

The Washington City Council met in a regular session on Monday, May 14, 2012 at 5:30pm in the City Council Chambers at the Municipal Building. Present were: Archie Jennings, Mayor; Doug Mercer, Councilman; Ed Moultrie, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Bobby Roberson, Mayor Pro tem; Josh Kay, City Manager; Cynthia Bennett, City Clerk and Franz Holscher, City Attorney.

Also present were: Matt Rauschenbach, Chief Financial Officer; Robbie Rose, Fire Chief; Allen Lewis, Public Works Director; Gloria Moore, Library Director; John Rodman, Planning Director; Keith Hardt, Electric Director; Stacy Drakeford, Interim Fire and Police Services Director; Susan Hodges, Human Resources Director and Mike Voss, Washington Daily News.

Mayor Jennings called the meeting to order and Councilman Mercer delivered the invocation.

APPROVAL OF MINUTES

By motion of Councilman Pitt, seconded by Mayor Pro tem Roberson, Council approved the minutes of April 9th & April 23rd, 2012 as presented.

APPROVAL/AMENDMENTS TO AGENDA

Councilman Mercer requested adding an item under Item VIII: Appointments: EDC By-laws Review/Revision Committee.

Councilman Pitt requested the deletion of Item XII.A: Discussion of picnic benches on the waterfront.

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

MS. WENDEE BAILEY – DREAM PROVIDER CARE SERVICES INC. (DR. FRED WILSON ACCEPTED)

Ms. Wendee Bailey, CEO -DREAM Provider Care Services, Inc. for her generosity and supportive efforts in providing Christmas dinner to over 500 families. Ms. Bailey was also instrumental in furnishing many winter coats for those looking for an escape from the cold.



MS. LYDIE JENNINGS – YOUTH PRAYER BREAKFAST

Mrs. Lydie Jennings, Program Coordinator for her extraordinary vision in organizing the Washington Youth Prayer Breakfast. The event serves as a weeklong spiritual feast for the body and soul of participating middle and high school students.



CONSENT AGENDA

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved the consent agenda as presented.

- A. Adopt – Resolution directing the City Clerk to investigate a petition for a non-contiguous annexation from Eastern Pride Inc. received under General Statutes 160A-31

**RESOLUTION DIRECTING THE CLERK TO INVESTIGATE A PETITION
RECEIVED UNDER GS. 160A-31**

WHEREAS, a petition requesting annexation of an area described in said petition was received on April, 5, 2012 by the Washington City Council; and

WHEREAS, G.S. 160A-31 provides that the sufficiency of the petition shall be investigated by the City Clerk before further annexation proceedings may take place; and

WHEREAS, the City Council of the City of Washington deems it advisable to proceed in response to this request for annexation;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Washington that: The City Clerk is hereby directed to investigate the sufficiency of the above described petition and to certify as soon as possible to the City Council the result of her investigation.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

- B. Accept/Adopt – Accept grant funds from the National Football League (NFL) “Summer Youth Football Camp” **and** Adopt a budget ordinance amendment (\$4,000)

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2011-12**

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

Section 1. That account number 10-10-4310-3303, Supplies – Football Grant, Police Department portion of the General Fund appropriations budget be increased in the amount of \$4,000 to provide funds for a summer football camp.

Section 2. That the Estimated Revenues in the General Fund be increased in the amount of \$4,000 in the account Miscellaneous Revenue, account number 10-00-3839-8900.

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 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

- C. Declare Surplus/Authorize – Sale of a piece of equipment through electronic auction using GovDeals (Kubota Mower)

Vehicle Number	Make/Model Description	Serial Number	Odometer Reading
5012	Kubota 54” Zero Turn Mower	ZG227Z	N/A

D. Adopt – Budget Ordinance Amendment Workers Compensation Reserve Fund
**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2011-2012**

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

Section 1. That account number 10-00-4400-5402, Worker's Compensation Insurance, Miscellaneous Non-Departmental portion of the General Fund appropriations budget be increased in the amount of \$104,000 to provide funds for payment to the Worker's Compensation Internal Service Fund.

Section 2. That the Estimated Revenues in the General Fund be increased in the amount of \$104,000 in the account Fund Balance Appropriated, account number 10-00-3991-9910.

Section 3. That account number 35-90-6610-5402, Worker's Compensation Insurance, Miscellaneous Non-Departmental portion of the Electric Fund appropriations budget be increased in the amount of \$104,000 to provide funds for payment to the Worker's Compensation Internal Service Fund.

Section 4. That the Estimated Revenues in the Electric Fund be increased in the amount of \$104,000 in the account Fund Balance Appropriated, account number 35-90-3991-9910.

Section 5. That the Estimated Revenues in the Worker's Compensation Internal Service Fund be increased in the following accounts by the amounts shown:

85-60-3940-1000	Payments from General Fund	\$ 104,000
85-60-3940-3500	Payments from Electric Fund	<u>104,000</u>
	Total	\$ 208,000

Section 6. That the following account numbers in the Worker's Compensation Internal Service Fund be increased in the following accounts by the amounts shown:

85-60-4930-1000	WC Claims - General Fund	\$ 104,000
85-60-4930-3500	WC Claims - Electric Fund	<u>104,000</u>
	Total	\$ 208,000

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

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

Adopted this the 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

E. Adopt – Budget Ordinance Amendment for the Harding Square Fence project
**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2011-2012**

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

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$4,000 in the account Contributions to Recreation, account number 10-40-3612-8402.

Section 2. That account number 10-40-6130-1501, Maint/Repair Grounds, Park Grounds and Maintenance portion of the General Fund appropriations budget be increased in the amount of \$4,000 to provide funds for fencing at Harding Square.

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 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

F. Approve – Purchase Orders >\$20,000

*Requisition #11129, \$44,000 to Carver Machine Works to rebuild pump 1 at the storm water pump station, account 34-90-5710-1601.

*Requisition #11130, \$28,000 to Hendrix Barnhill Co. for deep gravity sewer line repair work, account 32-90-8200-4500.

*Requisition #11132, \$36,000 to Concrete Conservation Inc. for manhole rehab work primarily in Smallwood, account 32-90-8210-4500.

*Requisition #11134, \$50,000 to Greenville Paving & Contracting Inc. for asphalt for street repairs, account 10-20-4511-4500.

*Requisition # 11254, \$35,000 to Atlantic Power Systems of NC for repair of 300kW generator located at Piggly Wiggly on River Rd., account 35-90-8370-1600.

MS. MAE RODGERS - "TOGETHER WE CAN" EVENT

General Manager Mae Rodgers of The Vine Connection 1320AM, discussed a community event entitled "Together We Can". The event will be held on June 15-16 promoting unity in our community, based on the foundation motto that "we do it better when we do it together. "Together we are able to positively change our community, our city, state and even our world.

Ms. Rodgers explained that on June 15, 2012 at 3:00pm 1320AM will be hosting a welcome service at Washington Metropolitan A.M.E. Zion Church and the praise will continue that evening at 7pm with concert featuring a brand new southern gospel group Cristal River, the Award Winning Joe Ligon and The Mighty Clouds of Joy!

The following day Saturday June 16th starting at 9am 1320am is having a family and friends fun day to be held on the campus of the station (408 N. Market Street) This event is free to the public.

This is where we need the aid of our city with the following items

*porta-john's

* Handouts about the City of Washington

* Bottles of water to be passed out

* Any other types of resources that can be provided

Then on Saturday evening at 6pm we conclude this awesome weekend with a concert from Michael Combs and Tammy Edwards and the Edward Sisters! Mae Rodgers along with The Mr. Sock-Hop himself John Moore will MC this event.

Ms. Rodgers requested assistance from the City with food and funding for the event. Mayor Jennings explained that the City could not contribute funds/food to this program, but will direct the City Manager and Kristi Hardison, Special Events to assist Ms. Rodgers with coordinating and organizing her needs for the event.

MR. DAVID GOSSETT – WILDLIFE FESTIVAL

Mr. David Gossett came forward and explained that he and his wife, Sandra Gossett have been coordinating the Wildlife Festival since its inception in 1996. He explained how the event has evolved over the years and how it now includes the Dock Dogs Competition which is chaired by Neal Woolard. The 2012 event was the last Wildlife Festival that he and Sandra will chair. He thanked the City Council and City of Washington employees for all of their hard work and assistance throughout the years.

Mayor Jennings thanked Mr. Gossett for his endless hours of dedication to this event and charged staff to maintain contact with the Wildfowl Guild to assist in keeping the festival alive.

MR. ALVIN POWELL – FORMATION OF POLICE ATHLETIC LEAGUE -PAL

Mr. Alvin Powell addressed the Council concerning exploring a Police Athletic League (PAL). Mr. Powell explained the PAL program, noting that it is a non-profit outreach community program affiliated with Law Enforcement Agencies. This program was formed to help improve the relationship and communication between law enforcement officers within the community and youth by offering sports and classroom programs.

Highlighted below are some of the criteria/functions offered in the program:

- Classroom phase
- Sports phase (variety of sports)
- Teaching kids life skills (character development programs)
- Two week summer camp
- Field Trips
- Specific gender training
- Ages 14-18 (kids that have not been in trouble but could get in trouble, without positive influence)
- Law enforcement officers
- Coaches
- Tutors
- Volunteers from the community

Mr. Powell stated this program will not be in conflict with any other programs in the City. The Boys & Girls Club focuses on kids 13 & under and other programs focus on kids who have gotten into trouble. The program has been expanded to reach Aurora, Belhaven, Chocowinity and Washington.

Mr. Powell explained the need for financial support as well as legal counsel from the City to get the program up and running.

Council expressed concern with the following: Requirements, fees (application & program), transportation, liability insurance, grants, funding and dates/time for the program. Mr. Powell addressed all of the above mentioned concerns.

Mayor Jennings explained that the City's legal staff would not be available to assist Mr. Powell in the preparation of the required legal documents for the 501(c)(3) designation. Council commended Mr. Powell for his vision and enthusiasm with this program. Mayor Jennings also explained that the City would be unable to financially support this program as we are currently reducing funding to established programs and can't support any new/start-up programs at this time. Mayor Jennings further explained that the City can't give authority for events to occur at the schools as this would need to be addressed by the Beaufort County Board of Education. He suggested that Mr. Powell continue to work with the Fire and Police chiefs and continue to work on a timeline to develop a quality program that is as good as it can be from the beginning and not rush into the program. Mr. Powell stated the PAL group could possibly bankroll themselves for the startup. Mayor Jennings noted that was a great idea. Mr. Powell asked for consensus from the Council to at least proceed with the filing of the application to be included in the database? Mayor Jennings directed Mr. Powell back to staff/City Manager and directed the City Manager to proceed accordingly and report back to Council from time to time with the progress being made. Mr. Powell explained the total amount needed would be \$1300. Councilman Moultrie suggested that if Council members so desired they could donate individually to this event. Mayor Jennings suggested that the City Manager could assist Mr. Powell in coordinating resources and working with the Chiefs.

