

The Washington City Council met in a continued session on Monday, March 24, 2014 at 5:30 pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

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

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

Councilman Pitt requested a moment of silence in honor of Glen Cushing, who passed away last week. Mr. Cushing was a former City Treatment Plant Operation Supervisor from 5-11-1981 until 2-28-2013.

APPROVAL/AMENDMENTS TO AGENDA:

City Manager, Brian Alligood requested the following amendments to the agenda:

- Add: Discussion - idX Purchase Agreement
- Add: Approve - Second Amendment to the Purchase Agreement Extension (extending due diligence period by one month)

Mayor Hodges noted the amendments will be considered following item two of the agenda.

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

MEMO: JULY 4, 2014 FESTIVITIES

(Begin memo) In March of 2012, City Council authorized the City Manager to sign the Release, Hold Harmless and Indemnification Agreement with Bridge Harbor, LLC. City Council also authorized the City Manager to sign the Agreement with East Coast Pyrotechnics, Inc. The Manager was authorized to sign these agreements for future years as long as the release or agreement did not change.

The Release, Hold Harmless and Indemnification Agreement from the City to Bridge Harbor, LLC for the use of Bridge Harbor, LLC's property during the July 4, 2014 has been executed. The Agreement with East Coast Pyrotechnics has also been executed.

The City will again, partner with Lee Chevrolet and the Washington Harbor District Alliance for the July 4th festivities. (end memo) Memo accepted as presented.

DISCUSSION: GRANT UPDATES

Councilman Mercer inquired if the first grant on the list (CDBG Affordable Housing) was from Washington Housing, Inc. and Mr. Alligood responded 'yes'.

Grant Executive Summary
as of 2/31/2014

Fund	Grant Description	Dates			Financials				Deliverable			Compliance Reporting Status	Notes	
		Award	Expiration	Completion	Revenue		Expense		Metric	Total	Achieved			Bal.
					Budget	Actual	Budget	Actual						
50	CDBG Affordable Housing	04/09/10	12/31/13	10/31/14	227,700	185,719	227,700	185,719	LMI homes	10	5	5	2/31/14	Applicant promotion & qualification, confirm extension date
51	Blue Goose	03/01/13	03/01/15	02/01/15	350,000	265,707	350,000	323,224	Jobs (60%LMI)	16	16	0		Job creation targets met, facility renovations continue
52	Comprehensive Bicycle Plan	05/26/11	12/31/13	06/30/14	35,000	30,430	35,000	31,738				0		DOT reviewing draft, distribute for Council review in April
55	IdX/Impressions NC One Grant	09/30/13	09/30/16		300,000		300,000		Jobs/Investment	143		143	01/31/14	Property closing by 4/7/14.
57	CDBG for Job Creation	07/06/12	01/16/15	07/06/14	200,000	114,926	200,000	187,778	Jobs(7 new/1 ret.)	8	6	2		All equip procured, request Comm. Devl. Academy approval
61	Pedestrian Plan Grant	05/20/13	09/30/13	12/31/14	10,000	10,000	10,000	-				0		Start delayed for bike plan adoption, committee meets in March
65	Econ. Development- Spirrite	01/07/12	01/07/15	01/07/15	90,000	90,378	90,000	67,500	Jobs	100	76	24		75% of job target met and reimbursed
66	Airport Terminal Grant	04/04/13	07/01/15	03/31/15	1,255,902	400,028	1,255,902	175,945				0		Construction begins in March
67	Facade Grant Program	07/01/13	06/30/14	06/30/14	20,090	20,111	20,090	18,099				0		Progressing on schedule
68	Old City Hall Rehab	04/10/12	02/23/15		200,000	-	200,000	-				0		Re-conveyance decision extended to 4/11/14, explore alternative
70	Parks & Rec Master Plan	05/20/13	09/30/13	02/28/14	50,000	50,000	50,000	49,000				0		Adopted by Council 3/10/14
76	EDA Water Projects	09/11/13	03/11/17	02/28/17	1,428,262	-	1,428,262	9,379				0		Eng. bid awarded, topo surveys begun, award const. Dec 2014
77	EDA Sewer Grants	09/11/13	03/11/17	02/28/17	1,423,894	-	1,423,894	35,805				0		Eng. bid awarded, topo surveys begun, award const. Dec 2014
78	Light House RR & Boater Facility	01/17/12	01/17/15	06/30/14	344,397	94,397	344,397	13,175				0		Construction begun, on schedule to complete June 2014
	CDBG Keyville Rd.	2005	6/4/2013	06/30/16	320,000	320,000	320,000	320,000				0	2/31/14	Add'l investment approved to complete 2 homes by 6/30/14

