by advertising in a newspaper having general circulation in the City area, or by electronic means, or both (except that a decision to advertise by electronic means only must be approved by the Council, either for particular contracts or all contracts). The advertisement shall contain the information required in G.S. 143-129(b). In addition, the Finance Department shall mail to prospective vendors the Invitation to Bid along with the Instructions to Bidders that has been prepared by the Finance Department with the assistance of the department head or designated employee. The published notice must appear, and the electronic or mailed notice must be sent, at least fourteen (14) days prior to the bid opening.
        iii. An opening date and time shall be set in the bid conditions and all bids shall remain in the Finance Department office sealed until that time. All bids received will be stamped or marked by the Finance Department as to the date and time of receipt. After the bids have been opened, they will be examined and compared by the Finance Department and department head, with respect to compliance with the specifications, quality and suitability of the products, time of delivery and other specific conditions that were included in the bid. The Contractor shall submit the E-Verify Affidavit with their bid. Bids that do not include this Affidavit will be considered nonresponsive. A recommendation for the bid award based on determination of the lowest responsive responsible bidder will be made to the City Manager. If the low bid is not desirable, the department head and/or Finance Department shall provide a written explanation.
        iv. After bids have been opened, they will become a matter of public record and maintained in purchasing. After approval of the award by the City Council a requisition will be submitted to the Finance Department by a designated employee and a purchase order will be issued.

b. Exceptions to the formal bid process are set forth in G.S. 143-129(e) and other provisions of the law. Special procurement procedures applicable to some of these exceptions are set forth in Section V of this policy.

c. Although the waiver of competitive bidding is permitted, the use of competitive bidding is required whenever practical. All reasons for a waiver of the competitive bidding process **must** be documented.

7. Special Requirements of City Council

a. In addition to the specific requirements of the General Statutes, the City Council requires that all purchase orders for $20,000 or more, be approved by the Council prior to the order being submitted to the vendor.

V. Special Procurement Procedures

1. Blanket Purchase Orders

The Purchasing Agent will issue blanket purchase orders to selected vendors for the procurement of certain items when the amount of paperwork involved makes it impractical to use the regular purchase order procedure. A blanket purchase made using a blanket purchase order number should not exceed $500 at any time, with the exception of chemicals used at the City's treatment plant or fuel for the City's fuel farms.

Each department head is to provide a list of authorized personnel who are permitted to execute a purchase order under a Blanket Purchase Order. The authorized City employee must sign the vendor's delivery ticket or receipt and the purchase order number must be indicated. The account number to be charged for the expenditure must be indicated. Department heads must approve the ticket or receipt and forward it to the Purchasing Department for payment. The issued purchase order will instruct the vendor that unauthorized purchases will not be allowed. It is the responsibility of the individual authorized to purchase under a Blanket Purchase Order to ensure that adequate funds are available for purchases. Any purchase exceeding the funds available under a Blanket Purchase Order will be classified as an unauthorized purchase unless a written purchase order increase request has been submitted in writing.

Blanket Purchase Orders should never be used for equipment purchases such as mowers, weed trimmers, blowers, appliances, etc. These items need more specific documentation than a blanket purchase order allow, including serial number, model number and date of purchase.

Blanket Purchase Orders are only valid for the current fiscal year for which they are entered.

2. Emergency Purchases

Supplies or services which qualify for emergency purchase are those for which immediate procurement is essential to prevent delays in work that may affect the life, health or safety of the City employees or citizens. In cases of emergencies, the City Manager or his/her designee may purchase directly from any vendor.

The City shall exercise good judgment and use established vendors when making emergency purchases. The best possible price should be obtained and only essential, emergency-related items purchased. A failure to anticipate needs does not constitute an emergency. Needs should be anticipated in advance and emergency purchases avoided whenever possible. Emergency orders may be costs as vendor supplies and/or resources may not be adequate on short notice, often necessitating higher prices for services or goods rendered. The use of emergency purchase procedures should be carefully considered and limited whenever possible.

During working hours, contact the Purchasing Agent and give all pertinent information to obtain a purchase order. The information needed will include vendor name, items(s) to be purchased with quantities, expenditure account to which the item(s) will be charged and the reason for the emergency purchase. After verifying available funds, a purchase order will be issued for the expenditure.

After working hours, the spirit and intent of all purchasing procedures should be followed until such time as normal processing and administration can occur. The invoice received should be coded with the account(s) to be charged and signed. A brief explanation of the nature of the emergency should be attached. The Purchasing Agent must be notified of the purchase and the circumstances the morning of the next business day.