COMMENTS FROM THE PUBLIC (none)

ADOPT/APPROVE – RESOLUTION AUTHORIZING THE CITY OF WASHINGTON TO PARTICIPATE IN AN ECONOMIC DEVELOPMENT PROJECT – SPINRITE SERVICES, INC. AND SPINRITE ACQUISITION CORP AND APPROVE A GRANT PROJECT ORDINANCE AND A BUDGET ORDINANCE AMENDMENT AND

AUTHORIZE THE CITY MANAGER AND CITY ATTORNEY TO DEVELOP A LIKE AGREEMENT BY AND BETWEEN THE CITY OF WASHINGTON AND BEAUFORT COUNTY TO EFFECUATE THE TRANSFER AND ACCOUNTING OF SAID FUNDS IN SUPPORT OF THE ECONOMIC DEVELOPMENT PROJECT

Mayor Jennings opened the public hearing. City Manager, Josh Kay explained that Spinrite will be acquiring a portion of National Spinning/Caron Division. NCGS requires a public hearing in order to provide an economic financial incentive to maintain the employment of Spinrite in Washington/Beaufort County. The total grant amount is \$360,000; \$180,000 proposed to originate from the State which requires a dollar for dollar match; \$90,000 from Beaufort County and \$90,000 provided by the City of Washington. Mr. Kay commended the City Attorney for compiling the grant documents.

Councilman Brooks inquired if the parties don't fulfill their obligations? Mr. Kay stated that the City is a secondary party, our funding goes to the County for their match. The City funds will be distributed to the County. An agreement will be developed for the County to request funds from the City as Spinrite meets their employment obligations. The County will request funds from the City and the City will provide a dollar for dollar match along with the County. Councilman Mercer noted that Section 4.0 covers that situation and the City's agreement with the County will mirror the agreement between the State, County and Spinrite.

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

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council adopted a resolution authorizing the City of Washington to participate in an economic development project with, and contribute economic development incentives to, Spinright Services, Inc. and Spinright Acquisition Corp. Council further approved a Grant Project Ordinance and a Budget Ordinance Amendment and authorized the City Manager and City Attorney to develop a like agreement by and between the City of Washington and Beaufort County to effectuate the transfer and accounting of said funds in support of the economic development project.

Councilman Mercer felt we wouldn't have lost the jobs and also felt we shouldn't have paid to try and retain them, even though he strongly supports economic development activities in the County. Councilman Pitt stated he realized this is a small number of jobs, but supported the efforts of the City to retain them. Motion carried 4-1 with Councilman Mercer opposing.

**RESOLUTION AUTHORIZING THE CITY OF WASHINGTON ("CITY")
TO PARTICIPATE IN AN ECONOMIC DEVELOPMENT PROJECT WITH,
AND CONTRIBUTE ECONOMIC DEVELOPMENT INCENTIVES TO,
SPINRITE SERVICES, INC. AND SPINRITE ACQUISITION CORP.
(COLLECTIVELY "SPINRITE")**

WHEREAS, North Carolina General Statute § 158-7.1(a) authorizes a city to undertake an economic development project by extending financial assistance to a company in order to cause the company to locate or expand its manufacturing enterprises in or near the city.

WHEREAS, the City Council of the City of Washington held a public hearing to consider whether to participate in an economic development project through which the City would appropriate as well as expend up to ninety thousand dollars (\$90,000.00) in economic development incentives to Spinrite over a three (3) year period to assist Spinrite in locating a craft yarns manufacturing plant at 1481 West Second Street in the City of Washington, Beaufort County, North Carolina. Said economic development incentives represent one-half of the required local government match in order for Spinrite to receive grant funding through Beaufort County from the One North Carolina Fund in the amount of one hundred eighty thousand dollars (\$180,000.00) pursuant to North Carolina General Statute § 143B-437.70 et seq. Beaufort County will fund the balance (\$90,000.00) of the required local match.

WHEREAS, said economic development incentives will be conditioned upon Spinrite satisfying certain performance requirements including, but not limited to, the creation of up to ninety (90) new, permanent full-time jobs and the investment of up to \$9.1 million over the next three (3) years for facility upgrades and personal property expenditures. These conditions will be contained in a Company Performance Agreement The One North Carolina Fund between Spinrite and Beaufort County, a Local Government Grant Agreement The One North Carolina Fund between Beaufort County and the North Carolina Department of Commerce, and a Local Incentive Agreement between Spinrite and Beaufort County as well as possibly the City.

WHEREAS, it is anticipated that Spinrite's total payroll for the newly created jobs will exceed \$2.0 million.

WHEREAS, the City Council will fund said economic development incentives with available revenues from its General Fund.

WHEREAS, this economic development project will stimulate, diversify, and stabilize the local economy; strengthen the local tax base; promote business in the City as well as Beaufort County; and result in the creation of a substantial number of new, permanent jobs in the City as well as Beaufort County.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Washington, this 14th day of May, 2012, as follows.

Section 1. The City is authorized to contribute up to ninety thousand dollars (\$90,000.00) of City funds as one-half of the required local match for the above described economic development project and shall adopt a budget ordinance amendment to appropriate the funds necessary for said contribution.

Section 2. Said contribution is contingent upon Beaufort County contributing the balance (\$90,000.00) of said required match and The One North Carolina Fund extending a grant of one hundred eighty thousand (\$180,000.00) to Spinrite through Beaufort County. Said contribution is also contingent upon Spinrite and Beaufort County entering a Company Performance Agreement The One North Carolina Fund, Beaufort County and the North Carolina Department of Commerce entering a Local Government Grant Agreement The One North Carolina Fund, and Spinrite and Beaufort County as well as possibly the City entering a Local Incentive Agreement, all of which will require Spinrite to satisfy certain performance requirements including, but not limited to, the creation of up to ninety (90) new, permanent full-time jobs and the investment of up to \$9.1 million over the next three (3) years.

Section 3. The City Manager and City Attorney are hereby authorized to negotiate as well as draft any document necessary to effectuate this Resolution. Any such document that is negotiated and drafted shall be presented to the City Council for final approval and authorization or, if required by circumstances beyond the City's control, ratification.

Adopted this 14th day of May, 2012.

ATTEST:


Cynthia S. Bennett
City Clerk




N. Archie Jennings, III
Mayor

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2011-2012**

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

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$45,000 in the account Fund Balance Appropriated, account number 10-00-3991-9910.

Section 2. That account number 10-00-4400-9215, Transfer to Local Grants, Miscellaneous Non-Departmental portion of the General Fund appropriations budget be increased in the amount of \$45,000 to provide funds for a grant match to the Spinrite Economic Development Incentive Grant Fund.

Section 3. That the Estimated Revenues in the Water Fund be increased in the amount of \$22,500 in the account Fund Balance Appropriated, account number 30-90-3991-9910.

Section 4. That account number 30-90-6610-9280, Transfer to Grant Funds, Miscellaneous Non-Departmental portion of the Water Fund appropriations budget be increased in the amount of \$22,500 to provide funds for a grant match to the Spinrite Economic Development Incentive Grant Fund.

Section 5. That the Estimated Revenues in the Sewer Fund be increased in the amount of \$22,500 in the account Fund Balance Appropriated, account number 32-90-3991-9910.

Section 6. That account number 32-90-6610-9280, Transfer to Grant Funds, Miscellaneous Non-Departmental portion of the Sewer Fund appropriations budget be increased in the amount of \$22,500 to provide funds for a grant match to the Spinrite Economic Development Incentive Grant Fund.

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

Section 8. This ordinance shall become effective upon its adoption.
Adopted this the 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

**A GRANT PROJECT ORDINANCE FOR
SPINRITE ECONOMIC DEVELOPMENT GRANT
CITY OF WASHINGTON, N.C.
FOR FISCAL YEAR 2011-2012**

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

Section 1. The project authorized is for economic development incentives to Spinrite Services, Inc. and Spinrite Acquisition Corp to assist in the location of a craft yarn manufacturing plant in Washington.

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

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

65-60-4930-4500	Economic Development Incentives	\$ 90,000
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Section 4. The following revenue is anticipated to be available to complete this project:

65-60-3980-1000	Transfer from General Fund	\$ 45,000
65-60-3980-3000	Transfer from Water Fund	22,500
65-60-3980-3200	Transfer from Sewer Fund	<u>22,500</u>
	Total	\$ 90,000

Section 5. The Finance Director is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grant agreements.

Section 6. Funds may be advanced by the General Fund for the purpose of making payments as due. Reimbursement requests should be made to the grant agencies in an orderly and timely manner.

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

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

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

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

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

This the 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

MEMO – REPORTING OF BAD DEBT WRITE-OFFS

(begin memo)The following accounts have been written off in accordance with the City of Washington’s Policy for Write-off of Uncollectible Accounts Receivable.

<u>Category</u>	<u>Category Description</u>	<u>Criteria for Write-off</u>	<u>Total Write-off</u>
23/24	Retiree Insurance	> 5 years old	\$ 318.47
25	Water Taps	> 5 years old	536.54
27	Miscellaneous G/F	> 5 years old	2,932.00
28	Miscellaneous Sewer Fund	> 5 years old	291.00
29	Miscellaneous Electric Fund	> 5 years old	16,018.22
36	Rents	> 5 years old	59.00
44	Electric Property Damage	> 5 years old	26,166.96
45	Pole Attachments	> 5 years old	160.68
55	Solid Waste Fees	> 5 years old	796.00
57	Miscellaneous Water Fund	> 5 years old	1,738.00
65	Hydrant Usage	> 5 years old	2,852.76
31	Lot Mowing	> 10 years old	16,921.78
33	Building Demolition	> 10 years old	14,590.00
EMS	EMS Charges	> 5 years old	<u>1,670,176.12</u>
	Total		\$1,753,557.53

This is the first significant review and write-off of the City’s accounts receivable. The City utilizes late payment notices, liens where applicable, a collection agency, and debt set off to collect delinquent accounts. Once these efforts have been exhausted or the statute of limitations has expired the debt is written off.

Lot mowing and demolition liens that were previously placed against properties remain in place with the hopes that if the property is ever sold, the City will collect proceeds from the sale to satisfy the debt.

The EMS write offs represent fourteen years. In 2010 we began using a third party, EMS Management Consultants, for billing and collection. Our collections have improved from 50% to 72% which is consistent with the industry norm. Medicare and Medicaid pay 96% after

contractual allowances, insurance 79%, and patients 12%. Our revenue has increased from \$350,000 to \$525,000/ year. EMS write-offs will continue to be substantial in the future due to contractual allowances and expected collections.

Debt setoff has been a successful collection tool for us. Over \$65,000 has been collected this year and is double what was achieved in the previous year. (end memo)

Matt Rauschenbach, CFO explained the proposed EMS write-offs are from 1994-2007. Council discussed their concerns with the amount of the write-offs. Mr. Rauschenbach explained these are fully reserved and we don't recognize the revenue at the time it is billed. Josh Kay, City Manager explained it has been quite some time since the City has written off uncollectable debt and this will become an annual update to Council. We can expect to write off approximately \$200,000 of EMS billings each year or 28-30% of \$700,000-\$710,000 of EMS charges each year. Staff is aggressive in going after the money we are owed. Councilman Mercer reviewed approximately three years ago, several items were written off such as assessments, lot mowing, etc. Mr. Rauschenbach stated this was the first annual review, we also have three years of EMS billings under the old system. Just because the debt is written off doesn't stop the collectability of the debt. (Council accepted the report as written.)