DISCUSSION: idX PURCHASE AGREEMENT

City Manager, Brian Alligood summarized the item stating, the City of Washington and idX Impressions, LLC entered into a real estate purchase agreement dated November 25, 2013 for the purchase of the real estate and improvements located at 234 Springs Road by idX from the City. As part of that agreement, the City and idX agreed jointly to “execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all conveyances, assignments, correction instruments and all other instruments and documents as may be reasonably necessary in order to complete the transaction which is the subject of this Agreement and to carry out the intent and purposes of this Agreement.” The idX closing attorney, in order to satisfy the requirements of the title insurance company, has requested that the City Council approve the recommendation listed above. This requested action simply restates actions that have already been taken by the City Council, but in a manner that satisfies the title company. There are no changes to previous actions. The City Attorney has reviewed this request and recommends approval.

Mayor Pro tem Roberson commented that the information we have is already in the agreement. Mr. Alligood stated it is the language between a title company and attorney to state specifically what they feel comfortable with (that it meets the intent).

Mayor Pro tem Roberson commented that under the standard Real Estate Rules for North Carolina, the inspection period is like the due diligence period and it appears to him that this request is stating we have a language issue. It appears to him that we are running up a lot of expense for the past six months, just to get the linguistics down so we can sign and sell the property.

Councilman Mercer commented that he is becoming frustrated as well, in light of the fact that at 3:30 this afternoon we get a request for another extension of 35 days for due diligence. We have already granted a 31 day extension period. Now, we are requested to sign an agreement tonight in which we don't have a sales agreement that is acceptable to both parties.

City Attorney, Franz Holscher agreed that frustration is a good word to use regarding how this has evolved. Council did authorize the City to enter and execute a purchase agreement with idX. The purchase agreement gave idX a 90 day inspection period or due diligence period. When that period expires they have 15 days after that (if they do not terminate the purchase agreement) to conduct closing. Mr. Holscher explained the requirements needed for the title company for the closing documents. Title and survey issues were cited for the extension request for due diligence.

Mayor Pro tem Roberson asked if we can use the standard forms that are provided by the North Carolina Real Estate Commission in future transactions. There has been a joint venture with the North Carolina Legal Profession; the offer to purchase has all this information in it. We should be using something similar to the standardized form that's used all over North Carolina instead of going outside and creating separate documents that people are not familiar with.

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved and authorized the Mayor, City Manager, or other designated representative of the City to enter and execute, the attached Special Warranty Deed as well as the attached Temporary Easement Agreement, subject to further revision of each that is deemed acceptable by the City Manager and City Attorney, and any other document or instrument that is necessary in conjunction with a closing to convey the 234 Springs Road property to idX Corporation, idX Impressions, LLC, 234 Springs Road, LLC, or their respective affiliates consistent with the Real Estate Purchase Agreement previously entered by the City and the approval of a temporary easement previously granted by the City.

**APPROVE: SECOND AMENDMENT TO THE PURCHASE AGREEMENT
EXTENSION**

By motion of Mayor Pro tem Roberson, seconded by Councilman Brooks, Council approved the Second Amendment to Real Estate Purchase Agreement to extend the due diligence period until April 29, 2014.

Councilman Mercer requested no more extensions be granted to idX and members of Council were in agreement.

SECOND AMENDMENT TO
REAL ESTATE PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO REAL ESTATE PURCHASE AGREEMENT (this "Amendment") is made as of the 24th day of March, 2014 by and between 234 Springs Rd., LLC, a Delaware limited liability company ("Purchaser"), and the City of Washington, a body politic and corporate under Chapter 160A of the North Carolina General Statutes ("Seller"), under the following circumstances:

A. Seller and idX Impressions, LLC, a Delaware limited liability company ("idX Impressions") entered into a Real Estate Purchase Agreement dated November 25, 2013, as amended by that certain First Amendment to Real Estate Purchase Agreement between Seller and idX Impressions dated February 24, 2014 (collectively, the "Agreement") whereby Seller agreed to sell and Purchaser agreed to purchase the real estate and improvements located at 234 Springs Rd., Washington, North Carolina 27889.

B. Pursuant to that certain Assignment of Real Estate Purchase Agreement by and between idX Impressions and Purchaser dated March 13, 2014, idX Impressions has assigned all of its right, title and interest in and to the Agreement to Purchaser and Purchaser has accepted such assignment and assumed all obligations of idX Impressions under the Agreement.

C. The parties desire to amend the Agreement as set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The first sentence of Section 3.1 is hereby deleted in its entirety and the following is hereby inserted in lieu thereof: "For the period (the "Inspection Period") commencing on the Effective Date and ending on April 29, 2014 (the "Inspection Period Expiration Date"), Purchaser shall have the right to have performed (i) such physical, mechanical and environmental inspections of the Property as Purchaser deems necessary to determine the physical condition of the Property, and (ii) such inspections of all books and records and financial information pertaining to the Property as Purchaser deems necessary."