3. State of North Carolina Purchase Contract

The Finance Department may use the State of North Carolina Department of Administration Purchase and Contract Division and/or established Cooperative Purchasing Agreements whenever possible for procurement of capital and non-capital items. These systems expedite the purchase of goods, offers pricing compatible with quotes received from formal and informal bids and satisfies North Carolina General Statutes. Examples of goods on State Contract are law enforcement vehicles, office furniture, copiers, janitorial supplies, copier paper, light bulbs, etc. Contact the Finance Department with questions regarding goods on State Contract or cooperative purchasing agreements. The State of North Carolina Interactive Purchasing System can be found on the web at www.ips.state.nc.us/ips/Default.aspx.

4. Credit Cards

The City maintains a credit card for such instances as online purchasing, hotel reservations, or other similar purchases. The Finance Department manages the card which shall be provided on an as-needed basis to those authorized to use it by their department head. Department Heads are issued individual cards for similar usage. It is the card user's responsibility to provide an original detailed receipt for each transaction on the bank

statement. Telephone orders that do not generate receipts shall be evidenced by a catalog page and supplemented by any documentation that becomes available once the transaction is complete. Internet purchases should be evidenced by a printout of the order confirmation page. Authorized employees must give all debit card documentation to the department head for their approval. The approval must include the purchase order number when applicable, the general ledger account number and be signed and forwarded to the Finance Department. Authorization to complete a purchase transaction of $500 or more using the debit card shall not absolve the user of the obligation to obtain a purchase order before completing the purchase.

Undocumented transactions (transactions turned in to be paid without a receipt) are not allowed and will be considered personal transactions if the employee does not have an explanation that includes a description of the items(s) purchased, date of purchase, vendor's name and reason for the lack of documentation. The Finance Department may request additional information or may disallow the transaction and the employee will be personally responsible for the transaction amount.

5. Service Contracts
    a. Need for and Type of Service Contracts
        i. It is the purpose of this policy to create and maintain an efficient and uniform process in the administration of service contracts. A department shall select service providers according to the procedures set out in this policy. The need for such contracts is based upon the requirement of the department and as approved by the department head.

        ii. Service contracts are contracts that call for a contractor's time and effort rather than for a concrete end product. There are two types of service contracts:
            a. Professional – those which involve professional, technical and skilled services such as architectural, engineering, legal, design, financial, audit, consultant training, appraisal, survey, planning, environmental and other services of a similar skilled or professional nature.
            b. All other – those which consist of leases for rental equipment, maintenance agreements, janitorial, demolition, towing, and similar activities.
    b. Procedure for Negotiating, Awarding, and Executing Service Contracts
        i. Service contracts will be issued after proposals are solicited from two (2) or more service providers. A request for proposal (RFP) is a competitive procurement process that allows the City to consider factors other than price such as qualification, experience, innovation, creativity, value-added service and project approach. In procuring architectural, engineering, or surveying services, the City shall comply with Article 3D of Chapter 143 (G.S. 143-64.31 *et seq.*).

ii. In evaluating proposals, the criteria for selecting a qualified firm should be clearly defined in the proposal. The proposal must state the factors relevant to the selection of a company and then weigh those factors according to their importance.

iii. After evaluation, the department head shall prepare a recommendation to the City Manager indicating the reason(s) for selecting the successful provider, and a list of all the firms to which the request for proposals was mailed and those submitting proposals.

6. City-wide contracts have been issued for the following and departments are required to use these vendors unless prior approval from the Finance Department has been given. Designated vendors were determined through competitive bidding by the Finance Department.

   a. Information Technology – The City contracts with vendors for Information Technology maintenance service. All major maintenance issues will be reviewed by the City IT staff who will communicate with the IT service company.
   b. Telecommunication - All land-line and cellular telephones, changes, repairs, voice mail, etc. are acquired through the Finance Department with no exceptions.

VI. Construction and Repair Work

1. Informal Construction Contracts (less than $500,000 – G.S. 143-129)
   Construction contracts within this range will be the responsibility of the department head, contracted engineer (if applicable) and other City officials as deemed necessary. These officials are responsible for specification development. The Purchasing Department will work with the specific department head to compile the necessary bid documents for release to potential bidders. All North Carolina General Statutes bidding requirements will be followed. After the bid process has been completed, the requesting department head will recommend to the City Council the lowest responsible bidder deemed in the best interest of the City. Upon approval by the City Council, the department head will initiate a requisition and forward all signed contract information to purchasing so that a purchase order can be generated to encumber the expenditure account. When an award is not given to the lowest bidder, a full and complete statement of the reasons shall be filed along with the other papers relating to the transaction.

   a. Bids may be written, faxed or emailed.
   b. Public bid opening is not required.
   c. Bid bonds are not required.
   d. Payment and performance bonds are not required.

