The Washington City Council met in a regular session on Monday, July 14, 2014 at 5:30pm in the City Council Chambers at the Municipal Building. Present were: Mac Hodges, Mayor; Bobby Roberson, Mayor Pro tem; Doug Mercer, Councilman; William Pitt, Councilman; Richard Brooks, Councilman; Larry Beeman, Councilman; Brian M. Alligood, City Manager; Cynthia S. Bennett, City Clerk and Franz Holscher, City Attorney.

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

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

APPROVAL OF MINUTES:

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council approved the minutes of June 9 & June 23, 2014 as presented.

RECOGNITION: HEATHER DECK – RIVERKEEPER CUP CLEAN-UP CHALLENGE

Heather Deck presented Guy Blackwell with a trophy honoring the City for 1700 lbs. of trash removed from the Washington area waterways.

APPROVAL/AMENDMENTS TO AGENDA:

Mayor Hodges reviewed the following amendment to the agenda:

- Add under Consent Agenda Item G. Approve – Resolution accepting the State Technical Assistance Grant for $35,000
- Move from Consent Item E: Airport Fuel Budget Amendment **(discussed after approval of Consent Agenda)**

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

CONSENT AGENDA:

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

A. Declare Surplus/Authorize – Electronic Auction of Vehicles through GovDeals (Vehicle # 614) 2000 Ford Explorer and (Vehicle # 483) 2000 International Garbage Truck

B. Adopt – Budget Ordinance Amendment - NC Cardinal Grant ($22,345)

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

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

Section1. That the Estimated Revenues in the General Fund be increased in the amount of $22,345 in the account Library Grant Planning, account number 10-40-3611-3306.

Section 2. That the following account number in the Brown Library Department portion of the General Fund appropriations budget be increased in amount indicated to fund the migration to the NC Cardinal library cataloging system:

10-40-6110-0400	Professional Services	$22,345

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 July, 2014.
ATTEST:
s/ Cynthia S. Bennett **s/Mac Hodges**
City Clerk **Mayor**

C. Authorize – Police & Fire Services to apply for Wal-Mart Grant ($1,500)

D. Approve – Classification Change *(Sr. Administrative Support Specialist (Grade 17) in the Department of Community & Cultural Services/Recreation Division to Recreation Events & Facilities Supervisor (Grade 17) effective July 14, 2014.)*

E. **Removed from Consent(discussed after approval of Consent Agenda)** Approve – Airport Fuel Budget Amendment

F. Approve – Purchase Orders >$20,000

- Requisition #52200, $37,300.00, to Atlantic Power Systems of NC, Inc. Peak Shaving Generators PM Level 1 Inspection Labor & Materials $6,000.00, Peak Shavings Generator PM Level 2 Inspection Labor & Materials $30,000.00 and Fuel Tank Foot Valve Removal, Cleaning & Reinstallation, 11 Tanks $1,300.00. Account #35-90-8370-1600.

G. Approve – Resolution accepting the State Technical Assistance Grant for $35,000

RESOLUTION BY GOVERNING BODY OF APPLICANT

WHEREAS, the North Carolina Clean Water Revolving Loan Grant Act of 1987 has authorized the making of loans and grants to aid eligible units of government in financing the cost of construction of wastewater treatment works, wastewater collection system, water supply systems and water conservation projects; and

WHEREAS, the North Carolina Department of Environment and Natural Resources has offered a State Technical Assistance Grant in the amount of $35,000 for a Sanitary Sewer Evaluation Study; and

WHEREAS, the City of Washington intends to construct said project in accordance with the approved plans and specifications:

NOW THEREFORE BE IT RESOVED BY THE CITY COUNCIL, OF THE CITY OF WASHINGTON:

That the City of Washington does hereby accept the State Technical Assistance Grant offer of $35,000.

That the City of Washington does hereby give assurance to the North Carolina Department of Environment and Natural Resources that all items specified in the grant offer, Section II Assurances will be adhered to.

That Brian Alligood, City Manager of the City of Washington, 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 City of Washington has substantially complied or will substantially comply with all Federal, State and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants and loans pertaining thereto.

Adopted this the 14th day of July, 2014 in the City of Washington, North Carolina.
ATTEST:
s/ Cynthia S. Bennett **s/Mac Hodges**
City Clerk **Mayor**

(from Consent Item E:) APPROVE – AIRPORT FUEL BUDGET AMENDMENT

Councilman Mercer inquired about the cost of fuel at the airport most specifically, the difference in the numbers on the most recent financial report. Matt Rauschenbach explained that once the financials are "trued up" the numbers will be the same.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council approved the airport fuel budget amendment in the amount of $15,500.

AN ORDINANCE TO AMEND THE BUDGET ORDINANCE
OF THE CITY OF WASHINGTON, NC
FOR THE FISCAL YEAR 2013-2014

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

Section 1. That the Airport Fund appropriations budget be increased in the following fund account and amount:

37-90-4530-3101	Fuel Purchases	$15,500

Section 2. That the Airport Fund revenue budget be increased in the following fund account and amount:

37-90-3397-1000	Transfer from General Fund	$15,500

Section 3. That the General Fund appropriations budget be increased in the following and account and amount:

10-00-4400-3700	Transfer to Airport Fund	$15,500

Section 4. That the General Fund revenue budget be increased in the following fund account and amount:

10-00-3991-9910	Fund Balance Appropriated	$15,500

Section 5. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

Section 6. This ordinance shall become effective upon its adoption.

Adopted this the 14th day of July, 2014
ATTEST:
s/ Cynthia S. Bennett **s/Mac Hodges**
City Clerk **Mayor**

COMMENTS FROM THE PUBLIC: NONE

PUBLIC HEARING ON ZONING: NONE

PUBLIC HEARING – OTHER: NONE

SCHEDULED PUBLIC APPEARANCES:
SUSAN FRANCIS – 1300 NORTH BONNER STREET – FLOODING
(request withdrawn by applicant)

Mayor Pro tem Roberson asked for a status report on Jack's Creek (fish & pump station) and Councilman Mercer asked for a write-up on the operating procedures regarding the pumps at Jack's Creek.

CORRESPONDENCE AND SPECIAL REPORTS:
MEMO – CONTERRA MEMORANDUM OF UNDERSTANDING

Electric Utilities Director, Keith Hardt explained that at the 14 April 2014 meeting of the Washington City Council, Council requested that an abbreviated agreement be drafted between the City of Washington and Conterra Ultra Broadband, LLC for attachment of fiber optic conductor to City owned electric utility poles.

The agreement by Conterra:
This Memorandum of Understanding ("MOU") is entered into the 14th day of July 2014 ("Effective Date") between Conterra Ultra Broadband, LLC ("Conterra") with principal offices at 2101 Rexford Road, Suite 200E, Charlotte, North Carolina 28211 and the City of Washington ("Washington") with principal offices at 102 East 2nd Street, Washington, North Carolina 27889.

In an effort to record our understanding, Conterra and Washington agree to the following:

1. Conterra desires to occupy, place and maintain attachments on electric utility poles ("Poles") owned and maintained by Washington. Washington agrees to permit Conterra to occupy, place and maintain its attachments on Washington's Poles.
2. Conterra shall at its own expense, install and maintain all attachments in a safe condition suitable to Washington and such that they will not be in conflict with Washington's use of the Pole or by other parties or having rights to said Poles.
3. Conterra shall comply with all local, state and federal laws and regulations, including but not limited to: National Electric Safety Code, National Electric Code and all OSHA regulations
4. Conterra will be billed for pole attachments in accordance with current and future pole attachment rates established by the Washington City Council and understands that Washington is developing a pole attachment agreement and that Conterra will be subject to said agreement upon review and signature when it is finalized.

We hereby confirm we are in agreement with the above.
Signed this 14th day of July 2014.

s/Angela Lee, VP, Corporate Counsel and Secretary
Conterra Ultra Broadband, LLC

s/Brian M. Alligood, City Manager
City of Washington, North Carolina

MEMO – RESIDENTIAL GRANT PROGRAM

(begin) For several years, the City of Washington has had a successful Façade Improvement Grant Program. Property and Business owners have taken advantage of the funding available to restore windows, paint facades, install new awnings and many other rehabilitation projects. The commercial district is slowly becoming revitalized, with new businesses coming to town and beautification projects being undertaken by community groups. While work on these projects must and will continue, there are other areas of Washington that also need help.

On May 27th, The Planning Department hosted a community meeting to discuss concerns and issues that are facing residents of the historic district. Residents basically had the floor to discuss issues that were common throughout the district. Time and again, the issue of being able to afford upkeep of historic homes became an issue. The constant needs of wooden houses such as those found in Washington can be daunting. In June 2013, the Preservation Commission was approached by concerned members of the community regarding the number of houses that have fallen into disrepair. As a result, the commission started a subcommittee to reach out to homeowners whose homes require maintenance. The list of houses that was compiled totaled over forty properties. Upon reaching out to those property owners, it was often the case that while the owners wanted to do work on their homes; it was not economically feasible for them to do so.

In this year's budget, City Council put aside $20,000 for the Commercial Façade Improvement Grant Program. It is the recommendation of the Preservation Commission that this grant pool be opened up to residential property owners as well. The residential grant program would be managed much the same as the commercial grant program, with the money coming from the same pool. The requirements for the grant would be more stringent that the commercial grant, with residential property grants to be need based. To show proof of economic hardship would be needed in order for a property owner to be eligible for the grant. Additionally, all grant applications would need to be approved by the Preservation Commission prior to a grant award taking place. Eligible work would have to be done on the actual building and could not include installation of a fence or removal of a tree. The goal of the grant is to make the most impact on the residential district. (end)

Councilmembers agreed that this item will need to be discussed during next year's budget workshops.

<u>MEMO</u> – WAYFINDING PROGRAM

(begin) The word Wayfinding has become an integral part of community planning and the creation of places that offer unique and memorable experiences to the public. Wayfinding improves circulation and directs visitor dollars where they have the most impact. Retail environments thrive when visitors can easily find their way there. Districts become popular destinations when a brand-supportive wayfinding system illuminates a clearly marked path for patrons.

