



Agenda

Greenville City Council

May 9, 2019

6:00 PM

City Hall Council Chambers

Assistive listening devices are available upon request for meetings held in the Council Chambers. If an interpreter is needed for deaf or hearing impaired citizens, please call 252-329-4422 (voice) or 252-329-4060 (TDD) no later than two business days prior to the meeting.

- I. Call Meeting To Order**
- II. Invocation - Mayor Connelly**
- III. Pledge of Allegiance**
- IV. Roll Call**
- V. Approval of Agenda**
- VI. Public Comment Period**

The Public Comment Period is a period reserved for comments by the public. Items that were or are scheduled to be the subject of public hearings conducted at the same meeting or another meeting during the same week shall not be discussed. A total of 30 minutes is allocated with each individual being allowed no more than 3 minutes. Individuals who registered with the City Clerk to speak will speak in the order registered until the allocated 30 minutes expires. If time remains after all persons who registered have spoken, individuals who did not register will have an opportunity to speak until the allocated 30 minutes expires.

VII. Special Recognitions

1. Charlie Johnson - NC Scholastic Chess Championship - 2nd Place in High School U 1500 Division
2. UNC School of Government 2018-2019 Municipal Administration Course Graduates - Emanuel McGirt and Alisha McNeil
3. 2019 North Carolina City and County Communicators (NC3C) Excellence in Communication Awards

VIII. New Business

Public Hearings

4. Ordinance to annex the the North Carolina Department of Transportation property involving 26.22 acres located at the northwestern corner of the intersection of North Memorial Drive and West Belvoir Road.
5. Public hearing for the 2019-2020 Annual Action Plan for CDBG and HOME Programs
6. Series Resolution for Greenville Utilities Commission 2019 Revenue Bonds Issuance

Other Items of Business

7. Presentation of the City's proposed fiscal year 2019-20 operating budget
8. Contract award for the construction of the Arlington Boulevard Improvements Project
9. Contract award for the FY 2019 Stormwater Pipe Repair Project

IX. City Manager's Report

X. Comments from Mayor and City Council

XI. Adjournment



City of Greenville, North Carolina

Meeting Date: 5/9/2019
Time: 6:00 PM

Title of Item: Ordinance to annex the the North Carolina Department of Transportation property involving 26.22 acres located at the northwestern corner of the intersection of North Memorial Drive and West Belvoir Road.

Explanation: **Abstract:** The City received a voluntary annexation petition to annex the North Carolina Department of Transportation property involving 26.22 acres located at the northwestern corner of the intersection of North Memorial Drive and West Belvoir Road. The subject property is anticipated to yield a 37,000+/- square foot equipment repair shop.

ANNEXATION PROFILE

A. SCHEDULE

1. Advertising date: April 29, 2019
2. City Council public hearing date: May 9, 2019
3. Effective date: May 9, 2019

B. CHARACTERISTICS

1. Relation to Primary City Limits: Contiguous
2. Relation to Recognized Industrial Area: Outside
3. Acreage: 26.22
4. Voting District: 1
5. Township: Belvoir

6. Zoning: CH (Heavy Commercial) and OR (Office-Residential)
7. Land Use: Existing: Vacant
Anticipated: 37,000+/- square foot equipment repair shop
8. Population:

| | Formula | Number of People |
|--|---------|------------------|
| Total Current | ----- | 0 |
| Estimated at full development | ----- | 0 |
| Current Minority | ----- | 0 |
| Estimated Minority at full development | ----- | 0 |
| Current White | ----- | 0 |
| Estimated White at full development | ----- | 0 |

* average household size

9. Rural Fire Tax District: Staton House
10. Greenville Fire District: Station #4 (Distance of 2.0 miles)
11. Present Tax Value: \$0 (tax exempt)
Estimated Future Tax Value: \$0 (tax exempt)

Fiscal Note: The total estimated tax value at full development is \$0 (tax exempt).

Recommendation: Approve the attached ordinance to annex North Carolina Department of Transportation property

ATTACHMENTS:

- Ordinance
- Survey

ORDINANCE NO. 19-
AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE CITY OF GREENVILLE, NORTH
CAROLINA

WHEREAS, the City Council of the City of Greenville has been petitioned under G.S. 160A-31, as amended, to annex the area described herein; and

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

WHEREAS, the City Clerk has certified the sufficiency of said petition and a public hearing on the question of this annexation was held at City Hall at 6:00 p.m. on the 9th day of May, 2019, after due notice by publication in The Daily Reflector on the 29th day of April, 2019; and

WHEREAS, the City Council does hereby find as a fact that said petition meets the requirements of G.S. 160A-31, as amended.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GREENVILLE, NORTH CAROLINA, DOES ORDAIN:

Section 1. That by virtue of the authority vested in the City Council of the City of Greenville, North Carolina, under G. S. 160A-31, as amended, the following described contiguous territory is annexed:

TO WIT: Being all of that certain property as shown on the annexation map entitled “North Carolina Department of Transportation” involving 26.22 acres as prepared by Rivers & Associates, Inc.

LOCATION: Lying and being situated in Belvoir Township, Pitt County, North Carolina, located at the northwestern corner of the intersection of North Memorial Drive and West Belvoir Road.

GENERAL DESCRIPTION:

All that certain tract or parcel of land lying and being situated in Belvoir Township, Pitt County, N.C., bounded on the north by Highridge Costa Housing Partners, LLC and the JMW Family, LLC, on the east by N.C. Highway 11, (North Memorial Drive), on the south by N.C. Secondary Road 1528 (West Belvoir Road) on the west by Hop Tyson Road Annexation Area, recorded Map Book 53, Page 64 and being described by metes and bounds as follows:

Beginning at a point in the northern right of way line of N.C. Secondary Road 1528 (West Belvoir Road), a common corner with the Mario Garcia-Taxtho and wife Carolina Gomez-Mendoza property recorded in Deed Book 3256 Page 154, said point being located on the City Limit Line depicted in Map Book 53, Page 64; thence with the Old City Limit Line five (5) calls: (1) N 24°00'07" E 154.37 feet to a point, (2) N 22°45'46" E 232.82 feet to a point, (3) N 23°23'54" E 100.75 feet to a point, (4) N 24°32'29" E 109.86 feet to a point, (5) N 23°48'41" E 137.46 feet to a point, the southwestern corner of Highridge Costa Housing Partners, LLC recorded in Deed Book 2852, Page 805, thence with the Old City Limit and the southern line of the aforementioned Highridge Costa Housing Partners, LLC property S 71°25'40" E 502.65 feet to a point; thence with a New City Limit line S 71°25'40" E 264.95 feet to a point, thence continuing with a New City Limit line S 71°54'13" E 522.55 feet to a point in the Old City Limits, said point being the southwestern corner of the JMW Family LLC property recorded in Deed Book 2463 Page 292; thence cornering with the Old City Limits S 21°00'49" W 1,010.54 feet to a point in the northern right-of-way line of N.C. Secondary Road 1528 (West Belvoir Road); thence cornering with the northern right-of-way line of N.C. Secondary Road 1528 (West Belvoir Road) and the Old City Limits four (4) calls, (1) N 57°38'31" W 27.18 feet to a point, (2) S 32°21'29" W 25.00 feet to a point, (3) N 57°38'31" W 1,010.21 feet to a point, (4) with a curve in a counter clockwise direction, having a radius of 2,030.40 feet, a chord bearing and distance of N 61°54'17" W 301.84 feet the POINT OF BEGINNING containing 26.22 acres more or less and being a portion of that property recorded in Deed Book B 20, Page 302 being annexed into the City of Greenville, and further shown on a map by Rivers and Associates, Inc. drawing Z-2644 dated February 13, 2019, entitled Annexation Map for North Carolina Department of Transportation , which by reference is made a part hereof.

Section 2. Territory annexed to the City of Greenville by this ordinance shall, pursuant to the terms of G.S. 160A-23, be annexed into Greenville municipal election district one. The City Clerk, City Engineer, representatives of the Board of Elections, and any other person having responsibility or charge of official maps or documents shall amend those maps or documents to reflect the annexation of this territory into municipal election district one.

Section 3. The territory annexed and its citizens and property shall be subject to all debts, laws, ordinances, and regulations in force in the City of Greenville and shall be entitled to the same privileges and benefits as other territory now within the City of Greenville. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

Section 4. The Mayor of the City of Greenville, North Carolina, shall cause a copy of the map of the territory annexed by this ordinance and a certified copy of this ordinance to be recorded in the office of the Register of Deeds of Pitt County and in the Office of the Secretary of State in Raleigh, North Carolina. Such a map shall also be delivered to the Pitt County Board of Elections as required by G.S. 163-288.1.

Section 5. This annexation shall take effect from and after the 9th day of May, 2019.

ADOPTED this 9th day of May, 2019.

Mayor P. J. Connelly,

ATTEST:

Carol L. Barwick, City Clerk

NORTH CAROLINA
PITT COUNTY

I, Polly Jones, a Notary Public for said County and State, certify that Carol L. Barwick personally came before me this day and acknowledged that she is the City Clerk of the City of Greenville, a municipality, and that by authority duly given and as the act of the municipality, the foregoing instrument was signed in its name by its Mayor, sealed with the corporate seal, and attested by herself as its City Clerk.

WITNESS my hand and official seal this ___th day of ____, 2019.

Notary Public

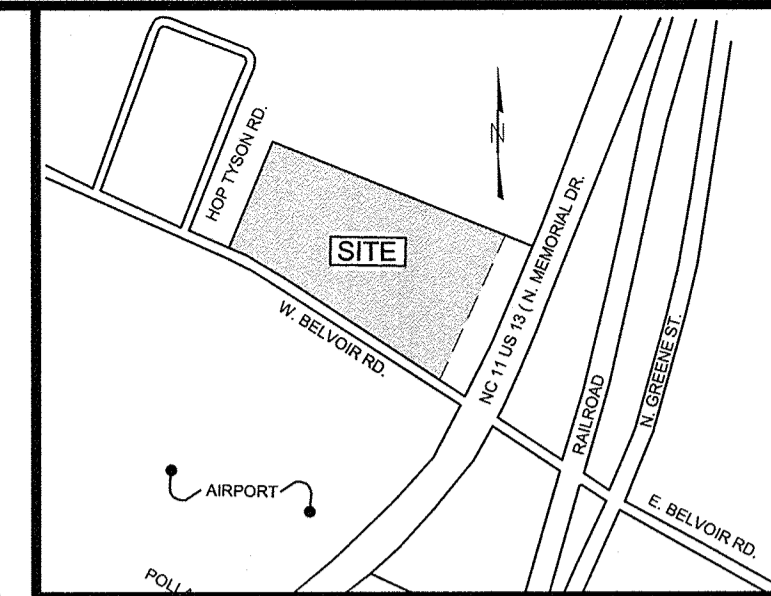
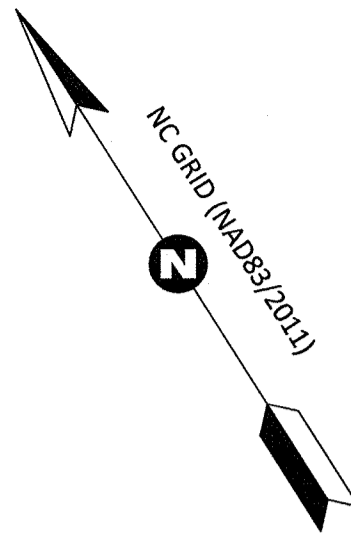
My Commission Expires: _____

NOTES

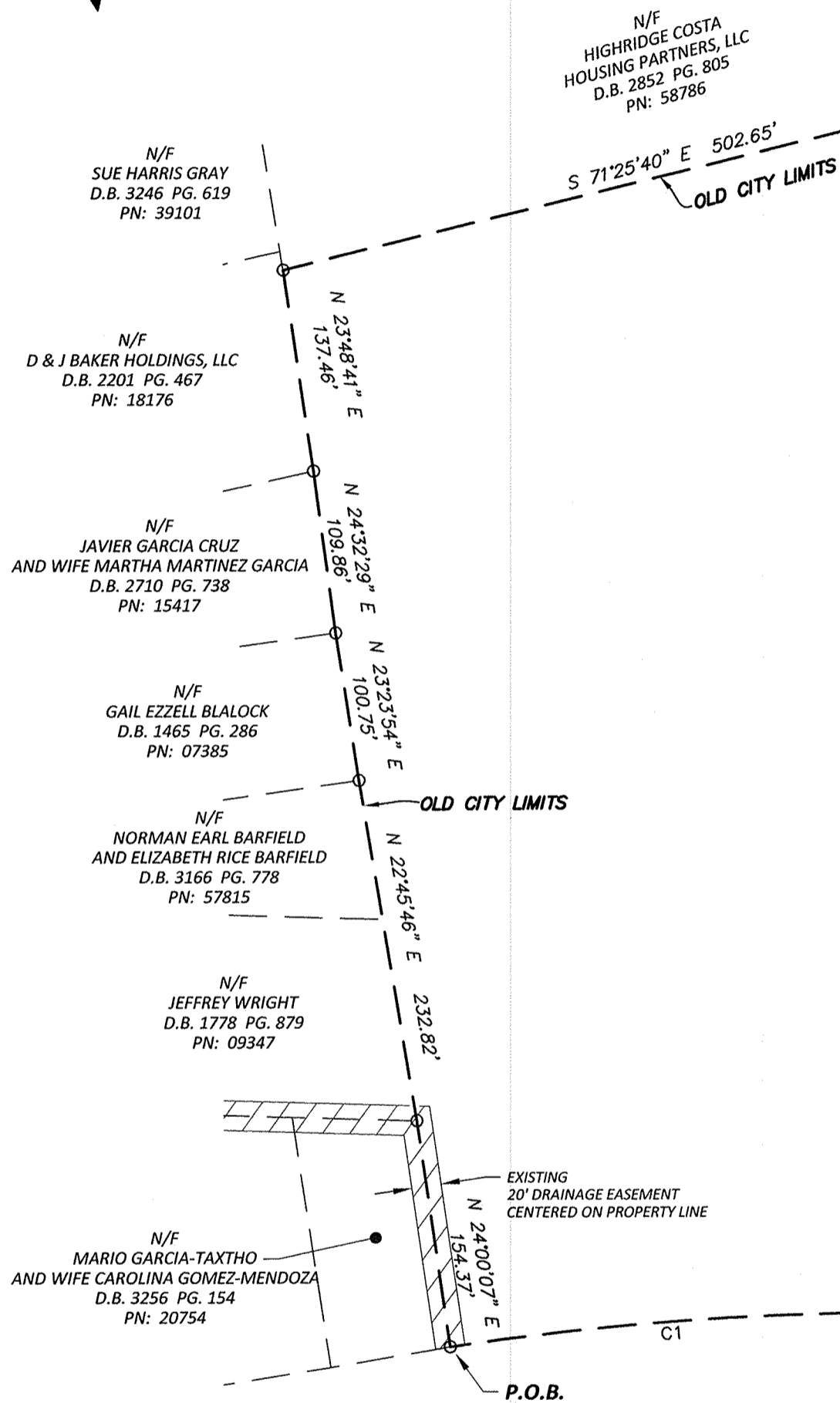
1. AREA DETERMINED BY COORDINATES.
2. ALL DISTANCES ARE HORIZONTAL GROUND MEASUREMENTS.
3. NO POINT SET AT ANY CORNER.
4. THIS MAP WAS PREPARED FOR ANNEXATION PURPOSES ONLY AND IS NOT A BOUNDARY SURVEY OF THE PROPERTIES SHOWN HEREON OR TO BE USED FOR SALES OR CONVEYANCE.
5. BOUNDARY INFORMATION WAS TAKEN FROM A SURVEY PERFORMED BY THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION HIGHWAY 2 DIVISION (MICHAEL R. JACKSON (UNSIGNED) AND TERRY K. WHEELER (SIGNED) DATED 8/2/10.
6. CITY LIMITS WAS TAKEN FROM PITT COUNTY GEOGRAPHIC INFORMATION SYSTEM.

CURVE TABLE

| CURVE | ARC LENGTH | RADIUS | DELTA ANGLE | CHORD BEARING | CHORD LENGTH |
|-------|------------|----------|-------------|---------------|--------------|
| C1 | 302.12' | 2030.40' | 8°31'32" | N 61°54'17" W | 301.84' |
| C2 | 161.23' | 2796.90' | 3°18'11" | S 22°42'55" W | 161.21' |

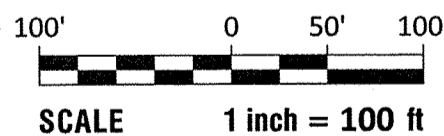


VICINITY MAP
(NOT TO SCALE)



STATE OF NORTH CAROLINA
D.B. B-20 PG. 302
PN: 29073

ANNEXED AREA = 26.22 ACRES ±



STATE OF NORTH CAROLINA
D.B. B-20 PG. 302
PN: 29073

PITT COUNTY-CITY OF GREENVILLE AIRPORT AUTHORITY
D.B. A51 PG. 774
PN: 29143

REFERENCE(S):

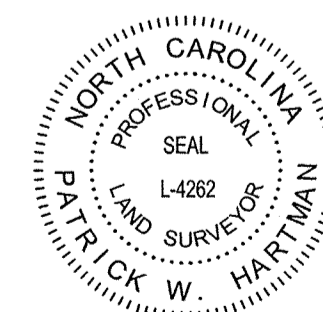
- D.B. B-20 PG. 302
- D.B. A-51 PG. 774
- D.B. 2852 PG. 805
- D.B. 2463 PG. 292

SEE NON-RECORDED SURVEY MAP BY MICHAEL R. JACKSON,
PLS ENTITLED SURVEY FOR N.C. DEPARTMENT OF
TRANSPORTATION, DATED AUGUST 2, 2010 (UNSIGNED).

RECORDED IN MAP BOOK _____ PAGE _____

LEGEND

- NEW CITY LIMIT _____
- OLD CITY LIMIT _____
- CITY LIMIT _____
- PARCEL NUMBER PN
- MAP BOOK M.B.
- PAGE PG.
- DEED BOOK D.B.
- RIGHT OF WAY R/W
- POINT OF BEGINNING P.O.B.



CERTIFICATION

NORTH CAROLINA PITT COUNTY

I, PATRICK W. HARTMAN, CERTIFY THAT THIS MAP WAS DRAWN UNDER MY SUPERVISION FROM DEED DESCRIPTIONS RECORDED IN DEED BOOK SEE PAGE REF OR AS NOTED; THAT THE RATIO OF PRECISION IS 1:10,000; THAT BOUNDARIES NOT SURVEYED ARE SHOWN AS BROKEN LINES PLOTTED FROM INFORMATION FOUND AND REFERENCED HEREON; THAT THIS MAP WAS PREPARED IN ACCORDANCE WITH G.S. 47-30 AS AMENDED. I FURTHER CERTIFY PURSUANT TO G.S. 47-30 (f)(1)(d) AS TO THE FOLLOWING THAT THIS SURVEY IS OF ANOTHER CATEGORY; BEING A SURVEY FOR ANNEXATION INTO CITY LIMITS OF THE CITY OF GREENVILLE; WITNESS MY ORIGINAL SIGNATURE, LICENSE NUMBER, AND SEAL THIS 13 DAY OF FEBRUARY, 2019.

SIGNED: *Patrick W. Hartman*
PROFESSIONAL LAND SURVEYOR
LICENSE NUMBER L-4262

REVISIONS:

ANNEXATION MAP

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

BELVOIR TOWNSHIP, PITT COUNTY, NORTH CAROLINA

OWNER **STATE OF NORTH CAROLINA**

ADDRESS 830 WEST MORGAN STREET, RALEIGH, N.C. 27699

PHONE (919) 707-4540

Rivers & Associates, Inc.
NC License: F-0334
Engineers, Planners, Surveyors, Landscape Architects
107 East Second Street, Greenville, NC 27838
(252) 752-4135

SURVEYED N/A APPROVED

DRAWN LC/KB/MS DATE 2/13/19

CHECKED PH SCALE 1" = 100'

| MAP NO. | PLATS RECORDED | BOOK | PAGE |
|---------|----------------|------|------|
| | HOP TYSON ROAD | 53 | 64 |

MAP SHOWING AREA ANNEXED BY

THE CITY OF GREENVILLE, N.C.

EFFECTIVE DATE _____ ORDINANCE NO. _____

26.22 AC. AREA

BELVOIR TOWNSHIP, PITT COUNTY, N.C.



City of Greenville, North Carolina

Meeting Date: 5/9/2019
Time: 6:00 PM

Title of Item: Public hearing for the 2019-2020 Annual Action Plan for CDBG and HOME Programs

Explanation: **Abstract:** The Annual Action Plan is a required strategy which identifies housing objectives and resources that will be used to address the identified needs in the City of Greenville. This Annual Action Plan identifies the proposed goals and objectives for the Housing Division over the next fiscal year.

Explanation: The Community Development Department, Housing Division, has drafted the 2019-2020 Annual Action Plan. The plan is mandated by the US Department of Housing and Urban Development (HUD) and is designed to assist municipalities in assessing their needs in affordable housing, economic and community development. To receive Community Development Block Grant (CDBG) AND HOME Investment Partnership Funds, the City must prepare an Annual Action Plan each year. The Annual Action Plan is the annual allocation of resources for housing activities utilizing Community Development Block Grant (CDBG) and HOME Investment Partnership Funds.

The City is an “Entitlement City” under the Community Development Block Grant (CDBG) program and a “Participating Jurisdiction (PJ)” under the HOME Investment Partnership Funds program. These designations result in annual formula allocations to the City by HUD to benefit low to moderate income residents. Expenditure of CDBG and HOME funds must meet grant program spending requirements and national objectives.

Pursuant to the National Affordable Housing Act, the City is required to advertise two (2) public meetings to discuss and receive comments on activities being considered in the 2018-2022 Consolidated Plan and the 2019-2020 Annual Action Plan. The City’s 30-day comment period runs from April 9, 2019 to May 10, 2019.

The public meetings were held on Tuesday April 16, 2019 at 6:00 p.m. at South Greenville Recreation Center (841 Howell Street), April 25, 2019 at 6:00 p.m. at Eppes Recreation Center (400 Nash Street), and May 8, 2019 at 4:00 p.m. at City Hall (200 W. Fifth Street).

The purpose of the meetings is to receive comments from the community and stakeholders on resources and funds provided through the Community Development Block Grant and HOME investment Partnerships Program funds from the US Department of Housing and Urban Development (HUD).

The public hearing will be held on Thursday, May 9, 2019 at the 6:00 pm City Council meeting. This hearing offers the opportunity for the public to make comments and to approve the plans and direct staff to implement the plans.

Fiscal The Draft Annual Action Plan is based on the assumption of level CDBG and HOME funding. The City has been directed to **Note:** use projected numbers in the absence of award notification. Rounded current-year allocations are used as estimates until actual allocations are provided from HUD.

Staff proposes the funds be used for the following activities:

Annual Action Plan: CDBG Projects and Funding

| Project Name | Funding Amount |
|--|-----------------------|
| Administration | \$182,000 |
| Rehabilitation/Urgent Repair - Housing | \$353,000 |
| Public Facilities | \$150,000 |
| Public Services | \$100,000 |
| Acquisition | \$75,000 |
| Clearance/Demolition | \$50,000 |
| Total Allocation | \$910,000 |

Annual Action Plan: HOME Projects and Funding

| Project Name | Funding Amount |
|---------------------------------|-----------------------|
| Administration | \$53,000 |
| CHDO Reserve Activities | \$85,000 |
| Down Payment Assistance Program | \$80,000 |
| New Construction/Housing | \$312,000 |
| Total Allocation | \$530,000 |

Recommendation: Conduct the public hearing to further allow citizen participation in the planning of the 2019-2020 Annual Action Plan for the CDBG and HOME programs. Approve the plan for implementation and authorize the Mayor and/or City Manager, as appropriate, to sign required documents.

ATTACHMENTS:

- ☐ **Draft 2019-2020 Annual Action Plan**



Find yourself in good company®

DRAFT 2019-2020 ANNUAL ACTION PLAN

Public Comment Period: April 9-May 10, 2019

PUBLIC MEETINGS

April 16, 2019 at S. Greenville
Recreation Center (851 Howell
Street) at 6:00pm

April 25, 2019 at Eppes
Recreation Center (400 Nash
Street) at 6:00pm

May 8, 2019 at City Hall (200
W. Fifth Street) at 4:00pm

PUBLIC HEARING

May 9, 2019 at City Hall (200
W. Fifth Street) at 6:00pm

The 2019-2020 Draft Annual Action Plan is based on the assumption of equal Community Development Block Grant (CDBG) and HOME funding. The City of Greenville has been directed to use projected numbers in the absence of award notification. The current year allocations are used as estimates until actual allocations are provided from the US Department of Housing and Urban Development (HUD), at which time the Plan will be adjusted. Amendments to the AAP based on fluctuated funding allocations will be as follows:

| Funding Source | Increased Funding | Decreased Funding |
|-----------------------|--|--|
| CDBG | Increase owner-occupied rehabilitation/urgent repair | Reduce owner-occupied rehabilitation/urgent repair |
| HOME | Increase new construction/housing | Reduce new construction/housing |

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Executive Summary

AP-05 Executive Summary - 24 CFR 91.200(c), 91.220(b)

1. Introduction

The 2019-2020 Annual Action Plan (AAP) is the second of the City of Greenville's 2018-2022 Five Year Consolidated Plan. The AAP is a requirement of the Department of Housing and Urban Development (HUD) as a condition of receiving funding under certain federal programs. The goal of this plan is to identify the community's priorities related to housing and community development for primarily low- and moderate-income citizens. Included are strategies, resources, and partnerships the community expects to leverage to address identified needs.

The Annual Action Plan serves as the City of Greenville's application for federal funding for the following grants:

- Community Development Block Grant (CDBG)
- HOME Investment Partnership Program

In addition to CDBG and HOME grants, the City utilizes other funding to support the ongoing effort of providing decent, affordable housing. In 2019, the City was awarded approximately \$1.6 million as part of the Lead Based-Paint Hazard Control and Healthy Homes grant. This HUD funding is for lead abatement and mitigation in pre-1978 built homes where children under six (6) frequent. This funding will be utilized during the 2019-2020 plan year, and over the next three (3) years to provide safe, healthy housing for children and their families and will require match funding from CDBG. The North Carolina Finance Agency also provides funding for urgent repairs for low-income seniors who may not qualify for federally funded programs. The City also utilizes energy efficiency funding provided by Greenville Utilities Commission for repairs and improvements to housing units for households earning up to 100% of the area median income (AMI). The City allocates funding from General Fund for down payment assistance in targeted neighborhoods annually.

The Housing Division of the City of Greenville Community Development Department administers and supports these programs. The Housing Division will manage both place-based and citywide initiatives to support neighborhood revitalization and decent, affordable housing in the upcoming year.

Lincoln Park is a neighborhood within the Neighborhood Revitalization Strategy Area (NRSA), an area designated for intentional investment and relaxed federal compliance requirements. Several lots were acquired by the City in years past and have been utilized for new construction of single-family units through partnerships with affordable housing developers. The remaining

eleven (11) city-owned lots present continued opportunity to increase homeownership in the community. Other housing and community activities in the neighborhood include rehabilitation, lead-abatement, infrastructure improvements, and down-payment assistance.

2. Summarize the objectives and outcomes identified in the Plan

This could be a restatement of items or a table listed elsewhere in the plan or a reference to another location. It may also contain any essential items from the housing and homeless needs assessment, the housing market analysis or the strategic plan.

The Consolidated Plan identifies five priority needs with associated objectives and outcomes that align with the funding program associated with each. The objectives are broad in nature and capture a range of community needs. The priorities are:

1. Affordable Housing Preservation and Development
2. Reduction of Slum and Blight
3. Addressing Homelessness
4. Improvements to Public Facilities and Infrastructure
5. Expansion of Available Public Services.

During the 2019-2020 year, the Housing Division will continue to administer programs that benefit primarily low- and moderate-income (LMI) individuals, households, and areas. The City plans to reduce slum and blight in target areas by acquiring and demolishing dilapidated structures and by improving the condition of occupied units through rehabilitation. The City provides a citywide homeowner rehabilitation program aimed at increasing the lifespan of homes for residents at or below 80% of the area median income. Income maximums are increased for households located within the West Greenville Neighborhood Revitalization Strategy Area (NRSA).

The City will also partner with developers to produce new, affordable single-family units within the Lincoln Park neighborhood. Public facilities and infrastructure, such as pocket parks, sidewalks, lighting, and water systems are opportunities to create attractive neighborhoods for existing and future residents. Several down payment assistance (DPA) programs are available to qualifying buyers. The HOME funded DPA program provides an interest free loan of up to 20% of the purchase price not to exceed \$20,000. Other City-sponsored DPA programs are for 10% and 5% and may be combined not to exceed 20% of the purchase price. Buyers are offered homebuyer counselling through a partnership with the Greenville Housing Development Corporation. Staff and partners provide monthly workshops for interested buyers.

The City also partners with non-profits located within or serving citizens of Greenville through a competitive sub-recipient grant program. Community Crossroads Center (CCC), the local homeless shelter, has been an ally for several years. Public service funding is provided to CCC to fund assessments of homeless individuals to aid in prioritization of need and allocation of regional resources. Other non-profit sub-recipients provide services such as afterschool programs, senior citizen fall prevention services, mental health counselling, early childhood and parenting education, financial literacy, and workforce development.

The following nonprofits were approved for CDBG public service funding for the 2019-2020 fiscal year:

| Agency | Program Title | Purpose | Recommended Award |
|--|--------------------------------------|--------------------|--------------------------|
| Center for Family Violence | Crisis Recovery Services | Homeless Needs | \$19,995.00 |
| Martin Pitt Partnership for Children | Parents as Teachers | Youth Development | \$19,995.00 |
| Boys & Girls Club of the Coastal Plain | Club Academy | Youth Development | \$18,993.00 |
| ECU Family Therapy Clinic | Hope & Strength After Trauma (HASTA) | Mental Health | \$18,978.00 |
| Pitt County Council of Aging | Fall Prevention | LMI Seniors | \$9,000.00 |
| Community Crossroads Center | Vi-SPDAT Assessments | Homeless Needs | \$8,640.00 |
| Literacy Volunteers of America | Welcome to Econoville | Financial Literacy | \$4,399.00 |

3. Evaluation of past performance

This is an evaluation of past performance that helped lead the grantee to choose its goals or projects.

4. Summary of Citizen Participation Process and consultation process

The City of Greenville recognizes the value and importance of citizen participation in developing activities for each plan year. Several avenues were explored to engage the community concerning community development and housing needs and strategies. Copies of the plan are made available on the City's website and at the local libraries. The general public, nonprofits and other interested parties are able to submit comments on the draft Plan from April 9, 2019 to May 10, 2019.

Public Meetings and Hearings

Seven (7) public meetings were held in various locations to provide an opportunity for citizens to engage with staff regarding the 2019-2020 Annual Action Plan intent. Four (4) of the six (6) were hosted within the West Greenville Neighborhood Revitalization Strategy Area (NRSA) where concentrated investment is prioritized. Two of the public meetings were televised as part of the Affordable Housing Loan Committee meeting and aired on the public access television station. A presentation was also made before the Housing Stabilization Committee, a group of local housing professionals, held at the Community Crossroads Center homeless shelter. In addition, two (2) Annual Action Plan Public Hearing were scheduled for citizens to provide input on December 13, 2018 and May 9, 2019.

5. Summary of public comments

The draft Annual Action Plan for 2019-2020 will continue to receive public comments through May 10, 2019. All comments will be included in the draft AAP as an attachment.

6. Summary of comments or views not accepted and the reasons for not accepting them

No written comments received by the City of the Draft Annual Action Plan have been rejected during the public consultation process. All comments will be reviewed after the public hearing on May 9, 2019.

7. Summary

The City of Greenville has adopted the practice of exceeding federal requirements for citizen participation by holding several public meetings in the fall and spring in prior to the adoption of the Annual Action Plan. Two public hearings are also held to provide citizens and Council members an opportunity to provide input. Both public hearings and two public meetings are aired on television. An electronic copy is made available on the City's website and shared with stakeholders. Paper copies of the Plan are located in the Housing Division office and at two public libraries, Sheppard Memorial and Carver. Other paper copies can be made upon request.

PR-05 Lead & Responsible Agencies – 91.200(b)

1. Agency/entity responsible for preparing/administering the Consolidated Plan

Describe the agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

| Agency Role | Name | Department/Agency |
|-----------------------|------------|--|
| Lead Agency | GREENVILLE | Community Development Dept./Housing Division |
| CDBG Administrator | GREENVILLE | Community Development Dept./Housing Division |
| HOPWA Administrator | NA | NA |
| HOME Administrator | GREENVILLE | Community Development Dept./Housing Division |
| HOPWA-C Administrator | NA | NA |

Table 1 – Responsible Agencies

Narrative (optional)

This Annual Action Plan (AAP) for the City of Greenville is for the fiscal year running July 1, 2019-June 30, 2020. As an entitlement community, Greenville is a recipient of the Community Development Block Grant (CDBG) and Home Investment Partnership Program. These funds are made available through the US Housing and Urban Development Department (HUD). Housing and community development programs funded by CDBG and HOME dollars are also supplemented by General Fund, the Greenville Utilities Energy Efficiency program, North Carolina Housing Finance Agency, and HUD funded Lead Based Paint Hazard Control and Healthy Homes grants.

The Housing Division of the City’s Community Development Department serves as the primary administrator of the federal entitlement funds.

Annual Action Plan Public Contact Information

Tiana Berryman, Housing Administrator

Housing Division

Community Development Department

201 W. Fifth Street

Greenville, NC 27834

252-329-4518

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AP-10 Consultation – 91.100, 91.200(b), 91.215(l)

1. Introduction

City staff engages other housing and community development related organizations throughout the year to improve coordination with and to understand the needs to vulnerable populations. Involvement with the Continuum of Care (CoC) allows for dialogue and support of programs serving individuals with low-income, special needs, and/or that are homeless. CoC partners and nonprofits serving these individuals are invited to attend AAP public meetings as well.

Provide a concise summary of the jurisdiction’s activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health and service agencies (91.215(l))

Housing Division staff meets monthly with affordable housing stakeholders about creating, coordinating, or improving housing programs. Staff has partnered with the Greenville Housing Authority’s nonprofit arm, Greenville Housing Development Corporation (GHDC), to add housing units within the NRSA. The City transferred a lot to the GHDC for purposes of constructing a single-family home in the Lincoln Park neighborhood. Greenville Housing Authority resident participating in their self-sufficiency program purchased city-owned single-family home with the assistance from the City’s down payment assistance program. The City also partners to provide monthly homebuyer counselling with the Housing Authority.

Other coordinated efforts include construction of two single-family units by Metropolitan Housing and Community Development Corporation. One of the two units was purchased by a first-time homebuyer and the other is on the market for purchase by a low- or moderate-income buyer.

The City also partners with nonprofit agencies through public service sub-recipient funding. Mental health and family counselling is provided to low-income clients through the Center for Family Violence Prevention with the support of CDBG funding.

Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness.

The Pitt County Continuum of Care (CoC) is comprised of regional agencies and stakeholders in the effort to prevent and end homelessness. The City is an active member of the Pitt County CoC. The 2018 point in time survey revealed that there are 122 homeless persons in Pitt County. Currently, Pitt County has one hundred (100) emergency beds and twenty-eight (28) transitional housing units available to address this need.

The City, through its nonprofit sub-recipient program, provides funding to Community Crossroads homeless shelter for use of the Vi-SPDAT intake tool. This mechanism aids professionals in assessing and prioritizing the need of homeless individuals. The same public service dollars also support the domestic violence shelter for women and children.

In the coming year, staff will continue to fund homeless services and to have representation in the CoC. This group will administer programs and funds received by the CoC and prepare various grant applications for submission to the NC Balance of State. All activities will assist with community needs aimed at preventing and ending homelessness.

Describe consultation with the Continuum(s) of Care that serves the jurisdiction's area in determining how to allocate ESG funds, develop performance standards for and evaluate outcomes of projects and activities assisted by ESG funds, and develop funding, policies and procedures for the operation and administration of HMIS

The City of Greenville, Pitt County, United Way, and other local agencies formed a partnership in 2008 to develop the Ten Year Plan to End Chronic Homelessness in Pitt County. Work toward accomplishing the intent continues. The goals are to:

1. Provide community-based services and support to prevent homelessness before it happens and diminish risks for homelessness to recur;
2. Create adequate short-term housing options and supportive permanent housing for those who are chronically homeless or at risk of becoming homeless.

2. Describe Agencies, groups, organizations and others who participated in the process and describe the jurisdiction's consultations with housing, social service agencies and other entities

The City is an active partner of the Pitt County Continuum of Care. The group, comprised also of County, nonprofit, and service providers, meets regularly to discuss homeless needs and concerns within the community. The City plans to fund homeless services for an anticipated 650 individuals through its partners.

Table 2 – Agencies, groups, organizations who participated

Identify any Agency Types not consulted and provide rationale for not consulting

Other local/regional/state/federal planning efforts considered when preparing the Plan

| Name of Plan | Lead Organization | How do the goals of your Strategic Plan overlap with the goals of each plan? |
|--|-------------------------------|---|
| Consolidated Plan | City of Greenville | The Consolidated Plan identifies several neighborhoods that are considered high priority |
| Continuum of Care | Pitt County Continuum of Care | The Strategic Plan is consistent with the goals and strategic plan of the continuum of Care and the plan to end homelessness |
| City of Greenville City Council Goals and Priorities | City of Greenville | The Council goals emphasize creating and sustaining complete neighborhoods, enhancing public infrastructure, and economic development |

Table 3 – Other local / regional / federal planning efforts

Narrative (optional)

AP-12 Participation – 91.105, 91.200(c)

1. Summary of citizen participation process/Efforts made to broaden citizen participation Summarize citizen participation process and how it impacted goal-setting

The City of Greenville recognizes the value and importance of citizen participation in developing activities for each plan year. Several avenues were explored to engage the community concerning community development and housing needs and strategies. Six public meetings were held in various locations to provide an opportunity for citizens to engage with staff regarding the 2019-2020 Annual Action Plan intent. Four (4) of the six (6) were hosted within the West Greenville Neighborhood Revitalization Strategy Area (NRSA) where concentrated investment is prioritized. Two of the public meetings were televised as part of the Affordable Housing Loan Committee meeting and aired on the public access television station. A presentation was also made before the Housing Stabilization Committee, a group of local housing professionals, held at the Community Crossroads Center homeless shelter. Copies of the plan are made available on the City's website and at the local libraries. The general public, nonprofits and other interested parties were able to submit comments before the draft was crafted from November 13, 2018-December 14, 2018 and after from April 9, 2019 to May 10, 2019.

In addition, two (2) Annual Action Plan Public Hearing were held for citizens to provide input on December 13, 2018 and May 9, 2019.

Citizen Participation Outreach

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|------------|-----------------------|------------------------------|---|--|--|---------------------|
| 1 | Public Comment Period | Non-targeted/broad community | A 31-day Public comment Period was held from November 13, 2018-December 14, 2018 for citizens to provide input. | No written comments were received. | NA | NA |
| 2 | Public Meeting | Non-targeted/broad community | A community meeting was held at Eppes Recreation Center on Tuesday, November 13, 2018 from 6p-8p to receive input on the 2019-2020 AAP. Three (5) community members attended. | No written comments were received. See attachment for comment notes. | NA | NA |
| 3 | Public Meeting | Non-targeted/broad community | A community meeting was held during the Affordable Housing Loan Committee Meeting at City Hall on Wednesday, November 14, 2018 from 3p-4p to receive input on the 2019-2020 AAP. Three (14) community members attended. | No written comments were received. See attachment for comment notes. | NA | NA |

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (If applicable) |
|------------|-----------------------|------------------------------|---|--|--|---------------------|
| 4 | Public Meeting | Non-targeted/broad community | A community meeting was held at Barnes Ebron Taft Building on Thursday, November 15, 2018 from 6p-8p to receive input on the 2019-2020 AAP. Three (3) community members attended. | No written comments were received. See attachment for comment notes. | NA | NA |
| 5 | Public Hearing | Non-targeted/broad community | A Public Hearing was held at City Council on December 13, 2018 for citizens to provide input. | No written comments were received. See official transcript attached. | NA | NA |
| 6 | Stakeholder Meeting | | A presentation was made to the Pitt County Housing Stabilization Committee for housing and social service professionals to provide input. | No written comments were received. See attachment for comment notes. | NA | NA |
| 7 | Public Comment Period | Non-targeted/broad community | TBD | TBD | TBD | NA |
| 8 | Public Meeting | Non-targeted/broad community | TBD | TBD | TBD | NA |

| Sort Order | Mode of Outreach | Target of Outreach | Summary of response/attendance | Summary of comments received | Summary of comments not accepted and reasons | URL (if applicable) |
|------------|------------------|------------------------------|--------------------------------|------------------------------|--|---------------------|
| 9 | Public Meeting | Non-targeted/broad community | TBD | TBD | TBD | NA |
| 10 | Public Meeting | Non-targeted/broad community | TBD | TBD | TBD | NA |
| 11 | Public Hearing | Non-targeted/broad community | TBD | TBD | TBD | NA |

Table 4 – Citizen Participation Outreach

Expected Resources

AP-15 Expected Resources – 91.220(c)(1,2)

Introduction

The City of Greenville will support housing and community development activities with funding from Community Development Block Grant (CDBG), Home Investment Partnership Program (HOME), General Fund revenues, local Bond program, North Carolina Housing Finance Agency, Lead-Based Paint Hazard Reduction (LBP) and Healthy Homes (HH) grants, private developers, and Greenville Utilities Commission (GUC). Leveraging funding through existing and future partnerships in addition to CDBG and HOME increases opportunity for community impact and benefit for low- and moderate-income families. Program income generated from CDBG, HOME, and Bond are

reinvested in community development activities each year.

Anticipated Resources

| Program | Source of Funds | Uses of Funds | Expected Amount Available Year 1 | | | | Expected Amount Available Remainder of ConPlan \$ | Narrative Description |
|--------------|-----------------|--|----------------------------------|--------------------|--------------------------|-----------|---|---|
| | | | Annual Allocation: \$ | Program Income: \$ | Prior Year Resources: \$ | Total: \$ | | |
| CDBG | Public-federal | Acquisition Admin & Planning Economic Development Demolition Housing Public Improvements Public Services | 910,000 | 30,000 | 0 | 940,000 | NA | CDBG funds will be used for acquisition and demolition of blighted properties, administration, support of community economic development, housing and public improvements in target areas, and continued support of nonprofits through public service |
| HOME | Public-federal | Acquisition Administration Homebuyer Assistance Rehabilitation Multifamily New Construction TBRA | 530,000 | 30,000 | 0 | 560,000 | NA | HOME funds will be used for acquisition, down payment assistance, rehabilitation, creation of new single- and multi-family units, and potential rental assistance. |
| General Fund | Public-local | Admin & Planning | 309,830 | 0 | 0 | 309,830 | NA | Local funding will be used for administrative and operating costs training, and planning. |

Table 5 - Expected Resources – Priority Table

Explain how federal funds will leverage those additional resources (private, state and local funds), including a description of how matching requirements will be satisfied

Federal funds are used to leverage additional resources by:

- Qualifying as match dollars for Lead Based Paint Hazard Reduction and Healthy Homes grants. The City was awarded \$1.3 million dollars over 42 months with a commitment of a 10% match. CDBG funding supporting administrative and operational costs will satisfy the match requirement.
- For the past several years, Greenville Utilities Commission (GUC) has provided \$150,000 for energy efficiency improvements for owner-occupied homes with residents at or below 100% AMI. This supplemental funding provides additional repairs for homeowners receiving CDBG or HOME rehabilitations, or an opportunity for repairs for families that may not qualify for federally funded programs.
- The City has applied for North Carolina Housing Finance Agency (NCHFA) funding to address urgent repairs of low-income seniors at or below 50% AMI. Having received \$50,000 from NCHFA for the past eighteen (18) month grant cycles, GUC energy efficiency funding serves as match dollars for this urgent repair program.
- The City has also applied for a \$350,000 Rural Housing Recovery Infrastructure grant from the North Carolina Department of Commerce for infrastructure improvements to a NCHFA 9% tax credit affordable housing development. The development will provide 60 affordable rental units within the city limits.
- City-owned property purchased with CDBG and Bond dollars is available for development for affordable housing production. Providing lots at reduced cost incentivizes developers to produce units in priority areas.
- General fund dollars to support the administrative and operation costs of the Housing Division demonstrate the City's commitment to adequate capacity for appropriate administration of federal programs. The City contributes roughly \$300,000 for this purpose.

If appropriate, describe publically owned land or property located within the jurisdiction that may be used to address the needs identified in the plan

Discussion

The City has acquired property in the West Greenville Revitalization Area. The Consolidated Plan has identified this area for city investment. The buildable lots in this target area will be used for affordable housing, both owner-occupied and rental units. Concentrated effort will be focused in the Lincoln Park neighborhood. Two single-family units were completed in the 2018-2019 fiscal year and another lot provided to Greenville Housing Development Corporation for construction of a third.

Annual Goals and Objectives

AP-20 Annual Goals and Objectives

Goals Summary Information

| Sort Order | Goal Name | Start Year | End Year | Category | Geographic Area | Needs Addressed | Funding | Goal Outcome Indicator |
|------------|--|------------|----------|--|---|--|---------|---|
| 1 | Affordable Housing Preservation and Development | 2018 | 2022 | Affordable Housing | West Greenville NRSA Citywide | Supply of affordable housing | | Homeowner Housing Rehabilitated: 10 household housing units Rental units constructed: 10 household housing units Homeowner Housing Added: 3 units |
| 2 | Reduce Slum & Blight in Residential Areas | 2018 | 2022 | Affordable Housing Non-Housing Community Development | West Greenville NRSA | Affordable Housing Preservation & Development | | Buildings Demolished: 2 units |
| 3 | Addressing Homelessness | 2018 | 2022 | Homelessness | Citywide | | | Individuals Assisted: 650 Housing for Homeless added:1 Household Housing Unit |
| 4 | Improvements to Public Facilities and Infrastructure | 2018 | 2022 | Non-Housing Community Development | West Greenville NRSA | Affordable Housing Preservation & Development | | LMI Housing Benefit: 50 Individuals |
| 5 | Expansion of Available Public Services | 2018 | 2022 | Affordable Housing Non-Housing Community Development Homelessness | Citywide | Affordable Housing Preservation & Development Addressing Homelessness | | Homeless Persons Assisted: 1,862 Individuals |

Table 6 – Goals Summary

Goal Descriptions

| | | |
|---|-------------------------|--|
| 1 | Goal Name | Affordable Housing Preservation and Development |
| | Goal Description | Through CDBG and HOME programs, the City will create and preserve housing for low- and moderate-income by extending the lifespan of units through rehabilitation, providing down payment assistance for first-time homebuyers, and by working with private developers to produce affordable owner-occupied and rental units. |
| 2 | Goal Name | Reduction of Slum and Blight |
| | Goal Description | The City will work to eliminate environmental hazards and improve neighborhood quality by demolishing dilapidated structures in the West Greenville Area. |
| 3 | Goal Name | Addressing Homelessness |
| | Goal Description | The City will utilize federal funding to support the work of nonprofit organizations that provide housing and services to special needs populations and very-low income individuals |
| 4 | Goal Name | Improvements to Public Facilities and Infrastructure |
| | Goal Description | To complement and attract homeownership opportunities in the West Greenville community, the City will use federal funding to increase and improve public facilities and infrastructure that may include sidewalks, lighting, streetscapes, and green and other community spaces. |

| | | |
|----------|-------------------------|--|
| 5 | Goal Name | Expansion of Available Public Services. |
| | Goal Description | The City will continue to support nonprofits through CDBG sub-recipient funding. |

Projects

AP-35 Projects – 91.220(d)

Introduction

The City of Greenville anticipates level funding for the 2019-2020 fiscal year for CDBG and HOME programs resulting in approximately \$1.4 million dollars. These resources will be used to administer housing and community development activities throughout the city and with emphasis in the West Greenville Neighborhood Revitalization Area (NRSA).

Projects

| # | Project Name |
|----|---|
| 1 | CDBG: Program Administration (2019) |
| 2 | CDBG: Rehabilitation/Urgent Repair Housing (2019) |
| 3 | CDBG: Public Facilities (2019) |
| 4 | CDBG: Public Services (2019) |
| 5 | CDBG: Acquisition (2019) |
| 6 | CDBG: Clearance/Demolition (2019) |
| 7 | HOME: Program Administration (2019) |
| 8 | HOME: CHDO Reserve Activities (2019) |
| 9 | HOME: Down Payment Assistance (2019) |
| 10 | HOME: New Construction/Housing |

Table 7 - Project Information

Describe the reasons for allocation priorities and any obstacles to addressing underserved needs

Project and funding determinations are based on the needs and goals identified in the 2018-2022 Consolidated Plan. The needs of the community exceed available funding, increasing the importance of leveraging additional resources. While several activities are citywide, such as, down payment assistance and rehabilitation; concentrated effort in the NRSA is an attempt to address disproportionate need in a concentrated area of poverty. The NRSA consists of the City's urban core tracts 7.01, 7.02, and 1.00. Creating affordable housing in this area was identified as a top priority in the Consolidated Plan.

AP-38 Project Summary

Project Summary Information

| | | |
|----------|--|---|
| 1 | Project Name | CDBG: Program Administration (2019) |
| | Target Area | NA |
| | Goals Supported | All |
| | Funding | CDBG: \$182,000 General Fund: \$309,830 |
| | Description | Staff salary, planning, and administrative service delivery costs for implementing CDBG will be funded with the 20% administrative cap allowed by federal regulations and with support of local general fund. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | NA |
| | Planned Activities | Program administration of the CDBG program |

| | | |
|----------|--|---|
| 2 | Project Name | CDBG: Rehabilitation/Urgent Repair Housing (2019) |
| | Target Area | Citywide |
| | Goals Supported | <ol style="list-style-type: none"> 1. Affordable housing preservation and development 2. Reduce slum and blight |
| | Funding | <p>CDBG: \$353,000</p> <p>Additional anticipated funding for this project is includes:</p> <p>CDBG program income: \$30,000</p> <p>NCHFA Urgent Repair: \$50,000</p> <p>Lead-Based Paint Hazard Control: \$272,710</p> <p>Healthy Homes: \$300,000</p> <p>GUC Energy Efficiency: \$125,000</p> |
| | Description | The rehabilitation program assists low- and moderate-income homeowners with repairing existing housing. Rehab activities eliminate all code violations and provide a decent, safe, and sanitary living environment. Program costs incurred may include demolition, construction, permitting fees, surveying, lead abatement, credit reports, closing costs, and administrative delivery costs. Qualified candidates for assistance include households with annual incomes at or below 80% AMI outside of the West Greenville NRSA and up to 120% AMI within the NRSA. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | Number of units rehabilitated: 10 |

| | | |
|--|---------------------------|--|
| | Planned Activities | Rehabilitation activities to eliminate all code violations and to provide decent, safe, and sanitary living environments for 10 qualified homeowners with annual incomes at or below 120% AMI within the NRSA and at or below 80% AMI in non-NRSA areas. |
|--|---------------------------|--|

| | | |
|----------|--|---|
| 3 | Project Name | CDBG: Public Facilities (2019) |
| | Target Area | West Greenville NRSA |
| | Goals Supported | <ol style="list-style-type: none"> 1. Affordable housing preservation and development 2. Reduction of slum and blight |
| | Funding | CDBG: \$150,000 |
| | Description | Efforts will continue to improve public facilities including infrastructure, streetscape, sidewalks, parks, drainage, etc. that attract and support residents in the West Greenville community. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | The estimated number of LMI individuals and/or families served is 50. |
| | Planned Activities | Improvements to public facilities, streetscape, sidewalks, parks, drainage, etc. that benefit 50 LMI individuals and/or families. |

| | | |
|----------|--|--|
| 4 | Project Name | CDBG: Public Services (2019) |
| | Target Area | Citywide |
| | Goals Supported | <ol style="list-style-type: none"> 1. Expansion of available public services 2. Addressing homelessness |
| | Funding | <p>CDBG: \$100,000</p> <p>Additional anticipated funding for this project is includes:</p> |
| | Description | The city will make available funds to assist nonprofit organizations with approved activities. The Affordable Housing Loan Committee (AHLC) makes a recommendation for funding. Qualified agencies will provide services that assist low-income individuals, homeless and special needs individuals, youth development, housing providers, and mental health services. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | 1,862 LMI households |

| | | |
|--|----------------------------------|--|
| | <p>Planned Activities</p> | <p>The City of Greenville will make available funding to assist approved nonprofits that address the needs and goals identified by the ConPlan. Activities will be provided by the agencies below in the following amounts:</p> <p>Center for Family Violence- \$19,995</p> <p>Martin/Pitt Partnership for Children- \$19,995</p> <p>Boys & Girls Club of the Coastal Plain- \$18,993</p> <p>ECU Family Therapy Clinic- \$18,978</p> <p>Pitt County Council of Aging- \$9,000</p> <p>Community Crossroads Center- \$8,640</p> <p>Literacy Volunteers of America- \$4,399</p> |
|--|----------------------------------|--|

| | | |
|----------|--|--|
| 5 | Project Name | CDBG: Acquisition (2019) |
| | Target Area | West Greenville NRSA |
| | Goals Supported | <ol style="list-style-type: none"> 1. Affordable housing preservation and development 2. Reduction of slum and blight |
| | Funding | CDBG: \$75,000 |
| | Description | Acquiring substandard property for purposes of creating new units and/or eliminating environmental hazards. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | Number of units acquired: 2 |
| | Planned Activities | In an effort to eliminate environmental hazards and to create new housing opportunities, the City will seek to acquire property in target areas such as the Lincoln Park neighborhood. |

| | | |
|----------|--|---|
| 6 | Project Name | CDBG: Clearance/Demolition (2019) |
| | Target Area | West Greenville NRSA |
| | Goals Supported | <ol style="list-style-type: none"> 1. Reduction of slum and blight 2. Improvements to public facilities and infrastructure 3. Affordable housing preservation and development |
| | Funding | CDBG: \$50,000 |
| | Description | Following acquisition, demolition of substandard structures in the West Greenville NRSA supports the City's ongoing effort to improve the living conditions of residents. Parcels of demolished structures may be recombined to create buildable lots for the development of new, affordable housing units. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | Number of units to be demolished: 2 |
| | Planned Activities | Two substandard units will be cleared from the West Greenville NRSA. |

| | | |
|---------------------------|--|--|
| 7 | Project Name | HOME: Program Administration (2019) |
| | Target Area | NA |
| | Goals Supported | All |
| | Funding | HOME: \$53,000 |
| | Description | Staff salary, planning, and administrative service delivery costs for implementing HOME activities will be funded with the 10% administrative cap allowed by federal regulations and with support of local general fund. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | NA |
| Planned Activities | Program administration of the HOME program | |

| | | |
|----------|--|--|
| 8 | Project Name | HOME: CHDO Reserve Activities (2019) |
| | Target Area | West Greenville NRSA |
| | Goals Supported | 1. Affordable Housing and Preservation Development |
| | Funding | HOME: \$85,000 |
| | Description | The City plans to continue supporting development of affordable units with a certified Community Housing Development Organization (CHDO). Currently the City partners with Metropolitan Housing and Community Development Corporation and is actively recruiting additional CHDOs. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | Number of new single-family units: 3 |
| | Planned Activities | Production of three single-family units for first-time, low- to moderate-income homebuyers |

| | | |
|----------|--|--|
| 9 | Project Name | HOME: Down Payment Assistance (2019) |
| | Target Area | Citywide |
| | Goals Supported | 1. Affordable housing preservation and development |
| | Funding | HOME: \$80,000 |
| | Description | Down payment assistance for first-time, low- to moderate-income homebuyers. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | Number of new homeowners: 4 |
| | Planned Activities | Following completion of homeownership counselling, down payment assistance of up to 20% of the purchase price not to exceed \$20,000 will be made available to qualified buyers. |

| | | |
|-----------|--|---|
| 10 | Project Name | HOME: New Construction/Housing |
| | Target Area | Citywide |
| | Goals Supported | 1. Affordable housing preservation and development |
| | Funding | HOME: \$312,000 |
| | Description | This activity will provide funding for the development of new affordable housing via partnerships with developers. These homes will be made available to homebuyers or renters who have low- or moderate-incomes. |
| | Target Date | 6/30/2020 |
| | Estimate the number and type of families that will benefit from the proposed activities | Number of new units: 10 |
| | Planned Activities | Construction of 10 new owner-occupied or rental units |

AP-50 Geographic Distribution – 91.220(f)

Description of the geographic areas of the entitlement (including areas of low-income and minority concentration) where assistance will be directed

Many of the activities administered by the City of Greenville will occur throughout the city, however, the West Greenville NRSA will receive concentrated effort and investment. The NRSA is a 667.58 acre area located west of downtown Greenville and the East Carolina University area, east of the Medical Center, south of the Tar River, and north of the new 10th Street connector. Populated predominantly by Black/African American households with 84.9% and the median household income ranging from \$15,229 to \$25,092 amongst the qualifying census tracts, this community is a minority concentrated area of poverty.

Geographic Distribution

| Target Area | Percentage of Funds |
|-------------------------|----------------------------|
| West Greenville NRSA | 75 |
| Citywide scattered site | 25 |

Table 8 - Geographic Distribution

Rationale for the priorities for allocating investments geographically

Discussion

In an effort to create recognizable improvements within the NRSA, development will be pursued and implemented with a concentrated approach to increase momentum and for efficiency or resources. While program data suggests a majority of households are minority, eligibility for programs is extended to all racial, ethnic, and gender groups equally.

Affordable Housing

AP-55 Affordable Housing – 91.220(g)

Introduction

The City of Greenville actively seeks methods for creating and maintaining affordable housing through a variety of housing and complementary community and economic development strategies.

Housing Strategies:

1. **Down Payment Assistance** reduces the amount of financing required for homebuyers to achieve homeownership.
2. **Owner-Occupied Home Rehabilitation** assists homeowners with maintenance of older homes by financing needed repairs through grants or zero-interest loans.
3. **New Construction** of single- and multi-family units is incentivized by providing a number of subsidies to developers.
4. **Homeownership Counselling** provided in partnership with other agencies educates and provides support to prospective homebuyers about the homebuying process.
5. **Homeless Services** are provided through sub-recipient funding creating emergency solutions for individuals and families in need.

| One Year Goals for the Number of Households to be Supported | |
|---|-----|
| Homeless | 650 |
| Non-Homeless | 27 |
| Special-Needs | 0 |
| Total | 677 |

Table 9 - One Year Goals for Affordable Housing by Support Requirement

| One Year Goals for the Number of Households Supported Through | |
|---|----|
| Rental Assistance | 0 |
| The Production of New Units | 17 |
| Rehab of Existing Units | 10 |
| Acquisition of Existing Units | 2 |
| Total | 29 |

Table 10 - One Year Goals for Affordable Housing by Support Type

Discussion

The City will continue to support a variety of low- and moderate-income families with housing. Homeless support will be provided through the Community Crossroads Center and the Center for Family Violence Prevention, both subrecipients of CDBG. While other housing activities are aimed at supporting non-homeless households through production of new units, rehabilitation, and acquisition for purposes of new construction.

AP-60 Public Housing – 91.220(h)

Introduction

There are four (4) Public Housing managing agencies in Pitt County that receive federal funding to address and maintain public housing needs. The agencies are Greenville Housing Authority, Mid-East Commission, Farmville Housing Authority, and Ayden Housing Authority.

Actions planned during the next year to address the needs to public housing

The City will continue to partner with the Greenville Housing Authority to provide homeownership counselling in preparation for ownership and to create new affordable units for low- and moderate-income buyers. The City partners with GHA for monthly workshops offered to public housing residents and the general public.

Actions to encourage public housing residents to become more involved in management and participate in homeownership

Preparing and assisting public housing residents with obtaining homeownership goals helps transition residents to self-sustainability and reduces the overwhelming demand for public housing.

If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance

NA

Discussion

AP-65 Homeless and Other Special Needs Activities – 91.220(i)

Introduction

The City is an active partner of the Pitt County Continuum of Care. The group, comprised also of County, nonprofit, and service providers, meets regularly to discuss homeless needs and concerns within the community. The January 2018 Homeless Population Point in Time count revealed 122 homeless individuals in Pitt County.

Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including

The City plans to fund homeless services for an anticipated 650 individuals. Services will be administered through sub-recipient partners, Community Crossroads and the Center for Family Violence Prevention.

Reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs

The City is committed to continuing support for the regional committee through services and programs that aid in the reduction, and ultimate elimination, of homelessness.

Addressing the emergency shelter and transitional housing needs of homeless persons

The City addresses emergency shelter with services administered through sub-recipient partners, Community Crossroads and the Center for Family Violence Prevention.

Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again

Considering the relationship between mental health and chronic homelessness, the City is funding the mental health counselling through ECU Family Clinic in addition to other direct housing assistance for homeless individuals and families. Financial literacy classes are being provided by staff and through sub-recipient, Literacy Volunteers of America, to address issues such as credit, budgeting, and employment that tend to also create obstacles to obtaining housing.

Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities,

foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs.

The City of Greenville is not a recipient of the Emergency Solutions Grant (ESG), however is a committed partner of the ESG-funded Continuum of Care. The City provides CDBG funding to help address housing, social service, education, and youth needs through sub-recipient grants.

Discussion

AP-75 Barriers to affordable housing – 91.220(j)

Introduction:

The City of Greenville developed an Analysis of Impediments to Fair Housing Choice (AI) serving as a comprehensive consideration of housing issues in the city limits. From this, there were five (5) goals identified to address impediments to fair housing including: increasing access to affordable housing, reducing substandard housing, increasing employment training and opportunities, increasing economic development activities and investments, and increasing fair housing awareness and education.

Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment

In an attempt to address and remove negative, or unintended consequences of public policies that serve as barriers to affordable housing, the City supplements affordable housing strategies with locally funded programs that benefit citizens citywide and/or above maximums for federal programs. These programs include the Energy Efficiency, West Greenville and University Area Down Payment Assistance, and 10% Loan Assistant programs. While programs and services are emphasized in a racially concentrated area of poverty, the NRSA designation allows some CDBG-funded programs to be extended to residents with incomes above 80% AMI. This allows for creating and sustaining mixed-income communities.

Discussion:

AP-85 Other Actions – 91.220(k)

Introduction:

Actions planned to address obstacles to meeting underserved needs

Staff partners with a variety of other agencies to understand community needs and to leverage additional resources to address them. The City continues to create affordable housing through a variety of strategies, to support community economic development, and to fund services that benefit low- to moderate-income citizens. Sub-recipient funding makes available social services, senior services, homeless services, youth development and family programs, literacy resources for residents of Greenville meeting a variety of underserved needs. Staff will continue to create opportunities to engage the public on specific needs through an increasing amount of community outreach.

Actions planned to foster and maintain affordable housing

1. **Down Payment Assistance** reduces the amount of financing required for homebuyers to achieve homeownership.
2. **Owner-Occupied Home Rehabilitation** assists homeowners with maintenance of older homes by financing needed repairs through grants or zero-interest loans.
3. **New Construction** of single- and multi-family units is incentivized by providing a number of subsidies to developers.
4. **Homeownership Counselling** provided in partnership with other agencies educates and provides support to prospective homebuyers about the homebuying process.
5. **Homeless Services** are provided through sub-recipient funding creating emergency solutions for individuals and families in need.

Actions planned to reduce lead-based paint hazards

The City has been awarded a \$1.6 million dollar grant over a three (3) and a half year period beginning April 1, 2019 for lead abatement and mitigation. Lead will continue to be addressed in pre-1978 built homes through the owner-occupied rehabilitation program.

Actions planned to reduce the number of poverty-level families

The City actively removes barriers to elevate poverty-level families by providing financial literacy education, extending the lifespan of housing for low-income homeowners through the owner-occupied rehabilitation program, and by providing down payment assistance to reduce needed financing for low-income homebuyers. Social and housing services provided through sub-recipients also eliminate financial burdens for citizens at or near poverty-level.

Actions planned to develop institutional structure

The City of Greenville, through the Housing Division, a network of sub-recipients, Community

Housing Development Organization (CHDO), housing contractors, and Continuum of Care partnership is organized to utilize all local, state, and federal funding through appropriate programs. The private sector is incentivized to provide services that address the goals of the Consolidated and Annual Action Plans. By coordinating with other governmental agencies, non-profit organizations, private enterprises, and individuals, the network or resources will increase opportunities within the target area and citywide.

Actions planned to enhance coordination between public and private housing and social service agencies

The City of Greenville partners with local nonprofit agencies to provide homeownership counselling and workshops for potential homebuyers. At program completion, participants are eligible for down payment assistance for the purchase of their first home.

In addition, the City partners with Metropolitan Housing and CDC and Greenville Housing Development Corporation for creation of new single-family units in the West Greenville NRSA. The City is continuing to expand partnerships with affordable housing developers for additional production.

Discussion:

Program Specific Requirements

AP-90 Program Specific Requirements – 91.220(I)(1,2,4)

Introduction:

HOME Investment Partnership Program (HOME)

Reference 24 CFR 91.220(I)(2)

- 1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

The City has partnered with the Greenville Housing Development Corporation to access their down payment assistance funds through a partnership with the North Carolina Housing Finance Agency (NCHFA). The NCHFA program can bring up to \$20,000 in down payment assistance to qualified buyers. When combined with the City's down payment assistance program, up to \$40,000 is available to reduce the burden of homeownership for low-wealth families.

- 2. A description of the guidelines that will be used for resale or recapture of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

In accordance with the applicable homebuyer recapture/resale provision outlined in 24 CFR Part 92.254, City of Greenville has adopted the recapture provision. Greenville provides direct HOME subsidy, on a pro-rata basis, to eligible homebuyers, which includes down payment assistance and closing costs. Greenville provides HOME funds to its CHDO's to develop affordable housing. Greenville CHDO's have adopted the HOME recapture provision, with the exception of development of rental units. When CHDO's develop homeownership single-family housing, down payment assistance is provided by the city.

All CHDO's, sub-recipients and all entities who administer HOME programs will follow recapture provisions that have been adopted by the City. The City requires the recapture of its HOME-funded homeownership housing assistance from net sales proceeds when the original homebuyer sells the property during the affordability period.

Net sales proceeds are the funds remaining from the sale of the property by the original homebuyer less the repayment of the outstanding balance on any superior mortgage, sales commission, the original homebuyer's down payment and the cost of any property improvements made by the original homebuyer. To the extent that net proceeds are available at closing, all of the HOME funds are due and payable. In the event of foreclosure, the Lender may not require the Borrower to repay an amount greater than the net proceeds available after the foreclosure sale. The recapture provision is enforced through execution of a Declaration of Deed Restrictions, which identifies the

period of affordability, primary residency requirement, and term and conditions required when using the recapture provision.

Homebuyer assistance may be used for down payment assistance and/or principal mortgage reduction via Secondary Mortgage. Borrower's income cannot exceed 80% of the area median income adjusted by family size as published annually for Greenville. Maximum loan amounts of up to \$20,000 (20% of sales price of home with cap of \$20,000). Loans will be amortized over a fifteen-year period at 0% interest. If the property is disposed voluntary, involuntary or is in default, the percentage for repayment is based on the actual year.

Assistance provided to nonprofit agencies through the CDBG Program will be secured with a sub-recipient agreement/contract. Should the agency fail to comply with program rules, the assistance will be recaptured.

Recaptured HOME funds by CHDO, on behalf of City of Greenville, are not considered to be CHDO proceeds but shall be used by the CHDO's to provide affordable housing for City of Greenville residents.

Recaptured HOME funds provided by an agency other than a CHDO, will be recaptured by City of Greenville to be used for eligible HOME activities in accordance with the requirements of the HOME statute and regulations, in the same manner as program income.

The recapture provision will ensure that each HOME assisted unit will remain affordable for a period of time determined by the recapture schedule below, established in accordance with 24 CFR 92.254(a)(4):

| <u>HOME Funds Provided</u> | <u>Period of Affordability</u> |
|----------------------------|--------------------------------|
| Less than \$15,000 | 5 years |
| \$15,000 to \$40,000 | 10 years |
| More than \$40,000 | 15 years |
| New Construction | 20 years |

3. A description of the guidelines for resale or recapture that ensures the affordability of units acquired with HOME funds? See 24 CFR 92.254(a)(4) are as follows:

Housing rehabilitation assistance will be offered to persons/families with incomes up to but not greater than 80% AMI adjusted by family size and as published annually for Greenville. For households with incomes less than 50% AMI, a 15-year deferred loan will be offered up to \$60,000 for rehabilitation

assistance. For households with incomes from 51% to 80% AMI, the combination of a deferred payment loan and a no-interest loan is available. Deferred loans are forgiven at a rate of 10% each year and no-interest loans are amortized over ten (10) years. In no case may the assistance exceed \$60,000 unless special circumstances exist that warrant exceeding the maximum price and approval of the City Manager is granted.

Assistance provided to nonprofit agencies through CDBG will be secured with a sub-recipient agreement/contract. Should the agency fail to comply with program rules, the assistance will be recaptured.

Recaptured HOME funds by CHDOs, on behalf of the City of Greenville, are not considered to be CHDO proceeds but shall be used by the CHDO to provide affordable housing for City of Greenville citizens.

Recapture HOME funds provided by an agency other than a CHDO, will be recaptured by the City of Greenville to be used for eligible HOME activities in accordance with the requirements of the HOME statute and regulations, in the same manner as program income.

4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:

The City of Greenville does not have existing debt.



City of Greenville, North Carolina

Meeting Date: 5/9/2019
Time: 6:00 PM

Title of Item: Series Resolution for Greenville Utilities Commission 2019 Revenue Bonds Issuance

Explanation: **Abstract:** Greenville Utilities Commission seeks to adopt a Series Resolution for the issuance of up to \$58,000,000 in revenue bonds to fund capital projects.

Explanation: In March of 2019, City Council adopted a findings resolution approving the financing team in connection with the issuance and sale of the Series 2019 Bonds, making the findings and determinations required by the North Carolina Local Government Commission (the "LGC") with respect to the issuance of up to \$58,000,000 Combined Enterprise System Revenue Bonds, Series 2019. City Council is considering the adoption of a series resolution relating to the Series 2019 Bonds and agreeing to:

- authorize the issuance of revenue bonds of the City, designated "Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2019" (the "Series 2019 Bonds") in the aggregate principal amount not to exceed \$58,000,000;
- authorize the use and distribution of the Preliminary Official Statement by J.P. Morgan Securities LLC (the "Senior Manager") and First Tennessee Bank National Association as the Underwriters of the Series 2019 Bonds;
- authorize and direct the City Manager of the City (or if the City Manager is not available, the Director of Financial Services of the City) and the General Manager or the Chief Financial Officer of the Commission to execute and deliver the Final Official Statement on behalf of the City and the Commission;
- authorize the Local Government Commission of North Carolina (the "LGC") to award the Series 2019 Bonds at negotiated sale without advertisement to the Underwriters in accordance with the provisions in the bond purchase agreement
- authorize the City Manager of the City and the Director of Financial Services to execute the bond purchase agreement;
- make annual continuing disclosure filings and event notice filings described in section 14 of the series resolution;

authorize officers, agents and employees of the City and Commission and the officers and agents of the Trustee and Bond Registrar to do all acts and things required of them by the provisions of the series resolution;
authorize, approve, and ratify any and all actions heretofore taken by the City and officers, agents and employees of the City in connection with the transactions; and
approve the 2019 additional improvements as described in the series resolution

The City Council is being requested to take two actions in connection with the Series 2019 Bonds, as described below:

1. To qualify the \$6,000,000 portion of the Series 2019 Bonds that will finance certain electric generating facilities on the campus of Vidant Medical Center as tax-exempt bonds, the federal tax laws provide that the City Council must hold a public hearing on the issuance of the Series 2019 Bonds and the use of the proceeds for the electric generating facilities.
2. Following the public hearing, the City Council is requested to adopt the series resolution. The GUC Board of Commissioners adopted a similar resolution at its April 18, 2019 regular board meeting.

Fiscal Note: No costs to the City.

Recommendation: Adopt the attached Series Resolution and approve the subsequent execution of all collateral documentation necessary to consummate the closing of this bond transaction

ATTACHMENTS:

- ❑ **Series Resolution GUC 2019 Revenue Bond**
- ❑ **Bond Purchase Agreement - DRAFT**
- ❑ **Preliminary Official Statement - DRAFT**

A regular meeting of the City Council of the City of Greenville, North Carolina was held in the City Council Chamber at the City Hall in Greenville, North Carolina, the regular place of meeting, on May 9, 2019 at 6:00 p.m.

Present: Mayor P.J. Connelly, presiding, and Councilmembers

Absent: _____

* * * * *

Mayor Connelly announced that the City Council would hold a public hearing on the proposed use of approximately \$6,000,000 of proceeds of the Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2019 under consideration for issuance by the City to finance certain electric generating facilities capable of generating 6 MW of electric power and related improvements, all to be installed on the campus of Vidant Medical Center, a medical center owned and operated by University Health Systems of Eastern Carolina, Inc. d/b/a Vidant Health, a North Carolina non-profit corporation, and its affiliates, including Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center (collectively, "Vidant Health").

The Mayor stated that the City had been advised by counsel that in order for interest on the portion of the Series 2019 Bonds to be issued for this purpose to be excluded from the gross income of the owners thereof for purposes of federal income taxation, it was necessary for the City Council to hold a public hearing on the proposed issuance of the Series 2019 Bonds and the use of the proceeds thereof for this purpose. The Mayor noted that notice of the public hearing was published in The Daily Reflector, a newspaper of general circulation, on a date at least 7 days prior to the date of the public hearing.

Thereupon, the Mayor announced that anyone that wished to be heard on the matter was invited to comment.

A list of persons offering comments is attached hereto as Exhibit A.

The Mayor then announced that the public hearing was closed.

_____ introduced the following resolution, a copy of which had been provided to each Councilmember and which was read by its title:

RESOLUTION NO. __ - 19

SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$58,000,000 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE BONDS, SERIES 2019 OF THE CITY OF GREENVILLE, NORTH CAROLINA, PURSUANT TO THE PROVISIONS OF THE BOND ORDER ADOPTED BY THE CITY COUNCIL OF SAID CITY ON AUGUST 11, 1994 AND AMENDED AND RESTATED AS OF APRIL 13, 2000, AND REQUESTING THE LOCAL GOVERNMENT COMMISSION OF NORTH CAROLINA TO SELL ALL THE BONDS BY NEGOTIATED SALE.

WHEREAS, the City of Greenville, North Carolina (the “City”), a municipal corporation in Pitt County, North Carolina, owns certain public utility or public service enterprise facilities comprising an electric system, a natural gas system, a sanitary sewer system and a water system, within and without the corporate limits of the City (collectively, the “Combined Enterprise System”); and

WHEREAS, in accordance with Chapter 861 of the 1991 Session Laws of North Carolina, the Greenville Utilities Commission (the “Commission”) has been created for the proper management of the public utilities of the City, within and without the corporate limits of the City, with responsibility for the entire supervision and control of the management, operation, maintenance, improvement and extension of the public utilities of the City, including the Combined Enterprise System; and

WHEREAS, the City Council of the City (the “City Council”) adopted on August 11, 1994 and amended and restated as of April 13, 2000 a Bond Order authorizing and securing Greenville Utilities Commission Combined Enterprise System Revenue Bonds of the City (the “Order”); and

WHEREAS, Section 210 of the Order authorizes the issuance of additional revenue bonds of the City in one or more series from time to time to provide funds to (a) pay all or any part of the

cost of any Additional Improvements (as defined in the Order) and (b) pay expenses incidental and necessary or convenient thereto; and

WHEREAS, the Commission and the City Council have determined that it is necessary to acquire and construct certain improvements to the Combined Enterprise System, which improvements constitute Additional Improvements under the Order, and to pay the cost of such additional improvements by issuing an additional series of revenue bonds and using any other available funds as authorized by Section 210 of the Order; and

WHEREAS, the City Council has received information to the effect that the City will be able to satisfy the requirements of Section 210 of the Order with respect to such series of revenue bonds; and

WHEREAS, pursuant to Section 210 of the Order, such revenue bonds are to have such terms and provisions as may be provided by a series resolution to be adopted by the City Council prior to the issuance thereof; and

WHEREAS, the Commission has adopted a resolution to the effect that it approves the provisions of this resolution and recommends to the City Council that the City Council adopt this resolution.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GREENVILLE, NORTH CAROLINA DOES HEREBY DETERMINE AND RESOLVE, as follows:

Section 1. Definitions. Unless otherwise required by the context, capitalized words and terms used in this Resolution (this “Series Resolution”) and not otherwise defined herein shall have the same meanings in this Series Resolution as such words and terms are given in the Order, and the following words and terms shall have the following meanings:

“Securities Depository” means The Depository Trust Company, New York, New York or other recognized securities depository selected by the City, which maintains a book-entry system in respect of municipal securities such as the Series 2019 Bonds (as defined in Section 2 of this Series Resolution), and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

“Securities Depository Nominee” means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Registrar the Series 2019 Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

“2019 Additional Improvements” means improvements to the Combined Enterprise System to be financed in whole or in part with the proceeds of the Series 2019 Bonds, including, but not limited to, the construction of a new Commission Operations Center, administration building facility improvements, electric system peaking generators and rehabilitation or replacement of existing water and sewer mains and lines. All of the 2019 Additional Improvements constitute “Additional Improvements” as defined in the Order.

Section 2. Authorization of the Series 2019 Bonds.

(A) Series 2019 Bonds. Pursuant to the Enabling Act and Section 210 of the Order, the City Council hereby authorizes the issuance of revenue bonds of the City, designated “Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2019” (the “Series 2019 Bonds”) in the aggregate principal amount not to exceed \$58,000,000, to provide funds, together with any other available funds, to: (1) pay certain of the Cost of the 2019 Additional Improvements, and (2) pay certain costs and expenses incurred in connection with the issuance of the Series 2019 Bonds.

(B) Bond Provisions. The Series 2019 Bonds shall be dated, shall consist of Serial or Term Bonds, or a combination thereof, shall bear interest at the rates, shall mature, subject to optional redemption and mandatory sinking fund redemption, in the amounts and on the dates, all as hereinafter provided.

(C) Details, Interest Payment Dates. The Series 2019 Bonds shall be numbered consecutively 2019 R-1 and up, shall be in the denomination of five thousand dollars (\$5,000) and integral multiples thereof and shall be registered and exchangeable, and the transfer thereof may be registered, all in accordance with the provisions of the Order. Interest on the Series 2019 Bonds shall be payable semi-annually on the dates determined by a Delegate pursuant to Section 3(D) of this Series Resolution, until the Series 2019 Bonds are retired in accordance with the Order.