HUMAN RELATIONS COUNCIL

Fair Housing Forum at 6:00 pm - Mr. Brandon Madden, Victims and Citizens Services, representing Attorney General Roy Cooper's office. Mr. Madden addressed informative topics inclusive of:

- Identity Theft
- Frauds and Scams
- Child Internet Safety
- Health Insurance
- Methamphetamine
- Telemarketing Fraud
- Address Confidentiality Program and Internet Scams

“Taste of Washington”

Sponsors:

- Edith Dudley Jenkins \$100
- Washington Housing Authority \$ 50
- Holland Consulting Planners \$ 50
- Human Relations Council \$180
- Restaurants'/Entrepreneur's:
- Nana's & Papa's
- Cakes & Things by Jennette
- Hardee's of Washington
- Foodlion Highway 264 East
- Franks Pizza
- Mazatlan Mexican Restaurant (Council accepted the report as written.)

WASHINGTON TOURISM DEVELOPMENT AUTHORITY March-April 2012 Report

Meetings

- Participated in stakeholder meeting to hear the results of the Eye Integrated branding research and logo development. Results are now being presented to the stakeholder groups and paying partners for their support.
- Continue meeting with members of the county's 300th anniversary committee. The group will have a presence at Cycle NC to assist with showcasing the area to newcomers and visitors. I coordinated the development of banner stands/trade show display for use throughout the year.
- Attended a meeting of the Highway 264 Corridor marketing committee in Belhaven. The group saw a brochure mock-up and discussed other ways of marketing the corridor. It was decided to have a rack-card developed, but to invest in a website that would be more easily kept up to date. There are still some logistics to be considered, but the group is on the same page.

- The local group of public information officers met with the new publisher of the Washington Daily News to familiarize him with our groups and see what partnerships can be formed.

Marketing

- In an effort to keep our partners engaged in our tourism efforts a new e-newsletter was developed. This will serve as a way to communicate valuable information about our programs and trends and opportunities in the hospitality world.
- To ensure that our restaurant partners are prepared for Cycle NC, I visited the restaurants with information about the event and expectations for increased business during the event.
- Continue to use social media to communicate with participants of Cycle NC. This has helped to spread the word about opportunities during the weekend that require reservations.
- The majority of this month has been spent coordinating the final details for the Cycle NC spring ride: meeting with city representatives, caterers, civic groups, vendors, preparing marketing materials and packages for riders, etc.
- I am presently collecting information from various publications and other media to develop our marketing plan for the coming year. It will consist of the development of new ads and collateral material once the branding initiative is complete. An RFP for website redesign/development will also be included in this.
- Worked with Beth Byrd for development of a Civic Center ad for the new Beaufort County wedding guide out in mid-April.

Management

- Management work has consisted mainly of developing a budget for next fiscal year, taking into consideration projections for the current budget year.
- The City Council has reviewed capital improvement projects for inclusion in the FY12-13 budget cycle. The civic center decking was one of the top priorities identified for the year. (Council accepted the report as written.)

WASHINGTON HARBOR DISTRICT ALLIANCE

Old City Hall- Main Street Solutions Fund Grant

The Old City Hall grant agreement and revised Council Action form are before you as presented by Bianca Gentile Shoneman. We ask that the City accept the grant and approve the resolution to support the Old City Hall Main Street Solutions Fund Grant. We ask that the Mayor execute the grant agreement and that the City manager is authorized to sign the sub-recipient agreement between the City of Washington and Snug Harbor LLC. Environmental Assessments are being completed by NC State.

WHDA Changing By-Laws

The major changes are: Establishes the position of Vice President. VP would stand in for the president in case they needed to step down or could not run a meeting. Specifies that we will have four committee chairs - and names them. The terms will change to 2 years and provide for Co-Chairs for each committee and establish voting rights for the co-chairs in the chair's absence. Eliminates all references to the Merchant's Association (used to have a board position with a person named by the Merchant's Association, which is defunct). Increases total number of board member positions to 11 (from 9). Eliminates all references to "advisors", this was a fig leaf WHDA established five years ago when we reduced the number of board members from 36 to 9.

Little Washington Sailing Club

LWSC has applied to form a separate 501c3. WHDA will continue to support the club until the incorporation is completed.

Successful Start of Event Season

MITS was moved forward one week to accommodate the NC Cycle event in Washington. MITS was well received by those in Washington for the NC Cycle. Many could not believe that MITS was held monthly in Washington. The 2011 Music in the Streets Compilation CD was completed just in time for the first MITS. Fifteen artists from the 2011 season have submitted a wonderful collection of songs. The CD is available at the BC Chamber of Commerce and the Inner Banks Artisans Center for \$10.00. The Annual Washington Marine market was held April 28th in conjunction with the BC Arts Council's BOCO Music Festival. Even though it was a cloudy, cold day many hundreds came out to the event. The

maritime vendors were happy with the event, as long as they are happy we plan to continue to host this event that highlights the marine industry in Beaufort County.

Intern Starting in May

Jessica Davis is a double major (Animation and Interactive Design and Applied Economics) ECU student who will work up to 20 hours per week. Jessica will be given specific projects to accomplish like a marketing piece to attract hotel developers to Washington or revamping the WHDA website. Ms. Davis will receive a stipend of \$100 a week.

Motown Concert Date Set

WHDA is proud to announce that we will bring ECU Jazz Professor Carroll Dashiell's Motown Review to Washington on September 15, 2012. The concert will take the place of the beach music festival usually held in September. WHDA hopes that this concert will not only be highly entertaining but will also go a long way to involve everyone in the Beaufort County community.

Branding Logo Approved by Board

The board was asked to give its approval of the branding logo and brand position. A motion was made and carried to approve the logo, but ask that the word "friendly" be added to the brand position because that is one of the most important aspects of Washington.

Ross Hamory Officially Announces Departure from WHDA Board

Ross Hamory announced that he and his wife Chris intend to move from Washington. Ross announced that Chris Furlough will be taking his place as president of the WHDA board.

Beaufort County Wedding Guide Complete

The first BC Wedding Guide produced by WHDA will be distributed the second week in May. It will also be available online. WHDA hope that this piece will promote Washington as a wonderful place to hold a wedding, thereby growing the wedding industry in Washington.

Board Continues to Meet:

The WHDA Board meets every third Wednesday of the Month at 8:30AM at the Inner Banks Artisans Center. The meetings are open to the public and any interested person is invited to attend. (Council accepted the report as written.)

FINANCIAL REPORTS

There were no comments regarding the Financial Reports at this time.

APPOINTMENTS: EDC BY-LAWS REVIEW/REVISION COMMITTEE

By motion of Mayor Pro tem Roberson, seconded by Councilman Pitt, Council appointed Councilman Mercer to serve on the EDC By-laws review committee.

ADOPT – CAPITAL PROJECT ORDINANCE AMENDMENT FOR THE IMPRESSIONS BUILDING IMPROVEMENT PROJECT

Josh Kay, City Manager explained the major projects of replacing/repairing the roof; fire protection system, and fire supply line have been completed as well as painting the building, cleaning ductwork, and replacing an HVAC system. These projects were completed within budget. The remaining contingency funds will be utilized for other major maintenance and repair projects that will surface over the remainder of the five year lease of this 50+ year old facility or will be used to reduce the supplemental rent paid for these improvements at the end of the lease.

By motion of Councilman Moultrie, seconded by Mayor Pro tem Roberson, Council adopted a Capital Project Ordinance amendment for the Impressions Building Improvement Project.

**AN ORDINANCE TO AMEND THE CAPITAL PROJECT ORDINANCE FOR THE
IMPRESSIONS BUILDING IMPROVEMENT PROJECT
CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2011-2012**

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

Section 1. That the following appropriation accounts in the Impressions Building Improvement Capital Project be increased or decreased by the following amounts:

56-60-4930-4500	Construction	\$	66,629
56-60-4930-9900	Contingency		<u>(66,629)</u>
	Total	\$	0

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 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

ADOPT/AUTHORIZE – RECOMMENDATION SUPPORTING THE REDUCTION OF THE ETJ AND AUTHORIZE STAFF TO MOVE FORWARD ON THE AREAS OF REDUCTION

Mayor Jennings noted that staff asked Council to provide guidance on how to proceed. Josh Kay, City Manager explained that staff had been directed to investigate the procedure for possible relinquishment of the Extraterritorial Jurisdiction (ETJ) in the Washington area as requested. The areas for the proposed reduction in ETJ limits are indicated on the map. Staff recommends that the ETJ relinquishment be limited to these areas. In researching this, it was determined that there is a procedure that is driven by the North Carolina General Statutes, and that the following schedule is being suggested for Council consideration:

- 1) Present report to City Council
- 2) Planning Board Public Hearing
- 3) City Council Public Hearing/Adopt Resolution
- 4) Establish effective Date for Offer to Relinquish

The North Carolina General Statute essentially provides for a sixty-day period during which the City would maintain zoning jurisdiction over the area or until the regulation of the area is adopted by the County, not to exceed 60 days.

Mr. Kay noted that the Planning Board addressed this topic as discussion only and have not voted to recommend approval from Council. Council members Moultrie, Mercer and Brooks and Pitt, said if it's not a major issue at this time, then we should put this on hold. Mayor Pro tem Roberson objected and felt Council needed to reduce the ETJ and that Beaufort County needs to step forward and address Planning in the County.

Bob Henkle came forward and explained that he lives in the ETJ and has concerns with the possible ETJ reduction and feels it should remain as it is.