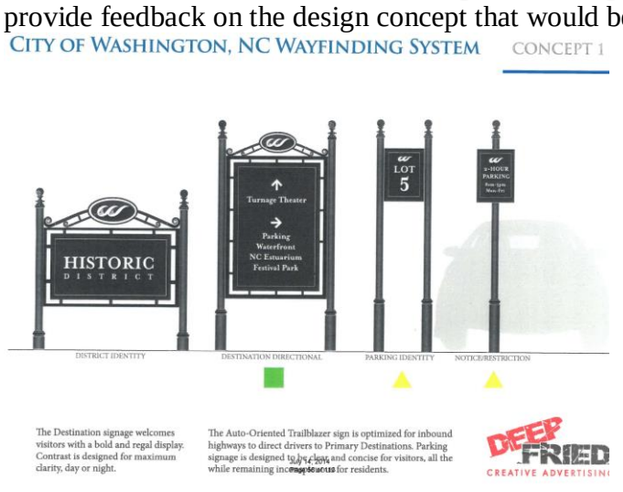
The City Council authorized the establishment of a Wayfinding Program. The Wayfinding Steering Committee was assembled in October (2013) to work with staff to develop a wayfinding signage program that included a vision, goals and objectives and information on signage. We expected about 7 or 8 meetings of the committee, roughly monthly in order to accomplish the scheduled items. The checked items are the ones that have been completed as to date:

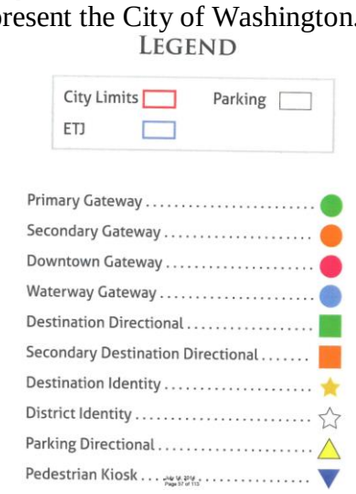
- ✓ Establish a Steering Committee.
- ✓ Determine goals and objectives.
- ✓ Identify entranceways & gateways.
- ✓ Determine destinations: What places do people need to find?
- ✓ Identify routes: What are the paths that people need to take?
- ✓ Locate Decisions Points.
- ✓ Develop sign inventory.
- ✓ Determine design concepts.

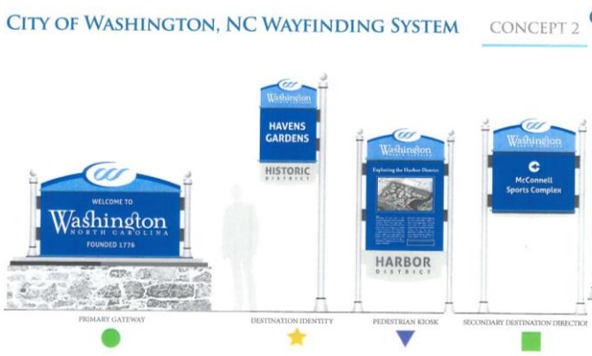
1. **Public Participation**
2. **Installation - # of signs and locations.**
3. **Provide costs & draft plan.**

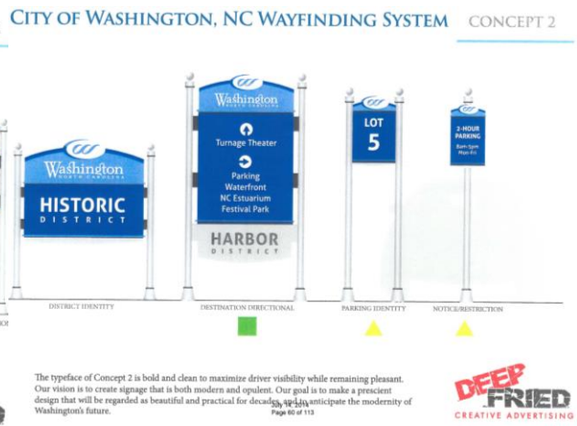
The next scheduled item that needs to be accomplished is the "public participation" portion of the program. Deep Fried Creative Consultants have prepared detailed designs for each of the various sign types to be implemented. They have defined formats, type styles, colors, and material options. Deep Fried Creative has also prepared presentation materials to communicate these sign design concepts and styles to the public-at-large for evaluation and feedback purposes.

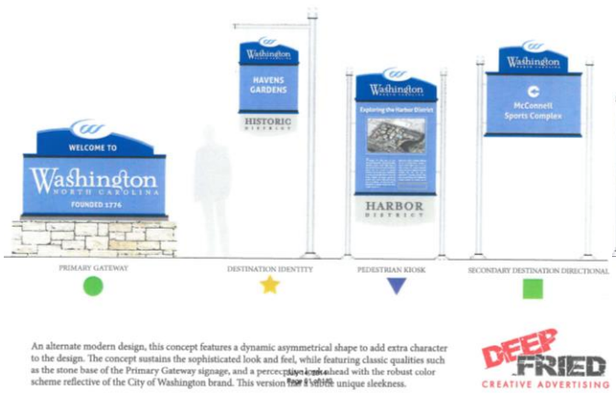
The Public Participation workshop is scheduled for **Tuesday, July 22, 2014 at 6:00 pm at the Senior Center** located in the Peterson Building. I encourage all City Council to attend the workshop in order to provide feedback on the design concept that would best represent the City of Washington. (end memo)

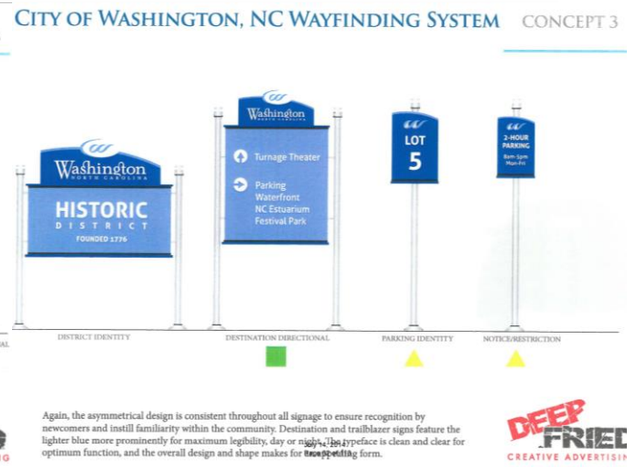












<u>MEMO</u> – REPORTING OF REALLOCATION OF FUNDING FOR FY 2013/2014

The following reallocations of funding between divisions within the General Fund, Water Fund, Sewer Fund, Solid Waste Fund, and Cemetery Fund have been approved by the City Manager in order to cover overspent department with inter-departmental funds, thus avoiding additional appropriations. Matt Rauschenbach will email Councilmembers detailed explanations of the funding reallocations.

<u>General Fund:</u>

-Increased Mayor's Department by $962
-Increased City Manager's Department by $19,735
-Increased Human Resources Department by $6,735
-Increased Finance Department by $5,663
-Increased Billing Department by $5,300
-Increased Customer Service by $18,665
-Increased Legal Services Department by $10,000
-Increased Equipment Services Department by $5,050
-Increased Street Lighting Department by $5,000
-Increased Public Works Administration Department by $2,190
-Increased Recreation Administration Department by $3,100
-Increased Civic Center Department by $7,316
-Increased Aquatic Center Department by $5,475
-Increased Waterfront Docks Department by $5,159
-Increased Outside Agency Department by $4,400
-Increased Miscellaneous Department by $11,000
-Decreased Police Department by $78,791
-Decreased Fire Department by $27,400
-Decreased Senior Programs by $4,400
-Decreased Economic Development Department by $5,159

<u>Water Fund:</u>

-Increased Public Works Administration Department by $2,585
-Increased Water Maintenance Department by $17,685
-Decreased Water Treatment Department by $20,270

Sewer Fund:

-Increased Public Works Administration Department by $2,610
-Decreased Contingency Department by $2,610

Solid Waste Fund:

-Increased Debt Service Department by $155
-Decreased Solid Waste Operations Department by $155

Cemetery Fund:

-Increased Debt Service Department by $10
-Decreased Cemetery Operations Department by $10

MEMO – REPORTING OF BAD DEBT WRITE-OFFS

The following accounts have been written off in accordance with the City of Washington's Policy for Write-off of Uncollectible Accounts Receivable.

Category	Category Description	Criteria for Write-off	Total Write-off
27	Miscellaneous G/F	> 5 years old	3,730.68
44	Electric Property Damage	> 5 years old	742.83
Utility	Utilities	>5 years old	71,482.11
EMS	EMS Charges	> 5 years old	376,277.97
	Total		$ 452,233.59

Lot mowing, demolition, and assessment 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 are consistent with past performance. Our collections represent 72% and are consistent with the industry norm. Medicare and Medicaid pay 96% after contractual allowances, insurance 79%, and patients 11%. Our revenue has increased from $350,000 to $596,000/year since we began using EMS Management Consultants for billing and collection in 2010. EMS write-offs will continue to be substantial in the future due to contractual allowances and expected collection rate.

Policy for Write-off of Uncollectible Accounts Receivable was adopted July, 18, 2011. City Manager, Brian Alligood explained the Medicare/Medicaid charges.

REPORTS FROM BOARDS, COMMISSIONS AND COMMITTEES: NONE

APPOINTMENTS: NONE

OLD BUSINESS:

ADOPT – BUDGET ORDINANCE AMENDMENT IN THE SEWER FUND ($35,000)

City Manager, Brian Alligood explained this amendment will allocate $35,000 that is in the Technical Assistance Grant (TAG) grant we received from the State with no match to the City. This puts it in the budget as we have not initially allocated the money not being sure if we would receive the grant funding.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council adopted a budget ordinance amendment in the sewer fund for the Technical Assistance Grant with the NC Department of Environment and Natural Resources, Division of Water Infrastructure.

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

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

Section 1. That the Estimated Revenues in the Sewer Fund be increased in the amount of $35,000 in the account TAG Grant, account number 32-90-3470-0000.

Section 2. That the following account number in the Sewer Fund Wastewater Maintenance department of the Sewer Fund appropriations budget be increased in the amount indicated to fund the evaluation funded by the TAG grant:

32-90-8210-0400	Professional Services	$35,000

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

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

Adopted this the 14th day of July, 2014.

ATTEST:

s/ Cynthia S. Bennett **s/Mac Hodges**
City Clerk **Mayor**

AUTHORIZE – MANAGER TO EXECUTE AN OPTION AND GROUND LEASE WITH USCOC OF GREATER NORTH CAROLINA, LLC, FOR A PORTION OF THE LAND ASSOCIATED WITH THE WATER TOWER ON LINNIE PERRY ROAD

City Manager, Brian Alligood explained this is a proposal lease agreement that USCOC, of Greater North Carolina, LLC, for a portion of the land associated with the Water Tower on Linnie Perry Road. Mr. Alligood voiced we followed the upset bid process on this because it was greater than 10 year's cumulative; therefore, we have to treat it like a sale. At the June 9, 2014 Council meeting, Council adopted a resolution authorizing a long term lease of this property. An advertisement was run for the upset bid process per NCGS 160A-269. There were no upset bid offers. Staff recommends moving forward with the execution of this agreement.