2. Formal Construction Contracts ($500,000 and above – G.S. Ch. 143 Article 8)
   Construction contracts within this range will be the responsibility of the department head, contracted engineer (if applicable) and other City Officials as deemed necessary. These officials

are responsible for specification development. The Purchasing Department will work with the specific department head to compile the necessary bid documents for release to potential bidders. All North Carolina General Statutes bidding requirements will be followed. After the bid process has been completed, the requesting department head will recommend to the City Council the lowest responsible bidder deemed in the best interest of the City. Upon approval by the City Council, the department head will initiate a requisition and forward all signed contract information to purchasing so that a purchase order can be generated to encumber the expenditure account. When an award is not given to the lowest bidder, a full and complete statement of the reasons shall be filed along with the other papers relating to the transaction.

a. Must advertise at least fourteen (14) days before bid opening.
b. At least three competitive bids.
c. Bids must be sealed.
d. Public bid opening is required.
e. Bid bonds are required by North Carolina General Statutes.
f. Payment and performance bonds are required by Statutes.

3. Contract Change Orders
   A change order is an amendment to the original contract and is handled through the same process as contracts. Any change that alters the original contract requires either a change order or an addendum to the contract.

4. Force Account Work (G.S. 143-135)
   The State Statutes authorize the City to waive the competitive bidding requirements for construction or repair work that is undertaken by the City's workforce when either (i) the cost of the project including all direct and indirect costs of labor, services, materials, supplies and equipment, does not exceed $125,000, or (ii) the total cost of labor on the project does not exceed $50,000.

VII. Payments

Most vendors offer a discount if their invoices are paid promptly. To take advantage of this discount and to maintain good vendor relations, it is important that all invoices, packing slips, and receiving reports be forwarded to the Finance Department without delay. These documents should reach the Finance Department within 1 to 3 business days after their receipt.

Some purchase orders may list several items. It is possible the vendor may complete timely delivery on some items, which are referred to as "partial deliveries". Upon receipt of a partial delivery, photocopy the purchase order; attach the original signed delivery receipt and forward to the Purchasing Agent indicating which lines of the purchase order are to be paid.

VIII. After the Order

The procurement function is not accomplished by simply placing an order with a supplier. Satisfactory delivery must also be made. To insure delivery will be made when required, follow-up is necessary. Follow-up or expediting delivery of an order is part of the purchasing process and can be more efficiently handled by the purchasing party.

The Purchasing Agent will, on a regular basis, review outstanding purchase orders to determine if vendors are delinquent in shipping the items requested. The Purchasing Agent will first check with the department initiating the purchase order and then contact these vendors concerning the delinquent delivery. The Purchasing Agent will contact vendors concerning invoice discrepancies and will get approval from the Finance Director and affected department head to correct any invoice amounts.

IX. Surplus Property

1. Departments should dispose of surplus property through the Finance Department, as described in N.C.G.S. 160A Article 12. A surplus property declaration request should accompany the surplus property to the Finance Department.
2. Surplus property will be offered to City departments before being sold by auction, electronic auction, or delivery to the State surplus facility.
3. Property, either individually or a similar group of items, with an estimated current value greater than $30,000 must only be declared surplus by the City Council and disposed of in accordance with the provisions of Article 12 of G.S. Chapter 160A.
4. The City Council has authorized the City Manager to declare property as surplus if such property has an estimated current value less than $30,000. The City Manager may dispose of surplus personal property by any means which is judged to be reasonably calculated to yield the highest attainable sales price.
5. The City Manager shall maintain records of all property sold or exchanged, which shall include a general description of the property sold, to whom it was sold, or with whom exchanged, and the amount of money or other consideration received for each sale or exchange.

X. Minority Owned Business Enterprise (MBE) Participation

The City follows N.C.G.S. 143-128.2 regarding Minority Owned Business Enterprise Participation in the awarding of building construction contracts.

XI. Contract Authority of Manager

1. The Manager shall execute all contracts on behalf of the City, except that (i) the Council may by resolution authorize other officials to execute specific documents and (ii) the Manager may, in writing, delegate to other employees the authority to execute specific documents or classes of documents.