2. Capitalized terms not defined in this Amendment shall have the meaning ascribed to such terms in the Agreement.

3. Except as modified by this Amendment, the Agreement remains in full force and effect.

4. The Agreement, as modified by this Amendment, is hereby ratified and confirmed.

[Signature page follows]

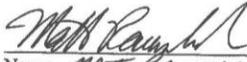
Approved by City Council 3/24/14

IN WITNESS WHEREOF, this Amendment has been executed by the parties hereto as of the date first written above.

PRE-AUDIT CERTIFICATE

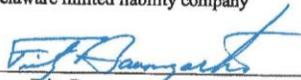
This Agreement has been pre-audited pursuant to North Carolina General Statute § 159-28 in the manner required by the Local Governmental Budget and Fiscal Control Act.

THE CITY OF WASHINGTON


Name: MATT KAUSCHEWSKI
Title: C.F.O.

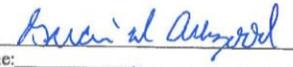
PURCHASER:

IDX IMPRESSIONS, LLC
a Delaware limited liability company

By: 
Name: Fritz Baumgartner
Title: Chief Financial Officer

SELLER:

THE CITY OF WASHINGTON
a North Carolina municipal Corporation

By: 
Name: Kevin Almy
Title: City Manager

(corporate seal)

ATTEST:


Name: Reatha B. Johnson
Title: Assistant City Clerk



SCHEDULED PUBLIC APPEARANCE:

Mr. Paul Meyer, Executive Director, NCLM provided Council with an update regarding the services offered by the North Carolina League of Municipalities.

PUBLIC HEARING: TAXI CAB CERTIFICATE OF CONVENIENCE AND NECESSITY – NORFLEET CAB SERVICE

Mayor Hodges opened the public hearing.

Mr. John Norfleet requested approval for Norfleet Cab Service in order to be a help to the community. Mr. Norfleet explained that we have a lot of sick people in the community and the cab service would be of benefit to them.

Mayor Pro tem Roberson noticed that the office had an address for Grimesland, NC (155 Robin Road). Mr. Norfleet stated his taxi business is in Beaufort County, it is right on the county line and Mayor Hodges verified that it is in Beaufort County. Councilman Pitt inquired as to the hours of operation and Mr. Norfleet responded five days a week and the last fare would be picked up before dark. Mayor Pro tem Roberson inquired if Police & Fire Services Director; Stacy Drakeford had an opportunity to look over the application and Mr. Drakeford responded 'yes' that everything is ok on the application.

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

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council approved a Certificate of Convenience and Necessity to be issued to Mr. John Norfleet with one taxicab for Norfleet Cab Service.

HOLD 2nd PUBLIC HEARING AND ADOPT: A RESOLUTION REQUESTING STATE GRANT ASSISTANCE THROUGH THE CDBG PROGRAM FOR WASTEWATER INFRASTRUCTURE IMPROVEMENTS

Mayor Hodges opened the public hearing.

City Manager, Brian Alligood explained this is the second public hearing on the CDBG 2013 Development Infrastructure Improvement Grant. Mr. Alligood stated as mentioned last week, in 2013, the North Carolina General Assembly allocated \$26 million in federal Community Development Block Grant funds to the Infrastructure program, and transferred the funds to the North Carolina Department of Environment and Natural Resources' Division of Water Infrastructure to administer. The purpose of these funds is to construct public water and sewer infrastructure to mitigate public and environmental health problems in areas where the percentage of low to moderate income persons is at least 51 percent.

The purpose of this public hearing is to explain the City's proposed CDBG Infrastructure Grant application and to receive public comment from citizens regarding the proposed application and project. The proposed project includes approximately 5,200 LF of existing sewer main rehabilitation, point repairs and manhole lining within Basins 11 (in and around 13th & Bridge) and Basins 17 (in and around Pennsylvania and Havens). The low-to-moderate percentage of areas when the work will take place will be somewhere between 81-84%. The reason we do not know the exact number is because we're still waiting for the grant administrators to let us know whether we need to include vacant lots or not. Also, we are proposing to use \$50,000 in sewer fund balance to augment the grant funds. No match is required but we will get credit or "points" for any City funds we propose to use for the project. The City is requesting approximately \$1.101 million in CDBG funds (95.7% of total project costs).

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

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted a resolution requesting State grant assistance through the CDBG Program for wastewater infrastructure improvements.