Mayor Pro tem Roberson commented to make sure it was not in Airport Approach Zone ~ we have had problems with close proximity to the Airport and there is an overlay zoning classification. Councilman Pitt inquired if this is a new company moving into our area and Mr. Alligood explained it was a contract for US Cellular. Councilman Mercer commented it is not a very large piece of property and if the cell tower would fall for some reason would there be any potential of damaging the water tank. Mr. Alligood explained the design uses a break point where if there was a failure it would break in the middle and collapse in on itself.

By motion of Councilman Pitt, seconded by Councilman Brooks, Council authorized the manager to execute the Option and Ground Lease with USCOC of Greater North Carolina, LLC, for a portion of the land associated with the water tower located off of Linnie Perry Road.

Site Name: Hamilton Beach Site Number: 556726

OPTION AND GROUND LEASE

This Option and Ground Lease ("Lease") is made and entered into by and between the City of Washington, a North Carolina body corporate and politic whose address is Municipal Building, 102 East Second Street, Washington, North Carolina 27889, hereinafter referred to as "Landlord," and USCOC of Greater North Carolina, LLC, a Delaware limited liability company, having an address at Attention: Real Estate, 8410 West Bryn Mawr Avenue, Chicago, Illinois 60631, hereinafter referred to as "Tenant" (each may be referred to singularly as "Party" and collectively as "Parties").

WHEREAS, Landlord is the fee owner of property located at Lat 35 34' 44.3" long 77 03' 49.1" with an address of off Linnie Perry Road in the City of Washington, County of Beaufort, State of North Carolina and legally described in Exhibit A attached hereto and incorporated by reference (the "Landlord's Parcel").

WHEREAS, Tenant desires to occupy, and Landlord is willing to provide Tenant such Premises (as hereinafter defined) on the Landlord's Parcel for Tenant's use, as set forth in this Lease.

NOW THEREFORE, in consideration of the mutual promises, conditions, and other good and valuable consideration of the Parties hereto, the receipt and legal sufficiency of which is hereby acknowledged, it is covenanted and agreed as follows.

1. Option to Lease.

   a. Landlord hereby grants to Tenant an option (the "Option") to lease from Landlord the following described parcel (may be referred to herein as the "Leasehold Parcel" and/or "Premises"):

      Approximate dimensions: 60' x 60'

      Approximate square footage: 3,600

      Legal descriptions of Landlord's Parcel and Tenant's Premises are attached hereto as Exhibit A and a Site Plan of the Leasehold Parcel is attached hereto as Exhibit B.

   b. During the Initial Option Term (as hereinafter defined), any Extended Option Term (as hereinafter defined), the Initial Term (as hereinafter defined), and any Renewal Term (as hereinafter defined) of this Lease, Tenant and its agents, engineers, surveyors and other representatives will have the right to enter upon the Leasehold Parcel to inspect, examine, conduct soil borings, drainage testing, material sampling, and other geological or engineering tests or studies of the Leasehold Parcel (collectively the "Tests"); to apply for and obtain licenses, permits, approvals, or other relief required of or deemed necessary or appropriate at Tenant's sole discretion for its use of the Premises (as hereinafter defined) and include without limitation applications for zoning variances, zoning ordinances, amendments, special use permits, and construction permits (collectively referred to as "Governmental Approvals"); and otherwise to do those things on or off the Leasehold Parcel that, in the opinion of Tenant, are necessary in Tenant's sole discretion to determine the physical condition

of the Leasehold Parcel, the environmental history of the Leasehold Parcel, Landlord's title to the Leasehold Parcel, and the feasibility or suitability of the Leasehold Parcel for Tenant's Permitted Use (as hereinafter defined), all at Tenant's sole expense. Upon request of Landlord, Tenant shall provide Landlord with a copy of any document generated by or from said Tests or determinations described above. Tenant shall, at Tenant's sole expense, return the Leasehold Parcel to its original condition if, after the Initial Option Term and any Extended Option Term, Tenant does not exercise its option to lease the Leasehold Parcel.

   c. In consideration of Landlord granting Tenant the Option, Tenant hereby agrees to pay Landlord the sum of one thousand two hundred No 00/100 dollars ($1,200.00) within fifteen (15) days of full execution of this Lease by Landlord and Tenant. The Option will be for an initial term of six (6) months (the "Initial Option Term") and may be renewed by Tenant, at the election of Tenant, for an additional six (6) months ("Extended Option Term") upon written notification to Landlord and the payment of an additional one thousand two hundred No 00/100 dollars ($1,200.00) no later than fifteen (15) days prior to the expiration date of the Initial Option Term. Landlord shall provide a complete and accurate IRS form W9 to Tenant for the Payee of the Option sum upon request.

   d. During the Initial Option Term and during the Extended Option Term, if any, as the case may be, Tenant may exercise the Option by notifying Landlord in writing at any time prior to the expiration of the Initial Option Term and the Extended Option Term, if any, as the case may be. If Tenant exercises the Option, then Landlord shall lease the Leasehold Parcel to the Tenant on, and subject to, the terms and conditions of this Lease.

      (i) Tenant's exercise of the Option by notifying Landlord in writing at any time prior to the expiration of the Initial Option Term or the Extended Option Term as more specifically provided for herein shall serve as 1) acknowledgement by Tenant that Tenant has inspected and is familiar with the condition of the Premises and 2) agreement by Tenant that Tenant accepts the same in its then current "AS IS" condition. Tenant's subsequent taking possession of the Premises shall be conclusive evidence against Tenant that Tenant has accepted the same "AS IS" and that Landlord is under no duty to repair anything, furnish any services for, or otherwise improve in any way the Premises to accommodate Tenant's use thereof.

2. Grant of Easements. Upon Tenant's exercise of the Option, Landlord hereby grants to Tenant an access and utility easement to the nearest accessible public right-of-way and to the nearest suitable utility company-approved service connection points (may be referred to herein singularly as "Access Easement" and/or "Utility Easement" and collectively as "Easements"; the lands underlying the Easements are collectively referred to herein as the "Easement Parcels," which Easements and Easement Parcels are further described in Exhibits "A" and "B" attached hereto and incorporated herein). Landlord retains the right

to relocate the Easements, upon written notice to Tenant, in order to maximize the use of the surrounding property. The grant of these Easement Parcels only becomes effective upon the Commencement Date of this Lease (as hereinafter defined) and shall terminate upon expiration of this Lease. The Easement Parcels are assignable in conjunction with the Leasehold Parcel and are created only for the purposes set forth herein. The Easements granted herein shall include, but not be limited to,

a. The right to clear vegetation, cut timber, and move earthen materials upon the Easement Parcels,

b. The right to improve an access road within the Access Easement Parcel,

c. The right to place utility lines and related infrastructure within the Utility Easement Parcel,

d. The right to enter and temporarily rest upon Landlord's adjacent lands, provided that Landlord's adjacent lands are restored to its original condition immediately thereafter, for the purposes of

(i) Installing, repairing, replacing and removing the Improvements (as defined below) and any other personal property of Tenant from the Leasehold Parcel and

(ii) Improving the Easement Parcels, including the right to bring in and use all necessary tools and machinery, and

e. The right of pedestrian and vehicular ingress and egress to and from the Leasehold Parcel at any time over and upon the Access Easement Parcel. The Leasehold Parcel and the Easement Parcels are collectively referred to herein as the "Premises." Subject to the Parties reaching a written agreement concerning the same, Landlord may make such additional direct grants of easement as Tenant may request in order to further the purposes for which Tenant has been granted the easements set forth in this Section 2.

3. Use of the Premises. Tenant shall be entitled to use the Premises to construct, operate, modify as necessary, and maintain thereon a communications antenna tower (including aviation hazard lights when required), an access road, one or more equipment buildings, back-up power devices and a security fence, together with all necessary lines, anchors, connections, devices, legally required signage and equipment for the transmission, reception, encryption, and translation of voice and data signals by means of radio frequency energy and landline carriage (collectively, the "Improvements"). Tenant's use described in this Section 3 is herein referred to as the ("Permitted Use"). Tenant shall have unlimited access to the Premises 24 hours per day, 7 days a week.

a. Tenant's use of the Premises as more specifically described herein shall at all times comply with and conform to all laws and regulations applicable thereto, including but not limited to Section 40-359 and all other applicable provisions of Chapter 40, Zoning, Article XIV, Telecommunication Towers and Antennas, of the Code of the City of Washington, as may be amended.

4. Initial Term. In the event Tenant, in Tenant's sole discretion, exercises the Option, the initial Lease term will be five (5) years (the "Initial Term"), commencing upon the

Commencement Date (as hereinafter defined) and terminating at midnight on the day on which the fifth (5th) anniversary of the Commencement Date falls.

5. Option to Renew. The Initial Term of this Lease shall automatically extend for up to five (5) additional terms of five (5) years each (each, a "Renewal Term"), upon a continuation of all the same provisions hereof, unless one Party gives the other Party written notice of one Party's intention to terminate this Lease at least sixty (60) days before the expiration of the Initial or any Renewal Term. Notwithstanding the foregoing, there shall be no automatic renewal of the Initial Term or any Renewal Term if Tenant is in default of any material provision hereof at the expiration of any such term.

6. Option to Terminate. Tenant shall have the right to terminate this Lease at any time by giving Landlord written notice of the date of such termination ("Termination Date") and paying Landlord the amount of $5,000.00 in liquidated damages. The indemnification obligations of each party contained in Section 12 and Tenant's obligations to remove improvements as well as continue to pay rent until the improvements are removed as more specifically provided for in Section 28 shall survive any termination of this Lease.

7. Base Rent. Commencing on the date that Tenant exercises the Option to lease the Premises (the "Commencement Date"), Tenant shall pay Base Rent to Landlord in the amount of one thousand two hundred No 00/100 dollars ($1,200.00) per month, the first payment of which shall be due on the Commencement Date, and installments thereafter on that same day of each successive calendar month. Landlord shall submit to Tenant a complete and accurate IRS form W9 upon request. Landlord shall specify the name, address, and taxpayer identification number of a sole payee (or maximum two joint payees) who shall receive Rent on behalf of the Landlord. Rent will be prorated for any partial month. Any change to the Payee must be requested in accordance with the Notice provision herein, and a new IRS form W9 must be supplied upon request.

8. Adjusted Rent. On each anniversary of the Commencement Date throughout the duration of the Lease as renewed and extended, the Rent shall be increased by four (4%) percent over the previous year's rent.

9. Utilities. Tenant shall solely and independently be responsible for all costs of providing utilities to the Premises, including the separate metering, billing, and payment of utility services consumed by Tenant's operations.

a. The provision of utilities, including water, sewer, and electricity, if any, shall be made available under the then current, customary practices of Landlord regarding utilities and Tenant shall be responsible for all applicable charges, including but not limited to "hook-up" and customary monthly charges for the same. Notwithstanding the foregoing, it is expressly understood by the Parties that Tenant shall be responsible for the installation of, in the manner required by Landlord, and the paying for any additional utilities that may be required.