2. The Manager may enter into contracts that commit the City to purchase goods and services (i) when the City Council has previously authorized the acquisition of such goods and services, or (ii) if the City Council has not previously authorized the acquisition of such goods or services, when the amount is less than $5,000.

3. In emergencies, the Manager may enter into contractual agreements for any amount. Contractual agreements entered into during an emergency must be brought before the Council during a public meeting for review and approval at the earliest possible date. For the purposes of this subsection, an "emergency" is defined as "a sudden or unexpected occurrence or occurrences, which jeopardize the safety of the City's citizens, such as but not limited to a fire or an electrical outage."

XII. Contracts

1. Except as otherwise provided in Section II of this policy, all contracts need to contain the pre-audit certificate signed by the Finance Director and must include the account number to which the payment will be charged.

2. Contracts requiring approval of the Council should be forwarded to the City Manager at least ten days before the meeting to be included on the agenda.

3. Contracts need to be encumbered by a purchase order when signed. After the contract has been pre-audited, a copy will be forwarded to the Finance Department to enter a requisition in the system and a pre-numbered purchase order will be generated.

THIS POLICY SPECIFICALLY REPEALS AND REPLACES PRIOR CITY POLICIES AND ADMINISTRATIVE MEMORANDA RELATIVE TO PURCHASING.

Approved:

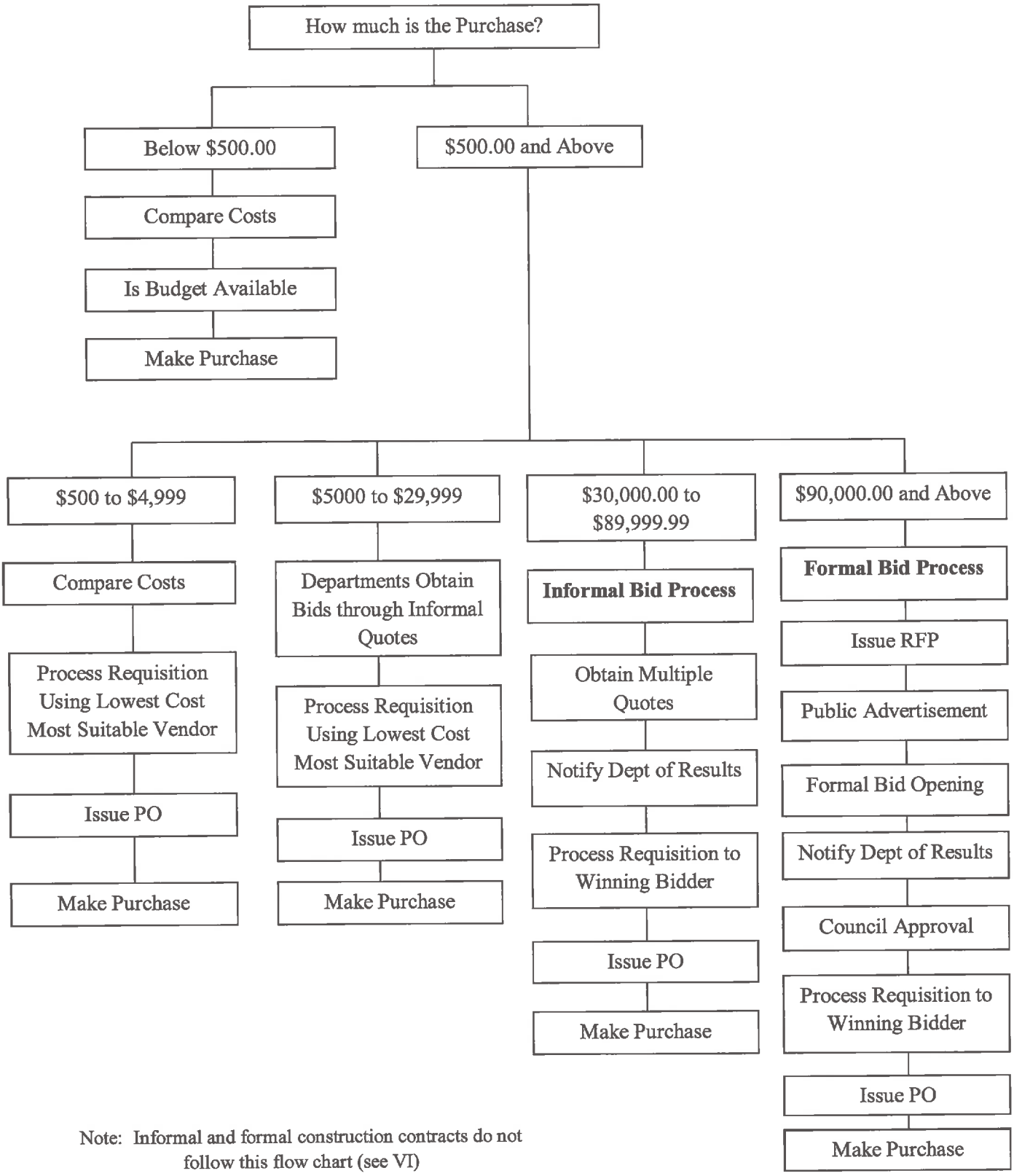
_____

Jay MacDonald Hodges,
Mayor

_____

Date

PURCHASING FLOW CHART



Note: Informal and formal construction contracts do not follow this flow chart (see VI)

City of Washington NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Brian Alligood, City Manager**
Date:	**May 11, 2015**
Subject:	**Amend City Code Adjustment of Bill Ordinances**
Applicant Presentation:	**N/A**
Staff Presentation:	**N/A**

RECOMMENDATION:

I move that City Council amend Sections 10-50, 38-50, and 39-51 of the City Code to change the period of adjustment for utility bill under or overcharges from twelve to thirty six months.

BACKGROUND AND FINDINGS:

City Code limits the period of adjustment of water, sewer, and electric billing under or overcharges to twelve months. Staff recommends extending the adjustment period to thirty six months. This modification will enable staff to resolve the majority of billing adjustments in an expedient manner for our customers and avoid their need to petition Council for individual ordinance exceptions.

PREVIOUS LEGISLATIVE ACTION

FISCAL IMPACT

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

SUPPORTING DOCUMENTS

Relevant Sections of City Code

City Manager Review: _but_ Concur _____ Recommend Denial _____ No Recommendation
_5/5/15_ Date

ELECTRIC

Sec. 10-50. - Adjustment of bill.

(a) If the city determines that it has overcharged or undercharged a customer on account of its error, the city shall refund or recover the difference, subject to the following:

(1) The adjustment period shall be limited to the lesser of the actual period during which the error occurred or twelve (12) months; (36)

(2) The amount of adjustment shall be determined by the electric utility Director based upon such evidence as deemed appropriate; and,

(3) Any overcharge may be either refunded or credited to the customer and any undercharge shall be billed to the customer.

(b) If the city determines that it has undercharged a customer on account of any unlawful or materially misleading act of such customer, the undercharge shall be determined and collected as set out in subsection (a) of this section, except the adjustment period shall be the actual period during which the error occurred (up to thirty-six (36) months) or twelve (12) months, if the adjustment period cannot be determined. The city shall, in addition to collecting such undercharge, have the right to take such other action against such customer as is permitted by law.

(Code 1972, § 25-14; Code 1993, § 6-38; Ord. No. 89-23, § 2, 11-13-1989)

Sec. 38-50. - Adjustment of water bills.

(a) If the city determines that it has overcharged or undercharged a customer on account of its error, the city shall refund or recover the difference subject to the following:

(1) The adjustment period shall be limited to the lesser of the actual period during which the error occurred or twelve (12) months; (36)

(2) The amount of adjustment shall be determined by the Director based upon such evidence as he deems appropriate; and

(3) Any overcharge may be either refunded or credited to the customer and any undercharge shall be billed to the customer.

(b) If the city determines that it has undercharged a customer on account of any unlawful or materially misleading act of such customer, the undercharge shall be determined and collected as set out in this section, except the adjustment period shall be the greater of the actual period during which the error occurred (up to thirty-six (36) months) or twelve (12) months, if the adjustment period cannot be determined. The city shall, in addition to collecting such undercharge, have the right to take such other action against such customer as is permitted by law.

(Ord. No. 11-6, § 1, 5-2-2011)

Sec. 39-51. - Adjustment of sewer bills.

(a) If the city determines that it has overcharged or undercharged a customer on account of its error, the city shall refund or recover the difference, subject to the following:

(1) The adjustment period shall be limited to the lesser of the actual period during which the error occurred or twelve (12) months; (36)

(2) The amount of adjustment shall be determined by the POTW Director based upon such evidence as he deems appropriate; and

(3) Any overcharge may be either refunded or credited to the customer and any undercharge shall be billed to the customer.