Building Inspections
January '11 – December '11

<u>Permits Issued</u>	<u>Num</u>	<u>Fees Collected</u>
Building Permits	3	\$ 225
Electrical Permits	0	\$ 0
Plumbing Permits	0	\$ 0
Mechanical Permits	0	\$ 0
Manufactured Home Permits	1	\$ 125
Other permits	0	\$ 0
Total Permits	4	\$ 350

<u>Total Inspections</u>	<u>Num</u>	<u>Inspection Costs</u>
Total Inspection Hours	6 x \$30/hr	\$ 180
Total Administrative Hours	1 x \$30/hr	\$ 30
Total Ride Hours	2 x \$30/hr	\$ 60
Fuel	10 miles/insp	\$ 28
Total Costs		\$ 298

Building Inspections January '05 – December '11
Total Revenue \$ 350
Total Costs \$ 298

Planning and Zoning
January '11 – December '11

<u>Application for Permits</u>	<u>Num</u>	<u>Fees Collected</u>
Special Use Permits	0	\$ 0
Rezoning	0	\$ 0
Variance	0	\$ 0
Admin Hearing	0	\$ 0
Subdivision Review (minor)	2	\$ 0
Total Permits	0	\$ 0

<u>Total Costs</u>	<u>Num</u>	<u>Fees Collected</u>
Total Administrative Hours	2 x \$30/hr	\$ 60
1 st Class Mailings	0 x .40	\$ 0
Advertisement	12 x \$120	\$ 0
Total Costs		\$ 60

Planning and Zoning January '11 – December '11
Total Revenue \$ 0
Total Costs \$ 60

Whichards Beach Area
ETJ Reduction – Costs and Benefits*

Building Inspections
January '05 – December '11

<u>Permits Issued</u>	<u>Num</u>	<u>Fees Collected</u>
Building Permits	30	\$3,832
Electrical Permits	12	\$1,315
Plumbing Permits	5	\$1,037
Mechanical Permits	7	\$1,026
Manufactured Home Permits	3	\$ 382
Other permits	1	\$ 44
Total Permits	58	\$7,636

<u>Total Inspections</u>	<u>Num</u>	<u>Inspection Costs</u>
Total Inspection Hours	76 x \$30/hr	\$2,280
Total Administrative Hours	15 x \$30/hr	\$ 450
Total Ride Hours	24 x \$30/hr	\$ 720
Fuel	10 miles/insp	\$ 400
Total Costs		\$3,850

Building Inspections January '05 – December '11
Total Revenue \$7,636
Total Costs \$3,850

Planning and Zoning
January '05 – December '11

<u>Application for Permits</u>	<u>Num</u>	<u>Fees Collected</u>
Special Use Permits	2	\$ 250
Rezoning	5	\$ 750
Variance	4	\$ 600
Admin Hearing	1	\$ 125
Total Permits	12	\$1,725

<u>Total Costs</u>	<u>Num</u>	<u>Fees Collected</u>
Total Administrative Hours	12 x \$30/hr	\$ 360
1 st Class Mailings	120 x .40	\$ 48
Advertisement	12 x \$120	\$1,440
Total Costs		\$1,848

Planning and Zoning January '05 – December '11
Total Revenue \$1,725
Total Costs \$1,848

*All costs and benefits are approximate calculations.

The item was tabled at this time and no action was taken, the ETJ remains as is.

DISCUSS – AIRPORT RFP PROPOSALS

Josh Kay, City Manager explained that staff advertised for bids for FBO, jump school and airport maintenance. We received two bids back, one bid proposal for jump school and one for FBO. It is staff's recommendation to hold the proposals and staff will compile a business plan for the airport and waterfront docks as directed by Council at the last budget workshop.

ADOPT – BUDGET ORDINANCE AMENDMENT AND A GRANT PROJECT ORDINANCE FOR THE FEMA FIRE GRANT TO PURCHASE A RESCUE VEHICLE AND EQUIPMENT FOR THE FIRE DEPARTMENT

City Manager Josh Kay, commended Robbie Rose and his staff for receiving this grant. A \$350,300 FEMA Fire Grant was awarded January 27, 2012 for the purchase of a rescue vehicle and equipment. The federal portion is \$332,785 and the City's share is \$17,515. The Grant Project Ordinance must be adopted in the fiscal year that it is awarded. \$17,500 was included in the FY 2012/2013 budget submitted to Council and will be removed prior to adoption. The remaining funds will be to equip the truck. According to the granting agency, the match will have to be taken from the current fiscal year's budget because the grant was awarded in this fiscal year. Mr. Kay explained that he will discuss at the Committee of the Whole to keep this proposed match in the next fiscal year budget to purchase a replacement vehicle for the Planning Department that was in the CIP.

By motion of Councilman Pitt, seconded by Mayor Pro tem Roberson, Council adopted a Budget Ordinance Amendment and a Grant Project Ordinance for the FEMA Fire Grant to purchase a rescue vehicle and equipment for the Fire Department.

**AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, N.C.
FOR THE FISCAL YEAR 2011-2012**

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

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$17,515 in the account Fund Balance Appropriated, account number 10-00-3991-9110.

Section 2. That account number 10-00-4400-9200, Transfer to Federal Grants, Miscellaneous Non-Departmental portion of the General Fund appropriations budget be increased in the amount of \$17,515 to provide funds for a 5% grant match for the construction of a rescue vehicle.

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 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

**A GRANT PROJECT ORDINANCE FOR
ASSISTANCE TO FIREFIGHTERS GRANT AWARD # EMW-2011-FV-00583
CITY OF WASHINGTON, N.C.
FOR FISCAL YEAR 2011-2012**

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

Section 1. The project authorized is for the construction of a rescue vehicle, to be financed with 95% grant funds.

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

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

75-10-4341-0400	Administration	\$ 300
75-10-4341-7400	Capital Outlay	<u>350,000</u>
	Total	\$350,300

Section 4. The following revenue is anticipated to be available to complete this project:

75-10-3434-3300	FEMA Grant Funds	\$332,785
75-10-3980-1000	Transfer from General Fund	<u>17,515</u>
	Total	\$350,300

Section 5. The Finance Director is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grant agreements.

Section 6. Funds may be advanced by the General Fund for the purpose of making payments as due. Reimbursement requests should be made to the grant agencies in an orderly and timely manner.

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

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

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

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

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

This the 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

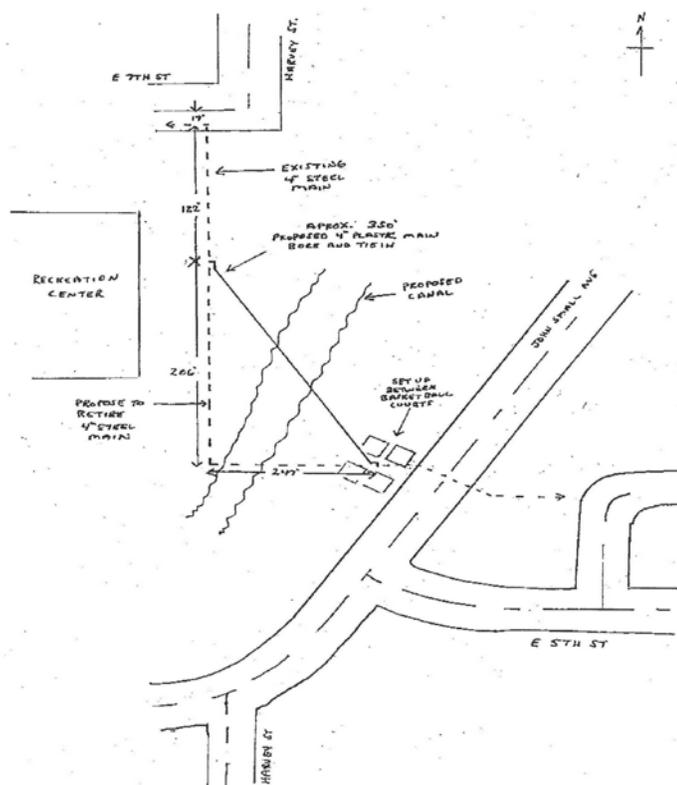
APPROVE – BID AWARD FOR CONSTRUCTION OF RESCUE/EQUIPMENT TRUCK

City Manager, Josh Kay explained that a bid process was conducted by the city purchasing agent (Mike Whaley) for the construction of the Rescue/Equipment vehicle being purchased through the FEMA Fire Grant. There were 11 bid packages submitted to potential bidders prior to the sealed bid opening on April 11, 2012. We received three letters of decline to bid, seven no responses, and one bid proposal package from VT Hackney, Inc. Within the bid specifications we included a bid for construction with an International chassis and an alternate bid for a Kenworth chassis to provide pricing options for chassis. With the Kenworth being the more desired chassis based on our research, and with the pricing difference not significant, we are recommending the use of the Kenworth chassis. We are also recommending taking advantage of the chassis pre-payment option to recognize an additional savings. The excess funds remaining in this grant will be used to purchase rescue power equipment for the truck after purchase.

By motion of Councilman Mercer, seconded by Councilman Moultrie, Council approved the bid award for construction of the Rescue/Equipment vehicle to VT Hackney, Inc., using the alternate bid proposal for the 2013 Kenworth T370 chassis in the total amount of \$327,833.00; and also authorized purchase orders for pre-payment of chassis and completed vehicle.

AUTHORIZE – MAYOR TO SIGN GRANT OF EASEMENT FOR PIEDMONT NATURAL GAS COMPANY, INC.

City Manager, Josh Kay explained the purpose of this Council Action is to authorize the Mayor to sign a Grant of Easement for the relocation of a 4” gas main across City property in conjunction with the ongoing stormwater project in the Jack’s Creek basin. The attached Grant of Easement provides Piedmont Natural Gas (PNG) a five (5) foot wide easement centered over the proposed relocation of approximately 350lf of 4” gas main that is in conflict with the project near the Bobby Andrews Recreation Center.



By motion of Councilman Mercer, seconded by Councilman Pitt, Council authorized the Mayor to sign the Grant of Easement for the placement of a 4" natural gas main across City-owned property as shown on the above sketch.

ADOPT/AUTHORIZE – GRANT PROJECT ORDINANCE AND AUTHORIZE THE MAYOR TO EXECUTE THE GRANT AGREEMENT BETWEEN THE CITY OF WASHINGTON AND THE NC DEPARTMENT OF COMMERCE AND AUTHORIZE THE CITY MANAGER AND CITY ATTORNEY TO FURTHER NEGOTIATE AND REVISE THE AGREEMENT AS NECESSARY TO EXECUTE THE SUB-RECIPIENT AGREEMENT BETWEEN CITY OF WASHINGTON AND CEDAR GROVE PLANTATION, LLC/dba SNUG HARBOR (OLD CITY HALL)

City Manager, Josh Kay explained that the North Carolina Main Street Solutions Fund is a program designed to provide economic development planning assistance and coordinated grant support to designated micropolitans located in active Main Street communities. The goals of the program are:

1. To provide direct financial benefit to small businesses
2. To retain and create jobs in association with small businesses
3. To spur private investment in association with small businesses

The Main Street Solutions Fund is a reimbursable, matching grant program. This highly competitive process provides up to \$200,000 to local governments. In March, 2012 the City of Washington was awarded the maximum grant award, \$200,000, to redevelop the property located at 126 N. Market Street, also known as "Old City Hall". The supporting documents, especially Appendix B of the Grant Agreement, describe in detail the specific project job creation, and construction goals. Additionally, please note that the environmental review is currently underway and awaiting comments from the NC State Clearinghouse.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted the grant project ordinance and authorized the Mayor to execute the Grant Agreement between the City of Washington and the NC Department of Commerce and authorized the City Manager and City Attorney to further negotiate and make minor revisions to the Agreement as necessary to execute the Sub-recipient Agreement between the City of Washington and Cedar Grove Plantation, LLC/dba Snug Harbor.