10. Property Taxes. Tenant shall be responsible for and promptly pay before default any and all real and personal property taxes or special assessments, if any, that may be levied or assessed against the Premises or any improvements or other property situated thereon, it being the mutual intention of the Parties that Landlord shall not be required to pay any taxes on either real or personal property by reason of permitting Tenant to use the

Premises as herein described. Tenant also agrees to indemnify Landlord against any loss or liability resulting from any and all claims or liens in connection with such taxes and assessments.

11. Repairs and Maintenance. Tenant shall be responsible for all repairs and maintenance of the Improvements, including, if applicable, snow removal over its access road, and may at its own expense alter or modify the Improvements to suit its needs consistent with the intended use of the Premises. Landlord will maintain the areas surrounding Tenant's Premises to the same standard as on the remainder of Landlord's surrounding property.

12. Mutual Indemnification.

a. To the extent permitted by law, Tenant agrees to defend, indemnify and save harmless Landlord from and against all claims, losses, costs, expenses, or damages from a third party, arising from

(i) Or in any way related to, connected with, or growing out of this Lease and all of Tenant's activities as well as uses permitted hereunder, including but not limited to the negligence or willful misconduct of Tenant, or its agents, employees, or contractors;

(ii) Any material breach by Tenant of any provision of this Lease; or

(iii) The exacerbation by Tenant of the environmental conditions described in Section 25. This indemnity and hold harmless agreement will include indemnity against all reasonable costs, expenses, and liabilities incurred in or in connection with any such claim, and the defense thereof. Notwithstanding the foregoing, Tenant will have no liability to Landlord to the extent any claims, losses, costs, expenses, or damages arise out of or result from any act, omission, or negligence of Landlord, or of Landlord's agents, employees or contractors.

b. To the extent permitted by law and without waiving any applicable defense of sovereign immunity, Landlord agrees to defend, indemnify and save harmless Tenant from and against all claims, losses, costs, expenses, or damages from a third party, arising from

(i) The negligence or willful misconduct of Landlord or its agents, employees, or contractors; or

(ii) Any material breach by Landlord of any provision of this Lease. This indemnity and hold harmless agreement will include indemnity against all reasonable costs, expenses, and liabilities incurred in or in connection with any such claim, and the defense thereof. Notwithstanding the foregoing, Landlord will have no liability to Tenant to the extent any claims, losses, costs, expenses, or damages arise out of or result from any act, omission, or negligence of Tenant, or of Tenant's, agents, employees or contractors.

13. Insurance.

a. Tenant shall maintain commercial general liability insurance insuring against liability for bodily injury, death or damage to personal property with minimum limits of One

Million and No/100 Dollars ($1,000,000) each occurrence and general aggregate. Landlord shall be named as an additional insured on said commercial general liability insurance policy. In addition, Tenant shall maintain worker's compensation in statutory amounts; employer's liability insurance with a limit of One Million and No/100 Dollars ($1,000,000) for each accident, One Million and No/100 Dollars ($1,000,000) bodily injury by disease each employee, and One Million and No/100 Dollars ($1,000,000) bodily injury by disease policy limit; automobile liability insurance insuring against claims for bodily injury or property damage with combined single limits of One Million and No/100 Dollars ($1,000,000); and all risk property insurance covering all Tenant fixtures, improvements, and personal property for full replacement value. With the exception of said all risk property insurance, Tenant shall provide Landlord with evidence of such insurance in the form of a certificate of insurance within thirty (30) days of the execution hereof and throughout the Initial Term of this Lease and any Renewal Term. Tenant shall provide Landlord with evidence of said all risk property insurance in the form of a certificate of insurance on or before the Commencement Date and throughout the Initial Term of this Lease and any Renewal Term.

b. Landlord shall maintain general liability insurance insuring against liability for bodily injury, death or damage to personal property with minimum limits of One Million and No/100 Dollars ($1,000,000) each occurrence and general aggregate. In addition, to the extent required by law, Landlord shall maintain worker's compensation in statutory amounts and employer's liability insurance with a limit of One Million and No/100 Dollars ($1,000,000) for each accident, One Million and No/100 Dollars ($1,000,000) bodily injury by disease each employee, and One Million and No/100 Dollars ($1,000,000) bodily injury by disease policy limit. It is expressly acknowledged by Tenant that Landlord's participation in the North Carolina League of Municipalities IRFFNC or its equivalent and Landlord's self insurance with regard to worker's compensation will satisfy all of Landlord's obligations regarding liability insurance hereunder.

14. Interference. Except as specifically permitted hereinafter, neither party shall use, nor shall Landlord permit its tenants to use, any portion of the Premises or Landlord's Parcel in any way which interferes with the operations of the other Party. Such interference shall be deemed a material breach by a Party, and the breaching Party shall have the responsibility to promptly cause any such interference to be eliminated. If said interference cannot be eliminated within twenty-four (24) hours after receipt of notice that such interference is occurring, the breaching Party shall discontinue or cause to be discontinued the operation of any equipment causing the interference until the same can be corrected. In the event any such interference does not cease promptly after the breaching Party's receipt of notice of said interference, the non-breaching Party shall have the right, in addition to any other right that it may have at law or in equity, to seek an injunction to enjoin such interference or to terminate this Lease. Notwithstanding the foregoing, nothing hereinabove shall prohibit or limit, in any way, Landlord's customary use of the water tower located on Landlord's Parcel in conjunction with Landlord's municipal water system enterprise or Landlord's customary use of the sewer lift station located on Landlord's Parcel.

a. The Parties hereto expressly acknowledge that Landlord currently has installed and operates remote transmitting units ("RTUs") on Landlord's Parcel or in close proximity to Landlord's Parcel and shall continue to operate the same. Notwithstanding anything herein to the contrary, Tenant shall not use any portion of the Premises in any way which interferes with the Landlord's operation of the RTUs. Such interference shall be deemed a material breach by Tenant, and Tenant shall have the responsibility to promptly cause any such interference to be eliminated. If said interference cannot be eliminated within twenty-four (24) hours after receipt of notice that such interference is occurring, Tenant shall discontinue or cause to be discontinued the operation of any equipment causing the interference until the same can be corrected. Tenant shall be responsible, and pay Landlord for, any damages caused by Tenant's interference with Landlord's equipment, including RTUs.

15. Default. Tenant shall be in default of this Lease if Tenant fails to make a payment of rent when due and such failure continues for fifteen (15) days after Landlord notifies Tenant in writing of such failure. If Landlord or Tenant fails to comply with any non-monetary provision of this Lease, the other party shall serve written notice of such failure upon the defaulting party, whereupon a grace period of thirty (30) days shall commence to run during which the defaulting party shall undertake and diligently pursue a cure of such failure at its sole cost and expense. Such grace period shall automatically be extended for an additional thirty (30) days, provided the defaulting party makes a good faith showing that diligent efforts toward a cure are continuing. This Section shall not apply in the case of interference, which instead shall require immediate and effective curative action as more specifically provided for in Section 14 hereof.

16. Compliance with Laws. Tenant shall, at Tenant's cost and expense, comply with all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions, and requirements of and agreements with all governments, departments, commissions, boards, courts, authorities, agencies, officials, officers, and other parties, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to Tenant; Tenant's construction, operation, and maintenance of the improvements contemplated herein; and Tenant's use of the Premises. Further, Tenant shall comply with any and all local, state, federal, or other rules and regulations as well as all applicable environmental rules and regulations, including but not limited to such rules and regulations regulating hazardous or similar substances or conditions, their storage or disposal. Tenant shall not intentionally or knowingly use the Premises for any purpose or in any manner in violation of any law, ordinance, rule, or regulations adopted or imposed by any federal, state, county, municipal body, or other governmental agency. Tenant further agrees to indemnify and hold Landlord harmless for any and all damages of any kind arising from Tenant's failure to comply with the aforementioned rules and regulations, including, but not limited to, the cost of clean-up, restoration fees, mitigation costs, and attorney's fees caused or occasioned by Tenant.

17. Assignment of Lease by Tenant. Tenant's interest(s) under this Lease shall be freely assignable by Tenant in connection with the transfer of Tenant's FCC or similar authorization to operate a commercial mobile radio base station on the Premises, so that the name and identity of the holder of Tenant's interest(s) hereunder can be consistent with the name and identity of the holder of said FCC or similar authorization. Any other

assignment of this Lease by Tenant shall require Landlord's prior written consent, which consent may be withheld or conditioned in Landlord's sole discretion. No assignment shall be effective pursuant to this Section unless Tenant shall notify Landlord in writing setting forth the name, address, and telephone number of such proposed assignee and Landlord provides Tenant with written consent. Further, any such assignment shall be subject to the limitation that the Premises shall be used for the purposes permitted herein and those purposes only.

18. Subleasing. Tenant may sublet or license all or any portion of the Premises to subtenants only upon obtaining Landlord's written consent, which consent may be withheld or conditioned in Landlord's sole discretion. Tenant shall be liable to Landlord and shall indemnify Landlord for any liability, whatsoever, for any damages that might arise due to the acts or omissions of a sublessee or licensee.

19. Right of First Refusal. Intentionally Omitted.

20. Compliance with FCC Radio Frequency Emissions Requirements.

a. It shall be the responsibility of Tenant to ensure that Tenant's use, installation, or modification of the Premises, including communications equipment, antenna tower, and related equipment as well as other improvements, does not cause radio frequency exposure levels on the Premises and in the surrounding vicinity (including all of Tenant's communications equipment, Landlord's equipment as well as RTUs, and all other transmitting equipment in the surrounding vicinity) to exceed those levels permitted by the FCC or Chapter 40, Zoning, Article XIV, Telecommunication Towers and Antennas, including but not limited to Section 40-354(c) and Section 40-355(g) of the Code of the City of Washington, as may be amended.

b. Tenant agrees that, in the event there is any change to any applicable rules, regulations, and procedures governing exposure to radio frequency radiation which place the Premises and/or surrounding vicinity in non-compliance, Tenant will cooperate with Landlord to bring the Premises and the surrounding vicinity into compliance.

21. Execution of Other Instruments. Landlord agrees to execute, acknowledge, and deliver to Tenant such other instruments respecting the Premises as Tenant or Tenant's lender may reasonably request from time to time. Such instruments may include, but are not limited to, a memorandum of lease that may be recorded in the appropriate local land records. Landlord also agrees to cooperate with Tenant's efforts to obtain all private and public consents related to Tenant's use of the Premises.

22. Removal of Improvements. The Improvements are agreed to be Tenant's personal property and shall never be considered fixtures to the Premises. Tenant shall at all times be authorized to remove the Improvements from the Premises.