(b) If the city determines that it has undercharged a customer on account of any unlawful or materially misleading act of such customer, the undercharge shall be determined and collected as set out in this section, except the adjustment period shall be the greater of the actual period during which the error occurred (up to thirty-six (36) months) or twelve (12) months, if the adjustment period cannot be determined). The city shall, in addition to collecting such undercharge, have the right to take such other action against such customer as is permitted by law.

(Ord. No. 13-6, § 1, 10-28-2013)

ORDINANCE TO AMEND CHAPTER 10, ELECTRIC UTILITY, ARTICLE II, RATES AND CHARGES, SECTION 10-50. ADJUSTMENT OF BILL

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

Section 1. That Chapter 10, Electric Utility, Article II, Rates and Charges, Section 10-50, Adjustment of Bill, be replaced in its entirety with the following Section 10-50, Adjustment of Electric Bills.

Sec. 10-50. Adjustment of Electric Bills.

(a) If the city determines that it has overcharged or undercharged a customer on account of its error, the city shall refund or recover the difference, subject to the following:

(1) The adjustment period shall be limited to the lesser of the actual period during which the error occurred or thirty-six (36) months;

(2) The amount of adjustment shall be determined by the electric utility Director based upon such evidence as deemed appropriate; and

(3) Any overcharge may be either refunded or credited to the customer and any undercharge shall be billed to the customer.

(b) If the city determines that it has undercharged a customer on account of any unlawful or materially misleading act of such customer, the undercharge shall be determined and collected as set out in subsection (a) of this section, except the adjustment period shall be twelve (12) months if the adjustment period cannot be determined. The city shall, in addition to collecting such undercharge, have the right to take such other action against such customer as is permitted by law.

Section 2. This Ordinance shall become effective upon its adoption.

Section 3. All Ordinances or parts in conflict herein are repealed.

Adopted this _____ day of _____, 2015.

_____
Jay MacDonald Hodges, Mayor

ATTEST:

_____
Cynthia Bennett, City Clerk

ORDINANCE TO AMEND CHAPTER 38, WATER, ARTICLE II, OPERATION OF SYSTEM, DIVISION 3, FEES, SECTION 38-50. ADJUSTMENT OF WATER BILLS

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

Section 1. That Chapter 38, Water, Article II, Operation of System, Division 3, Fees, Section 38-50, Adjustment of Water Bills, be replaced in its entirety with the following Section 38-50, Adjustment of Water Bills.

Sec. 38-50. Adjustment of Water Bills.

(a) If the city determines that it has overcharged or undercharged a customer on account of its error, the city shall refund or recover the difference, subject to the following:

(1) The adjustment period shall be limited to the lesser of the actual period during which the error occurred or thirty-six (36) months;

(2) The amount of adjustment shall be determined by the Director based upon such evidence as deemed appropriate; and

(3) Any overcharge may be either refunded or credited to the customer and any undercharge shall be billed to the customer.

(b) If the city determines that it has undercharged a customer on account of any unlawful or materially misleading act of such customer, the undercharge shall be determined and collected as set out in subsection (a) of this section, except the adjustment period shall be twelve (12) months if the adjustment period cannot be determined. The city shall, in addition to collecting such undercharge, have the right to take such other action against such customer as is permitted by law.

Section 2. This Ordinance shall become effective upon its adoption.

Section 3. All Ordinances or parts in conflict herein are repealed.

Adopted this _____ day of _____, 2015.

_____
Jay MacDonald Hodges, Mayor

ATTEST:

_____
Cynthia Bennett, City Clerk

ORDINANCE TO AMEND CHAPTER 39, WASTEWATER/SUO, ARTICLE II, GENERAL SEWER USE REQUIREMENTS, DIVISION 2, FEES, SECTION 39-51.
ADJUSTMENT OF SEWER BILLS

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

Section 1. That Chapter 39, Wastewater/SUO, Article II, General Sewer Use Requirements, Division 2, Fees, Section 39-51, Adjustment of Sewer Bills, be replaced in its entirety with the following Section 39-51, Adjustment of Sewer Bills.

Sec. 39-51. Adjustment of Sewer Bills.

(a) If the city determines that it has overcharged or undercharged a customer on account of its error, the city shall refund or recover the difference, subject to the following:

(1) The adjustment period shall be limited to the lesser of the actual period during which the error occurred or thirty-six (36) months;

(2) The amount of adjustment shall be determined by the POTW Director based upon such evidence as deemed appropriate; and

(3) Any overcharge may be either refunded or credited to the customer and any undercharge shall be billed to the customer.