**A GRANT PROJECT ORDINANCE FOR
MAIN STREET SOLUTIONS GRANT AWARD # MSSF_ Washington2011
CITY OF WASHINGTON, N.C.
FOR FISCAL YEAR 2011-2012**

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

- Section 1. The project authorized is for the rehabilitation of the Old City Hall building through a Sub-recipient Agreement between the City of Washington and Snug Harbor, LLC.
- Section 2. The officers of this unit are hereby directed to proceed with the project within the terms of the grant agreements.
- Section 3. The following amounts are appropriated for the project:
68-60-4930-7300 Building Improvements \$200,000
- Section 4. The following revenue is anticipated to be available to complete this project:
68-60-3480-3400 Grant Funds \$200,000
- Section 5. The Finance Director is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grant agreements.
- Section 6. Funds may be advanced by the General Fund for the purpose of making payments as due. Reimbursement requests should be made to the grant agencies in an orderly and timely manner.

- Section 7. The Finance Director is directed to report, on a monthly basis, on the financial status of each project element in Section 3 and on the total grant revenues received or claimed.
- Section 8. The Budget Officer is directed to include a detail analysis of past and future costs and revenues on this grant project in every budget submission made to the City Council.
- Section 9. Copies of this grant project ordinance shall be furnished to the City Clerk, and to the Budget Officer, and to the Finance Director for direction in carrying out this project.
- Section 10. All ordinances or parts of ordinances in conflict herewith are hereby repealed.
- Section 11. This ordinance shall become effective upon its adoption.

This the 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

City of Washington
Main Street Solutions Fund
Sub-Recipient Agreement

This Sub-Recipient Agreement ("Sub-Recipient Agreement") is made as of the 14th day of May, 2012 by and between the City of Washington, a municipal corporation of the State of North Carolina, whose address is 102 East 2nd Street, Washington, North Carolina 27889 ("City" or "Recipient"), and Cedar Grove Plantation LLC, a limited liability company of the State of North Carolina, whose address is 316 Riverside Drive, Washington, North Carolina 27889 ("Entity" or "Sub-Recipient"), which collectively may be referred to as the "Parties".

WITNESSETH

WHEREAS, North Carolina General Statute § 143B-472.35 (the "Statute") has established the North Carolina Main Street Solutions Fund ("MSSF") to be administered by the State of North Carolina Department of Commerce ("DOC").

WHEREAS, said Statute authorizes DOC and the North Carolina Main Street Center to award reimbursable, matching grants from MSSF of up to \$200,000.00 to eligible local governments to be used for eligible activities.

WHEREAS, DOC has awarded the City a matching grant of \$200,000.00 from MSSF to assist in the renovation of the structure located at 126 North Market Street and owned by Cedar Grove Plantation LLC as a destination restaurant and as more specifically described in Exhibit B of the Match Grant Agreement ("Grant Agreement") by and between the City and DOC signed by DOC on April 10, 2012, as the same may be amended from time to time, and as further described in the City's MSSF Application Summary ("Application") dated December 12, 2011 ("Project"), which Grant Agreement and Application are incorporated herein by reference as if fully set forth. Said Grant Agreement, including certain lettered exhibits, is attached hereto as Exhibit 1.

WHEREAS, said Grant Agreement incorporates provisions of the second round of funding for DOC's North Carolina MSSF Operating Guidelines 2010-2011 ("Guidelines"), including all appendices and amendments thereto, as contained in Exhibit A of the Grant Agreement attached hereto; the City's Application as approved by DOC; and North Carolina General Statute §143B-472.35 attached hereto as Exhibit 2. All of the above are incorporated herein by reference as if fully set forth and may be referred to collectively as the "Grant Agreement Documents". Said Grant Agreement Documents or portions thereof that are not attached hereto may be reviewed in the City's Planning Department, 102 E. 2nd Street, Washington, North Carolina.

WHEREAS, City and Entity desire to enter into this Sub-Recipient Agreement so that City may apply for as well as receive MSSF assistance, in the form of reimbursement for eligible expenditures, and disburse said MSSF assistance to Entity as more specifically provided for in the Grant Agreement Documents.

WHEREAS, said Project is also subject to the terms and conditions of a Conservation, Historic Preservation And Maintenance Agreement And Deed Of Easement For Historic Preservation

("Preservation Agreement") by and between the City and Entity dated December 16, 2011 and recorded in Deed Book 1769 at Page 821 of the Beaufort County Registry. Said Preservation Agreement is attached hereto as Exhibit 3 and incorporated herein by reference as if fully set forth.

NOW THEREFORE, in consideration of the mutual promises as well as covenants herein and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, City and Entity mutually agree as follows.

1. Definitions. Except to the extent modified or supplemented by this Sub-Recipient Agreement, any term defined in the Guidelines shall have the same meaning when used herein.
 - a. "Grant Agreement" means the North Carolina Main Street Solutions Fund Match Grant Agreement by and between the City and DOC and all exhibits as well as any other documents incorporated therein, the approved portions of City's Application and other submissions included with the Application, along with any subsequent amendments or supplements to any of the foregoing.
 - b. "Sub-Recipient Agreement" means this Sub-Recipient Agreement and all exhibits as well as any other documents incorporated herein along with any subsequent amendments or supplements to any of the foregoing.
 - c. "Assistance" or "Grant" means the Grant funds provided to City under the Main Street Solutions Fund Grant Program, the related Grant Agreement, and this Sub-Recipient Agreement in the amount of **\$200,000.00**.
 - d. "Full-Time Job" shall mean a job maintained for at least six (6) consecutive months after completion of the Project consisting of at least thirty-five (35) hours per week of employment, eligibility for all benefits generally available for full-time employees of the business where the employees are employed, at a wage at least equal to minimum wage, and located in North Carolina. A position filled by an illegal alien shall not be considered a "Full-Time Job."
 - e. "Program" means the Main Street Solutions Fund program described in and created by North Carolina General Statute § 143B-472.35.
 - f. "Project" means the downtown development program, project, or other activities for which Assistance is being provided under this Sub-Recipient Agreement, as described in the Grant Agreement Documents.
 - g. "Main Street Solutions Fund" or "MSSF" means the fund governed by North Carolina General Statute § 143B-472.35 and other applicable laws, rules, regulations and requirements, which comprises the source of the Grant.
 - h. "Sub-Recipient" or "Entity" means the party to this Sub-Recipient Agreement receiving the benefit of Grant funds from and through the City to undertake Project activities.
 - i. "sub-recipient" means an entity receiving some portion of the Grant funds from Recipient or from Sub-Recipient to undertake Project activities.
2. Sub-Recipient Agreement. This Sub-Recipient Agreement includes and incorporates by reference as if fully set forth the Grant Agreement Documents referenced hereinabove, as

2 | Sub-Recipient Agreement, Approved by City Council, May 14, 2012

may be amended. All of which Grant Agreement Documents are binding on the Entity with respect to the Entity's participation in the Project. Said Grant Agreement Documents, including but not limited to this Sub-Recipient Agreement, constitute the entire agreement between the Parties and supersede all prior oral or written statements, agreements, or understandings. Entity shall fulfill all of its own, the City's, and sub-recipient's(s') obligations under MSSF funding and pursuant to said Grant Agreement Documents that are either directly or indirectly dependent upon the Entity for fulfillment. Entity should consult with the City on any questions concerning compliance with these requirements.

3. Amount of Grant. The amount of the Grant available under this Sub-Recipient Agreement shall not exceed \$200,000.00, which amount shall be provided in accordance with the terms of this Sub-Recipient Agreement and the Grant Agreement Documents. Said Assistance shall match funds provided by the Sub-Recipient and/or other non-State sources on the basis of \$2.00 in non-State dollars for every \$1.00 in State dollars provided through MSSF.
4. Term. The term of this Sub-Recipient Agreement shall begin as of the day first above written and shall continue until February 23, 2015, unless the term is amended by DOC and the City. Pursuant to North Carolina General Statute § 143B-472.35(g)(3), Sub-Recipient shall lose any MSSF grant funds that have not been used as of April 7, 2014. For the purposes of the Grant Agreement and this Sub-Recipient Agreement, and pursuant to North Carolina General Statute § 143B-472.35(g)(1), funds are deemed "used" if the City is legally committed to spend the funds on approved activities. In any event, time is of the essence in the performance of this Sub-Recipient Agreement. Notwithstanding the foregoing, any provision or obligation in this Sub-Recipient Agreement that, by its nature, is required to survive the termination hereof in order to be fulfilled, including but not limited to recordkeeping, auditing, and access to the Entity's records, shall survive the termination of this Sub-Recipient Agreement. Furthermore, City's right to enforce violations of this Sub-Recipient Agreement shall continue until the applicable statute of limitations has expired.
5. Third Party Beneficiary. All parties to this Sub-Recipient Agreement agree that DOC is an intended third party beneficiary of this Sub-Recipient Agreement. DOC may, at its option, pursue all legal and equitable remedies against some or all of the Parties for breach of this Sub-Recipient Agreement, including enforcing the terms of this Sub-Recipient Agreement against a breaching party through specific performance, appearing as a party in any litigation concerning this Sub-Recipient Agreement, enforcing any rights or remedies available to some or all of the Parties under this Sub-Recipient Agreement, or otherwise bringing an action for damages for breach of this Sub-Recipient Agreement.
6. Obligations of Recipient and Sub-Recipient. The Parties shall each, jointly and severally, have the duty to ensure that every aspect of this Project is performed in accordance with DOC's approval and in compliance with all applicable laws, rules regulations, or requirements now or hereafter in effect, including (without limitation) the Guidelines,

3 | Sub-Recipient Agreement, Approved by City Council, May 14, 2012

North Carolina General Statute § 143B-472.35, all terms of the Grant Agreement and all other applicable laws, rules, regulations, requirements, DOC bulletins or Executive Orders, including (without limitation) all North Carolina building codes and local ordinances, all requirements and conditions of the State Environmental Protection Act ("SEPA"), the State Environmental Clearinghouse, requirements of the State Historic Preservation Office ("SHPO"), and the Secretary of the Interior's Standards attached hereto as Exhibit F of the Grant Agreement (Exhibit 1), etc. If any aspect of the Project cannot move forward due to a violation of or non-compliance with any law, rule, regulation or requirement (including, without limitation, a North Carolina building code or local ordinance, or failure to successfully clear the SEPA or State Environmental Clearinghouse regulations or the SHPO guidelines), the City and Entity may forfeit the entire Grant and Assistance or any relevant portion thereof (in DOC's sole discretion), which DOC may then award to third parties. The City and Entity further acknowledge that DOC has no responsibility to ensure the fulfillment of any State building codes or local ordinances or SHPO or SEPA guidelines with respect to the Project, such responsibility resting solely with City, Entity and any sub-recipient. Entity shall provide any and all assistance that may be necessary to complete the Project within the time allowed and shall comply with the terms of this Sub-Recipient Agreement as well as the terms of said Grant Agreement Documents.