23. Quiet Enjoyment. Subject to the provisions contained herein, Landlord covenants that Tenant shall have quiet and peaceable possession of the Premises throughout the Initial Term and any Renewal Term, if any, as the case may be, and that Landlord will not otherwise intentionally disturb Tenant's enjoyment thereof as long as Tenant is not in default under this Lease.

24. Subordination and Non-Disturbance. Tenant agrees to subordinate this Lease to any mortgage or trust deed which may hereafter be placed on the Premises by Landlord, provided the mortgagee or trustee thereunder shall ensure to Tenant the right to possession of the Premises and other rights granted to Tenant herein so long as Tenant is not in default beyond any applicable grace or cure period, such assurance to be in writing and otherwise in form and substance reasonably satisfactory to Tenant. If requested by Tenant, Landlord agrees to use Landlord's best efforts to assist Tenant in obtaining from any holder of a security interest in Landlord's Parcel a non-disturbance agreement in form and substance reasonably satisfactory to Tenant.

25. Environmental Conditions. Tenant expressly acknowledges receipt of notice that there may be located on the Premises or Landlord's Parcel 1) hazardous waste, hazardous substances, or contamination in conjunction with the customary operation of Landlord's municipal water system enterprise or sewer lift station and 2) certain hazardous waste, hazardous substances, and contamination originating from and/or existing on adjacent property, in the soil and groundwater on, under, around, within, or originating from said adjacent property as the same is defined, described, and established by the administrative record, reports, and other documentation currently on file with the North Carolina Department of Environment and Natural Resources, Division of Water Quality, Aquafor Protection and Groundwater Sections (Reference: Incident #14338, Hamilton Beach 234 Springs Road, Washington, Beaufort County, North Carolina).

26. Notices. Any notice, request or demand required or permitted to be given pursuant to this Lease shall be in writing and shall be deemed sufficiently given if delivered by messenger at the address of the intended recipient, sent prepaid by Federal Express (or a comparable guaranteed overnight delivery service), or deposited in the United States first class mail (registered or certified, postage prepaid, with return receipt requested), addressed to the intended recipient at the address set forth below or at such other address as the intended recipient may have specified by written notice to the sender in accordance with the requirements of this paragraph. Any such notice, request, or demand so given shall be deemed given on the day it is delivered by messenger at the specified address, on the day after deposit with Federal Express (or a comparable overnight delivery service), or on the day that is five (5) days after deposit in the United States mail, as the case may be.

TENANT: USCOC of Greater North Carolina, LLC,
Attention: Real Estate Department
8410 West Bryn Mawr Avenue
Chicago, Illinois 60631
Phone: 1-866-573-4544

LANDLORD: City of Washington
Attention: City Manager
102 E. Second Street
Washington, North Carolina 27889
Phone: 252-975-9319

27. Contingencies. Tenant shall have the right to terminate this Lease upon written notice to Landlord if Tenant, acting reasonably and in good faith, shall be unable to obtain any or all

licenses or permits required to construct its intended improvements upon the Premises or conduct Tenant's business at the Premises at any time during the Term; if Tenant's technical reports fail to establish to Tenant's satisfaction that the Premises are capable of being suitably engineered to accomplish Tenant's intended use of the Premises; if the Premises are taken by eminent domain by a governmental entity or a title commitment; or if a report obtained by Tenant with respect to the Premises shows as exceptions any encumbrances or restrictions which would, in Tenant's opinion, interfere with Tenant's intended use of the Premises.

28. Surrender. Upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost, remove all above ground improvements as well as below ground improvements to eighteen (18) inches below grade, including but not limited to the antenna tower, structures, footings, foundations, equipment, fences and lines, from the Premises and return the Premises to good condition within the time period required by Section 40-363 of the Code of City of Washington [currently one hundred eighty (180) days], comply with all other applicable provisions of said Section 40-363, and surrender the Premises to Landlord in good condition, reasonable wear and tear excepted. In the event Tenant fails to comply with this provision, Landlord may remove all of Tenant's above described property and improvements from the Premises, dispose of the same in Landlord's discretion without liability to Tenant therefor, return the Premises to good condition, and recover Landlord's costs and expenses for such removal, disposal, and return from Tenant. Tenant shall be entitled to abandon, in place, all footings, foundations and other below ground improvements that are located deeper than eighteen (18) inches below grade.

   a. Notwithstanding anything herein to the contrary, Tenant shall continue to pay rent to Landlord, despite any termination of this Lease, until all of Tenant's above described property as well as improvements have been removed from the Premises and the Premises have been returned to good condition. This obligation shall survive any termination of this Lease.

29. Attorneys' Fees. In any action on this Lease at law or in equity, the prevailing party shall be entitled to recover from the other party the reasonable costs and expenses incurred by such party in such action, including reasonable attorneys' fees and costs of appeal.

30. Governing Law. This Lease has been entered into in the State of North Carolina, County of Beaufort, and all questions with respect to the construction and performance of this Lease and the rights and liabilities of the parties hereto shall be governed by and construed pursuant to the laws of the State of North Carolina. The parties agree that the exclusive venue for any legal action initiated or concerning this Lease, or arising in any way from or out of this Lease, shall be brought in Beaufort County Superior Court, North Carolina. The parties hereto hereby submit to the jurisdiction of said Court and waive any right they may have to venue in any other jurisdiction.

31. Binding Effect. All of the covenants, conditions, and provisions of this Lease shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns as the same may be specifically permitted herein. The Parties are duly authorized and empowered to enter into this Lease; and the persons executing this Lease on behalf of

the respective Parties warrant themselves to be duly authorized to bind their respective Party hereto.

32. Entire Agreement; Waiver. This Lease constitutes the entire agreement of the Parties, and may not be modified except in writing signed by both Parties. No waiver at any time of any of the provisions of the Lease will be effective unless in writing. A waiver on one occasion will not be deemed to be a waiver at any subsequent time.

33. Modifications. This Lease may not be modified, except in writing signed by both Parties.

34. Recording. Each Party, on request of the other, agrees to execute a short form lease in recordable form and complying with applicable laws and reasonably satisfactory to both Parties, which will be recorded in the appropriate public records. The Party requesting the short form lease shall bear the expense of its preparation and the costs of its recording.

35. Headings. The section headings throughout this instrument are for convenience and reference only, and are not to be used to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

36. Invalidity of Particular Provision. If any term or provision of this Lease, or the application of such term or provision to any person or circumstance, to any extent, is invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected and each term and provision of this Lease will be valid and be enforced to the fullest extent permitted by law.

37. Remedies. The Parties shall be entitled to the application of all appropriate remedies available to them under state and federal law in the enforcement of this Lease.

38. Errors and Omissions. Landlord and Tenant agree as part of the basis of their bargain for this Lease to cooperate fully in executing any and all documents (including amendments to this Lease) necessary to correct any factual or legal errors, omissions, or mistakes, and to take any and all additional action that may be necessary or appropriate to give full force and effect to the terms and intent of this Lease.

39. Non-Binding Until Full Execution. Both Parties agree that this Lease is not binding on either Party until both Parties execute the Lease.

40. Electronic Reproductions. The Parties agree that a scanned or electronically reproduced copy or image of this Lease, as executed, shall be deemed an original and may be introduced or submitted in any action or proceeding as competent evidence of such agreement, notwithstanding the failure or inability of either Party to produce or tender an original executed counterpart.

PRE-AUDIT CERTIFICATE

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

CITY OF WASHINGTON

_____ (SEAL)
Matt Rauschenbach,
Chief Financial Officer

[END OF LEASE - SIGNATURE PAGE FOLLOWS]

SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto bind themselves to this Lease as of the date of full execution of this Lease.

LANDLORD: City of Washington	TENANT: USCOC of Greater North Carolina, LLC,
By: _____	By: _____
Printed: Brian M. Alligood	Printed: _____
Title: City Manager	Title: Manager
Date: _____	Date: _____

Site Name: Hamilton Beach Site Number: 556726

STATE OF NORTH CAROLINA

COUNTY OF BEAUFORT

I, the undersigned, a notary public in and for the State and County aforesaid, do hereby certify that Brian M. Alligood, known to me to be the same person(s) whose name(s) are subscribed to the foregoing Lease, appeared before me this day and acknowledged that they signed the said Lease as their free and voluntary act for the uses and purposes therein stated.

Given under my hand and seal this ____ day of _____, 2014.

_____
Notary Public

My commission expires_____

STATE OF ILLINOIS

COUNTY OF COOK

I, the undersigned, a notary public in and for the State and County aforesaid, do hereby certify that _____, Manager, for USCOC of Greater North Carolina, LLC, known to me to be the same person whose name is subscribed to the foregoing Lease, appeared before me this day in person and acknowledged that, pursuant to his authority, he signed the said Lease as his free and voluntary act on behalf of the named Tenant, for the uses and purposes therein stated.

Given under my hand and seal this ____ day of _____, 2014.

_____
Notary Public

My commission expires_____

Site Name: Hamilton Beach Site Number: 556726

Exhibit A

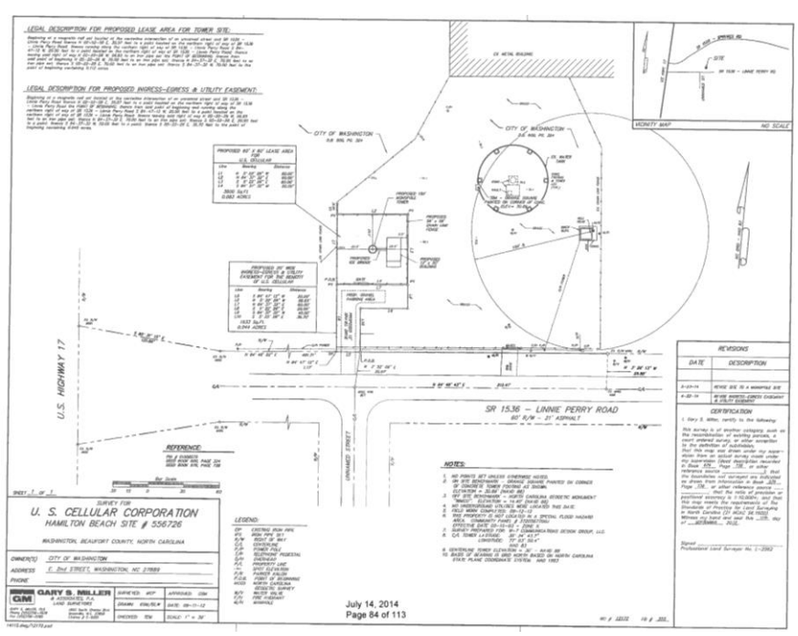
Legal Descriptions

5567-61-3599

Site Name: Hamilton Beach Site Number: 556726

Exhibit B

Site Plan



ADOPT – BUDGET ORDINANCE AMENDMENT – KEYS LANDING CDBG GRANT CLAW BACK

Brian Alligood explained this is a Budget Ordinance Amendment to the current budget to allow for the claw back provision through CDBG for Keys Landing at $75,000 that was due July 1, 2014. Construction on three homes is in progress and a request was made to the Department of Community Assistance to allow a $100,000 credit for two of the homes in order to offset the claw back since the homes have qualified applicants and are nearing completion. Per telephone conversations with the DCA it is anticipated that the request will be denied but we are waiting for an official response.