(b) If the city determines that it has undercharged a customer on account of any unlawful or materially misleading act of such customer, the undercharge shall be determined and collected as set out in subsection (a) of this section, except the adjustment period shall be twelve (12) months if the adjustment period cannot be determined. The city shall, in addition to collecting such undercharge, have the right to take such other action against such customer as is permitted by law.

Section 2. This Ordinance shall become effective upon its adoption.

Section 3. All Ordinances or parts in conflict herein are repealed.

Adopted this _____ day of _____, 2015.

_____
Jay MacDonald Hodges, Mayor

ATTEST:

_____
Cynthia Bennett, City Clerk

City of Washington NORTH CAROLINA

REQUEST FOR CITY COUNCIL ACTION

To:	**Mayor Hodges & Members of the City Council**
From:	**Brian Alligood, City Manager**
Date:	**May 11, 2015**
Subject:	**Approve Transportation Asset Management Proposal**
Applicant Presentation:	**N/A**
Staff Presentation:	**Brian Alligood, City Manager**

RECOMMENDATION:

I move that the City Council approve the attached Transportation Asset Management Plan proposal from Martin-McGill in the amount of $67,500.00.

BACKGROUND AND FINDINGS:

As discussed at previous meetings, the City's surface transportation assets need to be reviewed and a plan developed to address current and upcoming needs. The attached proposal from Martin-McGill will produce an objective and prioritized plan for making needed improvements based on the current assessment of the assets. The financial services part of the proposal will develop a 10-year Capital Improvement Plan (CIP) and a financing model to fund the needed work. Funding for this project will come from the General Fund fund balance.

PREVIOUS LEGISLATIVE ACTION

N/A

FISCAL IMPACT

__ Currently Budgeted (Account __) _X__ Requires additional appropriation ___ No Fiscal Impact

SUPPORTING DOCUMENTS

Transportation Asset Management Plan proposal

City Manager Review: BAA Concur _____ Recommend Denial _____ No Recommendation 5/5/15 Date

May 5, 2015

Brian Alligood
City Manager
City of Washington
102 East Second Street
PO Box 1988
Washington, NC 27889

SUBJECT: **Proposal for Transportation Asset Management Plan for Washington**

Dear Mr. Alligood:

Martin-McGill is pleased to submit this proposal for services for the above referenced project. This proposal addresses two principal objectives:

- To produce an objective and prioritized plan for making needed surface transportation asset improvements that will be used to identify and prioritize capital project needs that can be planned for through the City's capital improvement planning process.
- To evaluate alternatives for funded identified capital projects and devise an asset management process that addresses this growing transportation deficiency over the long term.

The outcome of this project will result in several tangible deliverables for the City. First, our proposed project team will utilize the City's recent street pavement and stormwater infrastructure assessments as a basis for compiling a comprehensive assessment of the condition of each asset and use this information to forecast needed capital improvements. As the current stormwater data only covers approximately half of the City's streets, valuations will be conducted of the remaining streets to create a complete data set. The condition ratings, provided by the City, will be used to develop a 10 year CIP and Funding Model. Information obtained and derived from this study will be summarized in a final report.

Proposed Scope of Services

Our firm's approach to the project is a series of specific tasks designed to address the proposed project objectives. Each task is summarized as follows:

Project Oversight:

- Establish a Project Oversight Group.
- Develop concise project objectives as the basis for the project work plan, as well as defined project milestones and final project schedule.
- Finalize a detailed plan of work for the project.
- Confirm the scope of assets to be evaluated (streets, parking lots, storm drains, and culverts as they fall in the streets which are the subject of this study).
- Review the City's current transportation asset condition assessment and stormwater infrastructure assessment information and determine whether further condition assessment tasks would be performed and whether the City or the consultant would be responsible for such new assessment tasks.
- Collect all relevant information required for the project.

Inventory Transportation Assets owned by the City

- Streets:
  - Obtain the latest version of the asset database that contains street segments from the City of Washington.
  - Identify new street segments not in current database. (performed by City Staff)
  - Identify street segments that should be removed from database. (performed by City Staff)
  - Determine any supporting coordinates or descriptors that are needed to support new segments in the database. (performed by City Staff)
- Additional assets – parking lots, stormwater infrastructure and culverts:
  - Work with City personnel to obtain information on these assets that will be included in the scope.
  - Incorporate the City's existing stormwater infrastructure assessment and provide additional stormwater assessments in streets not already surveyed.
  - Determine any supporting coordinates or descriptors that are needed to support new assets in the database. (performed by City Staff)

Establish Evaluation Parameters

- It is assumed, for the purposes of this project, that the evaluation parameters that the City utilized to conduct the most recent condition assessment will remain unchanged. As an element of project management and oversight, the Project Team will review these methodologies with the City staff to insure that circumstances has not changed that would demand modifications to these methodologies.