(D) Book-Entry. The Depository Trust Company (“DTC”), New York, New York, is hereby appointed as Securities Depository for the Series 2019 Bonds. Upon the issuance of the Series 2019 Bonds, one fully registered Series 2019 Bond will be registered in the name of Cede & Co., as nominee for DTC, for each maturity. So long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee of DTC, references herein to the Owners of the Series 2019 Bonds shall mean Cede & Co. and shall not mean the beneficial owners of the Series 2019 Bonds.

The interest of each of the beneficial owners of the Series 2019 Bonds will be recorded through the records of a DTC participant. Transfers of beneficial ownership interests in the Series 2019 Bonds which are registered in the name of Cede & Co. will be accomplished by book entries made by DTC and, in turn, by the DTC participants and indirect participants who act on behalf of the beneficial owners of Series 2019 Bonds.

DTC may determine to discontinue providing its service with respect to the Series 2019 Bonds at any time by giving notice to the City and the Trustee and discharging its responsibilities with respect thereto under applicable law. If there is no successor Securities Depository appointed by the City, the City shall deliver Series 2019 Bonds in definitive form to the beneficial owners thereof. The City may determine not to continue participation in the system of book-entry transfers through DTC (or a successor Securities Depository) at any time by giving reasonable notice to DTC (or a successor Securities Depository). In such event, the City will deliver Series 2019 Bonds in definitive form to the beneficial owners thereof pursuant to the Order and this Series Resolution. Prior to any transfer of the Series 2019 Bonds outside the Book-Entry Only system (including, but not limited to, the initial transfer outside the Book-Entry Only system) the transferor shall provide

or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The City and the Bond Registrar shall recognize DTC or its nominee, Cede & Co., while the registered owner, as the Owner of the Series 2019 Bonds for all purposes, including notices and voting. Conveyance of notices and other communications by DTC to DTC participants and by DTC participants and indirect participants to beneficial owners of the Series 2019 Bonds will be governed by arrangements among DTC, DTC participants and indirect participants, subject to any statutory and regulatory requirements as may be in effect from time to time.

The City may enter into amendments to any agreement between the City and DTC or any successor Securities Depository relating to the book-entry system to be maintained with respect to the Series 2019 Bonds without the consent of the Owners or beneficial owners of the Series 2019 Bonds.

Section 3. Delegation and Standards. The City Council hereby delegates to each of the City Manager, the Director of Financial Services of the City, the General Manager/Chief Executive Officer of the Commission and the Chief Financial Officer of the Commission or her or his designee (each a “Delegate”), subject to the limitations contained herein, the power to determine and carry out the following with respect to the Series 2019 Bonds:

(A) Principal Amount. To determine the aggregate principal amount of the Series 2019 Bonds, such principal amount not to exceed the amount set forth in Section 2(A) of this Series Resolution;

(B) Interest Rates. To determine the interest rate or rates on the Series 2019 Bonds, no such rate to exceed five and one-half percent (5.50%) per annum on the Series 2019 Bonds;

(C) Maturities. To determine the maturities and maturity amounts of the Series 2019 Bonds, no such maturity to extend beyond December 31, 2049;

(D) Interest and Principal Payment Dates. To determine the semi-annual interest payment dates and the first interest payment date as well as the principal payment dates for the Series 2019 Bonds;

(E) Serial and Term Bonds. To determine which Series 2019 Bonds are Serial and Term Bonds, and the Sinking Fund Requirements for any such Term Bonds;

(F) Redemption Provisions. To determine the optional redemption provisions permitted by Section 5 of this Series Resolution, including the first optional redemption date and the Redemption Prices;

(G) Dated Date. To determine the dated date of the Series 2019 Bonds;

(H) Date of Sale. To determine the date of sale of the Series 2019 Bonds (such date of sale not to be later than December 31, 2019);

(I) Negotiated Sale. To approve the sale of the Series 2019 Bonds via a negotiated sale in accordance with the provisions of Section 15 of this Series Resolution, provided that the effective interest cost of the Series 2019A Bonds shall not exceed five percent (5.0%) per annum;

(J) Parity Indebtedness Reserve Fund. To determine whether to make a deposit to the credit of the Parity Indebtedness Reserve Fund or to a separate account in the Parity Indebtedness Reserve Fund to specifically secure the Series 2019 Bonds; and

(K) Other Provisions. To determine any other provisions deemed advisable and not in conflict with the provisions of this Series Resolution.

The authorization to determine the foregoing matters is fully vested in each of the Delegates individually and does not have to be exercised by joint action. Each Delegate shall consult with the other Delegates as needed to carry out the duties so delegated.

Section 4. Series Certificate. A Delegate shall execute a certificate or certificates (collectively, the “Series Certificate”) evidencing determinations or other actions taken pursuant to the authority granted in Sections 3, 5 and 6 of this Series Resolution, and the Series Certificate shall be conclusive evidence of the action taken and the approval of the City Council.

Section 5. Optional Redemption of the Series 2019 Bonds. The Series 2019 Bonds shall be subject to redemption prior to maturity, at the option of the City and the Commission, in whole or in part on any date, from any moneys that may be made available for such purpose, on any date within the redemption periods and at the Redemption Prices, plus accrued interest thereon to the date fixed for redemption, as determined by a Delegate pursuant to Section 3(F) of this Series Resolution; provided, however, that the Series 2019 Bonds may be made non-callable.

Section 6. Sinking Fund Redemption Provisions for the Series 2019 Bonds. If any of the Series 2019 Bonds shall be designated in the Series Certificate to be Term Bonds, such Term Bonds shall be subject to mandatory redemption in part on each date specified in the Series Certificate, in amounts equal to the respective Sinking Fund Requirements therefor set out in the Series Certificate, upon notice as provided in Article III of the Order except as hereinafter provided, at a Redemption Price equal to 100% of the principal amount of the Term Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption. The final Sinking Fund Requirement shall be due on the respective stated maturities of the Series 2019 Bonds that are Term Bonds.

Section 7. Redemption Notice. Notice of any redemption of the Series 2019 Bonds shall be given as provided in Article III of the Order.

Any notice of optional redemption of the Series 2019 Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not

satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit under the terms of the Bond Order, the corresponding notice of redemption will be deemed to be revoked.

Section 8. Form of the Series 2019 Bonds. The Series 2019 Bonds and the Certificate of the Local Government Commission and the Certificate of Authentication to be endorsed on the Series 2019 Bonds shall be substantially in the following forms, with such variations, omissions and insertions as are required or permitted by the Order or this Series Resolution:

No. 2019 R -1 \$ _____

United States of America
State of North Carolina

CITY OF GREENVILLE

Greenville Utilities Commission Combined Enterprise System
Revenue Bonds, Series 2019

| | | | |
|-------------------------------------|----------------------------------|---------------------------|--------------|
| <u>Maturity Date</u> _____, 20__ | <u>Dated Date</u> _____, 2019 | <u>Interest Rate</u> % | <u>CUSIP</u> |
|-------------------------------------|----------------------------------|---------------------------|--------------|

Principal Amount: _____ DOLLARS (\$ _____)

Registered Owner: CEDE & CO.

The City of Greenville (the “City”), a municipal corporation in Pitt County, North Carolina, exercising public and essential governmental functions, is justly indebted and for value received hereby promises to pay, solely from the special fund provided therefor as hereinafter set forth, to the Registered Owner shown above or registered assigns or legal representative, on the maturity date specified above (or earlier as stated hereinafter), upon the presentation and surrender hereof at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., in Jacksonville, Florida, or any successor bond registrar (the “Bond Registrar”), the Principal Amount shown above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, solely from said special fund, in whose name this Series 2019 Bond (or one or more Predecessor Bonds, as defined in the Order hereinafter mentioned), is registered at the close of business on the regular record date for such interest, which shall be the 15th day of the calendar month next preceding an interest payment date (the “Regular Record Date”), interest on said principal sum from the date of this Series 2019 Bond or from the _____ 1 or _____ 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a _____ 1 or _____ 1 to which interest shall have been paid, in which case from such date, on _____ 1 and _____ 1 in each year, commencing _____, in like coin or currency, at the rate per annum specified

above until payment of said principal sum. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the person who was the registered owner on such Regular Record Date and may be paid to the person in whose name this Series 2019 Bond (or one or more Predecessor Bonds) is registered at the close of business on a Special Record Date (as defined in the Order) for the payment of such defaulted interest to be fixed by the Trustee hereinafter mentioned, notice whereof being given to registered owners not less than ten (10) days prior to such Special Record Date, or may be paid in any other lawful manner not inconsistent with the requirements of applicable law or any securities exchange on which the Series 2019 Bonds may be listed and upon such notice as may be required by such law or exchange, all as more fully provided in the Order.

This Series 2019 Bond is one of a duly authorized series of revenue bonds of the City, designated "Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2019", consisting of Serial Bonds maturing on _____ 1 in the years 20__ through 20__ [and Term Bonds maturing on _____ 1, 20__ and _____ 1, 20__,] and issued to provide funds, together with any other available funds, to [(i) pay certain of the cost of acquiring and constructing the 2019 Additional Improvements, consisting of improvements to the public utility or public service enterprise facilities comprising an electric system, a natural gas system, a sanitary sewer system and a water system of the City (collectively, the "Combined Enterprise System")], which improvements constitute "Additional Improvements" as defined in the Order [(ii) make a deposit to the credit of the Parity Indebtedness Reserve Fund], and (iii) pay certain costs and expenses incurred in connection with the issuance of the Series 2019 Bonds. Pursuant to the Enabling Act (as hereinafter defined), the Greenville Utilities Commission (the "Commission") is responsible for the management, operation, maintenance, improvement and extension of the Combined Enterprise System.

The Series 2019 Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Series Resolution, as hereinafter defined. One Series 2019 Bond certificate with respect to each date on which the Series 2019 Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Series Resolution) is being issued and required to be deposited with the Bond Registrar (as defined in the Series Resolution) and immobilized in its custody. The book-entry system will evidence positions held in the Series 2019 Bonds by the Securities Depository's participants, beneficial ownership of the Series 2019 Bonds in the principal amount of \$5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of ownership will be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The City, the Bond Registrar and the Trustee will recognize the Securities Depository Nominee, while the registered owner of this Series 2019 Bond, as the owner of this Series 2019 Bond for all purposes, including (i) payments of principal of, and redemption premium, if any, and interest on, this Series 2019 Bond, (ii) notices and (iii) voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2019 Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The City, the Bond Registrar and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the

Securities Depository Nominee, the Securities Depository's participants or persons acting through such participants. While the Securities Depository Nominee is the registered owner of this Series 2019 Bond, notwithstanding the provisions hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Series 2019 Bond shall be made in accordance with existing arrangements between the Bond Registrar or its successors under the Order and the Series Resolution and the Securities Depository.

All of the Series 2019 Bonds are issued under and pursuant to the Constitution and laws of the State of North Carolina, including Chapter 861 of the 1992 Session Laws of North Carolina and The State and Local Government Revenue Bond Act, as amended (collectively, the "Enabling Act"), a Bond Order duly adopted on August 11, 1994 and amended and restated as of April 13, 2000 (the "Order") by the City Council of the City (the "City Council"), and a series resolution duly adopted on May 9, 2019 (the "Series Resolution") by the City Council. The City has heretofore issued under the Order other bonds on a parity with this Series 2019 Bond. The Order provides for the issuance from time to time under the conditions, limitations and restrictions therein set forth of additional Bonds (as hereinafter defined) to provide funds for paying all or any part of the cost of acquiring and constructing other Additional Improvements, to provide funds for completing payment of the cost of acquiring and constructing any Additional Improvements and to refund any Bonds issued under the Order and Indebtedness (as defined in the Order) other than Bonds (such additional Bonds, these Series 2019 Bonds and the parity bonds heretofore issued being herein collectively called the "Bonds"). The Order also provides for the incurrence or assumption by the City of other obligations which are secured by a pledge, charge and lien upon and payable from certain receipts and rights to receive receipts of the Combined Enterprise System (the "Receipts") after paying or making provision for the payment of Current Expenses (as defined in the Order) on a parity with the Bonds (such obligations and the Bonds being herein collectively called "Parity Indebtedness") (the "Net Receipts") on a parity with the Bonds and other obligations which are secured by a pledge, charge and lien upon and payable from the Net Receipts subordinate and junior in right of payment to Parity Indebtedness ("Subordinate Indebtedness") or which are not secured by a pledge, charge or lien upon the Net Receipts but are payable from the Net Receipts ("Additional Indebtedness" and, together with the Existing Indebtedness, as defined in the Order, "Other Indebtedness") under the conditions, limitations and restrictions therein set forth. Reference is hereby made to the Order for provisions, among others, with respect to the custody and application of the proceeds of Bonds, the collection and disposition of Receipts, the special fund charged with and made available for the payment of the interest and the redemption premium, if any, on and the principal of the Bonds and any other Parity Indebtedness, the nature and extent of the security for the Bonds, the Existing Indebtedness and any other Parity Indebtedness, Subordinate Indebtedness and Additional Indebtedness thereby created, the terms and conditions on which the Bonds of each series are or may be issued or the payment of debt service on other Parity Indebtedness, Subordinate Indebtedness or Additional Indebtedness may be incurred or assumed, the rights, duties and obligations of the City, the Bond Registrar and the Trustee and the rights of the registered owners of the Bonds. A certified copy of the Order is on file at the corporate trust office of The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), in the City of Jacksonville, Florida. By the acceptance of this Series 2019 Bond, the registered owner hereof assents to all of the provisions of the Order.

The Order provides for the creation of a special fund designated the "Greenville Utilities Commission Parity Indebtedness Service Fund" (the "Parity Indebtedness Service Fund"), which

special fund is made available for and charged with the payment of the principal of and the interest on all Bonds and any other Parity Indebtedness, and also provides for the deposit to the credit of said special fund of the Net Receipts to the extent and in the manner provided in the Order. The Order further provides for transfers to the credit of the Parity Indebtedness Service Fund from other funds created by the Order and made available thereunder to make up any deficiencies in said Fund with respect to all Bonds and any other Parity Indebtedness, all to the extent and in the manner provided in the Order.

The Order provides for the charging, revising and collecting by the Commission of rates, fees and charges for the use of and for the services and facilities furnished or to be furnished by the Combined Enterprise System in order to produce at all times sufficient Receipts, together with certain other available funds, to pay the Current Expenses and to pay the principal of and interest on all Parity Indebtedness, Subordinate Indebtedness and Other Indebtedness as the same shall become due.

The Net Receipts are pledged by the Order to the payment of the principal of and the interest and any redemption premium on the Bonds and other Parity Indebtedness and then Subordinate Indebtedness as provided in the Order. In addition, the moneys in the Parity Indebtedness Service Fund and moneys in the Parity Indebtedness Reserve Fund or qualified reserve fund substitutes established in connection with the issuance of certain of the outstanding Bonds are pledged by the Order as further security for the payment of all Parity Indebtedness and the interest thereon as provided in the Order; provided, however, that pursuant to the Series Resolution, certain Bonds are not secured by such Parity Indebtedness Reserve Fund or qualified reserve fund substitutes. [This Series 2019 is [not] secured by the Parity Indebtedness Reserve Fund.] The City is not obligated to pay the Bonds or Indebtedness other than Bonds except from the Net Receipts or other moneys made available therefor under the Order. Neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof, including the City, is pledged to the payment of the principal of and the interest and any redemption premium on this bond.

The Series 2019 Bonds are issuable as fully registered Bonds, in such denominations as the City may by resolution determine. At the designated corporate trust office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Order, Series 2019 Bonds may be exchanged for an equal aggregate principal amount of Series 2019 Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The transfer of this Series 2019 Bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Bond Registrar but only in the manner and subject to the limitations and conditions provided in the Order and the Series Resolution and upon surrender and cancellation of this Series 2019 Bond. Upon any such registration of transfer the City shall execute and the Bond Registrar shall authenticate and deliver, in exchange for this Series 2019 Bond, a new bond or bonds, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this Series 2019 Bond, of the same series and maturity and bearing interest at the same rate. The City or the Bond Registrar may make a charge for every such exchange or registration of transfer of bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made

to any registered owner for the privilege of exchanging or registering the transfer of bonds. Neither the City nor the Bond Registrar shall be required to make any such exchange or registration of transfer of Bonds of a series during the fifteen (15) days immediately preceding the date of first giving of notice of any redemption of Bonds of such series or any portion thereof or of any Bonds after such Bonds or any portion thereof has been selected for redemption.

The Series 2019 Bonds maturing on or after _____ 1, 20__ are subject to redemption, at the option of the City, in whole or in part (by lot within a maturity), at any time on or after _____ 1, 20__, at a redemption price equal to _____% of the principal amount of the Series 2019 Bonds plus accrued interest thereon to the redemption date.

Not more than ninety (90) days and at least thirty (30) days before the redemption date of any Series 2019 Bonds, the Bond Registrar shall cause a notice of any such redemption, either in whole or in part, signed by the Bond Registrar, to be mailed, first-class, postage prepaid, to the North Carolina Local Government Commission and all registered owners of Series 2019 Bonds or portions of Series 2019 Bonds to be redeemed at their addresses as they appear on the registration books of the City kept by the Bond Registrar, as provided in the Order, but failure so to mail any such notice shall not affect the validity of the proceedings for such redemption as to any registered owners to whom such notice was given as so required. The City shall also cause a notice of any such redemption to be given as provided in the Order. On the date designated for redemption, notice having been given as aforesaid, the Series 2019 Bonds or portions of Series 2019 Bonds so called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such Series 2019 Bonds or portions thereof on such date, and, if the moneys for payment of the Redemption Price and the accrued interest are held by the Bond Registrar, as provided in the Order, interest on such Series 2019 Bonds or portions thereof shall cease to accrue, such Series 2019 Bonds or portions thereof shall cease to be entitled to any benefit or security under the Order, and the registered owners thereof shall have no rights in respect of such Series 2019 Bonds or portions thereof except to receive payment of the redemption price thereof and the accrued interest so held by the Bond Registrar. If a portion of this Series 2019 Bond shall be called for redemption, a new Series 2019 Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon surrender hereof.

Any notice of optional redemption of the Series 2019 Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds under the terms of the Bond Order, the corresponding notice of redemption will be deemed to be revoked.

The moneys in the Parity Indebtedness Service Fund and the Redemption Fund (as defined in the Order) available for the purchase or redemption of Bonds shall be allocated to all series of Bonds outstanding under the Order in the manner provided in the Order.

In certain events, on the conditions, in the manner and with the effect set forth in the Order, the principal of all Bonds then outstanding under the Order may become or may be declared due and payable before their stated maturities, together with the interest accrued thereon.

Modifications or alterations of the Order may be made by the City only to the extent and in the circumstances permitted by the Order.

As declared by the Enabling Act, this Series 2019 Bond, subject only to the provisions for registration and registration of transfer stated herein and contained in the Order, is an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of the State of North Carolina.

This Series 2019 Bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina, the Order and the Series Resolution to happen, exist and be performed precedent to and in the issuance of this Series 2019 Bond have happened, exist and have been performed as so required.

This Series 2019 Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Order until this Series 2019 Bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the City of Greenville, North Carolina has caused this Series 2019 Bond to be signed by the Mayor and the City Clerk of the City and the corporate seal of the City to be impressed hereon, all as of the Dated Date set forth above.

CITY OF GREENVILLE, NORTH CAROLINA

[SEAL]

By [manual signature]
Mayor

[manual signature]
City Clerk

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Bonds has been approved under the provisions of The State and Local Government Revenue Bond Act of North Carolina.

[manual signature]
Secretary, Local Government
Commission of North Carolina

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the series designated therein and issued under the provisions of the within-mentioned Order.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

as Bond Registrar

By _____

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner thereof hereby sells, assigns and transfers unto _____

the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of said Bond on the books kept for registration thereof, with full power of substitution in the premises

Dated: _____

NOTICE: The assignor’s signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

Section 9. Series 2019 Bonds Construction Account. A special construction account is hereby created in the Construction Fund created by the Order and designated “Greenville Utilities Commission Series 2019 Bonds Construction Account” (the “Series 2019 Bonds Construction Account”), to the credit of which such deposits will be made as are required by the provisions of Section 210 of the Order and Section 10 of this Series Resolution. The moneys in the Series 2019 Bonds Construction Account shall be applied to pay certain Costs of the 2019 Additional Improvements in accordance with the provisions of the Order and for costs of issuance for the Series 2019 Bonds.

Subject to the provisions of Article IV of the Order, any interest earned or other income derived from the investment or deposit of moneys held for the credit of the Series 2019 Bonds Construction Account shall be retained by the Trustee in the Series 2019 Bonds Construction Account or upon the written direction of the Chief Financial Officer of the Commission or his designee be applied to principal or interest payments on the Series 2019 Bonds.

Section 10. Application of Proceeds of the Series 2019 Bonds. Simultaneously with the delivery of the Series 2019 Bonds, the Trustee shall apply the proceeds of the Series 2019 Bonds or cause said proceeds to be applied, including any amount received as accrued interest, as follows:

- (i) the amount, if any, received as accrued interest on the Series 2019 Bonds shall be deposited to the credit of the Interest Account created by the Order;
- (ii) Parity Indebtedness Reserve Fund Deposit, if necessary; and
- (iii) the remaining net proceeds of the Series 2019 Bonds shall be deposited to the Series 2019A Construction Account.

Section 11. Application of Certain Revenues. Subject to the provisions of Section 507 of the Order, the Commission shall, on or before the twenty-fifth (25th) day of the month preceding the months determined pursuant to Section 3(D) of this Series Resolution, withdraw from the Operating Checking Account moneys held for the credit of the Appropriate Operating Funds in such amounts as shall be necessary for the purpose of making the following transfers:

- (i) To the Trustee for deposit to the credit of the Interest Account created by the Order, such amount thereof (or the entire sum so withdrawn if less than the required amount) as is sufficient to make full and timely payment of the interest to become due and payable on the Series 2019 Bonds on the next ensuing semi-annual interest payment date, after taking into account any amounts then held for the credit of the Interest Account created by the Order (including amounts transferred from the Construction Fund) for the payment of such interest.
- (ii) To the Trustee for deposit to the credit of the Principal Account created by the Order, such amount, if any, of the balance remaining after making the transfer under clause (i) above (or the entire balance if less than the required amount) as is sufficient to make full and timely payment of the principal of any Series 2019 Serial Bonds to become due and payable on the next ensuing principal payment date, after taking into account any amounts then held for the credit of the Principal Account created by the Order for the payment of such principal.
- (iii) If any of the Series 2019 Bonds shall be designated Term Bonds in the Series Certificate, to the Trustee for deposit to the credit of the Sinking Fund Account created by the Order, such amount, if any, of the balance remaining after making the transfers under clauses (i) and (ii) above (or the entire balance if less than the required amount) as is equal to the Sinking Fund Requirement for the Term Bonds to be retired on the next ensuing sinking fund payment date, after taking into account any amounts held for the credit of the

Sinking Fund Account created by the Order for satisfaction of such Sinking Fund Requirement.

Section 12. Official Statement. The draft of the Preliminary Official Statement, to be dated on or about May 15, 2019, relating to the Series 2019 Bonds (the “Preliminary Official Statement”) is hereby approved. The City hereby authorizes the use and distribution of the Preliminary Official Statement by J.P. Morgan Securities LLC (the “Senior Manager”) and First Tennessee Bank National Association (collectively, the “Underwriters”) in substantially the form presented, together with such changes, modifications and deletions as the Mayor of the City or any Delegate, with the advice of counsel, may deem necessary and appropriate. The City authorizes and consents to the preparation and distribution of a final Official Statement relating to the Series 2019 Bonds (the “Official Statement”), in substantially the form of the Preliminary Official Statement, together with such changes as are necessary to reflect the final terms of the Series 2019 Bonds. The City Manager of the City (or if the City Manager is not available, the Director of Financial Services of the City) and the General Manager or the Chief Financial Officer of the Commission are each hereby authorized and directed to execute and deliver the Official Statement on behalf of the City and the Commission, in substantially the form of the Preliminary Official Statement, together with such changes, specifications, and deletions as any Delegate, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 13. LGC Requested to Award the Series 2019 Bonds. The City Council hereby requests the Local Government Commission of North Carolina (the “LGC”) to award the Series 2019 Bonds at negotiated sale without advertisement to the Underwriters in the amount and at the interest rates fixed pursuant to this Series Resolution, subject to the approval thereof by any Delegate. If the LGC awards the Series 2019 Bonds as hereinabove requested, the provisions of the Bond Purchase Agreement between the Underwriters and the LGC relating to the purchase of the Series 2019 Bonds (the “Bond Purchase Agreement”) and presented to the City Council for its consideration are hereby approved in all respects, and each of the City Manager of the City and the Director of Financial Services are hereby authorized to signify such approval by the execution of the Bond Purchase Agreement in substantially the form presented, such execution to be conclusive evidence of the approval thereof by the City. In addition, the Commission shall signify its approval of the Bond Purchase Agreement by the execution of the Bond Purchase Agreement by the General Manager or the Chief Financial Officer of the Commission.

Section 14. Continuing Disclosure. The City and the Commission hereby undertake, for the benefit of the beneficial owners of the Series 2019 Bonds, to provide to the Municipal Securities Rulemaking Board (the “MSRB”):

(A) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, audited financial statements of the Commission for such Fiscal Year, if available, prepared in accordance with Section 159-39 of the General Statutes of North Carolina, as it may be amended from time to time, or, if such audited financial statements of the Commission are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Commission for such Fiscal Year to be replaced subsequently by audited financial

statements of the Commission to be delivered within 15 days after such audited financial statements become available for distribution;

(B) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the following headings to the Official Statement relating to the Series 2019 Bonds (1) "The Combined Enterprise System - The Electric System (capacity and consumption figures) - Electric Service Rates, Number of Connections and - Major Users"; (2) "The Combined Enterprise System - The Water System (capacity and consumption figures) -- Water Service Rates, - Water Service Tap Fees, - Number of Connections and - Major Users;" (3) "The Combined Enterprise System - The Sanitary Sewer System (capacity figures)"; Sewer Service Rates, - Sewer Service Tap Fees, - Number of Connections and - Major Users"; (4) "The Combined Enterprise System - The Natural Gas System (capacity and consumption figures) - Natural Gas Rates, - Number of Connections, Gas Consumption and - Major Users"; and (5) "The Combined Enterprise System - Billing and Collection Procedures" to the extent such items are not included in the audited financial statements referred to in (A) above;

(C) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 2019 Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults; if material

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570-TEB) or other material notices or determinations with respect to or events affecting the tax-exempt status of the Series 2019 Bonds;

(7) modification to the rights of security holders; if material

(8) bond calls, other than calls for mandatory sinking fund redemption, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the Series 2019 Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City or the Commission;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the Commission or the sale of all or substantially all of the assets of the City or the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;

(15) incurrence of a financial obligation (as defined below) of the City or the Commission, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the City or the Commission, any of which affect beneficial owners of the Series 2019 Bonds, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or the Commission, any of which reflect financial difficulties;

(D) in a timely manner, notice of a failure of the City or the Commission to provide required annual financial information described in (A) or (B) above on or before the date specified.

All information provided to the MSRB as described in this Section shall be provided in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

The City may meet the continuing disclosure filing requirement described above by complying with any other procedure that may be authorized or required by the United States Securities and Exchange Commission.

For the purposes of this Section, “financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 issued under the Securities Exchange Act of 1934.

If the City or the Commission fails to comply with the undertaking described above, the Trustee (upon being indemnified to its satisfaction, to the extent allowable by law) or any beneficial owner of the Series 2019 Bonds then Outstanding may take action to protect and enforce the rights of beneficial owners with respect to such undertaking, including an action for specific

performance; provided, however, that failure to comply with such undertaking shall not be an event of default under the Order and shall not result in any acceleration of payment of the Series 2019 Bonds.

The City and the Commission reserve the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the City and the Commission, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or the Commission; and

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 (“Rule 15c2-12”) as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the City or the Commission (such as Bond Counsel), or by approving vote of the registered owners of not less than a majority in principal amount of the Series 2019 Bonds then Outstanding pursuant to the terms of the Bond Order, as it may be amended from time to time.

The City and the Commission agree that any such modification shall not take effect except upon thirty (30) days’ prior written notice to the Senior Manager, unless waived in writing by such Senior Manager.

The City and the Commission also agree that the annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendments and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section 16 shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2019 Bonds.

Section 15. Authorization to City and Commission Officials. The officers, agents and employees of the City and the Commission and the officers and agents of the Trustee and the Bond Registrar are hereby authorized and directed to do all acts and things required of them by the provisions of the Series 2019 Bonds, the Order, the Bond Purchase Agreement, this Series Resolution and any other documents relating to the issuance of the Series 2019 Bonds for the full, punctual and complete performance of the terms, covenants, provisions and agreements therein.

Section 16. Ratification. Any and all actions heretofore taken by the City and the officers, agents and employees of the City in connection with the transactions authorized and approved hereby are hereby ratified and confirmed.

Section 17. Conflicts. Any and all resolutions of the City or portions thereof in conflict with the provisions of this Resolution are hereby repealed to the extent of such conflict.

Section 18. No Broker Confirmations. Although the City and the Commission each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, the City and the Commission agree that broker confirmations of investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered by the Trustee.

Section 19. Electronic Communications to the Trustee. The Trustee shall have the right to accept and act upon directions or instructions delivered using Electronic Means (defined below); provided, however, that the City or the Commission, as the case may be, shall provide to the Trustee an incumbency certificate listing Authorized Officers with the authority to provide such directions or instructions (each an "Authorized Officer") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City or the Commission elects to give the Trustee directions or instructions using Electronic Means and the Trustee in its discretion elects to act upon such directions or instructions, the Trustees' understanding of such directions or instructions shall be deemed controlling. The City and the Commission each understands and agrees that the Trustee cannot determine the identity of the actual sender of such directions or instructions and that the Trustee shall conclusively presume that directions or instructions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City and the Commission, as the case may be, shall each be responsible for ensuring that only Authorized Officers transmit such directions or instructions to the Trustee and that all Authorized Officers treat applicable user and authorization codes, passwords and/or authentication keys as confidential and with extreme care. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such directions or instructions notwithstanding such directions or instructions conflict or are inconsistent with a subsequent written direction or written instruction. Each of the City and the Commission agree: (i) to assume all risks arising out of the use of Electronic Means to submit directions or instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized directions or instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting directions or instructions to the Trustee and that there may be more secure methods of transmitting directions or instructions; (iii) that the security procedures (if any) to be followed in connection with its transmission of directions or instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

Section 20. Section 147(f) Approval. Among the improvements proposed to be financed with the proceeds of the Series 2019 Bonds are electric generating facilities capable of generating 6 MW of electric power and related improvements, all to be installed on the campus of Vidant

Medical Center. Vidant Medical Center is a medical center owned and operated by University Health Systems of Eastern Carolina, Inc. d/b/a Vidant Health, a North Carolina non-profit corporation, and its affiliates, including Pitt County Memorial Hospital, Incorporated d/b/a Vidant Medical Center (collectively, "Vidant Health"). Under Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), on account of the arrangements between the Commission and Vidant Health with respect to the use of the electric generating facilities and the financial arrangements with respect thereto, the City must approve the issuance of the Series 2019 Bonds that finance the electric generating facilities following a public hearing thereon. At the meeting at which this resolution was adopted the City Council conducted a public hearing regarding the application of the proceeds of the Series 2019 Bonds to finance the electric generating facilities and related improvements as described above. The City Council has considered the comments offered at the public hearing. For the purpose of qualifying the interest on the Series 2019 for exclusion from the gross income of the owners thereof for federal income tax purposes pursuant to the Section 147(f) of the Code, the City Council, as the governmental unit having jurisdiction over the area in which the above-described electric-generating facilities are located, hereby approves the issuance of the Series 2019 Bonds to finance such electric generating facilities and related improvements as described above.

Section 21. Effective Date. This Series Resolution shall take effect immediately upon its adoption.

Passed and adopted this the 9th day of May, 2019.

After consideration of the foregoing resolution, Council member _____ moved for the passage thereof, which motion was duly seconded by Council member _____, and the foregoing resolution was passed by the following vote:

Ayes: _____

Noes: _____

* * * * *

I, Carol L. Barwick, Clerk of the City of Greenville, North Carolina DO HEREBY CERTIFY that the foregoing accurately reflects the proceedings as recorded in the minutes of the City Council of said City at a meeting held on May 9, 2019 and contains the verbatim text of Resolution No. ___-19 which was duly adopted by said City Council at said meeting.

WITNESS my hand and the official seal of said City, this ___ day of May, 2019.

City Clerk

[SEAL]

BOND PURCHASE AGREEMENT

Among

Local Government Commission,
City of Greenville, North Carolina,
Greenville Utilities Commission,

and

J.P. Morgan Securities LLC,
as Representative of the Underwriters

Relating to

\$_[_____]

City of Greenville, North Carolina
Greenville Utilities Commission
Combined Enterprise System Revenue Bonds,
Series 2019

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BOND PURCHASE AGREEMENT

Relating to

\$_[_____]

City of Greenville, North Carolina
Greenville Utilities Commission
Combined Enterprise System Revenue Bonds, Series 2019

May [22], 2019

Local Government Commission
Raleigh, North Carolina

City of Greenville, North Carolina
Greenville, North Carolina

Greenville Utilities Commission
Greenville, North Carolina

Ladies and Gentlemen:

J.P. Morgan Securities LLC on behalf of itself and as representative (the “Representative”) of FTN Financial Capital Markets (collectively, with the Representative, the “Underwriters”) hereby offers to enter into this Bond Purchase Agreement (the “Agreement”) with the Local Government Commission, a division of the Department of State Treasurer of the State of North Carolina (the “LGC”), the City of Greenville, North Carolina (the “City”) and the Greenville Utilities Commission (the “Commission”) which, upon acceptance of this offer by the LGC and approval of this offer and of the LGC’s acceptance thereof by the City and the Commission, will be binding upon the LGC, the City, the Commission and the Underwriters. This offer is made subject to acceptance by the LGC and approval by the City and the Commission on or before 5:00 p.m., Raleigh, North Carolina time, on the date hereof and, if not so accepted and approved, will be subject to withdrawal by the Underwriters upon notice delivered to the LGC and the City at any time prior to such acceptance and approval.

1. Purchase and Sale of the Bonds. Upon the terms and conditions hereof and upon the basis of the representations set forth herein, the Underwriters hereby agree to purchase the \$_[_____] aggregate principal amount of City of Greenville, North Carolina Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2019 (the “Bonds”), and the LGC, the City and the Commission hereby agree to sell to the Underwriters all, but not less than all, of the Bonds at a purchase price equal to \$_[_____] (representing the aggregate principal amount of the Bonds, plus a [net] original issue premium of \$_[_____] and less an underwriters’ discount of \$_[_____]) (such delivery and payment and other actions contemplated hereby to take place at the time thereof being herein sometimes referred to as the “Closing”).

The Bonds are being issued for the purpose of providing funds, together with any other available funds, to (a) pay the cost of acquiring and constructing improvements to the City’s

electric system, water system, sanitary sewer system and natural gas system, (b) fund capitalized interest on a portion of the 2019 Bonds and (c) pay certain financing costs.

The Bonds are being issued pursuant to The State and Local Government Revenue Bond Act, Article 5, as amended, of Chapter 159 of the General Statutes of North Carolina (the “Act”), a bond order approved and recommended for adoption by the Commission and adopted by the City on August 11, 1994, as amended and restated as of April 13, 2000 (the “Bond Order”), under which The Bank of New York Mellon Trust Company, N.A. is acting as Trustee (the “Trustee”), and a series resolution adopted May 9, 2019 (the “Series Resolution”) (the Bond Order and the Series Resolution being herein collectively referred to as the “Resolutions”). The Bonds shall mature in such years and amounts, shall bear interest from their date at such rates and shall have such other terms as described in the Official Statement.

You shall deliver or cause to be delivered to us prior to your acceptance hereof:

(a) one copy of the Official Statement, dated the date hereof, substantially in the form of the Preliminary Official Statement, dated May [14], 2019 (the “Preliminary Official Statement”), relating to the Bonds, with only such changes therein as shall have been approved by us (such Preliminary Official Statement, with such changes, being herein called the “Official Statement,” except that, if the Official Statement has been amended between the date hereof and the Closing Date referred to in Section 7, the term “Official Statement” shall refer to the Official Statement as so amended), signed on behalf of the LGC by its Secretary, on behalf of the City by the City Manager or any other representative of the City authorized by resolution of the City Council of the City and on behalf of the Commission by the General Manager or any other representative of the Commission authorized by resolution of the Commission; and

(b) letters from Raftelis Financial Consultants, Inc. and Black and Veatch International Company consenting to the inclusion of their reports, and of references to them, in the Preliminary Official Statement and the Official Statement.

Certain capitalized terms used in this Agreement which are not defined herein shall have the meaning given such terms in the Official Statement.

2. Public Offering. The Underwriters agree to make a bona fide public offering of the Bonds at the interest rates and the initial offering prices or yields set forth on the inside cover page of the Official Statement. The Underwriters, however, reserve the right to change such initial offering prices or yields as the Underwriters shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or higher yields than set forth on the inside cover page of the Official Statement. The Underwriters shall inform the LGC, the City and the Commission of any such changes in offering prices or yields and the amount of any such changes. The Underwriters also reserve the right to over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. At Closing, the Underwriters shall deliver to the City a certificate, in a form satisfactory to Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, or another firm nationally recognized on the subject of municipal bonds and the federal income tax treatment of interest

thereon, and acceptable to the Underwriters, bond counsel to the City (“Bond Counsel”), executed by an appropriate representative of the Underwriters, stating the initial offering prices paid by the public for the Bonds, excluding underwriters, bond houses, brokers and other intermediaries.

The Underwriters represent and warrant that they will offer the Bonds only pursuant to the Official Statement and only in states where the offer and sale of the Bonds are legal, either as exempt securities, as exempt transactions or as a result of due registration of the Bonds for sale in any such state.

The Underwriters acknowledge that neither the LGC, the City nor the Commission has authorized or consented to:

(a) the sale of Bonds to any purchaser in connection with the initial public offering of the Bonds unless a copy of the Official Statement is delivered to such purchaser not later than the settlement of such transaction;

(b) making any representations or providing any information to prospective purchasers of the Bonds in connection with the public offering and sale of Bonds other than the information set forth in the Preliminary Official Statement, the Official Statement and any amendment thereto approved in writing by the LGC, the City and the Commission; or

(c) any actions in connection with the public offering and sale of the Bonds in violation of applicable requirements of federal and state securities laws and any applicable requirements of the Municipal Securities Rulemaking Board (“MSRB”) and the Financial Industry Regulatory Authority, Inc.

3. Establishment of Issue Price.

(a) The Representative, on behalf of the Underwriters, agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the Closing Date (as defined in Section 7) an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the City and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except as otherwise set forth in Exhibit E attached hereto,] the City will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each portion of Bonds with a separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Agreement, the Representative shall report to the City the price or prices at which the Underwriters have sold to the public each maturity of the Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Representative agrees to promptly report to the City the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all the Bonds of that maturity have been sold to the public.

(c) [The Representative confirms that the Underwriters have offered the Bonds to the public on or before the date of this Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit E attached hereto, except as otherwise set forth therein. Exhibit E also sets forth, as of the date of this Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the City and the Representative, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the City to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Representative shall promptly advise the City when the Underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.]

(d) The City acknowledges that, in making the representation set forth in this subsection, the Representative will rely on (i) the agreement of each Underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that, provided that the requirements set forth in Section 3(e) below have been satisfied, no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(e) The Representative confirms that:

- (1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Representative is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as

applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative and as set forth in the related pricing wires, and

(2) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Representative or the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Representative or the Underwriter and as set forth in the related pricing wires.

(f) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Agreement by all parties.

4. Representations of the Underwriters. The Underwriters have designated J.P. Morgan Securities LLC to act as their representative (the “Representative”) and to execute and deliver this Agreement on their behalf and the Representative hereby represents that it, as the Representative, has been authorized to execute this Agreement and to perform the other functions, as herein set forth, for and on behalf of the Underwriters. The payment for, acceptance of and execution and delivery of any receipt for the Bonds and any other instruments in connection with the Closing shall be valid and sufficient for all purposes and binding upon the Underwriters, provided that any such action by the Underwriters shall not impose any obligation or liability upon them other than as may arise as expressly set forth in this Agreement.

5. Representations and Warranties of the LGC. The LGC makes the following representations and warranties to the Underwriters, all of which shall survive the delivery of the Bonds:

(a) The LGC is duly organized and validly existing as a division of the Department of the State Treasurer of the State of North Carolina, vested with the rights and powers conferred upon it pursuant to Chapter 159 of the General Statutes of North Carolina, as amended.

(b) The LGC has full power and authority to approve the issuance and provide for the sale of the Bonds as provided in this Agreement, and the LGC has taken or will take all action required by the Act or other applicable laws in connection therewith.

(c) The LGC has duly authorized the execution and delivery of this Agreement and has taken or will take all action necessary or appropriate to carry out the sale and delivery of the Bonds to the Underwriters.

(d) The execution and delivery of this Agreement and the performance by the LGC of its obligations hereunder are within the powers of the LGC and will not conflict with or constitute a breach or result in a violation of (i) any federal or North Carolina constitutional or statutory provision, (ii) any agreement or other instrument to which the LGC is a party or by which it is bound, or (iii) any order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the LGC.

(e) The LGC has duly approved and authorized the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement in connection with the public offering and sale of the Bonds.

(f) No consent, approval, authorization or order of any governmental or regulatory authority, other than the approvals of the City and the Commission as herein required, is required to be obtained by the LGC as a condition precedent to the issuance or sale of the Bonds or the execution and delivery of the Official Statement or this Agreement or the performance by the LGC of its obligations hereunder; provided, however, that no representation or warranty is expressed as to any action required under federal or North Carolina or other state securities or blue sky laws in connection with the offering or sale of the Bonds by the Underwriters.

(g) There is no litigation or any other proceeding before any court or governmental body or agency pending or, to the knowledge of the LGC, threatened against or involving the LGC

to restrain or enjoin the issuance or delivery of the Bonds or the execution or delivery by the LGC of this Agreement and the performance of its obligations hereunder.

6. Representations and Warranties of the City. The City makes the following representations and warranties to the Underwriters, all of which shall survive the delivery of the Bonds:

(a) The City is a municipal corporation duly organized and validly existing under the Constitution and laws of the State of North Carolina and is authorized pursuant to the provisions of the Act to (i) pay the cost of acquiring and constructing improvements to the City's electric system, water system, sanitary sewer system and natural gas system, (ii) fund capitalized interest on a portion of the 2019 Bonds and (iii) pay certain financing costs.

(b) The City (i) has full legal right, power and authority to adopt the Resolutions, to execute and deliver this Agreement, and to issue and deliver the Bonds to the Underwriters as provided herein and to carry out and consummate all the transactions described in the Official Statement or contemplated by each of the aforesaid documents and (ii) has complied with all provisions of applicable law, including the Act, in all material matters relating to such transactions.

(c) By official action of the City prior to or concurrently with the date hereof, the City has duly adopted the Resolutions and authorized (i) the execution and delivery by the City of this Agreement, (ii) the issuance and delivery of the Bonds, (iii) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement and (iv) the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated by such documents.

(d) This Agreement and the Resolutions constitute legal, valid and binding obligations of the City enforceable in accordance with their respective terms, except as enforcement of the foregoing may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(e) When delivered to and paid for by the Underwriters at Closing in accordance with the provisions of this Agreement, the Bonds will have been duly authorized, executed and delivered by the City and will constitute legal, valid and binding special obligations of the City enforceable in conformity with the provisions of the Act and the Constitution and laws of the State of North Carolina, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(f) The Bonds will be in substantially the form set forth in the Series Resolution.

(g) The execution and delivery of this Agreement, the adoption of the Resolutions and the issuance and delivery of the Bonds and compliance with the provisions of each do not and will not conflict with or constitute on the part of the City a violation of, breach of or default under its charter or any law, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument to which the City is a party or by which the City or any of its property is bound, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the City or any of its activities or properties, and such action will not result in the creation or imposition

of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or other assets of the City under the terms of any such law, agreement, instrument, order, rule or regulation, except as provided or permitted by the Bonds and the Resolutions.

(h) All consents, approvals, authorizations and orders of any governmental or regulatory authority which are required for the issuance and delivery of the Bonds as contemplated by the Official Statement or this Agreement have been or will be obtained at or prior to Closing.

(i) Subject to the provisions of the Resolutions, the City will apply the proceeds derived from the sale of the Bonds to the purposes specified in the Resolutions.

(j) The City is not in violation or breach or default under any applicable law or administrative regulation of the State of North Carolina or the United States or any applicable judgment or decree or administrative ruling, or any agreement, resolution, certificate or other instrument to which the City is a party or is otherwise subject, which violation, breach or default would in any way materially adversely affect the transactions contemplated by this Agreement, or the Resolutions, or the issuance of the Bonds, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a violation, breach or default.

(k) As of the date hereof and as of the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the City makes no representation or warranty as to information with respect to the offering of the Bonds set forth on the inside cover page of, in the stabilizing legend in or under the heading "UNDERWRITING" in the Official Statement or in Appendix G to the Official Statement.

(l) Between the date hereof and the date of Closing, the City will not issue any bonds, notes or other obligations for borrowed money which will materially and adversely affect the transactions contemplated by the Official Statement, and subsequent to the respective dates as of which information is given by the Official Statement and up to and including the date of Closing, the City has not incurred and will not incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the City, except as described in the Official Statement.

(m) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request to qualify the Bonds for offer and sale under the securities laws or regulations of such states and other jurisdictions of the United States as the Underwriters may designate; provided, however, that in no event shall the City be obligated to take any action that would subject it to general service of process in any jurisdiction where it is not now so subject, or qualify it to do business in any such jurisdiction, it being understood that the City is not responsible for compliance with or the consequences of failure to comply with applicable state securities laws and regulations.

(n) No consent, approval, authorization or order of, or filing or registration with, any court or governmental agency or body is required for the issuance, delivery or sale of the Bonds

or the consummation of the other transactions contemplated by this Agreement, except as may be required under the blue sky or other securities laws or regulations of any jurisdiction in connection with the offering and sale of the Bonds by the Underwriters, or if any such consent, approval or authorization is required, the City will obtain it prior to the date of Closing and will provide evidence to the Underwriters that the same has been obtained.

(o) Any certificate signed by an authorized officer of the City and delivered to the Underwriters shall be deemed a representation and warranty of the City to the Underwriters as to the statements made therein.

(p) The Preliminary Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), except for the omission of certain pricing and other information authorized to be omitted by Rule 15c2-12.

(q) The Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12.

(r) Except as disclosed in the Official Statement, there is no litigation or any other proceeding before any court or governmental body or agency, pending or, to the knowledge of the City, threatened against or involving the City or any of the members of the City Council of the City in their respective capacities as such (nor, to the knowledge of the City, is there any basis therefor), restraining or enjoining the sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the sale thereof, or wherein an unfavorable decision, ruling or finding would, in any way, adversely affect (i) the transactions contemplated by this Agreement or the Official Statement, (ii) the organization, existence, or powers of the City or the title to the office of any of the members of said City Council, (iii) the business, properties or assets or the condition, financial or otherwise, of the City, (iv) the validity or enforceability of this Agreement, the Resolutions or the Bonds (or any other agreement or instrument of which the City is a party or used or contemplated for use in the consummation of the transactions contemplated hereby) or (v) the exemption of the interest on the Bonds from taxation as described in the Official Statement.

(s) Pursuant to the Series Resolution, the City will undertake to provide certain annual financial information and operating data related to the City and notice of the occurrence of certain material events as specified in the Series Resolution and the Official Statement (the “Undertaking”).

(t) Except as otherwise disclosed in the Official Statement, during the last five years, the City has not failed to materially comply with any previous undertaking relating to any continuing disclosure undertaking pursuant to Rule 15c2-12.

7. Representations and Warranties of the Commission. The Commission makes the following representations and warranties to the Underwriters, all of which shall survive the delivery of the Bonds:

(a) The Commission has been created in accordance with Chapter 861 of the 1991 Session Laws of North Carolina (the “Charter”) for the proper management of the public utilities

of the City and is granted by the Charter the entire supervision and control of the management, operation, maintenance, improvement, and extension of the public utilities of the City.

(b) The Commission (i) has full legal right, power and authority to execute and deliver this Agreement and carry out and consummate all other transactions described in the Official Statement or contemplated by each of the aforesaid documents which are required to be carried out or consummated by the Commission and (ii) has complied with all provisions of applicable law, including the Act and the Charter, in all material matters relating to such transactions.

(c) By official action of the Commission prior to or concurrently with the date hereof, the Commission has duly authorized (i) the execution and delivery by the Commission of this Agreement and the approval of the Resolutions, (ii) the distribution of the Preliminary Official Statement and the execution, delivery and distribution of the Official Statement and (iii) the taking of any and all such action as may be required on the part of the Commission to carry out, give effect to and consummate the transactions contemplated by such documents.

(d) This Agreement, when duly executed and delivered (and assuming due authorization, execution and delivery thereof by the other parties thereto), will constitute a legal, valid and binding agreement of the Commission enforceable against the Commission in accordance with its respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(e) The execution and delivery of this Agreement, the approval of the Resolutions and the issuance and delivery of the Bonds and compliance with the provisions of each do not and will not conflict with or constitute on the part of the Commission a violation of, breach of or default under the Charter or any law, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument to which the Commission is a party or by which the Commission or any of its property is bound, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Commission or any of its activities or properties, and such action will not result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or other assets of the Commission under the terms of any such law, agreement, instrument, order, rule or regulation, except as provided or permitted by the Bonds and the Resolutions.

(f) Subject to the provisions of the Resolutions, the Commission will apply the proceeds derived from the sale of the Bonds to the purposes specified in the Resolutions.

(g) The Commission is not in violation or breach of or default under any applicable law or administrative regulation of the State of North Carolina or the United States or any applicable judgment or decree or administrative ruling, or any agreement, resolution, certificate or other instrument to which the Commission is a party or is otherwise subject, which violation, breach or default would in any way materially adversely affect the transactions contemplated by this Agreement, or the Resolutions, or the issuance of the Bonds, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a violation, breach or default.

(h) As of the date hereof and as of the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Commission makes no representation or warranty as to information with respect to the offering of the Bonds set forth on the inside cover page of, in the stabilizing legend in or under the heading “UNDERWRITING” in the Official Statement or in Appendix G to the Official Statement.

(i) The audited financial statements of the Commission contained in the Preliminary Official Statement and the Official Statement present fairly the financial position of the Commission as of the dates specified therein, and the results of its operations and changes in its financial position for the periods specified therein, in conformity with generally accepted accounting principles applied on a consistent basis. Subsequent to the respective dates of the most recent financial statements included in the Preliminary Official Statement and Official Statement, there has been no material adverse change in the financial position or results of operations of the Commission except as set forth or contemplated in the Preliminary Official Statement and the Official Statement.

(j) The Commission will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request to qualify the Bonds for offer and sale under the securities laws or regulations of such states and other jurisdictions of the United States as the Underwriters may designate; provided, however, that in no event shall the Commission be obligated to take any action that would subject it to general service of process in any jurisdiction where it is not now so subject, or qualify it to do business in any such jurisdiction, it being understood that the Commission is not responsible for compliance with or the consequences of failure to comply with applicable state securities laws and regulations.

(k) No consent, approval, authorization or order of, or filing or registration with, any court or governmental agency or body that has not already been obtained is required for the issuance, delivery or sale of the Bonds or the consummation of the other transactions contemplated by this Agreement, except as may be required under the blue sky or other securities laws or regulations of any jurisdiction in connection with the offering and sale of the Bonds by the Underwriters, or if any such consent, approval or authorization is required, the Commission will obtain it prior to the date of Closing and will provide evidence to the Underwriters that the same has been obtained.

(l) Any certificate signed by an authorized officer of the Commission and delivered to the Underwriters shall be deemed a representation and warranty of the Commission to the Underwriters as to the statements made therein.

(m) The Preliminary Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12, except for the omission of certain pricing and other information authorized to be omitted by Rule 15c2-12.

(n) The Official Statement is deemed to be a final official statement within the meaning of Rule 15c2-12.

(o) Except as disclosed in the Official Statement, there is no litigation or any other proceeding before any court or governmental body or agency, pending or, to the knowledge of the Commission, threatened against or involving the Commission or any of the members of the Commission in their respective capacities as such (nor, to the knowledge of the Commission, is there any basis therefor), restraining or enjoining the sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Commission taken with respect to the sale thereof, or wherein an unfavorable decision, ruling or finding would, in any way, adversely affect (i) the transactions contemplated by this Agreement or the Official Statement, (ii) the organization, existence, or powers of the Commission or the title to the office of any of the members of the Commission, (iii) the business, properties or assets or the condition, financial or otherwise, of the Commission, (iv) the validity or enforceability of this Agreement, the Resolutions or the Bonds (or any other agreement or instrument of which the Commission is a party or used or contemplated for use in the consummation of the transactions contemplated hereby) or (v) the exemption of the interest on the Bonds from taxation as described in the Official Statement.

(p) Pursuant to the Series Resolution, the Commission will undertake to provide certain annual financial information and operating data related to the Commission and notice of the occurrence of certain material events as specified in the Series Resolution and the Official Statement (the “Undertaking”).

(q) Except as otherwise disclosed in the Official Statement, during the last five years, the Commission has not failed to materially comply with any previous undertaking relating to any continuing disclosure undertaking pursuant to Rule 15c2-12.

8. Payment and Delivery. At 10:00 a.m., Raleigh, North Carolina time, on June [6], 2019, or at such other time or on such earlier or later date as we mutually agree upon (the “Closing Date”), the LGC and the City shall deliver or cause to be delivered to The Depository Trust Company (“DTC”), or at such other place specified by the Underwriters, the Bonds duly executed and authenticated, and at the offices of Womble Bond Dickinson (US) LLP, the other documents hereinafter mentioned. It is anticipated that CUSIP identification numbers will be placed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and payment for the Bonds in accordance with the terms of this Agreement. Upon such delivery of the Bonds, the Underwriters shall pay the full purchase price thereof in immediately available funds payable to the order of the State Treasurer.

One fully registered bond certificate in the aggregate principal amount of each maturity of the Bonds shall be registered in the name of Cede & Co., as nominee for DTC, and the beneficial interests in the Bonds so registered will be credited to such accounts with DTC as the Underwriters shall designate. The Bonds so registered to and held by DTC or its nominee, and the beneficial interests therein, shall be transferable only in accordance with the book-entry system.

9. Conditions of Closing. The Underwriters have entered into this Agreement in reliance upon the representations and warranties of the LGC, the City and the Commission contained herein and to be contained in the documents and instruments to be delivered at Closing, and upon the performance by the LGC, the City and the Commission of their obligations

hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligation under this Agreement to purchase and pay for the Bonds shall be subject to the performance by the LGC, the City and the Commission of their obligations to be performed hereunder at or prior to Closing, and shall also be subject to the following conditions:

(a) At the time of Closing (i) the representations and warranties of the LGC, the City and the Commission contained herein shall be true, complete and correct with the same effect as if made on the date of Closing, (ii) this Agreement and the Resolutions shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to by the Underwriters, (iii) the City and the Commission shall have entered into the Undertaking as described in the Official Statement and (iv) the LGC, the City and the Commission shall have duly adopted and there shall be in full force and effect such orders or resolutions as in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated hereby, and such orders or resolutions shall not have been amended, modified or supplemented and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriters.

(b) The Underwriters shall have the right to terminate their obligations under this Agreement to purchase and pay for the Bonds by notifying the LGC, the City and the Commission of their election to do so if, after the execution hereof and on or prior to the date of Closing:

(1) legislation shall have been introduced in or enacted by the Congress of the United States or the North Carolina General Assembly, or legislation pending in the Congress of the United States or the North Carolina General Assembly shall have been amended, or a decision shall have been rendered by a court of the United States or the State of North Carolina, including the Tax Court of the United States, or a ruling shall have been made or a regulation shall have been proposed or made or a press release or other form of notice shall have been issued by the Treasury Department of the United States or the Internal Revenue Service or other federal or North Carolina authority, with respect to interest on obligations of the general character of the Bonds, which may have the purpose or effect, directly or indirectly, of affecting the tax status of the City, its property or income, its securities (including the Bonds) or the interest thereon, or any tax exemption granted or authorized by relevant North Carolina statutes or, in the opinion of the Underwriters, affects materially and adversely the market for the Bonds, or the market price generally of obligations of the general character of the Bonds; or

(2) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or other unforeseen national or international calamity shall have occurred or accelerated to such an extent as, in the opinion of the Underwriters, affects materially and adversely the market for the Bonds, or the market price generally of obligations of the general character of the Bonds; or

(3) there shall have occurred and be in force a general suspension of trading on the New York Stock Exchange or the declaration of a general banking moratorium by United States, State of North Carolina or New York State authorities; or

(4) there shall have occurred any material adverse change in the affairs of the City or the Commission that, in the reasonable judgment of the Underwriters, materially or adversely affects the market price or marketability of the Bonds or the ability of the Underwriters to enforce contracts for the sale of the Bonds; or

(5) there shall be established any new restrictions on transactions in securities materially affecting the free market for securities (including the imposition of any limitation on interest rates) or the extension of credit by, or the charge to the net capital requirements of underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States or by executive order; or

(6) a decision of any federal or state court or a ruling or regulation (final, temporary or proposed) of the Securities and Exchange Commission or other governmental agency shall have been made or issued that would make the Bonds or any securities of the City or any similar body of the type contemplated herein subject to the registration requirements of the Securities Act of 1933, as amended, or require the qualification of the Resolutions under the Trust Indenture Act of 1939, as amended; or

(7) the withdrawal or downgrading of any underlying rating of the City's outstanding indebtedness by a national rating agency; or

(8) an event occurs which in the opinion of the Underwriters requires the preparation and distribution of a supplement or amendment to the Official Statement.

(c) On or prior to the date of the Closing, the Underwriters shall have received the following documents in form and substance satisfactory to the Underwriters and McGuireWoods LLP, Raleigh, North Carolina, counsel to the Underwriters ("Underwriters' Counsel"):

(1) approving opinion of Bond Counsel, dated as of the date of Closing, relating to the Bonds substantially in the form attached as Appendix C to the Official Statement, together with letter of Bond Counsel, dated as of the date of Closing and addressed to the Underwriters, consenting to the Underwriters' reliance upon such opinion;

(2) supplemental opinion of Bond Counsel, dated as of the date of Closing and addressed to the Underwriters, in substantially the form attached hereto as Exhibit A;

(3) opinion of Emanuel D. McGirt, City Attorney, dated as of the date of Closing and addressed to the City and the Underwriters, in substantially the form attached hereto as Exhibit B;

(4) opinion of Phillip R. Dixon, Commission Attorney, dated as of the date of Closing and addressed to the Commission and the Underwriters, in substantially the form attached hereto as Exhibit C;

(5) opinion of Underwriters' Counsel, dated as of the date of Closing and addressed to the Underwriters, in substantially the form attached hereto as Exhibit D;

(6) a copy of the Official Statement executed on behalf of the LGC, the City and the Commission by duly authorized representatives thereof;

(7) a certificate, dated as of the date of Closing, signed by a City official satisfactory to the Underwriters, to the effect that:

(A) the representations and warranties of the City set forth in this Agreement are true, accurate and complete in all material respects as of the date of Closing and the conditions to be complied with and obligations to be performed by the City hereunder on or prior to the date of Closing have been complied with and performed;

(B) except as may be disclosed in the Official Statement, there is no litigation or any other proceeding before any court or governmental body or agency pending or, to the best of such official's knowledge, threatened against or affecting the City or any members of the City Council of the City (nor, to the best of such official's knowledge, is there any basis therefor), restraining or enjoining the sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the sale thereof, or wherein an unfavorable decision, ruling or finding would materially and adversely affect (i) the transactions contemplated by this Agreement or the Official Statement, (ii) the organization, existence or powers of the City or the title to the office of any of the members of the City Council of the City, (iii) the business, properties or assets or the condition, financial or otherwise, of the City, (iv) the validity or enforceability of this Agreement, the Resolutions or the Bonds (or any other agreement or instrument of which the City is a party, used or contemplated for use in the consummation of the transactions contemplated hereby) or (v) the exemption of the interest on the Bonds from taxation as described in the Official Statement; and

(C) the Official Statement did not as of its date and does not as of the date of Closing contain any untrue statement of a material fact or omit to state a material fact required to be stated therein for the purpose for which the Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that no representation or warranty is made with respect to the information set forth on the inside cover page of, in the stabilizing legend in or under the heading "UNDERWRITING" in the Official Statement or in Appendix G to the Official Statement;

(8) a certificate, dated as of the date of Closing, signed by a Commission official satisfactory to the Underwriters, to the effect that:

(A) the representations and warranties of the Commission set forth in this Agreement are true, accurate and complete in all material respects as of the date of Closing and the conditions to be complied with and obligations to be

performed by the Commission hereunder on or prior to the date of Closing have been complied with and performed;

(B) except as may be disclosed in the Official Statement, there is no litigation or any other proceeding before any court or governmental body or agency pending or, to the best of such official's knowledge, threatened against or affecting the Commission or any members of the Commission in their respective capacities as such (nor, to the best of such official's knowledge, is there any basis therefor), restraining or enjoining the sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Commission taken with respect to the sale thereof, or wherein an unfavorable decision, ruling or finding would materially and adversely affect (i) the transactions contemplated by this Agreement or the Official Statement, (ii) the organization, existence or powers of the Commission or the title to the office of any of the members of the Commission, (iii) the business, properties or assets or the condition, financial or otherwise, of the Commission, (iv) the validity or enforceability of this Agreement, the Resolutions or the Bonds (or any other agreement or instrument of which the Commission is a party, used or contemplated for use in the consummation of the transactions contemplated hereby) or (v) the exemption of the interest on the Bonds from taxation as described in the Official Statement; and

(C) the Official Statement did not as of its date and does not as of the date of Closing contain any untrue statement of a material fact or omit to state a material fact required to be stated therein for the purpose for which the Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that no representation or warranty is made with respect to the information set forth on the inside cover page of, in the stabilizing legend in or under the heading "UNDERWRITING" in the Official Statement or in Appendix G to the Official Statement;

(9) a copy of the necessary resolutions of the LGC, certified by the Secretary or Deputy Secretary thereof, authorizing the LGC to sell the Bonds and to execute and deliver this Agreement and the Official Statement;

(10) specimen Bond;

(11) copies, certified by appropriate officials of the City or the Commission, as the case may be, satisfactory to the Underwriters, of all proceedings of the City and the Commission relating to approvals or authorizations for the Bonds, the execution and delivery of this Agreement and the Official Statement and authorizing the use of the Preliminary Official Statement and Official Statement by the Underwriters in connection with the offering of the Bonds, including certified copies of the Resolutions;

(12) evidence, satisfactory in form and substance to the Underwriters, of receipt of an "[]" rating assigned to the Bonds by Moody's Investors Service and an "[]" rating assigned to the Bonds by Fitch Ratings;

(13) a tax certificate of the City, signed by an authorized officer of the City and the Commission, satisfactory to the Underwriters;

(14) evidence that all items required to be delivered to the Trustee as a condition precedent to the issuance of the Bonds under the Resolutions have been so delivered;

(15) a certificate, signed by an authorized officer of the City and the Commission, certifying that the LGC fees have been paid prior to Closing;

(16) such additional certificates (including appropriate no-litigation certificates), opinions, proceedings, instruments or other documents as the Underwriters may reasonably request.

All representations, warranties and agreements of the LGC, the City and the Commission set forth in this Agreement shall remain operative and in full force and effect regardless of (a) any investigation made by or on behalf of the Underwriters or any person controlling the Underwriters and (b) acceptance of and payment for the Bonds by the Underwriters.

10. Payment of Expenses. The City or the Commission shall pay from the proceeds of the Bonds or other available funds all expenses incident to the City's and the Commission's obligations hereunder and in connection with the authorization, execution, delivery and sale of the Bonds to the Underwriters, including, but not limited to, the cost of printing and distributing the Bonds, the Preliminary Official Statement and the Official Statement, rating agency fees, the fees and expenses of Bond Counsel, the fees and expenses of consultants, the LGC, the Trustee and additional miscellaneous fees and costs incurred in connection with and related to the transaction. The City or the Commission will pay any expenses incurred on behalf of the City's or the Commission's members, officers or employees which are incidental to implementing this Agreement, including, without limitation, meals, transportation and lodging of such commissioners, council members, officers and employees (which expenses may be included in the expense component of the underwriters' discount); provided, however, that the City or the Commission will pay from its own funds not constituting proceeds of the Bonds any entertainment expenses incurred on behalf of the City's or the Commission's commissioners, council members, officers or employees.

The Underwriters shall pay their out-of-pocket expenses, the cost of the blue sky survey, the fees and expenses of Underwriters' Counsel, any advertising expenses in connection with a public offering of the Bonds, fees of the CUSIP Service Bureau and any fees of the Municipal Securities Rulemaking Board or the Financial Industry Regulatory Authority, Inc.

11. Parties in Interest. This Agreement is made solely for the benefit of the Underwriters and persons controlling the Underwriters, the LGC, the City and the Commission, and their respective successors and assigns, and no other person, partnership or corporation shall acquire or have any right under or by virtue of this Agreement. The terms "successors" and "assigns" shall not include any purchaser of Bonds from the Underwriters merely because of such purchase.

12. Absence of Liability. No recourse shall be had by the Underwriters for any claims based on this Agreement or otherwise against any member, officer, employee or agent of the LGC,

the City or the Commission in his or her individual capacity, all claims, if any, being waived and released by the Underwriters.

13. Indemnification. (a) To the fullest extent permitted by applicable law, the City agrees to indemnify and hold harmless the Underwriters and the LGC against any and all losses, damages, expenses (including reasonable legal and other fees and expenses), liabilities or claims (or actions in respect thereof), to which the Underwriters, the LGC or the other persons described in subsection (b) of this Section may become subject under any federal or state securities laws or other statutory law or at common law or otherwise, caused by or arising out of or based upon any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact contained in the Preliminary Official Statement or the Official Statement or caused by any omission or alleged omission from the Preliminary Official Statement or the Official Statement of any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading, unless such untrue statement or misleading statement, such alleged untrue statement or alleged misleading statement, or such omission or alleged omission was made in reliance upon and in conformity with information furnished to the City or the Commission by the Underwriters expressly for use in the Official Statement, including any amendment thereto.

(a) The indemnity provided under this Section will extend upon the same terms and conditions to each officer, director, member, employee, agent or attorney of the Underwriters and the LGC, and each person, if any, who controls the Underwriters and the LGC within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (“indemnified party”). Such indemnity will also extend, without limitation, to any and all expenses whatsoever reasonably incurred by any indemnified party in connection with investigating, preparing for or defending against, or providing evidence, producing documents or taking any other reasonable action in respect of, any loss, damage, expense, liability or claim referred to in subsection (a) of this Section (or action in respect thereof), whether or not resulting in any liability, and will include the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever as set forth herein, if such settlement is effected with the written consent of the City. Neither the officers, members, agents nor employees of the LGC shall be personally liable for the performance of any obligation under this Agreement.

(b) Within a reasonable time after an indemnified party under subsections (a) and (b) of this Section will have been served with the summons or other first legal process or has received written notice of the threat of a claim in respect of which an indemnity may be claimed, such indemnified party must, if a claim for indemnity in respect thereof is to be made against the City under this Section, notify the City in writing of the commencement thereof; but the omission to so notify the City will not relieve it from any liability that it may have to any indemnified party other than pursuant to subsections (a) and (b) of this Section. The City will be entitled to participate at its own expense in the defense, and if the City so elects within a reasonable time after receipt of such notice, or if all indemnified parties seeking indemnification in such notice so direct, the City will assume the defense of any suit brought to enforce any such claim, and such defense will be conducted by counsel chosen promptly by the City and reasonably satisfactory to the indemnified party; provided, however, that, if the defendants in any action include an indemnified party and the City, or include more than one indemnified party, and any such indemnified party has been

advised by its counsel that there may be legal defenses available to such indemnified party that are different from or additional to those available to the City or another indemnified party, and that in the reasonable opinion of such counsel are sufficient to make it undesirable for the same counsel to represent such indemnified party and the City, or another indemnified party, such indemnified party will have the right to employ separate counsel in such action (and the City will not be entitled to assume the defense thereof on behalf of such indemnified party), and in such event the reasonable fees and expenses of such counsel will be borne by the City. Nothing contained in this subsection (c) will preclude any indemnified party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the City hereunder. Notwithstanding the foregoing, the LGC shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, and the reasonable fees and expenses of such counsel shall be paid by the City.

(c) If the indemnification provided for in subsections (a) and (b) of this Section is unavailable to or insufficient to hold harmless and indemnify any indemnified party in respect of any losses, damages, expenses, liabilities, or claims (or actions in respect thereof) referred to therein, or if the indemnified party failed to give the notice required under subsection (c) of this Section, then the City, on the one hand, and the indemnified party, on the other hand, will contribute to the amount paid or payable by the indemnified party as a result of such losses, damages, expenses, liabilities or claims (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the City on the one hand and the indemnified party on the other hand from the offering of the Bonds. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then the City on the one hand and the indemnified party on the other hand will contribute to such amount paid or payable by the indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the City on the one hand and the indemnified party on the other in connection with the statements or omissions that resulted in such losses, damages, expenses, liabilities or claims (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the City on the one hand and the indemnified party on the other hand will be deemed to be in such proportion so that the indemnified party is responsible for that portion represented by the percentage that the underwriting discount payable to the Underwriters hereunder (i.e., the excess of the aggregate public offering price for the Bonds as set forth on the inside cover page of the Official Statement over the price to be paid by the Underwriters to the City upon delivery of the Bonds as specified in Section 1) bears to the aggregate public offering price as described above, and the City is responsible for the balance. The relative fault will be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the City on the one hand or the indemnified party on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

In the event an indemnified party has knowledge of a claim subject to the contribution provided by this subsection (d), such indemnified party agrees, within a reasonable time of obtaining such knowledge, to convey notice of such claim to the City. It is agreed and understood that if the indemnified party fails, under the circumstances set forth in the preceding sentence, to convey the above-referenced notice to the City, then the City will not be obligated to provide contribution pursuant to this subsection (d).

The City, the LGC and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by any method of allocation that does not take account of the equitable considerations referred to in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, damages, expenses, liabilities or claims (or actions in respect thereof) referred to in this subsection (d) will be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

The indemnity and contribution provided by this Section will be in addition to any other liability that the City may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of the indemnified party, and its respective successors, assigns and legal representatives, and no other person will acquire or have any right under or by virtue of such provisions of this Agreement.

14. Delivery of Official Statement. Within seven business days after the execution of this Agreement, the LGC, the City and the Commission shall deliver to the Underwriters copies of the Official Statement (with only such changes therein as shall have been approved by the Underwriters), in such quantities as the Underwriters may reasonably request in order for the Underwriters to comply with the rules of the MSRB and Rule 15c2-12, executed by authorized officers of the LGC, the City and the Commission. The LGC, the City and the Commission shall prepare the Official Statement, including any amendments thereto, in word searchable PDF format as described in MSRB Rule G-32 and shall provide the electronic copy of the word searchable PDF format of the Official Statement to the Underwriters no later than one business day prior to the Closing Date in order to enable the Underwriters to comply with MSRB Rule G-32. Delivery of such copies of the Official Statement shall constitute the LGC's, the City's and the Commission's authorization for the Official Statement, the information contained therein and the documents referred to therein to be used in connection with the public offering of the Bonds by the Underwriters.

15. Underwriting Period. If on or prior to the 25th day following the "end of the underwriting period" (as such expression is used in Rule 15c2-12), an event occurs affecting the LGC, the City or the Commission that materially affects the purpose for which the Official Statement is to be used and is not disclosed in the Official Statement, the LGC, the City and the Commission agree to notify the Underwriters thereof, and if in the opinion of the LGC, the City, the Commission or the Underwriters such event requires a supplement or amendment to the Official Statement, the LGC, the City and the Commission will, at the City's or Commission's expense, supplement or amend the Official Statement in a manner approved by the LGC, the City, the Commission and the Underwriters (such approval not to be unreasonably delayed or withheld) and will thereafter until the end of such stated period provide the Underwriters with copies of the Official Statement, as so supplemented or amended, in sufficient quantities to allow the Underwriters to comply with the requirements referred to in Section 14.

The Underwriters agree to notify the LGC, the City and the Commission of the end of the underwriting period. In the event the Underwriters fail to notify the LGC, the City and the Commission of the end of the underwriting period, the end of the underwriting period shall be deemed to be the date of Closing.

The Underwriters agree to cause a copy of the Official Statement to be deposited before the end of the underwriting period with each of the parties required by the applicable rules of the MSRB.

16. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. Notices. Any notice or other communication to be given under this Agreement may be given by delivering the same in writing by registered or certified mail to the following addresses:

Local Government Commission
3200 Atlantic Avenue
Raleigh, North Carolina 27604
Attention: Secretary

City of Greenville, North Carolina
P.O. Box 7207
Greenville, North Carolina 27835
Attention: City Manager

Greenville Utilities Commission
P.O. Box 1847
Greenville, North Carolina 27835-1847
Attention: Chief Financial Officer

J.P. Morgan Securities LLC
200 Regency Parkway, 4th Floor
Cary, North Carolina 27518
Attention: Managing Director

18. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of North Carolina.

19. No Advisory or Fiduciary Role. The City and the Commission acknowledge and agree that (a) the transactions contemplated by this Agreement are arm's length, commercial transactions among the LGC, the City, the Commission and the Underwriters in which the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the LGC, the City or the Commission; (b) the Underwriters have not assumed any advisory or fiduciary responsibility to the LGC, the City or the Commission with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters or their respective affiliates have provided other services or are currently providing other services to the LGC, the City or the Commission on other matters); (c) the only obligations the Underwriters have to the LGC, the City, or the Commission with respect to the transactions contemplated hereby expressly are set forth in this Agreement; and (d) the LGC, the City and the Commission have consulted their own financial, legal, accounting, tax and other advisors, as applicable, to the extent they have deemed

appropriate. The primary role of the Underwriters is to purchase the Bonds from the LGC for resale to investors in an arm's length commercial transaction. The Underwriters have financial and other interests than differ from those of the LGC and the City.

20. E-Verify. The Representative hereby represents that the Underwriters understand that "E-Verify" is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law in accordance with Section 64-25(5) of the General Statutes of North Carolina, as amended. The Underwriters use E-Verify to verify the work authorization of their respective employees in accordance with Section 64-26(a) of the General Statutes of North Carolina, as amended. The Underwriters will require that any subcontractor that it uses in connection with the transactions contemplated by this Agreement certify to such subcontractor's compliance with E-Verify.

21. Iran Divestment Act Certification. The Representative hereby represents that, as of the date hereof, none of the Underwriters is included on a list of persons engaged in investment activities in Iran created and maintained by the North Carolina Department of State Treasurer pursuant to Section 147-86.58 of the Iran Divestment Act of 2015, Article 6E, as amended, of Chapter 147 of the General Statutes of North Carolina. The Underwriters will not utilize any subcontractor that is listed on any such list in connection with the transactions contemplated by this Agreement.

This Agreement shall become effective upon the execution of the acceptance and approval hereof by duly authorized representatives of the LGC, the City and the Commission and shall be valid and enforceable as of the time of such acceptance and approval.

Very truly yours,

J.P. MORGAN SECURITIES LLC

FTN FINANCIAL CAPITAL MARKETS

By: J.P. Morgan Securities LLC, as Representative

By: _____
Managing Director

(signatures continued)

Bond Purchase Agreement
City of Greenville, North Carolina
Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2019

Accepted:

LOCAL GOVERNMENT COMMISSION

By: _____
Secretary

(signatures continued)

Bond Purchase Agreement
City of Greenville, North Carolina
Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2019

Approved:

CITY OF GREENVILLE, NORTH CAROLINA

By: _____
City Manager

GREENVILLE UTILITIES COMMISSION

By: _____
Chief Financial Officer

SUPPLEMENTAL OPINION OF BOND COUNSEL

[To be provided by Bond Counsel]

OPINION OF CITY ATTORNEY

June __, 2019

City Council of the City of Greenville
Greenville, North Carolina

J.P. Morgan Securities LLC
Cary, North Carolina

FTN Financial Capital Markets
Memphis, Tennessee

Re: City of Greenville, North Carolina Greenville Utilities Commission \$[_____] Combined Enterprise System Revenue Bonds, Series 2019

I am the City Attorney for the City of Greenville, North Carolina (the “City”) and have served in such capacity in connection with the execution and delivery on the date hereof of the above-referenced bonds (the “Bonds”). The Bonds are being issued under and pursuant to the terms of a bond order as approved and recommended for adoption by the Greenville Utilities Commission (the “Commission”) and adopted by the City Council of the City (the “City Council”) on August 11, 1994 as amended and restated as of April 13, 2000 (the “Bond Order”), and a series resolution (the “Series Resolution”), approved and recommended for adoption by the Commission and adopted by the City Council on May 9, 2019. The Bonds are being purchased on the date hereof by J.P. Morgan Securities LLC and FTN Financial Capital Markets, as the underwriters (the “Underwriters”) pursuant to the terms of a Bond Purchase Agreement, dated May [22], 2019 (the “Bond Purchase Agreement”), among the Local Government Commission (the “LGC”), the City, the Commission and the Underwriters. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Bond Purchase Agreement.

Based upon such examination as I have deemed necessary for the purpose of expressing the opinions set forth below, I am of the opinion, as of the date hereof and under existing law, that:

1 The City is a municipal corporation duly organized and validly existing under the constitution and laws of the State of North Carolina, and has full legal right, power and authority to issue the Bonds, to adopt the Bond Order and the Series Resolution, to execute and deliver the Bond Purchase Agreement and to carry out and consummate the transactions contemplated thereby.

2 The City has duly authorized the issuance of the Bonds by proper orders or resolutions of the City, and such orders or resolutions are in full force and effect.

3 The City has duly authorized, executed and delivered the Bond Purchase Agreement, and, assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement is a legal, valid and binding obligation of the City enforceable in accordance with its terms, except that the enforceability thereof may be subject to bankruptcy,

insolvency, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and by general equitable principles. I note, however, that the covenants of the City in the Bond Purchase Agreement relating to indemnification and contribution are given to the extent permitted by law, and I express no opinion with respect to whether such covenants are permitted by law.

4 All authorizations, approvals, consents or orders of any governmental entity or any other person, association or corporation required to date for the valid issuance of the Bonds, the execution or delivery by the City of the Bond Purchase Agreement, the adoption of the Bond Order and the Series Resolution and any other transactions effected or contemplated thereby have been obtained, except that I express no opinion as to any action required under federal or state securities or Blue Sky laws in connection with the offering and sale of the Bonds by the Underwriters. With respect to any authorizations, approvals, consents or orders of any governmental entity or any other person, association or corporation not yet required, it is not anticipated that there will be any difficulty in obtaining the same when required.