Mr. Alligood voiced that we are within a few weeks of closing those home and having them occupied. We will have forwarded a request to Department of Commerce requesting an extension. Our initial response from Department of Commerce was 'no' but they have agreed to run it a little higher up in their chain of command and our hope is that by that time we will have those homes occupied. As of this time, the City is on the hook July 1, 2014 for the $75,000. Further, Mr. Alligood stated under the legally binding agreement with Metropolitan the City of Washington is to be made whole for that ($75,000) at the end of the project.

Councilman Mercer inquired what is the time frame we have been given for the sale of the houses? Mr. Alligood stated staff has been told two weeks and the third home will be within the next six weeks.

By motion of Councilman Pitt, seconded by Councilman Brooks, Council adopted a Budget Ordinance Amendment to provide funding for the Keys Landing Subdivision CDBG Grant claw back.

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

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

Section 1. That the Estimated Revenues in the General Fund be increased in the amount of $75,000 in the account Fund Balance Appropriated, account number 10-00-3991-9910.

Section 2. That the following account number in the Miscellaneous department of the General Fund appropriations budget be increased in the amount indicated to pay the CDBG grant claw back for the Keys Landing project:

10-00-4400-5701	Miscellaneous Expense	$75,000

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

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

Adopted this the 14th Day of July, 2014.

ATTEST:

s/ Cynthia S. Bennett **s/Mac Hodges**
City Clerk **Mayor**

ADOPT – RESOLUTION AUTHORIZING ADVERTISEMENT OF OFFER TO PURCHASE CERTAIN REAL PROPERTY LOCATED AT 126 NORTH MARKET ("OLD CITY HALL") ($20,100)

City Manager, Brian Alligood explained this request is a revision to the notice and resolution authorizing the advertisement of an offer to purchase 126 North Market Street. At our last Council meeting, there was a request by Council to add some language in the advertisement that there be some time frame attached to it and that there be a recapture clause. This language has been added and we had a conversation with the current bidder and he was ok with the language. The current bidder had a problem with the word "restore" in the language and we changed the language to "rehabilitate". Also, the current bidder requested adding a paragraph and Council will find that on 7. a. viii.

Mr. Alligood explained we have a bid on the property that is stated on the resolution and the public notice and have received the required deposit.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council adopted the Resolution authorizing the advertisement of an offer to purchase certain real property located at 126 North Market Street, Washington, North Carolina also known as "Old City Hall" for the sum of $20,100.

RESOLUTION AUTHORIZING THE ADVERTISEMENT OF
AN OFFER TO PURCHASE CERTAIN REAL PROPERTY

WHEREAS, the City Council of the City of Washington ("City") desires to dispose of certain surplus real property of the City.

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

1. The following described real property, having an address of 126 North Market Street(Old City Hall), has been declared to be surplus to the needs of the City.

2. The City Council has received an offer to purchase the property described above for the sum of twenty -thousand-one hundred dollars ($20,100.00). Said offer, including additional terms, is available for public inspection in the office of the Purchasing Agent, 203 Grimes Road, Washington, NC 27889.

3. Any person desiring to submit an upset bid shall submit an upset bid within ten (10) days of the date the notice provided for herein is published. Any such upset bid shall raise the offer by not less than ten percent (10%) of the first one thousand dollars ($1,000.00) and five percent (5%) of the remainder of said offer or any subsequent upset bid. Any person making an upset bid and any subsequent upset bid must deposit with the Purchasing Agent a sum equal to five percent (5%) of the upset bid or any subsequent upset bid by cash or check.

4. The City Council proposes to accept said offer, subject to the amendments stated herein, unless a qualifying upset bid shall be made.

5. The Purchasing Agent shall cause a notice of such offer, subject to the amendments stated herein, to be published in accordance with North Carolina General Statute § 160A-269.

6. If a qualifying upset bid is received, the Purchasing Agent is directed to re-advertise the offer at the increased upset bid amount and to continue with this process until a ten (10) day period has passed without receipt of a subsequent qualifying upset bid.

7. Any subsequent conveyance of the property described above shall be subject to the following.

   a. The City shall prepare, and have final approval in its sole discretion of the form and substance of, the deed conveying the property to the ultimate purchaser. The deed shall contain certain restrictions, covenants, and conditions, in the City's sole discretion, including but not limited to the following.

      i) The purchaser shall rehabilitate ("Rehabilitation"), and put to use, the structure located on the property within forty-eight (48) months.

      ii) Among other things, the purchaser shall comply with the Zoning Ordinance for the City of Washington, North Carolina, including but not limited to those provisions governing the Historic District and Commission, and the Historic Preservation Commission design guidelines, as the same may be amended.

      iii) The purchaser shall submit an application for a Certificate of Appropriateness for the Rehabilitation to the Historic Preservation Commission within six (6) months of the date the deed is recorded.

      iv) The purchaser shall submit an application for a building permit and an application for any other approval or permit required for the Rehabilitation within three (3) months of the date the Certificate of Appropriateness is approved.

      v) The purchaser shall begin the Rehabilitation within six (6) months of the date the building permit is approved.

      vi) The purchaser shall complete the Rehabilitation and all work authorized by the Certificate of Appropriateness, building permit, and any other approval or permit required for the Rehabilitation within twenty-four (24) months of the date said work was begun.

      vii) During the timeframe outlined above, and until the Rehabilitation is complete and a certificate of occupancy is issued, the purchaser shall not permit, suffer, or allow

any mortgage, loan or other lien whatsoever to be held by any mortgagee or other lienholder against the property and will not enter or be a party to any type of financing, transaction, or other relationship that would result in a lien against the property except for a construction loan approved by the City Manager that allows periodic withdrawals based upon completion of the work in furtherance of the Rehabilitation as well as the Certificate of Appropriateness, building permit and any other approval or permit required for the Rehabilitation.

viii) Repairs that would require a "Minor Works COA" or repairs to stabilize or protect the building that do not require a COA, but would require a building permit, may be made after securing the appropriate permits and may be done in parallel with the overall schedule outlined herein and shall not cause an acceleration of the overall schedule

ix) A reversionary clause that allows the City, in its sole discretion, to compel the purchaser to sell the property back to the City if the purchaser fails to satisfy and comply with any restriction, covenant, or condition of the deed. If the City exercises the reversionary clause and elects to repurchase the property, the repurchase price shall be the original purchase price paid by the purchaser to the City plus any verified and documented amount that has been drawn down by the purchaser on any construction loan authorized by the City Manager and utilized in furtherance of the Rehabilitation.

8. Notwithstanding anything herein to the contrary, the City, in its discretion and without recourse from any individual making an offer or any subsequent qualifying upset bid (new offer), reserves the right to reject any and all offers as well as upset bids and to cancel this upset bid process at any time.

Adopted this 14th day of July, 2014.
ATTEST:

s/Cynthia S. Bennett, **s/Mac Hodges**
City Clerk **Mayor**

NEW BUSINESS

ADOPT – NOTICE OF LIMITATIONS OF USE AND RESTRICTIONS AND LETTER OF COMMITMENT (LIGHTHOUSE RESTROOMS)

Brian Alligood stated the request is for the Declaration of Restrictive Covenants and Notice of Limitations of use and Restrictions for the Lighthouse Restrooms and Boaters Facilities as required by the CAMA Public Access Grant. There is also a letter of commitment of use for the facilities as required by the N.C. Division of Marine Fisheries.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council adopted the Declaration of Restrictive Covenants and Notice of Limitations of Use and Restrictions for the Lighthouse Restrooms and Boaters Facilities as required by the N.C. Department of Environment and Natural Resources and the Division of Coastal Management.

By motion of Mayor Pro tem Roberson, seconded by Councilman Mercer, Council adopted the Letter of Commitment of use for the Lighthouse Restrooms and Boaters Facilities as required by the

N.C. Division of Marine Fisheries.

PREPARED BY and RETURN TO:
RODMAN, HOLSCHER, PECK & EDWARDS,
P. A., Attorneys at Law
320 N. Market St., P. O. Box 1747
Washington NC 27889
Telephone: (252) 946-3122

NORTH CAROLINA
BEAUFORT COUNTY

DECLARATION OF RESTRICTIVE COVENANTS AND NOTICE OF LIMITATIONS OF USE AND RESTRICTIONS

THIS DECLARATION OF RESTRICTIVE COVENANTS AND NOTICE OF LIMITATIONS OF USE AND RESTRICTIONS is made this 14th day of July, 2014, by THE CITY OF WASHINGTON (hereinafter may be referred to as "Declarant"), a body politic and owner of that certain property described as "First Tract" in that certain Deed of Dedication from the Redevelopment Commission of the City of Washington dated June 13, 1970 and recorded in Deed Book 655, Page 589 of the Beaufort County Registry and as shown as "Disposal Parcel No. 10" containing approximately 58,875 square feet on that certain survey of Rivers and Associates, Inc. dated March 11, 1970 and recorded in Map Book 21, Page 44 of the Beaufort County Registry, which deed and survey are incorporated herein by reference (hereinafter referred to as "Property").

WITNESSETH:

THAT WHEREAS, Declarant is the present owner of the Property which is located in the City of Washington, Beaufort County, North Carolina, and is more particularly described in and shown on that certain deed and survey above referenced; and

WHEREAS, Declarant accepted grant funds for certain improvements upon a portion of the Property in the amount of $200,000.00 as awarded by the North Carolina Department of Environment and Natural Resources (hereinafter referred to as "NCDENR") and administered by the Division of Coastal Management (hereinafter referred to as "DCM"); and

1

WHEREAS, said grant funds were used to construct a two-story structure on a portion of the Property that is designed to resemble the decommissioned Pamlico Point Shoal Lighthouse and that features certain amenities to boaters and the public (hereinafter referred to as "Project Site"); and

WHEREAS, the grant contract between the City of Washington and NCDENR requires that the City of Washington file in the Office of the Register of Deeds of Beaufort County, the county in which the Property is situate, a Notice of Limitation of Use and Restrictions which sets forth the land use restrictions outlined in the grant award contract as follows.