7. Governing Law, Jurisdiction and Venue. The validity, construction, interpretation or enforcement of this Sub-Recipient Agreement or any of its terms or provisions, as well as the rights and duties of the Parties under this Sub-Recipient Agreement, are governed by the laws of the State of North Carolina. Notwithstanding anything in this Sub-Recipient Agreement to the contrary, however, Recipient and Sub-Recipient agree that no terms, provisions or language in this Sub-Recipient Agreement shall be presumed or construed against any other party to this Sub-Recipient Agreement based on its involvement in the drafting of this Sub-Recipient Agreement. The Parties agree and submit, solely for matters concerning this Sub-Recipient Agreement, to the exclusive jurisdiction of the courts of the State of North Carolina and agree, solely for such purposes, that the only venue for any legal proceedings involving this Sub-Recipient Agreement, its enforcement, its construction, and/or its interpretation shall be Wake County, North Carolina. The place of this Sub-Recipient Agreement, and all transactions and agreements relating to it, and their situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract, tort, or otherwise, relating to its validity, construction, interpretation, and enforcement, shall be determined. The above Wake County venue requirements shall apply only if DOC, the State or the Federal government is a party, or becomes a party, to a legal proceeding arising hereunder.
8. No Overdue Tax Debt Certification. The undersigned signatories to this Sub-Recipient Agreement certify on behalf of their respective organizations that their organization does not have any overdue tax debts as defined by North Carolina General Statute § 105-243.1 at the federal, state, or local level. The undersigned further understands that any person who makes a false statement in violation of North Carolina General Statute § 143C-6-23(c) is guilty of a criminal offense punishable as provided by North Carolina General Statute § 143C-10-1 and other law.

4 | Sub-Recipient Agreement, Approved by City Council, May 14, 2012

9. Non-Compliance With Requirements. The Parties recognize and agree that, when DOC determines (i) that this Sub-Recipient Agreement has not been complied with, (ii) that the objectives of the Project or the objectives as described in any application to DOC with respect to funds described in this Sub-Recipient Agreement have not been met, or (iii) that any applicable law, rule, regulation, requirement or policy has not been followed, DOC may take one or more of the actions authorized below. In each instance, the action taken will be designed to first, prevent a continuance of the deficiency (e.g., lack of progress, nonconformance, noncompliance, lack of continuing capacity); second, mitigate any adverse effects or consequences of the deficiency to the extent possible under the circumstances; and third, prevent a recurrence of the same or similar deficiencies. However, the choice of corrective action taken shall be in the sole discretion of DOC.

The actions that DOC may take include:

- a. Requiring some or all Parties to submit additional information:
 - i. concerning the administrative, planning, budgeting, management and evaluation functions to determine any reasons for lack of progress;
 - ii. explaining any actions being taken to correct or remove the causes for delay;
 - iii. documenting that activities undertaken were not in conformance with the approved Project or were in noncompliance with applicable laws or regulations; and
 - iv. demonstrating that the Recipient, Sub-Recipient, or sub-recipients has a continuing capacity to carry out the approved Project in a timely manner;
 - b. Requiring some or all Parties to submit progress schedules for completing approved activities;
 - c. Issuing a letter of warning that advises some or all Parties of the deficiency and puts some or all Parties on notice that more serious sanctions will be taken if the deficiency is not corrected or is repeated;
 - d. Instructing some or all Parties that a certification will no longer be acceptable and that additional information or assurances will be required;
 - e. Requiring some or all Parties to suspend, discontinue or not incur costs for the affected activity;
 - f. Requiring some or all Parties to reprogram funds from affected activities to other eligible activities; provided, that such action shall not be taken in connection with any violation of any other law, rule, regulation or requirement;
 - g. Requiring some or all Parties to reimburse DOC for any amounts DOC deems to be improperly expended; and
 - h. Reducing, withholding funds or withdrawing any North Carolina Main Street Solutions Grant funds that comprise any funds described in this Sub-Recipient Agreement, except for funds already expended on otherwise eligible activities which may not otherwise be recaptured.
10. Obligations of Entity With Respect to Job Creation. Entity agrees that the Project shall be required to create eight [8] Full-Time Jobs, by **February 23, 2015** and that such jobs will

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be retained for at least six (6) months after the completion of Recipient's entire Main Street Solutions Fund Project. Entity hereby acknowledges that the Project funding is predicated upon the satisfaction of this objective by Entity, that failure to achieve this objective will constitute a material default under the terms of this Sub-Recipient Agreement, unless some amendment to this Sub-Recipient Agreement is made. In the event of a default due to a failure to create and retain the requisite number of Full-Time Jobs, DOC and the City shall be entitled to pursue any remedy set forth in the Grant Agreement and/or herein. For the purposes of this Sub-Recipient Agreement "Full-Time Job" shall mean a job maintained for at least six (6) consecutive months consisting of at least thirty-five (35) hours per week of employment, eligibility for all benefits generally available for full-time employees of the Entity where the employees are employed, at a wage at least equal to minimum wage, and located in North Carolina.

11. Verification of Jobs. Entity shall verify its Full-Time Job numbers to DOC (and to DOC's satisfaction) (i) at the time of the Project commencement date and/or execution of Grant award, (ii) annually, (iii) six (6) months following the completion of Recipient's and Sub-Recipient's Main Street Solutions Fund Project, and (iv) any other time requested by DOC during the term of this Sub-Recipient Agreement. Entity shall provide to the City and DOC, or their respective designees, full and complete access to all records of the business requested by the City or DOC, including (without limitation) records that would be reasonably necessary to verify the number and types of Full-Time Jobs created or retained, and the wages paid to employees, including certain filings provided to the Employment Security Commission. Entity's failure to ensure such access is provided upon reasonable request shall constitute a default under the terms of this Sub-Recipient Agreement.
12. Failure to Create/Retain Jobs. Under the Guidelines, Sub-Recipient is eligible, through Recipient, for a maximum of \$25,000.00 in MSSF Grant funds for each Full-Time Job created and retained, up to the maximum of a \$200,000.00 total Grant. If Sub-Recipient fails to create and/or retain eight (8) Full-Time Jobs, the Grant shall be reduced in the amount of \$25,000.00 for each job Sub-Recipient failed to create and/or retain. In the event that all or part of the Grant is provided to Sub-Recipient prior to the City's or DOC's discovery of Sub-Recipient's failure to create and/or retain the required number of Full-Time Jobs for the required time period, the failure to create and/or retain such Full-Time Jobs shall result in Sub-Recipient's liability to DOC and the City in the amount of \$25,000.00 per job not created and retained (whether or not such failure was the fault of Sub-Recipient or some other third party).
13. Duties of Sub-Recipient with Respect to Third Party Relationships. Sub-Recipient is responsible to DOC and Recipient for ensuring compliance with the provisions of this Sub-Recipient Agreement and all applicable laws, rules, regulations and requirements, even when a sub-recipient or third party or parties ("third party") is designated to undertake all or any part of the Project.

Where any third party is used to undertake all or part of the Project (whether or not Sub-Recipient contracts directly with that third party), the contract with that third party must

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require the third party to comply with the Grant Agreement Documents and this Sub-Recipient Agreement, all applicable laws, rules, regulations and requirements, including but not limited to the standards set forth in the Guidelines (as may be modified) and North Carolina General Statute § 143B-472.35.

In any event, the Sub-Recipient is liable to the City and DOC for any improper expenditures, damage, loss or harm resulting from the failure of any person or entity to comply with any applicable law, rule, regulation or requirement regarding the MSSF Grant-funded Assistance and/or the Project, including (without limitation) an act or omission by a third party. Additionally, the Sub-Recipient agrees to periodically and rigorously monitor and audit its sub-recipients and third party(ies) to ensure compliance with all applicable requirements.

Any subcontracts or sub-recipient agreements entered into by the Sub-Recipient with Grant funds, or subsequently reimbursed funds, shall be subject to all terms and conditions of the Grant Agreement Documents and this Sub-Recipient Agreement and shall contain the provisions set forth in Exhibit D of the Grant Agreement. Payment of all subcontractors, sub-recipients and third party(ies) shall be the sole responsibility of the Sub-Recipient, and the City and/or DOC shall not be obligated to pay for any work performed by any subcontractor, sub-recipient or other third party.

14. Reimbursement to City for Improper Expenditures of Grant-Funded Assistance Received. Entity will reimburse City for any amount of Assistance improperly expended, either deliberately or non-deliberately, by any person or entity. Entity shall be responsible for the performance of all subcontractors and sub-recipients and shall not be relieved of any of the duties and responsibilities of this Sub-Recipient Agreement as a result of entering into subcontracts or sub-recipient agreements.
15. Timely Execution. Entity's failure to execute and return a copy of this Sub-Recipient Agreement within sixty (60) days of the date of DOC's representative's signature on the Grant Agreement may be deemed by the City to constitute Entity's rejection of the MSSF Grant (Assistance) and cause for DOC to determine the Grant funds available for reallocation to other entities.
16. Timely Submission of SEPA and SHPO Requests. Entity must submit, or do whatever is necessary in order for the City to submit, all required documentation to SHPO and the State SEPA Clearinghouse within sixty (60) days of the DOC's representative's signature on the Grant Agreement. In the event such submissions are not made, the City and/or DOC may deem such failure to constitute Entity's rejection of the MSSF Grant (Assistance) and cause for DOC to determine the funds are available for reallocation to other entities.
17. Reports. Entity must assist and provide the City, in a timely manner, with any information that is necessary for the City to prepare and file an annual written progress report to the North Carolina Main Street Center prior to July 15th of each year until the

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close-out of the Grant. In addition to any other information that may be requested by the City, Entity shall provide the City with the following for the City's annual report:

- a. The total amount of public and private funds that was committed and the amount that was invested in the Project during the preceding fiscal year.
- b. The total amount of grants received from the Main Street Solutions Fund during the preceding fiscal year.
- c. A description of how the grant and funds from private investors were used during the preceding fiscal year.
- d. A description of the economic impact on small business, including jobs retained or created.
- e. Details regarding the types of private investment created or stimulated; the dates of this activity, the amount of public money involved, and any other pertinent information, including any jobs created, businesses started, and number of jobs retained due to the approved activities.

In addition, Sub-Recipient shall assist and provide the City, in a timely manner, with any information that is necessary for the City to prepare and file other reports as may be required or requested by DOC, including quarterly reports due on October 15th, January 15th and April 15th of each year of the Grant, in addition to the annual report due to DOC on July 15th of each year of the Grant, unless waived by DOC. In addition, Entity shall, as needed, provide any information requested by the City to the City, in a timely manner, to assist or allow the City to satisfy any other applicable reporting requirements. Entity also shall submit, in a timely manner, any backup materials and supporting documentation as may be deemed necessary by the City and/or DOC.

Any misrepresentation by Sub-Recipient in any report to DOC or City shall constitute a breach of this Sub-Recipient Agreement and shall entitle DOC and/or the City to any remedy as set forth herein, in the Grant Agreement or as otherwise allowed by law.

18. Access to Records. Sub-Recipient hereby grants the City, the State of North Carolina, and any of its related agencies, commissions or departments (including, without limitation, DOC, the North Carolina State Auditor and the North Carolina Office of Budget and Management) and any of their authorized representatives, at all reasonable times access to and the right to inspect, copy, monitor, and examine all of the books, papers, records, and other documents relating to the Grant (Assistance) for a period of five (5) years (or such longer time as may be provided by applicable law, rule, regulation or requirement) following the completion of all Grant close-out procedures.
19. Audits and Monitoring. Sub-Recipient agrees to ensure compliance with such monitoring and auditing requirements as requested by the City as well as DOC and Sub-Recipient agrees to provide its assistance to the City. Additionally, Sub-Recipient shall constantly monitor all performance under Grant-supported activities, including activities performed by sub-recipients to ensure that time schedules are being met, projected work units by time periods are being accomplished, and other performance goals are being achieved.