5 The City is not in breach of or default under any applicable law or administrative regulation of the State of North Carolina or the United States or any applicable judgment or decree or administrative ruling or any agreement, resolution, certificate or other instrument to which the City is a party or is otherwise subject, which breach or default would in any way materially adversely affect the transactions contemplated by the Bond Purchase Agreement, the Bond Order or the Series Resolution, and no event has occurred and is continuing which with the passage of time or giving of notice, or both, would constitute such a breach of or default thereunder.

6 The issuance of the Bonds, the adoption of the Bond Order and the Series Resolution, the execution and delivery of the Bond Purchase Agreement and compliance with the provisions of each will not conflict with or constitute a violation or breach of or default under the charter of the City or any applicable law, rule or regulation of the United States or of the State of North Carolina or of any department, division, agency or instrumentality thereof, or any applicable order, judgment or decree of any court or other governmental agency or body or any bond, note, loan agreement, resolution, certificate, agreement or other instrument to which the City is a party or by which the City or its property is bound.

7 There is no action, suit, proceeding, inquiry or investigation at law or in equity before any court, public board or body pending against the City, or to the best of my knowledge, threatened against the City, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Bond Purchase Agreement or which, in any way, would adversely affect the validity of the Bond Purchase Agreement, the Bond Resolution, the Series Resolution, the Bonds or the exemption of interest on the Bonds from taxation as described in the Official Statement.

8 The City has duly authorized, executed and delivered the Official Statement and has approved the use of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds.

9 Based upon information made available to me in the course of my representation of the City, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to my attention that would lead me to believe that the information contained in the Official Statement under the headings “PLAN OF FINANCE,” “THE CITY” and “LITIGATION” (excluding in all cases financial and statistical data included or mentioned therein, as to which I express no opinion) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Respectfully submitted,

OPINION OF COUNSEL TO THE UTILITIES COMMISSION

June __, 2019

Greenville Utilities Commission
Greenville, North Carolina

J.P. Morgan Securities LLC
Cary, North Carolina

FTN Financial Capital Markets
Memphis, Tennessee

Re: City of Greenville, North Carolina Greenville Utilities Commission \$[_____] Combined Enterprise System Revenue Bonds, Series 2019

I have acted as counsel to the Greenville Utilities Commission (the “Commission”) in connection with the execution and delivery on the date hereof of the above-referenced bonds (the “Bonds”). The Bonds are being issued under and pursuant to the terms of a bond order as approved and recommended for adoption by the Greenville Utilities Commission (the “Commission”) and adopted by the City Council of the City (the “City Council”) on August 11, 1994, as amended and restated as of April 13, 2000 (the “Bond Order”), and a series resolution (the “Series Resolution”), approved and recommended for adoption by the Commission and adopted by the City Council on May 9, 2019. The Bonds are being purchased on the date hereof by J.P. Morgan Securities LLC and FTN Financial Capital Markets, as the underwriters (the “Underwriters”), pursuant to the terms of a Bond Purchase Agreement, dated May [22], 2019 (the “Bond Purchase Agreement”), among the Local Government Commission (the “LGC”), the City, the Commission and the Underwriters. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Bond Purchase Agreement.

Based upon such examination as I have deemed necessary for the purposes of expressing the opinions set forth below, I am of the opinion, as of the date hereof and under existing law, that:

1 The Commission is duly organized and validly existing pursuant to Chapter 861 of the 1991 Session Laws of North Carolina (the “Charter”) and has full legal right, power and authority to approve the Bond Order and the Series Resolution and to execute and deliver the Bond Purchase Agreement and to carry out and consummate the transactions contemplated thereby.

2 The Commission has duly approved and recommended for adoption by the City Council of the City the Bond Order and the Series Resolution.

3 The Commission has duly authorized, executed and delivered the Bond Purchase Agreement, and, assuming due authorization, execution and delivery by the other parties thereto, the Bond Purchase Agreement is a legal, valid and binding obligation of the Commission enforceable in accordance with its terms except that the enforceability thereof may be subject to bankruptcy, insolvency, moratorium or other similar laws affecting creditors’ rights generally from

time to time in effect and by general equitable principles. I note, however, that the covenants of the Commission in the Bond Purchase Agreement relating to indemnification and contribution are given to the extent permitted by law, and I express no opinion with respect to whether such covenants are permitted by law.

4 All authorizations, approvals, consents or orders of any governmental entity or any other person, association or corporation required to date for the execution or delivery by the Commission of the Bond Purchase Agreement, the approval of the Bond Order and Series Resolution and any other transactions effected or contemplated thereby have been obtained, except that I express no opinion as to any action required by federal or state securities or Blue Sky laws in connection with the offering and sale of the Bonds by the Underwriters. With respect to any authorizations, approvals, consents or orders of any governmental entity or any other person, association or corporation not yet required, it is not anticipated that there will be any difficulty in obtaining the same when required.

5 The Commission is not in breach of or default under any applicable law or administrative regulation of the State of North Carolina or the United States or any applicable judgment or decree or administrative ruling or any agreement, resolution, certificate or other instrument to which the Commission is a party or is otherwise subject, which breach or default would in any way materially adversely affect the Commission's activities or transactions contemplated by the Bond Purchase Agreement, the Bond Order or the Series Resolution, and no event has occurred and is continuing which with the passage of time or giving of notice, or both, would constitute such a breach of or default thereunder.

6 The approval of the Bond Order and the Series Resolution, the execution and delivery of the Bond Purchase Agreement and compliance with the provisions of each will not conflict with or constitute a breach or violation of or a default under the Charter of the Commission or any applicable law, rule or regulation of the United States or of the State of North Carolina or of any department, division, agency or instrumentality thereof, or any applicable order, judgment or decree of any court or other governmental agency or body or any bond, note, loan agreement, resolution, certificate, agreement or other instrument to which the Commission is a party or by which the Commission or its property is bound.

7 There is no action, suit, proceeding, inquiry or investigation at law or in equity before any court, public board or body pending against the Commission, or to the best of my knowledge, threatened against the Commission, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Purchase Agreement or which, in any way, would materially adversely affect the validity of the Bond Purchase Agreement, the Bond Resolution or the Series Resolution.

8 The Commission has duly authorized, executed and delivered the Official Statement and has approved the use of the Preliminary Official Statement and the Official Statement in connection with the offering and sale of the Bonds.

9 Based upon information made available to me in the course of my representation of the Commission, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, nothing has come to my attention that would lead me to believe that the information contained in the Official Statement under the headings “PLAN OF FINANCE” and “THE COMBINED ENTERPRISE SYSTEM AND THE GREENVILLE UTILITIES COMMISSION” and “LITIGATION” (excluding in all cases financial and statistical data included or mentioned therein, as to which I express no opinion) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Respectfully submitted,

OPINION OF UNDERWRITERS' COUNSEL

J.P. Morgan Securities LLC,
as Representative of the Underwriters
New York, New York

June __, 2019

\$_[_____]
City of Greenville, North Carolina
Greenville Utilities Commission
Combined Enterprise System Revenue Bonds, Series 2019

Ladies and Gentlemen:

This letter is being delivered to you pursuant to the Bond Purchase Agreement dated May [22], 2019 (the "Purchase Agreement"), among the Local Government Commission, the City of Greenville, North Carolina (the "City"), the Greenville Utilities Commission (the "Commission"), and J.P. Morgan Securities LLC, on its own behalf and as representative of FTN Financial Capital Markets (collectively, the "Underwriters"), relating to the sale of the above-referenced Bonds (the "Bonds"). Capitalized terms not otherwise defined herein shall have the same meanings assigned to them in the Purchase Agreement.

We have acted as counsel to the Underwriters in connection with the issuance, delivery and sale of the Bonds to the Underwriters. In that capacity, we have examined an executed counterpart of the Purchase Agreement, the Resolutions, and a specimen of the Bonds. We have also examined the originals or copies, certified or otherwise identified to our satisfaction, of such other documents, corporate records and other instruments as we have deemed necessary or advisable for purposes of this letter. On the basis of the foregoing, we are of the opinion, as of the date hereof and under existing law, that the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

As such counsel, we have rendered legal advice and assistance in connection with the preparation of the Official Statement relating to the Bonds. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as your counsel we have generally reviewed certain documents and have participated in conferences with representatives of the City and the Commission, representatives of the other parties to the agreements set forth above, your representatives and representatives of Womble Bond Dickinson (US) LLP, Bond Counsel to the City.

Based upon our review and our participation in such discussions, we advise you that, in the course of our representation of you on this matter, nothing has come to our attention which leads us to believe that the Official Statement (except for information contained therein or omitted therefrom concerning The Depository Trust Company and its book-entry system, any financial or statistical data or information included in or omitted from the Official Statement and any information included in or omitted from the appendices thereto, as to which we express no belief), as of the date thereof and the date hereof, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

Pursuant to the Series Resolution, the City and the Commission have undertaken to provide certain annual financial information and operating data relating to the City and the Commission and notices of the occurrence of certain material events as specified in the Series Resolution and the Official Statement (the "Undertaking").

On May 22, 2010, the Securities and Exchange Commission (the "SEC") published amendments to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as theretofore amended, relating to municipal securities disclosure (the "Amended Rule"). The Amended Rule was accompanied by SEC Release 34-62184 (the "SEC Release") which provides interpretive guidance regarding the Amended Rule.

Based upon our review of the Undertaking, the Amended Rule and the SEC Release, we are of the opinion that the Undertaking will permit you to comply with clause (b)(5) of the Amended Rule in connection with the primary offering of the Bonds. In rendering the foregoing opinion, we do not express any opinion as to the validity or enforceability of the Undertaking and, with your consent, are assuming such validity and enforceability.

This letter is furnished by us solely for your benefit and may not be relied upon by any other persons. We disclaim any obligation to update this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

ISSUE PRICE CERTIFICATE

\$[_____]
 City of Greenville, North Carolina
 Greenville Utilities Commission
 Combined Enterprise System Revenue Bonds, Series 2019

The undersigned, on behalf of J.P. Morgan Securities LLC (the “*Representative*”), on behalf of itself and FTN Financial Capital Markets (together, the “*Underwriting Group*”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “*Bonds*”).

1. ***[Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule.][***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.]

2. ***[Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement, the members of the Underwriting Group have agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. The Representative has not offered or sold any Maturity of the Bonds at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. ***Defined Terms.***

[(a) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

[(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (May [22], 2019), or (ii) the date on which the Representative has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means the City of Greenville, North Carolina.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May [22], 2019.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Representative’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bond Counsel in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

J.P. MORGAN SECURITIES LLC, as
Representative of the Underwriters

By: _____
Kent Lawrence, Managing Director

Dated: June __, 2019

Schedule A

PRELIMINARY OFFICIAL STATEMENT DATED MAY __, 2019

New Issue/Book-Entry-Only

**Ratings: Moody's: __
Fitch: __
(See "RATINGS" herein)**

In the opinion of Womble Bond Dickinson (US) LLP, as bond counsel ("Bond Counsel"), which is based on existing law and assumes continuing compliance by the City and the Utilities Commission (as such terms are defined herein) with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the 2019 Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation and will not be a specific preference item for purposes of the alternative minimum tax imposed by the Code. In the opinion of Bond Counsel, which is based on existing law, interest on the 2019 Bonds will be exempt from all State of North Carolina income taxes. See "TAX TREATMENT" herein.

\$[_____] *
CITY OF GREENVILLE, NORTH CAROLINA
Greenville Utilities Commission
Combined Enterprise System Revenue Bonds
Series 2019

Dated: Date of Delivery

Due: August 1, as shown on inside cover

The bonds offered hereby (the "2019 Bonds") will be special obligations of the City of Greenville, North Carolina (the "City"), solely secured by and payable from the Net Receipts of the Greenville Utilities Commission (the "Utilities Commission") from the City's ownership and the Utilities Commission's operation of the Combined Enterprise System. The 2019 Bonds are being issued to (a) finance additional improvements to the Combined Enterprise System as more particularly described herein and (b) pay financing costs. **Neither the faith and credit nor the taxing power of the City is pledged for the payment of principal of, premium, if any, or interest on the 2019 Bonds, and no registered owner of the 2019 Bonds has the right to compel the exercise of the taxing power by the City or the forfeiture of any of its property other than Net Receipts and certain other moneys in connection with any default on the 2019 Bonds.**

The 2019 Bonds initially will be issued as fully registered bonds and when delivered will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as the initial securities depository for the 2019 Bonds. Individual purchases of the 2019 Bonds by the beneficial owners will be made in denominations of \$5,000 or any integral multiple thereof. So long as Cede & Co. is the registered owner of the 2019 Bonds, as nominee for DTC, references herein to registered owners or Owners shall mean Cede & Co., as aforesaid, and shall not mean the beneficial owners of the 2019 Bonds. So long as Cede & Co. is the registered owner of the 2019 Bonds as aforesaid, the principal of and interest on the 2019 Bonds are payable by the Bond Registrar to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners. See Appendix G hereto.

The 2019 Bonds are subject to optional [and mandatory sinking fund] redemption as described herein.

The 2019 Bonds are offered subject to prior sale, when, as and if issued and accepted by the Underwriters, subject to the approval of their validity and certain other matters by Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, Bond Counsel. Certain legal matters will be passed upon for the City by Emanuel D. McGirt, Esq., Greenville, North Carolina, City Attorney, for the Utilities Commission by Phillip R. Dixon, Esq., Greenville, North Carolina, counsel to the Utilities Commission, and for the Underwriters by McGuireWoods LLP, Raleigh, North Carolina, counsel to the Underwriters. Black and Veatch International Company, Overland Park, Kansas, and Raftelis Financial Consultants, Inc., Charlotte, North Carolina, have prepared the financial feasibility evaluations included in Appendices D and E hereto, respectively. Hilltop Securities Inc., Charlotte, North Carolina, is acting as financial advisor to the City and the Utilities Commission in connection with the sale and issuance of the 2019 Bonds. It is expected that the 2019 Bonds will be available for delivery through the facilities of DTC on or about June 6, 2019.

J.P. Morgan

FTN Financial Capital Markets

May __, 2019

* Preliminary; subject to change.

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION OR AMENDMENT IN A FINAL OFFICIAL STATEMENT. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the 2019 Bonds offered hereby in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

MATURITY SCHEDULE*

Combined Enterprise System Revenue Bonds, Series 2019

\$ _____ Serial 2019 Bonds

| <u>Due August 1</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Yield</u> | <u>CUSIP**</u> |
|-------------------------|-----------------------------|--------------------------|--------------|----------------|
|-------------------------|-----------------------------|--------------------------|--------------|----------------|

\$ _____ % Term 2019 Bonds Due August 1, 20__ - Yield ____ % CUSIP _____

*Preliminary; subject to change.

**Copyright 2019, American Bankers Association. CUSIP numbers herein are provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association, and are set forth herein for the convenience of reference only. Neither the City nor the Underwriters take any responsibility for the selection or accuracy of such numbers set forth herein.

CITY OF GREENVILLE

City Council

| | |
|--------------------|-------------------|
| P.J. Connelly | Mayor |
| Rose H. Glover | Mayor Pro Tempore |
| Brian Meyerhoeffer | Council Member |
| Monica Daniels | Council Member |
| Will Bell | Council Member |
| Rick Smiley | Council Member |
| Will Litchfield | Council Member |

City Staff

| | |
|-------------------|--------------------------------|
| Ann E. Wall | City Manager |
| Byron Hayes | Director of Financial Services |
| Emanuel D. McGirt | City Attorney |

Greenville Utilities Commission

| | |
|----------------------|--------------|
| Rebecca Blount | Chair |
| Joel Butler | Chair-Elect |
| Parker Overton | Secretary |
| Don Mills | Commissioner |
| Minnie J. Anderson | Commissioner |
| Ann E. Wall | Commissioner |
| Kelly L. Darden, Jr. | Commissioner |
| Tommy Stoughton | Commissioner |

Utilities Commission Staff

| | |
|------------------------|------------------------------|
| Anthony C. Cannon | General Manager/CEO |
| Christopher N. Padgett | Chief Administrative Officer |
| Jeff W. McCauley | Chief Financial Officer |
| Phillip R. Dixon | General Counsel |

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the 2019 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the 2019 Bonds in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the 2019 Bonds implies that the information herein is correct as of any date subsequent to the date thereof.

The information contained herein has been obtained from the City, the Utilities Commission and other sources believed to be reliable. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of its date.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Neither the 2019 Bonds, the Bond Order nor the Series Resolution (each as defined herein) have been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended. Any registration or qualification of the 2019 Bonds, the Bond Order or the Series Resolution in accordance with applicable provisions of securities laws of the states in which the 2019 Bonds, the Bond Order or the Series Resolution have been registered or qualified, if so required, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 (as defined herein).

This Official Statement is deemed to be a final official statement with respect to the 2019 Bonds within the meaning of Rule 15c2-12, except, when it is in preliminary form, for the omission of certain pricing and other information authorized to be omitted by Rule 15c2-12.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as "plan," "expectations," "estimate," "project," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the expectations of the City in any way, regardless of the level of optimism communicated in the information. The City is not obligated to issue, nor does it plan to issue any updates or revisions to the forward-looking statements.

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**State of North Carolina
Department of State Treasurer**

DALE R. FOLWELL
Treasurer

*State and Local Government Finance Division
and the Local Government Commission*

GREGORY C. GASKINS
Deputy Treasurer

**Official Statement
of the North Carolina Local Government Commission
Concerning**

\$[_____]*
**CITY OF GREENVILLE, NORTH CAROLINA
Greenville Utilities Commission
Combined Enterprise System Revenue Bonds
Series 2019**

INTRODUCTION

The purpose of this Official Statement, which includes the cover, inside cover and Appendices, is to provide certain information in connection with the issuance of \$[_____]* Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2019 (the “2019 Bonds”) by the City of Greenville, North Carolina (the “City”). The 2019 Bonds are being issued pursuant to The State and Local Government Revenue Bond Act, Article 5 of Chapter 159, as amended, of the General Statutes of North Carolina (the “Act”), a bond order adopted by the City Council of the City on August 11, 1994, and amended and restated as of April 13, 2000 (the “Bond Order”), and a series resolution (the “Series Resolution”) which the Greenville Utilities Commission (the “Utilities Commission”) approved and recommended to the City Council of the City (the “City Council”) for adoption and the City Council adopted on May 9, 2019.

This introduction provides certain limited information to serve as a guide to the Official Statement and is expressly qualified by the Official Statement as a whole. Investors should review the entire Official Statement and the documents summarized or described herein.

For the definition of certain terms used herein and a summary of certain provisions of the Bond Order and the Series Resolution, see “Definitions and Summary of Certain Provisions of the Bond Order” in Appendix B. Capitalized terms used herein and not otherwise defined shall have the same meanings given such terms in the Bond Order and the Series Resolution unless otherwise indicated.

Security. The 2019 Bonds will be special obligations of the City, solely secured by and payable from the Net Receipts derived by or for the account of the Utilities Commission from the City’s ownership and the Utilities Commission’s operation of the City’s electric system, water system, sanitary sewer system and natural gas system (the “Combined Enterprise System”), except to the extent payable from proceeds of the 2019 Bonds, investment earnings and certain other moneys, pledged to the payment of the principal of and interest on the 2019 Bonds and any other Parity Indebtedness to the extent herein described.

Pursuant to the Bond Order, the City has heretofore issued several series of bonds that are no longer outstanding. In addition, the City has heretofore issued (i) \$11,005,000 Greenville Utilities Commission Combined Enterprise System Revenue Bond, Series 2010 (the “2010 Bond”), of which \$3,545,000 is

* Preliminary; subject to change.

currently outstanding, (ii) \$19,647,700 Greenville Utilities Commission Combined Enterprise System Revenue Refunding Bond, Series 2013 (the “2013 Bond”), of which \$5,098,000 is currently outstanding, and (iii) \$62,685,000 Greenville Utilities Commission Combined Enterprise System Revenue Bonds, Series 2016 (the “2016 Bonds”), of which \$60,675,000 is currently outstanding.

The pledge, lien and charge of the 2019 Bonds on the Net Receipts will be on a parity with that of the outstanding 2010 Bond, 2013 Bond, 2016 Bonds and any additional Bonds and Parity Debt (collectively, “Parity Indebtedness”) and superior to the provision for payment of debt service on the City’s outstanding general obligation bonds issued for the benefit of the enterprises included in the Combined Enterprise System. In the future, the City may elect to issue general obligation bonds for the benefit of the Combined Enterprise System as Parity Debt or as Other Indebtedness subordinate to Parity Indebtedness in its right to payment from Net Receipts.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2019 BONDS, AND NO OWNER OF THE 2019 BONDS HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY OTHER THAN NET RECEIPTS AND CERTAIN OTHER MONEYS IN CONNECTION WITH ANY DEFAULT ON THE 2019 BONDS. See “SECURITY AND SOURCES OF PAYMENT” herein and Appendix B hereto.

Purpose. The 2019 Bonds are being issued for the purpose of providing funds, together with any other available funds, to (1) pay the cost of acquiring and constructing improvements (the “Additional Improvements”) to the Combined Enterprise System as more particularly described herein and (2) pay certain financing costs.

Tax Status. See “TAX TREATMENT” herein.

Professionals. J.P. Morgan Securities LLC, Cary, North Carolina and FTN Financial Capital Markets, Memphis, Tennessee (collectively, the “Underwriters”) are underwriting the 2019 Bonds. Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, is serving as Bond Counsel. Emanuel D. McGirt, Esq., Greenville, North Carolina, is the City Attorney and Phillip R. Dixon, Esq., Greenville, North Carolina, is the Utilities Commission Attorney. McGuireWoods LLP, Raleigh, North Carolina, is serving as counsel to the Underwriters. Hilltop Securities Inc., Charlotte, North Carolina, is serving as Financial Advisor to the City and the Utilities Commission. Black and Veatch International Company, Overland Park, Kansas, and Raftelis Financial Consultants, Inc., Charlotte, North Carolina, have prepared the financial feasibility evaluations included in Appendices D and E hereto, respectively. The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, is serving as Trustee and Bond Registrar for the 2019 Bonds.

THE 2019 BONDS

Authorization

The 2019 Bonds will be issued pursuant to the Act, the Order and the Series Resolution.

The City’s issuance of the 2019 Bonds received the required approval of the North Carolina Local Government Commission (the “LGC”) on May 7, 2019. The LGC is a division of the State Treasurer’s office charged with general oversight of local government finance in the State of North Carolina (the “State”). The LGC’s approval is required for all bond issues and substantially all other local government financing arrangements in the State. In determining whether to allow bonds to be issued under the Act, the

LGC has been given wide statutory discretion to consider the need for and feasibility of the projects to be financed, the local government's capability to repay the amount financed from the pledged revenue sources and the local government's general compliance with State budget and finance laws. Under the Act, the LGC is also responsible, with the issuing unit's approval, for selling bonds issued pursuant to the Act. See Appendix F for additional information on the LGC and its powers and duties.

General

The 2019 Bonds will be dated their date of delivery. The 2019 Bonds will bear interest from their date payable on February 1, 2020, and thereafter semiannually on each February 1 and August 1 at the rates shown on the inside cover of this Official Statement, and will mature, subject to prior redemption, as described herein, on August 1 in the years and amounts shown on the inside cover of this Official Statement. Individual purchases of the 2019 Bonds by the beneficial owners will be made in denominations of \$5,000 or any integral multiple thereof.

Book-Entry-Only System

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered 2019 Bonds registered in the name of Cede & Co., DTC's partnership nominee. One fully-registered 2019 Bond certificate will be issued for each maturity of the 2019 Bonds, as set forth on the inside cover of this Official Statement, each in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2019 BONDS, AS DTC'S PARTNERSHIP NOMINEE, REFERENCE HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE 2019 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2019 BONDS. For a more complete description of DTC and the book-entry-only system, see Appendix G hereto.

Redemption Provisions

Optional Redemption of 2019 Bonds.

The 2019 Bonds maturing on or after August 1, 20__ shall be subject to redemption prior to maturity, at the option of the City, in whole or in part on any date, from moneys that may be made available for such purpose, on or after August 1, 20__, and at a redemption price not to exceed 100%, plus accrued interest thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption. The 2019 Bonds maturing on August 1, 20__ will be subject to mandatory sinking fund redemption on August 1, 20__ and on each August 1 thereafter, at a redemption price equal to 100% of the principal amount of the 2019 Bonds being redeemed, plus interest accrued to the redemption date, as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
|-------------|---------------|

*Maturity

Notice of Redemption, Selection of 2019 Bonds for Redemption and the Effect of Call for Redemption. Not more than ninety (90) days and at least thirty (30) days before the redemption date of any 2019 Bonds, the Bond Registrar shall cause a notice of any such redemption, either in whole or in part, signed by the Bond Registrar, to be mailed, first-class, postage prepaid, to the North Carolina Local

Government Commission and all registered owners of 2019 Bonds to be redeemed at their addresses as they appear on the registration books of the City kept by the Bond Registrar; provided, however, that, so long as the 2019 Bonds are held by DTC, any notice of redemption will be made in accordance with DTC's procedures. If less than all of the 2019 Bonds are called for redemption, the maturities of the 2019 Bonds or portions thereof to be redeemed shall be selected by the City in its discretion. The selection of the particular 2019 Bonds to be redeemed will be made in accordance with DTC's procedures. On the date designated for redemption, the 2019 Bonds or portions of 2019 Bonds called for redemption shall become and be due and payable at the Redemption Price provided for the redemption of such 2019 Bonds or portions of 2019 Bonds on such date plus accrued interest to such date, and, if moneys or Defeasance Obligations, or a combination of both, sufficient for payment of the Redemption Price and the accrued interest are held in separate accounts by the Trustee or the Bond Registrar in trust for the Owners of the 2019 Bonds or portions thereof are to be redeemed, as provided in the Bond Order, interest on the 2019 Bonds or portions of 2019 Bonds so called for redemption shall cease to accrue, such 2019 Bonds or portions of 2019 Bonds shall cease to be entitled to any benefit or security under the Bond Order or be deemed Outstanding, and the Owners of such 2019 Bonds or portions of 2019 Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and the accrued interest and, to the extent provided in the Bond Order, to receive new 2019 Bonds for any unredeemed portions of 2019 Bonds.

Any notice of optional redemption of the 2019 Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price if any such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit under the terms of the Bond Order, the corresponding notice of redemption will be deemed to be revoked.

SECURITY AND SOURCES OF PAYMENT

General

The 2019 Bonds will be special obligations of the City, solely secured by and payable from the Net Receipts of the Combined Enterprise System, except to the extent paid from proceeds of 2019 Bonds, investment earnings and certain other moneys. **Neither the faith and credit nor the taxing power of the City is pledged to the payment of principal of, premium, if any, or interest on the 2019 Bonds, and no Owner of the 2019 Bonds has the right to compel the exercise of the taxing power by the City or the forfeiture of any of its property other than Net Receipts and certain other moneys in connection with any default on the 2019 Bonds.**

The Combined Enterprise System is currently composed of the electric system, water system, sanitary sewer system and the natural gas system owned by the City and operated by the Utilities Commission, including improvements thereto financed by Bonds and Receipts (the "Existing Facilities"). The Bond Order authorizes additions or improvements to the Combined Enterprise System ("Additional Improvements") which, together with the Existing Facilities and the Additional Improvements, will comprise the Combined Enterprise System. See "THE COMBINED ENTERPRISE SYSTEM" herein. The City may also add to and remove from the Combined Enterprise System entire enterprise systems. See Appendix B – "DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDER – Adding or Deleting an Enterprise System."

Pledge of Net Receipts

The Net Receipts of the Combined Enterprise System are pledged to the payment of, and as security for, the 2019 Bonds and all other Indebtedness secured by the Bond Order. Net Receipts consist of Receipts

after payment of Current Expenses or making provision for the payment of Current Expenses from Receipts. Receipts generally include all payments, proceeds, fees, charges, rents and all other moneys received by or for the account of the Utilities Commission from the ownership by the City and operation by the Utilities Commission of the Combined Enterprise System and all rights to receive the same, whether in the form of accounts receivable, contract rights or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence. Current Expenses generally include the reasonable and necessary current expenses of operation, maintenance and repair of the Combined Enterprise System as determined in accordance with generally accepted accounting principles. In particular, the City and the Utilities Commission are obligated to pay as an operating expense of the electric system monthly payments to the North Carolina Eastern Municipal Power Agency (the "Power Agency") for the City's all requirements electric bulk power supply. The City's payment obligations to the Power Agency for its all requirements electric bulk power supply are contained in certain agreements between the City and the Power Agency. See "THE COMBINED ENTERPRISE SYSTEM – The Electric System – North Carolina Eastern Municipal Power Agency". See "Definitions of Certain Terms" in Appendix B for complete definitions of "Receipts" and "Current Expenses."

Rate Covenant

The rates, fees and charges for the use of and for the services and facilities furnished or to be furnished by the Combined Enterprise System shall be determined by the Rate Resolution of the Utilities Commission as it may be amended from time to time.

In the Bond Order, the City covenants that the Utilities Commission will revise such rates, fees and charges from time to time and as often as it appears necessary in order that:

(a) the Receipts, together with any other available funds excluding any transfers from the City, will be sufficient to permit the deposit to the credit of the appropriate operating funds under the Bond Order in each Fiscal Year of a sum equal to the total of the Current Expenses to be paid or provided for in such Fiscal Year and the amounts needed for making the cash deposits or transfers in such Fiscal Year required under the Bond Order to make the payments as described by (a) through (i) under "Application of Moneys" herein; and

(b) (i) the Net Revenues in each Fiscal Year will not be less than 125% of the Principal and Interest Requirements for such Fiscal Year on account of the Parity Indebtedness constituting Long-Term Indebtedness then Outstanding and (ii) the Net Revenues for such Fiscal Year, less an amount equal to 100% of the Principal and Interest Requirements for such Fiscal Year on account of the Parity Indebtedness constituting Long-Term Indebtedness then Outstanding, will not be less than 100% of the Principal and Interest Requirements for such Fiscal Year on account of the Subordinate Indebtedness and the Other Indebtedness constituting Long-Term Indebtedness then Outstanding.

As defined in the Bond Order, "Revenues," generally, means all income, excluding certain extraordinary items, derived by or for the account of the Utilities Commission from the ownership by the City and operation by the Utilities Commission of the Combined Enterprise System, determined in accordance with generally accepted accounting principles. "Net Revenues" means, for a given period, the excess of Revenues over Current Expenses, determined in accordance with generally accepted accounting principles, during that period. See Appendix B – "Definitions of Certain Terms" for the complete definition of such term.

Construction Fund

The proceeds of the 2019 Bonds will be deposited in the Series 2019 Bonds Construction Account as created under the Series Resolution within the Construction Fund created under the Bond Order and held by the Trustee. Amounts deposited in the account of the Construction Fund, including interest earnings thereon, will be used to pay the Cost of the Additional Improvements and costs of issuance related to the 2019 Bonds. Interest earned or other income derived from the investment or deposit of moneys held for the credit of the account of the Construction Fund may also be applied, upon the written direction of the Chief Financial Officer of the Utilities Commission or his designee, to the principal or interest payments of the 2019 Bonds. Amounts on deposit in the respective accounts of the Construction Fund are, to the extent permitted by law, subject to a pledge, charge and lien in favor of the Owners of the 2019 Bonds pending the application of such amounts to paying the Cost of the Additional Improvements.

Collection and Safekeeping of Receipts

The Utilities Commission will deposit all Receipts as received on a daily basis, to the extent practicable, with an appropriate depository. The Utilities Commission will pay Current Expenses from such Receipts as due, and will cause transfers of the Receipts to be made to the Trustee and others as described below under "Application of Moneys." After an event of default under the Bond Order, however, or if the Receipts or the Net Revenues are less than the amounts required by the rate covenant as set forth under "Rate Covenant" above for two consecutive Fiscal Years, the Utilities Commission will deposit all Receipts, as received, with the Trustee until such time as the event of default has been cured or the Receipts and the Net Revenues for one Fiscal Year are not less than the amounts required by the rate covenant. The Trustee first will apply such Receipts in such amounts as it shall determine to pay Current Expenses and thereafter will make the transfers or deposits to each of the accounts and funds as prescribed by the Bond Order to make the payments as described under "Application of Moneys" herein.

Parity Indebtedness Service Fund

The Parity Indebtedness Service Fund, which is established with the Trustee, contains three separate accounts: the Interest Account, the Principal Account and the Sinking Fund Account. Moneys on deposit in the Parity Indebtedness Service Fund, and the three accounts contained therein, will be used to pay the scheduled payments of principal of and interest on the Bonds and any additional Bonds and other Parity Indebtedness, including amounts payable pursuant to mandatory Sinking Fund Requirements. Moneys on deposit in the Parity Indebtedness Service Fund will be held in trust and, pending application as provided for in the Bond Order, will be subject to a pledge, charge and lien in favor of the Owners of the Bonds issued and Outstanding under the Bond Order and the Holders of Parity Debt for the further security of such Owners and Holders.

Parity Indebtedness Reserve Fund

The Bond Order establishes a Parity Indebtedness Reserve Fund, which is pledged as security for the Bonds and any Parity Indebtedness incurred or assumed under the Bond Order unless the Series Resolution or other resolution of the City Council authorizing such Parity Indebtedness provides that such Parity Indebtedness will not be secured by the Parity Indebtedness Reserve Fund or will be secured by a separate account in the Parity Indebtedness Reserve Fund. None of the outstanding Bonds are secured by the Parity Indebtedness Reserve Fund.

The 2019 Bonds will not be secured by the Parity Indebtedness Reserve Fund.

See Appendix B “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDER – Application of Moneys in Parity Indebtedness Reserve Fund” for additional information relating to the Parity Indebtedness Reserve Fund.

Application of Moneys

Except as described below, the Utilities Commission will withdraw Receipts from the Operating Checking Account and transfer the following amounts, for application in the following manner and order, provided that (i) the Utilities Commission will withdraw only amounts representing Receipts for the purpose of making the transfers or deposits pursuant to (a) through (i) below, (ii) payment or the provision for payment of Current Expenses has been made and (iii) in making such withdrawals the Utilities Commission will not reduce the balance of moneys held for the credit of any Fund under the Bond Order to less than the reserve amounts required to be maintained therein:

(a) To the Trustee for deposit to the credit of the Interest Account on the dates specified in the applicable Series Resolution, such amount as is sufficient to make full and timely payment of the interest to become due and payable on each Series of Bonds then Outstanding. In the case of the 2019 Bonds, the transfers to the Interest Account are to be made on or before the 25th day of the month preceding each February 1 and August 1 in an amount equal to the interest due and payable on the 2019 Bonds on such dates (after taking into account any amounts transferred from the Construction Fund for the payment of such interest).

(b) To the Trustee for deposit to the credit of the Principal Account on the dates specified in the applicable Series Resolution, such amount as is sufficient to make full and timely payment of the principal to become due on the next ensuing principal payment date due and payable on each Series of Bonds then Outstanding. In the case of the 2019 Bonds, the transfers to the Principal Account are to be made on or before the 25th day of the month preceding each August 1 in an amount equal to the principal to become due and payable on the next ensuing August 1.

(c) To the Trustee for deposit to the credit of the Sinking Fund Account, such amount as is equal to the Sinking Fund Requirements and amortization requirements, if any, as specified in the applicable Series Resolution, for each Series of Bonds then Outstanding and to be retired on the next ensuing sinking fund redemption date, plus the premiums, if any, on such principal amount of the Term Bonds to be redeemed.

(d) (i) To the Trustee for deposit to the credit of the Parity Indebtedness Reserve Fund, a portion of such amount as is required to make the amount in the Parity Indebtedness Reserve Fund, including each account which separately secures any Series of Bonds or Parity Debt, equal to the amount required to be therein as provided for in the Bond Order or in the applicable Series Resolution or other applicable resolutions of the City Council of the City authorizing the incurrence or assumption of Parity Debt.

(ii) To the Trustee or to the issuer of a Qualified Reserve Fund Substitute, such amount as is required to reimburse such issuer with respect to a draw on such Qualified Reserve Fund Substitute; provided that the City Council may provide that the transfers described in this paragraph (ii) may be made prior to or at the same time as the transfers described in paragraph (d)(i) above.

(e) To the Trustee for deposit to the credit of such funds and accounts as shall be established by each resolution of the City Council authorizing the incurrence or assumption of Subordinate Indebtedness, such amount as is equal to the amount of interest on and principal of

Subordinate Indebtedness then Outstanding and the funding of any related debt service reserve then required pursuant to such resolution.

(f) To the City or such other person or persons as may be appropriate for deposit to the credit of such funds and accounts as shall be established by each resolution of the City Council authorizing the incurrence or assumption of Other Indebtedness (which includes the City's outstanding general obligation bonds issued for the benefit of the enterprise systems included in the Combined Enterprise System), such amount as is equal to the amount of interest on and principal of Other Indebtedness then Outstanding and the funding of any related debt service reserve pursuant to such resolution.

(g) To the City such amount as is equal to the amount representing any transfer received by the Utilities Commission from the City in the preceding Fiscal Year pursuant to the Utilities Commission Charter (as hereinafter defined) with interest thereon which is then to be repaid as provided in the Annual Budget or as otherwise agreed to by the City and the Utilities Commission.

(h) To the City such amount as is equal to the amount representing the transfers required to be made by the Utilities Commission to the City in the current Fiscal Year pursuant to the Utilities Commission Charter as provided in the Annual Budget or otherwise agreed to by the City and the Utilities Commission.

(i) To the credit of any applicable capital projects fund or reserve such amounts as are equal to the amounts then required to be so transferred as provided in the Annual Budget.

The Bond Order permits the City to provide for a disposition of Receipts in addition to the transfers or deposits described under (a) through (i) above and prior to the transfers or deposits mentioned in (f) through (i) above but only after the transfers or deposits described in (a) through (e) above.

Moneys on deposit in the accounts and funds set forth in (a) through (c) above will be used to pay the scheduled payments of principal of and interest on the 2019 Bonds, including amounts payable pursuant to mandatory sinking fund redemptions. The Trustee will hold the Parity Indebtedness Service Fund (and the three accounts therein). The Parity Indebtedness Service Fund is pledged as security for the 2019 Bonds.

Repayment of Any Transfer from City; Required Transfer to City

If there are available moneys remaining from the Receipts after making the required transfers or deposits described in (a) through (f) under "Application of Moneys" above, then (i) the Utilities Commission will repay to the City, with interest, the amount of any transfer made by the City to the Utilities Commission to be applied to the necessary expenses of the Utilities Commission if charges and rentals are insufficient to pay such necessary expenses as provided for in Chapter 861 of the 1991 Session Laws of North Carolina (the "Utilities Commission Charter") and (ii) the Utilities Commission will thereafter transfer annually to the City, unless such transfer is reduced by the City Council of the City, an amount equal to 6% of the difference between the electric and natural gas systems' net fixed assets and total bonded indebtedness plus an amount equal to 50% of the Utilities Commission's retail cost of service for the City's public lighting as required by the Utilities Commission Charter. For year ended June 30, 2018, the transfer from the Utilities Commission to the City as described in (ii) above was \$6,600,783.

The City and the Utilities Commission do not anticipate that any transfer by the City to the Utilities Commission as described in (i) above will be necessary, and the requirement that such a transfer be made

is in no way a part of the security for the 2019 Bonds, nor will the Owners of the 2019 Bonds have any right to require or enforce such a transfer from the City to the Utilities Commission.

Parity, Subordinate and Additional Indebtedness

The outstanding Bonds are secured by a pledge, charge and lien upon Net Receipts on a parity with the 2019 Bonds. Under the conditions described in the Bond Order, and without the approval or consent of the Owners of the 2019 Bonds or any other Parity Indebtedness then Outstanding, the City may incur or assume additional Parity Indebtedness (including additional Bonds), Subordinate Indebtedness or Additional Indebtedness. Parity Indebtedness and Subordinate Indebtedness are both secured by a lien on Net Receipts. Additional Indebtedness is not secured by a lien on Net Receipts but is payable from Net Receipts as provided in the Bond Order. Parity Indebtedness, Subordinate Indebtedness and Additional Indebtedness may be incurred or assumed to pay costs (including costs of issuance) of (1) completing the Additional Improvements, (2) constructing and acquiring Additional Improvements to the Combined Enterprise System and (3) refunding Parity Indebtedness, Subordinate Indebtedness or Additional Indebtedness. Parity Indebtedness other than Bonds, Subordinate Indebtedness and Additional Indebtedness may also be incurred or assumed for any other lawful purpose of the City related to the ownership or operation of the Combined Enterprise System. See “ANNUAL DEBT SERVICE REQUIREMENTS” herein.

General Obligation Bonds

Subject to compliance with the applicable provisions of North Carolina law, the City is authorized to issue general obligation bonds, secured by the taxing power of the City, to finance the costs of improvements to the various components of the Combined Enterprise System. Certain of the components of the existing Combined Enterprise System were financed with the proceeds of general obligation bonds; however, such general obligation bonds are no longer outstanding.

The City may in the future issue general obligation bonds to finance improvements to the Combined Enterprise System. The City and the Utilities Commission, however, do not anticipate any such issue of general obligation bonds in the next five years. Pursuant to the Bond Order, any such general obligation bonds would not be secured by a pledge and lien upon the Net Receipts, but would be payable from Net Receipts following the payment of the Bonds and other Parity Indebtedness, Subordinated Indebtedness and any required transfers to reserve funds.

Disposition and Additions of Certain Property and/or Systems

The Bond Order authorizes the sale, exchange, lease or other disposal of or encumbrance of property comprising the Combined Enterprise System, including a component part of the Combined Enterprise System, under the conditions set forth in the Bond Order. See Appendix B – DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDER – Covenant Against Sale or Encumbrance and Exceptions Thereto.” The City may also add to and remove from the Combined Enterprise System entire enterprise systems. See Appendix B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDER – Adding or Deleting an Enterprise.”

THE PLAN OF FINANCE

The Additional Improvements consist of various improvements to the Combined Enterprise System at a total estimated cost of \$[REDACTED]. The Additional Improvements consist of the construction of a new Utilities Commission Operations Center, the acquisition and installation of electric system substations, transmission lines and peaking generators, the acquisition and installation of water storage facilities and

improvements to existing water storage facilities, rehabilitation of existing water and sewer mains and lines, water treatment plant upgrades, sewer treatment plant upgrades, and the construction of new water and sewer pump stations. All of the Additional Improvements are part of the Utilities Commission’s five year capital improvement program.

For a discussion of the Combined Enterprise System’s Capital Improvement Program, see “THE COMBINED ENTERPRISE SYSTEM – Future Capital Expenditures and Debt Outlook” herein.

ESTIMATED SOURCES AND USES OF FUNDS

The City estimates the sources and uses of the proceeds to be received from the sale of the 2019 Bonds to be as follows:

Sources:

Par Amount of 2019 Bonds
Net Original Issue Premium/Discount

Total

Uses:

Cost of Additional Improvements
Costs of Issuance⁽¹⁾

Total

⁽¹⁾ Includes underwriters’ discount, legal fees, financial advisor fees, printing costs, rating agency fees, fees and expenses of the Trustee, the Bond Registrar, and miscellaneous fees and expenses.

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth the amounts required in each Fiscal Year for payment of the principal of and interest on debt relating to the Combined Enterprise System. Specifically, the table sets forth principal and interest requirements for the City’s Additional Indebtedness and State Revolving Fund Loans which constitute Subordinate Indebtedness relating to the Combined Enterprise System (collectively referred to below as “Junior Indebtedness”), all of the outstanding 2010 Bond, 2013 Bond and 2016 Bonds (collectively referred to below as “Existing Revenue Bonds”) and the 2019 Bonds. Totals may not foot due to rounding.

Combined Enterprise Fund Indebtedness

| Fiscal Year Ending June 30, | Parity Indebtedness | | | | | | Total Debt Service |
|--------------------------------------|--|------------|----------|----------------------------|--|-------------------------------------|-----------------------|
| | Debt Service on Existing Revenue Bonds ¹ | 2019 Bonds | | 2019 Bonds Debt Service | Total Revenue Bonds Debt Service | Junior Indebtedness ² | |
| | | Principal | Interest | | | | |
| 2020 | \$6,830,987 | | | | | \$3,700,687 | |
| 2021 | 7,842,208 | | | | | 3,638,238 | |
| 2022 | 6,440,936 | | | | | 3,575,790 | |
| 2023 | 5,193,122 | | | | | 3,513,342 | |
| 2024 | 5,180,344 | | | | | 3,226,285 | |
| 2025 | 5,166,908 | | | | | 3,167,528 | |
| 2026 | 5,167,722 | | | | | 3,108,772 | |
| 2027 | 4,621,786 | | | | | 3,050,016 | |
| 2028 | 4,066,100 | | | | | 2,991,260 | |
| 2029 | 4,080,100 | | | | | 2,932,504 | |
| 2030 | 4,067,600 | | | | | 2,873,747 | |
| 2031 | 4,074,600 | | | | | 1,845,636 | |
| 2032 | 4,074,850 | | | | | 1,807,444 | |
| 2033 | 4,073,350 | | | | | 1,327,073 | |
| 2034 | 4,064,850 | | | | | 530,762 | |
| 2035 | 2,364,350 | | | | | 523,160 | |
| 2036 | 2,366,750 | | | | | 515,557 | |
| 2037 | 2,362,850 | | | | | 403,042 | |
| 2038 | 2,362,600 | | | | | 86,617 | |
| 2039 | 2,365,850 | | | | | - | |
| 2040 | 2,362,450 | | | | | - | |
| 2041 | 2,362,550 | | | | | - | |
| 2042 | 2,366,000 | | | | | - | |
| 2043 | 2,363,200 | | | | | - | |
| 2044 | 2,362,400 | | | | | - | |
| 2045 | 2,363,400 | | | | | - | |
| 2046 | 2,366,000 | | | | | - | |
| TOTAL | \$103,313,863 | | | | | \$42,817,461 | |

¹ Principal and interest requirements.

² Principal and interest requirements on the outstanding Additional Indebtedness and State Revolving Fund Loans relating to the Combined Enterprise System. Such indebtedness is payable from the Net Receipts after the payment of debt service on the Parity Indebtedness. See "SECURITY AND SOURCES OF PAYMENT – Parity, Subordinate and Additional Indebtedness – and – General Obligation Bonds" above. Requirements on State Revolving Fund Loans are based on estimated draw down schedules for such loans.

PROJECTED OPERATING RESULTS

Appendix D hereto sets forth the Feasibility Evaluation of Black & Veatch International Company of the financial projections prepared by the Utilities Commission for the operation of its electric and gas utility systems for the six fiscal years ending June 30, 2019 through June 30, 2024. Appendix E sets forth the Evaluation of Raftelis Financial Consultants Inc. of the Forecast Statements of Revenues, Expenses, Debt Service, and Debt Service Coverage of the Commission for the operation of its water and sewer systems for such fiscal years. Each of such reports were prepared in accordance with the industry guidelines and procedures referred to therein. Each of such reports were based upon certain factual matters and assumptions as to the occurrence of future events that are referenced in the reports. Each of such reports should be read in their entirety.

Each such report presents debt service coverage ratios on a system-by-system basis whereby the indebtedness allocated to each individual system is measured against the net revenues of such system. These ratios are presented for informational purposes only. The rate covenant imposed by the Bond Order as described under “SECURITIES AND SOURCES OF PAYMENT – Rate Covenant” above applies to the rates, fees and charges for the entire Combined Enterprise System and not on a system-by-system basis.

The following table sets forth a summary compilation of the financial projections of the Commission for the operation of the electric, gas, water and sewer systems for the six fiscal years ending June 30, 2024. Such compilation was prepared by the Utilities Commission and is derived from the data set forth in the reports referenced in the preceding paragraph, and should be read in light of the entire reports from which such data is taken.

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| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>Line #</u> |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | <u>Forecast</u> | |
| STATEMENT OF REVENUES, EXPENSES, AND | | | | | | | |
| CHANGES IN FUND NET ASSETS (000's) | | | | | | | |
| Operating Revenues | | | | | | | |
| Charges for Service | \$254,936 | \$251,308 | \$260,320 | \$264,257 | \$265,772 | \$267,964 | 1 |
| Other Operating Revenues | 1,023 | 864 | 882 | 899 | 917 | 936 | 2 |
| Total Revenues | 255,959 | 252,172 | 261,202 | 265,156 | 266,689 | 268,900 | 3 |
| Operating Expenses | | | | | | | |
| Administration and General | 24,448 | 26,033 | 26,989 | 27,054 | 27,580 | 28,116 | 4 |
| Operations and Maintenance | 42,301 | 42,912 | 43,757 | 44,618 | 45,495 | 46,390 | 5 |
| Purchased Power and Gas | 151,135 | 148,441 | 151,689 | 151,876 | 152,052 | 152,507 | 6 |
| Depreciation | 21,721 | 22,373 | 21,203 | 23,044 | 21,839 | 23,735 | 7 |
| Total Operating Expenses | 239,605 | 239,759 | 243,638 | 246,592 | 246,966 | 250,748 | 8 |
| Operating Income (Loss) | 16,354 | 12,413 | 17,564 | 18,564 | 19,723 | 18,152 | 9 |
| Nonoperating Revenues (Expenses) | | | | | | | |
| Interest Income, Operating Fund | 2,183 | 2,201 | 895 | 882 | 849 | 816 | 10 |
| Interest Income, Capital Project Fund | - | - | - | - | - | - | 11 |
| Debt Interest Expense and Services Charges | -4,898 | -5,857 | -6,820 | -6,497 | -8,634 | -7,856 | 12 |
| Other, net | 1,738 | 1,634 | 1,642 | 1,677 | 1,713 | 1,750 | 13 |
| Total Nonoperating Revenues (Expenses) | -977 | -2,022 | -4,283 | -3,938 | -6,072 | -5,290 | 14 |
| Income before contributions and transfers | 15,377 | 10,391 | 13,281 | 14,626 | 13,651 | 12,862 | 15 |
| Contributions and Transfers: | | | | | | | |
| Capital Contributions | - | - | - | - | - | - | 16 |
| Transfer to City of Greenville, General Fund | -5,909 | -5,770 | -5,885 | -6,003 | -6,123 | -6,246 | 17 |
| Transfer to City of Greenville, Street Lighting | -861 | -869 | -887 | -905 | -923 | -941 | 18 |
| Total Operating Transfers | -6,770 | -6,639 | -6,772 | -6,908 | -7,046 | -7,187 | 19 |
| Changes in Net Assets | 8,607 | 3,752 | 6,509 | 7,718 | 6,605 | 5,675 | 20 |
| Net Assets, Beginning of Year | 375,096 | 383,703 | 387,455 | 393,964 | 401,682 | 408,287 | 21 |
| Net Assets, End of Year | \$383,703 | \$387,455 | \$393,964 | \$401,682 | \$408,287 | \$413,962 | 22 |

| | <u>2019</u> <u>Forecast</u> | <u>2020</u> <u>Forecast</u> | <u>2021</u> <u>Forecast</u> | <u>2022</u> <u>Forecast</u> | <u>2023</u> <u>Forecast</u> | <u>2024</u> <u>Forecast</u> | <u>Line #</u> |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------|
| DEBT COVERAGE CALCULATION (000's) | | | | | | | |
| Revenues | | | | | | | |
| Revenues ⁽¹⁾ | \$257,614 | \$253,807 | \$262,770 | \$266,759 | \$268,328 | \$270,575 | 23 |
| Less System Development/Acreage Fees ⁽²⁾ | -906 | -924 | -943 | -962 | -981 | -1,001 | 24 |
| Plus Interest Income ⁽³⁾ | 1,688 | 1,790 | 485 | 487 | 489 | 491 | 25 |
| Total Revenues | 258,396 | 254,673 | 262,312 | 266,284 | 267,836 | 270,065 | 26 |
| Current Expenses | | | | | | | |
| Operations | 67,651 | 69,884 | 71,722 | 72,687 | 74,131 | 75,603 | 27 |
| Purchased Power and Gas | 151,135 | 148,441 | 151,689 | 151,876 | 152,052 | 152,508 | 28 |
| Total Current Expenses | 218,786 | 218,325 | 223,411 | 224,563 | 226,183 | 228,111 | 29 |
| Net Revenues/Funds available for debt service | \$39,610 | \$36,348 | \$38,901 | \$41,721 | \$41,653 | \$41,954 | 30 |
| Debt Service | | | | | | | |
| Parity Debt ⁽⁴⁾ | \$12,158 | \$9,146 | \$11,315 | \$11,815 | \$11,903 | \$12,154 | 31 |
| Subordinate and Additional Debt ⁽⁵⁾ | 3,829 | 3,770 | 3,707 | 3,644 | 3,580 | 3,322 | 32 |
| Total debt service | \$15,987 | \$12,916 | \$15,022 | \$15,459 | \$15,483 | \$15,476 | 33 |
| Parity Debt Service Coverage, Requirement = 1.25 ⁽⁶⁾ | 3.26 | 3.97 | 3.44 | 3.53 | 3.50 | 3.45 | 34 |
| Total Debt Service Coverage, Requirement = 1.00 ⁽⁷⁾ | 2.48 | 2.81 | 2.59 | 2.70 | 2.69 | 2.71 | 35 |
| Debt Service Coverage after Transfers ⁽⁸⁾ | 2.05 | 2.30 | 2.14 | 2.25 | 2.24 | 2.25 | 36 |
| UNRESTRICTED CASH AND INVESTMENTS ⁽⁹⁾ | \$103,615 | \$103,915 | \$101,950 | \$99,583 | \$97,307 | \$94,136 | 37 |
| DAYS CASH ON HAND | 174 | 174 | 167 | 163 | 158 | 151 | 38 |
| UNAPPROPRIATED FUND BALANCE | \$56,036 | \$58,883 | \$58,893 | \$59,730 | \$61,060 | \$62,499 | 39 |
| FUND BALANCE AS % OF EXPENDITURES | 22% | 23% | 22% | 22% | 23% | 23% | 40 |

- (1) Line 3 plus Line 13 less gain on disposal of fixed assets and grants
- (2) The system development/acreage fees are restricted funds and are not included in the unrestricted cash and investment (line 37) or the unappropriated fund balance (line 39).
- (3) Line 10.
- (4) Includes principal and interest requirements on the 2010 Bond, the 2013 Bond, the 2016 Bonds, the 2019 Bonds and one additional bond issue anticipated in fiscal year 2022. For purposes of the forecast, the 2019 Bonds are assumed to be issued in the principal amount of \$[REDACTED] and to bear interest at an assumed all-in true interest cost of [REDACTED]%. The bonds to be issued in 2022 are assumed to be issued in the aggregate principal amount of \$37,850,000, to bear interest at an assumed rate of 5.0%, with a 25 year amortization assuming level debt service.
- (5) Includes principal and interest requirements relating to outstanding Additional Indebtedness and State Revolving Fund Loans relating to the Combined Enterprise System. Such indebtedness is payable from the Net Receipts after the payment of debt service on the Parity Indebtedness.
- (6) Line 30 divided by Line 31.
- (7) Line 30 divided by Line 33.
- (8) Line 30 plus Line 17 plus Line 18 and then divided by Line 33.
- (9) Unrestricted cash and investment includes the below-described Electric Rate Stabilization Fund.

THE COMBINED ENTERPRISE SYSTEM

The Utilities Commission operates the Combined Enterprise System, serving over 158,000 connections almost entirely within Pitt County, North Carolina (the “County”).

Established in 1905, the Utilities Commission operates under a separate charter issued by the North Carolina General Assembly (the “Utilities Commission Charter”). In compliance with Chapter 159 of the General Statutes of North Carolina and the Utilities Commission Charter, the Utilities Commission prepares and submits to the City Council, for its approval, the coming year’s budget. In addition, the City Council must approve the issuance of any debt for the Utilities Commission and the debt is then issued through the City. Under the provisions of the Utilities Commission Charter, the Utilities Commission has the authority and responsibility to supervise and manage the operation, maintenance, improvement and extension of water, sewer, electric and natural gas facilities in the City and surrounding service area (the extension of sewer facilities outside the City limits must be approved by the City Council).

The Utilities Commission is governed by an eight-member Board of Commissioners responsible for approving rates, development plans and the annual budget and for setting policy that is carried out by the Utilities Commission’s General Manager. All eight board members (including the City Manager of the City who serves as a full voting member) are appointed by the City Council, with two such board members being nominated by the Pitt County Board of Commissioners. All board members are appointed to serve three-year staggered terms with a maximum of two consecutive terms.

The Board of Commissioners is responsible for setting rates for the Combined Enterprise System and the City Council’s approval is not required in connection with the setting of rates. The Board of Commissioners is also responsible for employing and approving the pay plan of the Utilities Commission’s General Manager, as well as approving the pay plan for all Utilities Commission employees.

Real property of the Utilities Commission is held in the name of the City, and most litigation (including condemnation) must also be in the name of the City. Rules and regulations of the Utilities Commission are adopted into the City Code of the City by reference.

The Bond Order authorizes the sale, exchange, lease or other disposal of or encumbrance of property comprising the Combined Enterprise System, including a component part of the Combined Enterprise System, under the conditions set forth in the Bond Order. See Appendix B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDER – Covenant Against Sale or Encumbrance and Exceptions Thereto.” The City may also add to and remove from the Combined Enterprise System entire enterprise systems. See Appendix B – “DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDER – Adding or Deleting an Enterprise.”

Organization and Management

The Utilities Commission has three operating departments: (1) electric system, (2) water resources (water and sewer) and (3) gas system. The Utilities Commission, through its electric system department, water resources department and gas system department, together with administrative and support personnel, currently employs approximately 470 employees.

Anthony C. Cannon has served as General Manager/CEO of the Utilities Commission since 2012. As General Manager/CEO, Mr. Cannon is responsible for overall operations of the Utilities Commission. Prior to his appointment as General Manager/CEO, Mr. Cannon served as Assistant General Manager for six years. Mr. Cannon has been employed at the Utilities Commission since 2006. Mr. Cannon received a

Master's degree in Organizational Management and a Bachelor's degree in Business Administration from Southern Wesleyan University.

Chris N. Padgett has served as Chief Administrative Officer of the Utilities Commission since 2015. As Chief Administrative Officer, Mr. Padgett is responsible for directing strategic initiatives throughout the Utilities Commission including Customer Relations, Information Technology and Human Resources. Mr. Padgett has been employed at the Utilities Commission since 2015. Mr. Padgett received a Master's degree in Public Administration and a Bachelor's degree in Urban Regional Planning from East Carolina University.

Jeff W. McCauley joined the Utilities Commission as Chief Financial Officer in December 2009. As Chief Financial Officer, Mr. McCauley is responsible for overseeing the overall financial management of the Utilities Commission. Mr. McCauley has served in the government financial sector field for 28 years joining the Utilities Commission from the City of Raleigh. Mr. McCauley holds a Bachelor of Arts degree in Accounting, Business Management, and Economics from North Carolina State University and is a licensed Certified Public Accountant in the State of North Carolina.

Keith Jones, CPA, has served as the Director of Financial Services & Accounting of the Utilities Commission since 2000. Prior to joining the Utilities Commission, Mr. Jones was the Accounting Supervisor at Pitt County Memorial Hospital (now Vidant). Mr. Jones received Bachelor of Science and Master's degrees in Accounting from East Carolina University and is a Certified Public Accountant in the State of North Carolina.

Roger G. Jones, P.E., has served as Director of Electric Systems since 1986. Mr. Jones has been employed at the Utilities Commission since 1979. Mr. Jones is a graduate of North Carolina State University with a Bachelor of Science degree in Electrical Engineering and is a registered Professional Engineer in North Carolina.

Randall D. Emory, P.E. has served as Director of Water Resources since 2003. Mr. Emory has been employed at the Utilities Commission since 1986. Mr. Emory received a Bachelor of Science degree in Civil Engineering, Construction Option, from North Carolina State University and is a registered Professional Engineer in North Carolina.

Anthony L. Miller has served as Director of Gas Systems since 1991. Mr. Miller has been employed at the Utilities Commission since 1988. A graduate of North Carolina State University, Mr. Miller holds a Bachelor of Science degree in Aerospace Engineering.

The Electric System

The Utilities Commission operates an electric distribution system serving the City and approximately seventy-five percent (75%) of the rural portion of the County with approximately 68,115 connections. The Utilities Commission's electric system is the second largest municipal electric system in the State and the forty-fifth largest in the nation, both in terms of number of customers served and quantity of electricity purchased and distributed. The Utilities Commission's electric system service area runs north close to the Town of Robersonville, south to the Town of Ayden, east to the Town of Grimesland and west beyond the Town of Falkland. Neighboring areas are primarily served by North Carolina Power or Duke Energy Progress ("DEP").

The electric system consists of 77 miles of high voltage transmission lines at 115,000 and 34,500 volts, as well as over 1,198 miles of overhead distribution lines, 1,665 miles of underground distribution lines at 12,470 volts and 94 miles of fiber optic lines. The electric system consists of 19 distribution

substations with a combined base rating capacity of 560 MVA (megavolt amps), two sub-transmission substations with a combined base rating capacity of 50 MVA, as well as three 115 kV transmission substations with a combined base load capacity of 600 MVA.

The Utilities Commission is a leader in the State in residential load management and has device controls for over 40,000 appliances including customer heat pumps, air conditioners, water heaters and electric furnaces. Approximately thirty percent (30%) of the Utilities Commission's residential customers currently participate in this program.

Electric Service Rates. Electric service rates are the same for customers inside and outside the City limits. Electric service rates (residential service and general service) in effect since July 1, 2018 are set forth below. All rates are currently subject to a 7% State sales tax.

Residential Service

| | |
|---|-----------|
| Base facilities charge per billing month: | \$19.00 |
| Energy charges (per kWh): | \$0.09614 |

Residential Time of Use with Demand Net Metering⁽¹⁾

| | |
|---|-----------|
| Base facilities charge (per billing month): | \$25.47 |
| Demand charge (per kW): | \$6.11 |
| Energy charges (per kWh): | |
| 1. all on-peak kWh | \$0.14026 |
| 2. all off-peak kWh | \$0.03474 |

Small General Service⁽²⁾

| | |
|---|-----------|
| Base facilities charge (per billing month): | \$21.00 |
| Energy charges (per kWh): | |
| 1. first 1,000 kWh | \$0.11066 |
| 2. next 5,000 kWh | \$0.10447 |
| 3. all additional kWh | \$0.08585 |

Medium General Service⁽³⁾

| | |
|---|-----------|
| Base facilities charge (per billing month): | \$50.00 |
| Demand charges (per kW): | |
| 1. first 35 kW | No charge |
| 2. all additional kW | \$4.17 |
| Energy charges (per kWh): | |
| 1. first 12,500 kWh | \$0.09592 |
| 2. all additional kWh | \$0.08028 |

Medium General Service – Coincident Peak⁽⁴⁾

| | |
|---|-----------|
| Base facilities charge (per billing month): | \$50.00 |
| kW demand charges (per kW): | |
| 1. all coincident peak demand ⁽⁵⁾ | \$17.00 |
| 2. allocated non-coincident peak demand | \$15.61 |
| 3. all non-coincident peak demand in excess of allocation | \$5.38 |
| rkVA demand charges ⁽⁶⁾ (per rkVA) | \$0.25 |
| Energy charges (per kWh): | \$0.03027 |

Large General Service⁽⁷⁾

| | |
|---|----------|
| Base facilities charge (per billing month): | \$150.00 |
|---|----------|

| | |
|---|-----------|
| kW demand charges (per kW): | |
| 1. all coincident peak demand ⁽⁵⁾ | \$22.20 |
| 2. allocated non-coincident peak demand | \$13.13 |
| 3. all non-coincident peak demand in excess of allocation | \$6.82 |
| rkVA demand charges ⁽⁶⁾ (per rkVA) | \$0.25 |
| Energy charges (per kWh): | \$0.02524 |

- (1) Experimental rate for customers with solar energy facilities.
- (2) Small general service customers are typically less than 35 kW.
- (3) Medium general customers are typically greater than 35 kW but less than 750 kW.
- (4) Medium general service coincident peak customers are typically greater than 35 kW but less than 750 kW with some form of demand control capability, such as peaking generators, that operate in conjunction with the Utilities Commission's load management program.
- (5) Coincident peak demand is the charge for customer's portion (in kW) of the Utilities Commission's 60 minute peak demand during each billing cycle.
- (6) rkVA is a charge by the Utilities Commission to certain large customers based upon a measurement of the amount of electric energy flowing alternatively to the customer and away from the customer.
- (7) Large general service coincident peak customers are typically greater than 750 kW.

All retail electric rates are subject to a purchased power adjustment ("PPA"), which was authorized in 2015, that provides for increases and decreases in customer rates as commodity costs for purchased electricity change.

Number of Connections. The table below shows the number of electric system connections by class served at the end of each of the most recent five fiscal years ended June 30:

| <u>Fiscal Year</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Total</u> |
|--------------------|--------------------|-------------------|-------------------|--------------|
| 2014 | 56,880 | 7,757 | 35 | 64,672 |
| 2015 | 57,532 | 7,777 | 35 | 65,344 |
| 2016 | 58,398 | 7,832 | 22 | 66,252 |
| 2017 | 58,769 | 7,717 | 22 | 66,508 |
| 2018 | 60,132 | 7,808 | 24 | 67,964 |

Kilowatt Hours Sales and Peak Demand. The table below sets forth sales in kilowatt hours and annual peak demand in kilowatts for each of the most recent five fiscal years ended June 30:

| <u>Fiscal Year</u> | <u>Class of Account</u> | | | | <u>Peak</u> |
|--------------------|-------------------------|-------------------|-------------------|--------------------|------------------|
| | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Total Sales</u> | <u>Demand</u> |
| | <u>(000 kWh)</u> | <u>(000 kWh)</u> | <u>(000 kWh)</u> | <u>(000 kWh)</u> | <u>(000 kWh)</u> |
| 2014 | 717,198 | 472,299 | 495,349 | 1,684,846 | 336,505 |
| 2015 | 722,828 | 475,697 | 511,374 | 1,709,899 | 370,154 |
| 2016 | 682,017 | 492,716 | 510,519 | 1,685,252 | 357,856 |
| 2017 | 716,215 | 496,947 | 503,812 | 1,716,974 | 367,388 |
| 2018 | 754,541 | 497,750 | 512,515 | 1,764,806 | 383,229 |

Major Users. The following table presents information on the ten major users of the electric system (by revenues) during the fiscal year ended June 30, 2018:

| <u>Customer</u> | <u>Product/Service</u> | <u>Revenues</u> | <u>% of Total</u> | <u>Annual kWh</u> | <u>% of Total</u> |
|---|-------------------------|----------------------------|----------------------|---------------------------|----------------------|
| Patheon ⁽¹⁾ | Pharmaceuticals | \$ 5,523,839 | 3.19% | 86,640,000 | 4.91 |
| DSM Dyneema, LLC | High Performance Fibers | 4,654,635 | 2.69 | 70,818,000 | 4.01 |
| Vidant Medical Center ⁽²⁾ | Health Care | 4,449,537 | 2.57 | 60,206,400 | 3.41 |
| East Carolina University ⁽²⁾ | Education | 3,683,910 | 2.13 | 51,293,940 | 2.91 |
| Attends Healthcare Products | Medical Products | 2,950,250 | 1.71 | 49,042,080 | 2.78 |
| East Carolina University ⁽²⁾ | Education | 2,715,326 | 1.57 | 36,867,360 | 2.09 |
| East Carolina University ⁽²⁾ | Education | 1,888,037 | 1.09 | 24,062,400 | 1.36 |
| Vidant Medical Center ⁽²⁾ | Health Care | 1,719,632 | 0.99 | 27,393,600 | 1.55 |
| Mayne Pharma Inc. | Pharmaceuticals | 1,463,122 | 0.85 | 20,596,044 | 1.17 |
| City of Greenville | Government | <u>1,424,432</u> | <u>0.82</u> | <u>6,554,617</u> | <u>0.37</u> |
| Total | | <u>\$30,472,720</u> | <u>17.62%</u> | <u>433,474,441</u> | <u>24.56%</u> |

⁽¹⁾ Patheon is now part of Thermo Fisher Scientific.

⁽²⁾ Customers having separate accounts for different locations are listed separately.

History of Rate Changes. The Utilities Commission considers rate changes annually and as needed if circumstances change. The Utilities Commission has endeavored to keep rates high enough to provide for a strong financial position yet low enough to be rate competitive. The following table presents historical information on residential electric rate charges made by the Utilities Commission.

| <u>Effective Date</u> | <u>Electric Charge⁽¹⁾</u> | <u>Increase/(Decrease)</u> |
|-----------------------|--------------------------------------|----------------------------|
| January 1, 2006 | \$111.34 | 7.1% |
| January 1, 2007 | 110.13 | (1.1) |
| August 1, 2008 | 121.96 | 10.7 |
| October 1, 2009 | 125.54 | 2.9 |
| April 1, 2013 | 127.27 | 1.4 |
| August 1, 2015 | 118.03 | (7.0) |
| July 1, 2016 | 113.31 | (4.0) |
| April 1, 2017 | 109.31 | (3.5) |

⁽¹⁾ Electric charge based on 1,000 kWh/month.

Electric Rate Study. The Utilities Commission completed the most recent study in July 2015 which was performed by an outside consultant. This study ensured that revenues are sufficient to meet the current and future costs associated with providing electric service to customers and accommodating the growth of the system. A new rate study commenced with an outside consultant in the fall of 2018 in order to complete a review and update of the costs of service, review rate structures, and build a new revenue model. The rate study is projected to be complete in the summer of 2019.

North Carolina Eastern Municipal Power Agency. The City and 31 other North Carolina municipalities are members (“Participants”) of the North Carolina Eastern Municipal Power Agency (the “Power Agency”), a joint agency created by the Participants pursuant to the laws of the State. The Power Agency is the wholesale electric power supplier to the Utilities Commission.

Until 2015, the Power Agency had an ownership interest in power generating facilities that it financed through the issuance of its revenue bonds, which were mostly payable from revenues from the sale by the Power Agency of power to the Participants from those generating facilities. In July 2015, the Power Agency sold substantially all of its electric generating assets to an investor owned utility. The proceeds from the sale, together with certain other funds of the Power Agency and the proceeds of a new \$421,430,000 bond issue by the Power Agency, were used to defease the Power Agency debt related to the generating assets. In connection with the sale arrangements, each Participant entered into a debt service support contract, under which the Participant agreed to pay its share of the amount necessary for the Power Agency to pay all debt service payments on the new bonds. The Utilities Commission's share of such debt service payments is 20.3709%. Following the July 1, 2019 payment, \$268,195,000 of the 2015 Power Agency bonds will be outstanding and the final bonds mature on July 1, 2025 (after which no further debt service support payments will be owed).

In addition to the debt service support payments, each Participant has entered into a power supply agreement with Power Agency, under which the Participant will purchase its full requirements bulk power supply, net of certain other resources, from the Power Agency. The Power Agency has entered into arrangements with Duke Energy Progress, Inc., a third party investor owned utility, to purchase power and energy in the amounts required by the Power Agency to serve the current and future electrical loads of the Participants through 2043.

The Utilities Commission, together with the other 31 Participants, is also a member of ElectriCities of North Carolina, Inc. ("ElectriCities"), a joint municipal agency serving the interests of municipal electrical systems. There are currently 91 members of ElectriCities, including municipalities and university systems from North Carolina, South Carolina and Virginia.

Electric Rate Stabilization Fund. The Utilities Commission has implemented a strategy to maintain electric retail rates constant at current rates from 2015 through 2020. In connection with the above-described sale of assets by the Power Agency, the Utilities Commission reduced retail power rates to customers in August 2015, July 2016 and April 2017. A portion of the wholesale rate decrease is being used to create an electric rate stabilization fund with a targeted balance of approximately \$20 million. Beginning in 2020, if future wholesale rates increase, the Utilities Commission will rely, in part, on the rate stabilization fund to offset any rate increases received. All revenues are recorded in the financial statements when earned and future uses of the rate stabilization fund will not increase revenues but will provide operating cash to offset any retail rate increases.

Factors Affecting the Electric Utility Industry. The electric utility industry is undergoing pervasive and fundamental changes. One such change is increased competition, in both wholesale and retail markets, for the sale of electricity generation services. In large measure, this increase in competition is the outgrowth of statutory changes and regulatory initiatives at the federal and state levels. It is manifested in a number of ways, including the following: inter-fuel competition; municipal and industrial self-generation; the availability of open access wholesale transmission services under standardized tariffs; the emergence of independent power producers and other merchant generators; and the greater use of alternative and renewable energy resources and demand response. In many areas of the United States, electric utilities no longer have a monopoly in power generation in their service areas, and are no longer the sole power supply option for at least some of their customers. In many instances, electric utilities that serve retail loads have found it necessary to grant rate concessions to larger commercial or industrial customers, sometimes with corresponding adverse effects on the rates paid by residential and other customers. Utilities with comparatively high-cost power supply resources often find it difficult to retain customers and recover through rates the full cost of their resources.

Electric utilities also are subject to increasing federal, state and local statutory and regulatory requirements affecting a broad range of matters, including the following: the siting and construction of new generation and transmission facilities; mandatory reliability standards for the bulk electric power system; homeland security, including protection of critical infrastructure facilities from damage or attack; employee safety; renewable resource mandates; and air, water quality, land use and other environmental factors.

Neither the Utilities Commission nor the City can predict what effects these factors may have on the business operations and financial condition of the electric system.

[To be discussed][Coal Ash. In September 2014, the Coal Ash Management Act (“CAMA”) became law in the State. CAMA was the first state-level legislation in the country to address the handling, disposal and remediation of Coal Combustion Residuals (“CCRs”) or, as more commonly known, coal ash, at coal fired electric generating facilities. Subsequent to the passage of CAMA, the federal Environmental Protection Agency (the “EPA”) in October 2015 issued its own regulations relating to CCRs. The EPA regulations and CAMA require Duke Energy Corporation (“Duke Energy”) and certain of its affiliated entities, including DEP, to take certain remedial actions related to its plants producing CCRs. As described under “North Carolina Eastern Municipal Power Agency” above, the Utilities Commission purchases wholesale electricity from the Power Agency as a Participant. The Power Agency purchases power and energy from DEP to serve the current and future electrical loads of Participants such as the Utilities Commission.

It is uncertain at this time what the total remedial costs will be for Duke Energy and its affiliated entities to comply with CAMA and the EPA regulations. Duke Energy has indicated that it will petition (a) the North Carolina Utilities Commission for recovery of a portion of these costs from retail customers and (b) the Federal Energy Regulatory Commission (“FERC”) to recover the applicable share of costs from all wholesale customers, including the Power Agency. Under applicable law, the Power Agency would be given an opportunity to object to the inclusion of these costs in its wholesale rates. If FERC permits inclusion of a portion of these costs in Duke Energy’s wholesale rates, any costs incurred by the Power Agency would be passed through by the Power Agency to the Participants, including the Utilities Commission.

The Utilities Commission cannot predict the outcome of Duke Energy’s petition with FERC. The Utilities Commission believes that any remedial costs for CCRs that the Utilities Commission would ultimately bear in the form of future wholesale electric costs increases would not likely have a material adverse impact on the financial condition or operations of the electric system. The Utilities Commission currently maintains funds in its electric rate stabilization fund and other reserves that could be used to pay any such remedial costs and to buffer against any future electric rate increases or surcharges that might be required to be levied against the Utilities Commission’s electric customers to recoup amounts for allocable remedial costs that are passed on to the Utilities Commission as a Participant of the Power Agency. Any costs that are not covered by such fund and other reserves could be passed through to the Utilities Commission’s electric customers through electric rates if necessary.]

The Water System

The Utilities Commission operates a water supply and distribution system that serves the City and a portion of the County. Such distribution system currently consists of approximately 631 miles of line with approximately 36,347 connections. Raw water is supplied by the Tar River and eight deep wells. The current average daily withdrawal from the Tar River is 13.461 million gallons per day (“MGD”). River modeling indicates that the Tar River’s maximum withdrawal capacity for the Utilities Commission is 128 MGD. Treatment is accomplished through a modern water treatment plant placed in operation in 1983 and expanded in 2002 with a present capacity of 22.5 MGD. With the 2.0 MGD peaking capacity of the

supplemental supply from the eight deep wells, the total peak day capacity of the water system is 24.5 MGD.

Average daily water use in the fiscal year ended June 30, 2018 was approximately 13.106 MGD, with a maximum daily usage of approximately 17.347 MGD. Approximately 86.6% of the water system’s 36,338 connections are located within the City limits.

The water system’s rate structure is designed to generate sufficient revenues to allow the water system to cover costs of water operations and the portion of the debt incurred to finance water system improvements.

The North Carolina Department of Environmental Quality (“NCDEQ”) regulates the quality of water sold by the Utilities Commission to its customers, and the water treatment plant operates in compliance with NCDEQ regulations. The water system meets the current standards of the Federal Safe Drinking Water Act.

NCDEQ has implemented rules restricting water use from certain aquifers in areas of eastern North Carolina. Although the Utilities Commission’s water supply is not affected by these restrictions, several neighboring communities are mandated to reduce their aquifer withdrawals and are seeking supplemental water supplies. Foresight and long range planning in the areas of water treatment and aquifer storage have positioned the Utilities Commission to form partnerships with these neighboring communities to provide water service to areas outside the traditional service area. The Utilities Commission has entered into contracts to deliver water to the neighboring communities of Bethel, Farmville, Stokes, Winterville and Greene County.