NOW THEREFORE, in consideration of receiving said grant funds Declarant does hereby declare that the Property referenced above, saving and excepting therefrom any portion of the Property that is subject to that certain Conservation Easement Created Wetland/Grassed Swale (hereinafter referred to as "Conservation Easement") by and between the City of Washington and the State of North Carolina dated August 26, 2003 and recorded in Deed Book 1350, Page 252 of the Beaufort County Registry and as shown as ".44 Acre" on that certain survey of Russell Waters, P.L.S. dated June 6, 2003 and recorded in Plat Cabinet G, Slide 24-5 of the Beaufort County Registry and as shown as "Parcel 2 4.80 Acres" on that certain survey of Russell Waters, P.L.S. dated April 23, 2003 and recorded in Plat Cabinet G, Slide 24-6 of the Beaufort County Registry, which Conservation Easement and surveys are incorporated herein by reference, shall be held perpetually subject to the following restrictions and covenants.

1. The Property will be retained and used for public access purposes.

2. The use of the Property developed with said grant assistance may not be changed from that approved in the grant award unless approval is obtained from NCDENR/DCM.

3. Declarant may impose reasonable limits on the type and extent of use of areas and facilities associated with the Property developed with said grant assistance when such a limitation is necessary for maintenance or preservation.

4. Declarant may assess reasonable user fees as long as those fees are used exclusively for the operation and maintenance of the access facility and/or public access facilities within the City of Washington.

5. Any future improvements, modifications, or changes to the Project Site will be subject to full review and approval by NCDENR/DCM. Unapproved changes to the Project Site may be or can be cause for NCDENR to seek repayment of said grant funds.

2

6. If Declarant elects to sell the Property, proceeds from the sale shall be held by NCDENR/DCM or Declarant and be disposed of only in accordance with a plan approved by the NCDENR/DCM.

In accordance with the requirements of the above referenced grant, the City of Washington does hereby accept the obligation to notify any future buyer(s) of the Property as to all conditions which apply to the use of said Property.

The terms of this Declaration of Restrictive Covenants and Notice of Limitations of Use and Restrictions shall run with the land and shall bind and inure to the benefit of all current or future heirs, personal representatives, successors and assigns of each present or future owner of the Property which is the subject of this Declaration.

IN WITNESS WHEREOF, the City of Washington has caused this instrument to be executed by its appropriate officials and sealed with the City seal, this day and year first above written.

(corporate seal)

CITY OF WASHINGTON

BY: Jay MacDonald Hodges (Seal)
JAY MACDONALD HODGES, Mayor

ATTEST:
CYNTHIA BENNETT, City Clerk

STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

I, Jessica Green, a Notary Public of the State and County aforesaid, certify that CYNTHIA BENNETT personally appeared before me this day and acknowledged that she is City Clerk of the CITY OF WASHINGTON, a North Carolina municipal corporation, and by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by JAY MACDONALD HODGES, its Mayor, sealed with its corporate seal and attested by herself as its City Clerk.

WITNESS my hand and official seal, this the 15th day of July, 2014.

Jessica Green
NOTARY PUBLIC

My Commission expires: 7-19-17.

3

ADOPT – DECLARATION OF OFFICIAL INTENT TO REIMBURSE FOR FY 2014-2015 INSTALLMENT PURCHASES

Brian Alligood, City Manager explained there are financial installments budgeted in this fiscal year with the projects included of which all are electric related.

This declaration authorizes the City to reimburse itself for Council approved expenditures prior to the issuance of debt. Councilman Mercer inquired prior to doing any of the projects will Council have an opportunity to review and approve and Mr. Alligood explained anything that is greater than $20,000 will come back to Council for approval. Councilman Mercer expressed his concerns.

By motion of Councilman Pitt, seconded by Councilman Beeman, Council adopted a Declaration of Official Intent to Reimburse for Fiscal Year 2014/2015 installment purchase expenditures incurred prior to the issuance of debt.

DECLARATION OF OFFICIAL INTENT TO REIMBURSE

This declaration (the "Declaration") is made pursuant to the requirements of the United States Treasury Regulations Section 1.150-2 and is intended to constitute a Declaration of Official Intent to Reimburse under such Treasury Regulations Section.

The undersigned is authorized to declare the official intent of the City of Washington, North Carolina (the "Issuer") with respect to the matters contained herein.

1. **Expenditures to be Incurred.** The issuer anticipates incurring expenditures (the "Expenditures") for budgeted installment purchases (the "Projects").
2. **Plan of Finance.** The issuer intends to finance the costs of the Projects with the proceeds of debt to be issued by the Issuer (the "Borrowing"), the interest on which is to be excluded from gross income for Federal income tax purposes.

3. **Maximum Principal Amount of Debt to be Issued.** The maximum principal amount of the Borrowing to be incurred by the Issuer to finance the Projects is $1,175,000.

4. **Declaration of Official Intent to Reimburse.** The issuer hereby declares its official intent to reimburse itself with the proceeds of the Borrowing for any of the Expenditures incurred by it prior to the issuance of the Borrowing.

Adopted this the 14th day of July, 2014

ATTEST:
s/ Cynthia S. Bennett **s/Mac Hodges**
City Clerk **Mayor**

Electric Fund installment Purchases

Division	**Description**	**$**
Substation Maintenance	Main Substation 12 kV feeder exit rebuild	250,000
Power Line Construction	Hwy 32 N rebuild	325,000
Power Line Construction	2nd St. & 5th St. feeder rebuild	300,000
Power Line Construction	Vehicle #617, 4x4 line truck	230,000
Power Line Construction	Vehicle #613, 4x4 dually diesel w/ life gate	50,000
Power Line Construction	Portable air compressor	20,000
	Total	**$1,175,000**

AUTHORIZE – CITY MANAGER TO WORK WITH THE TOWN OF WASHINGTON PARK AND THE COUNTY OF BEAUFORT ON A JOINT LETTER TO THE NC WILDLIFE COMMISSION FOR A "NO WAKE ZONE" DESIGNATION

Mr. Alligood reviewed the request from Mayor Ritcher with the Town of Washington Park and voiced they are seeking a joint letter from the City of Washington and the County of Beaufort of support for a "No Wake Zone" designation.

Mayor Pro tem Roberson expressed the NC Wildlife Commission will be in opposition voicing we have traveled this road before. The NC Wildlife Commission have suggested that they are under staff to monitor boats coming in and out of Washington Park.

By motion of Mayor Pro tem Roberson, seconded by Councilman Doug Mercer, Council authorized the City Manager to work with the Town of Washington Park and the County of Beaufort on a joint letter to the NC Wildlife Commission requesting a "no wake zone" designation at the mouth of Runyon Creek generally from Worthy Point to the railroad bridge crossing Runyon Creek.

Gentlemen:

This joint letter from the Town of Washington Park, the City of Washington, and the County of Beaufort is a request for the designation of a "No Wake Zone" at the mouth of Runyon Creek at/near the Hwy 32 bridge as it crosses Runyon Creek.

An attached aerial photo shows the area we are concerned about. Two parks line both sides of Runyon Creek immediately to the south of the Highway 32 bridge. Two marinas are adjacent to the bridge on the north side. Traffic is heavy under the bridge at the marinas. Sightlines are restricted by the bridge structure. Speed, wakes, and safety concerns make a "No Wake Zone" appropriate to consider for boaters and non-boaters alike. We ask that the Wildlife Commission undertake an evaluation of a "No Wake Zone" designation from the southwest corner of Washington Park (Worth Point" to a point north

of the marinas on the north side of the Highway 32 Bridge…a railroad bridge about 90 yards north would be a logical and plainly visible boundary; it would 'cover' both marinas.

The aerial shows the busy use of this area long both east and west shores of Runyon Creek both north and south of the Highway 32 bridge. Immediately north of the Highway 32 bridge, on the west side, there is a heavily used City boat launch (2 lanes) with parking for 60 boats/cars. On the east side of Runyon Creek lies a private 25 slip marina w/launch lane and dry storage for 30 more boats.

South and west of the bridge, fronting on Runyon Creek and the Pamlico River is 'Havens Gardens', the most heavily used Park in the City outside the downtown waterfront.

South of the 32 Bridge, on the east side of Runyon Creek is the Town of Washington Park's most used waterfront park.

Representatives from the County, the City, and the Town would welcome the chance to meet with Wildlife Commission staff in an initial exploratory discussion of the process of, and the impacts of, a "No Wake Zone" designation.

<u>AUTHORIZE</u> – CITY MANAGER TO EXECUTE THE UNC SCHOOL OF GOVERNMENT DEVELOPMENT FINANCE INITIATIVE AGREEMENT

Brian Alligood explained the request is for the City Manager to execute a letter of agreement with the UNC School of Government Development Finance Initiative Group. Mr. Alligood stated that as part of its mission, the UNC School of Government (SOG) provides services to local governments. Development Finance Initiative (DFI), as a program of the SOG, enables local governments to accomplish their community and economic development goals by providing specialized finance and development expertise in connection with the educational mission of SOG. DFI will provide pre-development services to the City for a downtown revitalization project as outlined in the agreement. The initial cost of the service is $25,000. A second contingent fee of 1% of the projected project costs is payable to DFI from the developer once a development project agreement is executed. Mr. Alligood voiced that the Beaufort County Committee of 100 has agreed to advance "a $25,000 loan to the City for three years, a portion or all of which may be forgiven, if a substantial development results in the new investment and the creation of jobs in Beaufort County." The project is initially $40,000 but they discount it through some of their funding sources.

By motion of Mayor Pro tem Roberson, seconded by Councilman Beeman, Council authorized the City Manager to execute the attached letter of agreement with the UNC School of Government Development Finance Initiative to provide pre-development services for a downtown revitalization project as outline in the agreement.

AGREEMENT

This is an agreement ("Agreement") between the City of Washington, North Carolina (the "City"), and the University of North Carolina at Chapel Hill for its School of Government ("SOG") for services provided by the SOG's Development Finance Initiative ("DFI").

As part of its mission, the SOG provides services to local governments. DFI, as a program of SOG, enables local governments and their partners to accomplish their community and economic development goals by providing specialized finance and development expertise in connection with the educational mission SOG.
This Agreement will outline the pre-development services that DFI will provide to the City on its Downtown Revitalization Project ("Project").