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Such obligations to comply with the City's monitoring activities shall survive Grant closeout and the termination of this Sub-Recipient Agreement.

20. Disbursements. Disbursements from the City to Sub-Recipient will be made on a reimbursement basis upon completion of the Project and upon DOC as well as City approval. Among other items that may be requested by DOC or the City, Sub-Recipient shall submit back-up/supporting documentation for all Assistance requested, in form and content satisfactory to DOC or the City and as DOC or the City may request, for DOC or the City to review and approve prior to disbursement. Sub-Recipient acknowledges that no disbursement will be made until DOC and the City have approved all expenditures as eligible (in DOC's and the City's discretion). Items that must be provided to DOC and the City prior to disbursement include (without limitation) a certificate of occupancy for any Project properties (or some proof of completion from a building inspector or other sign-off if a certificate of occupancy is not required). In DOC's discretion, DOC may allow reimbursement payments for certain distinct and self-contained portions of the Project (upon receipt and approval of the items set forth above as they related to each distinct portion of the Project) prior to completion of the entire Project and the final reimbursement.
21. Insurance. During the term of this Sub-Recipient Agreement, Sub-Recipient shall ensure commercial insurance is provided of such type and with such terms and limits as may be required by DOC and the City. Unless otherwise agreed by DOC in writing, Sub-Recipient shall ensure the provision and maintenance of the coverage and limits described in Exhibit E of the Grant Agreement.

Ensuring the provision and maintenance of adequate insurance coverage is a material obligation of Sub-Recipient and is of the essence of this Sub-Recipient Agreement. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the Commissioner of Insurance to do business in North Carolina. Sub-Recipient shall at all times comply with the terms of such insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or this Sub-Recipient Agreement. The limits of coverage under each insurance policy maintained by Sub-Recipient shall not be interpreted as limiting Sub-Recipient's liability and obligations under this Sub-Recipient Agreement.
22. Sub-Recipient's Administrative Costs Not Eligible for Grant Funding. Administrative expenses of Sub-Recipient are not eligible for Grant funding. Any such use of Grant funds to cover Sub-Recipient's administrative costs is a violation of the terms of the Grant and this Sub-Recipient Agreement.
23. Release; Hold Harmless; Indemnification. Sub-Recipient hereby releases and agrees to hold entirely harmless the City, the State, DOC and all their respective sub-agencies (including, but not limited to, the Community Development Division and the Urban Development Division), employees, agents, attorneys, independent contractors, officers

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and directors (collectively, the "State") from any and all liability for any purpose whatsoever, and recognizes and affirms that the City/State has not waived any immunities provided by state or federal law, such immunities being expressly preserved. Additionally, Sub-Recipient agrees to fully indemnify and provide at its sole expense, a defense for the City/State in the event of any legal proceeding, complaint or grievance where the City/State (or any part thereof), is for any reason, named as a defendant or a responding party where such proceeding relates in any way to any matter related to: (i) the Grant Agreement, (ii) this Sub-Recipient Agreement, (iii) Sub-Recipient's use or non-use of the funds described in this Sub-Recipient Agreement, or (iv) any alleged failure of any person or entity to comply with any law or duty with respect to the funds described in the Grant Agreement or this Sub-Recipient Agreement.

24. Certification Regarding Prior Loans. Sub-Recipient recognizes that, per North Carolina General Statute § 143B-431.2, DOC and the City may not make a grant award to any individual, organization or governmental unit if that individual, organization or governmental unit is currently in default on any loan made by the North Carolina Department of Commerce. Sub-Recipient hereby certifies that it is not currently in default on any loan made by DOC. As with a violation of any other section of this Sub-Recipient Agreement, DOC and the City may pursue any remedy described in the Grant Agreement or this Sub-Recipient Agreement, if it is determined that Sub-Recipient's representation under this Paragraph is false. As with other false representations under this Sub-Recipient Agreement, DOC and the City may consider all Grant funds to be "improperly expended" by Sub-Recipient if it is determined that Sub-Recipient's representation under this Paragraph is false.
25. Appropriation. Sub-Recipient recognizes that the expenditure of money deposited in the State treasury is subject to acts of appropriation by the General Assembly.
26. Bankruptcy of Third Parties.
 - a. In the event any sub-recipient (or other entity other than Sub-Recipient) receiving Grant funds files bankruptcy owing Sub-Recipient, Recipient, DOC or other entities any money, it shall be the responsibility of Sub-Recipient to (i) immediately notify Recipient and (ii) pursue the claim against the debtor in bankruptcy and obtain the maximum payment allowed by law. To the extent Sub-Recipient fails to pursue the debtor in bankruptcy and obtain the maximum payment allowed by law, Sub-Recipient shall be liable to Recipient and/or DOC for all amounts that should have been awarded to Sub-Recipient in the bankruptcy proceeding if Sub-Recipient had taken the necessary action (notwithstanding whether such amounts actually would have been paid by the debtor).
 - b. If any sub-recipient should become the subject of any bankruptcy, dissolution, or insolvency proceeding, Sub-Recipient shall notify Recipient within twenty (20) days of the commencement of such proceeding. Failure to provide such notice constitutes a material default under the Sub-Recipient Agreement. In the event that Sub-Recipient or sub-recipients become the subject of any bankruptcy,

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dissolution, or insolvency proceeding, the Grant shall be immediately terminated upon actual notice of such provided by DOC to Recipient.

27. Beneficiaries to this Sub-Recipient Agreement. Except as specifically provided otherwise, this Sub-Recipient Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors. It is expressly understood and agreed that the enforcement of the terms and conditions of this Sub-Recipient Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to City, DOC and Sub-Recipient. Nothing contained in this Sub-Recipient Agreement shall give or allow any claim or right of action whatsoever by any other third person against the City or DOC. It is the express intention of City and DOC that any such person or entity, other than City or DOC, receiving services or benefits under this Sub-Recipient Agreement shall be deemed an incidental beneficiary only. Notwithstanding anything in this paragraph, however, nothing in this Sub-Recipient Agreement shall affect the right of City or DOC to be considered an intended third-party beneficiary of any additional agreement entered into by Sub-Recipient.
28. Subcontracting or Partnering. Sub-Recipient must provide City copies of all agreements relating to the Grant and/or Grant-funded Assistance to which Sub-Recipient is a party and all such agreements must contain all applicable provisions required by law, rule, regulation, policy or other requirement. Failure to ensure that (i) these provisions are incorporated within any subcontract or other third-party contract relating to the Grant and/or Grant-funded Assistance to which Sub-Recipient is a party, (ii) these provisions are complied with and/or (iii) that any other third party complies with these provisions shall constitute a material breach of this Sub-Recipient Agreement and shall entitle DOC and the City to withhold and/or recapture from Sub-Recipient any funds already disbursed or to be disbursed under this Sub-Recipient Agreement related to such failure. In addition to any provisions normally required by applicable law, rule, regulation and requirement, such provisions required for subcontracts or other third-party contracts to which Sub-Recipient is a party include the requirements listed as Exhibit D of the Grant Agreement. For Sub-Recipient's protection, it is recommended that Sub-Recipient require its sub-recipients, contractors, agents or assigns to include these provisions in their contracts.
29. Waiver of Default. Waiver by DOC or the City of any default or breach in compliance with the terms of this Sub-Recipient Agreement by Sub-Recipient shall not be deemed a waiver of any subsequent default or breach and shall not be construed to be a modification of the terms of this Sub-Recipient Agreement unless stated to be such in writing, signed by an authorized representative of DOC, the City and Sub-Recipient, and attached to this Sub-Recipient Agreement.
30. Survival of Promises. All promises, requirements, terms, conditions, provisions, representations, guarantees, obligations of and warranties by Sub-Recipient, as well as DOC's and the City's ability to recover any funds used inappropriately or take other corrective action, as described herein, shall survive the contract expiration or termination date unless specifically provided otherwise herein.

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31. Future Cooperation. City and Sub-Recipient agree to cooperate fully with one another, to execute any and all supplementary documents and/or agreements that may be necessary or helpful to give full force and effect to the terms of this Sub-Recipient Agreement and to the Parties' intentions in entering this Sub-Recipient Agreement.
 32. Severability. Each provision of this Sub-Recipient Agreement is intended to be severable and, if any provision of this Sub-Recipient Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect or impair any other provision of this Sub-Recipient Agreement, but this Sub-Recipient Agreement shall be construed as if such invalid, illegal or unenforceable provision had not been contained herein.
 33. Illegal Aliens. No costs incurred as a result of work performed by illegal aliens shall be eligible for reimbursement by Grant funds. As such, in submitting a reimbursement request to City for payment, Sub-Recipient shall be required to certify to DOC and the City that the expenses for which reimbursement is sought were not incurred as a result of work performed by illegal aliens.
 34. Project Changes. For the purposes of this Sub-Recipient Agreement, a "Project Change" is defined as any alteration, addition, deletion, or expansion of the Project description included in the Grant Agreement Documents or in any approved application to DOC relating to the Grant. Examples of Project Changes include (without limitation) changes to construction or rehabilitation, the terms or conditions of revolving loans, tenants or tenant mix, anticipated jobs, or changes in direct or private investment to small businesses. Additionally, any of Sub-Recipient's sub-recipients, contractors, agents or assigns filing of bankruptcy prior to project closeout shall be deemed to be a Project Change.
 35. Project Amendment Request. Sub-Recipient acknowledges and understands that upon the occurrence of any event that necessitates a Project Change, Recipient has sixty (60) days from the date of the occurrence to submit a Project Amendment Request (supported by appropriate minutes, resolution or other authorizing action) in writing to DOC requesting a Project Change which outlines the reasons and timeline for these changes. If such Project Amendment Request is not submitted within sixty (60) days from the occurrence of the event necessitating the Project Amendment Request, DOC (in DOC's sole discretion) may declare the entire Grant forfeited. In any event, **this Project Amendment Request must be submitted prior to additional expenses being incurred.**

Upon receipt of a Project Amendment Request, DOC requires thirty (30) days to review the proposed Project Change. After such time, DOC will respond in writing to Recipient. All Project Amendment Requests will be rated on the same criteria as the initial application and may be approved or disapproved at the sole discretion of DOC. If such Project Amendment Request is denied, then the applicable funds related to that request shall be forfeited back to the State, which may include the total Grant.