Water Service Rates. Base charges are the same for all customers based on meter size. Water rates in effect since July 1, 2018 are set forth below based on meter size and volume:

Monthly Base Charge

| <u>Meter Size</u> | <u>Inside City</u> | <u>Outside City</u> |
|-------------------|--------------------|---------------------|
| ¾” | \$ 8.00 | \$ 9.20 |
| 1” | 13.04 | 15.00 |
| 1-½” | 24.56 | 28.24 |
| 2” | 38.96 | 44.80 |
| 3” | 85.04 | 97.80 |
| 4” | 144.80 | 166.52 |
| 6” | 301.04 | 346.20 |
| 8” | 432.80 | 497.72 |
| 10” | 697.04 | 801.60 |
| 12” | 1,032.56 | 1,187.44 |
| 16” | 1,800.80 | 2,070.92 |

Volume Charge (per thousand gallons)

| <u>Type of Service</u> | <u>Inside City</u> | <u>Outside City</u> |
|------------------------------|--------------------|---------------------|
| (a) Residential | \$4.37 | \$6.78 |
| (b) Commercial | 3.53 | 5.47 |
| (c) Industrial | 3.30 | 3.30 |
| (d) Irrigation (Residential) | 6.56 | 10.17 |
| (d) Irrigation (Commercial) | 6.56 | 10.17 |

(e) Irrigation (Industrial)

6.56

6.56

Volume Charge (Wholesale Rates for Municipalities)

| | | |
|-------------|----------------|-------------|
| Winterville | Tier 1 | \$2.060 |
| | Tier 2 | \$3.300 |
| | Capital Charge | \$6,000.000 |
| Stokes | Base kGal Cost | \$1.753 |
| | Meter Charge | \$346.200 |
| Farmville | Base kGal Cost | \$1.910 |
| | Meter Charge | \$2,070.920 |
| Bethel | Base kGal Cost | \$1.821 |
| | Meter Charge | \$497.720 |

Water Service Tap Fees. The Utilities Commission charges a one-time water service tap fee, the purpose of which is to recover the cost of services, including the installation of water meters. The tap fee is intended to recover both the direct and indirect cost associated with the installation of service taps. The water service tap fee schedule set forth below is the same for locations inside and outside the City limits. The fees are reviewed annually by the Utilities Commission’s Board and reviewed periodically by an outside consultant. The fee schedule in effect since July 1, 2018 is set forth below.

| <u>Water Tap Size</u> | <u>Tier 1*</u> | <u>Tier 2**</u> |
|-----------------------|----------------|-----------------|
| 3/4” | \$695 | \$2,131 |
| 1” | 764 | 2,335 |
| 1 1/2” | 1,577 | 3,026 |
| 2” | 1,626 | 3,075 |

- (1) Tier 1 – Water service tap fee applies to those services for which the service lines are existing (service lateral and meter box).
- (2) Tier 2 – Water service tap fee shall apply to those services which require the Utilities Commission to provide the service connection from the main water pipeline.

The Tap Fee for all water services larger than 2”, which are installed by the Utilities Commission, are billed at the total cost of labor and materials to install.

System Development Fees. The Utilities Commission charges water system development fees on new developments in accordance with North Carolina General Statute 162A Article 8 the “Public Water and Sewer System Development Fee Act” (the “System development Fee Act”). The purpose of the system development fees is to fund costs of capital improvements necessitated by and attributable to such new development, to recoup costs of existing facilities which serve such new development, or a combination of those costs. The fees are reviewed annually by the Utilities Commission’s Board and reviewed periodically by an outside consultant. The fee schedule in effect since July 1, 2018 is set forth below. In accordance with the Bond Order, System development fees are not included in Revenues.

| <u>Water Meter Size</u> | <u>Water System Development Fee</u> |
|-------------------------|-------------------------------------|
| 3/4” | \$ 724 |
| 1” | 1,209 |
| 1 1/2” | 2,411 |

| | |
|--------|---------|
| 2" | 3,859 |
| 2 1/2" | 5,285 |
| 3" | 7,725 |
| 4" | 12,069 |
| 6" | 24,131 |
| 8" | 38,611 |
| 10" | 57,920 |
| 12" | 104,676 |
| 16" | 162,900 |

Water Rate Study. The water system's rate structure is designed to generate sufficient revenues to allow the water system to cover costs of water maintenance and operations and the portion of the debt incurred to finance water system improvements. Water rates are set to recover costs from each class of customers. Periodically, the Utilities Commission contracts with an outside firm to review revenue requirements, rates and rate structure to ensure adequate recovery of costs. The most recent study was completed in November 2018.

Number of Connections. The table below shows the number of water connections at the end of each of the last five fiscal years and the millions of gallons of water sold:

| <u>At June 30</u> | <u>Number of Connections</u> | <u>Water Sold (Millions of Gallons)</u> |
|-------------------|------------------------------|---|
| 2014 | 34,959 | 3,922 |
| 2015 | 35,179 | 3,918 |
| 2016 | 35,599 | 3,970 |
| 2017 | 35,794 | 4,019 |
| 2018 | 36,338 | 4,113 |

The City has a mandatory water service connection policy in effect within the City limits. The City does not provide free water service to any customers. Substantially all developed areas within the City limits have City water service available.

Major Users. The following table provides information on the largest users of the Utilities Commission's water system (by revenues) for the fiscal year ended June 30, 2018:

| <u>Customer</u> | <u>Product/Service</u> | <u>Revenues</u> | <u>% of Total</u> | <u>Total k/gallons</u> | <u>% of Total</u> |
|--------------------------------------|-------------------------|---------------------------|----------------------|-------------------------|----------------------|
| Town of Farmville | Government | \$ 763,871 | 3.94% | 410,147 | 9.97% |
| Patheon ⁽¹⁾ | Pharmaceuticals | 745,359 | 3.85 | 244,863 | 5.95 |
| Town of Winterville | Government | 371,686 | 1.92 | 146,612 | 3.56 |
| Vidant Medical Center ⁽²⁾ | Health Care | 227,576 | 1.17 | 69,358 | 1.69 |
| DSM Dyneema, LLC ⁽²⁾ | High Performance Fibers | 159,320 | 0.82 | 51,403 | 1.25 |
| Fuji Silysia Chemical USA, LTD. | Silica Gel | 132,051 | 0.68 | 41,781 | 1.02 |
| DSM Dyneema, LLC ⁽²⁾ | High Performance Fibers | 124,663 | 0.64 | 39,978 | 0.97 |
| Vidant Medical Center ⁽²⁾ | Health Care | 119,807 | 0.62 | 36,328 | 0.88 |
| Vidant Medical Center ⁽²⁾ | Health Care | 117,417 | 0.61 | 35,823 | 0.87 |
| Stokes Regional Water Corporation | Water Utility | <u>76,200</u> | <u>0.39</u> | 42,376 | 1.03 |
| Total | | <u>\$2,837,950</u> | <u>14.65%</u> | <u>1,118,669</u> | <u>27.19%</u> |

⁽¹⁾ Patheon is now part of Thermo Fisher Scientific.

⁽²⁾ Customers having separate accounts for different locations are listed separately.

History of Rate Changes. The Utilities Commission considers rate changes annually and as needed if circumstances change. The following table presents historical information on residential water rate changes made by the Utilities Commission.

| <u>Effective Date</u> | <u>Water Charge⁽¹⁾</u> | <u>Increase</u> |
|-----------------------|-----------------------------------|-----------------|
| May 1, 2008 | \$23.49 | 4.4% |
| July 1, 2010 | 24.64 | 4.9 |
| April 1, 2011 | 26.71 | 8.4 |
| May 1, 2014 | 28.58 | 7.0 |
| July 1, 2015 | 30.14 | 5.5 |
| July 1, 2016 | 31.80 | 5.5 |
| July 1, 2018 | 34.22 | 7.6 |

⁽¹⁾ Water charge based on 6,000 gallons/month.

The Utilities Commission has preliminarily approved a 7.0% rate increase to become effective July 1, 2019. Such increase, however, remains subject to final approval in June 2019.

The Sanitary Sewer System

The Utilities Commission operates a wastewater collection and treatment system that serves the City as well as some adjacent areas. The collection system consists of approximately 480 miles of lines with over 30,068 connections. The wastewater treatment plant, placed on line in 1985 and expanded in 1995, is rated to biologically treat a 30 day average of 17.5 million gallons per day (MGD) with a 30 day average of 35 MGD hydraulic capacity. The annual average daily biological flow during the fiscal year ended June 30, 2018 was 9.54 million gallons with a single day hydraulic maximum of 17.34 MGD.

During the fiscal year ended June 30, 2018, 9.55 million gallons of wastewater were treated on an average day, with a permitted maximum daily treatment of approximately 17.32 million gallons. The sanitary sewer system's rate structure is designed to allow the system to be self-supporting.

Mandatory connection is required by Utilities Commission rules and regulations which are incorporated into the City code by reference. All areas within the City limits have Utilities Commission sewer service available.

Treated wastewater is discharged into the Tar River. The Utilities Commission operates an Industrial Pretreatment program, which has six participants: Hyster-Yale Group, Inc., Patheon (part of Thermo Fisher Scientific), DSM Dyneema, Inc., The Hammock Source, Fuji Silysia and Metrics Contract Services (a subsidiary of Mayne Pharma Group Limited).

The wastewater treatment plant is regulated by the NCDEQ, which enforces federal standards through the National Pollutant Discharge Elimination system as defined in the Clean Water Act. The treatment plant routinely meets all federal and state regulatory standards. The Utilities Commission has entered into sanitary sewer interlocal agreements with the neighboring communities of Bethel and Grimesland.

Sewer Service Rates. The Utilities Commission does not charge higher rates for users outside the City limits, however higher rates are charged for users who are provided water service by a water provider other than the Utilities Commission. The sewer volume charge is based on 93.5% of the monthly water usage billed by the provider. When the customer has provided a wastewater metering facility, the volume charge is based on 100 percent of the monthly metered wastewater discharged into the Utilities Commission's sewer system and billed monthly at \$7.20 per thousand gallons. Sewer rates in effect since July 1, 2018 are set forth below based on meter size and volume discharge:

| <u>Meter Size</u> | <u>Monthly Base Charge</u> | |
|-------------------|---|-------------------|
| | <u>All Classes of Water and Sewer Customers</u> | <u>Sewer Only</u> |
| 3/4" | \$11.70 | \$17.55 |
| 1" | 19.21 | 28.82 |
| 1-1/2" | 36.38 | 54.57 |
| 2" | 57.84 | 86.76 |
| 3" | 126.51 | 189.77 |
| 4" | 215.57 | 323.36 |
| 6" | 448.41 | 672.62 |
| 8" | 644.77 | 967.16 |
| 10" | 1,038.56 | 1,557.84 |
| 12" | 1,538.58 | 2,307.87 |
| 16" | 2,683.47 | 4,025.21 |

Volume Charge (per thousand gallons)

| <u>Type of Service</u> | <u>Monthly Charge</u> |
|---------------------------|-----------------------|
| (a) Residential | \$5.90 |
| (b) Commercial/Industrial | 6.53 |
| (c) Metered wastewater | 7.20 |
| (d) Municipalities | 5.60 ⁽¹⁾ |

⁽¹⁾ Added to this charge are any other applicable charges, including charges in any interlocal agreement with another municipality, charges in other sewer charge schedules or charges in the Utilities Commission's regulations.

Volume Charge (Wholesale Rates for Municipalities)

| | | |
|------------|----------------|--------|
| Bethel | Base kGal Cost | \$5.60 |
| Grimesland | Base kGal Cost | \$5.60 |

Sewer Service Tap Fees. Sewer service tap fees are applicable to all customers who connect to the sanitary sewer system. This fee is intended to recover the cost of services, including the installation of sewer cleanouts. Fees in effect since July 1, 2018 are set forth below:

| <u>Sewer Tap Size</u> | <u>Tier 1*</u> | <u>Tier 2**</u> |
|-----------------------------|----------------|-----------------|
| 4" w/ 3/4" water meter | \$695 | \$3,604 |
| 4" w/ 1" water meter | \$716 | \$3,625 |
| 4"/6" w/ 1 1/2" water meter | \$785 | \$3,694 |
| 4"/6" w/ 2" water meter | \$826 | \$3,735 |

⁽¹⁾ Tier 1 - Service Tap Fee shall apply to those services for which the service lines are existing (service lateral and cleanout).

⁽²⁾ Tier 2 - Service Tap Fee shall apply to those services which require the Utilities Commission forces to provide the service connection from the main sewer pipeline.

System Development Fees. The Utilities Commission charges sewer system development fees on new developments in accordance with the System Development Fee Act. The purpose of the system development fees is to fund costs of capital improvements necessitated by and attributable to such new development, to recoup costs of existing facilities which serve such new development, or a combination of those costs. The fees are reviewed annually by the Utilities Commission's Board and reviewed periodically by an outside consultant. The fee schedule in effect since July 1, 2018 is set forth below. In accordance with the Bond Order, System development fees are not included in Revenues.

| <u>Water Meter Size</u> | <u>Wastewater System Development Fee</u> |
|-------------------------|--|
| 3/4" | \$881 |
| 1" | 1,471 |
| 1 1/2" | 2,934 |
| 2" | 4,696 |
| 2 1/2" | 6,431 |
| 3" | 9,400 |
| 4" | 14,686 |
| 6" | 29,364 |
| 8" | 46,984 |
| 10" | 70,480 |
| 12" | 127,375 |
| 16" | 198,225 |

Sewer Rate Study. The sewer system's rate structure is designed to generate sufficient revenues to allow it to cover costs of sewer operations and the portion of the debt incurred to finance sewer system capital improvements. Sewer rates are set to recover costs from each customer class. Periodically, the Utilities Commission contracts with an outside consultant to review the sewer system's revenue requirements, rates and rate structure to ensure adequate recovery of costs. The most recent rate study was completed in November 2018.

Number of Connections. The table below shows the number of sewer connections at the end of each of the last five fiscal years:

| <u>At June 30,</u> | <u>Number of Accounts</u> |
|--------------------|---------------------------|
| 2014 | 28,640 |
| 2015 | 28,885 |
| 2016 | 29,253 |
| 2017 | 29,478 |
| 2018 | 30,034 |

Major Users: The following table provides information on the largest users of the Utilities Commission's sewer system (by revenues) during the fiscal year ended June 30, 2018:

| <u>Customer</u> | <u>Product/Service</u> | <u>Revenues</u> | <u>% of Total</u> |
|--------------------------------------|-------------------------|--------------------|-------------------|
| Patheon Manufacturing | Pharmaceuticals | \$ 808,606 | 3.59% |
| DSM Dyneema, LLC | High Performance Fibers | 649,294 | 2.88 |
| Town of Bethel | Government | 587,827 | 2.61 |
| Vidant Medical Center ⁽¹⁾ | Health Care | 411,986 | 1.83 |
| Fuji Silysia Chemical USA, LTD | Silica Gel | 252,677 | 1.12 |
| Vidant Medical Center ⁽¹⁾ | Health Care | 214,923 | 0.95 |
| Vidant Medical Center ⁽¹⁾ | Health Care | 212,599 | 0.94 |
| East Carolina University | Education | 112,578 | 0.50 |
| Province Greenville NC LP | Apartments | 98,390 | 0.44 |
| Mayne Pharma Inc. | Pharmaceuticals | <u>84,505</u> | <u>0.38</u> |
| Total | | <u>\$3,433,384</u> | <u>15.24%</u> |

⁽¹⁾ Customers having separate accounts for different locations are listed separately.

History of Rate Changes. The Utilities Commission considers rate changes annually and as needed if circumstances change. The following table presents historical information on residential sewer rate changes made by the Utilities Commission.

| <u>Effective Date</u> | <u>Sewer Charge⁽¹⁾</u> | <u>Increase</u> |
|-----------------------|-----------------------------------|-----------------|
| July 1, 2009 | \$29.56 | 4.9% |
| July 1, 2010 | 32.33 | 9.4 |
| April 1, 2011 | 35.20 | 8.9 |
| May 1, 2014 | 38.28 | 8.7 |
| July 1, 2015 | 40.81 | 6.6 |
| July 1, 2016 | 43.45 | 6.5 |
| July 1, 2018 | 44.80 | 3.1 |

⁽¹⁾ Sewer charge shown is based on average residential water bill.

The Natural Gas System

The Utilities Commission operates a natural gas distribution system that services the City as well as some adjacent areas. The natural gas system consists of 624 miles of pipeline and 446 miles of service lines with 23,541 connections. During the fiscal year ended June 30, 2018, the Utilities Commission moved 3,682,821 dekatherms of natural gas through their distribution system.

The Utilities Commission entered a ten-year gas services agreement effective January 5, 2010 with Piedmont Natural Gas (“PNG”) that provides Firm Transportation, Excess Redelivery and Bundled Sales Peaking Services. The Utilities Commission secures its natural gas supplies through various marketers and transports the natural gas on a daily basis through the Transcontinental Gas Pipe Line Corporation’s transmission pipeline to PNG’s gas system. The Utilities Commission routinely uses marketing firms to buy and sell natural gas contracts on its behalf. A Natural Gas Risk Management Policy, which includes a Hedging Plan and Credit Risk Policy, was developed by the Utilities Commission to mitigate the risks associated with purchasing natural gas on the New York Mercantile Exchange. [Describe any plans to renew]

The Utilities Commission entered into a Supplemental Service and Construction Agreement with PNG effective November 1, 2014 for a period of five years. Under the terms of the contract, the Utilities Commission will pay additional demand charges to cover the costs of upgrades to the Utilities Commission’s system completed by PNG. The initial amount of the contractual payment was \$470,000 per year. Effective June 2015, the amount was increased to \$593,093 per year to reflect the actual costs of the upgrades. These additional demand charges are payable through October 2019. [Describe any plans to renew]

The Utilities Commission entered a fifteen year agreement with Patriots Energy Group (PEG) effective February 1, 2007 to purchase 20% of the Utilities Commission’s firm volumes (2,000 dekatherms per day during the winter period, November through March). The Utilities Commission receives a price discount projected to be between \$0.42 and \$0.47 per dekatherm and pays an administrative fee of \$0.015 per dekatherm to PEG to cover the administrative costs of the agreement.

The Utilities Commission entered a 30-year agreement with The Black Belt Energy Gas District (Black Belt Energy), effective March 1, 2018, to purchase 40 percent of the Utilities Commission’s firm volumes (1,600 dekatherms per day during the summer period, April to October, and 2,500 dekatherms per day during the winter period, November through March). The Utilities Commission receives a price discount projected to be \$0.40 per dekatherm during the initial reset period from November 1, 2018 to

October 31, 2023 and pays a fee of \$0.03 per dekatherm to Black Belt Energy to cover the administrative costs of the agreement. The Utilities Commission may elect to remarket the commodity in future reset periods when the available discounts realized from the initial reset period through the end of such reset period is less than \$0.25 per dekatherm, excluding any period for which the Utilities Commission delivered a remarking election. **[Are there any additional agreements we need to include?]**

The Utilities Commission utilizes liquefied natural gas (“LNG”) as a supply source for the peak day natural gas requirements. The utilization of LNG as a natural gas supply for peak day requirements is part of a long range plan to enhance the natural gas system’s reliability, control natural gas costs and offer additional services to the Utilities Commission’s customers. The Utilities Commission completed a permanent facility that stores and vaporizes LNG into gas in December 1997. An expansion of that facility, which doubled storage capacity, was substantially completed in the fall of 2001 and enhancements to the security features at the site were completed in 2004. A second expansion, completed in December 2006, doubled the send out capacity as well as adding redundancy and reliability to the operations of the facility. During fiscal year 2015, two additional storage tanks were installed at the facility, bringing the total storage capacity to 330,000 gallons. The volume of LNG stored at the facility would supply the Utilities Commission’s customers for more than a week should the gas supply be cut off due to an emergency.

The policy of the Utilities Commission is to set natural gas system rates at a level to generate sufficient revenue to allow the natural gas system to be self-supporting. To achieve such result, the Utilities Commission has adopted a purchased gas adjustment clause as a rate change mechanism to provide that all purchased gas costs incurred by the Utilities Commission are passed along to natural gas customers.

Natural Gas Rates. Natural gas rates effective March 1, 2019 are set forth below:

Residential Service:

- A. Basic Facilities Charge: \$11.00 per billing month
- B. Plus Commodity Charge: All ccf \$1.0450 per ccf

Residential Service – Heat Only:

- A. Basic Facilities Charge: \$13.00 per billing month
- B. Plus Commodity Charge: All ccf \$1.1249 per ccf

Commercial Service:

- A. Basic Facilities Charge: \$25.00 per billing month
- B. Plus Commodity Charge: First 500 ccf \$1.0831 per ccf
Over 500 ccf 0.9175 per ccf

Industrial Service:

- A. Basic Facilities Charge: \$113.00 per billing month
- B. Plus Commodity Charge: First 500 ccf \$0.8872 per ccf
Over 500 ccf 0.8298 per ccf

Interruptible Service:

- A. Basic Facilities Charge: \$213.00 per billing month
- B. Plus Commodity Charge: Negotiable

Seasonal Service

| | | |
|-----------------------------|---------------------------|------------------|
| A. Basic Facilities Charge: | \$39.00 per billing month | |
| B. Plus Commodity Charge: | All ccf | \$0.8112 per ccf |

Storage Service:

| | | |
|-------------------------|-----------|-------------------|
| A. Reservation Charge: | Per month | \$ 1.6200 per mcf |
| B. Daily Demand Charge: | Per month | 7.2500 per mcf |
| C. Commodity Charge: | Per mcf | 12.5500 per mcf |

All firm natural gas rates are subject to a purchased gas adjustment (“PGA”) schedule which provides for increases and decreases in customer rates commensurate with increases and decreases in commodity costs. Actual commodity costs are evaluated monthly to determine necessary changes to the PGA. The last adjustment that was made was a 14.85% decrease in March 2019. The rates in the above table are reflective of such decrease. [An additional decrease in the PGA is anticipated for April 2019].

Number of Connections. The table below shows the number of gas connections by class at the end of the last five fiscal years:

| <u>At June 30.</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Interruptible</u> | <u>Total</u> |
|--------------------|--------------------|-------------------|-------------------|----------------------|--------------|
| 2014 | 20,455 | 2,074 | 12 | 13 | 22,554 |
| 2015 | 20,714 | 2,100 | 11 | 12 | 22,837 |
| 2016 | 20,899 | 2,142 | 11 | 14 | 23,066 |
| 2017 | 20,930 | 2,152 | 12 | 14 | 23,108 |
| 2018 | 21,165 | 2,188 | 12 | 14 | 23,379 |

Gas Consumption. The table below sets forth natural gas consumption for the last five fiscal years in hundreds of cubic feet (ccf):

| <u>Fiscal Year Ended June 30.</u> | <u>Residential</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Interruptible</u> | <u>Total</u> |
|-----------------------------------|--------------------|-------------------|-------------------|----------------------|--------------|
| 2014 | 9,480,133 | 6,618,187 | 1,517,889 | 15,344,473 | 32,960,682 |
| 2015 | 9,568,069 | 6,847,867 | 1,891,424 | 15,104,558 | 33,411,918 |
| 2016 | 6,954,321 | 5,761,375 | 1,668,283 | 15,007,843 | 29,391,822 |
| 2017 | 6,941,053 | 5,671,707 | 1,865,882 | 15,419,520 | 29,898,162 |
| 2018 | 9,010,170 | 6,829,540 | 2,618,575 | 16,009,496 | 34,467,781 |

Major Users. The following table presents information on the largest users of the Utilities Commission's natural gas system (by revenues) during the fiscal year ended June 30, 2018:

| <u>Customer Name</u> | <u>Product/Service</u> | <u>Revenues</u> | <u>% of Total</u> | <u>Total Usage (ccf's)</u> | <u>% of Total</u> |
|---|-------------------------|----------------------------|----------------------|----------------------------|----------------------|
| Patheon Manufacturing | Pharmaceuticals | \$2,637,037 | 7.41% | 3,840,442 | 11.14% |
| East Carolina University ⁽¹⁾ | Education | 2,115,514 | 5.95 | 3,208,656 | 9.31 |
| Vidant Medical Center ⁽¹⁾ | Health Care | 1,716,294 | 4.82 | 2,090,811 | 6.07 |
| Mayne Pharma Inc. | Pharmaceuticals | 931,930 | 2.62 | 984,163 | 2.86 |
| Vidant Medical Center ⁽¹⁾ | Health Care | 926,022 | 2.60 | 1,121,981 | 3.26 |
| DSM Dyneema, LLC ⁽¹⁾ | High Performance Fibers | 760,571 | 2.14 | 1,034,045 | 3.00 |
| DSM Dyneema, LLC ⁽¹⁾ | High Performance Fibers | 750,720 | 2.11 | 1,064,554 | 3.09 |
| East Carolina University | Education | 712,562 | 2.00 | 1,080,429 | 3.13 |
| Fuji Silysia Chemical USA, LTD | Silica Gel | 586,254 | 1.65 | 688,597 | 2.00 |
| Hyster Yale Group | Fork Lift Trucks | 542,766 | 1.53 | 576,674 | 1.67 |
| Total | | <u>\$11,679,670</u> | <u>32.83%</u> | <u>15,690,352</u> | <u>45.53%</u> |

⁽¹⁾ Customers having separate accounts for different locations are listed separately.

History of Rate Changes. The Utilities Commission considers rate changes annually and as needed if circumstances change. The following table presents historical information on residential natural gas rate changes made by the Utilities Commission.

| <u>Effective Date⁽¹⁾</u> | <u>Natural Gas Charge⁽²⁾</u> | <u>Increase⁽³⁾</u> |
|-------------------------------------|---|-------------------------------|
| December 1, 2012 | \$62.44 | 4.0% |
| April 1, 2013 | 61.56 | (1.4) |
| January 1, 2014 | 66.24 | 7.6 |
| March 1, 2014 | 68.97 | 4.1 |
| May 1, 2015 | 63.55 | (7.9) |
| September 1, 2015 | 59.32 | (6.7) |
| August 1, 2016 | 57.97 | (2.3) |
| November 1, 2016 | 61.13 | 5.5 |
| February 1, 2017 | 63.25 | 3.5 |
| July 1, 2017 | 66.42 | 5.0 |
| January 9, 2018 | 71.43 | 7.5 |
| July 1, 2018 | 71.79 | 0.5 |
| March 1, 2019 | 63.25 | (11.9) |
| April 1, 2019 [proposed] | 60.59 | (4.2) |

⁽¹⁾ Further changes may occur between the date of the Official Statement and the date of delivery of the 2019 Bonds.

⁽²⁾ Natural gas based on monthly usage of 50 ccf.

⁽³⁾ Natural gas increases/decreases generally reflect seasonal changes in the market price for natural gas.

Billing and Collection Procedures

The Utilities Commission uses electronic meter recording devices and an automated meter reading system to read water, electric, and gas meters for billing purposes. The Utilities Commission's meter reading and billing processes are divided into 16 cycles, which accordingly take 16 working days per month to complete. After each day's cycle is read, the readings are uploaded at night and exceptions are generated,

which are analyzed the next day. All meters are read and billed on a monthly basis, and bills are mailed within two working days of the meter being read.

Currently, bills are considered delinquent on the twentieth day after billing. Six days later a delinquent notice is mailed to the customer and a 1% fee is added to delinquent bills. On the thirty-seventh day, if the bill remains unpaid, the customer’s electric service is disconnected and seven days later if the bill still is unpaid any additional services are disconnected. All accounts are reviewed for turnover to a collection agency once service has been discontinued on account of non-payment.

Before establishing service, utility customers must make an application. During the application process, a security deposit is established based on the services provided as well as the customer’s credit standing. The security deposits in effect for residential service are as follows:

| | |
|-----------------------|-------|
| Water Only | \$ 50 |
| Sewer Only | 50 |
| Gas Only | 100 |
| Electric Only | 100 |
| Electric & Water | 150 |
| Electric & Gas | 200 |
| Electric, Water & Gas | 250 |

Operating and Capital Budget Procedures

The Utilities Commission’s operating and capital budgets are developed in accordance with local and State laws. Annual budgets are developed and approved by the Utilities Commission and adopted by the City Council by June 30 of each year. The Utilities Commission develops a five-year capital project plan each year. The five-year capital project plan is used to estimate the dollar amount of work that will be completed in any given year. Possible projects to be financed are often “rolled” from one year to the next until a decision is made by staff and/or developers to proceed with the particular project. Capital project budgets are developed as needed as project time schedules dictate.

History of Capital Expenditures

The following tables provide information on capital improvements to the Combined Enterprise System funded from operations and from debt for the fiscal years ended June 30, 2015 through 2019, with respect to the electric, water, sanitary sewer and natural gas systems:

| | <u>Total Capital Expenditures (\$000s)</u> | | | | 2019 (projected) |
|----------------|--|-----------------|-----------------|-----------------|---------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | |
| Electric | \$11,476 | \$15,740 | \$16,227 | \$10,745 | \$33,959 |
| Water | 2,319 | 5,238 | 2,897 | 2,854 | 14,942 |
| Sanitary Sewer | 4,211 | 7,765 | 6,872 | 4,800 | 9,165 |
| Natural Gas | <u>7,156</u> | <u>13,060</u> | <u>2,997</u> | <u>2,160</u> | <u>7,478</u> |
| Total | <u>\$25,162</u> | <u>\$41,803</u> | <u>\$28,993</u> | <u>\$20,559</u> | <u>\$65,544</u> |

Future Capital Expenditures and Debt Outlook

The Utilities Commission has an annual budget process and a five-year capital project planning process to identify needed system changes. The Utilities Commission’s plans for improvements to the Combined Enterprise System are designed to foster constant growth and rehabilitation of facilities and

systems. Rates are modified and expenses changed to accommodate these objectives. The Utilities Commission’s current five-year capital plan is summarized below.

| | <u>Total Projected Capital Expenditures (\$000s)</u> | | | | |
|----------------|--|-----------------|-----------------|-----------------|-------------|
| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Electric | \$ 29,881 | \$ 18,268 | \$ 14,263 | \$ 16,735 | |
| Water | 21,681 | 20,664 | 13,965 | 9,380 | |
| Sanitary Sewer | 16,677 | 6,595 | 3,656 | 2,687 | |
| Natural Gas | <u>8,931</u> | <u>5,345</u> | <u>4,290</u> | <u>4,523</u> | |
| Total | <u>\$77,170</u> | <u>\$50,872</u> | <u>\$36,174</u> | <u>\$33,325</u> | |

The Utilities Commission expects to fund a significant portion of the projected capital expenditures set forth above from internally generated funds on a pay-as-you-go basis. The balance will be financed from a combination of revenue bonds, special reserves, special revenues and other third party contributions. Approximately \$[] million of the proceeds of the 2019 Bonds are expected to be used to pay for projects set forth in the capital improvement plan. The Utilities Commission expects to issue approximately \$[37.85] million of additional revenue bonds in fiscal year 2022. No assurance can be given as to which, if any, of the capital expenditures will be recommended for approval nor can assurances be given as to the method of finance to be employed to fund approved capital projects.

In addition to the projected capital expenditures set forth above, the Utilities Commission is evaluating options for additional liquid natural gas storage and vaporization facilities to meet peak demands during extreme weather events. The Utilities Commission is conducting this evaluation particularly in light of the consequences of an extreme weather event in January 2018 that interrupted ground transportation of liquid natural gas to its present facilities, requiring the Utilities Commission to rely on more expensive resources to meet its customer’s requirements. At present, the Utilities Commission is evaluating options, which may include facilities financed and constructed by the Utilities Commission or facilities developed in partnership with other entities, but there are no definitive plans to proceed with any such arrangements at this time.

Historical Operating Results

Management’s Discussion. For the fiscal year ended June 30, 2018, the assets and deferred outflows of resources of the Utilities Commission exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$375,096,028 (net position). Of this amount, \$97,101,223 (unrestricted net position) may be used to meet the Utilities Commission’s ongoing obligations to its customers and creditors. Operating revenues increased by \$9,486,375 or 3.9% and total revenues increased by \$10,719,307 or 4.3% due primarily to increased gas rates. The Utilities Commission’s total net position increased by \$17,988,723 primarily due to positive operating income. The Utilities Commission’s total debt decreased by \$7,463,590 or 5.6% during the last fiscal year. The key factor in this decrease was the retirement of \$9,962,771 of existing debt, which exceeded the addition of new debt totaling \$2,926,318 and the net decrease in discounts and premiums totaling \$427,137.

Through January 31, 2019, the combined enterprise fund revenues exceeded budgeted revenues by \$13,543,607 or 9%. Actual combined enterprise fund expenditures were \$1,066,768 or 1% higher than budget. The Utilities Commission currently expects revenues to exceed expenditures by an estimated \$3 million at the end of the current fiscal year.

Through January 31, 2019, electric fund revenues exceeded budgeted revenues by \$7,592,203 or 8%. Actual electric fund expenditures are \$1,315,137 or 1% higher than budget. The Utilities Commission

currently expects electric revenues to exceed expenditures by an estimated \$1.4 million at the end of the current fiscal year. The Electric Fund also includes a rate stabilization fund which has a current balance of \$23.7 million. The rate stabilization fund is available to offset volatility in wholesale electric costs while maintaining current retail electric rates.

Through January 31, 2019, water fund revenues were \$289,302 or 2% more than budgeted revenues. Actual water fund expenditures are \$364,372 or 3% higher than budget. The Utilities Commission currently expects water fund revenues to exceed expenditures by an estimated \$294,000 at the end of the current fiscal year.

Through January 31, 2019, sewer revenues exceeded budgeted revenues by 4% or \$618,832. Actual sewer fund expenditures are 10% or \$1,304,227 less than budgeted expenditures. The Utilities Commission currently expects operating sewer fund revenues to exceed expenditures by an estimated \$1.2 million at the end of the current fiscal year.

Through January 31, 2019, gas fund revenues were approximately \$5,043,270 or 29% higher than budget. Actual gas expenditures are \$691,486 or 4% higher than budgeted expenditures. The Utilities Commission currently expects operating gas revenues to exceed expenditures by an estimated \$66K at the end of the current fiscal year. The Gas Fund also includes a rate stabilization fund which has a current balance of \$872K.

On November 1, 2018 the City optionally redeemed \$1,950,000 of its Combined Enterprise System Revenue Bonds, Series 2008A. The optional redemption was funded from funds set aside in the Parity Indebtedness Reserve Fund that secured the Bonds that were redeemed.

Summary Financial Information. The following table presents information on the financial performance of the Utilities Commission's four utilities for the past five fiscal years. This information has been drawn from the Utilities Commission's audited financial statements and adjusted to correspond to definitions in the Bond Order. Information for the fiscal year ended June 30, 2018, should be read in conjunction with the Utilities Commission's audited financial statements and notes thereto in Appendix A hereto.

HISTORICAL OPERATING RESULTS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (000'S)

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>Line #</u> |
|---|------------------|------------------|------------------|------------------|------------------|-------------------|
| Operating Revenues | | | | | | |
| Charges for Service | \$269,776 | \$270,859 | \$246,112 | \$245,486 | \$254,569 | 1 |
| Other Operating Revenues | 996 | 1,128 | 1,096 | 519 | 923 | 2 |
| Total Operating Revenues | <u>270,772</u> | <u>271,987</u> | <u>247,208</u> | <u>246,005</u> | <u>255,492</u> | 3 |
| Operating Expenses | | | | | | |
| Administrative and General | 17,493 | 17,711 | 19,226 | 22,322 | 21,710 | 4 |
| Operations and Maintenance | 33,915 | 35,032 | 35,826 | 39,474 | 39,467 | 5 |
| Purchased Power and Gas | 188,110 | 180,031 | 140,033 | 145,675 | 149,657 | 6 |
| Depreciation | 18,181 | 18,140 | 18,662 | 20,999 | 21,404 | 7 |
| Total Operating Expenses | <u>257,699</u> | <u>250,914</u> | <u>213,747</u> | <u>228,470</u> | <u>232,238</u> | 8 |
| Operating Income (Loss) | <u>13,073</u> | <u>21,073</u> | <u>33,461</u> | <u>17,535</u> | <u>23,254</u> | 9 |
| Nonoperating Revenues (Expenses) | | | | | | |
| Interest Income | 208 | 284 | 330 | 528 | 1,160 | 10 |
| Debt Interest Expense and Services Charges | (3,574) | (3,683) | (4,154) | (3,358) | (4,153) | 11 |
| Other nonoperating revenues | 1,761 | 1,444 | 2,572 | 4,229 | 3,752 | 12 |
| Other nonoperating expenses | - | - | - | - | (637) | 13 |
| Total Nonoperating Revenues (Expenses) | <u>(1,605)</u> | <u>(1,955)</u> | <u>(1,252)</u> | <u>1,399</u> | <u>122</u> | 14 |
| Income Before Operating Transfers | <u>11,468</u> | <u>19,118</u> | <u>32,209</u> | <u>18,934</u> | <u>23,376</u> | 15 |
| Operating Transfers | | | | | | |
| Capital Contributions | 568 | 602 | - | 135 | 1,214 | 16 |
| Transfer to City of Greenville, General Fund | (5,360) | (5,748) | (6,592) | (5,900) | (5,853) | 17 |
| Transfer to City of Greenville, Street Lighting | (721) | (757) | (766) | (765) | (748) | 18 |
| Total Operating Transfers | <u>(5,513)</u> | <u>(5,903)</u> | <u>(7,358)</u> | <u>(6,530)</u> | <u>(5,387)</u> | 19 |
| Changes in Net Assets | <u>5,955</u> | <u>13,215</u> | <u>24,851</u> | <u>12,404</u> | <u>17,989</u> | 20 |
| Net Assets, Beginning of Year, Previously Reported | 325,811 | 331,766 | 341,671 | 366,522 | 378,926 | 21 |
| Restatement | - | (3,310) | - | - | (21,819) | 22 |
| Net Assets, Beginning of Year, Restated | <u>325,811</u> | <u>328,456</u> | <u>341,671</u> | <u>366,522</u> | <u>357,107</u> | 23 |
| Net Assets, End of Year | <u>\$331,766</u> | <u>\$341,671</u> | <u>\$366,522</u> | <u>\$378,926</u> | <u>\$375,096</u> | 24 |
| DEBT COVERAGE CALCULATION (000'S) | | | | | | |
| Revenues | | | | | | |
| Operating Revenues | \$270,772 | \$271,987 | \$247,208 | \$246,005 | \$255,492 | 25 |
| Interest Income | 208 | 284 | 330 | 528 | 1,160 | 26 |
| Miscellaneous Revenues | 1,761 | 1,444 | 2,572 | 4,229 | 3,752 | 27 |
| Revenues Not Available for Debt Service ⁽¹⁾ | (387) | (507) | (543) | (2,423) | (1,458) | 28 |
| Total Revenues Available for Debt Service | <u>272,354</u> | <u>273,208</u> | <u>249,567</u> | <u>248,339</u> | <u>258,946</u> | 29 |
| Current Expenses | | | | | | |
| Operations | 51,408 | 52,743 | 55,052 | 61,796 | 61,177 | 30 |
| Purchased Power and Gas | 188,110 | 180,031 | 140,033 | 145,675 | 149,657 | 31 |
| Other Nonoperating Expenses | - | - | - | - | 637 | 32 |
| Unfunded OPEB and Pension Expense | (890) | 1,019 | 60 | (756) | 190 | 33 |
| Total Current Expenses | <u>238,628</u> | <u>233,793</u> | <u>195,145</u> | <u>206,715</u> | <u>211,661</u> | 34 |
| Net Revenues/Funds Available for Debt Service | <u>\$33,726</u> | <u>\$39,415</u> | <u>\$54,422</u> | <u>\$41,624</u> | <u>\$47,285</u> | 35 |
| Debt Service | | | | | | |
| Parity Indebtedness | 10,388 | 10,364 | 10,245 | 9,826 | 10,592 | 36 |
| Subordinate, Additional and G.O. Indebtedness | 4,746 | 4,784 | 3,959 | 3,255 | 3,692 | 37 |
| Total Debt Service ⁽²⁾ | <u>\$15,134</u> | <u>\$15,148</u> | <u>\$14,204</u> | <u>\$13,081</u> | <u>\$14,284</u> | 38 |
| Coverage Ratios | | | | | | |
| Parity Debt Service Coverage Requirement = 1.25x ⁽³⁾ | 3.25 | 3.80 | 5.31 | 4.24 | 4.46 | 39 |

| | | | | | | |
|---|----------|----------|----------|----------|-----------|----|
| Total Debt Service Coverage, Requirement = 1.00x ⁽⁴⁾ | 2.23 | 2.60 | 3.83 | 3.18 | 3.31 | 40 |
| Debt Service Coverage after Transfers ⁽⁵⁾ | 1.83 | 2.17 | 3.31 | 2.67 | 2.85 | 41 |
| OPERATING CASH | \$77,657 | \$79,408 | \$91,017 | \$95,614 | \$101,695 | 42 |
| DAYS CASH ON HAND | 118 | 125 | 170 | 168 | 175 | 43 |
| UNAPPROPRIATED FUND BALANCE | \$54,678 | \$44,899 | \$54,141 | \$54,094 | \$54,513 | 44 |
| Fund Balance as % of Total Expenditures | 20% | 17% | 21% | 22% | 21% | 45 |

(1) Includes interest earnings on revenue bond funds and other restricted revenues.

(2) Line 36 plus Line 37.

(3) Line 35 divided by Line 36.

(4) Line 35 divided by Line 38.

(5) (Line 35 plus Line 17 plus Line 18) divided by Line 38.

Pension Plans

The following information on the pension plans is presented on the calendar year basis, whereas the information in the independent auditor's footnotes included in Appendix A to this Official Statement is presented on the fiscal year basis.

The Utilities Commission participates in the North Carolina Local Governmental Employees' Retirement System (the "System"). The System is a service agency administered through a board of trustees by the State for public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members contribute 6% of their individual compensation. Each new employer makes a normal contribution plus, where applicable, a contribution to fund any accrued liability over a 24-year period. The employer contribution rate was 7.50%, effective June 30, 2018. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the System.

Members qualify for a vested deferred benefit at age 50 with at least 20 years of service or at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the System are determined on an actuarial basis.

For information concerning the Utilities Commission's participation in the North Carolina Local Governmental Employees' Retirement System and the Supplemental Retirement Income Plan of North Carolina, see the Notes to the Utilities Commission's audited financial statements included in Appendix A to this Official Statement.

Financial statements and required supplementary information for the North Carolina Local Governmental Employees' Retirement System are included in the Comprehensive Annual Financial Report ("CAFR") for the State. Please refer to the State's CAFR for additional information.

Other Post-Employment Benefits

The Utilities Commission provides certain post-employment health care and other benefits (“OPEB”) as part of the total compensation package offered to attract and retain the services of qualified employees. These benefits are available to retirees who participate in the System and who, at the time of their retirement, meet certain service requirements.

To meet the post-employment health care and other benefits reporting requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*, the Utilities Commission obtained an actuarial valuation of its OPEB based on data for June 30, 2016. The actuarial valuation quantified an actuarial total liability of \$39,546,467. The plan fiduciary net position as of June 30, 2018 was \$3,887,880 resulting in a net OPEB liability of \$35,658,587. The valuation was completed using a 5.74% single equivalent interest rate.

The Utilities Commission largely funds OPEB on an annual pay-as-you-go basis under a self-insured plan, with actual benefits paid of approximately \$1,692,179, net of retiree contributions, for the fiscal year ended June 30, 2018. The Utilities Commission also makes an annual contribution in the amount of \$500,000 to the Utilities Commission’s OPEB Trust administered by the State Treasurer’s Office. The Utilities Commission had \$3,887,880 on deposit in the OPEB Trust as of June 30, 2018.

For additional information concerning OPEB and the Utilities Commission’s requirements, see the Notes to the Utilities Commission’s audited financial statements included in Appendix A to this Official Statement.

THE CITY

General Description

The City is situated on the Tar River in the central coastal plain of North Carolina. It was founded by English settlers in 1774 and named Martinsborough. It was soon named and continues to serve as the seat of Pitt County (the “County”). In 1786, the residents changed the name to Greenville to honor revolutionary war hero and fellow North Carolinian, Nathaniel Greene. The City covers an area of approximately 35 square miles. On December 31, 1992, the United States Department of Housing and Urban Development classified the City as a Metropolitan Statistical Area (“MSA”).

Demographic Characteristics

The United States Department of Commerce, Bureau of the Census, has recorded the population of the City to be as follows:

| <u>1990</u> | <u>2000</u> | <u>2010</u> | <u>2017</u> |
|-------------|-------------|-------------|-------------|
| 44,972 | 62,432 | 84,554 | 92,156 |

Per capita income data for the County and the State are presented in the following table:

| <u>Year</u> | <u>County¹</u> | <u>State</u> |
|-------------|---------------------------|--------------|
| 2013 | \$35,445 | \$38,078 |
| 2014 | 36,768 | 39,976 |
| 2015 | 37,924 | 41,814 |
| 2016 | 38,535 | 42,707 |
| 2017 | 39,900 | 44,222 |

⁽¹⁾ Separate data for the City are not available.

Source: United States Department of Commerce, Bureau of Economic Analysis (latest data available).

Commerce and Industry

The City is a commercial, educational and medical hub for eastern North Carolina. The area is one of the fastest growing urban centers in the State. The area is also a leading retail center in the eastern part of the State and is one of only a dozen billion dollar retail markets in the State. The local economy is well diversified with government, wholesale/retail trade and manufacturing each accounting for approximately 25% of total employment. Agriculture is also a strong contributor to the economy; tobacco, corn, soybeans, wheat, peanuts, eggs, livestock, poultry and vegetables are the primary agricultural products. The Pitt County Development Commission, created by voter referendum in 1957, continues to recruit new business and industry to the area, primarily from the northeast and mid-west.

The diversity, quality and availability of the human resources in the City are among the primary reasons many large corporations locate in the area. Major industries and employers in the area include:

East Carolina University (“ECU”) is the third largest university in the State with approximately 28,900 students and 5,670 employees. ECU is a member of the 17-campus University of North Carolina system and is accredited by the Southern Association of Colleges and Schools. The University began as a two-year Teacher Training School in 1909 and has grown to include 11 colleges/schools plus the Graduate School. ECU has 16 doctoral degree programs, 5 professional degree programs and 77 departmental certificate programs. ECU has also undertaken several major construction projects in recent years. New Gateway East and West Residence Hall was completed in the summer of 2015, creating a new streetscape along 14th street in the City. The Howell Science Complex also completed a \$1.84 million renovation project in the summer of 2015. A new, 220,000 square foot square foot student union building and adjacent 720-car parking garage opened in January 2019. On ECU’s Health Sciences Campus, a new \$7.5 million research, office and support space was opened in the School of Dental Medicine building in 2016. A new 75,000 square foot, \$34.1 million Health Sciences Campus Student Center opened in the spring of 2017, and provides student services, activities, a recreation center, convenience store, and three dining options.

Vidant Health operates Vidant Medical Center in the City. Vidant Medical Center is one of four academic medical centers in the State and is the teaching hospital for ECU’s Brody School of Medicine. The 909 bed medical center offers a regional heart center and a level one trauma center which serves over 1.4 million residents in the region. Vidant Medical Center employs over 6,700 employees. A new \$170 million, six-story, 96 bed cancer center opened at Vidant Medical Center in 2018.

Thermo Fisher Scientific, a biotechnology product development company, operates a pharmaceuticals manufacturing facility in the City under the name of Patheon. Patheon was acquired by Thermo Fisher Scientific in 2017. The facility was previously operated by DSM Pharmaceuticals, which merged with Patheon in 2014. Under the name Patheon, it is expected that by the end of 2019,

the company will invest \$159 million in plant expansion in the City. It is anticipated that the expansion will result in nearly 500 new jobs at the City site, with average annual wages estimated at \$54,100, plus benefits. The Patheon facility is being refitted to handle additional sterile products, injectables and bioprocessed products. **DSM Dyneema, LLC**, an entity affiliated with Patheon, manufactures a proprietary medical-grade ultra-high molecular weight polyethylene fiber known as Dyneema, which is used in medical applications, such as orthopedic implants. Dyneema is also used in safety gloves for the metalworking industry and in fine yarns for applications in sporting goods and the medical sector. In addition, DSM Dyneema’s products are used in bullet resistant armor and clothing for police and military personnel and are an important component in ropes, cables and nets in the fishing, shipping and offshore industries. DSM Dyneema employs over 330 people.

Hyster-Yale Group, Inc. designs, engineers, and manufactures materials handling equipment, including warehouse trucks, counterbalanced trucks, and large capacity cargo and container handling trucks. Hyster-Yale Group, Inc. formerly known as NACCO Materials Handling Group, Inc., employs approximately 1,226 employees.

Alliance One International purchases leaf tobacco from North Carolina farmers and processes, packs, stores, and ships the tobacco to cigarette makers worldwide. In certain developing markets, the company provides agronomy expertise and financing for the growing of leaf tobacco. Alliance One International neither manufactures nor sells cigarettes or other consumer tobacco products. The company employs approximately 850 people.

The Roberts Company is a fully integrated fabrication, construction and plant services company designed to work specifically with heavy and light industrial clients. The company provides services to the following industries: chemical, specialty chemical, mining, power port facilities/terminals, pulp and paper, oil and gas, light industrial pharmaceutical and manufacturing. The company employs approximately 485 people.

The City and the County are also an educational center for the eastern part of the State. In addition to the higher education opportunities available at ECU, Pitt Community College (“PCC”) offers associate degree programs, certificate programs, diploma programs and college transfer programs. It is a member of the North Carolina Community College system. PCC is the sixth largest community college in the State and is accredited by the Commission on Colleges of the Southern Association of Colleges and Schools to award associate degrees. The college serves over 24,000 students and employs over 1,100 people. Pitt County Public Schools serves over 23,000 students and employs approximately 3,650 employees. The student-teacher ratio is approximately 20 to 1.

The following table indicates the total taxable sales for the County⁽¹⁾ during the five fiscal years ended June 30, 2018:

| Fiscal Year Ended <u>June 30,</u> | Total Taxable <u>Sales</u> | Increase over Previous <u>Year</u> |
|--------------------------------------|-------------------------------|---------------------------------------|
| 2014 | \$1,851,120,121 | 0.28% |
| 2015 | 2,021,702,242 | 9.22 |
| 2016 | 2,146,300,000 | 6.10 |
| 2017 | 2,330,700,000 | 8.60 |
| 2018 | 2,356,000,000 | 6.96 |

⁽¹⁾ Separate data for the City are not available.
Source: North Carolina Department of Revenue.

The following table lists the major employers in or within a few miles of the City:

| <u>Company/Institution</u> | <u>Product/Service</u> | <u>Approximate Number of Employees</u> |
|----------------------------|---------------------------|--|
| Vidant Health | Health Care | 6,760 |
| East Carolina University | Education | 5,672 |
| Pitt County Public Schools | Education | 3,699 |
| Hyster-Yale Group, Inc. | Lift Trucks | 1,226 |
| Patheon | Pharmaceuticals | 1,261 |
| Pitt Community College | Education | 1,100 |
| County of Pitt | Government Administration | 1,000 |
| Alliance One International | Tobacco Sales | 850 |
| ASMO of Greenville | Electric Motors | 722 |
| Mayne Pharma, Inc. | Pharmaceuticals | 629 |
| Physicians East | Health Care | 615 |
| Convergys | Customer Service Center | 530 |
| The Roberts Company, Inc. | Metal Fabrication | 485 |

Source: Pitt County Development Commission (February 2019).

The following table indicates construction activity in the City, including the type, number and value of building permits issued by the City:

| <u>Calendar Year</u> | <u>Commercial</u> | | <u>Residential</u> | | <u>Total Value</u> |
|----------------------|-------------------|--------------|--------------------|--------------|--------------------|
| | <u>Number</u> | <u>Value</u> | <u>Number</u> | <u>Value</u> | |
| 2014 | 22 | \$15,610,791 | 296 | \$70,773,445 | \$86,384,236 |
| 2015 | 25 | 150,315,766 | 214 | 46,939,961 | 197,255,727 |
| 2016 | | | | | |
| 2017 | | | | | |
| 2018 | | | | | |

Source: City Inspections Department.

Employment

The North Carolina Department of Commerce, Labor & Economic Analysis Division, has estimated the percentage of unemployment in the County to be as follows:

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | |
|----------|-------------|-------------|-------------|-------------|-------------|-----------|-------------|-------------|-------------|-------------|----|
| January | 6.0% | 5.9% | 5.5% | 4.9% | 4.7% | July | 7.0% | 6.0% | 5.5% | 4.7% | -- |
| February | 5.8 | 5.9 | 5.2 | 4.8 | 4.4 | August | 6.6 | 5.9 | 5.4 | 4.4 | -- |
| March | 5.6 | 5.6 | 4.7 | 4.6 | | September | 5.8 | 5.2 | 4.5 | 3.3 | -- |
| April | 5.7 | 5.1 | 4.4 | 4.0 | | October | 5.9 | 6.1 | 4.5 | 3.7 | -- |
| May | 6.6 | 5.3 | 4.9 | 4.2 | | November | 5.7 | 5.2 | 4.8 | 3.7 | -- |
| June | 6.8 | 5.9 | 5.2 | 4.9 | -- | December | 5.6 | 5.2 | 4.6 | 4.0 | -- |

Pension Plans

The City participates in the North Carolina Local Governmental Employees' Retirement System (the "System"). The System is a service agency administered through a board of trustees by the State for

public employees of counties, cities, boards, commissions and other similar governmental entities. While the State Treasurer is the custodian of System funds, administrative costs are borne by the participating employer governmental entities. The State makes no contributions to the System.

The System provides, on a uniform System-wide basis, retirement and, at each employer's option, death benefits from contributions made by employers and employees. Employee members are required to contribute six percent of their annual covered salary. The City's contractually required contribution rate for the year ended June 30, 2018 was 7.55% for general employees and firefighters and 8.25% for law enforcement officers, respectively, of annual covered payroll. The accrued liability contribution rate is determined separately for each employer and covers the liability of the employer for benefits based on employees' service rendered prior to the date the employer joins the System.

Members qualify for a vested deferred benefit at age 50 with at least 20 years of service or at age 60 after at least five years of creditable service to the unit of local government. Unreduced benefits are available: at age 65, with at least five years of creditable service; at age 60, with at least 25 years of creditable service; or after 30 years of creditable service, regardless of age. Benefit payments are computed by taking an average of the annual compensation for the four consecutive years of membership service yielding the highest average. This average is then adjusted by a percentage formula, by a total years of service factor and by an age service factor if the individual is not eligible for unreduced benefits.

Contributions to the System are determined on an actuarial basis.

Financial statements and required supplementary information for the System are included in the Comprehensive Annual Financial Report ("CAFR") for the State. Please refer to the State's CAFR for additional information.

The City also participates in the (1) Law Enforcement Officers' Special Separation Allowance, (2) Supplemental Retirement Income Plan for Law Enforcement Officers and (3) Supplemental Retirement Income Plan for all Other Employees.

Other Post-Employment Benefits

The City provides certain post-employment health care and other benefits ("OPEB") as part of the total compensation package offered to attract and retain the services of qualified employees (excluding employees of the Utilities Commission). These benefits are available to retirees who participate in the System and who, at the time of their retirement, meet certain service requirements. Members hired prior to July 1, 2011 who retire with at least 20 years of service contribute 5% of the estimated cost for pre-65 healthcare coverage for the retiree. Members hired prior to July 1, 2011 who retire with less than 20 years of service contribute 100% of the estimated cost for pre-65 healthcare coverage for the retiree. Retirees who elect to have dependent healthcare coverage contribute 100% of the estimated cost of coverage. Participating retired employees hired prior to July 1, 2011 with a minimum of 20 years of service shall have their coverage transferred to a Medicare Supplemental plan after qualifying for Medicare, with the City continuing to pay the same dollars towards the premium cost as it pays for retirees under the base plan. For retired employees hired on or after July 1, 2011 with a minimum of 20 years of service, the contribution rate for post-65 benefits consists of a \$250 monthly stipend defined contribution amount. The City pays 50% of the total life insurance premium cost for those retirees who have that benefit. Members hired on or after July 1, 2011 who retire with less than 20 years of service will not be eligible for post-retirement coverage.

The City currently funds its OPEB on an annual pay-as-you-go basis. The City's funding for retiree health benefits for the fiscal year ended June 30, 2018 was \$2,356,792.

The City implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions in fiscal year ended June 30, 2008. In response to GASB Statement No. 45, the City engaged an actuarial firm to prepare a study establishing the City's unfunded OPEB liability and annual required contribution ("ARC"). The City's latest study reported on December 31, 20__ that the City's Unfunded Actuarial Accrued Liability was \$[_____] for all eligible participants and the Annual Required Contribution for the fiscal year ended June 30, 2018 needed to meet such a liability was \$[_____]. The study was done under an assumption that the plan is funded on a pay-as-you-go basis.

LITIGATION

[City/GUC to confirm] No litigation is now pending or, to the best of the City's or Utilities Commission's knowledge, threatened against or affecting the City or the Utilities Commission seeking to restrain or enjoin the adoption, approval, authorization, execution or delivery of the 2019 Bonds, the Bond Order or the Series Resolution or contesting the validity or the authority or proceedings for the adoption, approval, authorization, execution or delivery of the 2019 Bonds, the Bond Order or the Series Resolution or the City's or Utilities Commission's creation, organization or existence, or the title of any of the City's or Utilities Commission's present officers to their respective offices or the authority or proceedings for the City's or Utilities Commission's adoption, approval, authorization, execution and delivery of the 2019 Bonds, the Bond Order or the Series Resolution or the City's or Utilities Commission's authority to carry out its obligations thereunder, or which would have a material adverse impact on the City's or Utilities Commission's condition, financial or otherwise.

LEGAL MATTERS

Legal matters related to the authorization, execution, sale and delivery of the 2019 Bonds are subject to the approval of Womble Bond Dickinson (US) LLP, Raleigh, North Carolina, Bond Counsel. Certain legal matters will be passed upon for the City by Emanuel D. McGirt, Esq., Greenville, North Carolina, City Attorney, for the Utilities Commission by Phillip R. Dixon, Esq., Greenville, North Carolina, Counsel to the Utilities Commission, and for the Underwriters by McGuireWoods LLP, Raleigh, North Carolina, counsel to the Underwriters.

TAX TREATMENT

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the City and the Utilities Commission with certain covenants to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), regarding, among other matters, the use, expenditure and investment of 2019 Bond proceeds and the timely payment of certain investment earnings to the United States Treasury, interest on the 2019 Bonds will not be includable in the gross income of the owners thereof for purposes of federal income taxation. Bond Counsel is also of the opinion that interest on the 2019 Bonds will not be a specific preference item for purposes of the alternative minimum tax imposed by the Code. In addition, in the opinion of Bond Counsel, under existing law, interest on the 2019 Bonds will be exempt from all State of North Carolina income taxes.

The Code and other laws of taxation, including the laws of taxation of the State of North Carolina, of other states and of local jurisdictions, may contain other provisions that could result in tax consequences, upon which Bond Counsel expresses no opinion, as a result of ownership or transfer of the 2019 Bonds.

Original Issue Premium

The initial public offering prices of the 2019 Bonds maturing on _____ 1, _____ (the “Premium Bonds”) are greater than the amounts payable at maturity. The difference between (a) the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) at which a substantial amount of each maturity of the Premium Bonds is sold and (b) the principal amount payable at maturity of such Premium Bonds constitutes original issue premium. In general, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. If the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost.

Owners for and prospective purchasers of Premium Bonds should consult their own tax advisors regarding the treatment of bond premium federal income tax purposes, including various special rules relating thereto, and state and local tax consequences in connection with the ownership and disposition of Premium Bonds.

Original Issue Discount

The initial public offering prices of the 2019 Bonds maturing on _____ 1, _____ (the “Discount Bonds”) are less than the amounts payable at maturity. An amount not less than the difference between the initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents, wholesalers or other intermediaries) of the Discount Bonds and the amounts payable at maturity constitutes original issue discount. Under existing federal income tax law and regulations, the original issue discount on a Discount Bond is interest not includable in the gross income of an owner who purchases such Discount Bond in the original offering at the initial public offering price thereof and holds it to maturity, and such owner will not realize taxable gain upon payment of such Discount Bond at maturity. Owners who purchase Discount Bonds at a price other than the initial offering price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the consequences of the ownership of such Discount Bonds. An owner who purchases a Discount Bond in the initial offering at the initial offering price and holds such Discount Bond to maturity is deemed under existing federal tax laws and regulations to accrue original issue discount on a constant yield basis under Section 1288 of the Code from the date of original issue. An owner's adjusted basis in a Discount Bond is increased by accrued original issue discount for purposes of determining gain or loss on sale, exchange or other disposition of such Discount Bond. Accrued original issue discount may be taken into account as an increase in the amount of tax-exempt interest received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners and prospective purchasers of Discount Bonds should consult their own tax advisors regarding the calculation of accrued original issue discount for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the ownership or disposition of Discount Bonds.

Other Tax Consequences

Ownership or transfer of, or the accrual or receipt of interest on, the 2019 Bonds may result in collateral federal, State of North Carolina, other state or local tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers who may be eligible for the federal earned income tax credit, and taxpayers subject to franchise, estate, inheritance, gift or capital gains taxes. Owners and prospective purchasers of the 2019 Bonds should consult their tax advisors as to any such possible tax consequences. Except to the extent covered in its legal opinion, Bond Counsel expresses no opinion regarding any such collateral tax consequences.

No assurance can be given that future legislation, including amendments to the Code or interpretations thereof, if enacted into law, or certain litigation or judicial decisions, if upheld, will not contain provisions or produce results which could, directly or indirectly, reduce the benefit of the excludability of interest on the 2019 Bonds from gross income for federal income tax purposes.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2019 Bonds.

Interest paid on tax-exempt obligations, such as the 2019 Bonds, will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of interest with respect to the 2019 Bonds from gross income for federal income tax purposes, such reporting requirement causes the payment of interest with respect to the 2019 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the Service as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner's federal income tax liability provided the required information is furnished to the Service.

CONTINUING DISCLOSURE

In the Series Resolution, the City and the Utilities Commission have undertaken, for the benefit of the beneficial owners of the 2019 Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, audited financial statements of the Utilities Commission for such Fiscal Year, if available, prepared in accordance with Section 159-39 of the General Statutes of North Carolina, as it may be amended from time to time, or, if such audited financial statements of the Utilities Commission are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Utilities Commission for such Fiscal Year to be replaced subsequently by audited financial statements of the Utilities Commission to be delivered within 15 days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2019, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the following headings in this Official Statement (1) "The Combined Enterprise System - The Electric System (capacity and consumption figures) - Electric Service Rates, - Number of Connections, - Major Users and North Carolina Eastern Municipal Power Agency"; (2) "The Combined Enterprise System - The Water System (capacity and consumption figures) -- Water Service Rates, - Water Service Tap Fees, - Number of Connections and - Major Users;" (3) "The Combined Enterprise System - The Sanitary Sewer System (capacity figures) - Sewer Service Rates, - Sewer Service Tap Fees, - Number of Connections and - Major Users"; (4) "The Combined Enterprise System - The Natural Gas System (capacity and consumption figures) - Natural Gas Rates, - Number of Connections, - Gas Consumption and - Major Users"; and (5) "The Combined Enterprise System - Billing and Collection Procedures" to the extent such items are not included in the audited financial statements referred to in (A) above;

(c) in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the 2019 Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults; if material
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 570-TEB) or other material notices or determinations with respect to or events affecting the tax-exempt status of the 2019 Bonds;
- (7) modification to the rights of security holders; if material
- (8) bond calls, other than mandatory sinking fund redemption, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2019 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City or the Utilities Commission; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City or the Utilities Commission in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of business of the City or the Utilities Commission, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision

and orders of a court of governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City or the Utilities Commission;

(13) the consummation of a merger, consolidation, or acquisition involving the City or the Utilities Commission or the sale of all or substantially all of the assets of the City or the Utilities Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional paying agent or the change of name of a paying agent, if material;

(15) incurrence of a financial obligation (as defined below) of the City or the Utilities Commission, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the City or the Utilities Commission, any of which affect beneficial owners of the 2019 Bonds, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City or the Utilities Commission, any of which reflect financial difficulties; and

(d) in a timely manner, notice of a failure of the City or the Utilities Commission to provide required annual financial information described in (a) or (b) above on or before the date specified.

For the purposes hereof, “financial obligation” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 issued under the Securities Exchange Act of 1934.

If the City or the Utilities Commission fails to comply with the undertaking described above, the Trustee or any beneficial owner of the 2019 Bonds then Outstanding may take action to protect and enforce the rights of beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an event of default under the Order and shall not result in any acceleration of payment of the 2019 Bonds.

The City and the Utilities Commission reserve the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the City and the Utilities Commission, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City or the Utilities Commission;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 (“Rule 15c2-12”) as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners, as determined either by parties unaffiliated with the City or the Utilities Commission (such as Bond Counsel), or by approving vote of the registered owners of not less than a majority in principal amount of the 2019 Bonds then Outstanding pursuant to the terms of the Bond Order, as it may be amended from time to time.

The City and the Utilities Commission agree that any such modification shall not take effect except upon thirty (30) days' prior written notice to the Senior Manager, unless waived in writing by such Senior Manager.

The City and the Utilities Commission also agree that the annual financial information containing the amended operating data or financial information will explain, in narrative form, the reasons for the amendments and the impact of the change in the type of operating data or financial information being provided.

[To be reviewed/confirmed] With respect to certain of the City's undertakings pursuant to Rule 15c2-12, the City did not timely file certain budget information for the fiscal year ended June 30, 2014. Such information was filed on November 10, 2014. In addition, in the last five years, there have been changes to the credit ratings on certain of the bonds of the Commission and City, both resulting from underlying credit rating upgrades and also on account of changes to the credit rating of credit enhancers providing bond insurance for such bonds. The City and the Commission filed notices of such rating changes with the MSRB; however, the period within which such notices were filed following the occurrence of the rating change varied from four weeks to six months. Except as described above, in the last five years, the City and the Utilities Commission have materially complied with their undertakings under Rule 15c2-12.

LEGALITY FOR INVESTMENT

Section 159-40 of the General Statutes of North Carolina provides that the 2019 Bonds are securities in which all public officers and public bodies of the State of North Carolina and its political subdivisions and agencies and all insurance companies, trust companies, investment companies, banks, savings banks, building and loan associations, savings and loan associates, credit unions, pension or retirement funds, other financial institutions engaged in business in the State of North Carolina, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, and the 2019 Bonds are securities which may properly and legally be deposited with and received by any State of North Carolina or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, notes or obligations of the State is now or may hereafter be authorized by law.

RATINGS

Moody's Investors Service ("Moody's") and Fitch Ratings, Inc. ("Fitch") have given the 2019 Bonds the respective ratings set forth on the front cover. Further explanation of the significance of such ratings may be obtained from Moody's and Fitch. The Utilities Commission has provided to Moody's and Fitch certain information that has not been included in this Official Statement. The ratings are not a recommendation to buy, sell or hold the 2019 Bonds and should be evaluated independently. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised or withdrawn entirely by Moody's or Fitch, if, in the judgment of Moody's or Fitch, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019 Bonds. Neither the City, the Utilities Commission, nor the Underwriters have

undertaken any responsibility after the issuance of the 2019 Bonds to assure maintenance of the ratings or to oppose any such proposed revision or withdrawal.

FINANCIAL ADVISOR

Hilltop Securities Inc. (“Hilltop”), is serving as financial advisor in connection with the issuance and sale of the 2019 Bonds. Although Hilltop has assisted in the preparation of the Official Statement, Hilltop is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement or any of the other legal documents, and further Hilltop does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the 2019 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies or rating agencies.

UNDERWRITING

The Underwriters have entered into a Bond Purchase Agreement to purchase all of the 2019 Bonds, if any of the 2019 Bonds are to be purchased, at a purchase price equal to 100% of the principal amount thereof, plus a net original issue premium of \$_____ and less an underwriters’ discount of \$_____. The obligation of the Underwriters to pay for the 2019 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement.

The Underwriters may offer and sell the 2019 Bonds to certain dealers (including dealers depositing the 2019 Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover page hereof. The public offering prices may be changed from time to time by the Underwriters.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the 2019 Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2019 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2019 Bonds that such firm sells.

FTN Financial Capital Markets is a division of First Tennessee Bank National Association and FTB Advisors, Inc. is a wholly owned subsidiary of First Tennessee Bank National Association. FTN Financial Capital Markets has entered into a distribution agreement with FTB Advisors, Inc. for the distribution of the 2019 Bonds at the original issue prices. Such arrangement generally provides that FTN Financial Capital Markets will share a portion of its underwriting compensation or selling concession with FTB Advisors, Inc.

MISCELLANEOUS

Members of the LGC staff have participated in the preparation of this Official Statement and other documents related to the issuance of the 2019 Bonds, but the LGC and its staff assume no responsibility for the accuracy or completeness of any representation or statement in this Official Statement, other than those used in Appendix F.

The LGC, the City and the Utilities Commission have each duly authorized the execution and delivery of this Official Statement.

LOCAL GOVERNMENT COMMISSION
OF NORTH CAROLINA

By: _____
Secretary

CITY OF GREENVILLE, NORTH CAROLINA

By: _____
City Manager

GREENVILLE UTILITIES COMMISSION

By: _____
Chief Financial Officer

APPENDIX A
AUDITED FINANCIAL STATEMENTS OF THE UTILITIES COMMISSION

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DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF
THE BOND ORDER

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REPORT OF BLACK & VEATCH INTERNATIONAL COMPANY

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APPENDIX F

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

APPENDIX F

THE NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

The Local Government Commission (the “Commission”) is composed of nine members: the State Treasurer, the Secretary of State, the State Auditor, the Secretary of Revenue and five others by appointment (three by the Governor, one by the General Assembly upon recommendation of the President Pro Tempore of the Senate and one by the General Assembly upon recommendation of the Speaker of the House of Representatives). The State Treasurer serves as Chairman and selects the Secretary of the Commission, who heads the administrative staff serving the Commission.

A major function of the Commission is the approval, sale and delivery of all North Carolina local government bonds and notes. A second key function is monitoring certain fiscal and accounting standards prescribed for units of local government by The Local Government Budget and Fiscal Control Act. In addition, the Commission furnishes, upon request, on-site assistance to units of local government concerning existing financial and accounting systems as well as aid in establishing new systems. Further, educational programs and materials are provided for local officials concerning finance and cash management.

Before any unit of local government can incur bonded indebtedness, the Commission must approve the proposed bond issue. In determining whether to give such approval the Commission may consider, among other things, the unit’s debt management procedures and policies, its compliance with The Local Government Budget and Fiscal Control Act, and its ability to service the proposed debt. The Commission maintains records for all units of local government of principal and interest payments coming due on bonded indebtedness in the current and future years and monitors the payment by the units of local government of their debt service through a system of monthly reports.

As a part of its role in assisting and monitoring the fiscal programs of units of local government, the Commission attempts to ensure that the units of local government follow generally accepted accounting principles, systems and practices. The Commission’s staff also counsels the units of local government in treasury and cash management, budget preparation and investment policies and procedures. Educational programs, in the form of seminars or classes, are also provided by the Commission in order to accomplish these tasks. The monitoring of the financial systems of units of local government is accomplished through the examination and analysis of the annual audited financial statements and other required reports. The Local Government Budget and Fiscal Control Act requires each unit of local government to have its accounts audited annually by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts. A written contract must be submitted to the Secretary of the Commission for his approval prior to the commencement of the audit.

The Commission has the statutory authority to impound the books and records of any unit of local government and assume full control of all its financial affairs (a) when the unit defaults on any debt service payment or, in the Commission’s opinion, will default on a future debt service payment if the financial policies and practices of the unit are not improved or (b) when the unit persists, after notice and warning from the Commission, in willfully or negligently failing or refusing to comply with the provisions of The Local Government Finance Act. When the Commission takes action under this authority, the Commission is vested with all of the powers of the governing board of the unit of local government as to the levy of taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon the governing board by law.

In addition, if a unit of local government fails to pay any installment of principal or interest on its outstanding debt on or before its due date and remains in default for 90 days, the Commission may take

such action as it deems advisable to investigate the unit's fiscal affairs, consult with its governing board and negotiate with its creditors in order to assist the unit in working out a plan for refinancing, adjusting or compromising such debt. When a plan is developed that the Commission finds to be fair and equitable and reasonably within the ability of the unit of local government to meet, the Commission is authorized to enter an order finding that the plan is fair, equitable and within the ability of the unit to meet and to advise the unit to take the necessary steps to implement such plan. If the governing board of the unit declines or refuses to do so within 90 days after receiving the Commission's advice, the Commission may enter an order directing the unit to implement such plan and may apply for a court order to enforce such order. When a refinancing plan has been put into effect, the Commission has the authority (a) to require any periodic financial reports on the unit's financial affairs that the Secretary deems necessary and (b) to approve or reject the unit's annual budget ordinance. The power and authority granted to the Commission as described in this paragraph will continue with respect to a defaulting unit of local government until the Commission is satisfied that the unit has performed or will perform the duties required of it in the refinancing plan and until agreements made with the unit's creditors have been performed in accordance with such plan.

APPENDIX G
THE DEPOSITORY TRUST COMPANY

APPENDIX G

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2019 Bonds. The 2019 Bonds will be delivered as fully-registered bonds registered in the name of Cede & Co., DTC’s partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered bond for each maturity of the 2019 Bonds will be issued, each in the aggregate principal amount of each such maturity and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE 2019 Bonds, REFERENCE HEREIN TO THE REGISTERED OWNERS OR OWNERS OF THE 2019 Bonds SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE 2019 Bonds.

DTC, the world’s largest depository, is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of the 2019 Bonds (“Beneficial Owners”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the 2019 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive physical certificates representing their ownership interests in the 2019 Bonds, except in the event that use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC’s records reflect only the identity

of the Direct Participants to whose accounts the 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants are responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct and Indirect Participants to Beneficial Owners of the 2019 Bonds will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2019 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents.

Redemption notices shall be sent to DTC. If less than all of the 2019 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such 2019 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2019 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participants and not of DTC (nor its nominee), the City, the Trustee or the Bond Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to DTC is the responsibility of the City, the Trustee and the Bond Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC and disbursements of such payments to the Beneficial Owners shall be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its service as securities depository with respect to the 2019 Bonds at any time by giving reasonable notice to the City and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2019 Bond certificates will be printed and delivered. The City may decide to discontinue participation in the system of book-entry transfer through DTC (or a successor securities depository). In that event, 2019 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the City takes no responsibility for the accuracy thereof.

The City, the Trustee and the Bond Registrar cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the 2019 Bonds (a) payments of principal of, premium, if any, and interest on the 2019 Bonds, (b) confirmations of their ownership interests in the 2019 Bonds or (c) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the 2019 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

NONE OF THE CITY, THE TRUSTEE, OR THE BOND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2019 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OF THE 2019 BONDS UNDER THE TERMS OF THE BOND ORDER OR THE SERIES RESOLUTION; AND (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC.



City of Greenville, North Carolina

Meeting Date: 5/9/2019
Time: 6:00 PM

Title of Item: Presentation of the City's proposed fiscal year 2019-20 operating budget

Explanation: **Abstract:** City staff will present the proposed fiscal year 2019-20 operating budget.

Explanation: As provided in the approved budget schedule, staff will present the City's proposed fiscal year 2019-20 operating budget during the May 9, 2019, City Council meeting. During the May 20, 2019, City Council meeting, representatives from the Pitt-Greenville Convention and Visitors Authority, Sheppard Memorial Library, and Greenville Utilities Commission will present their proposed fiscal year 2019-20 budgets. In compliance with Section 160A-148(5) of the North Carolina General Statutes, the City Council will hold a public hearing on Monday, June 10, and consider adopting the annual budget ordinance on Thursday, June 13.

Fiscal Note: The final amount for the City's budget will be determined by City Council action at the June 13, 2019, City Council meeting.

Recommendation: Receive the presentation on the proposed fiscal year 2019-20 operating budget and provide feedback and direction

ATTACHMENTS:

- ❑ 2020 Budget Presentation
- ❑ 2020 Budget Fund Worksheets



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PROPOSED 2019-20 BUDGET

CITY OF GREENVILLE

2018-20 City Council Goals and Priorities



CITY OF GREENVILLE 2018-20 BUDGET OBJECTIVES

The Budget Objectives Center Around Sending a Message to Our Community and All of Eastern North Carolina that **GREENVILLE MEANS:**

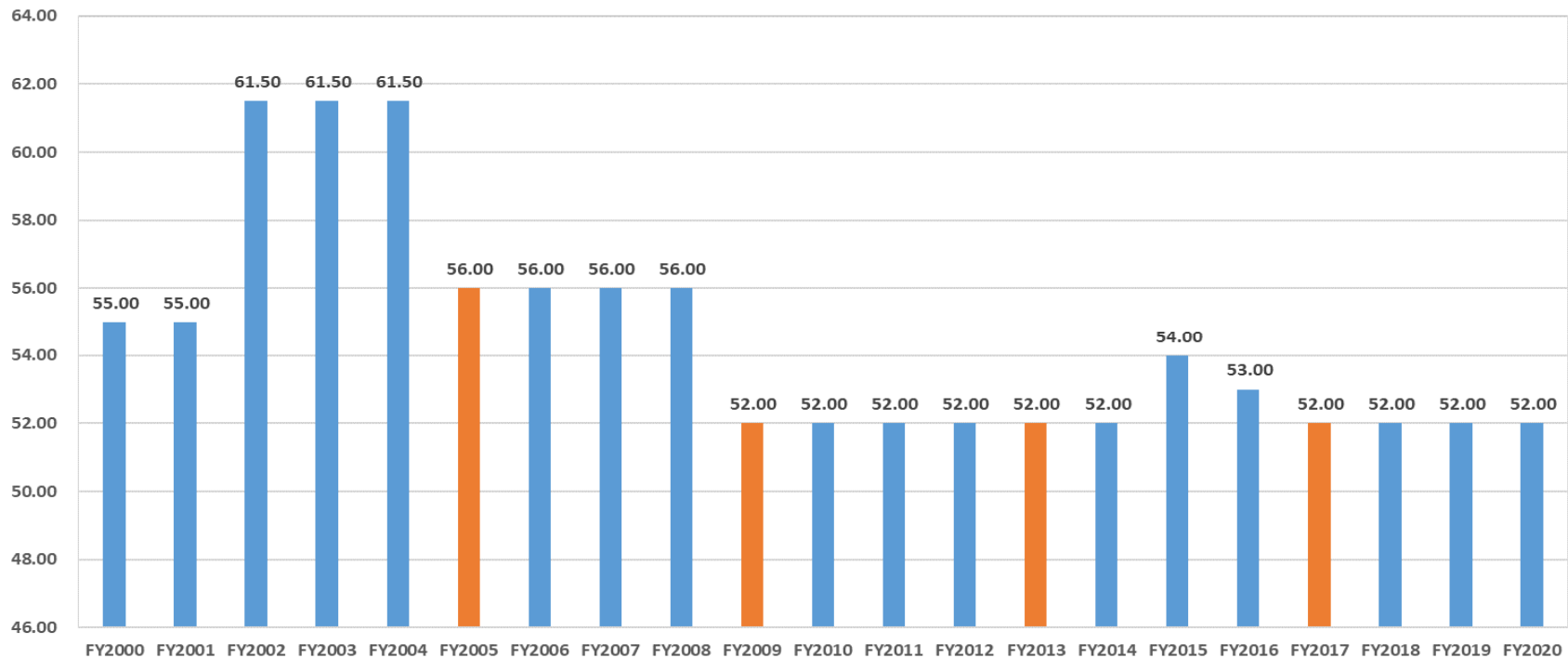


Greenville Means...**Business!**



Greenville Means... **A HIGHPERFORMING CITY!**

- Maintains Current Property Tax Rate at 52¢:



Note: Reval years in Orange



Greenville Means...*A HIGHPERFORMING CITY!*

- Invests 85% (\$85 out of Every \$100) of all General Fund Revenues into the Following Core Public Service Areas:
 - Police
 - Fire / Rescue
 - Recreation and Parks
 - Planning & Development
 - Economic Development
 - Capital Related Debt Service
 - Capital & Facility Improvements
 - Street Improvements



Greenville Means...A GREAT WORKFORCE!