1. <u>Scope of Services.</u> DFI will provide the following pre-development services in the City in preparing the Project site for revitalization:

   a) visit and tour project sites, define Project Area
   b) review existing studies/reports/plans for Project, as available, including county tax records of values for parcels of land within Project Area;
   c) advise the City on site control strategy and terms;
   d) evaluate redevelopment potential including market feasibility and demand for different land uses within Project including accommodation, residential, retail, office, public/private parking, etc. ("feasibility analysis")'

e) develop preliminary program and real estate development pro forms;
f) evaluate and advise on potential district designations (Urban Redevelopment Area, Municipal Service District, Special Assessment area, etc.) that would best facilitate the City's goals for Project Area;
g) evaluate options for financing and structuring public-private partnerships, including use of development finance tools (TIF, synthetic TIF, tax credits, etc.);
h) initiate process of site plan review (zoning, densities, uses, etc.) for the property or properties ("Property") on which Project will occur;
i) develop Request(s) for Proposals ("RFP") for Project, identify potential developers, carry out due-diligence and support City officials in development partner(s) selection process;
j) support City in negotiation of development agreement(s);
k) throughout the process, advise local officials on redevelopment potential, finance and structuring options, potential development partners and strategies to attract private investment into Project (with minimal public investment)

The scope of services described in this section of the Agreement will hereinafter be referred to as the "Services." The Services expressly do not include activities described in Article 1 of North Carolina General Statutes Chapter 93A which require a licensed broker to perform.

2. Term. Services outline in this Agreement will commence on August 1, 2014 and will terminate upon execution of Development Services Agreement with a third party for development of Project (12-18 month estimate), except as otherwise provided in Section 6 of the Agreement, "Modification, Extension or Termination." In any event, unless terminated earlier under another provision herein, this Agreement shall terminate on December 31, 2016.

3. Deliverables. Deliverable include reports and other documentation of options and recommendations relating to financing development in Project Area including district designation, finance tools (timing/phasing), program plan for site, RFP/marketing materials for developers, due diligence on potential development partners, recommendation for development partner, support in negotiating development Agreement with private partner. SOG reserves the right, at no cost to SOG, to use the results of all Services and all Deliverables for its teaching research and publication purposes. SOG makes no representations or warranties as to the effectiveness or potential success of any of the Services or Deliverables. All risk of implementation of any recommendations contained in the Deliverables shall rest solely with the City. SOG shall not be liable for any direct, consequential or other damages suffered by the City or any others resulting from the City's implementation of the Deliverables.

4. Fees and Payment Schedule. DFI's fee for the Services shall be paid in two parts. The initial fee for DFI's set of predevelopment services is $40,000. In order to minimize the cost to City, DFI will provide $15,000 in funds from our partners, available to support projects in Tier 1 and II counties. **The City's portion of fee will be $25,000** (the "City Payment"). The City Payment shall be due and payable upon receipt of the SOG invoices in accordance to the following schedule:

$10,000 on October 31, 2014
$15,000 on January 31, 2015

The second portion of the fee (the "Contingent Fee") shall be contingent upon the execution of an agreement (the "Development Services Agreement") between the City and a third party (the "Developer") regarding the responsibilities of either the City or the Developer regarding any aspect of the development of the Project or any portion thereof. The Contingent Fee shall be an amount equal to 1% of the total projected costs of development of the Project, as further describe below. The 1% fee shall be paid from the Developer to DFI.

In consideration of the Services provided to City by DFI pursuant to this Agreement and the "at risk" nature of the Contingent Fee, the City agrees to make execution of the Development Services Agreement and the payment of the Contingent Fee by the Developer to DFI a condition of any conveyance or lease of the Property to the Developer, and

furthermore the City agrees to insert into any request or proposals or other solicitations regarding development of the Project the following clause (or a substantially similar clause as mutually agreed upon by City and DFI):
"The conveyance or lease of the property described herein (the "Property") to the successful bidder and it's successors and assigns (the "Developer") shall be conditioned upon the execution of an agreement ("Development Services Agreement") between the City and the Developer pertaining to the responsibilities of either the City or the Developer, or both, regarding any aspect of the development of the Property or any portion thereof (the "Project"). As part of the Development Services Agreement, the Developer shall agree to pay a fee to the City's consultant ("DFI") and its successors and assigns for predevelopment services provided to the City. The fee shall be an amount equal to 1% of the total costs of development of the as calculated by the Developer in the most recent versions(s) of pro forma and other financial projections (the "Developer Financials") prepared by the Developer and delivered to lenders and/or investors prior to the execution of the Development Services Agreement, and in the event of any inconsistencies in the projected total costs among different versions of the Developer Financials, the version of the Developer Financials showing the greatest total costs of development of the Project shall be used to calculate the Contingent Fee. The Contingent Fee shall be due and payable in full to DFI no later than 30 days following execution of the Development Services Agreement. An alternative payment schedule for payment of the Contingent Fee to DFI may be developed as mutually agreed in writing by Developer and DFI; by way of illustration only, such schedule of payments could be tied to the receipt of any developer fees by Developer. Developer's obligation to pay Contingent Fee shall not be assignable by Developer to any other entity, nor shall any assignment relieve Developer of its obligation to pay Contingent Fee, except upon written consent of DFI."

5. Fees and Payment Schedule. DFI's fee for the Services shall be paid in two parts. The initial fee for DFI's set of predevelopment services is $40,000. In order to minimize the cost to City, DFI will provide $15,000 in funds from our partners, available to support projects in Tier 1 and II counties. **The City's portion of fee will be $25,000** (the "City Payment"). The City Payment shall be due and payable upon receipt of the SOG invoices in accordance to the following schedule:

Brian M. Alligood	Christy Raulli
City Manager	Senior Analyst
City of Washington	UNC School of Government
PO Box 1988	Knapp-Sanders Bldg. Campus Box 3330
Washington, NC 27889	Chapel Hill, NC 27599-3330
Office: (252) 975-9319	Phone: 919-843-7736
Fax: (252) 974-6461	Fax: 919-962-2706
Email: balligood@washingtonnc.gov	raulli@sog.unc.edu

6. Modification, Extension or Termination. This Agreement represents the entire agreement between the parties. It may be modified, extended or terminated by mutual written consent of the parties. Either party may terminate this Agreement for failure of a party to perform a party's obligation provided the non performing party is given written notice of the failure and a reasonable opportunity to cure the failure.

7. Execution of Agreement. This Agreement has been duly executed by the parties hereto as evidenced by each hand here unto set on the date shown thereby.

8. Independent Contractors. The relationship of the City and SOG established by this Agreement is that of independent contractors, and nothing contained in this Agreement will be construed to (i) give either party the power to direct and control the day-to-day activities of the other, (ii) constitute the parties as partners, joint ventures, co-owners, or otherwise as participants in a joint or common undertaking, or (iii) allow a party to create or assume any obligation on behalf of the other party for any purpose whatsoever. It is agreed to by the parties that, in performing its respective obligations under this Agreement, each party is at all times performing such services and obligations as an independent party and not as an agent or employee of the other party. Personnel of a party shall not be considered an

employee or agent of the other party nor shall such personnel be entitled to any employee benefits including, without limitation, vacation pay, leave, retirement benefits, social security, workers compensation, disability, or unemployment benefits that may be provided to the other party's employees. Each party shall be exclusively responsible for compensating its personnel and subcontractors and paying all taxes, withholding payments and any other fees or payments related to its personnel and subcontractors.

9. Waivers. No failure or delay by either party in exercising any right, power ore remedy hereunder shall operate as a waiver of any subsequent exercise of such right, power or remedy. It is agreed that any remedies provided in this Agreement shall be cumulative and shall not be exclusive of any other remedies available hereunder or thereunder, or at law or in equity.

10. Force Majeure. SOG shall not be liable for any failure to perform as required by this Agreement, to the extent such failure to perform is caused by any reason beyond SOG's control, or by reason of any of the following: acts of God, acts or threats of terrorism, civil disorders, severely inclement weather, disease, accidents, failure of utilities, failure of any required governmental approval, or similar occurrences.

11. Retention of Intellectual Property. It is expressly agreed that neither SOG nor the City transfers by operation of this Agreement or shall transfer by operation of this Agreement to the other party any patent right or copyright right either party now owns in the performance of this Agreement.

12. Advertising. The City shall not use the existence of this Agreement or the name, logo, images or trademarks of the University of North Carolina at Chapel Hill, or any of its constituent schools or departments, as a part of any marketing or commercial advertising without prior written approval of SOG.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original and all of which together will constitute one instrument.

s/Brian M. Alligood	s/Michael R. Smith, Dean	s/Matthew M. Fajack
City Manager	UNC-CH	Vice Chancellor
		Finance & Administration

ANY OTHER ITEMS FROM CITY MANAGER: NONE –

ANY OTHER BUSINESS FROM THE MAYOR OR OTHER MEMBERS OF COUNCIL
UPCOMING EVENTS

- Shred & Protect Day – Councilman Pitt
- Hosted District 6 – Softball Tournament – Councilman Beeman (great job from Public Works and Parks and Recreation; very smooth operation)
- First Responders Day – Councilman Mercer – Fabulous event and we owe Al Powell a real vote of appreciation

DISCUSSION – FORMAT OF SECOND MEETING OF THE MONTH

Councilman Mercer voiced he had requested how Council should conduct the second meeting of the month and whether we are locked into the agenda set forth in the charter. Mr. Alligood stated it is the recommendation from staff that we follow the same procedure for the second meeting of the month as we follow for the first meeting of the month noting the charter only covers the first meeting of the month. Mayor Pro tem Roberson voiced that is what we should be doing. Mr. Alligood explained by statute we are required to have public comments during at-least one meeting of the month so Council will need to decide if you want public comments at both meetings.

By motion of Councilman Mercer, seconded by Mayor Pro tem Roberson, Council agreed that Council follow the order of business that is set forth in sect. 2-33 in the City ordinances.

DISCUSSION – REVISED- COUNCIL OPERATING/APPROVAL POLICY

Councilman Mercer addressed the discussion regarding the operating policy that was adopted in April.

By motion of Councilman Mercer, seconded by Councilman Beeman, Council adopted the following Council Operating Policy – Council will take no action on a request presented during a regular or called meeting unless the item is included in the scheduled Old or New Business section of the approved agenda. Items presented during the Scheduled Public Appearance or Public Comment portion of the agenda will not be acted upon until the next regularly scheduled meeting of the Council, unless four affirmative votes of the Council approve an action at the time of presentation.

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

By motion of Councilman Pitt, seconded by Councilman Beeman, Council agreed to enter into closed session under NCGS § 143-318.11(a)(1) Disclosure of confidential information and 143-318.10(e) the public records act, and NCGS § 143-318.11(a)(6) personnel at 6:20 pm.

By motion of Councilman Pitt, seconded by Councilman Mercer, Council agreed to come out of closed session at 6:48pm.

ADJOURN

By motion of Councilman Pitt, seconded by Councilman Brooks, Council adjourned the meeting at 6:48 pm until July 28, 2014 at 5:30pm in the Council Chambers at the Municipal Building.

_____
Cynthia S. Bennett, CMC
City Clerk