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36. Property Access. Sub-Recipient shall permit DOC and Recipient reasonable access to Sub-Recipient's property for monitoring and inspections by DOC as well as Recipient to, among other things, verify performance of the Project. Sub-Recipient acknowledges that additional state and Federal officials may have certain rights to access Sub-Recipient's property as well as the Project, and records related thereto, as more particularly specified in the terms and conditions herein and in the Grant Agreement Documents.
37. Funds Availability. Any and all payments contemplated to be made or made hereunder are contingent upon funds being provided to Recipient solely for these purposes by, and not thereafter being recalled from Recipient by, DOC. Payment of any Assistance amount is dependent as well as contingent upon and subject to the appropriation, allocation, and continuing availability of funds for these purposes to DOC and Recipient.
38. Recovery of MSSF Grant Funds. Sub-Recipient expressly acknowledges and accepts Recipient's and DOC's absolute right in their respective, sole discretions to withhold, discontinue, or recover in part or in full from Sub-Recipient any monies awarded and/or distributed pursuant to this Sub-Recipient Agreement if it is determined that the Sub-Recipient has engaged in unlawful conduct or conduct which violates the spirit and intent or the terms of the Program, including but not limited to the Grant Agreement Documents, or if the Sub-Recipient fails to comply with the terms of this Sub-Recipient Agreement. If an audit determines that Sub-Recipient expended or otherwise benefitted from any amount of this Assistance improperly or that the Sub-Recipient has failed to comply with certifications, representations, warranties and covenants made for the Assistance or that the Sub-Recipient has failed to keep records and provide access to such records as required hereunder, Sub-Recipient shall, at a minimum, be required to reimburse DOC, and the City or State may pursue such other action as it deems appropriate.
39. No Assignment or Amendment. Sub-Recipient shall not assign any of its rights or obligations under this Sub-Recipient Agreement. This Sub-Recipient Agreement may not be amended or revised without written approval of both Parties and appropriate concurrence from any third party that may be required.
40. Limitation on State's and Recipient's Liability. Neither DOC; any State entity, department, board, or subdivision; or Recipient shall be liable in any manner whatsoever to any person with respect to commitments under this Sub-Recipient Agreement. Sub-Recipient's rights, if any, with respect to the MSSF Grant Assistance arise solely out of this Sub-Recipient Agreement, and it has no independent right or claim to receive, or benefit from, MSSF Grant Assistance apart from any right or claim which may arise under this Sub-Recipient Agreement. Sub-Recipient acknowledges that, in addition to the limitation on funds available as set forth hereinabove, funds available for the MSSF Grant Assistance are subject to and dependent on funding of the MSSF Grant, which is dependent on Recipient's compliance with the Grant Agreement Documents.
41. Indemnification. The Sub-Recipient agrees to indemnify and hold harmless Recipient, DOC, the State of North Carolina, and all their respective officers, agents and employees,

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from any claims of third parties arising out of any act or omission of the Sub-Recipient in connection with the performance of the Sub-Recipient Agreement.

- a. Recipient assumes no liability with respect to accidents, bodily injury, illness, breach of contract, or any other damages or loss, or with respect to any claims arising out of any activities related to this Sub-Recipient Agreement, whether with respect to persons or property of Sub-Recipient or third parties. Sub-Recipient agrees to obtain insurance or otherwise protect itself or others as it may deem desirable. Further, Sub-Recipient agrees to indemnify, defend, and save harmless Recipient and its officers, agents and employees from any and all claims and losses arising from this Sub-Recipient Agreement, including but not limited to those claims and losses accruing or resulting to any and all authorized contractor(s), subcontractors, materialmen, laborers, and any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of the work contemplated by this Sub-Recipient Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by any and all authorized contractor(s) or subcontractors in the performance of the work contemplated by this Sub-Recipient Agreement.
42. Notice. All notices permitted or required to be given by one Party to the other and all questions about this Sub-Recipient Agreement from one Party to the other shall be addressed and delivered to the other Party's Contract Administrator. The name, post office address, street address, telephone number, fax number, and email address of the Parties' respective initial Contract Administrators are set out below. Either Party may change the name, post office address, street address, telephone number, fax number, or email address of its Contract Administrator by giving timely written notice to the other Party.

For the Recipient:
John Rodman, Planning Director
City of Washington
P.O. Box 1988
102 East 2nd Street
Washington, NC 27889
Telephone: 252-975-9384
Fax: 252-946-1965
Email: jrodman@washingtonnc.gov

For the Sub-Recipient:
Laura A. Darré, Member
Kathryn Pisciotta, Member
Cedar Grove Plantation LLC
316 Riverside Drive
Washington, North Carolina 27889
Telephone: 252-495-1306
Fax: 252-975-1379
Email: kathrynpisciotta@hotmail.com

43. Relationship of Parties. In carrying out the terms and conditions of this Sub-Recipient Agreement, Sub-Recipient is an independent party from Recipient and is not an agent or employee of Recipient. Nothing in this Sub-Recipient Agreement shall create or be construed as creating a partnership, joint venture, or employee relationship between Recipient and Sub-Recipient.

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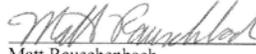
44. Execution. This Sub-Recipient Agreement may be executed in one or more counterparts, each of which, when executed, shall be deemed an original, and all such counterparts, together, shall constitute one and the same agreement that shall be sufficiently evidenced by one such original counterpart.

IN WITNESS WHEREOF, upon execution of this Sub-Recipient Agreement by duly authorized representatives of Recipient and Sub-Recipient, Sub-Recipient hereby accepts the Assistance on the terms of this Sub-Recipient Agreement, effective on the date first above written. The Parties agree that this document is executed under seal for the purposes of any applicable statute of limitations.

PRE-AUDIT CERTIFICATE

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

CITY OF WASHINGTON

 (SEAL)
Matt Rauschenbach,
Chief Financial Officer

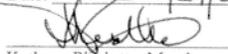


ATTEST:
 (SEAL)
Cynthia S. Bennett, City Clerk

**RECIPIENT:
CITY OF WASHINGTON**

By:  (SEAL)
Joshua L. Kay, City Manager
Date: 5/29/2012
Tax ID Number: 56-6001364
End of Fiscal Year: June 30th

**SUB-RECIPIENT:
CEDAR GROVE PLANTATION LLC**

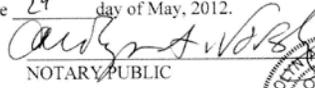
By:  (SEAL)
Laura A. Darré, Member
Date: 5/29/2012
By:  (SEAL)
Kathryn Pisciotta, Member
Date: 5/29/2012
Tax ID Number: 45-3943335
End of Fiscal Year: December 31

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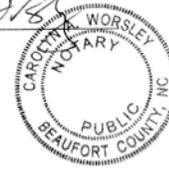
STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

I, the undersigned Notary Public of the County and State aforesaid, do hereby certify that LAURA A. DARRÉ and KATHRYN PISCIOтта, as Members of CEDAR GROVE PLANTATION LLC, a limited liability company of the State of North Carolina, personally came before me this day and acknowledged the due execution of the foregoing instrument for the purposes and intents therein expressed.

Witness my hand and official seal, this the 29th day of May, 2012.


NOTARY PUBLIC

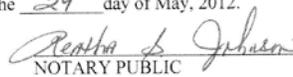
My Commission Expires: 10/14/2012



STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

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

Witness my hand and official seal, this the 29 day of May, 2012.


NOTARY PUBLIC

My Commission Expires: 12/14/2014



16 | Sub-Recipient Agreement, Approved by City Council, May 14, 2012

APPROVE/AUTHORIZE – AGREEMENT WITH THE RURAL DEVELOPMENT CENTER AND THE PERFORMANCE AND LOAN AGREEMENT WITH WEIR VALVE & CONTROLS, USA FOR A BUILDING RETROFIT GRANT AND AUTHORIZE MAYOR TO SIGN NECESSARY DOCUMENTS AND AGREEMENTS

City Manager, Josh Kay explained that Weir Valves is upgrading their facility in order to retool for a new product line. The total project is estimated to be approximately \$999,977. and will result in 82 new jobs at the Washington plant. The City of Washington, with assistance from the Mid-East Commission, applied for and received a grant through the Rural Development Center, Inc for a grant of \$410,000. Weir Valve will provide the majority of the match through construction costs (\$569,477) and the City of Washington will provide \$20,500 to pay for administrative and management services for the grant. Should Weir Valve not create the jobs, they would be required to pay back the grant (via a performance/loan agreement and promissory note). This project will require a capital project account and an unbudgeted appropriation.

By motion of Mayor Pro tem Roberson, seconded by Councilman Moultrie, Council approved the Agreement with the Rural Development Center and the Performance and Loan Agreement with Weir Valves & Controls, USA for a building retrofit grant and authorized the Mayor to sign all necessary documents and agreements to complete the agreements as well as approved the corresponding Grant Project Ordinance and Budget Amendment Ordinance for the Weir Valve Building Retrofit Grant.

AN ORDINANCE TO AMEND THE BUDGET ORDINANCE OF THE CITY OF WASHINGTON, N.C. FOR THE FISCAL YEAR 2011-2012

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

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of \$20,500 in the account Fund Balance Appropriated, account number 10-00-3991-9110.

Section 2. That account number 10-00-4400-9201, Transfer to State Grants, Miscellaneous Non-Departmental portion of the General Fund appropriations budget be increased in the amount of \$20,500 to provide funds for a 5% grant match for administration of the NC Rural Economic Development Center Grant – Weir Valves and Controls.

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 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

**A GRANT PROJECT ORDINANCE FOR
NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER GRANT
GRANT AWARD # 2012-220-60501-118
CITY OF WASHINGTON, N.C.
FOR FISCAL YEAR 2011-2012**

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

Section 1. The project authorized is for the rehabilitation of the Weir Valves & Controls building.

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

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

74-60-4930-0400	Administration	\$ 20,500
74-60-4930-7300	Building Improvements	<u>410,000</u>
	Total	\$ 430,500

Section 4. The following revenue is anticipated to be available to complete this project:

74-60-3480-3400	Grant Funds	\$ 410,000
74-60-3980-1000	Transfer from General Fund	<u>20,500</u>
	Total	\$ 430,500

Section 5. The Finance Director is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to satisfy the requirements of the grant agreements.

Section 6. Funds may be advanced by the General Fund for the purpose of making payments as due. Reimbursement requests should be made to the grant agencies in an orderly and timely manner.

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

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

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

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

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

This the 14th day of May, 2012.

Attest:

s/Cynthia S. Bennett, CMC
City Clerk

s/N. Archie Jennings, III
Mayor

DISCUSS – PICNIC BENCHES ON THE WATERFRONT (item removed from agenda)

BUDGET WORKSHOP REMINDER/COMMITTEE OF THE WHOLE - MAY 29, 2012

TOWN HALL DAY REMINDER – JUNE 6, 2012

CLOSED SESSION – UNDER § NCGS 143-318.11(A)(6) PERSONNEL

By motion of Councilman Pitt, seconded by Mayor Pro tem Roberson, Council entered into closed session at 7:10pm under § NCGS 143-318.11(A)(6) Personnel.

By motion of Councilman Brooks, seconded by Councilman Pitt, Council agreed to come out of closed session at 7:25pm.

ADJOURN

By motion of Councilman Pitt, seconded by Councilman Brooks, Council adjourned the meeting at 7:30pm until Tuesday, May 29 2012 at 5:30pm in the Council Chambers located at the Municipal Building

Cynthia S. Bennett, CMC
City Clerk