- Provides for a 2.7% Average Wage Rate Increase for City Employees
- Increases Employer Share of Retirement Contribution by 15.5% to Meet N.C. Local Government Requirement
- Increases Other Post-Employment Benefits (OPEB) Contribution by \$100,000 to a Total Annual Contribution of \$700,000
- Maintains a 4% Vacancy Rate Built Into the Budget
- Adds a Human Resources Staff Support Specialist Position to Focus on the Recruitment Process



Greenville Means...A GREAT WORKFORCE!

- Adds a R&P Outreach Coordinator to Serve South & West Greenville Special Populations, Youth Outreach, and Other Community Based Initiatives
- Adds 3.0 Fire / Rescue Positions in Preparation of the Southside Fire Station in FY2020-21
- Provides for Minimum Pay Reclassifications to Align with Current Operations
- Provides for Public Safety Compensation Incentives in Order to Enhance the Recruitment and Retention of Public Safety Officers



Greenville Means...A STRONG ECONOMY!

- Invests an Additional \$300,000 into Commercial / Industrial Site Development for a Total Funding of \$1 Million Over 2 Years
- Invests \$200,000 into Job Creation Grants Funded as Follows:
 - \$100,000 Funded by City of Greenville
 - \$100,000 Funded by Greenville Utilities Commission
- Provides \$20,000 to Fund Small Business Competition Grants
- Provides \$25,000 in Funding for Skills Training Through the Pitt Community College Jobs Initiative Program
- Provides \$25,000 for Small Business Support



*Greenville Means...A **STRONG ECONOMY!***

- Invests \$500,000 as a Sustaining Member into the Public-Private Economic Development Project.
- This Collaboration will Work to Enhance Economic Development Locally and Regionally Through the Following Initiatives:
 - Focus on Existing Business Retention and Expansion
 - Establish an External Marketing and Business Recruitment Program
 - Enhance Product Development (Sites, Business Parks, etc.)
 - Focus on Talent Retention, Development, and Attraction
 - Foster Small Business & Entrepreneurship Development, Retail/Commercial Development
 - Engage in Business Advocacy and Legislative Relations



Greenville Means...*A SOUND INFRASTRUCTURE!*

- Invests \$2.5 Million into Street Improvements Funding
- Provides \$250,000 in Public Safety Funding for :
 - Street Lighting
 - Street Cameras
 - Pedestrian Safety Enhancements
- Protects Future Solvency of Vehicle Replacement Fund by Increasing Funding Levels From 40% to 50%
- Provides \$1.2 Million to Support the City's Deferred Maintenance and Infrastructure Needs (i.e. Facilities Improvements Program)



Greenville Means...A SOUND INFRASTRUCTURE!

- Includes the Financing of Approximately \$7.8 Million as Phase Two of the Pedestrian Improvements Bond Referendum for the Following Projects:
 - Street Improvements (Arlington, East 5th, Hooker, Red Banks)
 - West 5th Street Streetscape
 - Sidewalk Additions
 - Greenway Projects
- Begins Implementation of the Preventative Maintenance Program Within the Stormwater Division



Greenville Means...*A VIBRANT PLACE TO LIVE!*

- Includes \$100,000 to Fund the Cleanliness and Beautification of the Following Major Thoroughfares:
 - 10th Street Connector From Memorial to Evans Street
 - Stantonsburg Road from 264 By-Pass to Arlington Blvd
- Includes \$50,000 in Funding to Maintain the City's Parks and Greenways
- Adds a R&P Outreach Coordinator to Serve South & West Greenville Special Populations, Youth Outreach, and Other Community Based Initiatives
- Provides Funding for the Construction of the Sycamore Hill Gateway at Town Common



Greenville Means...*A VIBRANT PLACE TO LIVE!*

- Provides \$120,000 in New Funding for Beach Volleyball Complex
- Includes \$165,000 to Partner with Area Groups to Enhance the City's Entertainment Scene and Support the Arts Community:
 - \$35,000 Partnership with the Pitt County Arts Council at Emerge
 - \$15,000 to Fund the Greenway Arts Program
 - \$100,000 Partnership with Uptown Greenville
 - \$5,000 Partnership with Pitt/County Chamber of Commerce
 - \$5,000 Sponsorship Chamber of Commerce
- Provides an Additional \$90,000 in Funding for the Dickinson Avenue Streetscape Project (\$1.79 Million Total)
- Provides for the Implementation of the City's Special Events Program



*Greenville Means...**BUSINESS!***

- The 2019-20 Proposed Budget is a Strong Reflection of the City's Mission:

To Provide All Citizens With High-Quality Services in an Open, Inclusive, Professional Manner, Ensuring a Community of Excellence Now and in the Future.



2019-20 PROPOSED BUDGET

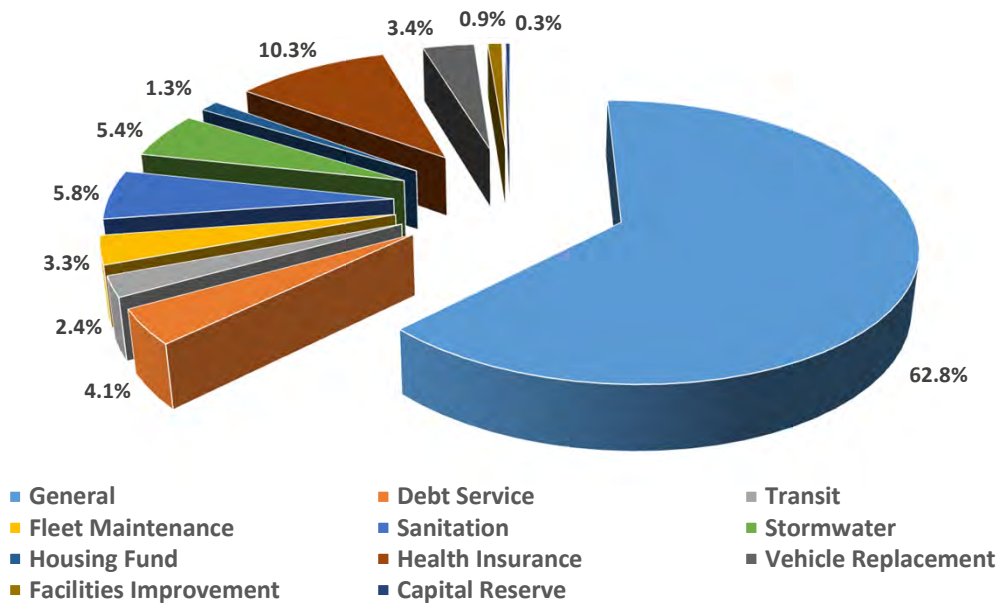
ALL FUNDS

| | Budget | |
|--|-----------------------|---------------|
| | FY2019-20 | % |
| City Operating Funds | \$ 136,468,370 | 34.0% |
| Greenville Utilities Commission | 260,518,135 | 64.9% |
| Convention & Visitors Authority | 1,599,082 | 0.4% |
| Sheppard Memorial Library | 2,554,619 | 0.6% |
| Total All Funds | \$ 401,140,206 | 100.0% |



2019-20 PROPOSED BUDGET

CITY OPERATING FUNDS



| | Budget FY2019-20 |
|------------------------------|-----------------------|
| General | \$ 85,687,681 |
| Debt Service | 5,559,881 |
| Transit | 3,288,032 |
| Fleet Maintenance | 4,561,394 |
| Sanitation | 7,895,860 |
| Stormwater | 7,368,459 |
| Housing Fund | 1,733,500 |
| Health Insurance | 14,003,384 |
| Vehicle Replacement | 4,700,179 |
| Facilities Improvement | 1,280,000 |
| Capital Reserve | 390,000 |
| Total Operating Funds | \$ 136,468,370 |



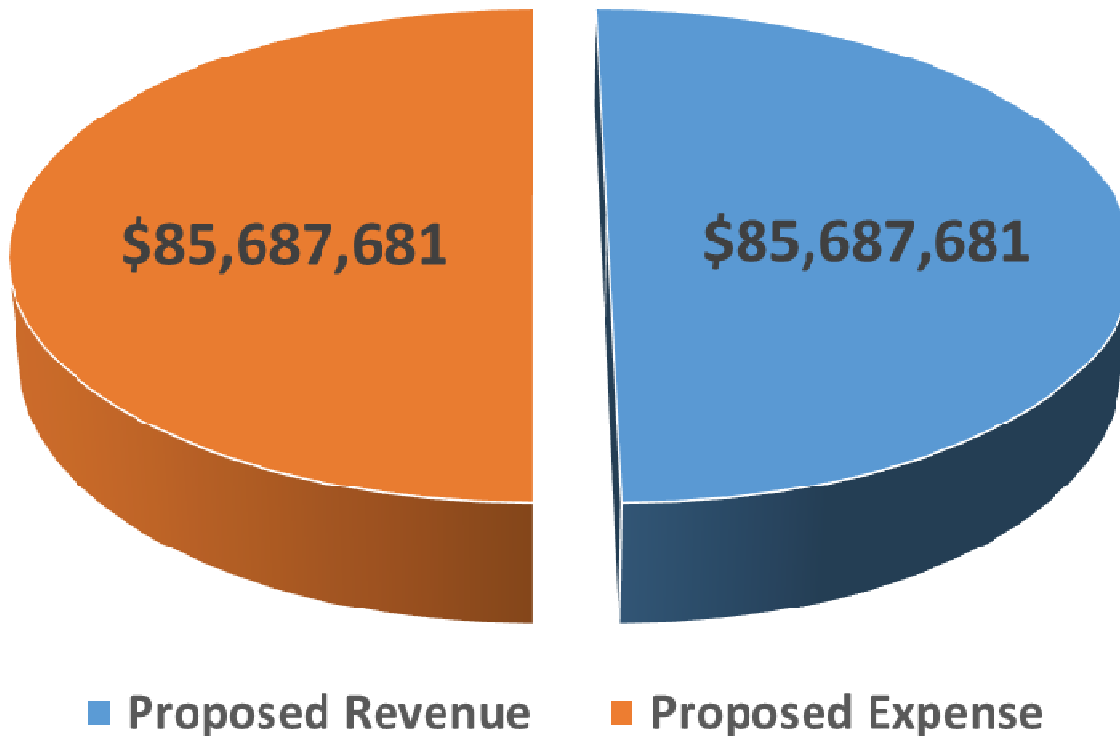
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PROPOSED 2019-20 BUDGET

GENERAL FUND BUDGET



2019-20 GENERAL FUND BUDGET



**First Things
First... It's
Balanced!**



2019-20 GENERAL FUND BUDGET

| | |
|-------------------------|----------------------|
| 2019-20 Budget Plan | \$ 85,888,414 |
| Budget Adjustment | (200,733) |
| 2019-20 Proposed Budget | <u>\$ 85,687,681</u> |
| Percentage Change | -0.23% * |

* i.e. 23% of 1% Difference



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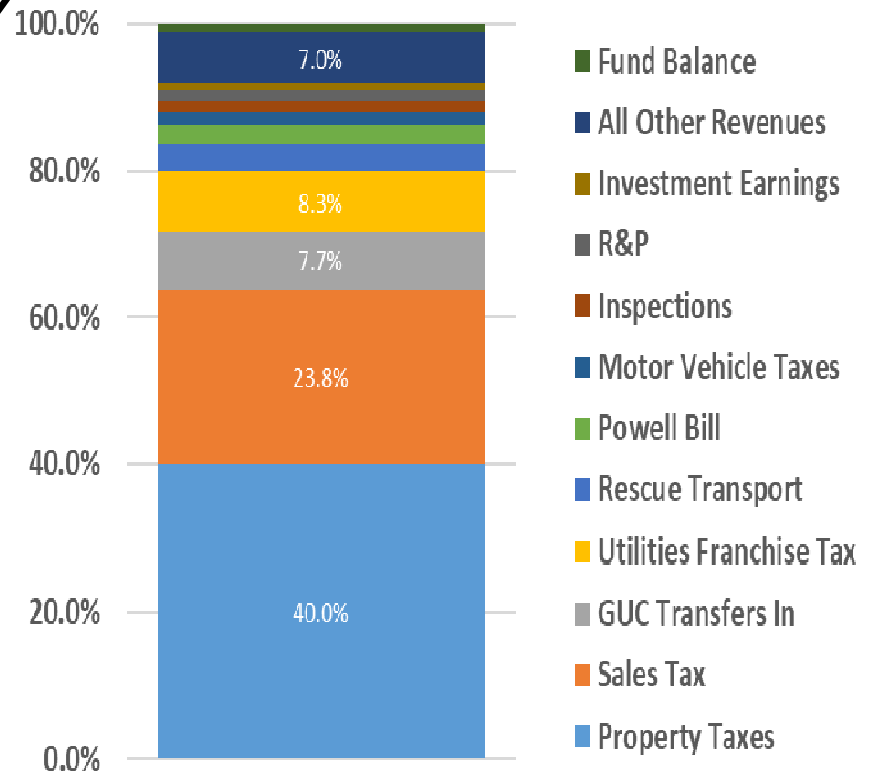
PROPOSED 2019-20 BUDGET
GENERAL FUND BUDGET REVENUES



2019-20 GENERAL FUND BUDGET REVENUES

| | Budget FY2018-19 | Budget FY2019-20 |
|---------------------------------------|---------------------|---------------------|
| Property Taxes | \$33,722,500 | \$34,306,950 |
| Sales Tax | 19,738,690 | 20,404,423 |
| GUC Transfers In | 6,731,296 | 6,639,369 |
| Utilities Franchise Tax | 7,000,000 | 7,100,000 |
| Rescue Transport | 3,368,346 | 3,205,109 |
| Powell Bill - State Allocation | 2,220,065 | 2,182,000 |
| Motor Vehicle Taxes | 1,508,522 | 1,568,863 |
| Inspections | 1,399,840 | 1,255,152 |
| Recreation | 1,231,826 | 1,243,876 |
| Investment Earnings | 500,000 | 850,000 |
| All Other Revenues | 6,192,916 | 5,963,939 |
| Appropriated Fund Balance | 1,379,935 | 968,000 |
| TOTAL | \$84,993,936 | \$85,687,681 |

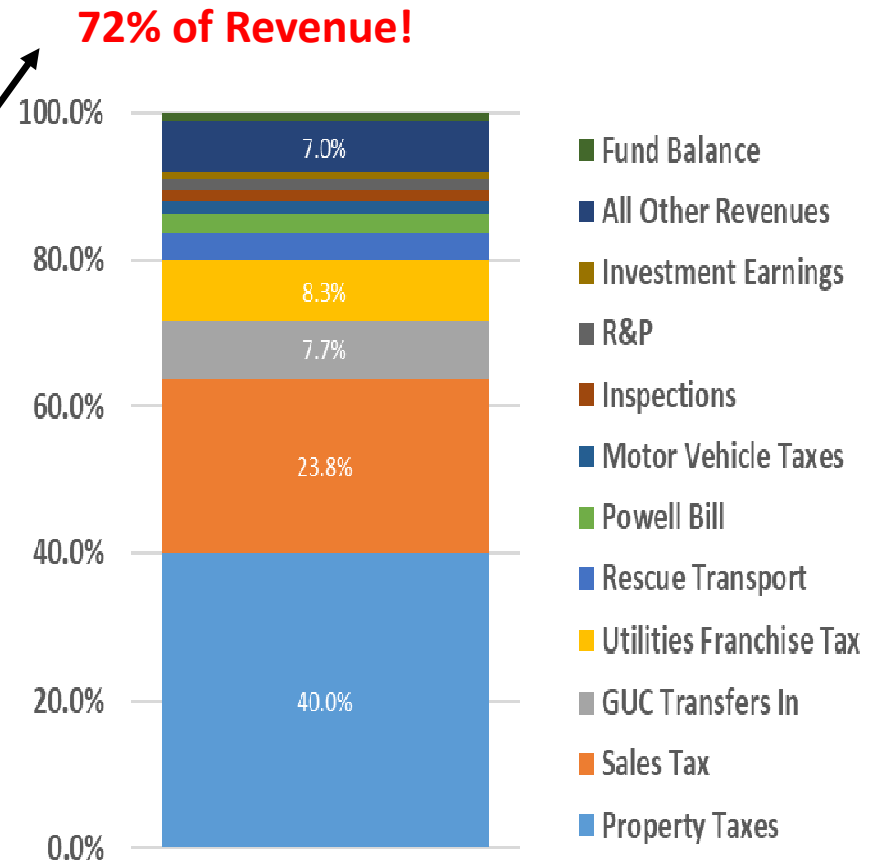
\$86 Out of Every \$100





2019-20 GENERAL FUND BUDGET REVENUES

| | Budget FY2018-19 | Budget FY2019-20 |
|---------------------------------------|----------------------------|----------------------------|
| Property Taxes | \$33,722,500 | \$34,306,950 |
| Sales Tax | 19,738,690 | 20,404,423 |
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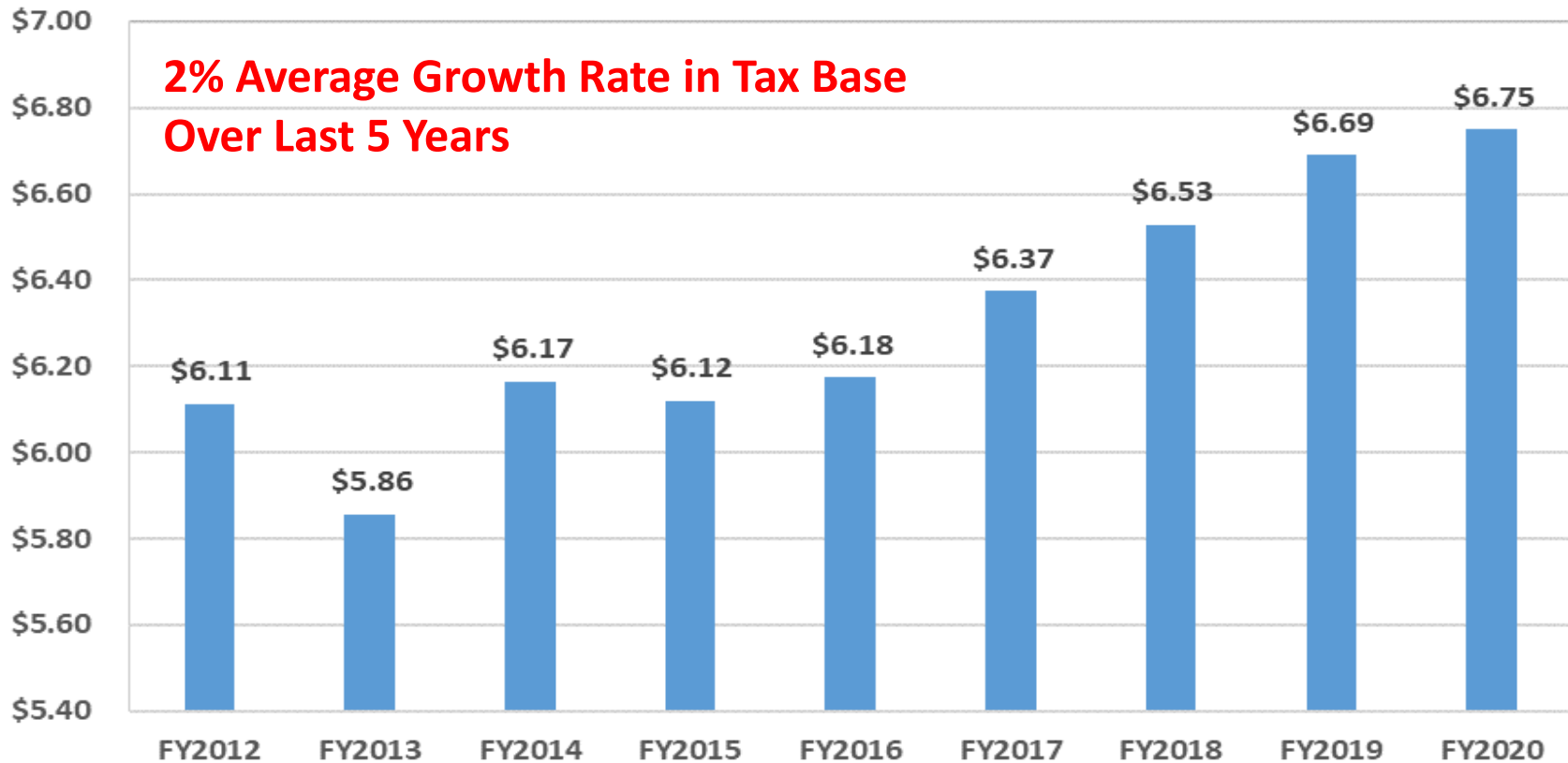


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PROPOSED 2019-20 BUDGET
BUDGET PROPERTY TAX REVENUE



CITY OF GREENVILLE HISTORIC PROPERTY TAX VALUE (IN BILLIONS)





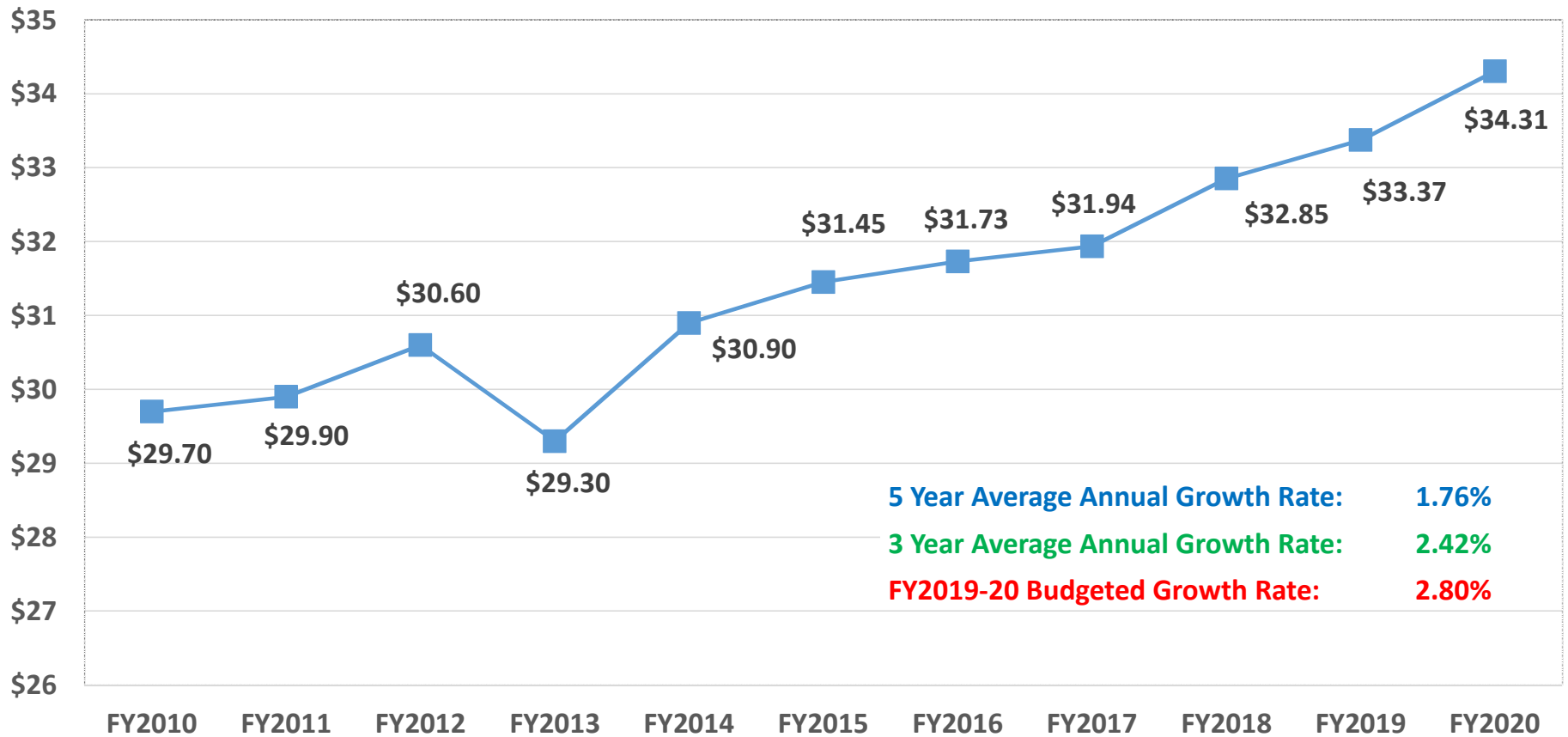
CITY OF GREENVILLE HISTORIC PROPERTY TAX RATES (IN CENTS)



Note: Reval years in Orange



CITY OF GREENVILLE HISTORICAL PROPERTY TAX REVENUE (IN MILLIONS)



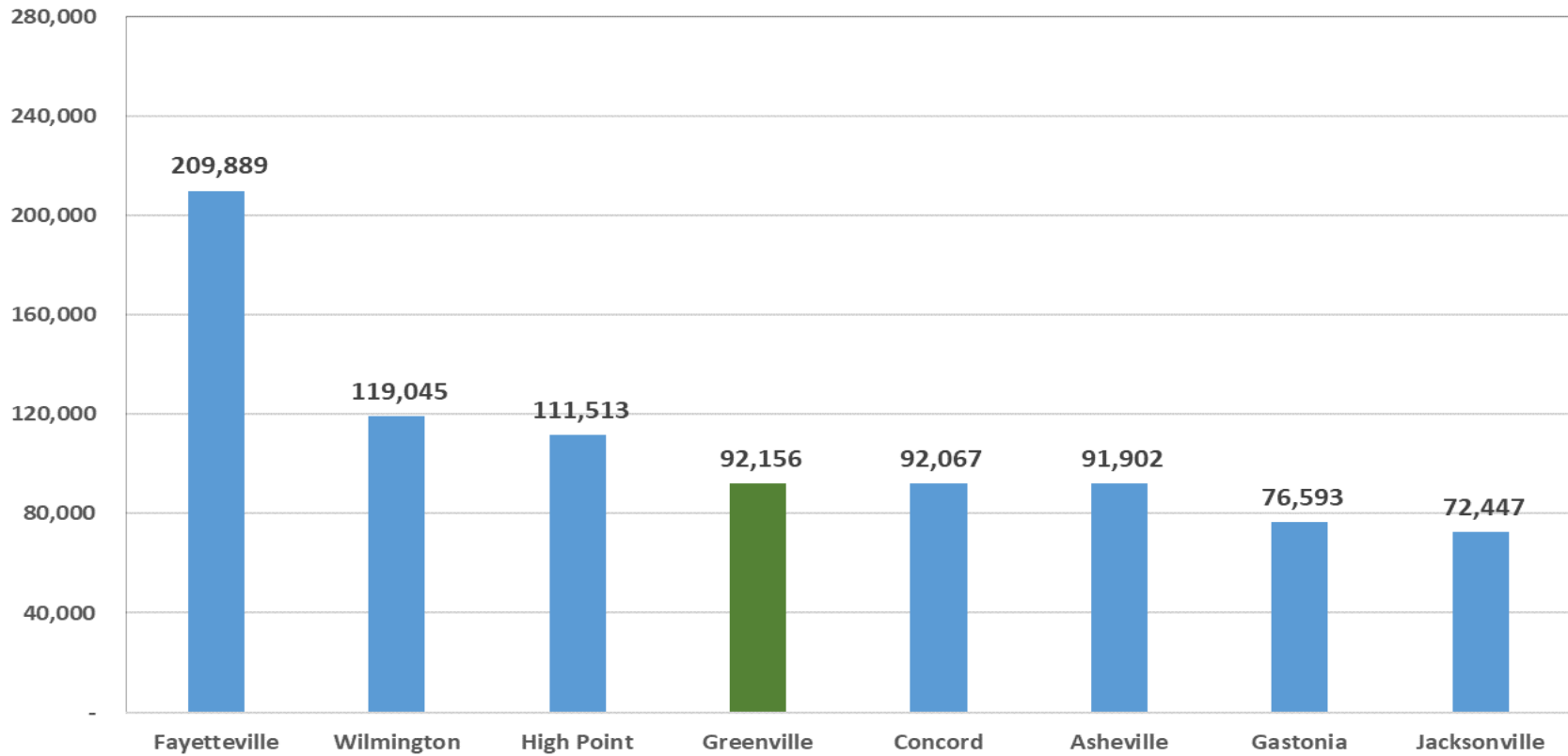


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BUDGET PROPERTY TAX REVENUE
HOW DO WE COMPARE ?

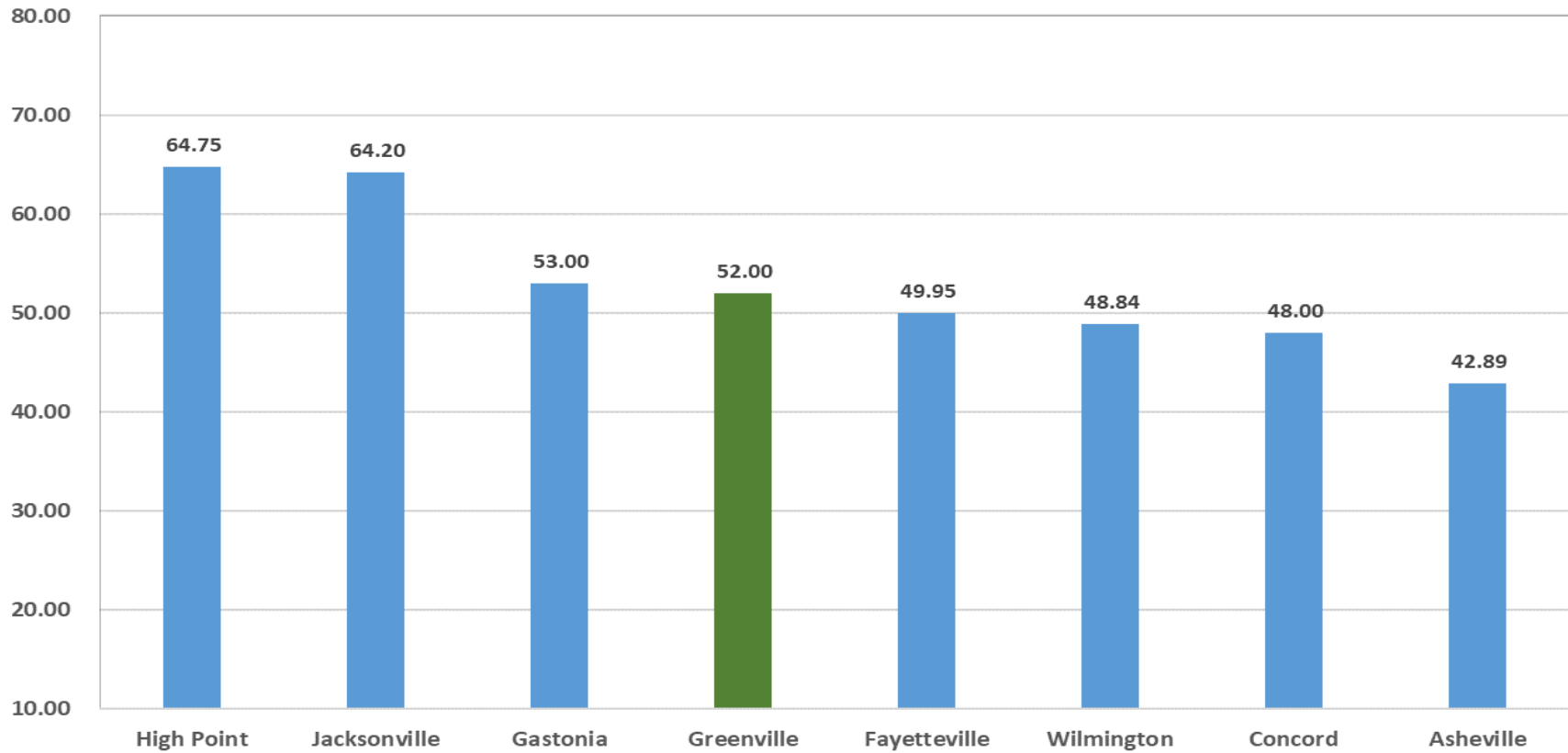


PEER CITIES COMPARISON PEER CITY POPULATION



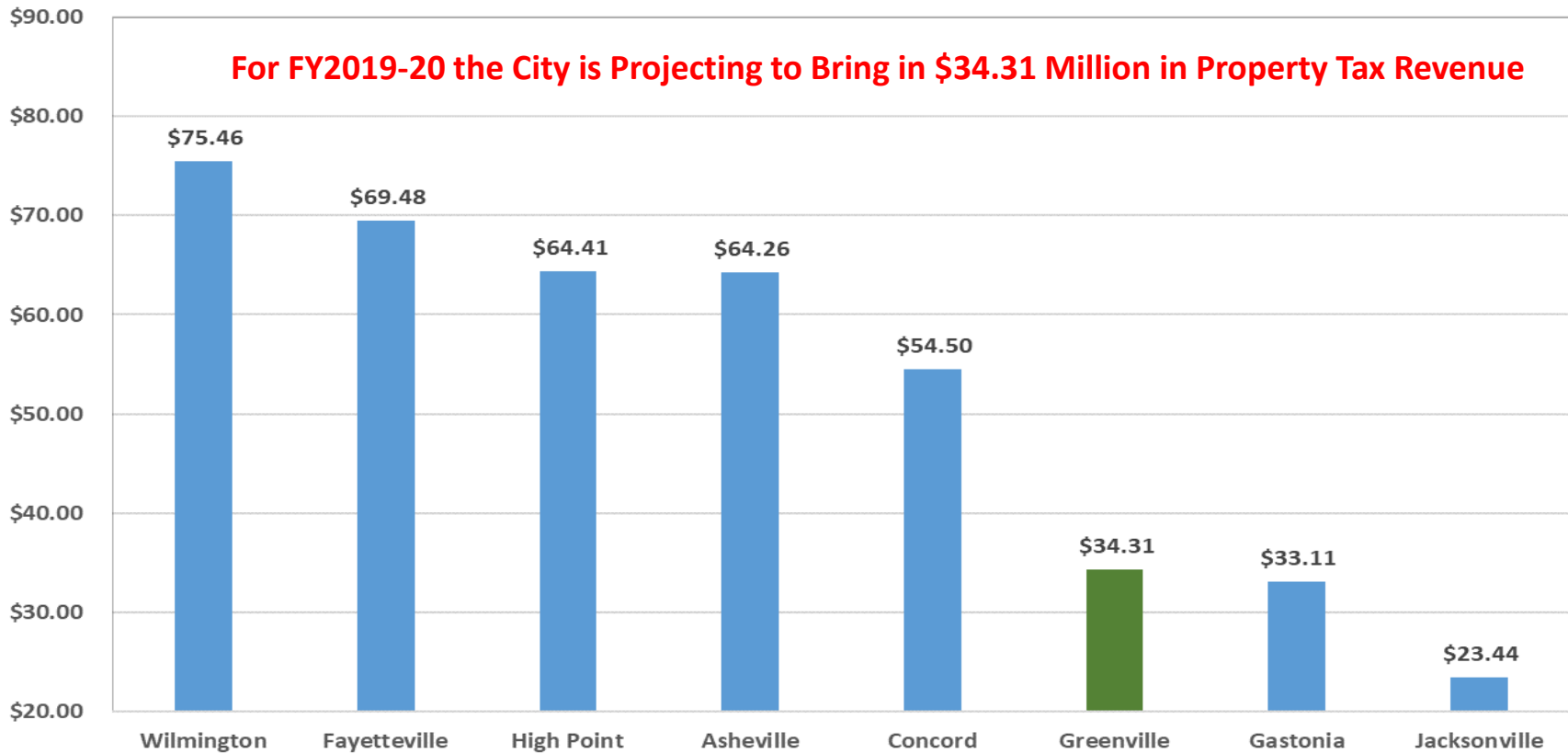


PEER CITY COMPARISON PROPERTY TAX RATE (IN CENTS)



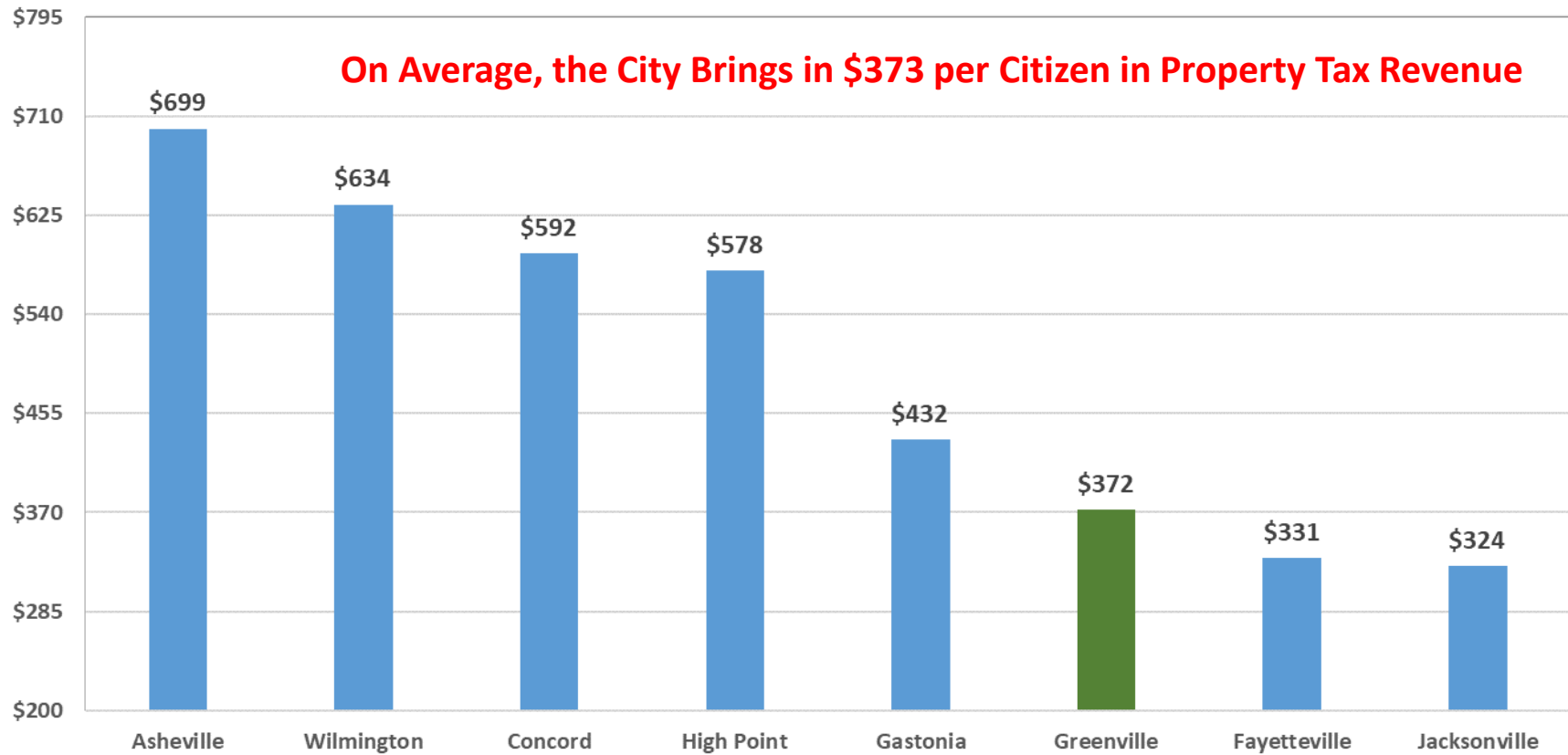


PEER CITY COMPARISON PROPERTY TAX REVENUE (IN MILLIONS)



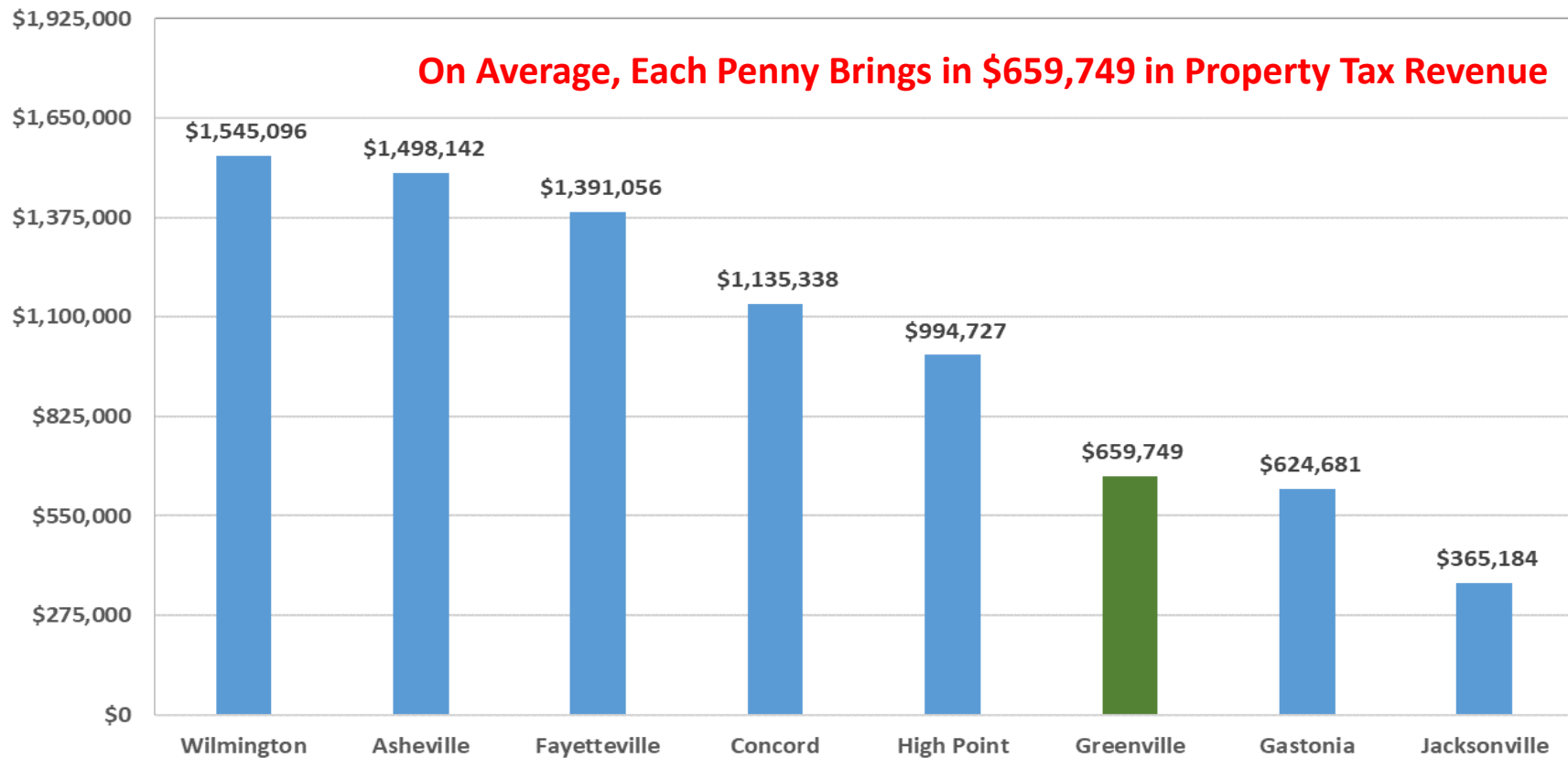


PEER CITY COMPARISON PROPERTY TAX REVENUE PER CAPITA



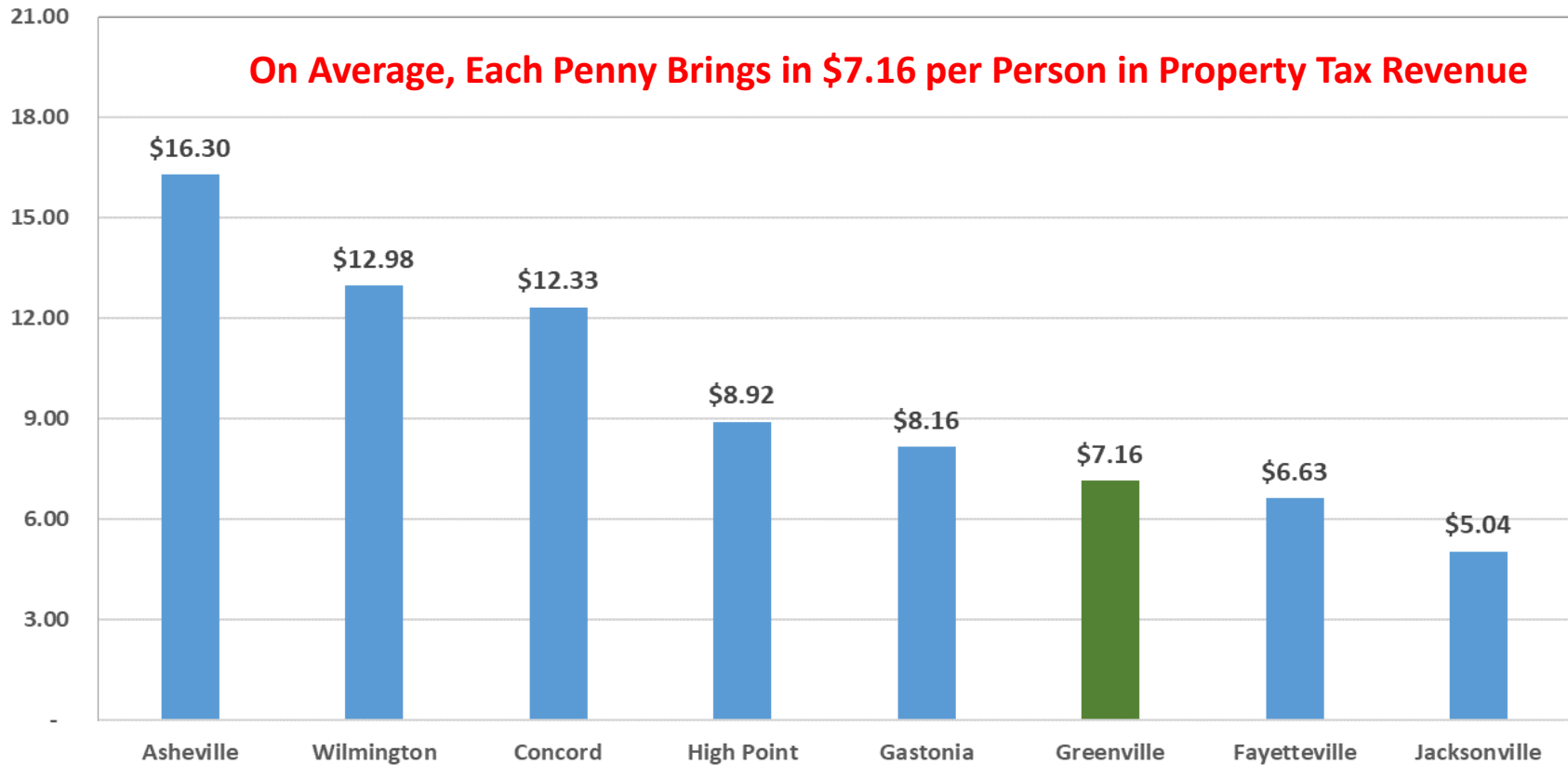


PEER CITY COMPARISON PROPERTY TAX REVENUE PER CENT



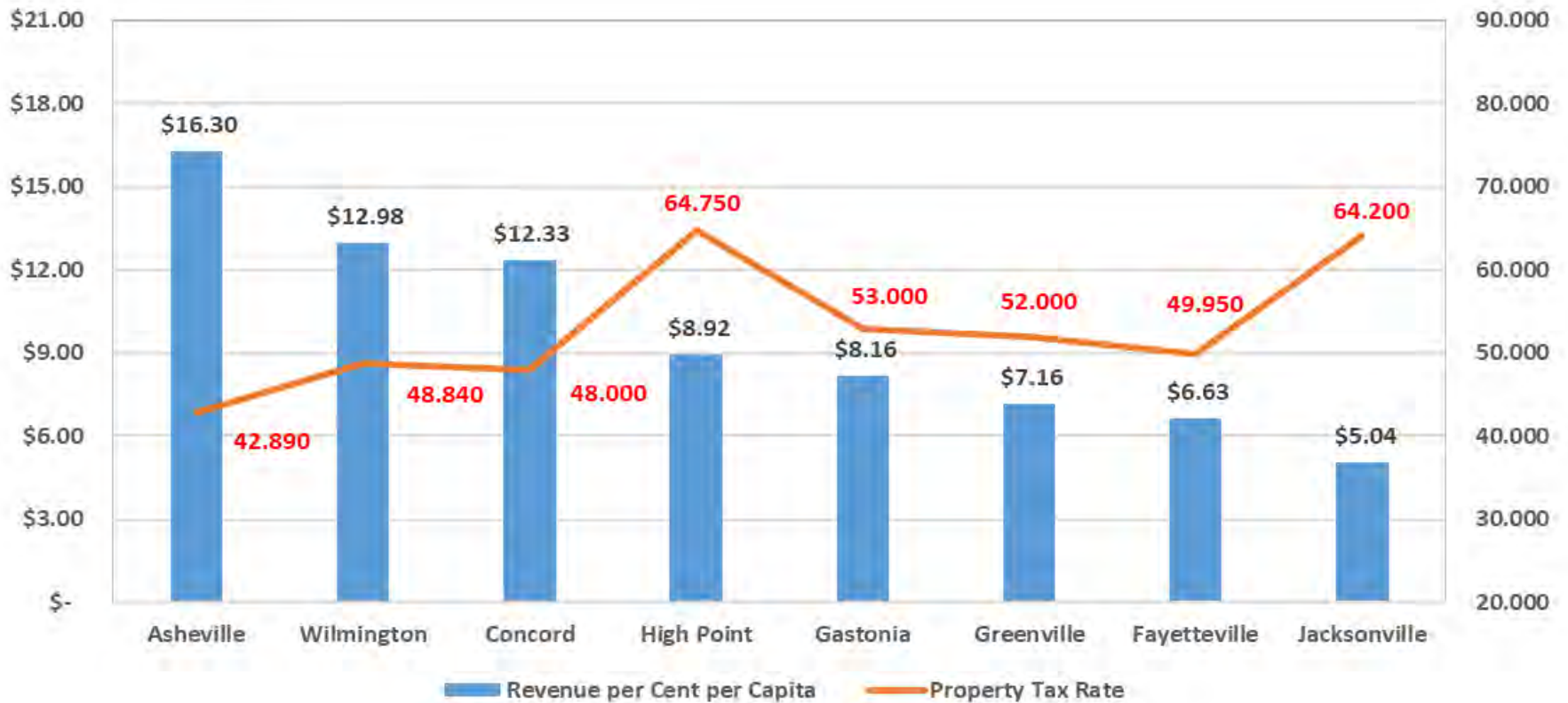


PEER CITY COMPARISON PROPERTY TAX REVENUE PER CENT PER CAPITA





PEER CITY COMPARISON PROPERTY TAX REVENUE PER CENT COMPARED TO PROPERTY TAX RATE



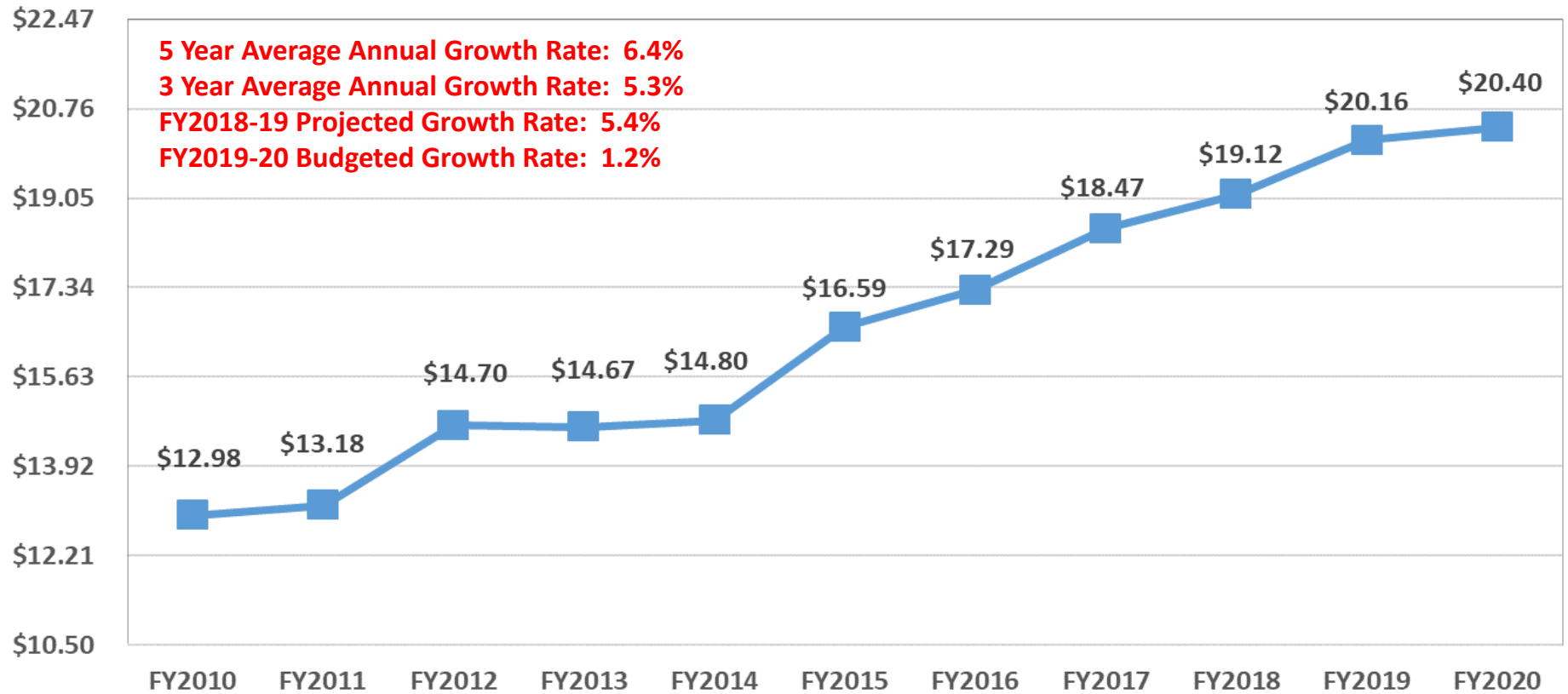


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PROPOSED 2019-20 BUDGET
BUDGET SALES TAX REVENUE



HISTORICAL SALES TAX REVENUE (IN MILLIONS)





HISTORICAL SALES TAX REVENUE

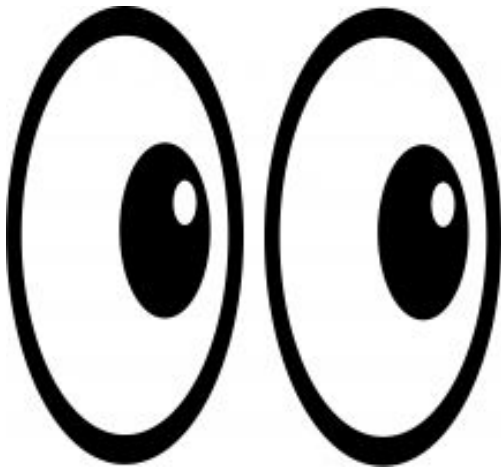
| Year | Revenue | Change | % Change |
|------------------------|---------------|-----------|----------|
| Actual FY2012 | \$ 14,694,476 | \$ - | - |
| Actual FY2013 | 14,672,441 | (22,035) | -0.15% |
| Actual FY2014 | 14,804,914 | 132,473 | 0.90% |
| Actual FY2015 | 16,588,707 | 1,783,793 | 12.05% |
| Actual FY2016 | 17,289,693 | 700,986 | 4.23% |
| Actual FY2017 | 18,469,673 | 1,179,981 | 6.82% |
| Actual FY2018 | 19,117,701 | 648,028 | 3.51% |
| Projected FY2019 | 20,163,534 | 1,045,833 | 5.47% |
| Proposed Budget FY2020 | 20,404,423 | 240,889 | 1.19% |

City's Revenue Growth Leveraged on the Back of Sales Tax !



PROPOSED SALES TAX LEGISLATION

SB 650 Simplifying NC Local Tax Distribution



***Keeping Our
Eyes On...***

- **Sponsors- Sens. Harry Brown of Jacksonville and Ralph Hise of Spruce Pine.**
- **Changes the current formula for how the State distributes locally levied Sales Taxes to counties, resulting in equally valuing the amounts at the tax's point of collection and the county's per capita measurement.**
- **Makes incremental changes in each tax year until achieving that equal 50-50 formula in 2023. The bill would also eliminate adjustment factors made after that calculation that are in current law.**
- **As of April 18, 2019 Senate- Re-ref to Finance. If fav, re-ref to Rules and Operations of the Senate**



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PROPOSED 2019-20 BUDGET
BUDGET GUC TRANSFER



GUC TRANSFER IN FORMULA

General Transfer:

$$\begin{aligned} &+ \text{ Capital Assets, Net of Depreciation} \\ &- \text{ Long-Term Debt} \\ \hline &= \text{ Net Transfer Base} \\ &\times \text{ 6.0\% Transfer Rate} \\ \hline &= \text{ General Transfer to City} \end{aligned}$$

Street Light Reimbursement:

$$\begin{aligned} &+ \text{ Street Light Revenue} \\ &\times \text{ 50\% Transfer Rate} \\ \hline &= \text{ Street Light Reimbursement} \end{aligned}$$

Total Annual GUC Transfer

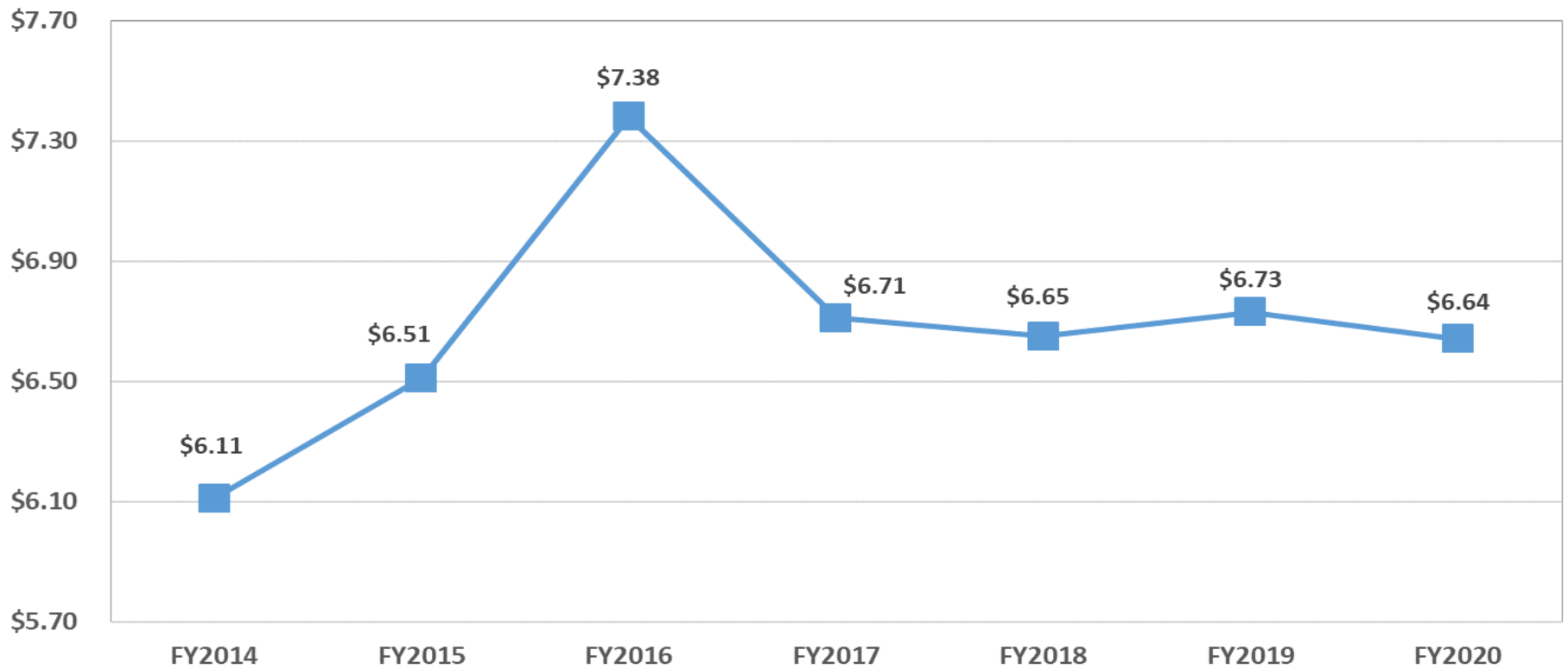
$$\begin{aligned} &+ \text{ General Transfer to City} \\ &+ \text{ Street Light Reimbursement} \\ \hline &= \text{ Total GUC Transfer} \end{aligned}$$

Note:

- **Transfer for Electric and Natural Gas Only**
- **Annual Transfer Based on Calculation of Three Year Rolling Average**
- **Three Year Average Provides a More Stable Year –to-Year Transfer**



HISTORICAL GUC TRANSFER REVENUE (IN MILLIONS)





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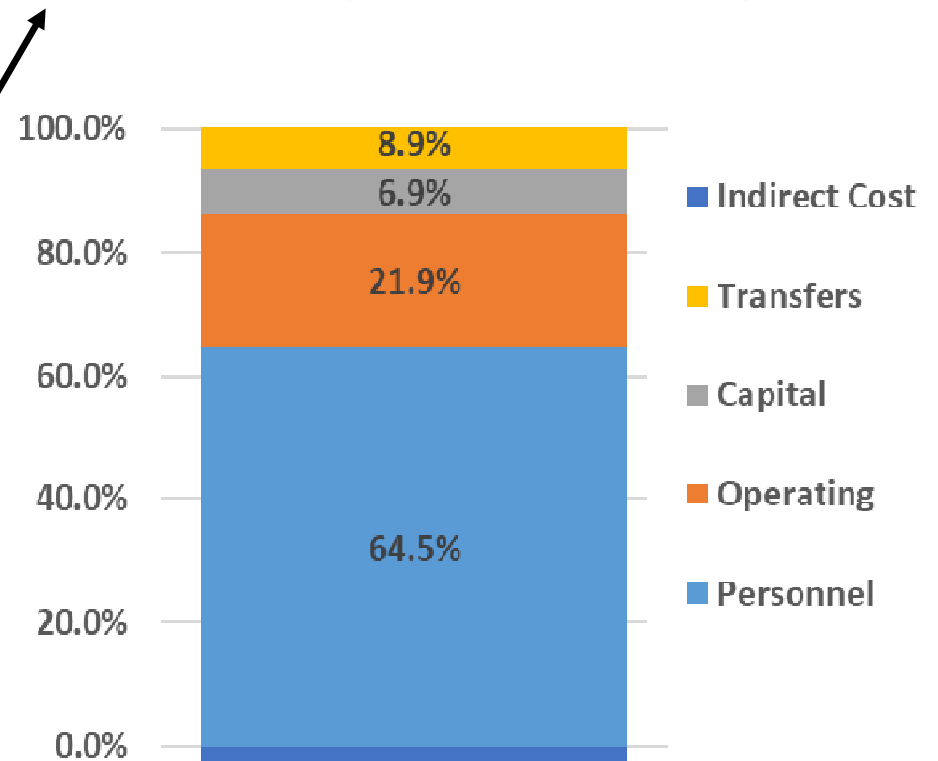
PROPOSED 2019-20 BUDGET
GENERAL FUND BUDGET EXPENSE



2019-20 GENERAL FUND BUDGET EXPENSE

| | Budget FY2018-19 | Budget FY2019-20 |
|------------------|---------------------|---------------------|
| Personnel | \$54,360,249 | \$55,262,768 |
| Operating | 18,371,069 | 18,800,411 |
| Capital | 7,124,821 | 5,947,902 |
| Transfers | 7,088,684 | 7,627,487 |
| Indirect Cost | (1,950,887) | (1,950,887) |
| Total | \$84,993,936 | \$85,687,681 |

\$2 out of Every \$3 Invested in People



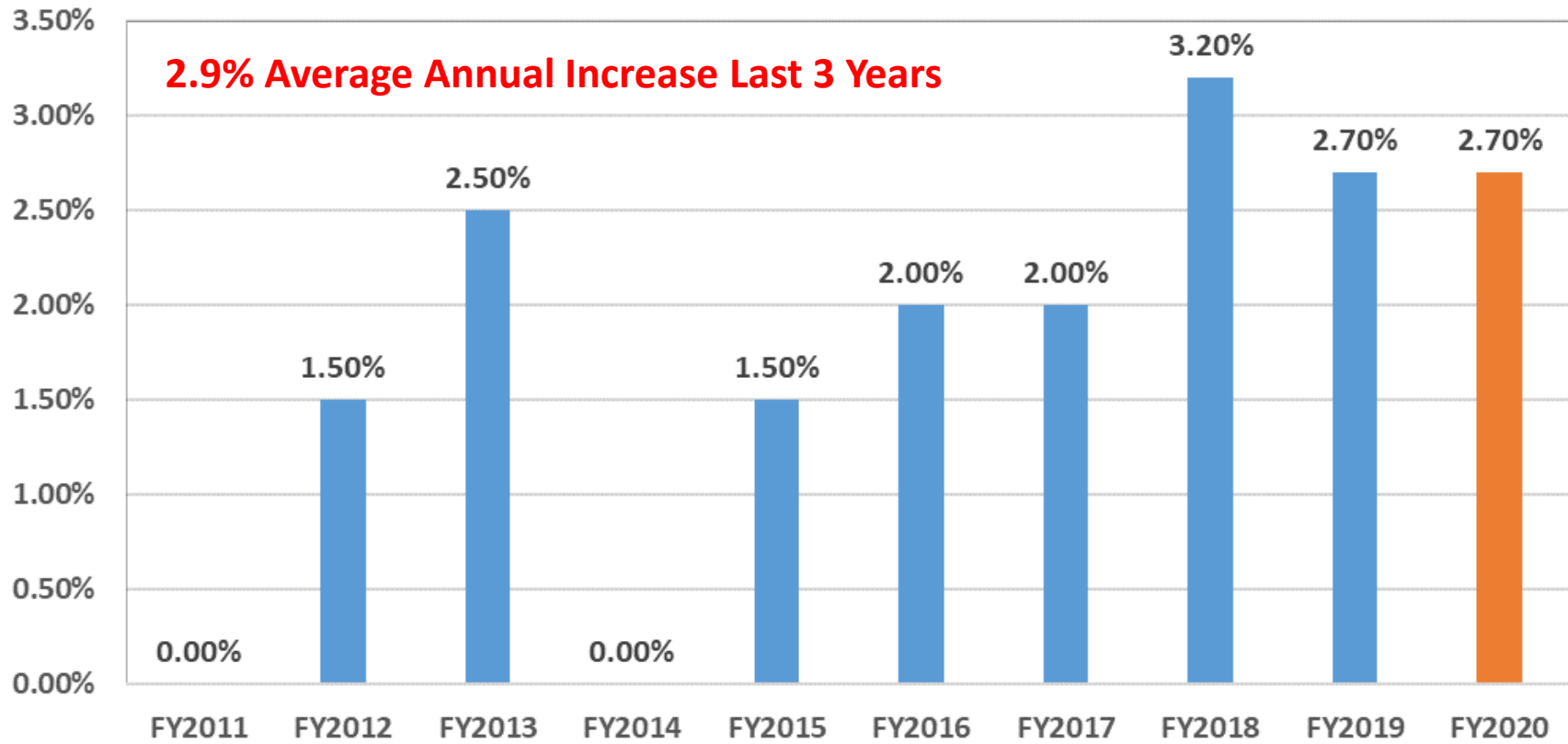


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PROPOSED 2019-20 BUDGET
GENERAL FUND PERSONNEL BUDGET



EMPLOYEE WAGE RATE INCREASES





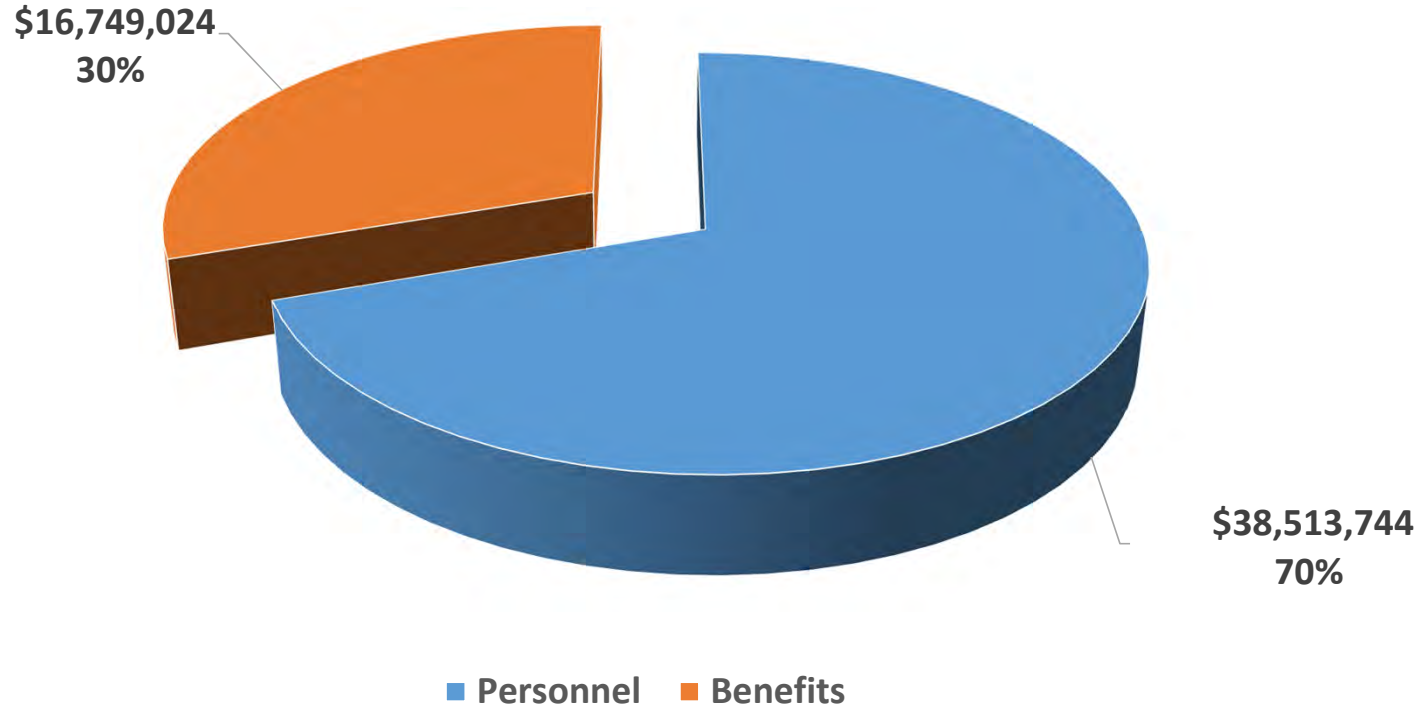
EMPLOYEE WAGE RATE INCREASES

| Year | Merit | Market | Total |
|----------------|--------------|---------------|--------------|
| 2015-16 | 0.0% | 2.0% | 2.0% |
| 2016-17 | 0.0% | 2.0% | 2.0% |
| 2017-18 | 1.2% | 2.0% | 3.2% |
| 2018-19 | 1.5% | 1.2% | 2.7% |
| 2019-20 | 1.5% | 1.2% | 2.7% |



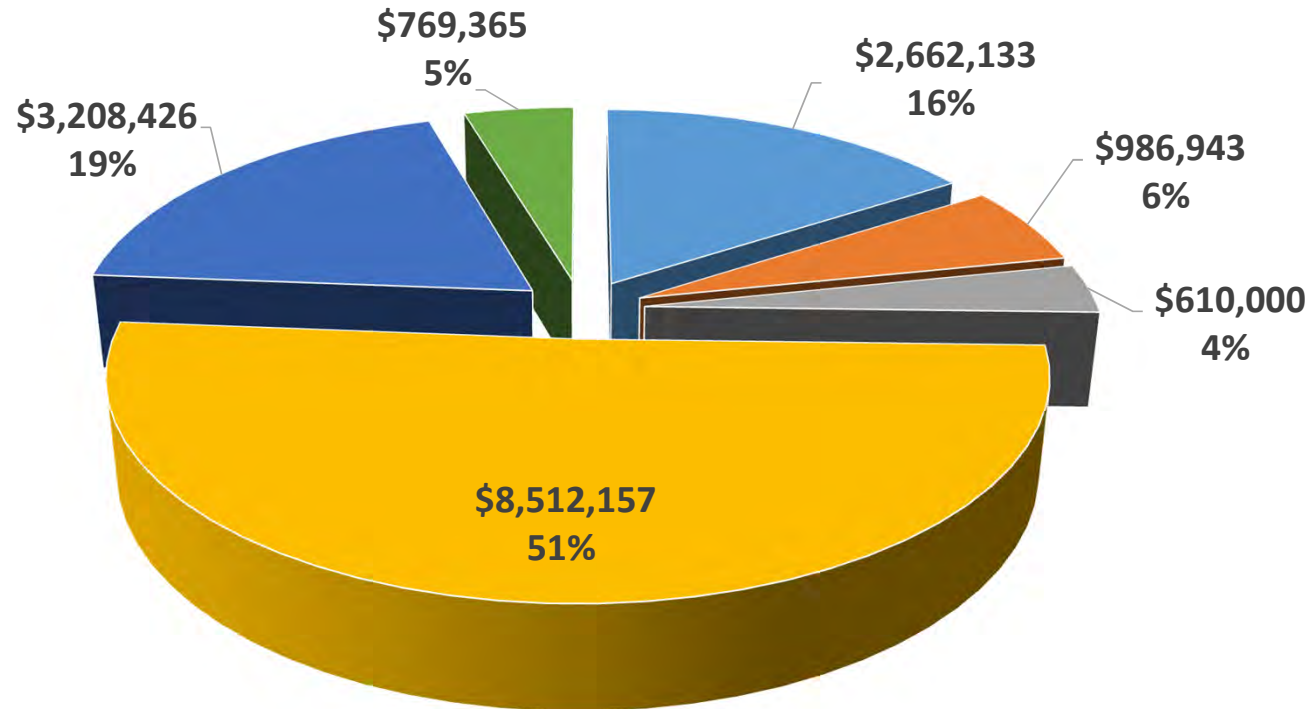
2019-20 GENERAL FUND PERSONNEL BUDGET

Total \$55,262,768





2019-20 GENERAL FUND BENEFIT EXPENSE



- FICA Expense
- 401K Expense
- Workers Comp
- Health Insurance
- Retire Expense
- Other Benefit Expense

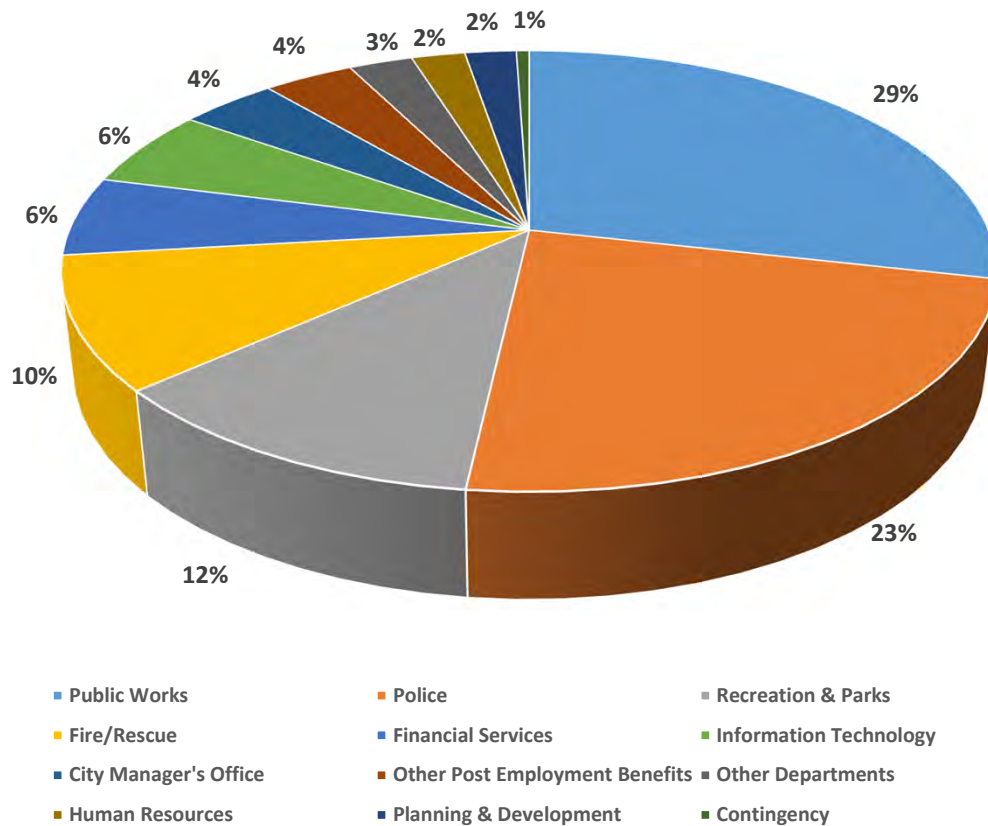


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PROPOSED 2019-20 BUDGET
GENERAL FUND OPERATING BUDGET



2019-20 GENERAL FUND OPERATING BUDGET



| Operating Expense by Department | |
|---------------------------------|----------------------|
| Public Works | \$ 5,362,716 |
| Police | 4,375,293 |
| Recreation & Parks | 2,190,779 |
| Fire/Rescue | 1,826,347 |
| Financial Services | 1,096,567 |
| Information Technology | 1,083,689 |
| City Manager's Office | 753,966 |
| Other Post Employment Benefits | 700,000 |
| Other Departments | 496,205 |
| Human Resources | 415,614 |
| Planning & Development | 399,235 |
| Contingency | 100,000 |
| Total | \$ 18,800,411 |



2019-20 GENERAL FUND OPERATING BUDGET

| Description | Amount | % |
|-----------------------|----------------------|-------------|
| Contracted Services | \$ 3,782,423 | 20% |
| Fleet Charges | 3,583,180 | 19% |
| Utilities | 2,605,094 | 14% |
| Supplies & Materials | 2,126,863 | 11% |
| IT Costs | 1,726,814 | 9% |
| Insurance | 950,000 | 5% |
| OPEB | 700,000 | 4% |
| Maintenance & Repairs | 561,576 | 3% |
| Other Expenses | 2,764,461 | 15% |
| Total | \$ 18,800,411 | 100% |



2019-20 GENERAL FUND OPERATING BUDGET

| | | |
|-----------------------------|----------------------|-------------|
| Discretionary Budget | \$ 8,673,747 | 46% |
| Fixed Cost Budget | 10,126,664 | 54% |
| Total | \$ 18,800,411 | 100% |

Discretionary Expense

- Supplies & Materials
 - Advertising
 - Dues & Subscriptions
 - Printing
- More Discretion/Influence Over Use

Fixed Cost Expense

- Utilities & Fuel
 - Computer Hardware/Software
 - Telephone
 - Liability Insurance
 - Fleet & Vehicle Replacement
 - Repairs & Maintenance
- Minimal Discretion/Influence Over Use

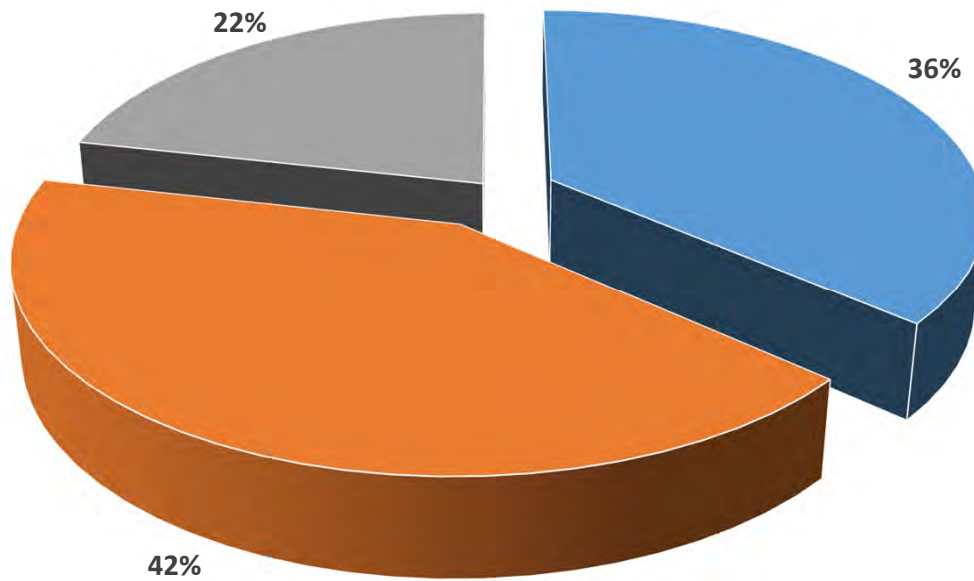


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PROPOSED 2019-20 BUDGET
GENERAL FUND CAPITAL BUDGET



2019-20 GENERAL FUND CAPITAL BUDGET



■ Capital Improvements ■ Street Improvements ■ Facility Improvements

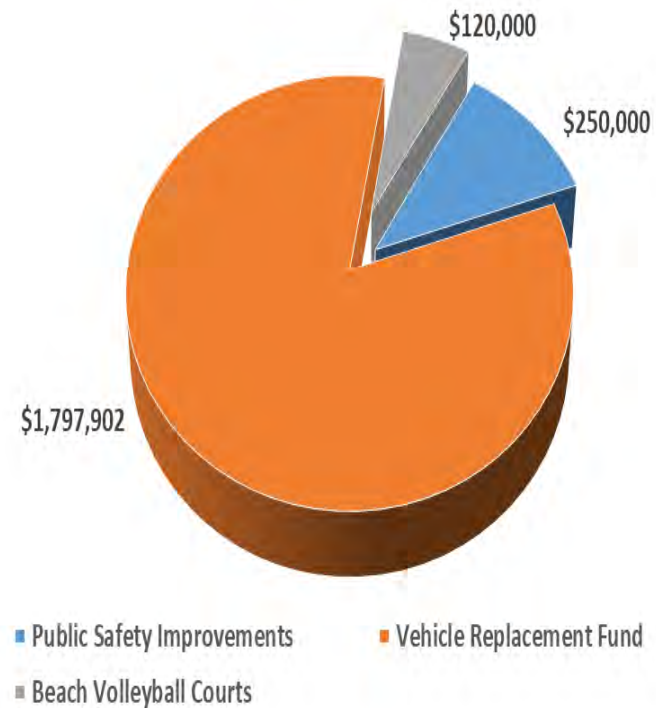
| | | |
|-----------------------|-----------|-------------------------|
| Capital Improvements | \$ | 2,167,902 |
| Street Improvements | | 2,500,000 |
| Facility Improvements | | 1,280,000 |
| Total | \$ | <u>5,947,902</u> |

% of Overall Budget **6.9%**



2019-20 GENERAL FUND CAPITAL BUDGET CAPITAL IMPROVEMENTS

| | | |
|----------------------------|-----------|------------------|
| Public Safety Improvements | \$ | 250,000 |
| Vehicle Replacement Fund | | 1,797,902 |
| Beach Volleyball Courts | | 120,000 |
| Total | \$ | 2,167,902 |



Notes:

- Public Safety Improvements Include Street Lights, Cameras, and Pedestrian Safety Upgrades
- Total Funds Available for Beach Volleyball Total \$140,000. City Currently Has \$20,000 Available in Special Revenue Fund



2019-20 GENERAL FUND CAPITAL BUDGET PUBLIC SAFETY IMPROVEMENTS

| | |
|----------------------------|----------------------------|
| FY2016-17 | \$ 250,000 |
| FY2017-18 | 200,000 |
| FY2018-19 | 250,000 |
| FY2019-20 | 250,000 |
| Excess Fund Balance | 750,000 |
| Total | <u>\$ 1,700,000</u> |



Awesome!