**RESOLUTION REQUESTING STATE GRANT ASSISTANCE THROUGH THE CDBG
PROGRAM FOR WASTEWATER INFRASTRUCTURE IMPROVEMENTS**

WHEREAS, Title 1 of the Federal Housing and Community Development Act of 1974, as amended, has established the U.S. Housing and Urban Development (HUD) Community Development Block Grant (CDBG) Program, and has authorized the making of grants to aid eligible units of government in funding the cost of construction, replacement, or rehabilitation of water and wastewater infrastructure, and that the North Carolina Department of Environment & Natural Resources (NCDENR) Division of Water Infrastructure (DWI) was delegated the authority by the state legislature to administer the water and wastewater infrastructure portion of the state grant monies received from the U.S. HUD CDBG program Session Law 2013-360, Section 15.15(a) as amended by Section 5.3 of Session Law 2013-363, and

WHEREAS, The City of Washington has need for and intends to construct a (state whether a wastewater treatment works, wastewater collection system, drinking water treatment works, and/or drinking water distribution system) project described as (give brief description of project), and

WHEREAS, The City of Washington intends to request state grant assistance for the project,

NOW THEREFORE BE IT RESOVED, BY THE CITY COUNCIL OF THE CITY OF WASHINGTON: That the City of Washington, the Applicant, will adopt and place into effect on or before completion of the project a schedule of fees and charges and other available funds which will provide adequate funds for proper operation, maintenance, and administration of the system.

That the Applicant will provide for efficient operation and maintenance of the project on completion of construction thereof.

That Mr. Mac Hodges, Mayor, the Authorized Official, and successors so titled, is hereby authorized to execute and file an application on behalf of the Applicant with the State of North Carolina for a grant to aid in the construction of the project describe above.

That the Authorized Official and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project; to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

That the Applicant has substantially complied or will substantially comply with all Federal, State, and local laws, rules, regulation, and ordinances applicable to the project and to Federal and State grants and loans pertaining thereto.

Adopted this the 24th day of March, 2014 at the City of Washington, North Carolina

ATTEST:

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

**s/Mac Hodges
Mayor**

**ADOPT: RESOLUTION APPROVING ADMINISTRATIVE GUIDELINES AND
PROGRAM POLICIES FOR THE CITY'S FY13 CDBG INFRASTRUCTURE GRANT
PROGRAM**

City Manager, Brian Alligood explained the purpose of this action is to adopt the necessary administrative guidelines and program policies in order to implement the FY 13 CDBG – Infrastructure Grant Program.

The City of Washington would like to carry out its FY 13 CDBG – Infrastructure Grant Program in accordance with the established state and federal administrative guidelines.

Mayor Pro tem Roberson discussed the Language Access Plan.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council adopted a resolution approving the Administrative Guidelines and Program Policies for the City

of Washington's FY 13 CDBG - Infrastructure Grant Program and authorized the Mayor to sign documents on behalf of the City.

**CITY OF WASHINGTON
RESOLUTION APPROVING ADMINISTRATIVE GUIDELINES AND POLICIES
FOR THE FY 2013 CDBG INFRASTRUCTURE GRANT PROGRAM**

WHEREAS, the City of Washington wishes to carry out its FY 2013 CDBG – Infrastructure Grant Program in accordance with established state and federal guidelines;

Now, Therefore Be It Resolved that the Washington City Council hereby collectively adopts the following resolutions, guidelines, plans and policies, and resolves that they be utilized during the administration of the City's FY 2013 CDBG – Infrastructure Grant Program:

1. Citizen Participation Plan
2. Community Development Plan
3. Equal Opportunity and Procurement Plan
4. Section 519- Use of Excessive Force Plan
5. Fair Housing Plan
6. Language Access Plan
7. Section 504 Plan
8. Residential Anti-Displacement & Relocation Plan
9. Section 3 Plan

Adopted this the 24th day of March, 2014 at the City of Washington, North Carolina

ATTEST:

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

**s/Mac Hodges
Mayor**

CLOSED SESSION: UNDER NCGS § 143-318.11(a)(6) PERSONNEL; NCGS § 143-318.11(a)(1) DISCLOSURE OF CONFIDENTIAL INFORMATION AND NCGS § 143-318.10(e) THE PUBLIC RECORDS ACT

By motion of Councilman Pitt, seconded by Councilman Brooks, Council entered into closed session under NCGS § 143-318.11(a)(6) Personnel; NCGS §143-318.11(a)(1) Disclosure of Confidential Information and NCGS § 143-318.10(e) The Public Records Act at 6:40 pm.

By motion of Councilman Beeman, seconded by Mayor Pro tem Roberson, Council agreed to come out of closed session at 7:40 pm.

ADJOURN – UNTIL MONDAY, APRIL 14, 2014

By motion of Councilman Beeman, seconded by Mayor Pro tem Roberson, Council adjourned the meeting at 7:45pm until Monday, April 14, 2014 at 5:30 p.m. in the Council Chambers at the Municipal Building.

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