Assess Condition of Assets

- The most recent street conditions assessment conducted by the City will be utilized for this project. This work will be reviewed by the Project Team to insure complete understanding of the methodologies and ratings and determine edits or updates that might be necessary for the purposes of this project.
- Assess the present condition of other transportation assets that are included in the scope of this project. It is assumed that the City will perform these assessments or use other resources from previous studies.
- Incorporate the existing stormwater infrastructure analysis and the additional analysis to be performed as a as element of this project into the street assessment.

Rank & Prioritize Needs

- Review the data to define natural breaks in scoring.
- Meet with the City to discuss high level concerns and other factors affecting the projected useful life of certain assets.
- Define scoring thresholds.
- Develop a report that summarizes the project approach, condition assessment results, general findings and conclusions.
- Meet with the City to discuss key findings.

Develop Capital Improvement Plan (CIP)

- Obtain historical repair / replacement financial information.
- Establish maintenance, repair and replacement unit cost assumptions.
- Review existing program plans, capital project plans, cost estimates, studies and any other documents that present information and data pertaining to proposed or pending capital projects or unmet capital needs.
- Review existing planning documents such as Transportation Plans, City Center Plans and Comprehensive Pedestrian Plans ,and streetscape plans to:

  - Identify the projects outlined in such reports that should be included in the CIP.
  - Review and validate the list with the City to verify project validity.
  - Determine timing for each project with support from the City.
  - Develop or review conceptual budgetary cost estimates for each project included in the CIP, except for project cost estimates that are provided by other consultants, studies, or sources.
- Develop the CIP presentation format.
- Use condition assessment rating to determine needed projects over a 10-year timeline and identify those projects that are scheduled beyond ten years.
  - Distinguish between projects that are routine or re-occurring capital outlay from those that are non-routine.
- Determine maintenance, repair and replacement schedule.
- Prepare conceptual budgetary cost estimates for projects related to existing assets included within the 10 year planning period.
- Prepare draft CIP.

Review and Finalize CIP

- Review the draft CIP with the City Manager and Project Oversight Group.
- Make refinements to the draft CIP.
- Present the final draft CIP to the Project Oversight Group for final review.
- Make refinements to the final draft.
- Publish the final CIP.

Develop Program Financing Model

- Address methods of financing each project contained in the 10 year CIP, including the use of existing revenue sources and anticipated income from other revenues, including debt, fees and assessments and other innovative streams.

Prepare Asset Management Plan

- Develop final project report that summarizes the following information:
  - Project objectives and methodologies
  - Condition assessment results
  - CIP projections and related future improvements
  - Program financial summary
  - Summary of key findings and conclusions

Assumptions:

- City will provide copies of all needed reports and any supporting cost estimates that have already been generated.
- City will provide requisite condition rating assessment for all transportation assets to be included in the project scope.
- City will take any necessary photography and graphics as supporting information required to support the conditions assessments performed by the City.
- City will provide the previous utilized rating assessment methodology and spreadsheets, which will become the basis for this project.
- City will provide any GIS coordinates or elevations needed for assets including locations of needed replacements, as applicable.
- Assessment does not include capacity or design evaluations.

- Assessment will not involve physically locating with field measurements the locations of deficiencies in the street system.
- Martin-McGill or McGill Associates will not be responsible for incorporating any data into Washington's GIS.
- Assumes 3-4 meetings on-site with the City.
- Assumes that the total project duration will not exceed 180 days from the City's notification to proceed.
- Assumes no power point or other public presentations of the findings and conclusions of the project.

Proposed Project Fee:
Martin-McGill proposes to provide services for the scope outlined for a total fee-not-to-exceed Sixty-seven Thousand, Five Hundred Dollars ($67,500). Our fee would be assessed monthly based on progress.

We are excited about the opportunity to serve you and the City of Washington for this important project. We are prepared to begin work immediately upon receipt of your notice to proceed. We would be pleased to meet with you to discuss the proposed scope of work, at your convenience.

Sincerely,
Martin-McGill, Inc.

Jessica Martin-Lane
President