2019-20 GENERAL FUND CAPITAL BUDGET

STREET IMPROVEMENTS

| | | |
|-----------------------|-----------|-------------------|
| FY2013-14 | \$ | 500,000 |
| FY2014-15 | | 2,650,000 |
| FY2015-16 | | 1,000,000 |
| FY2016-17 | | 1,700,000 |
| FY2017-18 | | 2,200,000 |
| FY2018-19 | | 2,500,000 |
| FY2019-20 | | 2,500,000 |
| 2015 G.O. Bond | | 10,000,000 |
| Total | \$ | 23,050,000 |

400% Increase in Annual Funding Since 2013-14 !



2019-20 GENERAL FUND CAPITAL BUDGET STREET IMPROVEMENT PRIORITIES

Street Name

| | |
|------------------------|------------------------|
| Bancroft Ave. | Myrtle St. |
| Bowman Gray Dr. | N. Skinner St. |
| Brownlea Dr. | Pinehurst Dr. |
| Cedar Ln. | South Village |
| Chestnut St. | Scales Pl. |
| E. Catawba Rd. | Summerhaven Dr. |
| Jackson Dr. | Vanderbilt Ln. |
| Jefferson Dr. | 14th Street |

Note: Arlington Blvd. funded by Pedestrian Improvement Bond



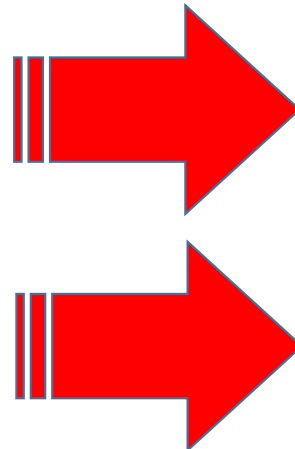
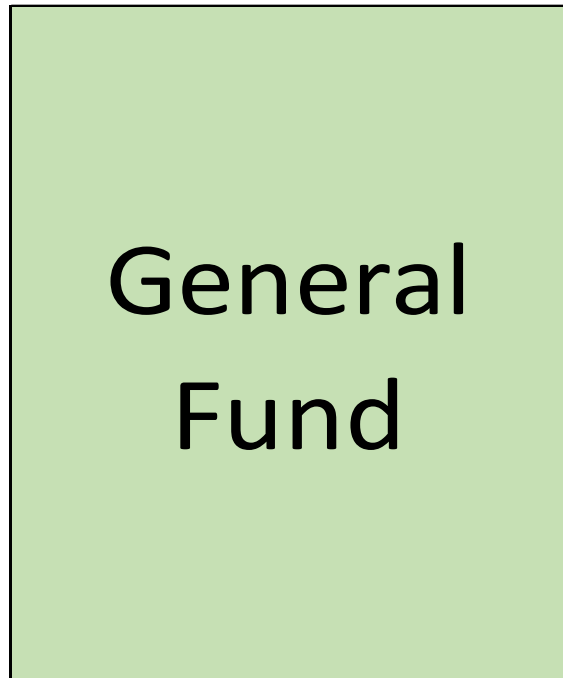
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PROPOSED 2019-20 BUDGET
GENERAL FUND TRANSFERS

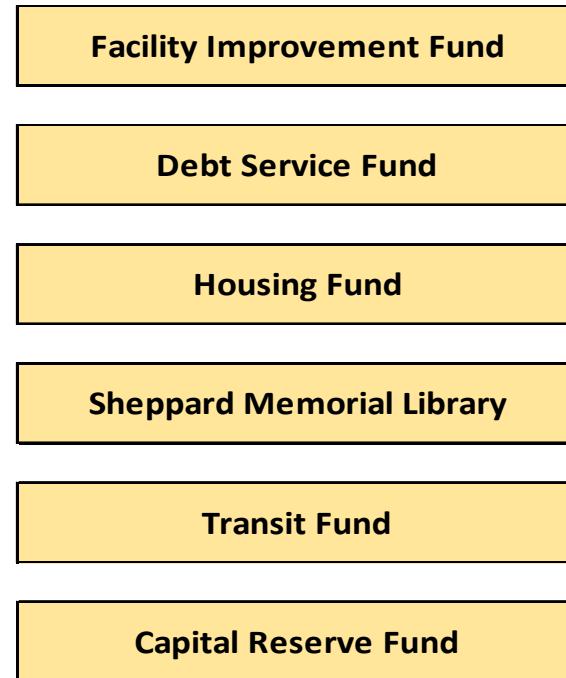


2019-20 GENERAL FUND BUDGET TRANSFERS

Transfer From



Transfer To





2019-20 GENERAL FUND BUDGET TRANSFERS

| | |
|----------------------------------|----------------------------|
| Debt Service Fund | \$ 4,819,754 |
| Sheppard Memorial Library | 1,308,057 |
| Housing Fund | 319,125 |
| Transit Fund | 790,551 |
| Capital Reserve Fund | 390,000 |
| Total | <u>\$ 7,627,487</u> |



2019-20 GENERAL FUND BUDGET TRANSFERS
CAPITAL RESERVE FUND

| | |
|---|-------------------|
| Industrial / Commercial Site Dev | \$ 300,000 |
| Dickinson Avenue Street Lighting | 90,000 |
| Total | \$ 390,000 |



2019-20 GENERAL FUND BUDGET TRANSFERS **PROJECTED CAPITAL RESERVE FUND BALANCE**

| Project | Current Balance | Increase | Adjusted Balance |
|---|----------------------------|-------------------|-----------------------------|
| Convention Center Projects | \$ 140,487 | \$ - | \$ 140,487 |
| Dickinson Avenue Projects | 1,702,860 | 90,000 | 1,792,860 |
| DOT Projects | 1,693,869 | - | 1,693,869 |
| Industrial / Commercial Site Dev | 700,000 | 300,000 | 1,000,000 |
| Total | \$ 4,237,216 | \$ 390,000 | \$ 4,627,216 |



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PROPOSED 2019-20 BUDGET

MANUAL OF FEE ADJUSTMENTS SPECIAL EVENTS POLICY AND PROCEDURES



SPECIAL EVENTS POLICY & PROCEDURES

COMMUNITY ENGAGEMENT

- **January 7, 2019:** **Presentation to City Council at Workshop**
- **January 9, 2019:** **Article Published in Daily Reflector**
- **April 15, 2019:** **Public Input Meeting at SML**
- **April 18, 2019:** **Public Input Meeting at JCP**
- **May 1, 2019:** **Delivery to Prospective Applicants**
- **May 3, 2019:** **Meeting with Daily Reflector / Media**
- **May 9, 2019:** **Presentation of Budget to Council**
- **May 20, 2019:** **Presentation to Council for Approval**



SPECIAL EVENTS POLICY & PROCEDURES

PURPOSE OF POLICY & PROCEDURE

- **Provide Applicants:**
 - **Transparent Guidance on Steps Required to Hold a Special Event on City Property**
 - **A “One Stop Shop” Process**
- **Provide Staff:**
 - **A Consistent Framework Whereby Proposed Events are Approved or Denied**
 - **A Consistent Framework in Determining the City Services Required to Hold the Special Event**
- **Provide Community:**
 - **Assurance that the City is Looking Out for the Public Good**



SPECIAL EVENTS POLICY & PROCEDURES

PURPOSE OF POLICY & PROCEDURE

- **Publicly and/or Privately Sponsored Event**
- **Held on City Property and/or Right of Way**
- **May Require Need for Public Resources:**
 - **Police**
 - **Fire / Rescue**
 - **Public Works**
 - **Recreation & Parks**
- **Require a Special Events Permit**





SPECIAL EVENTS POLICY & PROCEDURES

THREE PRIMARY CATEGORIES

- **Park / Road Festivals:**
 - **Outdoor Festival**
 - **Outdoor Concert**

- **Procession:**
 - **Public / Private March**
 - **Parade**

- **Organized Competitive Event:**
 - **Race / Walk**





SPECIAL EVENTS POLICY & PROCEDURES

FEES FOR CITY SERVICES

- **Application/ Permit Fees**
- **Refundable Deposit**
- **Late Fees**
- **Security Services Fees**
- **Fire/Rescue Fees**
- **Recreation & Parks Fees**
- **Public Works Fees**
- **Clean-Up/Additional Expense**



SPECIAL EVENTS POLICY & PROCEDURES

FEES FOR CITY SERVICES

| Event Type | Application Fee | Permit Fee | Refundable Deposit | Late Fee |
|---------------------------------|-----------------|------------|--------------------|----------|
| Parade | \$100.00 | \$100.00 | \$200.00 | \$250.00 |
| Race 5k or Less | \$100.00 | \$100.00 | \$100.00 | \$250.00 |
| More than 5k Race | \$100.00 | \$250.00 | \$100.00 | \$250.00 |
| Neighborhood Block Party | \$50.00 | \$0.00 | \$200.00 | \$75.00 |
| General Event | \$100.00 | \$250.00 | \$100.00 | \$250.00 |
| Festivals | \$100.00 | \$100.00 | \$500.00 | \$250.00 |
| Concerts | \$100.00 | \$250.00 | \$500.00 | \$250.00 |
| Outdoor Amplified Sound (Noise) | \$50.00 | \$50.00 | N/A | N/A |
| Temporary Street Closing | \$50.00 | \$50.00 | N/A | N/A |



SPECIAL EVENTS POLICY & PROCEDURES

FEES FOR CITY SERVICES

| Police Off-Duty Fees | | | |
|----------------------|---|------------|---------|
| | Officer | Supervisor | Premium |
| Rate per Hour | \$40.00 | \$50.00 | \$50.00 |
| Parade Staffing | \$40.00 per Hour per Officer (Minimum 3 Hours per Parade) + \$25.00 per Vehicle per Event | | |

SPECIAL EVENTS POLICY & PROCEDURES

FEES FOR CITY SERVICES

| Fire / Rescue Stand-By Fire Fees | |
|----------------------------------|---|
| Base Charge per EMS Unit | \$100.00 (# of Units Required Based on Attendance) |
| Fire / EMS Staff per Unit | \$40.00 per Hour per Staff Member Minimum of 2.0 Staff Members Per Truck |

| Attendance Range | Fire / Rescue Units Required | |
|------------------|------------------------------|---------------------------|
| | NON ABC Event | ABC Event |
| 0 – 5,000 | 1 | 1 – 2 |
| 5,001 - 10,000 | 1 - 3 | 1 – 4 |
| Over 10,000 | # Determined by F/R Chief | # Determined by F/R Chief |

| Crowd Managers | |
|---------------------|-----------------------------------|
| Number of Attendees | Number of Required Crowd Managers |
| 250 | 1 |

SPECIAL EVENTS POLICY & PROCEDURES

FEES FOR CITY SERVICES

| Public Works Roll-Out Carts / Trash Cans / Barricades | | | |
|---|---|-------------------|----------|
| Barricade(s) | Traffic Cones | 1 – 25 | \$50.00 |
| | | 26 – 49 | \$100.00 |
| | | > 50 | \$150.00 |
| | Bike Racks | \$20.00 Each | |
| | Type I, II, and/or III Traffic Barricades | \$30.00 Each | |
| | Water Barricades | \$50.00 Each | |
| | Traffic Plan / Road Closure Review | \$40.00 per Hour | |
| Sanitation | Recycling Carts / Cans | \$20.00 per Set | |
| | Trash Cans | | |
| | Street Sweeper (Truck + Labor) | \$100.00 per Hour | |
| Electrical | Usage Fee | \$100.00 | |
| | Technician / Contract Assistance | \$100.00 | |

PROPOSED 2019-20 BUDGET

OTHER FUNDS

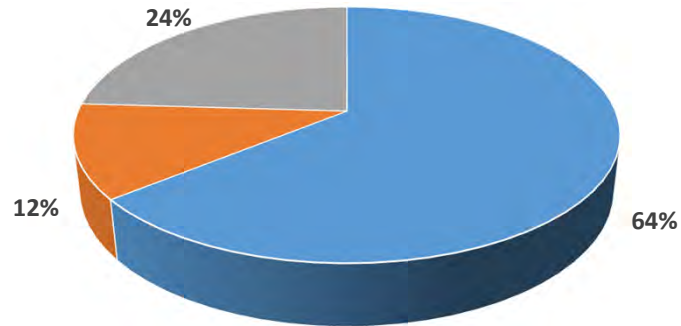
| | | |
|--------------|------------------------|---------------------|
| Debt Service | Transit Fund | Fleet |
| Sanitation | Stormwater | Housing |
| Health | Facilities Improvement | Vehicle Replacement |



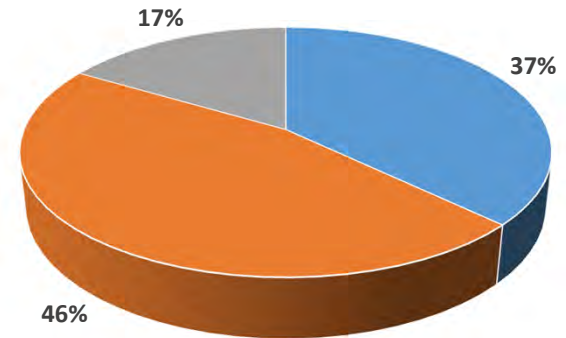
TRANSIT FUND

| Revenue | 2019 | 2020 |
|----------------------------|--------------------|---------------------|
| | ORIGINAL BUDGET | PROPOSED BUDGET |
| Grant Income | \$2,098,993 | \$ 2,107,543 |
| Bus Fare/Ticket Sales | 379,035 | 389,938 |
| Transfer from General Fund | 771,894 | 790,551 |
| Total | \$3,249,922 | \$ 3,288,032 |

| Expense | 2019 | 2020 |
|----------------------|---------------------|---------------------|
| | ORIGINAL BUDGET | PROPOSED BUDGET |
| Personnel | \$ 1,157,856 | \$ 1,220,900 |
| Operating | 1,564,037 | 1,524,346 |
| Capital Improvements | 528,029 | 542,786 |
| Total | \$ 3,249,922 | \$ 3,288,032 |



■ Grant Income ■ Bus Fare/Ticket Sales ■ Transfer from General Fund



■ Personnel ■ Operating ■ Capital



TRANSIT FUND

| | 2019 | 2020 | | 2019 | 2020 |
|----------------------------|--------------------|---------------------|----------------------|---------------------|---------------------|
| | ORIGINAL | PROPOSED | | ORIGINAL | PROPOSED |
| Revenue | BUDGET | BUDGET | Expense | BUDGET | BUDGET |
| Grant Income | \$2,098,993 | \$ 2,107,543 | Personnel | \$ 1,157,856 | \$ 1,220,900 |
| Bus Fare/Ticket Sales | 379,035 | 389,938 | Operating | 1,564,037 | 1,524,346 |
| Transfer from General Fund | 771,894 | 790,551 | Capital Improvements | 528,029 | 542,786 |
| Total | <u>\$3,249,922</u> | <u>\$ 3,288,032</u> | Total | <u>\$ 3,249,922</u> | <u>\$ 3,288,032</u> |

Notes:

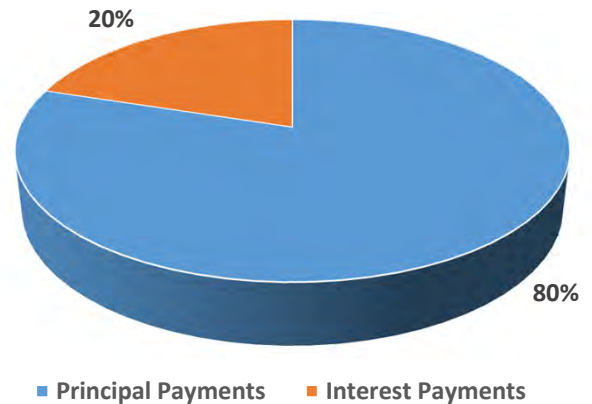
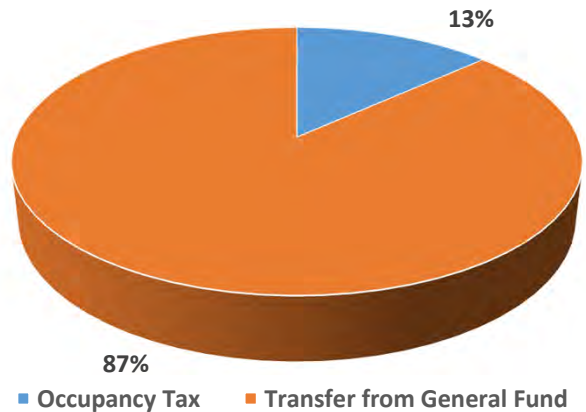
- **Transit Program is Funded Through Federal Reimbursements and the City's General Fund**
- **The Federal Government Reimburses for 80% of Capital and 50% of Operating Costs**
- **The Transfer From the General Fund Equals \$790,551 for FY2019-20**



DEBT SERVICE FUND

| Revenue | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|----------------------------|----------------------------|
| Occupancy Tax | \$726,490 | \$740,127 |
| Transfer from General Fund | 4,737,002 | 4,819,754 |
| Total | \$5,463,492 | \$5,559,881 |

| Expense | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------|----------------------------|----------------------------|
| Principal Payments | \$4,433,476 | \$4,439,632 |
| Interest Payments | 1,030,016 | 1,120,249 |
| Total | \$5,463,492 | \$5,559,881 |





2019-20 DEBT SERVICE EXPENSES (GENERAL FUND)

| Department | Principal | Interest | TOTAL |
|--|---------------------|-------------------|---------------------|
| 2011 Public Improvement Bond | \$ 160,000 | \$ 98,440 | \$ 258,440 |
| 2012 GESC Equipment Lease | 161,741 | 44,540 | 206,281 |
| 2012 GO Refunding | 1,740,000 | 88,881 | 1,828,881 |
| 2013 Parking Deck Bond | 333,170 | 105,573 | 438,743 |
| 2016 Public Safety Annex Installment | 150,000 | 17,749 | 167,749 |
| 2016 GO Refunding | 587,612 | 82,858 | 670,470 |
| 2016 South Greenville Installment | 150,000 | 40,744 | 190,744 |
| 2016 Street and Pedestrian Bond (1 st Issue) | 400,000 | 307,000 | 707,000 |
| 2018 Superior Installment | 172,109 | 38,713 | 210,822 |
| <i>2020 Street and Pedestrian Bond (2nd Issue)*</i> | - | <i>140,625</i> | <i>140,625</i> |
| Total | \$ 3,854,631 | \$ 965,123 | \$ 4,819,754 |

**Anticipated Issuance in FY 2020*



2019-20 DEBT SERVICE EXPENSES (OTHER FUNDS)

| Department | Principal | Interest | TOTAL |
|--|---------------------|-------------------|---------------------|
| Convention and Visitors Authority | \$ 585,000 | \$ 155,126 | \$ 740,126 |
| 2011 Convention Center Bond | 475,000 | 27,889 | 502,889 |
| 2015 Convention Center Bond | 110,000 | 127,238 | 237,238 |
| Sanitation | \$ 157,142 | \$ 11,708 | \$ 168,850 |
| 2014 Sanitation Cart 1 st Installment | 45,000 | 2,277 | 47,277 |
| 2015 Sanitation Cart 2 nd Installment | 51,428 | 3,587 | 55,015 |
| 2015 Sanitation Cart 3 rd Installment | 60,714 | 5,844 | 66,558 |
| Stormwater | \$ 367,389 | \$ 51,804 | \$ 419,193 |
| 2016 GO Refunding | 367,389 | 51,804 | 419,193 |
| Total | \$ 1,109,531 | \$ 208,108 | \$ 1,317,639 |

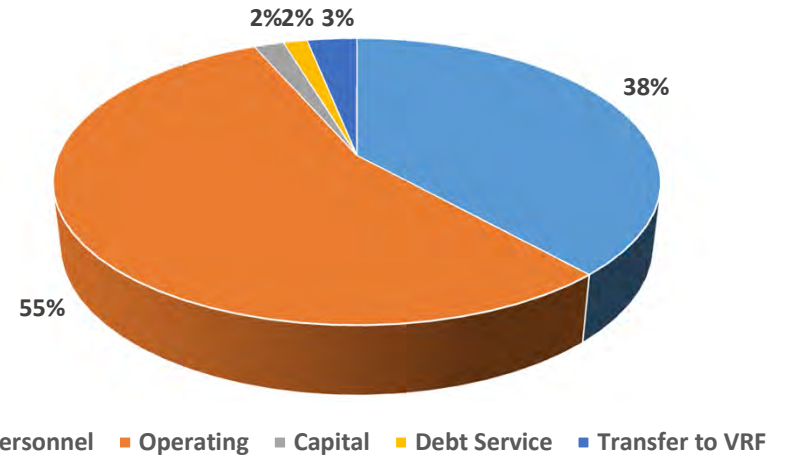
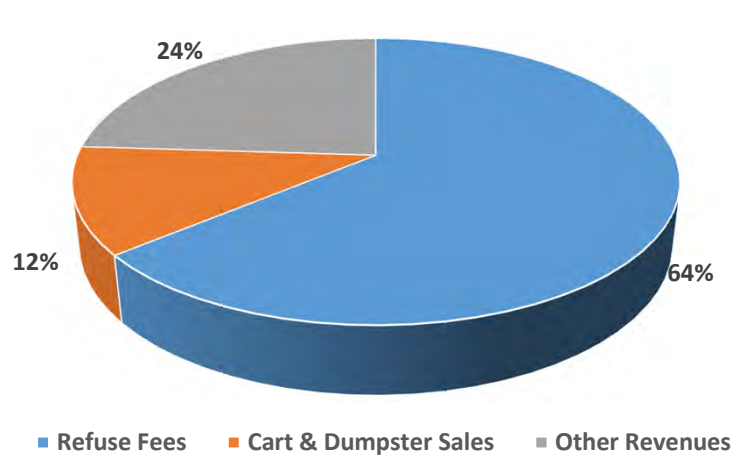
***Sanitation and Stormwater Debt Paid in Their Respective Funds**



SANITATION FUND

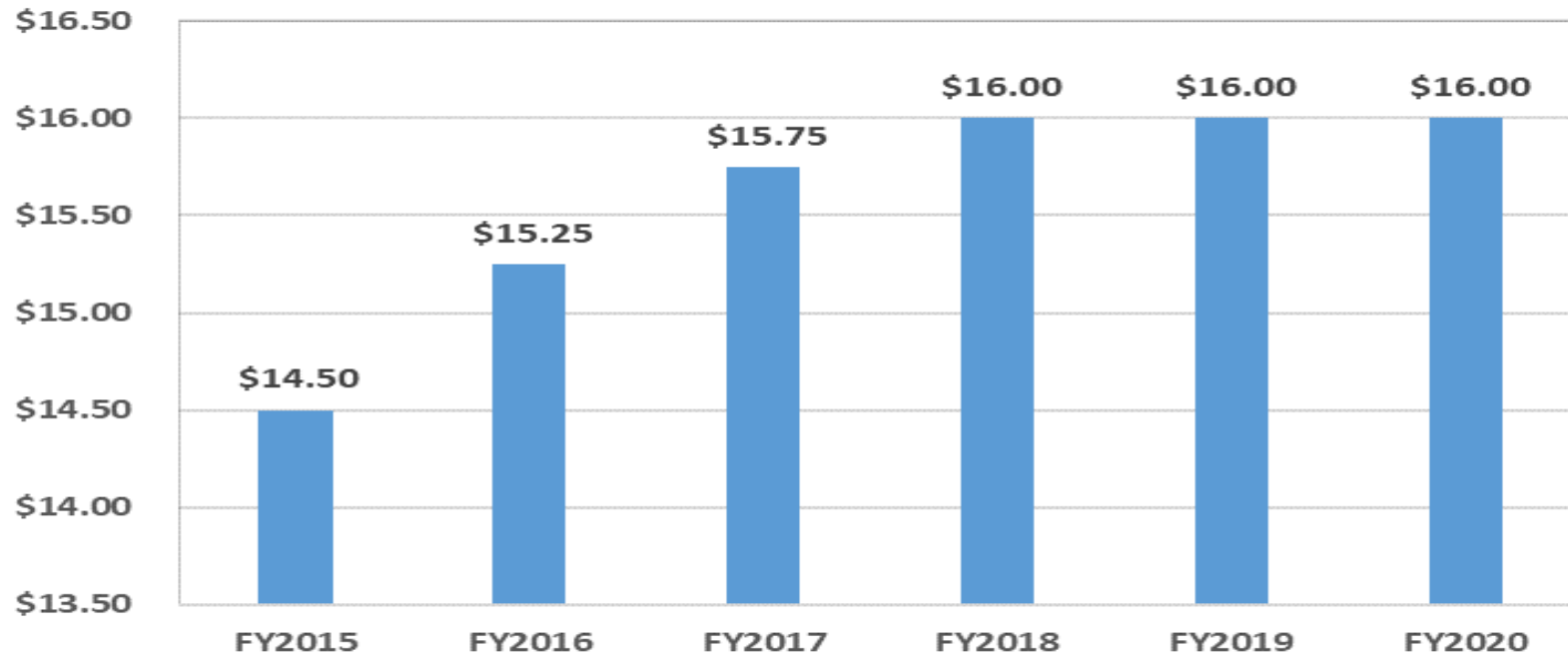
| Revenue | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-----------------------|----------------------------|----------------------------|
| Refuse Fees | \$ 7,524,096 | \$ 7,599,360 |
| Cart & Dumpster Sales | 122,500 | 100,000 |
| Other Revenues | 196,500 | 196,500 |
| Total | \$ 7,843,096 | \$ 7,895,860 |

| Expense | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-----------------|----------------------------|----------------------------|
| Personnel | \$ 2,833,368 | \$ 3,024,516 |
| Operating | 4,489,969 | 4,302,494 |
| Capital | 150,000 | 150,000 |
| Debt Service | 119,759 | 168,850 |
| Transfer to VRF | 250,000 | 250,000 |
| Total | \$ 7,843,096 | \$ 7,895,860 |





SANITATION MONTHLY CURBSIDE RATES



Notes:

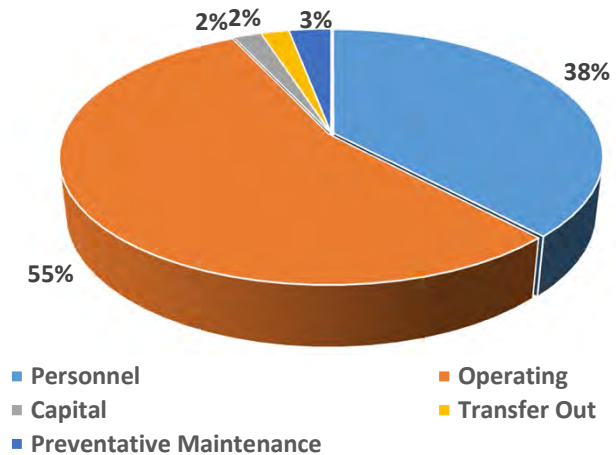
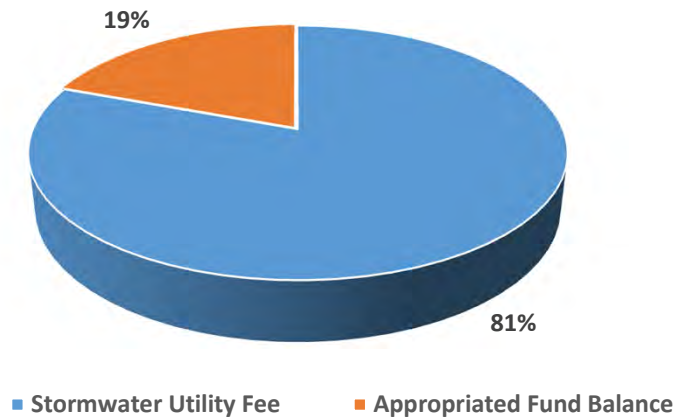
- **Backyard Service Option Eliminated in FY2017-18 for General Public**
- **No Rate Increase for Past Three Fiscal Years**
- **Sanitation is Reimbursing the VRF for FY2019-20 (Final Year)**



STORMWATER FUND

| | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|---------------------------|----------------------------|----------------------------|
| Revenue | | |
| Stormwater Utility Fee | \$5,882,000 | \$5,941,000 |
| Appropriated Fund Balance | - | 1,427,459 |
| Total | \$5,882,000 | \$7,368,459 |

| | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------------|----------------------------|----------------------------|
| Expense | | |
| Personnel | \$1,611,281 | \$2,577,646 |
| Operating | 1,589,147 | 1,557,283 |
| Capital Improvements | 1,385,307 | 1,437,265 |
| Transfer Out | 1,296,265 | 1,296,265 |
| Preventative Maintenance | - | 500,000 |
| Total | \$5,882,000 | \$7,368,459 |





STORMWATER FUND

| | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET | | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|---------------------------|----------------------------|----------------------------|------------------------|----------------------------|----------------------------|
| Revenue | | | Expense | | |
| Stormwater Utility Fee | \$5,882,000 | \$5,941,000 | Personnel | \$1,611,281 | \$2,577,646 |
| Appropriated Fund Balance | - | 1,427,459 | Operating | 1,589,147 | 1,557,283 |
| | | | Capital Improvements | 1,385,307 | 1,437,265 |
| | | | Transfer Out | 1,296,265 | 1,296,265 |
| | | | Preventive Maintenance | - | 500,000 |
| Total | \$5,882,000 | \$7,368,459 | Total | \$5,882,000 | \$7,368,459 |

Notes:

- **The Stormwater Division will Begin Utilizing Fund Balance in FY2019-20 to Fund the Following:**
 - **Capital Projects**
 - **Implementation of Preventive Maintenance Procedures**
- **FY2019-20 Does Not Include an Increase in Stormwater Rates**



STORMWATER FUND PREVENTIVE MAINTENANCE LEVELS

| Levels | Current Plan | Alt. A | Alt. B |
|--|---------------|---------------------|--------|
| Inspections of New Infrastructure | 10.0% | 50.0% | |
| Public Channels Cleaned | Every 2 Years | Every Year | |
| Catch Basins Cleaned / Inspected | Every 5 Years | Every 2.5 Years | |
| All Pipes Cleaned / Inspected | As Needed | Every 7 Years | |
| Utility Bill Audits | None | Yes | |
| Condition Assessment | None | 20 Year Full Review | |
| Annual Funding of Preventive Maintenance | \$ - | 1,500,000 | |



STORMWATER FUND PREVENTIVE MAINTENANCE LEVELS

| Service Levels | |
|--|--------------------|
| Inspections of New Infrastructure | 50.0% |
| Public Channels Cleaned | Every Year |
| Catch Basins Cleaned/Inspected | Every 2.5 Years |
| All Pipes Cleaned/Inspected | Every 7 Years |
| Utility Bill Audits | Yes |
| Condition Assessment | 20 Yr Full Review |
| Annual Funding for Preventive Maint | \$1,500,000 |

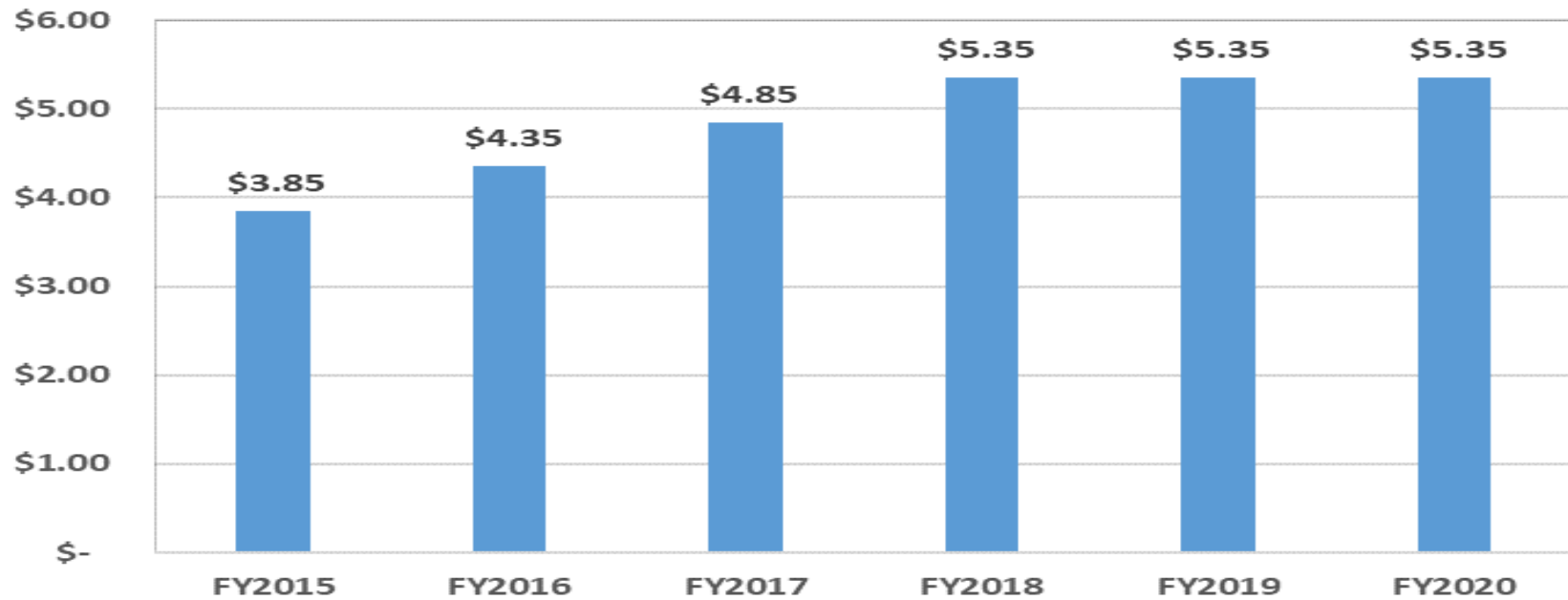


| Operational Requirements | |
|-----------------------------------|-------------|
| Staffing Requirements (Positions) | |
| Stormwater Billing Technician | 1.0 |
| Asset Manager | 1.0 |
| CCTV Inspection Coordinator | 1.0 |
| Camera Operator | 1.0 |
| Construction Inspector | 2.0 |
| Construction Workers | 2.0 |
| Sr. Construction Worker | 2.0 |
| Equipment Operator | 2.0 |
| Heavy Equipment Operator | 4.0 |
| Total Positions | 16.0 |
| Equipment Requirements | |
| Inspector Vehicles | 2.0 |
| Tracked Excavator | 1.0 |
| Regular Sized Truck | 4.0 |
| Oversized Truck | 1.0 |
| Jet-Vac Truck | 1.0 |

Preventive Maintenance Staffing to be Phased in Over Two Fiscal Years Starting FY2019-20 (i.e. Next Year)



STORMWATER FUND MONTHLY RATES



Notes:

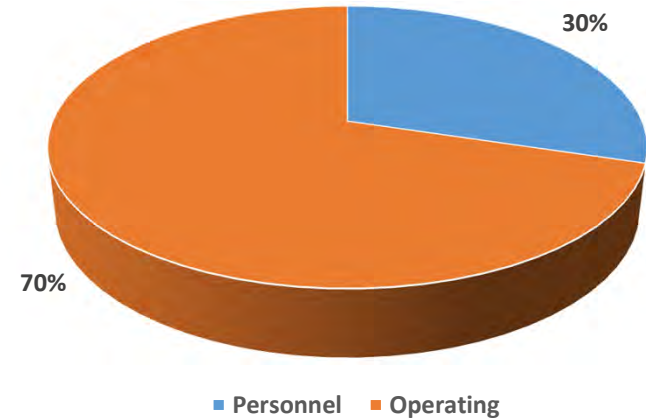
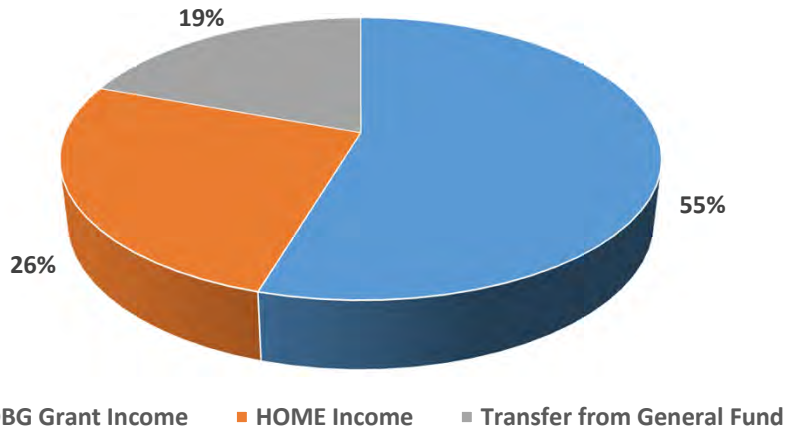
- The Stormwater Division will Begin Utilizing Fund Balance in FY2019-20 to Fund the Following:
 - Capital Projects
 - Implementation of Preventive Maintenance Procedures
- FY2019-20 Does Not Include an Increase in Stormwater Rates



HOUSING FUND

| Revenue | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|----------------------------|----------------------------|
| CDBG Grant Income | \$872,246 | \$918,753 |
| HOME Income | 415,103 | 495,622 |
| Transfer from General Fund | 309,830 | 319,125 |
| Total | \$1,597,179 | \$1,733,500 |

| Expense | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------|----------------------------|----------------------------|
| Personnel | \$500,225 | \$515,232 |
| Operating | 1,096,954 | 1,218,268 |
| Total | \$1,597,179 | \$1,733,500 |





HOUSING FUND

| | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET | | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|----------------------------|----------------------------|--------------|----------------------------|----------------------------|
| Revenue | | | Expense | | |
| CDBG Grant Income | \$872,246 | \$918,753 | Personnel | \$500,225 | \$515,232 |
| HOME Income | 415,103 | 495,622 | Operating | 1,096,954 | 1,218,268 |
| Transfer from General Fund | 309,830 | 319,125 | | | |
| Total | \$1,597,179 | \$1,733,500 | Total | \$1,597,179 | \$1,733,500 |

Notes:

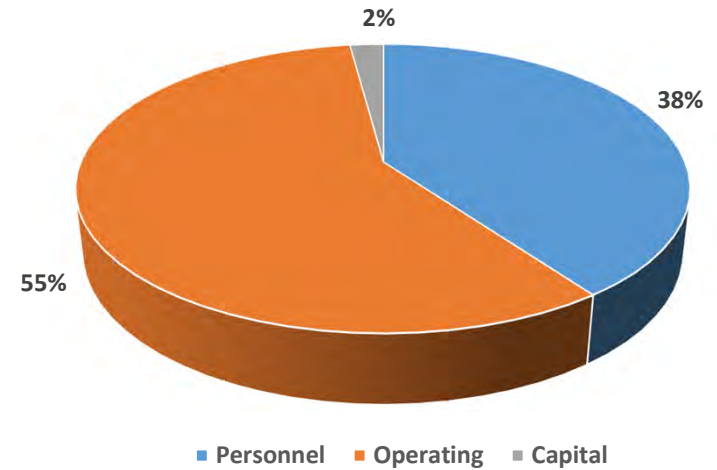
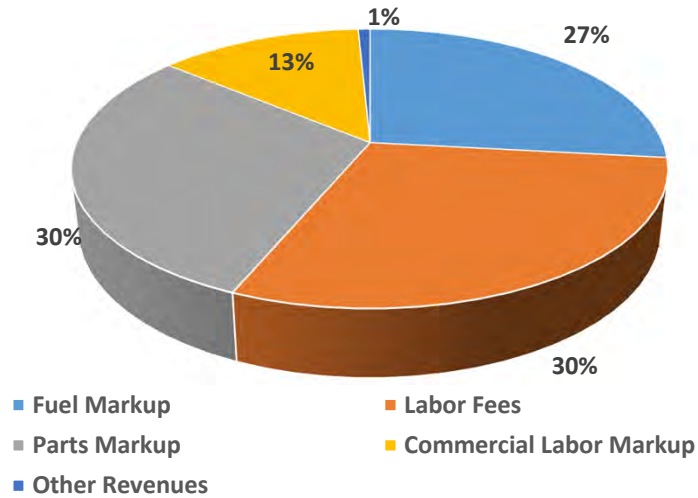
- **Housing is Supported Through Community Development Block Grants from the US Housing and Urban Development Department.**
- **Staff Continues to Monitor Federal Legislation that Would Potentially Impact CDBG and HOME Grant Funding**



FLEET FUND

| Revenue | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-------------------------|----------------------------|----------------------------|
| Fuel Markup | \$1,190,882 | \$1,219,789 |
| Labor Fees | 1,411,373 | 1,350,000 |
| Parts Markup | 1,329,829 | 1,356,425 |
| Commercial Labor Markup | 464,742 | 600,000 |
| Other Revenues | 34,330 | 35,180 |
| Total | \$4,431,156 | \$4,561,394 |

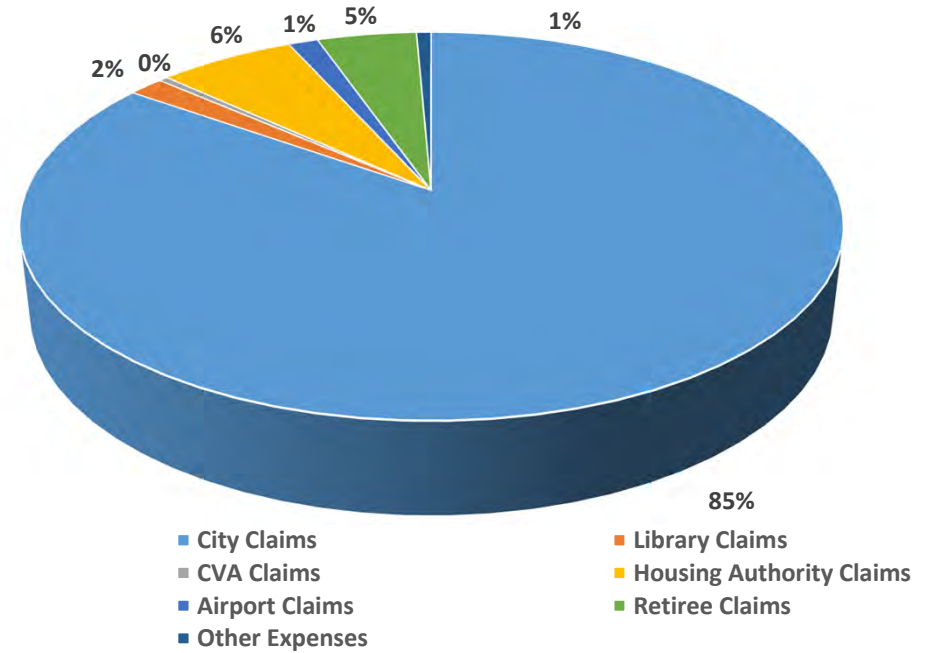
| Expense | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------|----------------------------|----------------------------|
| Personnel | \$1,504,692 | \$1,543,856 |
| Operating | 2,895,464 | 2,982,538 |
| Capital Outlay | 31,000 | 35,000 |
| Total | \$4,431,156 | \$4,561,394 |





HEALTH FUND

| | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-----------------------------|----------------------------|----------------------------|
| Revenue | | |
| City Employer Contributions | \$9,049,593 | \$9,142,572 |
| City Employee Contributions | 1,646,123 | 1,646,123 |
| Other Agencies | 1,069,395 | 1,103,731 |
| Retiree Contributions | 1,327,544 | 1,327,544 |
| Other Revenue | 244,246 | 244,246 |
| Appropriated Fund Balance | 225,699 | 539,168 |
| Total | \$13,562,600 | \$14,003,384 |

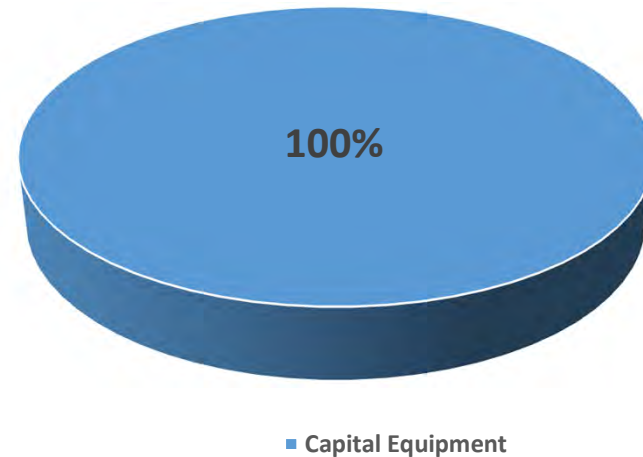
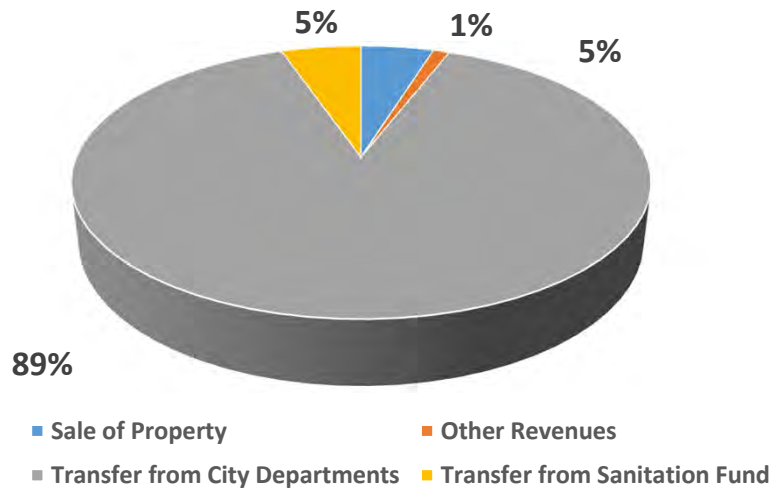




VEHICLE REPLACEMENT

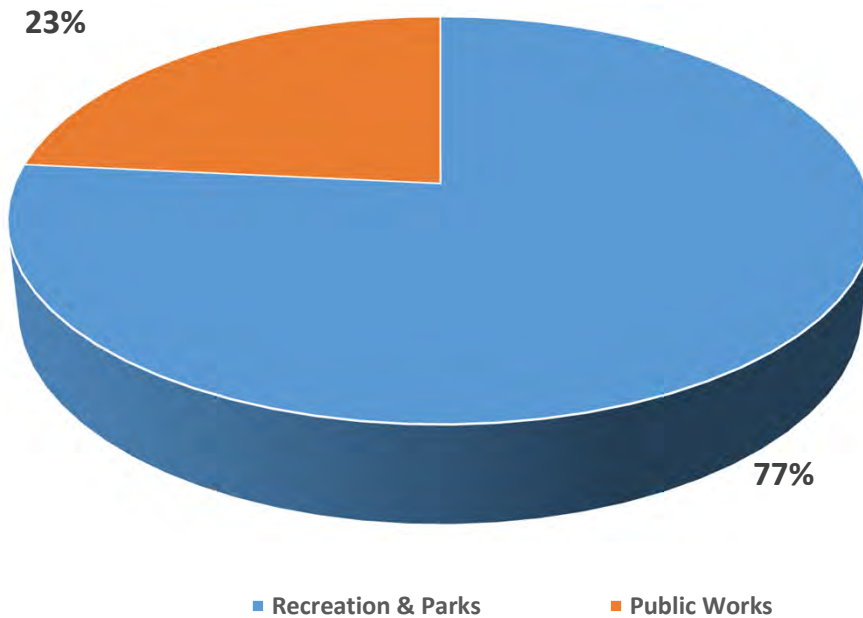
| Revenue | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------------------|----------------------------|----------------------------|
| Sale of Property | \$227,460 | \$227,460 |
| Other Revenues | 51,000 | 51,000 |
| Transfer from City Departments | 3,803,701 | 4,171,719 |
| Transfer from Sanitation Fund | 250,000 | 250,000 |
| Total | \$4,332,161 | \$4,700,179 |

| Expense | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-------------------|----------------------------|----------------------------|
| Capital Equipment | \$4,332,161 | \$4,700,179 |
| Total | \$4,332,161 | \$4,700,179 |





FACILITIES IMPROVEMENT



| | |
|--------------------|----------------------------|
| Recreation & Parks | \$ 980,000 |
| Public Works | <u>300,000</u> |
| Total | <u>\$ 1,280,000</u> |



FACILITY IMPROVEMENT PROJECTS

Recreation and Parks Projects

| | | |
|--|-----------|----------------|
| Replace roof on Picnic Shelter- 1,104 sq. ft. (Andrew Best) | \$ | 15,000 |
| Paint amenities of facility (Andrew Best) | | 2,000 |
| ADA Required Renovations (Bradford Creek Soccer Complex) | | 18,000 |
| ADA Required Renovations/Repair (Community Pool) | | 25,000 |
| Paint interior of facilities (Drew Steele Center) | | 12,000 |
| Concession Stand Roof (Thomas Foreman Park) | | 15,000 |
| Replace softball athletic field poles/lights, 2 fields (Evans Park) | | 500,000 |
| Paint interior and repair (Guy Smith Stadium) | | 85,000 |
| Building Envelope Repairs (Boyd Lee Park) | | 20,000 |



FACILITY IMPROVEMENT PROJECTS

Recreation and Parks Projects (cont.)

| | |
|---|-------------------------|
| Paint Bridge Across Town Creek (South Tar Greenway) | 100,000 |
| Replace Decking on Boardwalk (South Tar Greenway) | 42,979 |
| Parking lot reseal & stripe (Paramore Park) | 25,000 |
| Pool Systems Repair and Replacement (Community Pool) | 46,000 |
| Parks FIP Coordinator | 74,021 |
| Total | <u>\$980,000</u> |



FACILITY IMPROVEMENT PROJECTS

Public Works Projects

| | |
|--|--------------------------|
| Repair Exterior Hardscape Features (City Hall) | \$ 15,000 |
| Building Lock System Updates (City Hall) | 50,000 |
| Paint interior (Station 6) | 20,000 |
| HVAC Replacement (Station 3; Station 4) | 30,000 |
| Hot Water Tank Replacement (Station 3; Station 4) | 10,000 |
| Electrical Upgrade to Warehouse (Go Science Building) | 30,000 |
| Upgrade HVAC Controls and Test/Balancing (Municipal Building) | 40,000 |
| Pressure Wash and Paint Exterior (Station 1) | 15,000 |
| Building Envelope Repair (Station 1) | 30,000 |
| Paint Screen Wall (Station 1) | 50,000 |
| Renovate Restrooms (Public Works - Fleet) | 10,000 |
| Total | <u>\$ 300,000</u> |

***Also Includes \$125,000 for Replace HVAC Systems (Greenville Convention Center)**



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PROPOSED 2019-20 BUDGET SUMMARY

CITY OF GREENVILLE 2018-20 BUDGET OBJECTIVES

The Budget Objectives Center Around Sending a Message to Our Community and All of Eastern North Carolina that **GREENVILLE MEANS:**



Greenville Means...*Business!*

PROPOSED 2019-20 BUDGET

BUDGET HIGHLIGHTS

- Maintains Current Property Tax Rate at 52¢
- Invests 85% of all General Fund Revenues into Core Public Service Areas
- Provides for a 2.7% Average Wage Rate Increase for City Employees
- Increases Employer Share of Retirement Contribution by 15.5% to Meet N.C. Local Government Requirement
- Increases Other OPEB Contribution by \$100,000
- Maintains a 4% Vacancy Rate Built Into the Budget
- Adds a HR Staff Support Specialist Position to Focus on the Recruitment Process
- Adds a R&P Outreach Coordinator to Serve South & West Greenville Special Populations, Youth Outreach, and Other Community Based Initiatives
- Adds 3.0 Fire / Rescue Positions in Preparation of the Southside Fire Station in FY2020-21
- Provides for Minimum Pay Reclassifications to Align with Current Operations
- Provides for the Public Safety Compensation Incentives in Order to Enhance the Recruitment and Retention of Public Safety Officers

PROPOSED 2019-20 BUDGET

BUDGET HIGHLIGHTS

- Invests an Additional \$300,000 into Commercial / Industrial Site Development
- Invests \$200,000 into Job Creation Grants
- Provides \$20,000 to Fund Small Business Competition Grants
- Provides \$25,000 in Funding for Skills Training Through the Pitt Community College Jobs Initiative Program
- Invests \$500,000 as a Sustaining Member into the Public-Private Economic Development Project
- Invests \$2.5 Million into Street Improvements Funding
- Provides for \$250,000 in Public Safety Funding (Street Lights, Cameras, Pedestrian Safety Enhancements)
- Protects Future Solvency of Vehicle Replacement Fund by Increasing Funding Levels From 40% to 50%
- Provides \$1.2 Million to Support the City's Deferred Maintenance and Infrastructure Needs (i.e. Facilities Improvements Program)

PROPOSED 2019-20 BUDGET

BUDGET HIGHLIGHTS

- Includes the Financing of Approximately \$7.8 Million as Phase Two of the Pedestrian Improvements Bond Referendum
- Implementation of the Preventative Maintenance Program Within the Stormwater Division
- \$25,000 for Small Business Support
- Includes an Additional \$100,000 to Cleanliness & Beautification of Major Thoroughfares
- Includes \$50,000 in Funding to Maintain the City's Parks and Greenways
- Adds a R&P Outreach Coordinator to Serve South & West Greenville Special Populations, Youth Outreach, and Other Community Based Initiatives
- Provides Funding for the Construction of the Sycamore Hill Gateway at Town Common
- Provides \$120,000 in New Funding for Beach Volleyball Complex
- Includes \$165,000 to Partner with Area Groups to Enhance the City's Entertainment Scene and Support the Arts Community
- Provides an Additional \$90,000 in Funding for the Dickinson Avenue Streetscape Project
- Provides for the Implementation of the City's Special Events Program



2019-20 PROPOSED BUDGET

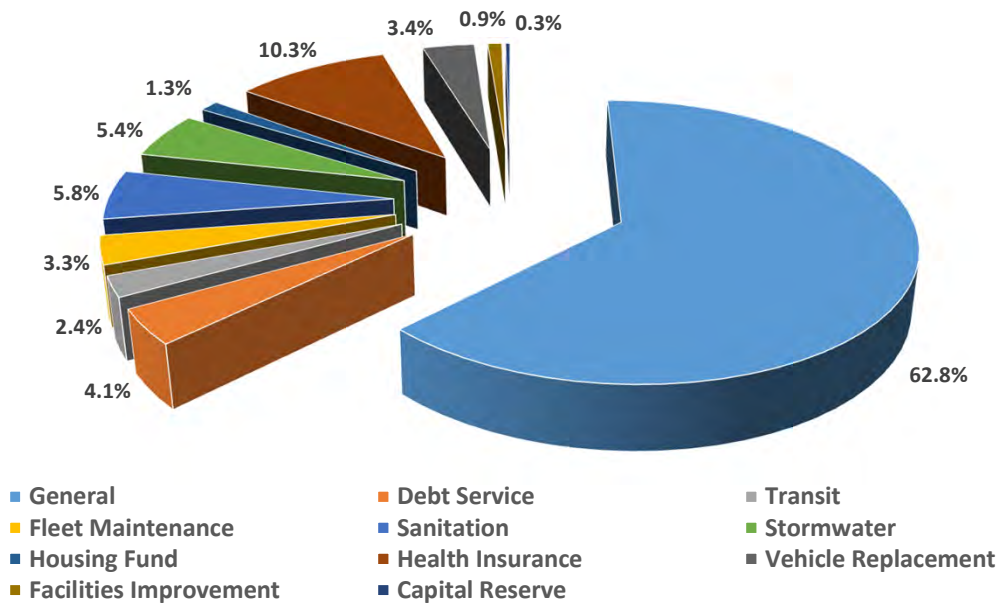
ALL FUNDS

| | Budget | |
|--|-----------------------|---------------|
| | FY2019-20 | % |
| City Operating Funds | \$ 136,468,370 | 34.0% |
| Greenville Utilities Commission | 260,518,135 | 64.9% |
| Convention & Visitors Authority | 1,599,082 | 0.4% |
| Sheppard Memorial Library | 2,554,619 | 0.6% |
| Total All Funds | \$ 401,140,206 | 100.0% |



2019-20 PROPOSED BUDGET

CITY OPERATING FUNDS



| | Budget FY2019-20 |
|------------------------------|-----------------------|
| General | \$ 85,687,681 |
| Debt Service | 5,559,881 |
| Transit | 3,288,032 |
| Fleet Maintenance | 4,561,394 |
| Sanitation | 7,895,860 |
| Stormwater | 7,368,459 |
| Housing Fund | 1,733,500 |
| Health Insurance | 14,003,384 |
| Vehicle Replacement | 4,700,179 |
| Facilities Improvement | 1,280,000 |
| Capital Reserve | 390,000 |
| Total Operating Funds | \$ 136,468,370 |



PROPOSED 2019-20 BUDGET BUDGET CALENDAR

- April 8, 2019 City Council Budget Preview
- April 22, 2019 Joint City Council-Greenville Utilities Commission Meeting
- May 1, 2019 Proposed City, GUC, SML, and CVA Budgets Distributed to City Council
- May 6, 2019 Proposed City Budget Presented to Council
- May 9, 2019 Proposed GUC, SML, & CVA Presented to Council
- May 17, 2019 Public Display of Balanced Budgets
- June 10, 2019 Public Hearing- Fiscal Year 2017-18 Budget
- June 13, 2019 Adoption of Fiscal Year 2017-18 Budget

PROPOSED 2019-20 BUDGET QUESTIONS



**BUDGET PROPOSED FOR CITY MANAGED FUNDS & INDEPENDENT AGENCIES
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

| FUND | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-----------------------------------|------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| General | \$ 80,855,039 | \$ 82,013,799 | \$ 84,993,936 | \$ 85,687,681 |
| Debt Service | 5,626,726 | 5,448,934 | 5,463,492 | 5,559,881 |
| Public Transportation | 2,269,117 | 2,858,391 | 3,249,922 | 3,288,032 |
| Fleet Maintenance | 4,288,034 | 4,337,071 | 4,431,156 | 4,561,394 |
| Sanitation | 7,201,930 | 7,619,286 | 7,843,096 | 7,895,860 |
| Stormwater | 5,462,158 | 5,928,998 | 5,882,000 | 7,368,459 |
| Housing | 1,520,001 | 1,424,149 | 1,597,179 | 1,733,500 |
| Health Insurance | 12,924,677 | 13,135,690 | 13,562,600 | 14,003,384 |
| Vehicle Replacement | 3,638,255 | 4,934,770 | 4,332,161 | 4,700,179 |
| Facilities Improvement | 1,590,000 | 1,542,000 | 1,400,000 | 1,280,000 |
| Capital Reserve | 467,842 | - | 740,000 | 390,000 |
| TOTAL CITY MANAGED FUNDS | \$ 125,843,778 | \$ 129,243,088 | \$ 133,495,542 | \$ 136,468,370 |
| Greenville Utilities Commission | \$ 251,913,068 | \$ 250,541,773 | \$ 253,310,658 | \$ 260,518,135 |
| Convention & Visitors Authority | 1,291,124 | 1,228,484 | 1,396,501 | 1,599,082 |
| Sheppard Memorial Library | 2,528,942 | 2,432,280 | 2,489,281 | 2,554,619 |
| TOTAL INDEPENDENT AGENCIES | \$ 255,733,134 | \$ 254,202,537 | \$ 257,196,440 | \$ 264,671,836 |
| TOTAL ALL FUNDS | \$ 381,576,912 | \$ 383,445,625 | \$ 390,691,982 | \$ 401,140,206 |

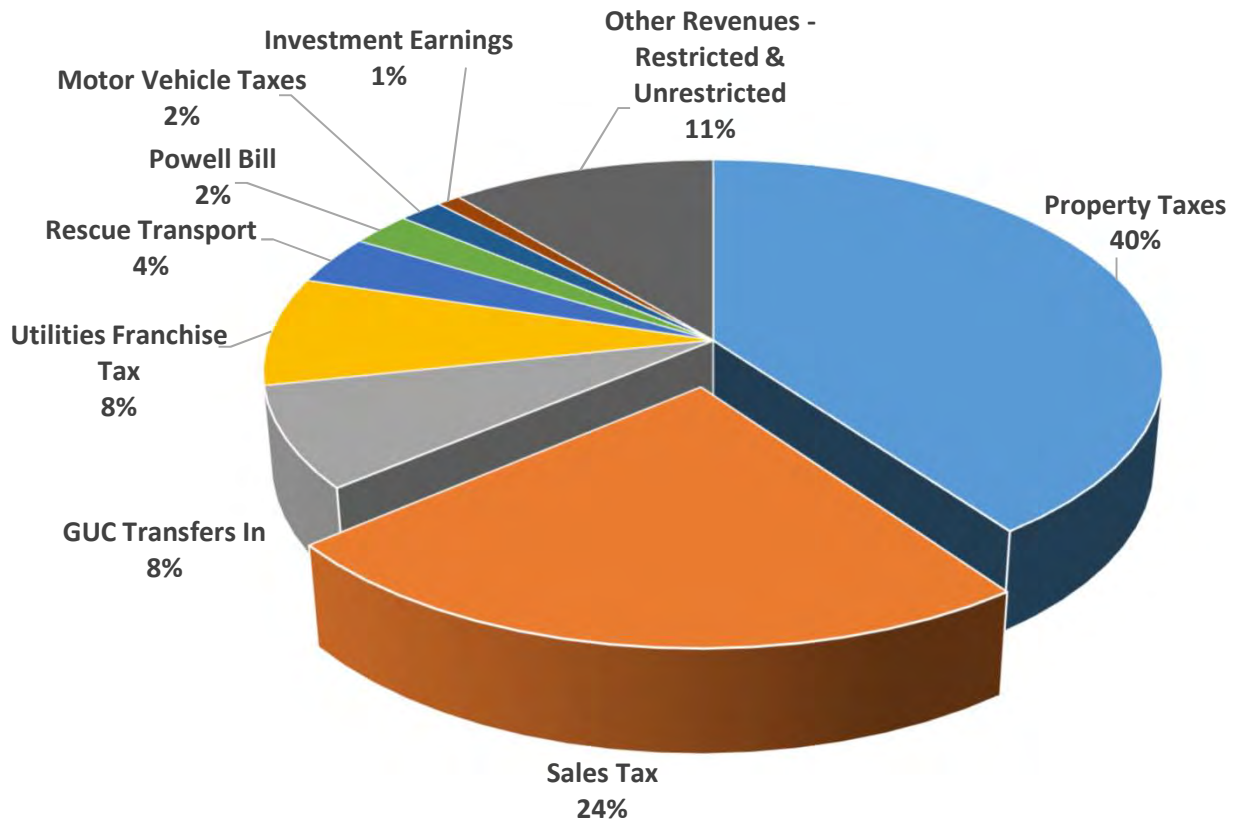
**BUDGET ADOPTED FOR GENERAL FUND - REVENUE SUMMARY
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

| REVENUE SOURCE | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------------------|----------------|----------------------------|----------------------------|----------------------------|
| Property Taxes | \$ 31,977,626 | \$ 32,750,000 | \$ 33,722,500 | \$ 34,306,950 |
| Sales Tax | 18,469,673 | 18,823,000 | 19,463,690 | 20,404,423 |
| GUC Transfers In | 6,661,899 | 6,651,919 | 6,731,296 | 6,639,369 |
| Utilities Franchise Tax | 6,827,761 | 7,102,077 | 7,000,000 | 7,100,000 |
| Rescue Transport | 2,692,167 | 3,127,484 | 3,643,346 | 3,205,109 |
| Powell Bill - State Allocation | 2,201,441 | 2,220,065 | 2,220,065 | 2,182,000 |
| Motor Vehicle Taxes | 1,407,660 | 1,503,457 | 1,508,522 | 1,568,863 |
| Inspections | 1,394,750 | 950,000 | 1,399,840 | 1,255,152 |
| Recreation | 1,851,389 | 1,999,487 | 1,231,826 | 1,243,876 |
| Investment Earnings | 381,105 | 500,000 | 500,000 | 850,000 |
| All Other Revenues | 6,989,568 | 5,207,966 | 6,192,916 | 5,963,939 |

| | | | | |
|-----------------|----------------------|----------------------|----------------------|----------------------|
| SUBTOTAL | \$ 80,855,039 | \$ 80,835,455 | \$ 83,614,001 | \$ 84,719,681 |
|-----------------|----------------------|----------------------|----------------------|----------------------|

| | | | | |
|---------------------------|---|---------|-----------|---------|
| Appropriated Fund Balance | | | | |
| General Fund | - | 465,766 | 1,000,000 | 650,000 |
| Powell Bill | - | 712,578 | 379,935 | 318,000 |

| | | | | |
|--------------|----------------------|----------------------|----------------------|----------------------|
| TOTAL | \$ 80,855,039 | \$ 82,013,799 | \$ 84,993,936 | \$ 85,687,681 |
|--------------|----------------------|----------------------|----------------------|----------------------|

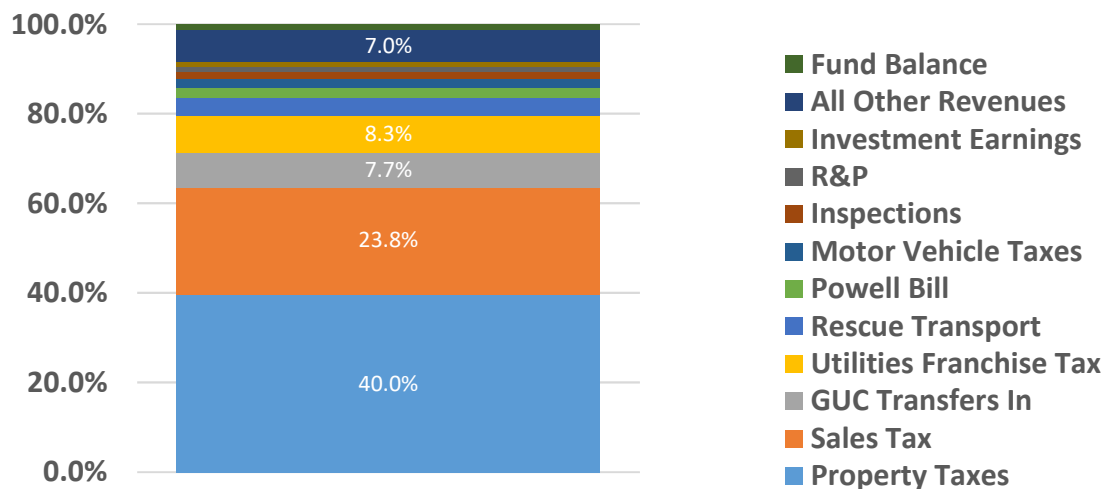


**BUDGET ADOPTED FOR GENERAL FUND - REVENUE DETAIL
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

| REVENUE SOURCE | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--|----------------------|----------------------------|----------------------------|----------------------------|
| Unrestricted Intergovernmental Property Taxes | | | | |
| Current Year Taxes | \$ 29,152,393 | \$ 29,944,490 | \$ 30,528,008 | \$ 31,048,568 |
| Motor Vehicle Taxes | 3,016,063 | 2,965,692 | 3,166,299 | 3,229,625 |
| Prior Year Taxes | 268,998 | 149,082 | 359,618 | 366,810 |
| Tax Interest & Penalties | 145,178 | 187,460 | 185,367 | 189,074 |
| Tax Discounts | (500,833) | (412,281) | (428,937) | (437,516) |
| Tax Refunds | (104,174) | (84,443) | (87,854) | (89,612) |
| SUBTOTAL | \$ 31,977,626 | \$ 32,750,000 | \$ 33,722,500 | \$ 34,306,950 |
| Other Unrestricted Intergovernmental | | | | |
| Sales Taxes | \$ 18,469,673 | \$ 18,823,000 | \$ 19,463,690 | \$ 20,404,423 |
| Rental Vehicle - Gross Receipts | 152,527 | 133,378 | 160,370 | 165,181 |
| Video Program & Supplemental PEG | 875,412 | 923,767 | 860,935 | 869,544 |
| Motor Vehicle Fee | 1,407,660 | 1,503,457 | 1,508,522 | 1,568,863 |
| Payment in Lieu of Taxes | 52 | 51,075 | 67,470 | 68,819 |
| State Fire Protection | 387,490 | 390,000 | 393,900 | 397,839 |
| Utilities Franchise Tax | 6,827,761 | 7,102,077 | 7,000,000 | 7,100,000 |
| Beer & Wine | 403,408 | 437,266 | 425,073 | 429,324 |
| SUBTOTAL | \$ 28,523,983 | \$ 29,364,020 | \$ 29,879,960 | \$ 31,003,993 |
| Restricted Intergovernmental | | | | |
| Traffic Control Lights Maintenance | \$ 118,411 | \$ 157,000 | \$ 157,000 | \$ 158,021 |
| Street Sweeper Agreement | 259,068 | 25,035 | 25,035 | 25,035 |
| Powell Bill State Allocation | 2,201,441 | 2,220,065 | 2,220,065 | 2,182,000 |
| Special State/Federal/Local Grants | 378,601 | 13,186 | 503,000 | - |
| Section 104 F Planning Grant MPO | 254,761 | 225,280 | 605,647 | 414,618 |
| SUBTOTAL | \$ 3,212,282 | \$ 2,640,566 | \$ 3,510,747 | \$ 2,779,674 |
| Licenses, Permits & Fees | | | | |
| Inspection Division Permits | \$ 1,394,750 | \$ 950,000 | \$ 1,399,840 | \$ 1,255,152 |
| Planning Fees | 139,045 | 110,721 | 142,960 | 174,834 |
| Recreation Department Activity Fees | 1,851,389 | 1,999,487 | 1,231,826 | 1,243,876 |
| Police Fees | 698,201 | 1,229,621 | 1,136,903 | 1,517,848 |
| Engineering Fees | 20,999 | 14,508 | 33,527 | 27,019 |
| Fire/Rescue Fees | 187,036 | 208,455 | 214,500 | 214,500 |
| SUBTOTAL | \$ 4,291,420 | \$ 4,512,792 | \$ 4,159,556 | \$ 4,433,229 |

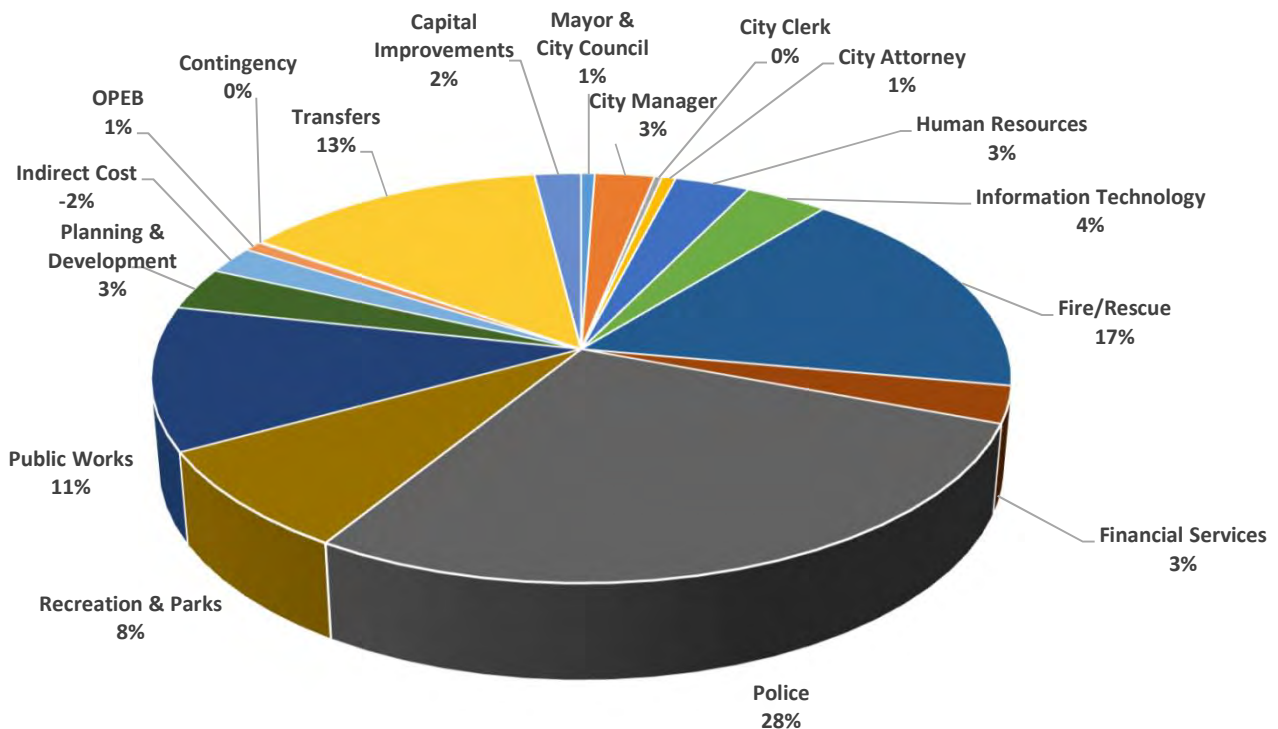
**BUDGET ADOPTED FOR GENERAL FUND - REVENUE DETAIL
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

| REVENUE SOURCE | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|---|----------------------|----------------------------|----------------------------|----------------------------|
| Sales & Services | | | | |
| Rescue Service Transport | \$ 2,692,167 | \$ 3,127,484 | \$ 3,643,346 | \$ 3,205,109 |
| Leased Parking & Meters | 202,513 | 178,386 | 294,803 | 389,868 |
| Parking Violations | 265,539 | 216,363 | 375,000 | 247,302 |
| SUBTOTAL | \$ 3,160,219 | \$ 3,522,233 | \$ 4,313,149 | \$ 3,842,279 |
| Other Revenues | | | | |
| Sale of Property | \$ 1,514,271 | \$ 26,016 | \$ 26,536 | \$ - |
| Other Revenue | 1,045,416 | 767,909 | 770,257 | 864,187 |
| SUBTOTAL | \$ 2,559,686 | \$ 793,925 | \$ 796,793 | \$ 864,187 |
| Investment Earnings | | | | |
| Investment Earnings | \$ 381,105 | \$ 500,000 | \$ 500,000 | \$ 850,000 |
| Other Financing Sources | | | | |
| Transfer in GUC | \$ 6,661,899 | \$ 6,651,919 | \$ 6,731,296 | \$ 6,639,369 |
| Transfer from Housing | - | 100,000 | - | - |
| Other Transfers | 86,818 | - | - | - |
| SUBTOTAL | \$ 6,748,717 | \$ 6,751,919 | \$ 6,731,296 | \$ 6,639,369 |
| Fund Balance Appropriated | | | | |
| Appropriated Fund Balance - General | \$ - | \$ 465,766 | \$ 1,000,000 | \$ 650,000 |
| Appropriated Fund Balance - Powell Bill | - | 712,578 | 379,935 | 318,000 |
| SUBTOTAL | \$ - | \$ 1,178,344 | \$ 1,379,935 | \$ 968,000 |
| GENERAL FUND REVENUE TOTAL | \$ 80,855,039 | \$ 82,013,799 | \$ 84,993,936 | \$ 85,687,681 |



**BUDGET ADOPTED FOR GENERAL FUND - EXPENSE BY DEPARTMENT
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

| DEPARTMENT | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-------------------------------------|----------------------|----------------------------|----------------------------|----------------------------|
| Mayor & City Council | \$ 411,076 | \$ 457,998 | \$ 430,586 | \$ 525,033 |
| City Manager | 2,383,711 | 2,070,618 | 2,496,657 | 2,302,683 |
| City Clerk | 248,789 | 265,083 | 275,649 | 284,263 |
| City Attorney | 457,682 | 460,767 | 509,349 | 531,965 |
| Human Resources | 2,627,508 | 2,790,698 | 2,855,170 | 2,883,262 |
| Information Technology | 2,845,527 | 2,993,452 | 3,151,566 | 3,216,356 |
| Fire/Rescue | 13,545,750 | 14,023,486 | 14,689,593 | 15,204,025 |
| Financial Services | 2,442,784 | 2,428,481 | 2,481,422 | 2,603,807 |
| Police | 23,186,751 | 24,757,355 | 25,091,055 | 25,173,859 |
| Recreation & Parks | 7,503,495 | 7,573,949 | 7,181,175 | 7,345,457 |
| Public Works | 8,303,698 | 9,671,950 | 9,999,525 | 10,189,970 |
| Planning & Development | 2,465,175 | 2,562,292 | 2,848,068 | 3,002,499 |
| TOTAL BY DEPARTMENT | \$ 66,421,946 | \$ 70,056,129 | \$ 72,009,816 | \$ 73,263,179 |
| Indirect Cost Reimbursement | \$ (1,311,578) | \$ (1,459,519) | \$ (1,950,887) | \$ (1,950,887) |
| Other Post Employment Benefits | 500,000 | 500,000 | 600,000 | 700,000 |
| Contingency | - | 200,000 | 121,500 | 100,000 |
| TOTAL EXPENSES BY DEPARTMENT | \$ 65,610,368 | \$ 69,296,610 | \$ 70,780,429 | \$ 72,112,292 |
| Transfers to Other Funds | \$ 14,010,301 | \$ 10,616,558 | \$ 11,638,684 | \$ 11,777,487 |
| Total Capital Improvements | 2,255,396 | 2,100,631 | 2,574,821 | 1,797,902 |
| TOTAL GENERAL FUND | \$ 81,876,065 | \$ 82,013,799 | \$ 84,993,934 | \$ 85,687,681 |

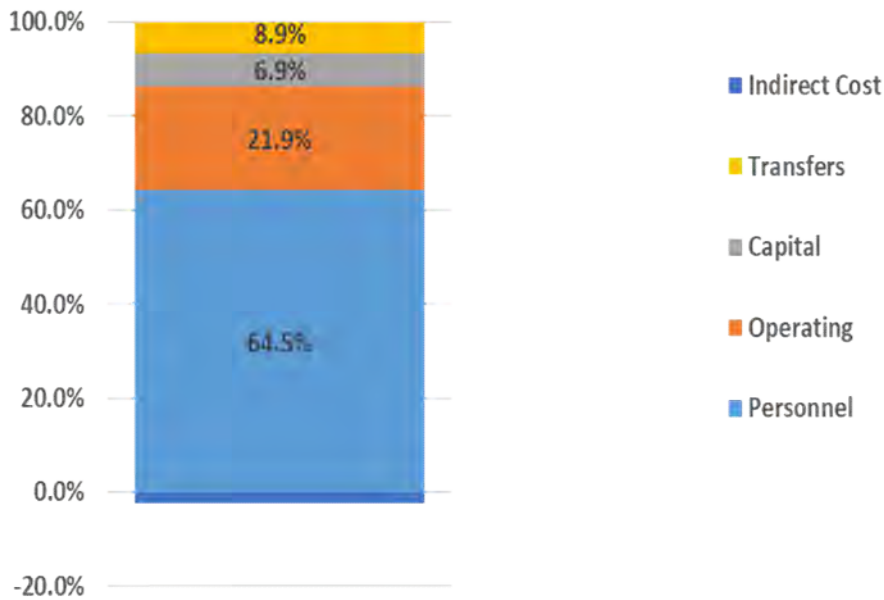


**BUDGET ADOPTED FOR GENERAL FUND - EXPENSE DETAIL
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

| | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-------------------------------|----------------------|----------------------------|----------------------------|----------------------------|
| Personnel | | | | |
| Regular Salaries | \$ 32,865,058 | \$ 35,258,772 | \$ 36,085,230 | \$ 36,203,332 |
| Overtime Salaries | 1,589,418 | 1,456,762 | 1,540,270 | 1,540,270 |
| Off-Duty | 283,905 | 237,838 | 295,000 | 295,000 |
| Allowances | 439,647 | 459,540 | 472,740 | 475,142 |
| FICA | 2,557,502 | 2,703,818 | 2,566,717 | 2,662,133 |
| Retirement | 2,499,349 | 2,732,279 | 2,521,584 | 3,208,426 |
| Health Insurance | 8,129,114 | 8,691,174 | 8,445,610 | 8,512,157 |
| Group Life Insurance | 174,022 | 140,398 | 110,698 | 76,398 |
| Workers Compensation | 563,262 | 559,512 | 610,000 | 610,000 |
| Education/Training Assistance | 39,569 | 30,000 | 33,026 | 33,026 |
| 401K Retirement | 844,722 | 903,386 | 1,026,359 | 986,943 |
| Other Personnel Expenses | 171,794 | 92,209 | 653,015 | 659,941 |
| TOTAL PERSONNEL | \$ 50,157,362 | \$ 53,265,688 | \$ 54,360,249 | \$ 55,262,768 |
| Operating | | | | |
| Advertising | \$ 94,656 | \$ 117,177 | \$ 115,253 | \$ 120,670 |
| Building Maintenance | 340,346 | 237,885 | 345,608 | 349,608 |
| Computer Hardware | 271,956 | 320,312 | 206,095 | 282,653 |
| Computer Software | 596,213 | 624,947 | 808,886 | 847,363 |
| Contingency | - | 200,000 | 121,500 | 100,000 |
| Contracted Services | 3,695,887 | 3,830,652 | 3,774,738 | 3,749,908 |
| Copier Maintenance | 48,037 | 57,807 | 52,614 | 53,058 |
| Dues & Subscriptions | 200,259 | 192,714 | 209,152 | 223,093 |
| Elections | - | 75,000 | - | 89,606 |
| Equipment Maintenance | 113,669 | 216,412 | 207,500 | 211,968 |
| F/R General Expenses | 156,648 | 187,759 | 163,905 | 182,000 |
| Fleet Labor | 1,114,070 | 916,357 | 1,075,668 | 1,110,939 |
| Fleet Service Fixed Cost | 1,036,866 | 1,036,866 | 1,059,817 | 1,063,254 |
| Fuel | 580,530 | 689,700 | 653,559 | 670,873 |
| General Insurance Liability | 534,051 | 531,000 | 550,000 | 550,000 |
| Grants/Donations | 208,969 | 74,600 | 205,100 | 205,100 |
| Laundry & Cleaning | 29,006 | 27,802 | 33,602 | 35,102 |
| OPEB | 500,000 | 500,000 | 600,000 | 700,000 |
| Other Expense | 1,266,403 | 1,000,452 | 1,184,067 | 1,119,714 |
| Postage | 42,333 | 58,000 | 50,000 | 40,000 |
| Printing | 56,138 | 91,709 | 92,738 | 90,546 |
| Professional Services | 19,992 | 32,000 | 32,853 | 32,515 |
| Property & Casualty Loss | 104,710 | 280,000 | 400,000 | 400,000 |
| Radio Maintenance | 150,760 | 154,741 | 169,217 | 176,957 |
| Street Light | 1,380,608 | 1,550,840 | 1,438,014 | 1,452,394 |
| Supplies & Materials | 1,536,480 | 1,609,171 | 1,878,962 | 1,944,863 |
| Telephone | 268,655 | 308,989 | 344,513 | 366,783 |
| Travel/Training | 371,583 | 340,621 | 400,547 | 406,630 |
| Uniforms | 262,122 | 298,060 | 325,500 | 334,000 |

**BUDGET ADOPTED FOR GENERAL FUND - EXPENSE DETAIL
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

| | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------------------|----------------------|----------------------------|----------------------------|----------------------------|
| Operating Continued | | | | |
| Utilities | \$ 1,059,583 | \$ 1,185,314 | \$ 1,149,000 | \$ 1,152,700 |
| Vehicle Maintenance | 724,057 | 743,554 | 722,661 | 738,114 |
| TOTAL OPERATING | \$ 16,764,584 | \$ 17,490,441 | \$ 18,371,069 | \$ 18,800,411 |
| Capital | | | | |
| Capital Improvements | \$ 2,255,396 | \$ 2,100,631 | \$ 2,484,821 | \$ 1,797,902 |
| TOTAL CAPITAL | \$ 2,255,396 | \$ 2,100,631 | \$ 2,484,821 | \$ 1,797,902 |
| Transfers | | | | |
| Facilities Improvement Program | \$ 1,590,000 | \$ 1,542,000 | \$ 1,400,000 | \$ 1,280,000 |
| Street Improvement Program | 1,700,000 | 2,200,000 | 2,500,000 | 2,500,000 |
| Debt Service Fund | 4,812,928 | 4,737,002 | 4,737,002 | 4,819,754 |
| Sheppard Memorial Library | 1,197,058 | 1,232,969 | 1,269,958 | 1,308,057 |
| Housing | 292,684 | 300,806 | 309,830 | 319,125 |
| Transit | 565,269 | 603,781 | 771,894 | 790,551 |
| Capital Reserve | 467,119 | - | 740,000 | 390,000 |
| Imperial Site Project | 1,040,000 | - | - | - |
| Rec & Parks Capital Projects | 410,000 | - | - | 120,000 |
| Public Works Capital Projects | 1,935,243 | - | - | 250,000 |
| TOTAL TRANSFERS | \$ 14,010,301 | \$ 10,616,558 | \$ 11,728,684 | \$ 11,777,487 |
| Indirect Cost Reimbursement | \$ (1,311,578) | \$ (1,459,519) | \$ (1,950,887) | \$ (1,950,887) |
| TOTAL EXPENDITURES | \$ 81,876,065 | \$ 82,013,799 | \$ 84,993,936 | \$ 85,687,681 |

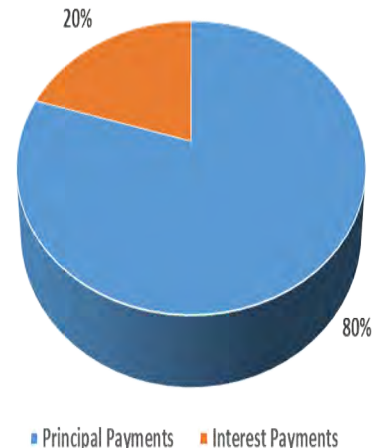
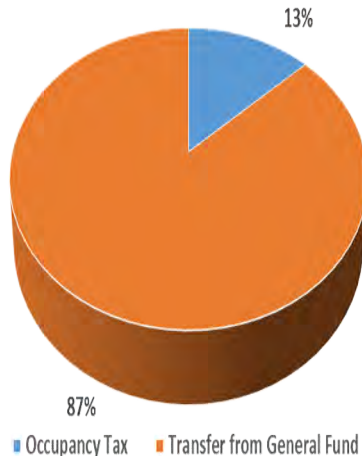


DEBT SERVICE FUND FOR FISCAL YEAR 2019-20 PROPOSED BUDGET

The Debt Service Fund accounts for the payment of the City's debt. When payments are due, the General Fund transfers the needed funds into this fund for payment.

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Occupancy Tax | \$ 765,973 | \$ 711,932 | \$ 726,490 | \$ 740,127 |
| Transfer from Powell Bill | 72,603 | 73,299 | - | \$ - |
| Transfer from General Fund | 4,740,325 | 4,663,703 | 4,737,002 | 4,819,754 |
| Bond Proceeds | - | - | - | - |
| Energy Efficient Refund | 34,543 | - | - | - |
| Investment Earnings | 13,282 | - | - | - |
| TOTAL | \$ 5,626,726 | \$ 5,448,934 | \$ 5,463,492 | \$ 5,559,881 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Principal Payments | \$ 3,927,446 | \$ 4,682,088 | \$ 4,433,476 | \$ 4,439,631 |
| Interest Payments | 1,039,266 | 766,846 | 1,030,016 | 1,120,250 |
| Closing Costs | 11,651 | - | - | - |
| Transfers Out | - | - | - | - |
| Other | - | - | - | - |
| TOTAL | \$ 4,978,363 | \$ 5,448,934 | \$ 5,463,492 | \$ 5,559,881 |

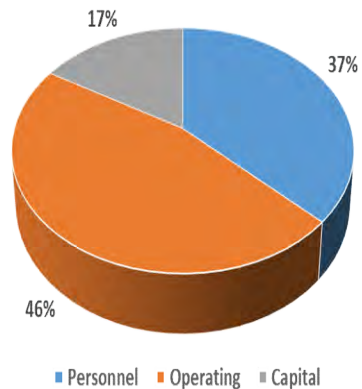
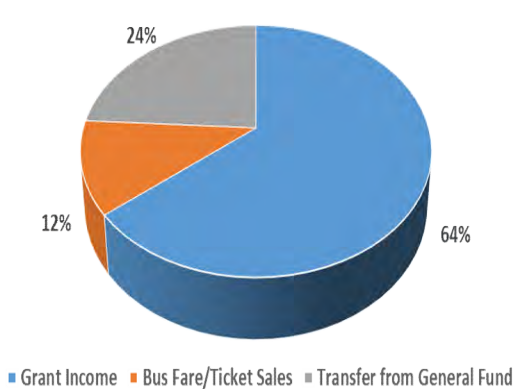


**PUBLIC TRANSPORTATION FUND
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

Planning activities remain approximately the same and are reimbursed at 80% from Federal funds. Federal operating funding remains at 50% of the total. Capital items and ADA service and preventative maintenance items requested are reimbursable at 80% Federal share.

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Grant Income | \$ 1,462,706 | \$ 1,757,197 | \$ 2,098,993 | \$ 2,107,543 |
| Bus Fare / Ticket Sales | 238,517 | 380,014 | 379,035 | 389,938 |
| Other Revenues | 2,625 | - | - | - |
| Transfer from General Fund | 565,269 | 603,781 | 771,894 | 790,551 |
| Appropriated Fund Balance | - | 117,399 | - | - |
| TOTAL | \$ 2,269,117 | \$ 2,858,391 | \$ 3,249,922 | \$ 3,288,032 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Personnel | \$ 1,224,564 | \$ 1,177,241 | \$ 1,157,856 | \$ 1,220,900 |
| Operating | 820,813 | 1,141,561 | 1,564,037 | 1,524,346 |
| Capital Improvements | 299,721 | 539,589 | 528,029 | 542,786 |
| Other | 125,650 | - | - | - |
| TOTAL | \$ 2,470,748 | \$ 2,858,391 | \$ 3,249,922 | \$ 3,288,032 |

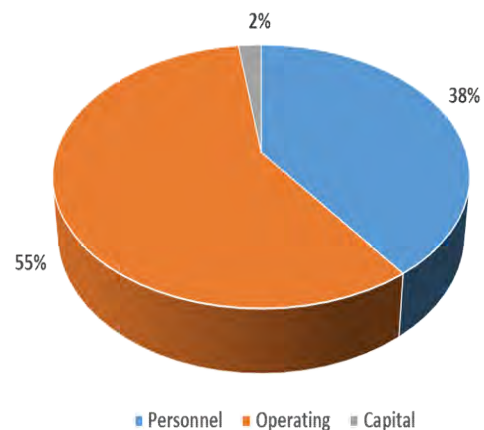
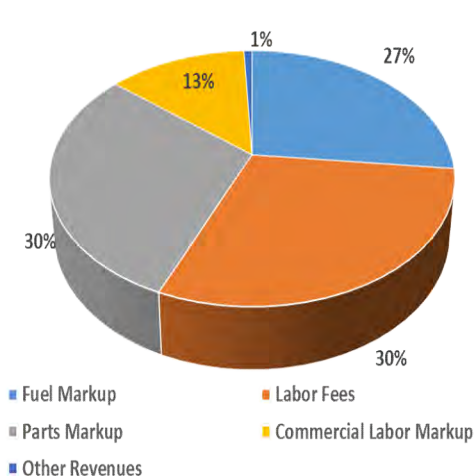


FLEET MAINTENANCE FUND FOR FISCAL YEAR 2019-20 PROPOSED BUDGET

The Fleet Maintenance Fund has been established as an internal service fund to account for charge-backs to the respective departments of the City for labor, fuel, and parts for items needed to maintain City vehicles. The creation of this fund will assist the City in more accurately reflecting the

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Fuel Markup | \$ 1,070,366 | \$ 1,222,336 | \$ 1,190,882 | \$ 1,219,789 |
| Labor Fees | 1,393,182 | 1,136,773 | 1,411,373 | 1,350,000 |
| Parts Markup | 1,302,579 | 1,471,233 | 1,329,829 | 1,356,425 |
| Commercial Labor Markup | 519,565 | 496,796 | 464,742 | 600,000 |
| Other Revenues | 2,342 | 9,933 | 34,330 | 35,180 |
| TOTAL | \$ 4,288,034 | \$ 4,337,071 | \$ 4,431,156 | \$ 4,561,394 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Personnel | \$ 1,509,416 | \$ 1,466,383 | \$ 1,504,692 | \$ 1,543,856 |
| Operating | 2,651,133 | 2,870,688 | 2,895,464 | 2,982,538 |
| Capital Outlay | 13,493 | - | 31,000 | 35,000 |
| Transfer to General Fund | - | - | - | - |
| Other | 37,624 | - | - | - |
| TOTAL | \$ 4,211,666 | \$ 4,337,071 | \$ 4,431,156 | \$ 4,561,394 |

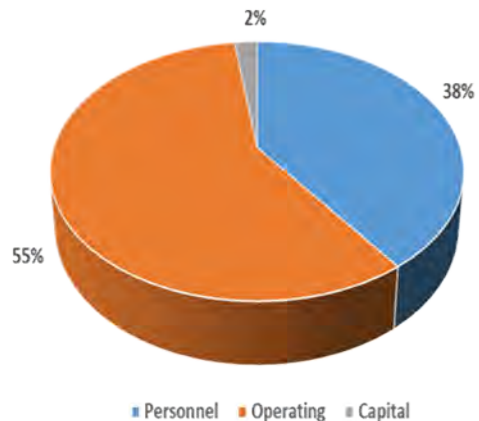
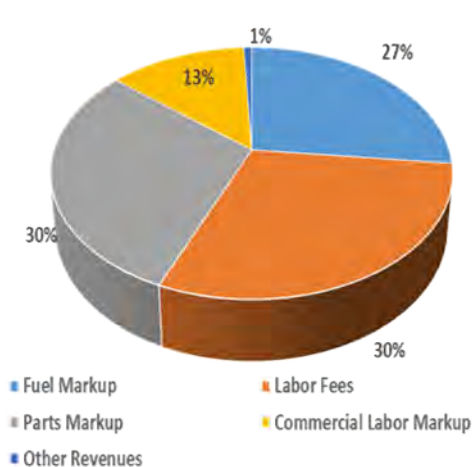


SANITATION FUND FOR FISCAL YEAR 2019-20 PROPOSED BUDGET

The Sanitation Fund is established to account for the user charges, fees, and all operating costs associated with the operation of the Sanitation Division operated through the Public Works Department of the City. The Sanitation Division offers comprehensive solid waste services such as garbage, recyclable, bulky trash, leaf collection, as well as mosquito and rodent control.

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-----------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Refuse Fees | \$ 6,997,377 | \$ 7,449,600 | \$ 7,524,096 | \$ 7,599,360 |
| Cart & Dumpster Sales | 108,118 | 94,880 | 122,500 | 100,000 |
| Other Revenues | 96,435 | 74,806 | 196,500 | 196,500 |
| TOTAL | \$ 7,201,930 | \$ 7,619,286 | \$ 7,843,096 | \$ 7,895,860 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Personnel | \$ 2,945,638 | \$ 3,135,859 | \$ 2,833,368 | \$ 3,024,516 |
| Operating | 3,680,211 | 3,963,668 | 4,489,969 | 4,302,494 |
| Capital | 30,210 | 101,606 | 150,000 | 150,000 |
| Debt Service | 24,437 | 168,153 | 119,759 | 168,850 |
| Transfer to General Fund | 35,620 | - | - | - |
| Transfer to VRF | 237,816 | 250,000 | 250,000 | 250,000 |
| TOTAL | \$ 6,953,932 | \$ 7,619,286 | \$ 7,843,096 | \$ 7,895,860 |

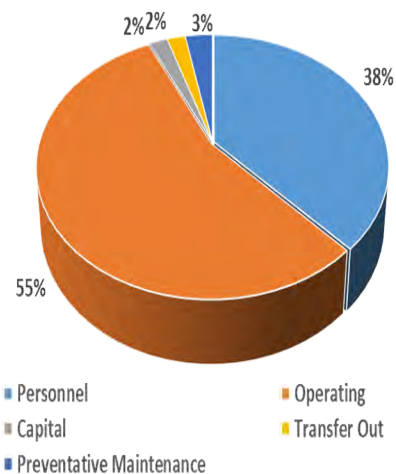
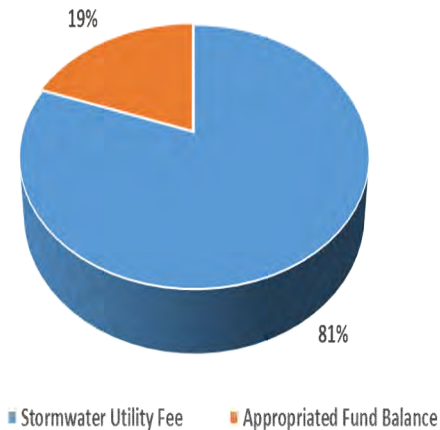


STORMWATER UTILITY FUND FOR FISCAL YEAR 2019-20 PROPOSED BUDGET

The Stormwater Utility Fund is an enterprise fund established to implement the City's Stormwater Management Program. Revenue for this program is generated through a Stormwater fee paid by citizens owning improved property with buildings, parking lots, driveways, etc. The Stormwater Management Program is implemented through the Public Works Department's Engineering and Street Maintenance Divisions. It is directed at compliance with Federal and State environmental

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Stormwater Utility Fee | \$ 5,454,608 | \$ 5,928,998 | \$ 5,882,000 | \$ 5,941,000 |
| Other Revenue | 550 | - | - | - |
| Transfer from Other Funds | - | - | - | - |
| Transfer from General Fund | 7,000 | - | - | - |
| Appropriated Fund Balance | - | - | - | 1,427,459 |
| TOTAL | \$ 5,462,158 | \$ 5,928,998 | \$ 5,882,000 | \$ 7,368,459 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Personnel | \$ 1,249,446 | \$ 1,487,637 | \$ 1,611,281 | \$ 2,577,646 |
| Operating | 988,726 | 1,398,361 | 1,589,147 | 1,557,283 |
| Capital | 174,539 | 3,043,000 | 1,385,307 | 1,437,265 |
| Transfer Out | 574,331 | - | 1,296,265 | 1,296,265 |
| Preventive Maintenance | - | - | - | 500,000 |
| TOTAL | \$ 2,987,042 | \$ 5,928,998 | \$ 5,882,000 | \$ 7,368,459 |

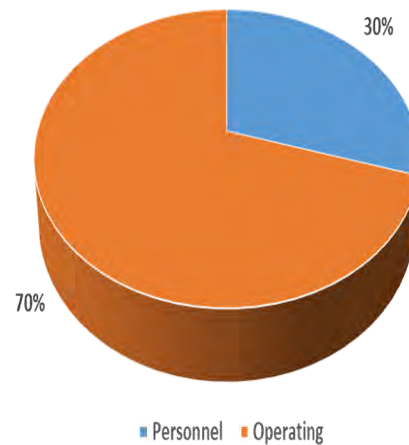
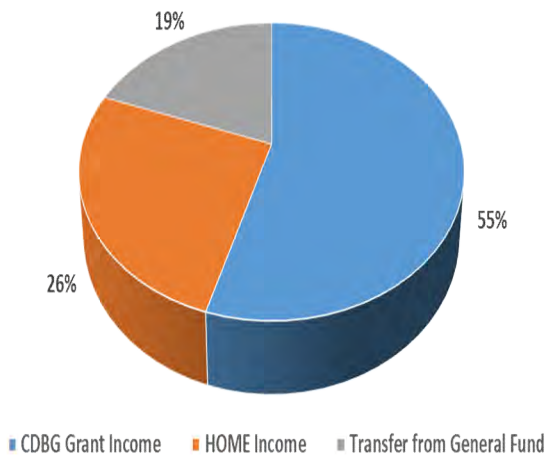


HOUSING FUND FOR FISCAL YEAR 2019-20 PROPOSED BUDGET

The Housing Division administers US Department of Housing and Urban Development Community Development Block Grant Funds and Local Bond Funds. The funds are used to develop programs to serve low and moderate-income households. To this end, this fund is responsible for monitoring programs for compliance with local, state, and federal program standards. This fund also provides housing rehabilitation assistance to owner occupants, assistance to nonprofit agencies, down-

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| CDBG Grant Income | \$ 971,733 | \$ 796,296 | \$ 872,246 | \$ 918,753 |
| HOME Grant Income | 255,584 | 327,047 | 415,103 | 495,622 |
| Transfer from General Fund | 292,684 | 300,806 | 309,830 | 319,125 |
| TOTAL | \$ 1,520,001 | \$ 1,424,149 | \$ 1,597,179 | \$ 1,733,500 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------|---------------------|----------------------------|----------------------------|----------------------------|
| Personnel | \$ 306,857 | \$ 485,655 | \$ 500,225 | \$ 515,232 |
| Operating | 1,062,633 | 938,494 | 1,096,954 | 1,218,269 |
| Transfer Out | 100 | - | - | - |
| TOTAL | \$ 1,369,590 | \$ 1,424,149 | \$ 1,597,179 | \$ 1,733,500 |

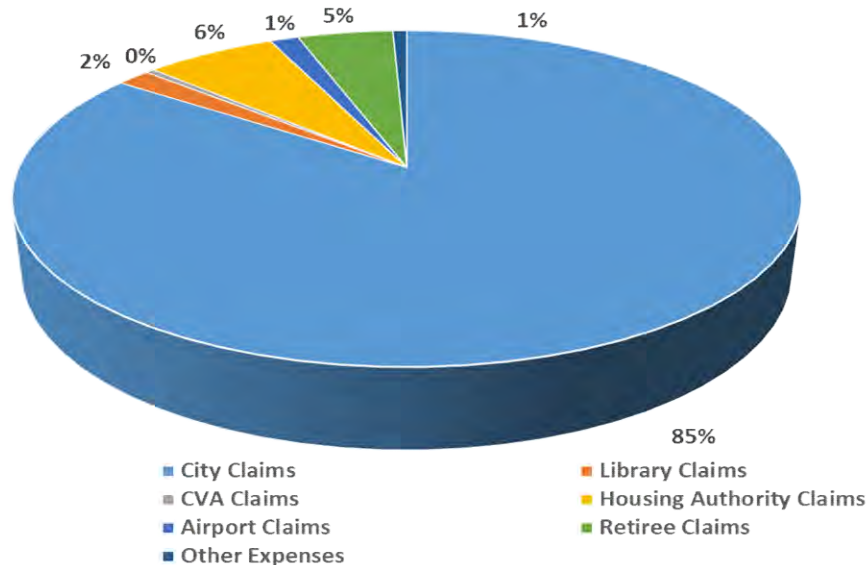


HEALTH FUND FOR FISCAL YEAR 2019-20 PROPOSED BUDGET

The Health Fund is used to account for the administration of the City's health insurance program.

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------------|----------------------|----------------------------|----------------------------|----------------------------|
| City Employer Contribution | \$ 8,579,173 | \$ 9,197,718 | \$ 9,049,593 | \$ 9,142,572 |
| City Employee Contribution | 1,716,957 | 991,464 | 1,646,123 | 1,646,123 |
| CVA Contributions | 68,679 | 51,713 | 58,372 | 58,372 |
| Library Contributions | 184,586 | 182,536 | 212,950 | 221,349 |
| Airport Contributions | 177,815 | 173,411 | 179,047 | 184,866 |
| Housing Authority Contributions | 621,574 | 599,541 | 619,026 | 639,144 |
| Retiree Contributions | 1,248,542 | 1,349,309 | 1,327,544 | 1,327,544 |
| Other Revenues | 107,165 | 4,246 | 4,246 | 4,246 |
| Insurance Company Refund / Reimb | 220,185 | 240,000 | 240,000 | 240,000 |
| Appropriated Fund Balance | - | 345,752 | 225,699 | 539,168 |
| TOTAL | \$ 12,924,677 | \$ 13,135,690 | \$ 13,562,600 | \$ 14,003,384 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------------|----------------------|----------------------------|----------------------------|----------------------------|
| City Claims | \$ 10,673,236 | \$ 11,137,330 | \$ 11,499,293 | \$ 11,873,020 |
| Library Claims | 194,022 | 216,313 | 223,343 | 230,602 |
| CVA Claims | 60,721 | 54,611 | 56,386 | 58,218 |
| Housing Authority Claims | 1,029,253 | 841,305 | 868,647 | 896,878 |
| Airport Claims | 164,593 | 183,234 | 189,189 | 195,338 |
| Retiree Claims | 575,784 | 612,897 | 632,816 | 653,383 |
| Other Expenses | 220,895 | 90,000 | 92,925 | 95,945 |
| TOTAL | \$ 12,918,504 | \$ 13,135,690 | \$ 13,562,600 | \$ 14,003,384 |

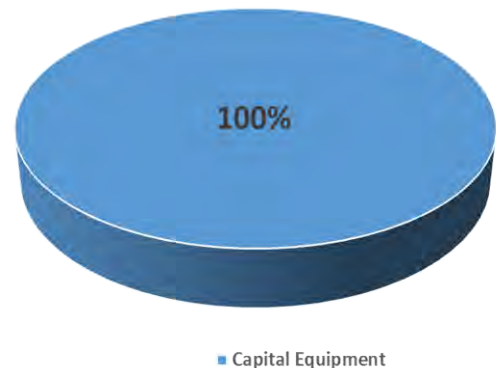
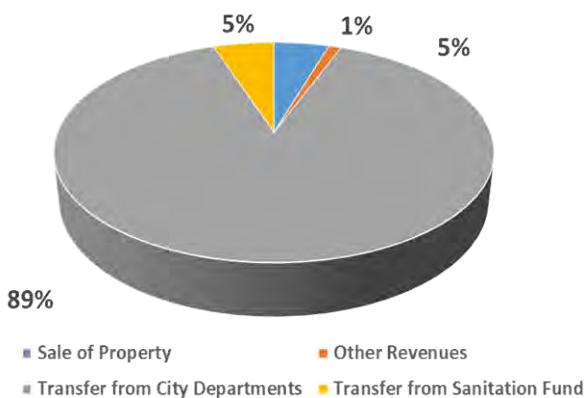


VEHICLE REPLACEMENT FUND (VRF) FOR FISCAL YEAR 2019-20 PROPOSED BUDGET

The Vehicle Replacement Fund accounts for monies to fund the City's capital budget, for the replacement of vehicles. All vehicles/equipment maintained by the Fleet Maintenance Division of the Public Works Department are considered under this fund. This fund minimizes fluctuations in the annual budget for

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|--------------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Sale of Property | \$ 215,866 | \$ 227,460 | \$ 227,460 | \$ 227,460 |
| Other Revenues | - | 51,000 | 51,000 | 51,000 |
| Transfer from City Departments | 3,184,573 | 3,328,636 | 3,803,701 | 4,171,719 |
| Transfer from Sanitation Fund | 237,816 | 250,000 | 250,000 | 250,000 |
| Appropriated Fund Balance | - | 1,077,674 | - | - |
| TOTAL | \$ 3,638,255 | \$ 4,934,770 | \$ 4,332,161 | \$ 4,700,179 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|-------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Capital Equipment | \$ 4,828,334 | \$ 4,934,770 | \$ 4,332,161 | \$ 4,700,179 |
| Operating | (1,921,474) | - | - | - |
| TOTAL | \$ 2,906,859 | \$ 4,934,770 | \$ 4,332,161 | \$ 4,700,179 |

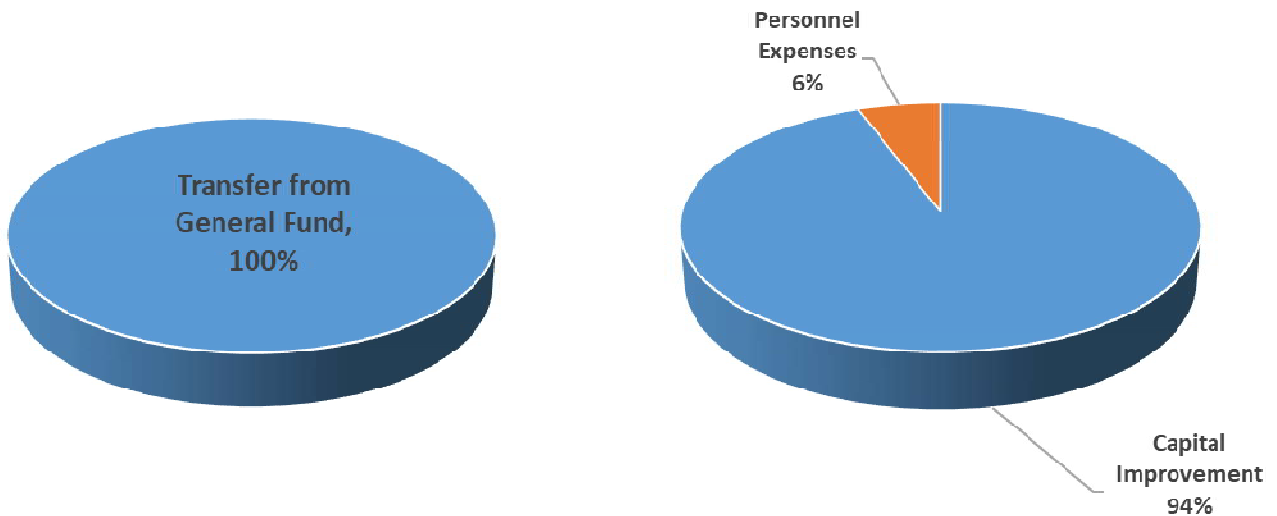


**FACILITIES IMPROVEMENT FUND (FIP)
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

The Facilities Improvement Fund accounts for monies to fund deferred maintenance projects as outlined in the City's 10 Year Facilities Improvement Plan. The projects funded include facility operations projects that are overseen by the Public Works department as well as Parks and Recreation improvement projects that are overseen by the Parks and Recreation department. The fund was created back in fiscal year 2014-2015 through a \$0.01 increase in the ad valorem property tax rate. The fund receives funding through transfers

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Transfer from General Fund | \$ 1,590,000 | \$ 1,542,000 | \$ 1,400,000 | \$ 1,280,000 |
| TOTAL | \$ 1,590,000 | \$ 1,542,000 | \$ 1,400,000 | \$ 1,280,000 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|---------------------|---------------------|----------------------------|----------------------------|----------------------------|
| Capital Improvement | \$ 2,183,757 | \$ 1,542,000 | \$ 1,400,000 | \$ 1,205,979 |
| Personnel Expenses | - | - | - | 74,021 |
| TOTAL | \$ 2,183,757 | \$ 1,542,000 | \$ 1,400,000 | \$ 1,280,000 |



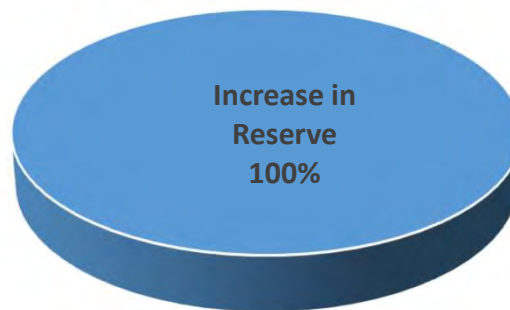
**CAPITAL RESERVE FUND
FOR FISCAL YEAR 2019-20 PROPOSED BUDGET**

Capital Reserve Fund is a fund established to set aside and appropriate current funding to future capital projects. Routinely, the Council has transferred unassigned fund balance from the General Fund above the 14% Fund Balance policy into the Capital Reserve Fund to fund specifically identified projects as approved by

| REVENUES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------|-------------------|----------------------------|----------------------------|----------------------------|
| Transfer from General Fund | \$ 467,119 | \$ - | \$ 740,000 | \$ 390,000 |
| Investment Earnings | 723 | - | - | - |
| Appropriated Fund Balance | - | - | - | - |
| TOTAL | \$ 467,842 | \$ - | \$ 740,000 | \$ 390,000 |

| EXPENSES | 2017 ACTUAL | 2018 ORIGINAL BUDGET | 2019 ORIGINAL BUDGET | 2020 PROPOSED BUDGET |
|----------------------------------|-------------------|----------------------------|----------------------------|----------------------------|
| Transfer to Capital Project Fund | \$ 122,153 | \$ - | \$ - | \$ - |
| Increase in Reserve | - | - | 740,000 | 390,000 |
| TOTAL | \$ 122,153 | \$ - | \$ 740,000 | \$ 390,000 |

Investment
Earnings
0%





City of Greenville, North Carolina

Meeting Date: 5/9/2019
Time: 6:00 PM

Title of Item: Contract award for the construction of the Arlington Boulevard Improvements Project

Explanation: **Abstract:** Bids were opened for the Arlington Boulevard Improvements Projects on April 25, 2019. The City received two bids with Fred Smith Company of Raleigh, NC, submitting the lowest responsible, responsive bid in the amount of \$4,487,484. The project provides for complete roadway rehabilitation, drainage improvements, select curb and gutter and driveway replacements, ADA improvements, and pavement markings.

Explanation: Arlington Boulevard between Hooker Road and Greenville Boulevard is Phase 3 and the last remaining section of Arlington Boulevard to be improved. This section of Arlington Boulevard is deteriorated, including poor subsurface conditions and drainage infrastructure. The nature of this section requires more extensive repairs than were required on other sections. Rehabilitation work will include removal of the existing asphalt and stone base, replacement of failing drainage infrastructure, and construction of new pavement structure.

The Arlington Boulevard Improvements Project was advertised for bids on March 17, 2019 with bid opening scheduled for April 16, 2019. Only two bids were received. Per state statute, staff readvertised the project with a new bid opening date of April 25, 2019. Two bids were received with the lowest responsible, responsive bid submitted by Fred Smith Company of Raleigh, NC, in the amount of \$4,487,484. The bid also included an alternate to construct a new 10' asphalt greenway on the north side of Arlington Boulevard between Hooker Road and Evans Street.

Fiscal Note: The proposed budget for this project is the low bid plus alternate in the amount of \$4,487,484 and a 10% contingency for a total of \$4,940,000. Funding for this project will be provided by the 2015 General Obligation Bond funds (\$3,512,000), road resurfacing funds (\$765,000), and the Stormwater Utility Fund (\$663,000).

Recommendation: City Council award the contract for the Arlington Boulevard Improvements Project to Fred Smith Company of Raleigh, NC, in the amount of \$4,487,484.

ATTACHMENTS:

- ❑ **Bid Tabulation- Arlington Blvd Project**



BID TABULATION

TEG Project # 20180161
Project Name: Arlington Boulevard Improvements - Hooker Road to Greenville Boulevard
Bid Location: City of Greenville Public Works, 1500 Beatty Street, Greenville, NC
Bid Date / Time: 2:00 PM, Thursday, April 25, 2019

NOTE: This Project was re-advertised for bids due to lack of three bids on the original bid date per NCGS 149-132.

| Bidder | NCGC License or Business Type | Bid Bond | Non-Collusion Affidavit | Affidavit A or B? | Ident. of Minority/Women Business Participation | Roadway Base Bid - Pg BF-8 | Total Bid Alternate 1 - BF-9 | Total Bid Alternate 2 - BF-10 | Drainage Base Bid - BF-12 | Total All Base Bids - BF-12 | Total All Base Bids plus Bid Alternate 1 | Total All Base Bids plus Bid Alternate 2 - BF-13 | Total Bid - All Alternate and Base Bids |
|---|--|----------|-------------------------|-------------------|---|----------------------------|------------------------------|-------------------------------|---------------------------|-----------------------------|--|--|---|
| Fred Smith Company 701 Corporate Center Drive Ste 101 Raleigh, NC (919) 783-5700 | 43848 Unlimited, Highway, Buiding, PU - W&S | 5% | Included | A | Included | \$3,745,434 | \$139,050 | \$454,238 | \$603,000 | \$4,348,434 | \$4,487,484 | \$4,802,672 | \$4,941,722 |
| S.T. Wooten 3801 Black Creek Road Wilson, 27894 (252) 291-5165 | 02835, Unlimited, Unclassified | 5% | Included | A | Included | \$5,716,995.90** | \$255,500 | -\$460 | \$793,360 | \$6,510,356 | \$6,765,856 | \$6,509,896 | \$6,765,396 |

**Variation of \$6.90 due to Multiplication Error on STW Bid for Item 25. Error resolved in favor of the Unit Price Given by STW.

I certify that the above listed bids were publicly opened at the date, location, beginning at the time listed above and that the bid prices listed above accurately report the bid prices received.

Todd Alan Tripp, PE



City of Greenville, North Carolina

Meeting Date: 5/9/2019
Time: 6:00 PM

Title of Item: Contract award for the FY 2019 Stormwater Pipe Repair Project

Explanation: **Abstract:** This is an on-call contract for the stormwater pipe repair, replacement, and/or relocation services. This contract will be used to address priority stormwater pipe replacement issues throughout the contract period. The City received four bids with NC Earthworks, Inc. of Greenville, NC, submitting the lowest responsible, responsive bid in the amount of \$698,681.29.

Explanation: This is an on-call contract for the stormwater pipe repair, replacement, and/or relocation services. The following projects have been identified as priority pipe replacement projects:

- 200 West Fifth Street
- 540B Lake Road
- 312 Stanwood Drive
- 1502 SE Greenville Boulevard
- 4002 Wyneston Road
- 2400 Jefferson Drive
- 902 West Third Street
- 1700 Cedar Lane
- 801 East Fifth Street

Stormwater projects have been prioritized through a combination of investigations performed during the watershed master plan project, road resurfacing, or daily inspection of stormwater infrastructure. The projects included in this phase have been prioritized and identified as those in most immediate need of repair and replacement. The on-call contract will be used to address these issues as well as other priority projects that may arise throughout the contract period.

The Public Works Department initially solicited bids on February 26, 2019. Four bids were received and after review, staff noticed a disparity in the bids. All bids were rejected because they differed significantly from the engineer's estimate. As a result, Public Works reevaluated the scope of work outlined in the contract and clarified contract specifications. Bids were solicited a second time on March 26,

2019. The City received four bids with NC Earthworks, Inc. of Greenville, NC, submitting the lowest responsible, responsive bid in the amount of \$698,681.29. The bid tabulation and contract is attached.

Fiscal Note: Funding for this project will be provided by the Stormwater Utility Fund.

Recommendation: City Council award a construction contract for the FY 2019 Stormwater Pipe Repair Project to NC Earthworks, Inc. of Greenville, NC in the amount of \$698,681.29 and a 15% contingency of \$104,802 for a total of \$803,483.29.

ATTACHMENTS:

- ❑ **SW Bid Tabulation Sheet**
- ❑ **SW Pipe Repair Contract**



2019 Stormwater Pipe Replacement Project
BID TABULATION SHEET
 City of Greenville, North Carolina
 Engineering Division

Bid Opening: March 26, 2019 2:00 PM

| Contractor | 5% Bid Bond | | Received Addenda | | MWBE Submitted | | NCA Form Submitted | | Total Base Bid |
|-----------------------|-------------|----|------------------|----|----------------|----|--------------------|----|----------------|
| | Yes | No | Yes | No | Yes | No | Yes | No | |
| NC Earthworks, Inc. | ✓ | | ✓ | | ✓ | | ✓ | | 698,681.29 |
| Trader Const. Co. | ✓ | | ✓ | | ✓ | | ✓ | | 1,630,098.00 |
| Jones & Smith Co. | ✓ | | ✓ | | ✓ | | ✓ | | 865,565.00 |
| Carolina Earth Movers | ✓ | | ✓ | | ✓ | | ✓ | | 896,635.99 |
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2019 Stormwater Pipe Repair Project
GREENVILLE, NORTH CAROLINA

CITY OF GREENVILLE
NORTH CAROLINA

April 2019

PROJECT NUMBER: PWD-2019-004



Find yourself in good company

CITY OF GREENVILLE, NC
PUBLIC WORKS DEPARTMENT
1500 BEATTY STREET

**City of Greenville Public Works Department
Bid Request Form**

2019 Stormwater Pipe Repair Project

Scope of Work:

The scope of services may include, but are not limited to the identified projects below: 200 W. 5th Street, 540 B Lake Road, 312 Stanwood Drive, 1502 SE Greenville Blvd, 4002 Wyneston Road, 2400 Jefferson Drive, 902 W 3rd Street, 1700 Cedar Lane and 801 E 5th Street , , . All work under this contract will be issued to the Contractor as project work orders and will identify a specific scope of work for each individual project. The project work may include, but is not limited to, repair and/or replacement of the following: storm drain lines, manholes, catch basins, storm water outfalls and any other related storm water structures. Work may involve minor improvements to storm pipe. The Contractor shall be compensated based on line items and the unit prices included in the Contract Documents. The City does not guarantee either a minimum volume of work or a specific volume of work under this Contract.

Special Conditions: All work will be performed between the hours of 8:00 AM to 5:00 PM and will be performed either in City rights-of-way or a drainage easement.

Bid submittal deadline Tuesday, March 26, 2019@ 2:00PM

Contractor Name and Address:

NC Earthworks, Inc, 4221 NC 11 North, Greenville NC 27834

Firm Owner: Larry and Claudia Peaden Date: 3/24/19

Total Bid : \$ 698,681.29

Bid submitted by: NC Earthworks Inc
Claudia Peaden Signature: Claudia Peaden

Notes:

1. Please attach breakdown of bid from bid package including all necessary forms
2. Bid will be considered valid for a period of 60 days after submittal

INVITATION TO BID FOR THE 2019 Stormwater Pipe Repair Project

The person, firm or corporation making a proposal shall submit it in a sealed envelope to Mr. Victor Long at the Public Works Administrative offices located at 1500 Beatty Street, Greenville NC, 27834, on or before the hour and day stated on the attached bid request form. The words "2019 Stormwater Pipe Repair Project" and the name "Victor Long" should appear on the outside of the sealed envelope. The proposal may also be mailed but must be received by the City of Greenville, Public Works Department prior to the time and date stated on the attached bid request form.

The bidder shall insert the required responses and supply all the information as indicated on the Bid Form. The prices inserted shall be net and shall be the full cost including all factors whatsoever. Any bids not submitted on such forms provided will be considered non-responsive.

No bid may be changed or withdrawn after the time of the bid opening. Any modifications or withdrawals requested before this time shall be acceptable only when such request is made in writing to Victor Long, Engineering Assistant II.

The City of Greenville reserves the right to reject any and all bids, to waive any formalities, and to accept the bid or any portion thereof that is deemed most advantageous to the City. Any bid submitted will be binding for 60 days after the date of the bid opening.

It is expressly understood by the bidders that written notice of award and/or receipt of purchase order will constitute agreement by the City to consummate the transaction and will serve together with the proposal, scope of work, and these instructions as the entire form of contract between the parties except in cases where formal contracts are warranted.

Each bidder shall affirm that no official or employee of the City of Greenville is directly or indirectly interested in this proposal for any reason of personal gain.

The City has adopted an Equal Opportunity Clause which is incorporated into specifications, purchase orders, and contracts, whereby a vendor agrees not to discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin or ancestry. A copy of this clause may be obtained at the City Clerk's Office, City Hall, Greenville, North Carolina. By submitting a proposal, the firm is attesting that they are an Equal Opportunity Employer.

Federal law (Rehabilitation Act and ADA) prohibits handicapped discrimination by all governmental units. By submitting a proposal, the vendor is attesting its policy of nondiscrimination regarding the handicapped.

Sales taxes may be listed on the proposal, but as a separate item. No charge will be allowed for Federal Excise and Transportation tax from which the City is exempt.

Questions regarding any part of this bid shall be directed to Victor Long, Engineering Assistant II, Public Works Department, 1500 Beatty Street, Greenville NC 27834, telephone (252) 329-4467.

REQUEST FOR BIDS FOR THE
2019 Stormwater Pipe Repair Project
GREENVILLE, NORTH CAROLINA

GENERAL INSTRUCTIONS TO BIDDERS

1. The 2012 North Carolina Department of Transportation Standard Specifications for Roads and Structures, herein referred to as the 'Standard Specifications', shall apply to all portions of this project except as modified by this document.
2. No proposal may be changed or withdrawn after **Tuesday, March 26 at 2:00 PM**. Any modifications or withdrawals requested before this time shall be acceptable only when such request is made in writing to Victor Long, Engineering Assistant II.
3. The CONTRACTOR shall give his personal superintendence to the work or have a competent superintendent, satisfactory to the OWNER, on the job 100 percent (100%) of the time during the progress of the work, with authority to act for him.
4. The CONTRACTOR shall perform 50 percent of the contract price with his own forces (See project special provisions).
5. The CONTRACTOR shall secure all permits for the construction of the work hereinafter described under this contract with the exception of riparian buffer authorization. The OWNER shall submit Pre-Construction Notification to the NC Department of Environment and Natural Resources and shall acquire riparian buffer authorization.
6. The CONTRACTOR shall be responsible for removal from premises all construction residue created by his work. At completion of the work, at the time for final inspection, the CONTRACTOR shall have the work clean and ready for acceptance. Periodic cleaning up shall be done as rubbish accumulates; but no less than once per week during the course of this project. Disposal of residue accumulated shall be the CONTRACTOR'S responsibility.
7. Unless otherwise specifically set forth, the CONTRACTOR shall furnish all materials, labor, etc. necessary to fully complete the work according to the true meaning of these specifications, of which intent and meaning the OWNER shall be the interpreter. Except when otherwise indicated, no local terms or classifications will be considered in the interpretation of the contract or the specifications forming a part thereof.
8. The work is entirely under the control of the OWNER. The OWNER may require the CONTRACTOR to remove such materials that do not conform to the intent and meaning of the plans and specifications and to dismiss such workmen as they seem to

be incompetent or careless. The CONTRACTOR shall furnish the OWNER a complete breakdown of the cost of labor, materials, and subcontractors prior to beginning construction upon OWNER'S request.

9. Arbitration is hereby deleted from this contract. Arbitration will not be acceptable as a means for settling claims, disputes and other matters.
10. All work shall be executed in the best and the most workmanlike manner in strict accordance with the drawings and specifications by qualified, careful, and efficient workers in accordance with local, State and Federal agencies.
11. Partial payments may be allowed once every 30 days or full payment will be made lump sum within thirty (30) consecutive calendar days after acceptance of the work and the submission both of notarized CONTRACTOR'S affidavit and three (3) copies of invoices which are to include the contract, account, and job order numbers.
12. The CONTRACTOR'S affidavit shall state: "This is to certify that all costs of materials, equipment, labor, and all else entering into the accomplishment of this contract, including payrolls, have been paid in full."
13. If there are any change orders approved for this project, overhead and profit shall be limited to ten percent (10%) of the change order amount.
14. All work is to be performed in compliance with Federal, State, and local codes, and all necessary permits shall be obtained.
15. Specifications and warranty information for all materials proposed for installation shall be submitted with the proposal.
16. The CONTRACTOR shall guarantee the materials and workmanship associated with the project against defect due to faulty material, workmanship, and/or negligence for one year after the acceptance of the project. The CONTRACTOR shall make good such defective materials or workmanship within the stipulated guarantee period. All work shall be performed in accordance with manufacturer's recommended installation procedures, best practices and workmanship of the trade and/or skill involved to the satisfaction of the OWNER.
17. Executed contract documents, insurance certifications, and, upon completion and acceptance of the work, invoices and other information requested, are to be sent to:

Mr. Victor Long, Engineering Assistant II
City of Greenville, Public Works Department
1500 Beatty Street, Greenville, NC 27834

18. Questions relative to technical aspects of the work to be done should be directed to Mr. Victor Long, 1500 Beatty Street, Greenville, North Carolina 27834, telephone (252)

329-4467 (Engineering Assistant II).

19. Firms submitting a bid are attesting that no official or employee of the City of Greenville is directly or indirectly interested in this proposal for any reason of personal gain.
20. By submitting a proposal, the firm is attesting that they are an Equal Opportunity Employer.
21. Minority and/or Women Business Enterprise (MWBE) Program

It is the policy of the City of Greenville to provide minorities and women equal opportunity for participating in all aspects of the City's contracting and procurement programs, including but not limited to, construction projects, supplies and materials purchases, and professional and personal service contracts. In accordance with this policy, the City has adopted a Minority and Women Business Enterprise (M/WBE) Plan and subsequent program, outlining verifiable goals.

The City has established a 10% Minority Business Enterprise (MBE) and 6% Women Business Enterprise (WBE) goal for the participation of MWBE firms in supplying goods and services for the completion of this project. All firms submitting bids agree to utilize minority and women-owned firms whenever possible.

Questions regarding the City's MWBE Program should be directed to the MWBE Office at (252) 329-4462.

22. Equal Employment Opportunity Clause

The City has adopted an Equal Employment Opportunity Clause, which is incorporated into all specifications, purchase orders, and contracts, whereby a vendor agrees not to discriminate against any employee or applicant for employment on the basis of race, color, religion, sex, national origin or ancestry. A copy of this clause may be obtained at the City Clerk's Office, City Hall, Greenville, NC. By submitting qualifications and/or proposals, the firm is attesting that they are an Equal Opportunity Employer.

Federal law (Rehabilitation Act and ADA) prohibits handicapped discrimination by all governmental units. By submitting a proposal, the vendor is attesting to its policy of nondiscrimination regarding the handicapped.

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INSTRUCTIONS TO BIDDERS

1. Defined Terms

- 1.1. Terms used in these Instructions to Bidders that are defined in the Standard General Conditions of the Construction Contract (No. 1910-8) (1996 Edition) have the meanings assigned to them in the General Conditions.
- 1.2. Certain additional terms used in these Instructions to Bidders have the meanings indicated below which are applicable to both the singular and plural thereof.
 - 1.2.1. Bidder – one who submits a Bid directly to Owner as distinct from a sub-bidder, who submits a bid to a Bidder.
 - 1.2.2. Issuing Office – the office from which the Bidding Documents are to be issued and where the bidding procedures are to be administered.
 - 1.2.3. Successful Bidder – the lowest, responsible and responsive Bidder to whom Owner (on basis of Owner's evaluation as hereinafter provided) makes an award.
 - 1.2.4. Owner – the City of Greenville, NC.
 - 1.2.5. Engineer – City Engineer or his designated representative of the Public Works Department, Engineering Division, of the City of Greenville.
 - 1.2.6. Contractor - A person or company that undertakes a contract to provide materials or labor to perform a service or do a job.

2. Copies of Bidding Documents

- 2.1. Complete sets of Bidding Documents must be used in preparing Bids; neither Owner nor Engineer assumes any responsibility for errors or misinterpretations resulting from the use of incomplete sets of Bidding Documents.
- 2.2. Owner and Engineer in making copies of Bidding Documents available on the above terms do so only for the purpose of obtaining Bids for the Work and do not confer a license or grant for any other use.

3. Qualifications of Bidders

- 3.1. To demonstrate qualifications to perform the Work, each Bidder must be prepared to submit within five days after Bid opening upon Owner's request detailed written evidence such as financial data, previous experience, present commitments and other such data as may be called for below (or in the General Instructions).

3.2. Each Bid must contain evidence of Bidder's qualification to do business in the state where the Project is located or covenant to obtain such qualification prior to award of the contract.

4. Examination of Contract Documents and Site.

4.1. It is the responsibility of each Bidder before submitting a Bid:

4.1.1. To examine thoroughly the Contract Documents and other related data identified in the Bidding Documents, including "technical data" referred to below;

4.1.2. To visit the site to become familiar with and satisfy Bidder as to the general, local and site conditions that may affect cost, progress, performance or furnishing of the Work;

4.1.3. To consider federal, state and local laws and regulations that may affect cost, progress, performance or furnishing of the Work;

4.1.4. To study and carefully correlate Bidder's knowledge and observations with the Contract Documents and such other related data; and

4.1.5. To promptly notify Engineer of all conflicts, errors, ambiguities or discrepancies that the Bidder has discovered in or between the Contract Documents and such other related documents.

4.2. The work shall be done in accordance with the contract specs entitled "2019 Stormwater Pipe Repair Project".

4.3. Reference is made to the Supplementary Conditions for identification of the following:

4.3.1. Those reports of explorations and tests of subsurface conditions at or contiguous to the site which have been utilized by Engineer in preparation of the Contract Documents. Bidder may rely upon the general accuracy of the "technical data" contained in such reports but not upon other data, interpretations, opinions or information contained in such reports or otherwise relating to the subsurface conditions at the site, nor upon the completeness thereof for the purposes of bidding or construction.

4.3.2. Those drawings of physical conditions in or relating to existing surface and subsurface structures (except Underground Facilities) which are at or contiguous to the site that have been utilized by Engineer in preparation of the Contract Documents. Bidder may rely upon the general accuracy of the "technical data" contained in such drawings but not upon other data, interpretations, opinions or information shown or indicated in such drawings or otherwise relating to such structures, nor upon the completeness thereof for the purposes of bidding or construction.

4.3.3. Information and data shown or indicated in the Contract Documents with respect to existing Underground Facilities at or contiguous to the site is based upon information and

data furnished to Owner and Engineer by owners of such Underground Facilities or others, and Owner and Engineer do not assume responsibility for the accuracy or completeness thereof unless it is expressly provided otherwise in the Supplementary Conditions.

- 4.4. Before submitting a Bid, each Bidder will be responsible to obtain such additional or supplementary examinations, investigations, explorations, tests, studies and data concerning conditions (surface, subsurface and Underground Facilities) at or contiguous to the site or otherwise, which may affect cost, progress, performance or furnishing of the Work or which relate to any aspect of the means, methods, techniques, sequences or procedures of construction to be employed by Bidder and safety precautions and programs incident thereto or which Bidder deems necessary to determine its Bid for performing and furnishing the Work in accordance with the time, price and other terms and conditions of the Contract Documents.
- 4.5. On request, Owner will provide each Bidder access to the site to conduct such examinations, investigations, explorations, tests and studies, as each Bidder deems necessary for submission of a Bid. Bidder must fill all holes and clean up and restore the site to its former conditions upon completion of such explorations, investigations, tests and studies.
- 4.6. The submission of a Bid will constitute an incontrovertible representation by Bidder that Bidder has complied with every requirement of this Article 4, that without exception the Bid is premised upon performing and furnishing the Work required by the Contract Documents and applying the specific means, methods, techniques, sequences or procedures of construction (if any) that may be shown or indicated or expressly required by the Contract Documents, that Bidder has given Engineer written notice of all conflicts, errors, ambiguities and discrepancies that Bidder has discovered in the Contract Documents and the written resolutions thereof by Engineer is acceptable to Bidder, and that the Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performing and furnishing the Work.
- 4.7. The Provisions of Sections 4.1 through 4.7, inclusive, do not apply to Asbestos, Polychlorinated biphenyl (PCB), Petroleum, Hazardous Waste or Radioactive Material covered by Paragraph 4.05 of the General Conditions.

5. Availability of Lands for Work, etc.

- 5.1. The lands upon which the Work is to be performed, rights-of-way and easements for access thereto and other lands designated for use by CONTRACTOR in performing the Work are within an existing or temporary drainage easement. All additional lands and access thereto required for temporary construction facilities, construction equipment or storage of materials and equipment to be incorporated in the Work are to be obtained and paid for by the CONTRACTOR. Easements for permanent structures or permanent changes in existing facilities are to be obtained and paid for by Owner unless otherwise provided in the Contract Documents.

6. Interpretations and Addenda.

- 6.1. All questions about the meaning or intent of the Bidding Documents are to be directed to Engineer. Interpretations or clarifications considered necessary by Engineer in response to such questions will be issued by Addenda mailed or delivered to all parties recorded by Engineer as having received the Bidding Documents. Questions received less than seven days prior to the date for opening of Bids may not be answered. Only questions answered by formal written Addenda will be binding. Oral and other interpretations or clarifications will be without legal effect.

- 6.2. Addenda may also be issued to modify the Bidding Documents as deemed advisable by Owner or Engineer.

7. Contract Times.

7.1. The Work is to be substantially completed and ready for final payment within **365** calendar days. Work is expected to begin on or about **May 1, 2019** and be completed by **May 1, 2020**. Once work order begins on this project, it is to continue until complete.

8. Liquidated Damages.

8.1. The City shall deduct as liquidated damages, the sum of **one hundred fifty dollars (\$150.00) per day** for each and every calendar day completion is delayed in excess of the Contract time set forth above.

9. Substitute and "Or-Equal" Items.

9.1. The Contract, if awarded, will be on the basis of materials and equipment described in the Drawings or specified in the Specifications without consideration of possible substitute of "or-equal" items. Whenever it is indicated in the Drawings or specified in the Specifications that a substitute or "or-equal" item or material or equipment may be furnished or used by CONTRACTOR if acceptable to Engineer, application for such acceptance will not be considered by Engineer until after the Effective Date of the Agreement. The procedure for submission of any such application by CONTRACTOR and consideration by Engineer is set forth in Paragraph 6.05 of the General Conditions and may be supplemented in the Division 1 Project Requirements.

10. Subcontractors, Suppliers and Others.

10.1. If the Supplementary Conditions require the identity of certain Subcontractors, Suppliers and other persons and organizations (including those who are to furnish the principal items of material and equipment) to be submitted to Owner in advance of a specified date prior to the Effective Date of the Agreement, apparent Successful Bidder, and any other Bidder so requested, shall within five days after Bid opening submit to Owner a list of all such Subcontractors, Suppliers and other persons and organizations proposed for those portions of the Work for which such identification is required. Such list shall be accompanied by an experience statement with pertinent information regarding similar projects and other evidence of qualification for each such Subcontractor, Supplier, person or organization if requested by Owner. An Owner or Engineer who after due investigation has reasonable objection to any proposed Subcontractor, Supplier, other person or organization, may before the Notice of Award is given request apparent Successful Bidder to submit an acceptable substitute, without an increase in Bid price.

If apparent Successful Bidder declines to make any such substitution, Owner may award the contract to the next lowest Bidder that proposes to use acceptable Subcontractors, Suppliers and other persons and organizations. Any Subcontractor, Supplier, other person or organization listed and to whom Owner or Engineer does not make written objection prior to the giving of the Notice of Award will be deemed acceptable to Owner and Engineer subject to revocation of such acceptance after the Effective Date of the

Agreement as provided in Paragraph 6.8.2 of the General Conditions.

- 10.2. No CONTRACTOR shall be required to employ any Subcontractor, Supplier, other person or organization against which CONTRACTOR has reasonable objection.

11. Bid Form.

- 11.1. The Bid Form is included with the Bidding Documents; additional copies may be obtained from Engineer (or the Issuing Office).
- 11.2. The bidder must provide PER UNIT PRICE and TOTAL UNIT BID PRICE for each item on the attached bid form. Quotations will be evaluated on the SUM TOTAL OF ALL ITEM TOTALS (Base Bid Total). Payment to the successful low bidder will be based on actual quantities installed and accepted at the PER UNIT PRICE for each item quoted.
- 11.3. Sales taxes may be listed on the proposal, but as a separate item. No charge will be allowed for Federal Excise and Transportation tax from which the City is exempt. Sales taxes must be reported on invoices.
- 11.4. All blanks on the Bid Form must be completed by printing in ink or by typewriter.
- 11.5. Bids by corporations must be executed in the corporate name by the president or a vice-president (or other corporate officer accompanied by evidence of authority to sign) and the corporate seal must be affixed and attested by the secretary or an assistant secretary. The corporate address and state of incorporation must be shown below the signature.
- 11.6. Bids by partnerships must be executed in the partnership name and signed by a partner, whose title must appear under the signature and the official address of the partnership must be shown below the signature.
- 11.7. All names must be typed or printed in ink below the signature.
- 11.8. The Bid shall contain an acknowledgment of receipt of all Addenda (the numbers of which must be filled in on the Bid Form).
- 11.9. The address and telephone number for communications regarding the Bid must be shown.
- 11.10. Evidence of authority to conduct business as an out-of-state corporation in the state where the Work is to be performed shall be provided in accordance with Section 3. State Contractor license number must also be shown.

12. Submission of Bids.

- 12.1. Bids (G.S. 143-129) for this project shall be submitted to Mr. Victor Long, Engineering Assistant II, 1500 Beatty Street, Greenville, North Carolina, 27834, no later than **2:00 PM, Tuesday, March 26, 2019**, and immediately thereafter the sealed bids will be publicly opened and read for furnishing and constructing the 2019 Stormwater Pipe Repair Project. Bids and all required documents shall be enclosed in an opaque, sealed envelope and the words "**2019 Stormwater Pipe Repair Project**" and the name "Victor Long" shall appear on the outside of the envelope along with the name and address of Bidder. If the Bid is sent through the mail or other delivery system the sealed envelope shall be enclosed in a separate envelope with the notation "BID ENCLOSED" on the face of it. Facsimile (Fax) bids are not acceptable.

13. Modification and Withdrawal of Bids.

- 13.1. Bids may be modified or withdrawn by an appropriate document duly executed (in the manner that a Bid must be executed) and delivered to the place where Bids are to be submitted at any time prior **Tuesday, March 26, 2019 by 2:00 PM.**
- 13.2. If, within seventy-two hours after Bids are opened, any Bidder files a duly signed, written notice with Owner and promptly thereafter demonstrates to the reasonable satisfaction of Owner that there was a material and substantial mistake in the preparation of its Bid, that Bidder may withdraw its Bid. Thereafter, that Bidder will be disqualified from further bidding on the Work to be provided under the Contract Documents.

14. Opening of Bids.

Bids will be opened immediately after **2:00 PM, Tuesday, March 26, 2019.**

15. Bids to Remain Subject to Acceptance.

- 15.1. The City of Greenville reserves the right to reject any and all bids, to waive any irregularities and to accept the bid, or part of the bid, it deems most advantageous to the City. Any bid submitted will be binding for sixty (60) days after the date of the bid opening. The Owner may, in its sole discretion, release any Bid prior to that date.

16. Award of Contract.

- 16.1. Owner reserves the right to reject any or all Bids, including without limitation the rights to reject any or all nonconforming, non-responsive, unbalanced or conditional Bids and to reject the Bid of any Bidder if Owner believes that it would not be in the best interest of the Project to make an award to that Bidder, whether because the Bid is not responsive or the Bidder is unqualified or of doubtful financial ability or fails to meet any other pertinent standard or criteria established by Owner, including but not limited to past performance by the bidder involving other City projects. Owner also reserves the right to waive all informalities not involving price, time or changes in the Work and to negotiate

contract terms with the Successful Bidder. Discrepancies between the multiplication of units of Work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum. Discrepancies between words and figures will be resolved in favor of the words.

- 16.2. In evaluating Bids, Owner will consider the qualifications of Bidders, whether or not the Bids comply with the prescribed requirements, and such alternates, unit prices and other data, as may be requested in the Bid Form or prior to the Notice of Award.
- 16.3. Owner may consider the qualifications and experience of Subcontractors, Suppliers, and other persons and organizations proposed for those portions of the Work as to which the identity of Subcontractors, Suppliers, and other persons and organizations must be submitted as provided in the Supplementary Conditions. Owner also may consider the operating costs, maintenance requirements, performance data and guarantees of major items of materials and equipment proposed for incorporation in the Work when such data is required to be submitted prior to the Notice of Award.
- 16.4. Owner may conduct such investigations as Owner deems necessary to assist in the evaluation of any Bid and to establish the responsibility, qualifications and financial ability of Bidders, proposed Subcontractors, Suppliers and other persons and organizations to perform and furnish the Work in accordance with the Contract Documents to Owner's satisfaction within the prescribed time.
- 16.5. If the contract is to be awarded, it will be awarded to lowest responsive, responsible Bidder whose evaluation by owner indicates to Owner that the award will be in the best interests of the Project.
- 16.6. The Owner reserves the right to award any or all parts of a Contract but separate parts of the same Contract will not be awarded to different contractors.
- 16.7. If the contract is to be awarded, Owner will give Successful Bidder a Notice of Intent to Award within 10 days after the day of the Bid opening.
- 16.8. If the contract is to be awarded, Owner will give Successful Bidder a Notice of Award within 60 days after the day of the Bid opening.
- 17. Signing of Agreement.**
 - 17.1. When Owner gives a Notice of Intent to Award to the Successful Bidder, it will be accompanied by the required number of unsigned counterparts of the Agreement with all other written Contract Documents attached. Within seven days thereafter CONTRACTOR shall sign and deliver the required number of counterparts of the Agreement and attached documents to Owner with the required Bonds. Within fourteen days after award Owner shall deliver one fully signed counterpart to CONTRACTOR.

PROJECT SPECIAL PROVISIONS

SCOPE OF WORK

The scope of services may include, but are not limited to the identified projects below: 200 W. 5th Street, 540 B Lake Road, 312 Stanwood Drive, 1502 SE Greenville Blvd, 4002 Wyneston Road, 2400 Jefferson Drive, 902 W 3rd Street, 1700 Cedar Lane and 801 E 5th Street. All work under this contract will be issued to the Contractor as project work orders and will identify a specific scope of work for each individual project. The project work may include, but is not limited to, repair and/or replacement of the following: storm drain lines, manholes, catch basins, storm water outfalls and any other related storm water structures. Work may involve minor improvements to storm pipe. The Contractor shall be compensated based on line items and the unit prices included in the Contract Documents. The City does not guarantee either a minimum volume of work or a specific volume of work under this Contract.

WORKING HOURS

Regular working hours shall be between 8:00 a.m. and 5:00 p.m., except as approved in writing by the Owner or Engineer.

AVAILABILITY

The City may contract work to a different Contractor based on availability for a specific project.

CONTRACT WORK

All work under this contract will be issued to the Contractor as project work orders and will identify a specific scope of work for each individual project.

CONCERNING SUBCONTRACTORS, SUPPLIERS AND OTHERS

The Contractor shall not award WORK to Subcontractor(s), in excess of 50 percent of the Contract Price, without prior written approval of the OWNER. Justification must be submitted by the CONTRACTOR to the ENGINEER for recommendations and forwarding to OWNER. The OWNER's refusal to allow an increase in the percent subcontracted will not be grounds for increasing the Contract Price.

BASIS OF BID

Bidder will complete the Work in accordance with the Contract Documents for the following price(s):

- A. For Unit Price Work, an amount equal to the sum of the established unit price for each separately identified item of Unit Price Work times the estimated quantity of that item as indicated below.
- B. The estimated quantities of items of Unit Price Work are not guaranteed and are solely

for the purpose of comparison of Bids and determining an initial Contract Price. Determination of the actual quantities and classifications of Unit Price Work performed by the Contractor will be made by the City Engineer. Unit Price should be all inclusive unless otherwise specified.

C. Negotiated Unit Price - When requested by the City, the Contractor shall prepare at least one (1) written estimate for any item or items necessary to complete the project work order that is not included in the original unit bid form.

INSURANCE REQUIREMENTS

Contractor's Liability and Other Insurance:

The Contractor shall purchase and maintain with a company acceptable to the City and authorized to do business with the State of North Carolina, such insurance as will protect him from claims under worker's compensation laws, disability benefit laws or other similar employee benefit laws; from claims for damages because of bodily injury, occupational sickness or disease, or death of his employees, and claims insured by usual personal injury liability coverage; from claims for damages because of bodily injury, sickness or disease, or death of any person other than his employees including claims insured by usual personal injury liability coverage; and from claims for injury to or destruction of tangible property, including loss of use resulting therefrom - any or all of which may arise out of or result from the contractors operations under the contract documents, whether such operations be by himself or any subcontractor or anyone directly or indirectly employed by any of them or for whose acts any of them may be legally liable. This insurance shall be written for not less than the limits of liability specified below.

Automobile - Bodily injury and property liability covering all owned, non-owned and hired automobiles for limits of not less than \$1,000,000 bodily injury each person, each accident and \$1,000,000 property damage, or \$1,000,000 combined single limit - Bodily injury and property damage combined.

Commercial General Liability - Bodily injury and property damage liability as shall protect the contractor and any subcontractor performing work under this contract from claims of bodily injury or property damage which arise from operations of this contract whether such operations are performed by the contractor, any subcontractor or anyone directly or indirectly employed by either. The amounts of such insurance shall not be less than \$1,000,000 bodily injury each occurrence and \$1,000,000 property damage each occurrence or \$1,000,000 bodily injury and property damage combined single limits each occurrence, 2,000,000.00 for general aggregate limit, and 2,000,000.00 for products and completed operations aggregate. Provide a certificate of insurance to the City and Owner reflecting the required minimum coverages. The coverage shall be on an occurrence basis.

Worker's Compensation and Employers Liability - Shall meet the statutory requirement of the State of North Carolina, in the amount of \$100,000 each accident and disease - each employee and \$500,000 disease policy limit.

At the time of execution of the contract, the contractor shall provide the City with insurance certificates certifying that the foregoing insurance is in force; and such insurance certificates shall include provisions that the insurance shall not be canceled, allowed to expire or be materially changed without giving the City thirty (30) days advance written notice by registered mail.

The contractor is advised that if any part of the work under the contract is sublet, he shall require the subcontractor(s) to carry insurance as required above. However, this will in no way relieve the contractor from providing full insurance coverage on all phases of the projects, including any that are sublet.

When certain work is to be performed inside rights-of-way owned by railroads, North Carolina Department of Transportation or other agencies, both the contractor and any subcontractor may be required to furnish individual insurance certificates made in favor by the controlling agency, with limits established by that agency.

CONTRACT BID ITEMS

15" to 60" RCP Class III

Includes pipe as specified and all joint material, including dewatering and cleaning. All grubbing, root or stump removal, excavation and embedment stone are to be included in the contract unit price of the pipe. **Select Fill for installation will be paid under the Select Fill line item and does not need to be included in this line item.** Any additional stone placed in variance to the construction details as shown will not be approved for payment without prior authorization by the Engineer. All pipe, asphalt and concrete removal & disposal within the same excavation will be incidental to the installation of the pipe. Payment will be for the pipe size per lineal feet installed.

18" to 36" HP Dual Wall Pipe

Includes pipe as specified and all joint material, including dewatering and cleaning. All excavation and embedment stone are to be included in the contract unit price of the pipe. **Select Fill for installation will be paid under the Select Fill line item and does not need to be included in this line item.** Any additional stone placed in variance to the construction details as shown will not be approved for payment without prior authorization by the Engineer. All pipe, asphalt and concrete removal & disposal within the same excavation will be incidental to the installation of the pipe. Use the included detail for Storm Pipe Trench Detail Under Pavement for the entire installation. Payment will be for the pipe size and per lineal feet installed.

36" Dual Wall HDPE-WT

Includes pipe as specified and all joint material, including dewatering and cleaning. All excavation and embedment stone are to be included in the contract unit price of the pipe. **Select Fill for installation will be paid under the Select Fill line item and does not need to be included in this line item.** Any additional stone placed in variance to the construction details as shown will not be approved for payment without prior authorization by the Engineer. Use the included detail for installation. Payment will be for the pipe size and per lineal feet installed.

36" Dual Wall HDPE-WT FES

The unit price for this item shall include the furnishing and the installation of a 36" Dual Wall HDPE – WT flared end section. The payment shall be for each Flared End section installed.

Catch Basin with Frame & Grate (0-4')

The unit price bid for this item shall be based on the number of catch basins installed and accepted by the City. Payment will be for the unit price each, to be paid under this item shall include catch basins from 0-4 feet deep including but not limited to: dewatering and drainage; bypass pumping of stormwater flows; location and protection of all known and unknown

utilities; yard inlet top and openings, manhole ring and cover; excavation, placement and compaction of suitable foundation and backfill material to subgrade or finished grade elevation.

Catch Basin with Frame & Grate (>4)

The unit price bid for this item shall be based on the number of catch basins installed and accepted by the City. Payment will be for the unit price each, to be paid under this item shall include catch basins greater than 4 feet deep including but not limited to: dewatering and drainage; bypass pumping of stormwater flows; location and protection of all known and unknown utilities; yard inlet top and openings, manhole ring and cover; excavation, placement and compaction of suitable foundation and backfill material to subgrade or finished grade elevation.

Drop Inlet With Frame & Grate (>4')

The unit price bid for this item shall be based on the number of drop inlets installed and accepted by the City. Payment will be for the unit price each, to be paid under this item shall include drop inlets greater than 4 feet deep including but not limited to: dewatering and drainage; bypass pumping of stormwater flows; location and protection of all known and unknown utilities; yard inlet top and openings, manhole ring and cover; excavation, placement and compaction of suitable foundation and backfill material to subgrade or finished grade elevation.

Basin With Manhole Cover (4 -10')

The unit price bid for this item shall be based on the number of basins installed and accepted by the City. Payment will be for the unit price each, to be paid under this item shall include basin from 4-10 feet deep including but not limited to: dewatering and drainage; bypass pumping of stormwater flows; location and protection of all known and unknown utilities; yard inlet top and openings, manhole ring and cover; excavation, placement and compaction of suitable foundation and backfill material to subgrade or finished grade elevation..

External Point Repair to 8 Feet Depth

Repair a damaged segment of existing pipe, uncover pipe and repair it with a soil-tight repair method. The term "point repair" shall refer to construction required to correct a severe problem at a specified location in a pipe line which is best repaired by excavation. All repairs must be wrapped in filter fabric. Point repairs will be a repair from 3 to 8 linear feet performed at a single location. Carefully protect from damage at all times all existing sewers, water lines, gas lines, sidewalks, curbs, gutters, pavements, electric lines, or other utilities or structures in the vicinity of the work. Payment will be for each repair.

4 Inch Concrete Sidewalk

Payment shall include the removal and replacement of any concrete sidewalk removed or damaged during the construction that is not incidental to pipe installation. Payment will be for linear feet of sidewalk removed and replaced.

Concrete Driveway Apron

The quantity to be paid for under this item will be the actual number of square yards of concrete driveway apron installed as verified by the City. The unit price bid for this item will be full compensation required to install new concrete driveway apron as specified herein including but not limited to: subgrade preparation; installation; cleaning; protective measures to include fences, barricades, or other measure necessary to prevent vehicles and pedestrians from entering freshly poured pavement areas.

Miscellaneous Concrete Work

The unit price bid per cubic yard for this item shall include installation of concrete, including but not limited to: excavation; hauling; backfill and compaction; sheeting and shoring; formwork; joint filler; furnishing and placement of concrete.

24" Standard Curb & Gutter

The quantity to be paid for under this item will be the actual number of linear feet of concrete 24 inch standard curb and gutter installed as verified by the City. The unit price bid for this item will be full compensation required to install new standard concrete curb and gutter as specified herein including but not limited to: subgrade preparation; installation; cleaning; protective measures to include fences, barricades, or other measure necessary to prevent vehicles and pedestrians from entering freshly poured pavement areas.

ABC Stone

The quantity to be paid for under this item will be the actual number of tons of aggregate base course in place and as accepted by the City. The unit price bid per ton for this item shall be full compensation for all labor, hauling, materials, tools, equipment, supervision and incidentals required to furnish and install aggregate base course.

Class B Rip-Rap

The quantity which will be paid for under this item will be the number of tons of Class B riprap delivered and installed. The unit price bid per cubic yards for this Item will be full compensation for all labor, materials, tools, equipment, supervision and incidentals required to furnish and install Class B riprap; including but not limited to: riprap; filter fabric and placement.

#57 Stone

The quantity which will be paid for under this item will be the number of tons of #57 Stone delivered and installed. The unit price bid per ton for this Item will be full compensation for all

labor, materials, tools, equipment, supervision and incidentals required to furnish and install #57 Stone; including but not limited to: stone; filter fabric and placement.

Select Fill

The quantity which will be paid for under this item will be the number of cubic yards of select fill delivered and installed. Material used for the backfill for pipe installation. Includes furnishing all materials and performing grading, compaction, proof rolling, staking and excavation of sub-grade within right-of-way, private drives, parking lots, and grassed areas.

Swale Excavation & Grading

The quantity to be paid for under this item will be the linear feet measured along the swale after the swale excavation and grading. The unit price bid per linear foot for this item shall be full compensation to perform swale excavation and grading as specified herein including: excavation of swales to the lines and grades; hauling excavated materials anywhere along the project; temporary stockpiling of excavated materials and temporary stockpile stabilization; drainage and dewatering; rough and fine grading.

3" Type S9.5B Asphalt Surface Coarse

This item shall include the placement of bituminous concrete surface course, Type S9.5B, to final grade. The compensation will include the placement and rolling of the surface course. Payment will be made ton of pavement installed.

Remove and Dispose of Asphalt Pavement

The quantity to be paid for under this item will be the actual number of square yards of asphalt removed and disposed of properly. Removal of existing asphalt pavement will be measured by actual surface measurement prior to removal. The unit price bid per square yard for this item shall be full compensation required to excavate, remove and dispose of asphalt pavement including but not limited to: saw cutting of pavement; breaking up; removal and proper disposal of the asphalt pavement

Remove and Dispose of Concrete Driveway, Sidewalks, Curb & Gutter

The quantity to be paid for under this Item will be the actual number of square yards of concrete driveways, sidewalks and curb & gutter removed and disposed of properly. The unit price bid per linear foot for this item will be full compensation required to remove and dispose of existing concrete driveways, sidewalks and curb & gutter including but not limited to: saw cutting; breaking up; removal; hauling; proper disposal of the concrete; and all else incidental thereto for which separate payment is not provided.

Remove and Replace Wood Fencing

The quantity to be paid for under this item will be the actual number of linear foot of wood fencing removed, stored, and reset as required. The unit price bid per linear foot for this item shall be full compensation required to furnish all materials, labor and equipment and storage areas required to remove, store, and reset wood fencing, including but not limited to; removal; storage; protection and security; hardware; hauling and proper disposal.

Remove and Replace Chain Link Fencing

The quantity to be paid for under this item will be the actual number of linear foot of chain link fence removed, stored, and reset as required. The unit price bid per linear foot for this item shall be full compensation required to furnish all materials, labor and equipment and storage areas required to remove, store, and reset chain link fence, including but not limited to; removal; storage; protection and security; hardware; hauling and proper disposal.

Construction Fencing and/or Tree Protection Fencing

The quantity to be paid for under this item will be the actual number of linear feet of construction and/or tree protection fencing installed. The unit price bid per linear foot shall be full compensation required to furnish and install the construction and/or tree protection fence as specified herein, including but not limited to: all labor, materials, and supervision; fabric, posts, braces, hardware, tools, equipment; removal and proper disposal of all fence materials when directed by the City.

Pipe Removal and Disposal (15" to 36")

The quantity to be paid for under this item will be the actual number of linear feet of existing 15 to 36-inch RCP, CMP, Aluminum, HDPE or plastic pipe removed and disposed of properly in trenches where new pipe is not being installed. The unit price bid per linear foot for this item shall include proper removal and disposal of the existing 15 to 36-inch pipe to the limits as indicated by the City, including but not limited to: excavation; temporary stockpiling of suitable backfill material and temporary stabilization of stockpiles; placement and compaction of suitable backfill material; onsite hauling; proper disposal of removed pipe sections; bypass pumping of stormwater flows as necessary; trench dewatering.

Temporary Silt Fence

The quantity to be paid for under this item will be the actual number of linear feet of silt fence installed. The unit price bid per linear foot shall be full compensation required to furnish, construct, maintain and remove temporary silt fence in locations that require surface drainage to be filtered, including but not limited to: all labor, materials, and supervision; fabric, posts, braces, hardware, tools, equipment; removal and proper disposal of all fence materials when directed by the City.

Inlet Protection

The quantity to be paid for under this item will be the actual gravel drop inlet protection devices installed. The unit price bid each, for this item shall be full compensation required to furnish, install, maintain and remove gravel drop inlet protection device as specified herein including but not limited to hauling and placement, filter stone; maintenance; removal and proper disposal of all materials when directed by the City

Seeding and Mulching

Perform finish grading and seed and mulch any disturbed areas to match conditions prior to any rehabilitation or repair work completed. Restoration must occur prior to project completion. Any irrigation repairs will be separate from this item. If irrigation does not exist, contractor shall water daily for 14 consecutive days where sod is installed. Payment will be made per acre of area seeded.

Temporary Traffic Control

Temporary Traffic Control will be paid for each project site that lane closures are necessary. Temporary traffic control work, including but not limited to installation and removal of portable signs, cones, drums skinny drums, flaggers AFAD's, changeable message boards, truck mounted attenuators, and flashing arrow boards will be paid at the contract price for each day the Temporary Traffic Control is used. All traffic controls will be provided in accordance with the Manual for Uniform Traffic Control Devices (MUTCD) or NCDOT Standard Drawings for Road Construction requirements. Contractors are responsible for leaving work areas safe to motorists and pedestrians during non-working hours. Adequate provisions shall be made for the protection of traffic at all times.

Traffic Control (Road Closed/ Detour)

This item shall require the Contractor to furnish, install, maintain, relocate and remove temporary traffic control devices required to close a road and detour traffic. A detour plan must be submitted to the City's Traffic Engineer at least two weeks in advance of a planned closure. This item will be paid for each day that traffic control is in place for a detour. All traffic controls will be provided in accordance with the Manual for Uniform Traffic Control Devices (MUTCD) or NCDOT Standard Drawings for Road Construction requirements. Contractors are responsible for leaving work areas safe to motorists and pedestrians during non-working hours. Adequate provisions shall be made for the protection of traffic at all times.

ADDITIONAL WORK AND CONTACT WITH PROPERTY OWNERS

No additional work or deviation from the original work shall be allowed without written approval from the Engineer. All contact with property owners shall be through the Project Inspector. Work requested by the property owner, which is not part of the approved work/specifications, must be contracted between the property owner and the contractor. Any additional work by the contractor for the homeowner shall not be done until all City work has been completed and accepted. The contractor shall not suggest or recommend additional work to the property owners during the performance of the work contracted with the City.

| City of Greenville Contract Bid Form | | | | | |
|--------------------------------------|--|----------|------|----------------------|----------------------|
| ON CALL PIPE REPAIR PROJECT | | | | | |
| ITEM | DESCRIPTION | QUANTITY | UNIT | UNIT PRICE | TOTAL UNIT BID |
| 1 | Mobilization (3% Max) | 1 | LS | 20349. ⁹⁴ | 20349. ⁹⁴ |
| 2 | 15" RCP Class III | 175 | LF | 38. ⁰⁰ | 6650. ⁰⁰ |
| 3 | 18" RCP Class III | 340 | LF | 44. ⁰⁰ | 14960. ⁰⁰ |
| 4 | 24" RCP Class III | 465 | LF | 56. ⁰⁰ | 26040. ⁰⁰ |
| 5 | 30" RCP Class III | 550 | LF | 72. ⁰⁰ | 39600. ⁰⁰ |
| 6 | 36" RCP Class III | 270 | LF | 88. ⁰⁰ | 23760. ⁰⁰ |
| 7 | 18" HPP | 270 | LF | 37. ⁰⁰ | 9990. ⁰⁰ |
| 8 | 30" HPP | 200 | LF | 84. ⁰⁰ | 16800. ⁰⁰ |
| 9 | 36" HPP | 163 | LF | 115. ⁰⁰ | 18745. ⁰⁰ |
| 10 | 36" Dual Wall HDPE-WT | 196 | LF | 70. ⁰⁰ | 13720. ⁰⁰ |
| 11 | 36" Dual Wall HDPE-WT FES | 1 | EA | 1200. ⁰⁰ | 1200. ⁰⁰ |
| 12 | 2' x 3' Catch Basin With Frame & Grate (0 - 4' In Depth) | 11 | EA | 2225. ⁶⁸ | 24482. ⁴⁸ |
| 13 | 2' x 3' Catch Basin With Frame & Grate (4'-10' In Depth) | 6 | EA | 2875. ⁶⁸ | 17254. ⁰⁸ |
| 14 | 4' x 4' Catch Basin With Frame & Grate (4'-10' In Depth) | 4 | EA | 3865. ⁶⁸ | 15462. ⁷² |
| 15 | 2' x 3' Drop Inlet With Frame & Grate (0- 4' In Depth) | 2 | EA | 2095. ⁴³ | 4190. ⁸⁶ |
| 16 | 2' x 3' Drop Inlet With Frame & Grate (4'-10' In Depth) | 1 | EA | 2900. ⁰⁰ | 2900. ⁰⁰ |
| 17 | 4' x 4' Drop Inlet With Frame & Grate (4'-10' In Depth) | 1 | EA | 4301. ⁵⁵ | 4301. ⁵⁵ |
| 18 | Basin W/Manhole Frame & Cover (0 - 4' Depth) | 4 | EA | 2580. ⁵⁴ | 10322. ¹⁶ |
| 19 | Basin W/Manhole Frame & Cover (4' - 10' Depth) | 4 | EA | 4200. ⁰⁰ | 16800. ⁰⁰ |
| 20 | Point Repair To 8 Feet In Depth | 5 | EA | 5200. ⁰⁰ | 26000. ⁰⁰ |
| 21 | 4" Sidewalk | 360 | LF | 16. ⁵⁰ | 5940. ⁰⁰ |

| ITEM | DESCRIPTION | QUANTITY | UNIT | UNIT PRICE | TOTAL UNIT BID |
|------|---|----------|------|---------------------|-----------------------|
| 22 | Concrete Driveway Apron | 25 | SY | 220. ⁰⁰ | 5500. ⁰⁰ |
| 23 | Miscellaneous Concrete Work | 40 | CY | 300. ⁰⁰ | 12000. ⁰⁰ |
| 24 | 24" Standard Curb & Gutter | 845 | LF | 23. ⁰⁰ | 19435. ⁰⁰ |
| 25 | 36" NCDOT Headwall | 1 | EA | 3000. ⁰⁰ | 3000. ⁰⁰ |
| 26 | ABC Stone | 700 | TN | 33. ⁰⁰ | 23100. ⁰⁰ |
| 27 | Class B Rip-Rap | 26 | TN | 45. ⁰⁰ | 1170. ⁰⁰ |
| 28 | #57 Stone | 250 | TN | 39. ⁰⁰ | 9750. ⁰⁰ |
| 29 | Select Fill | 3055 | CY | 18. ⁵⁰ | 56517. ⁵⁰ |
| 30 | Swale Excavation & Grading | 150 | LF | 30. ⁰⁰ | 4500. ⁰⁰ |
| 31 | 3" Type S9.5C Asphalt Surface Coarse | 376 | TN | 385. ⁰⁰ | 144760. ⁰⁰ |
| 32 | Remove and Dispose of Asphalt Pavement | 150 | SY | 11. ⁵⁰ | 1725. ⁰⁰ |
| 33 | Remove and Dispose of Concrete Driveway, Sidewalks, Curb & Gutter | 900 | SY | 11. ⁰⁰ | 9900. ⁰⁰ |
| 34 | Remove and Replace Wood Fencing | 40 | LF | 170. ⁰⁰ | 6800. ⁰⁰ |
| 35 | Remove and Replace Chain Link Fencing | 40 | LF | 130. ⁰⁰ | 5200. ⁰⁰ |
| 36 | Construction Fencing and/or Tree Protection Fencing | 1200 | LF | 5. ⁰⁰ | 6000. ⁰⁰ |
| 37 | Pipe Removal and Disposal (15" to 36") | 100 | LF | 10. ⁰⁰ | 1000. ⁰⁰ |
| 38 | Temporary Silt Fence | 1360 | LF | 3. ⁰⁰ | 4080. ⁰⁰ |
| 39 | Inlet Protection | 20 | EA | 160. ⁰⁰ | 3200. ⁰⁰ |
| 40 | Seeding and Mulching | 6 | AC | 1000. ⁰⁰ | 6000. ⁰⁰ |
| 41 | Sod | 1500 | SF | 4.25 | 6375. ⁰⁰ |
| 42 | Traffic Control (Road Closure/Detour) | 78 | DAY | 400. ⁰⁰ | 31200. ⁰⁰ |
| 43 | Traffic Control (Temporary) | 30 | DAY | 600. ⁰⁰ | 18000. ⁰⁰ |
| | Total Base Bid | | | | \$698681.29 |

ACKNOWLEDGE OF RECEIPT OF ADDENDUM. #2

Contractor NC Earthworks Inc License No. 65398

Claudia Peaden 252-537-6711 cell

Contact Name Larry Peaden Contact Telephone No. 252-341-5259

Address 4221 NC 110 Date 3-24-19

Greenville NC 27834

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NONCOLLUSION AFFIDAVIT OF PRIME BIDDER

State of (NC)

County of (Pitt)

Claudia Peacher, being first duly sworn, deposes and says that:

(1) He is ^{co-owner &} vice president of NC Earthworks Inc, the Bidder that has submitted the attached Bid.

(2) He is fully informed respecting the preparation and contents of the attached Bid and of all pertinent circumstances respecting such Bid;

(3) Such Bid is genuine and is not a collusive or sham Bid;

(4) Neither the said Bidder nor any of its officers, partners, owners, agents, representatives, employees of parties in interest, including this affiant, has in any way colluded, conspired, connived, or agreed, (directly or indirectly) with any other Bidder, firm, or person to submit a collusive or sham Bid in connection with the Contract for which the attached Bid has been submitted or to refrain from bidding in connection with such Contract, or has in any manner, directly or indirectly, sought by agreement, or collusion, or communication, or conference with any other Bidder, firm, or person to fix the price or prices in the attached Bid or of any other Bidder, or to fix any overhead, profit or cost element of the Bid price or the Bid price of any other Bidder, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against the City of Greenville or any person interested in the proposed Contract; and

(5) The price or prices quoted in the attached Bid are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder or any of its agents, representatives, owners, employees, or parties in interest, including this affiant.

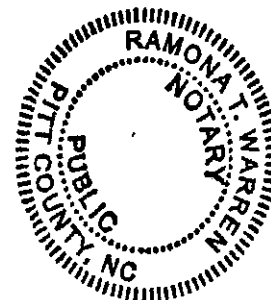
(Contractor Signature) Claudia Peacher

(Title) Vice President

Subscribed and sworn to before me this 25 day of March, 2017.

Signature of Notary Public Ramon Swan

My commission expires Oct. 14 2023



AGREEMENT

THIS AGREEMENT is dated as of the 22nd day of April in the year 2014 by and between the City of Greenville, NC (hereinafter called OWNER) and NE Earth works, INC (hereinafter called CONTRACTOR). OWNER and CONTRACTOR, in consideration of the mutual covenants hereinafter set forth, agree as follows:

Article 1. WORK.

CONTRACTOR shall complete all Work as specified or indicated in the Contract Documents. The Work is generally described as follows:

2019 Stormwater Pipe Repair Project

Article 2. ENGINEER.

The Project has been designed by the City of Greenville, Public Works Department, who is hereinafter called ENGINEER and who is to act as OWNER'S representative, assume all duties and responsibilities and have the rights and authority assigned to ENGINEER in the Contract Documents in connection with completion of the Work in accordance with the Contract Documents.

Once the Notice of Award has been issued, the OWNER may assume all or part of the responsibilities of the ENGINEER and RESIDENT PROJECT REPRESENTATIVE.

Article 3. CONTRACT TIMES.

3.1 The Work will be completed and ready for final payment in accordance with paragraph 14.07 of the General Conditions within the times specified below:

Total Contract Completion Time Base Bid – 365 Calendar Days

The Contract Times shall commence to run as provided in paragraph 2.03 of the General Conditions.

3.2 Liquidated Damages. OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and the OWNER will suffer financial loss if the Work is not completed within the times specified in the BID, plus any extensions thereof allowed in accordance with Article 12 of the General Conditions. They also recognize the delays, expense and difficulties involved in proving the actual loss suffered by OWNER if the Work is not completed on time. Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER INSERT AMOUNT Dollars (\$150.00) for each day that expires after the time specified in paragraph 3.1.

Article 4. CONTRACT PRICE.

OWNER shall pay CONTRACTOR for completion of the Work in accordance with the Contract Documents an amount in current funds equal to the sum of the amounts determined pursuant to paragraphs 4.1 and 4.2 below:

4.1 For all Work other than Unit Price Work, a Lump Sum as shown in the BID.

All specific cash allowances are included in the BID and have been computed in accordance with paragraph 11.02 of the General Conditions.

plus

4.2 For all Unit Price Work, an amount equal to the sum of the established unit price for each separately identified item of Unit Price Work times the estimated quantity of that item as indicated in the BID.

As provided in paragraph 11.03 of the General Conditions estimated quantities are not guaranteed, and determinations of actual quantities and classification are to be made by ENGINEER as provided in paragraph 9.08 of the General Conditions. Unit prices have been computed as provided in paragraph 11.03 of the General Conditions.

Article 5. PAYMENT PROCEDURES.

5.1 Applications for Payment by the CONTRACTOR, processing of same by the ENGINEER and OWNER, and associated retainage shall be as set forth in the Standard Special Provisions.

Article 6. INTEREST.

Pursuant to paragraph 143-134.1, General Statutes of North Carolina, the balance due prime Contractors shall be paid in full within 45 days after respective prime contracts have been accepted by Engineer and Owner, or occupied by Owner and used for the purpose for which the project was constructed, whichever occurs first. Provided, however, that whenever Engineer determines that delay in completion of the project in accordance with terms of the Drawings and Specifications is the fault of Contractor, the project may be occupied and used for the purposes for which it was constructed without payment of any interest on amounts withheld past the 45 day limit. No payment shall be delayed because of the failure of another prime Contractor on such project to complete his contract. Should final payment to any prime Contractor beyond the date such contracts have been declared to be completed by Engineer, accepted by Owner, or occupied by Owner and used for the purposes for which the project was constructed, be delayed by more than 45 days, said prime Contractor shall be paid interest, beginning on the 46th day, at the rate of twelve percent per annum on such unpaid balance as may be due. Where a conditional acceptance of a contract exists, and where Owner is retaining a reasonable sum pending correction of such conditions, interest on such reasonable sum shall not apply.

Article 7. CONTRACTOR'S REPRESENTATIONS.

In order to induce OWNER to enter into this Agreement CONTRACTOR makes the following representations:

7.1 CONTRACTOR has examined and carefully studied the Contract Documents (including the Addenda listed in paragraph 8) and the other related data identified in the Bidding Documents including "technical data."

7.2 CONTRACTOR has visited the site and become familiar with and is satisfied as to the general, local and site conditions that may affect cost, progress, performance or furnishing of the Work

7.3 CONTRACTOR is familiar with and is satisfied as to all federal, state and local Laws and Regulations that may affect cost, progress, performance and furnishing of the Work.

7.4 CONTRACTOR has carefully studied all reports of explorations and tests of subsurface conditions at or contiguous to the site and all drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the site (except Underground Facilities) which have been identified in the Supplementary Conditions as provided in paragraph 4.02 of the General Conditions. CONTRACTOR accepts determination set forth in paragraph SC - 4.02 of the Supplementary Conditions of the extent of the "technical data" contained in such reports and drawings upon which CONTRACTOR is entitled to rely as provided in paragraph 4.02 of the General Conditions. CONTRACTOR acknowledges that such reports and drawings are not Contract Documents and may not be complete for CONTRACTOR's purposes. CONTRACTOR acknowledges that OWNER and ENGINEER do not assume responsibility for the accuracy or completeness of information and data shown or indicated in the Contract Documents with respect to Underground Facilities at or contiguous to the site. CONTRACTOR has obtained and carefully studied (or assumes responsibility for having done so) all such additional supplementary examinations, investigations, explorations, tests, studies and data concerning conditions (surface, subsurface and Underground Facilities) at or contiguous to the site or otherwise which may affect cost, progress, performance or furnishing of the Work or which relate to any aspect of the means, methods, techniques, sequences and procedures of construction to be employed by CONTRACTOR and safety precautions and programs incident thereto. CONTRACTOR does not consider that any additional examinations, investigations, explorations, tests, studies or data are necessary for the performance and furnishing of the Work at the Contract Price, within the Contract Times and in accordance with the other terms and conditions of the Contract Documents.

7.5 CONTRACTOR is aware of the general nature of work to be performed by OWNER and others at the site that relates to the Work as indicated in the Contract Documents.

7.6 CONTRACTOR has correlated the information known to CONTRACTOR, information and observations obtained from visits to the site, reports and drawings identified in the Contract Documents and all additional examinations, investigations, explorations, tests, studies and data with the Contract Documents.

7.7 CONTRACTOR has given ENGINEER written notice of all conflicts, errors, ambiguities or discrepancies that CONTRACTOR has discovered in the Contract Documents and the written resolution thereof by ENGINEER is acceptable to CONTRACTOR, and the Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the Work.

Article 8. CONTRACT DOCUMENTS.

The Contract Documents, which comprise the entire agreement between OWNER and CONTRACTOR concerning the Work, consist of the following:

- 8.1 This Agreement.
- 8.2 Exhibits to this Agreement:
 - a. Certificate of Insurance.
- 8.3 Performance, Payment, and/or other Bonds

- 8.4 Notice to Proceed.
- 8.5 General Conditions.
- 8.6 Supplementary Conditions.
- 8.7 Project Special Provisions
- 8.8 Iran Divestment Act Statement
- 8.9 Specifications bearing the title **2019 Stormwater Pipe Repair Project**.
- 8.10 Addenda numbers (2) inclusive.
- 8.11 CONTRACTOR's Bid Form.
- 8.12 Minority/Women Business Enterprise documentation submitted by CONTRACTOR with the Bid Proposal.
- 8.13 The following which may be delivered or issued after the Effective Date of the Agreement and are not attached hereto: All Written Amendments and other documents amending, modifying or supplementing the Contract Documents pursuant to paragraph 3.04 of the General Conditions.

The documents listed in paragraphs 8.2 et seq. above are attached to this Agreement (except as expressly noted otherwise above).

There are no Contract Documents other than those listed above in this Article 8. The Contract Documents may only be amended, modified or supplemented as provided in paragraph 3.04 of the General Conditions.

Article 9. MISCELLANEOUS.

- 9.1. Terms used in this Agreement, which are defined in Article 1 of the General Conditions, will have the meanings indicated in the General Conditions.
- 9.2. No assignment by a party hereto of any rights under or interests in the Contract Documents will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.
- 9.3. OWNER and CONTRACTOR each binds itself, their partner, successors, assigns and legal representatives to the other party hereto, their partner, successors, assigns and legal representatives in respect to all covenants, agreements and obligations contained in the Contract Documents.
- 9.4 Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon OWNER and CONTRACTOR, who agree that the Contract Documents shall be reformed

to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

9.5 E-Verify Compliance:

By submitting a proposal, BIDDER acknowledges that compliance with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes is required by the Contractor and its Subcontractors by North Carolina law and the provisions of the Contract Documents. The BIDDER represents that the BIDDER and its Subcontractors are in compliance with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. Article 2 of Chapter 64 of the North Carolina General Statutes requires employers, that transact business in the State of North Carolina and employ 25 or more employees in the State of North Carolina, to electronically verify the legal employment status of an employee through the federal E-Verify program after hiring the employee to work in the State of North Carolina.

9.6 A project shall be performed as services under a specific Task Order. A Task Order will include (See Exhibit A):

1. A cover sheet that includes the scope of the Task Order, any special conditions that may be associated with the Task Order, the work location and the anticipated start and end date of the Task Order.
2. A bid form for the Task Order with including the line items for the Task Order with the unit prices of submitted by Trader Construction Company in the 2019 Stormwater Pipe Repair Project Number PWD -2019-004
3. A signature page for the City of Greenville and Trader Construction Company to sign for agreement on the details of the Task Order which will also act as the Notice to Proceed for each Task Order.

9.7 The Task Order project period shall be a number of days established by the OWNER in consultation with the CONTRACTOR to complete the Task Order.

9.8 Payment will be made on the basis of the actual quantities satisfactorily completed for each Task Order in accordance with the Contract requirements.

9.9 CONTRACTOR shall furnish all labor, materials, tools personal protective equipment, and equipment necessary inspect and repair all features of the stormwater infrastructure in a safe, timely and workmanlike manner. All equipment must be in a good state of repair and maintained in such good state during the progress of the work. No worn or obsolete equipment shall be used and in no case shall the maker's rating capacity for any equipment be exceeded.

9.10 All work performed, methods and equipment used shall be in conformance with prevailing State and Federal Occupational Safety and Health Act. Cost from delays and losses due to operations not in conformance to these acts, specifications or stoppages by OSHA inspectors or the designated representative, as a result of non-compliance, shall be solely borne by the CONTRACTOR.

9.11 All pipes, manholes, basins and inlets shall be treated as confined spaces. The entry of manholes shall be avoided when possible. Use of mechanical devices or equipment to remove materials from pipelines and manholes should be utilized whenever possible. If entry to confined spaces is necessary, all OSHA and title 8 requirements shall be followed. The CONTRACTOR is required to operate and maintain their safety equipment and is responsible for all safety training for their crew. The CONTRACTOR shall never leave an open maintenance hole unattended. The CITY may make unannounced inspections to ensure compliance with the safety requirements. If CONTRACTOR is deemed to be working in an unsafe manner by the CITY, the contract may be terminated.

9.12 CONTRACTOR shall be solely responsible for the traffic and/or pedestrian control and protection of public and private properties. The CONTRACTOR shall be responsible for the protection of public and private property adjacent to the work site and shall exercise due cation to avoid damage to such property. The CONTRACTOR shall repair or replace all existing improvements within the adjacent work sites which are damaged or removed as a result of the CONTRACTOR'S operations. In the event that there is an accident, either vehicular, personal or property damage, a CITY representative shall be immediately notified. The CONTRACTOR shall furnish all traffic and/or pedestrian safety devices at their own expense.

IN WITNESS WHEREOF, OWNER and CONTRACTOR have signed this Agreement in triplicate. One counterpart each has been delivered to OWNER, CONTRACTOR and ENGINEER. All portions of the Contract Documents have been signed, initialed or identified by OWNER and CONTRACTOR or identified by ENGINEER on their behalf.

CITY OF GREENVILLE

NC Earthworks, Inc

BY _____

BY Larry Peadar

NAME _____

NAME Larry Peadar

TITLE _____

TITLE President

(CORPORATE SEAL)

(CORPORATE SEAL)

Attest _____

Attest Claudia Peadar

TITLE CITY CLERK

TITLE Vice President / Secretary

Address for giving notices

Address for giving notices

PO Box 7207

4221 NC 117

Greenville, NC 27835-7207

Greenville, NC 27834

License No. 65398

Employer Identification Number 52-2275262

APPROVED AS TO FORM

Emanuel McGirt, City Attorney

PRE AUDIT CERTIFICATION

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Bryon Hayes, Director of Financial Services

Account Number(s) _____

Project Code (if applicable) _____

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**NORTH CAROLINA
TAX STATEMENT AND CERTIFICATION**

This is to certify that the foregoing or attached statements are a true and complete statement of all State and County Sales or Use Tax paid by the undersigned contractor from _____, 20__, to _____, 20__, inclusive for the materials and equipment that were or will become a part of the construction of the **2019 Stormwater Pipe Repair Project**.

(THE FOLLOWING PORTION TO BE FILLED OUT BY GENERAL CONTRACTOR ONLY.)

It is further certified that _____

Are all of the subcontractors that are, or were engaged by the contractor in the performance of this contract and whose tax statements are also enclosed herewith.

CONTRACTOR OR SUBCONTRACTOR

Sworn and subscribed before me

This ____ day of _____, 20__

NOTARY PUBLIC

My Commission Expires: _____

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ATTACH TO BID

ATTACH TO BID

ATTACH TO BID

ATTACH TO BID

BID BOND * Cashiers check attached
5% of the bid

KNOW ALL MEN BY THESE PRESENTS: that we, the undersigned, _____ as Principal, and _____ as Surety, are hereby held and firmly bound unto _____ as OWNER in the penal sum of _____ for payment of which, well and truly to be made, we hereby jointly and severally bind ourselves, successors and assigns.

Signed, this _____ day of _____, 201__.

The Condition of the above obligation is such that whereas the Principal has submitted to

_____ a certain BID, attached hereto and hereby made a

part hereof to enter into a contract in writing, for the _____

NOW, THEREFORE,

(a) If said BID shall be rejected, or

(b) If said BID shall be accepted and the Principal shall execute and deliver a contract in the Form of Contract attached hereto (properly completed in accordance with said BID) and shall furnish a BOND for his faithful performance of said contract, and for the payment of all persons performing labor or furnishing materials in connection therewith, and shall in all other respects perform the agreement created by the acceptance of said BID, then this obligation shall be void, otherwise the same shall remain in force and effect; it being expressly understood and agreed that the liability of the Surety for any and all claims hereunder shall, in no event, exceed the penal amount of this obligation as herein stated.

The Surety, for value received, hereby stipulates and agrees that the obligations of said Surety and its BOND shall be in no way impaired or affected by any extension of the time within which the OWNER may accept such BID; and said Surety does hereby waive notice of any such extension.

IN WITNESS WHEREOF, the Principal and the Surety have hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereto affixed and these presents to be signed by their proper officers, the day and year first set forth above.

_____(L.S.)
Principal

Surety

By: _____

IMPORTANT - Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the project is located.

FORM 161412-0812

04000911



PNC Bank, National Association
North Carolina

No. 582319

1583/540

CASHIER'S CHECK

DATE: MARCH 25, 2019

PAY TO THE ORDER OF CITY OF GREENVILLE NC

\$ 34,934.06

THIRTY FOUR THOUSAND NINE HUNDRED THIRTY FOUR AND 06 / 100 DOLLARS

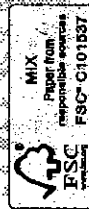
Security Features
Change to back



NC EARTHWORKS INC

REMITTER

PNC Bank, National Association



OFFICIAL SIGNATURE

⑈00582319⑈ ⑆054000030⑆ 5306447369⑈

PAYMENT BOND

KNOW ALL PERSONS BY THESE PRESENTS: that

(Name of Contractor)

(Address of Contractor)

a _____, (Corporation, Partnership, or Individual) hereinafter called PRINCIPAL, and

(Name of Surety)

(Address of Surety)

hereinafter called SURETY, are held and firmly bound unto

City of Greenville Public Works Department
1500 Beatty Street
Greenville, NC 27834

hereinafter called OWNER, and unto all persons, firms, and corporations who or which may furnish labor, or who furnish materials to perform as described under the Contract and to their successors and assigns in the total aggregate penal sum of _____

_____ Dollars (\$) _____) in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the PRINCIPAL entered into a certain contract with the OWNER, dated the _____ day of _____, 201____, a copy of which is hereto attached and made a part hereof for the construction of: City of Greenville,

2019 Stormwater Pipe Repair Project

NOW, THEREFORE, if the PRINCIPAL shall promptly make payment to all persons, firms, subcontractors, and corporations furnishing materials for or performing labor in the prosecution of the WORK provided for in such contract, and any authorized extensions or modification thereof, including all amounts due for materials, lubricants, oil, gasoline, coal and coke, repairs on machinery, equipment and tools, consumed or used in connection with the construction of such WORK, and for all labor cost incurred in such WORK including that by a SUBCONTRACTOR, and to any mechanic or material man

lien holder whether it acquired its lien by operation of State or Federal law; then this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, that beneficiaries or claimants hereunder shall be limited to the SUBCONTRACTORS, and persons, firms, and corporations having a direct contract with the PRINCIPAL or its SUBCONTRACTORS.

PROVIDED, FURTHER, that the said SURETY for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the WORK to be performed hereunder or the SPECIFICATIONS accompanying the same shall in any way affect its obligation on the BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of this contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that no suit or action shall be commenced hereunder by any claimant; (a) Unless claimant, other than one having a direct contract with the PRINCIPAL, shall have given written notice to any two of the following: The PRINCIPAL, the OWNER, or the SURETY above named within ninety (90) days after such claimant did or performed the last of the work or labor, or furnished the last of the materials for which said claim is made, stating with substantial accuracy the amount claimed and the name of the party to whom the materials were furnished or for whom the work or same by registered mail or certified mail, postage prepaid, in an envelope address to the PRINCIPAL, OWNER, or SURETY, at any place where an office is regularly maintained for the transaction of business, or served in any manner in which legal process may be served in the state in which the aforesaid project is located, save that such service need not be made by a public officer. (b) After the expiration of one (1) year following the date of which PRINCIPAL ceased work on said CONTRACT, it being understood, however that if any limitation embodied in the BOND is prohibited by any law controlling the construction hereof, such limitation shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

PROVIDED, FURTHER, that it is expressly agreed that the BOND shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the CONTRACT not increasing the contract price more than 20 percent, so as to bind the PRINCIPAL and the SURETY to the full and faithful performance of the CONTRACT as so amended. The term "Amendment", wherever used in this BOND, and whether referring to this BOND of the Contract shall include any alteration addition, extension, or modification of any character whatsoever. PROVIDED, FURTHER, that no final settlement between the OWNER and the CONTRACTOR shall abridge the right of the other beneficiary hereunder, whose claim may be unsatisfied.

IN WITNESS WHEREOF, this instrument is executed in 3 counterparts, each one of which shall be deemed an original, this the ____ day of _____, 201__.

ATTEST:
Principal

(Principal Secretary)

BY _____(s)

(Address)
(SEAL)

(Witness as to Principal)

(Address)

(Surety)
ATTEST:

(Witness as to Surety)

By _____
(Attorney-in-Fact)

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of Contract.

If CONTRACTOR is partnership, all partners should execute BOND. IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the Project is located.

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PERFORMANCE BOND

KNOW ALL PERSONS BY THESE PRESENTS: that

(Name of Contractor)

(Address of Contractor)

a _____, (Corporation, Partnership, or Individual) hereinafter called PRINCIPAL, and

(Name of Surety)

(Address of Surety)

hereinafter called SURETY, are held and firmly bound unto

City of Greenville Public Works Department
1500 Beatty Street
Greenville, NC 27834

hereinafter called OWNER, in the total aggregate penal sum of _____

_____ Dollars (\$ _____) in lawful money of the United States, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the PRINCIPAL entered into a certain contract with the OWNER, dated the _____ day of _____, 201____, a copy of which is hereto attached and made a part hereof for the construction of:

2019 Stormwater Pipe Repair Project

NOW, THEREFORE, if the PRINCIPAL shall well, truly and faithfully perform its duties, all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term thereof, and any extensions thereof which may be granted by the OWNER, with or without notice to the SURETY and during the one year guaranty period and if the PRINCIPAL shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the OWNER from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the OWNER all outlay and expense which the OWNER may incur in making good any default, then this obligation shall be void, otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said surety, for value received hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to WORK to be performed there under or the SPECIFICATIONS accompanying same shall in any way affect its obligation on this

BOND, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the WORK or to the SPECIFICATIONS.

PROVIDED, FURTHER, that it is expressly agreed that the BOND shall be deemed amended automatically and immediately, without formal and separate amendments hereto, upon amendment to the Contract not increasing the contract price more than 20 percent, so as to bind the PRINCIPAL and the SURETY to the full and faithful performance of the CONTRACT as so amended. The term "Amendment", wherever used in this BOND, and whether referring to this BOND of the Contract shall include any alteration addition, extension, or modification of any character whatsoever. PROVIDED, FURTHER, that no final settlement between the OWNER and the PRINCIPAL shall abridge the right of the other beneficiary hereunder, whose claim may be unsatisfied. The OWNER is the only beneficiary hereunder.

IN WITNESS WHEREOF, this instrument is executed in _____ (Number) counterparts, each one of which shall be deemed an original, this the _____ day of _____, 201_____.

ATTEST:

Principal

(Principal Secretary)

By _____ (s)

(Address)

(SEAL)

(Witness as to Principal)

(Address)

(Surety)

ATTEST:

(Witness as to Surety)

By _____

(Attorney-in-Fact)

(Address)

(Address)

NOTE: Date of BOND must not be prior to date of Contract. If CONTRACTOR is partnership, all partners should execute BOND. IMPORTANT: Surety companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the State where the Project is located.

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NOTICE OF INTENT TO AWARD

TO: CONTRACTOR

PROJECT: **2019 Stormwater Pipe Repair Project**

The City of Greenville has considered the bid submitted by you on 3/26/19 for the above-described Work in response to its Advertisement for Bids and Instructions to Bidders.


You are required by the Instructions to Bidders to execute the Agreement and furnish the required Contractor's Performance Bond, Payment Bond, and Certificate of Insurance within ten (10) calendar days from the date of this Notice to you.

You are required to acknowledge and return to the Owner a copy of this Notice of Intent to Award.

Dated this 22nd day of April, 2019.

Owner: City of Greenville

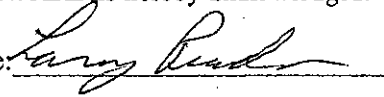
BY:


Scott P. M. Godefroy, PE
City Engineer

ACCEPTANCE OF NOTICE

Receipt of the above NOTICE OF INTENT TO AWARD is hereby acknowledged:

By: Larry Peaden
(Print name)

Signature: 

Title: President

Company: NC Earthworks Inc.

This the 23rd day of April, 2019.

INTENTIONALLY LEFT BLANK

City of Greenville --AFFIDAVIT B-- Intent to Perform

Contract with Own Workforce.

County of _____

not applicable see Affidavit A

Affidavit of _____
(Name of Bidder)

I hereby certify that it is our intent to perform 100% of the work required for the _____

_____ contract.
(Name of Project)

In making this certification, the Bidder states that the Bidder does not customarily subcontract elements of this type project, and normally performs and has the capability to perform and will perform all elements of the work on this project with his/her own current work forces; and

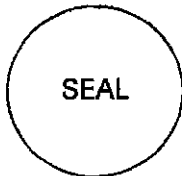
The Bidder agrees to provide any additional information or documentation requested by the owner in support of the above statement.

The undersigned hereby certifies that he or she has read this certification and is authorized to bind the Bidder to the commitments herein contained.

Date: _____ Name of Authorized Officer: _____

Signature: _____

Title: _____



State of _____, County of _____

Subscribed and sworn to before me this _____ day of _____ 20__

Notary Public _____

My commission expires _____

City of Greenville AFFIDAVIT A - Listing of Good Faith Efforts

County of Pitt

(Name of Bidder)

Affidavit of NC Earthworks Inc

I have made a good faith effort to comply under the following areas checked:

Bidders must earn at least 50 points from the good faith efforts listed for their bid to be considered responsive. (1 NC Administrative Code 30 I.0101)

- 1 - (10 pts) Contacted minority businesses that reasonably could have been expected to submit a quote and that were known to the contractor, or available on State or local government maintained lists, at least 10 days before the bid date and notified them of the nature and scope of the work to be performed.
- 2 - (10 pts) Made the construction plans, specifications and requirements available for review by prospective minority businesses, or providing these documents to them at least 10 days before the bids are due.
- 3 - (15 pts) Broken down or combined elements of work into economically feasible units to facilitate minority participation.
- 4 - (10 pts) Worked with minority trade, community, or contractor organizations identified by the Office of Historically Underutilized Businesses and included in the bid documents that provide assistance in recruitment of minority businesses.
- 5 - (10 pts) Attended prebid meetings scheduled by the public owner.
- 6 - (20 pts) Provided assistance in getting required bonding or insurance or provided alternatives to bonding or insurance for subcontractors.
- 7 - (15 pts) Negotiated in good faith with interested minority businesses and did not reject them as unqualified without sound reasons based on their capabilities. Any rejection of a minority business based on lack of qualification should have the reasons documented in writing.
- 8 - (25 pts) Provided assistance to an otherwise qualified minority business in need of equipment, loan capital, lines of credit, or joint pay agreements to secure loans, supplies, or letters of credit, including waiving credit that is ordinarily required. Assisted minority businesses in obtaining the same unit pricing with the bidder's suppliers in order to help minority businesses in establishing credit.
- 9 - (20 pts) Negotiated joint venture and partnership arrangements with minority businesses in order to increase opportunities for minority business participation on a public construction or repair project when possible.
- 10 - (20 pts) Provided quick pay agreements and policies to enable minority contractors and suppliers to meet cash-flow demands.

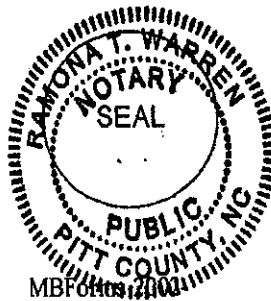
The undersigned, if apparent low bidder, will enter into a formal agreement with the firms listed in the Identification of Minority/Women Business Participation schedule conditional upon scope of contract to be executed with the Owner. Substitution of contractors must be in accordance with GS143-128.2(d) Failure to abide by this statutory provision will constitute a breach of the contract.

The undersigned hereby certifies that he or she has read the terms of the minority/women business commitment and is authorized to bind the bidder to the commitment herein set forth.

Date: 3-25-19 Name of Authorized Officer: Claudia Peaden

Signature: Claudia Peaden

Title: Vice President



State of North Carolina County of Pitt
Subscribed and sworn to before me this 25 day of March 2019
Notary Public Ramona Warren
My commission expires Oct 14 2023

MBForms 2100
Revised July 2010
Updated 2015

Attach to Bid Attach to Bid Attach to Bid Attach to Bid Attach to Bid Attach to Bid Attach to Bid Attach to Bid
The Contractor shall enter into and supply copies of fully executed subcontracts with each MWBE or supply signed Letter(s) of Intent to the Project Manager after award of contract and prior to Notice to Proceed. Any amendments to subcontracts shall be submitted to the Project Manager prior to execution.

Instructions

The Bidder shall provide with the bid the following documentation:

Identification of Minority/Women Business Participation
(if participation is zero, please mark zero—Blank forms will be considered nonresponsive)

Affidavit A (if subcontracting)

OR

Identification of Minority/Women Business Participation
(if participation is zero, please mark zero—Blank forms will be considered nonresponsive)

Affidavit B (if self-performing; must attest that bidder does not customarily subcontract work on this type of project—includes supplies and materials)

Within 72 hours or 3 business days after notification of being the apparent low bidder who is subcontracting anything must provide the following information:

Affidavit C (if aspirational goals are met or are exceeded)

OR

Affidavit D (if aspirational goals are not met)

After award of contract and prior to issuance of notice to proceed:

Letter(s) of Intent or Executed Contracts

****With each pay request, the prime contractors will submit the Proof of Payment Certification, listing payments made to MWBE subcontractors.**

*****If a change is needed in MWBE Participation, submit a Request to Change MWBE Participation Form. Good Faith Efforts to substitute with another MWBE contractor must be demonstrated.**

Minimum Compliance Requirements:

All written statements, affidavits, or intentions made by the Bidder shall become a part of the agreement between the Contractor and the City for performance of contracts. Failure to comply with any of these statements, affidavits or intentions or with the minority business guidelines shall constitute a breach of the contract. A finding by the City that any information submitted (either prior to award of the contract or during the performance of the contract) is inaccurate, false, or incomplete, shall also constitute a breach of the contract. Any such breach may result in termination of the contract in accordance with the termination provisions contained in the contract. It shall be solely at the option of the City whether to terminate the contract for breach or not. In determining whether a contractor has made Good Faith Efforts, the CITY will evaluate all efforts made by the Contractor and will determine compliance in regard to quantity, intensity, and results of these efforts.

MBForms 2002-
Revised July 2010
Updated 2015

**City of Greenville/Greenville Utilities Commission
Minority and Women Business Enterprise Program**

\$100,000 and Construction Guidelines for MWBE Participants

Policy Statement

It is the policy of the City of Greenville and Greenville Utilities Commission to provide minorities and women equal opportunity for participating in all aspects of the City's and Utilities' contracting and procurement programs, including but not limited to, construction projects, supplies and materials purchases, and professional and personal service contracts.

Goals and Good Faith Efforts

Bidders responding to this solicitation shall comply with the MWBE program by making Good Faith Efforts to achieve the following aspiration goals for participation.

| | CITY | |
|---|------|-----|
| | MBE | WBE |
| Construction This goal includes Construction Manager at Risk. | 10% | 6% |

Bidders shall submit MWBE information with their bids on the forms provided. This information will be subject to verification by the City prior to contract award. **As of July 1, 2009, contractors, subcontractors, suppliers, service providers, or MWBE members of joint ventures intended to satisfy City MWBE goals shall be certified by the NC Office of Historically Underutilized Businesses (NC HUB) only.** Firms qualifying as "WBE" for City's goals must be designated as a "women-owned business" by the HUB Office. Firms qualifying as "MBE" for the City's goals must be certified in one of the other categories (i.e.: Black, Hispanic, Asian American, American Indian, Disabled, or Socially and Economically Disadvantaged). Those firms who are certified as both a "WBE" and "MBE" may only satisfy the "MBE" requirement. **Each goal must be met separately. Exceeding one goal does not satisfy requirements for the other.** A complete database of NCHUB certified firms may be found at <http://www.doa.nc.gov/hub/>. An internal database of firms who have expressed interest to do business with the City and GUC is available at www.greenvillenc.gov. However, the HUB status of these firms must be verified by the HUB database. The City shall accept NCDOT certified firms on federally funded projects only. **Please note: A contractor may utilize any firm desired. However, for participation purposes, all MWBE vendors who wish to do business as a minority or female must be certified by NC HUB.**

The Bidder shall make good faith efforts to encourage participation of MWBEs prior to submission of bids in order to be considered as a responsive bidder. Bidders are cautioned that even though their submittal indicates they will meet the MWBE goal, they should document their good faith efforts and be prepared to submit this information, if requested.

The MWBE's listed by the Contractor on the **Identification of Minority/Women Business Participation** which are determined by the City to be certified shall perform the work and supply the materials for which they are listed unless the Contractors receive **prior authorization** from the City to perform the work with other forces or to obtain materials from other sources. If a contractor is proposing to perform all elements of the work with his own forces, he must be prepared to document evidence satisfactory to the owner of similar government contracts where he has self-performed.

MBForms 2002-
Revised July 2010
Updated 2015

**City of Greenville/Greenville Utilities Commission
Minority and Women Business Enterprise (MWBE) Program**

**City of Greenville
Construction Guidelines and Affidavits
\$100,000 and above**

These instructions shall be included with each bid solicitation.

MBForms 2002-
Revised July 2010
Updated 2015

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NOTICE OF AWARD

TO: CONTRACTOR

PROJECT: **2019 Stormwater Pipe Repair Project**

The City of Greenville has considered the bid submitted by you on for the above-described Work in response to its Advertisement for Bids and Instructions to Bidders.

You are required by the Instructions to Bidders to execute the Agreement and furnish the required Contractor's Performance Bond, Payment Bond, and Certificate of Insurance within ten (10) calendar days from the date of this Notice to you.

You are required to acknowledge and return to the Owner a copy of this Notice of Award.

Dated this ____ day of _____, 201__.

Owner: City of Greenville

BY: _____
Scott P. M. Godefroy, PE
City Engineer

ACCEPTANCE OF NOTICE

Receipt of the above NOTICE OF AWARD is hereby acknowledged:

By: _____ Signature: _____
(Print name)

Title: _____ Company: _____

This the _____ day of _____, 201__.

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NOTICE TO PROCEED

DATE: DATE

TO: CONTRACTOR

PROJECT: **2019 Stormwater Pipe Repair Project**

Attached, please find a fully executed copy of the AGREEMENT dated You are hereby notified to commence WORK in accordance with the AGREEMENT on or before....., 201__ and you are to complete the WORK within 30 consecutive calendar days thereafter.

The date of COMPLETION of all WORK is.....

Pre-Construction Conference conducted on

Owner: City of Greenville
By: Scott P. M. Godefroy, PE
Signature: _____
Title: City Engineer

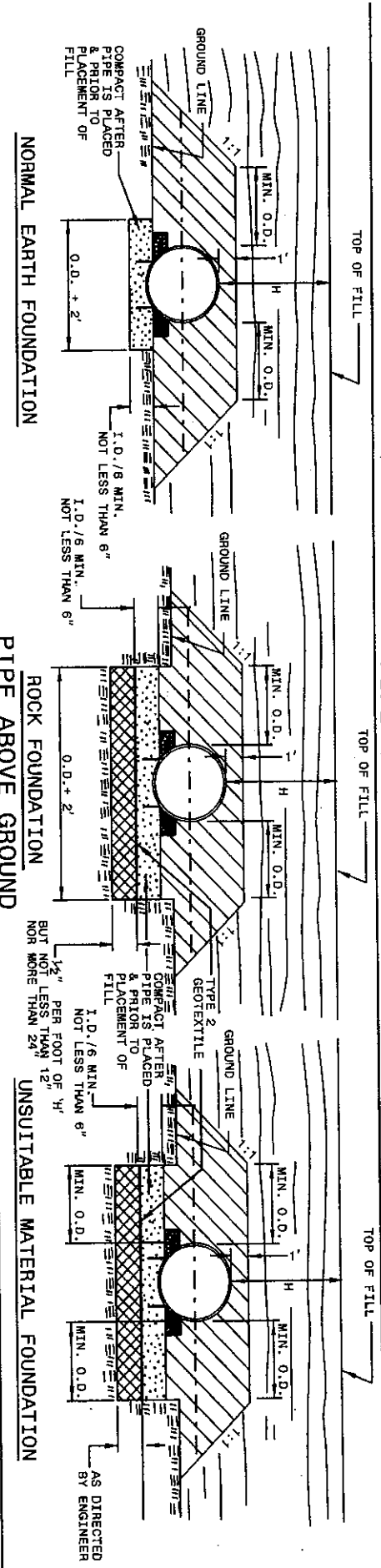
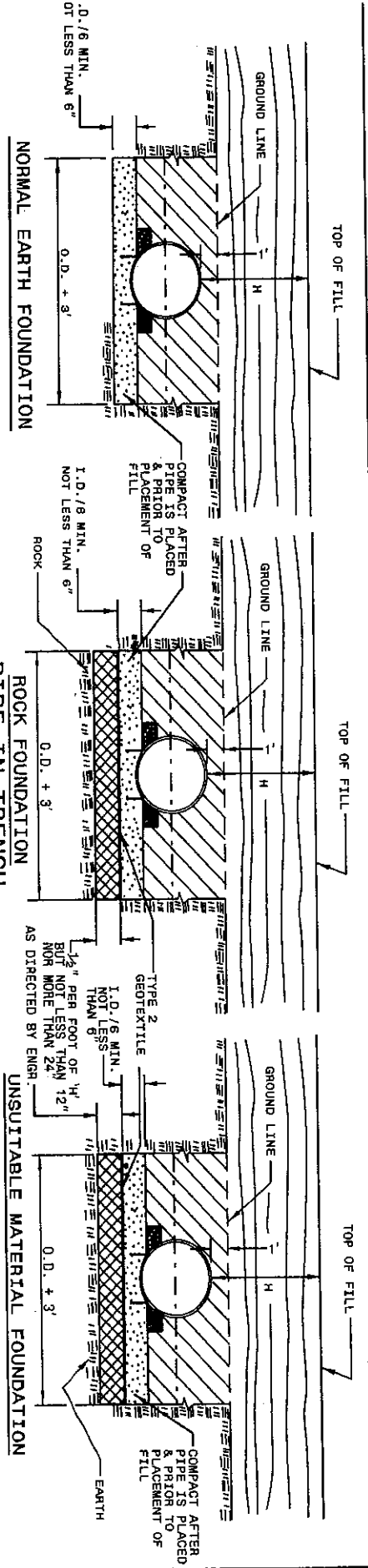
ACCEPTANCE OF NOTICE

Receipt of the above 2019 Stormwater Pipe Repair Project is hereby acknowledged by

this the _____ day of _____, 201__.

By _____
Signature _____
Title _____

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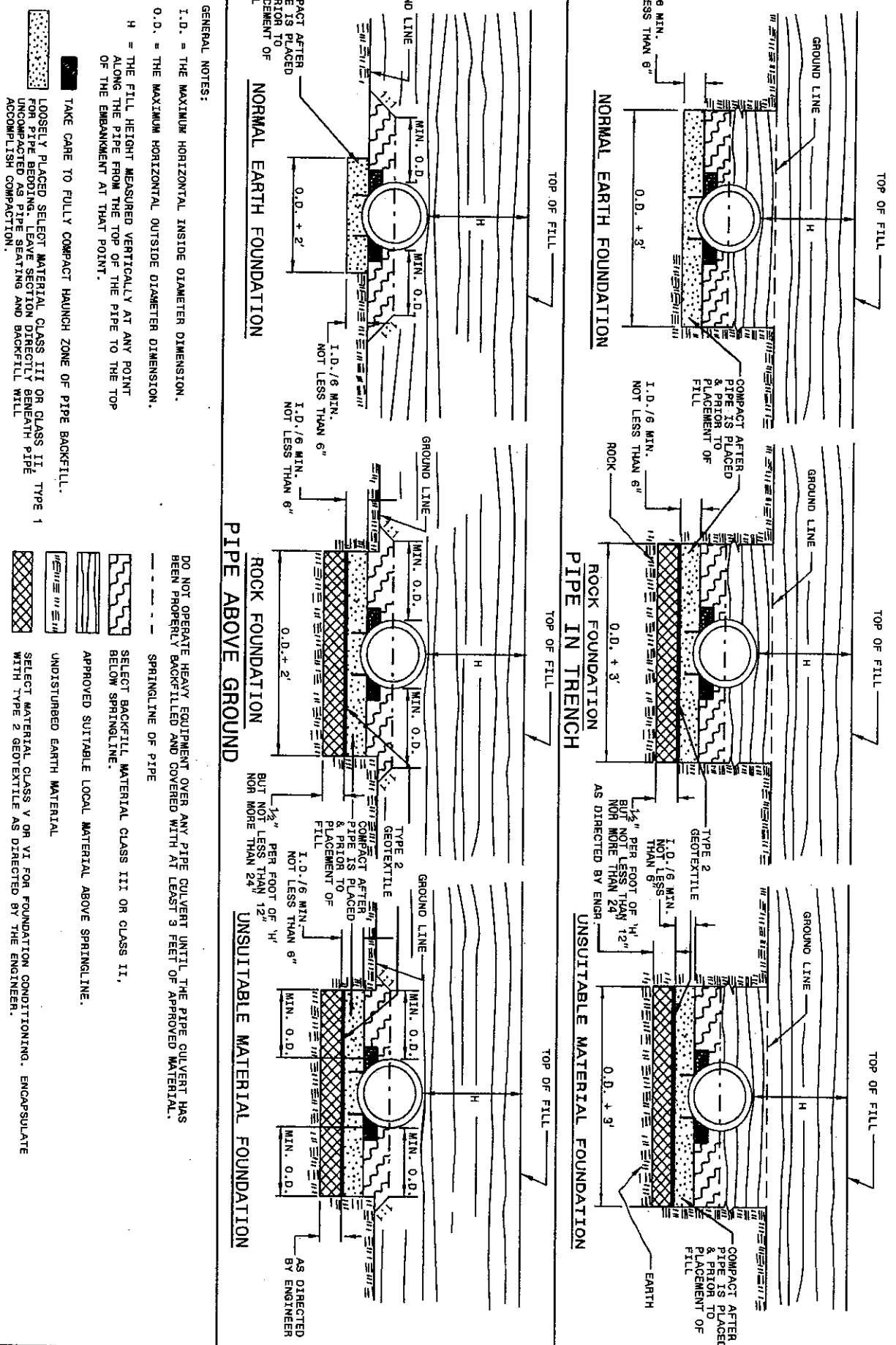


GENERAL NOTES:
 I.O.D. = THE MAXIMUM HORIZONTAL INSIDE DIAMETER DIMENSION.
 O.O. = THE MAXIMUM HORIZONTAL OUTSIDE DIAMETER DIMENSION.
 H = THE FILL HEIGHT MEASURED VERTICALLY AT ANY POINT ALONG THE PIPE FROM THE TOP OF THE PIPE TO THE TOP OF THE EMBANKMENT AT THAT POINT.

DO NOT OPERATE HEAVY EQUIPMENT OVER ANY PIPE CULVERT UNTIL THE PIPE CULVERT HAS BEEN PROPERLY BACKFILLED AND COVERED WITH AT LEAST 3 FEET OF APPROVED MATERIAL.
 --- SPRINGLINE OF PIPE
 SELECT BACKFILL MATERIAL CLASS III OR CLASS II, TYPE 1 ABOVE AND BELOW SPRINGLINE.
 APPROVED SUITABLE LOCAL MATERIAL.

UNDISTURBED EARTH MATERIAL
 SELECT MATERIAL CLASS V OR VI FOR FOUNDATION CONDITIONING. ENCAPSULATE WITH TYPE 2 GEOTEXTILE AS DIRECTED BY THE ENGINEER.

TAKE CARE TO FULLY COMPACT HAUNCH ZONE OF PIPE BACKFILL.
 LOOSELY PLACED SELECT MATERIAL CLASS III OR CLASS II, TYPE 1 FOR PIPE BEDDING. LEAVE SECTION DIRECTLY BENEATH PIPE UNCOMPACTED AS PIPE SEATING AND BACKFILL WILL ACCOMPLISH COMPACTION.



GENERAL NOTES:

I. D. = THE MAXIMUM HORIZONTAL INSIDE DIAMETER DIMENSION.

O. D. = THE MAXIMUM HORIZONTAL OUTSIDE DIAMETER DIMENSION.

H = THE FILL HEIGHT MEASURED VERTICALLY AT ANY POINT ALONG THE PIPE FROM THE TOP OF THE PIPE TO THE TOP OF THE EMBANKMENT AT THAT POINT.

TAKE CARE TO FULLY COMPACT HAUNCH ZONE OF PIPE BACKFILL.

LOOSELY PLACED SELECT MATERIAL CLASS III OR CLASS II FOR PIPE BEDDING. LEAVE SECTION DIRECT LENGTH PIPE UNCOMPACTED AS PIPE SEATING AND BACKFILL WILL ACCOMPLISH COMPACTION.

DO NOT OPERATE HEAVY EQUIPMENT OVER ANY PIPE CULVERT UNTIL THE PIPE CULVERT HAS BEEN PROPERLY BACKFILLED AND COVERED WITH AT LEAST 3 FEET OF APPROVED MATERIAL.

SPRINGLINE OF PIPE

SELECT BACKFILL MATERIAL CLASS III OR CLASS II, BELOW SPRINGLINE.

APPROVED SUITABLE LOCAL MATERIAL ABOVE SPRINGLINE.

UNDISTURBED EARTH MATERIAL

SELECT MATERIAL CLASS V OR VI FOR FOUNDATION CONDITIONING. ENCAPSULATE WITH TYPE 2 GEOTEXTILE AS DIRECTED BY THE ENGINEER.

FLEXIBLE PIPE

| Round Corrugated Steel Pipe 2 2/3 x 1/2 corrugation ** | | | | | | |
|---|---------------------------|------|--------------------------------|-----|-----|-----|
| Diameter (Inches) | Minimum cover (Inches) | (Ga) | Maximum Height of Cover (feet) | | | |
| 12 | 12 | 16 | 14 | 12 | 10 | 9 |
| 15 | 12 | 204 | 256 | | | |
| 18 | 12 | 162 | 204 | | | |
| 21 | 12 | 135 | 169 | 239 | | |
| 24 | 12 | 115 | 145 | 204 | | |
| 30 | 12 | 100 | 126 | 178 | | |
| 36 | 12 | 79 | 100 | 142 | 152 | |
| 42 | 12 | 85 | 117 | 147 | 130 | 160 |
| 48 | 12 | 55 | 70 | 100 | 130 | 160 |
| 54 | 12 | 48 | 61 | 87 | 113 | 139 |
| 60 | 12 | 54 | 54 | 77 | 100 | 123 |
| 66 | 12 | | | 69 | 90 | 111 |
| 72 | 12 | | | | 81 | 100 |
| 78 | 12 | | | | 74 | 91 |
| 84 | 12 | | | | 69 | 81 |

| Round Corrugated Aluminum Pipe 2 2/3 x 1/2 corrugation ** | | | | | | |
|--|---------------------------|------|--------------------------------|-----|-----|-----|
| Diameter (Inches) | Minimum cover (Inches) | (Ga) | Maximum Height of Cover (feet) | | | |
| 12 | 12 | 16 | 14 | 12 | 10 | 8 |
| 15 | 12 | 123 | 135 | 218 | 281 | 344 |
| 18 | 12 | 98 | 123 | 174 | 224 | 275 |
| 21 | 12 | 81 | 102 | 144 | 187 | 228 |
| 24 | 12 | 69 | 87 | 123 | 160 | 195 |
| 27 | 12 | 80 | 76 | 108 | 139 | 171 |
| 30 | 12 | 67 | 67 | 95 | 123 | 151 |
| 36 | 12 | 60 | 60 | 85 | 111 | 136 |
| 42 | 12 | 50 | 50 | 71 | 92 | 113 |
| 48 | 12 | 60 | 60 | 60 | 76 | 96 |
| 54 | 12 | 52 | 46 | 52 | 68 | 84 |
| 60 | 12 | | | 46 | 50 | 74 |
| 66 | 12 | | | | 50 | 62 |
| 72 | 12 | | | | 51 | 51 |
| 78 | 12 | | | | 41 | 41 |

** FOR DIFFERENT CORRUGATIONS AND ARCH PIPES REFER TO ROADWAY DESIGN MANUAL OR MANUFACTURERS SPECIFICATION.

REFER TO THE FOLLOWING FOR PIPE SPECIFICATIONS

- CSP - AASHTO M36
- CAAP - AASHTO M196
- HDPE - AASHTO M294
- PVC - ASTM F949 or AASHTO M304

NOTES: FILL HEIGHTS SHOWN WERE CALCULATED USING AASHTO LRFD BRIDGE DESIGN SPECIFICATIONS

1' MINIMUM COVER FOR ALL SIDE DRAIN PIPE IN ACCORDANCE WITH THE STANDARD SPECIFICATIONS

RIGID PIPE

* FILL HEIGHT IS MEASURED FROM THE TOP OF THE PIPE TO THE BOTTOM OF THE PAVEMENT STRUCTURE

- HDPE - * (Minimum fill) 2' for pipe diameters $\geq 12"$ and $\leq 60"$
* (Maximum fill) 20' for pipe diameters $\leq 24"$
17' for pipe diameters $\geq 30"$ and $\leq 60"$
- PVC - * (Minimum fill) 2' for pipe diameters $\geq 12"$ and $\leq 36"$
* (Maximum fill) 30' for pipe diameters $\geq 12"$ and $\leq 36"$

RCP - * (Minimum fill) 1' for Class IV & Class V
2' for Class III & Class II

- * (Maximum fill) 10' - Class II pipe
20' - Class III pipe
30' - Class IV pipe
40' - Class V pipe

(For fills > 40' & < 80' use LRFD Direct Design Method)

* FILL HEIGHT IS MEASURED FROM THE TOP OF THE PIPE TO THE BOTTOM OF THE PAVEMENT STRUCTURE

REFER TO THE FOLLOWING FOR PIPE SPECIFICATIONS

RCP - AASHTO M170

NOTES: FILL HEIGHTS SHOWN WERE CALCULATED USING AASHTO LRFD BRIDGE DESIGN SPECIFICATIONS

1' MINIMUM COVER FOR ALL SIDE DRAIN PIPE IN ACCORDANCE WITH THE STANDARD SPECIFICATIONS

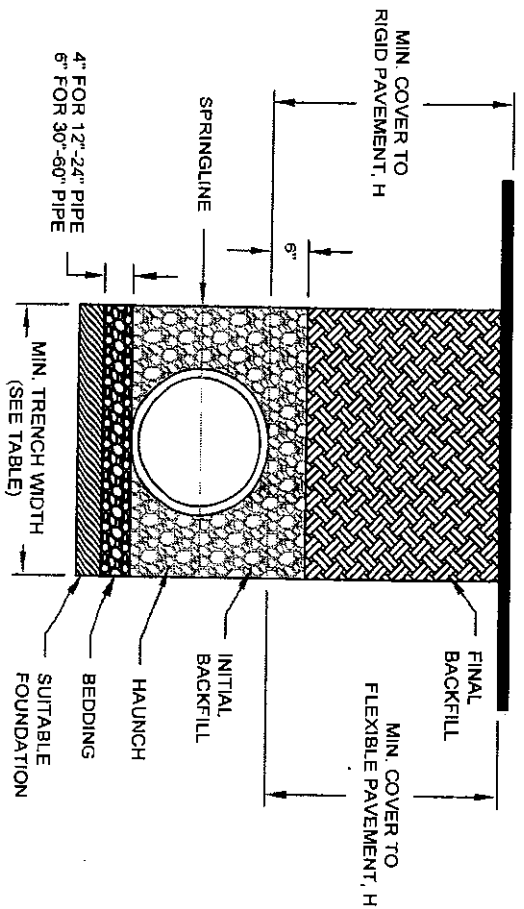
ROADWAY STANDARD DRAWING FOR METHOD OF PIPE INSTALLATION

FILL HEIGHT TABLES

1-18 STATE OF
NORTH CAROLINA
DEPT. OF TRANSPORTATION
DIVISION OF HIGHWAYS
RALEIGH, N.C.

SHEET 3 OF 3
300.01

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RECOMMENDED MINIMUM TRENCH WIDTHS

| PIPE DIAM. | MIN. TRENCH WIDTH |
|------------|-------------------|
| 4" | 21" |
| 6" | 23" |
| 8" | 28" |
| 10" | 28" |
| 12" | 30" |
| 15" | 34" |
| 18" | 39" |
| 24" | 48" |
| 30" | 56" |
| 36" | 64" |
| 42" | 72" |
| 48" | 80" |
| 54" | 88" |
| 60" | 96" |

MINIMUM RECOMMENDED COVER BASED ON VEHICLE LOADING CONDITIONS**

| PIPE DIAM. | H-25 SURFACE LIVE LOADING CONDITION | HEAVY CONSTRUCTION (75T AXLE LOAD) * |
|------------|-------------------------------------|--------------------------------------|
| 12" - 48" | 12" | 48" |
| 54" - 60" | 24" | 60" |

* VEHICLES IN EXCESS OF 75T MAY REQUIRE ADDITIONAL COVER
 **SEE BACKFILL REQUIREMENTS IN NOTE 6.

MINIMUM RECOMMENDED COVER BASED ON RAILWAY LOADING CONDITIONS

| PIPE DIAM. | COOPER E-80** |
|------------|---------------|
| UP TO 24" | 24" |
| 30" - 36" | 36" |
| 42" - 60" | 48" |

** COVER IS MEASURED FROM TOP OF PIPE TO BOTTOM OF RAILWAY TIE.
 *** E-80 COVER REQUIREMENTS, ARE ONLY APPLICABLE TO ASTM F 2306 PIPE.

- NOTES:**
1. ALL PIPE SYSTEMS SHALL BE INSTALLED IN ACCORDANCE WITH ASTM D2321, "STANDARD PRACTICE FOR UNDERGROUND INSTALLATION OF THERMOPLASTIC PIPE FOR SEWERS AND OTHER GRAVITY FLOW APPLICATIONS", LATEST ADDITION
 2. MEASURES SHOULD BE TAKEN TO PREVENT MIGRATION OF NATIVE FINES INTO BACKFILL MATERIAL WHEN REQUIRED.
 3. FOUNDATION: WHERE THE TRENCH BOTTOM IS UNSTABLE, THE CONTRACTOR SHALL EXCAVATE TO A DEPTH REQUIRED BY THE ENGINEER AND REPLACE WITH SUITABLE MATERIAL AS SPECIFIED BY THE ENGINEER, AS AN ALTERNATIVE AND AT THE DISCRETION OF THE DESIGN ENGINEER, THE TRENCH BOTTOM MAY BE STABILIZED USING A GEOTEXTILE MATERIAL.
 4. BEDDING: SUITABLE MATERIAL SHALL BE CLASS I, II OR III. THE CONTRACTOR SHALL PROVIDE DOCUMENTATION FOR MATERIAL SPECIFICATION TO ENGINEER, UNLESS OTHERWISE NOTED BY THE ENGINEER. MINIMUM BEDDING THICKNESS SHALL BE 4" (100mm) FOR 4"-24" (100mm-600mm); 6" (150mm) FOR 30"-60" (750mm-900mm).
 5. INITIAL BACKFILL: SUITABLE MATERIAL SHALL BE CLASS I, II OR III IN THE PIPE ZONE EXTENDING NOT LESS THAN 6' ABOVE CROWN OF PIPE. THE CONTRACTOR SHALL PROVIDE DOCUMENTATION FOR MATERIAL SPECIFICATION TO ENGINEER. MATERIAL SHALL BE INSTALLED AS REQUIRED IN ASTM D2321, LATEST EDITION.
 6. MINIMUM COVER: MINIMUM COVER, H, IN NON-TRAFFIC APPLICATIONS (GRASS OR LANDSCAPE AREAS) IS 12" FROM THE TOP OF PIPE TO GROUND SURFACE. ADDITIONAL COVER MAY BE REQUIRED TO PREVENT FLOATATION. FOR TRAFFIC APPLICATIONS, MINIMUM COVER, H, IS 12" UP TO 48" DIAMETER PIPE AND 24" OF COVER FOR 54"-60" DIAMETER PIPE. MEASURED FROM TOP OF PIPE TO BOTTOM OF FLEXIBLE PAVEMENT OR TO TOP OF RIGID PAVEMENT. FOR TRAFFIC APPLICATIONS WITH LESS THAN FOUR FEET OF COVER, EMBEDMENT OF THE PIPE SHALL BE USING ONLY A CLASS ONE OR CLASS TWO BACKFILL.

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To: All Interested Bidders
From: Victor Long
RE: 2019 Stormwater Pipe Repair Project, Addendum #1
Date: February 21, 2019

The following items clarify, add to, delete from and/or otherwise change and supersede information previously issued to you in the Bid Documents for the above-referenced project. As such, said items shall be considered part of the contract and receipt of this addendum shall be acknowledged appropriately in the bid package. Please review the following items carefully and adjust your proposal accordingly.

Pre-bid Minutes and Clarifications

1. The Contractor will be issued task orders during the contract and will be paid per individual task.
2. Mobilization for the project will be a 3% max for the total unit bid cost and will be paid as 3% of each task order.
3. It was confirmed at the pre-bid that a bid bond of 5% of the total base bid will be required.
4. The contractor must perform in excess of 50% of the contract price with his own forces.
5. All work during this contract will be performed within existing City right-of-way or within a drainage easement.
6. If during the contract there is an item that is not in the original unit bid form the Contractor will provide a written estimate for any item or items necessary to complete the project.
7. At the pre bid meeting it was stated that the City would require a \$200,000.00 performance & payment bond for the winning Bidder.
8. Greenville Utilities will relocate and/or remove any utilities within a work zone ahead of the start of a task order when feasible.
9. Work will be continuous once a task order has been started, but there may be down time between the issuing of additional task orders.
10. Please use the bid form included with this addendum to submit your bid.
11. Make sure to attach your MWBE forms, Noncollusion Affidavit, Bid Bond and the summary form at the front of the bid specs to the bid form. All these pages should state submit or attach to bid at the top of the individual page.

12. All the RCP installed for this project will be installed in the same trench as the excavated pipe. Asphalt, concrete & pipe removal shall be incidental to the unit price for each RCP size listed on the bid form.
13. Asphalt for this this project will be Type S9.5C with no more than 15% RAP.
14. Bid date is Tuesday, February 26, 2019 at 2:00 PM, 1500 Beatty Street, Greenville, NC 27834.

Requests for additional information:

Any questions regarding this Addendum should be directed to Mr. Victor Long, at 252-329-4888 or email at vlong@greenvillenc.gov.

To: All Interested Bidders
From: Victor Long
RE: 2019 Stormwater Pipe Repair Project, Addendum #2
Date: March 22, 2019

The following items clarify, add to, delete from and/or otherwise change and supersede information previously issued to you in the Bid Documents for the above-referenced project. As such, said items shall be considered part of the contract and receipt of this addendum shall be acknowledged appropriately in the bid package. Please review the following items carefully and adjust your proposal accordingly.

Pre-bid Minutes and Clarifications

1. The line items for RCP, HDPE & HPP were explained and broken down to show what was to be included in the bid for the line item and that select fill is a separate line item and will be paid for separately.
2. It was confirmed at the pre-bid that a bid bond of 5% of the total base bid will be required.
3. The contractor must perform in excess of 50% of the contract price with his own forces.
4. The contractor will have 10 days from the date of issue of the task order to start the project task
5. If during the contract there is an item that is not in the original unit bid form the Contractor will provide a written estimate for any item or items necessary to complete the project.
6. At the pre bid meeting it was stated that the City would require a \$200,000.00 performance and payment bond for the winning bidder.
7. Make sure to acknowledge this addendum on the bid form.
8. Make sure to attach your MWBE forms, Noncollusion Affidavit, Bid Bond and the summary form at the front of the bid specs to the bid form. All these pages should state submit or attach to bid at the top of the individual page.

Requests for additional information:

Any questions regarding this Addendum should be directed to Mr. Victor Long, at 252-329-4888 or email at vlong@greenvillenc.gov.

GENERAL CONDITIONS

This document has important legal consequences; consultation with an attorney is encouraged with respect to its use or modification. This document should be adapted to the particular circumstances of the contemplated Project and the controlling Laws and Regulations.

**STANDARD GENERAL CONDITIONS
OF THE CONSTRUCTION CONTRACT**

Prepared by

ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

and

Issued and Published Jointly by



AMERICAN COUNCIL OF ENGINEERING COMPANIES

ASSOCIATED GENERAL CONTRACTORS OF AMERICA

AMERICAN SOCIETY OF CIVIL ENGINEERS

PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE
A Practice Division of the
NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

Endorsed by



CONSTRUCTION SPECIFICATIONS INSTITUTE

These General Conditions have been prepared for use with the Suggested Forms of Agreement Between Owner and Contractor (EJCDC C-520 or C-525, 2007 Editions). Their provisions are interrelated and a change in one may necessitate a change in the other. Comments concerning their usage are contained in the Narrative Guide to

the EJCDC Construction Documents (EJCDC C-001, 2007 Edition). For guidance in the preparation of Supplementary Conditions, see Guide to the Preparation of Supplementary Conditions (EJCDC C-800, 2007 Edition).

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(800) 548-2723
www.asce.org

Associated General Contractors of America
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(703) 548-3118
www.agc.org

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STANDARD GENERAL CONDITIONS OF THE CONSTRUCTION CONTRACT

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DEFINITIONS AND TERMINOLOGY

Defined Terms

Wherever used in the Bidding Requirements or Contract Documents and printed with initial capital letters, the terms listed below will have the meanings indicated which are applicable to both the singular and plural thereof. In addition to terms specifically defined, terms with initial capital letters in the Contract Documents include references to identified articles and paragraphs, and the titles of other documents or forms.

Addenda—Written or graphic instruments issued prior to the opening of Bids which clarify, correct, or change the Bidding Requirements or the proposed Contract Documents.

Agreement—The written instrument which is evidence of the agreement between Owner and Contractor covering the Work.

Application for Payment—The form acceptable to Engineer which is to be used by Contractor during the course of the Work in requesting progress or final payments and which is to be accompanied by such supporting documentation as is required by the Contract Documents.

Asbestos—Any material that contains more than one percent asbestos and is friable or is releasing asbestos fibers into the air above current action levels established by the United States Occupational Safety and Health Administration.

Bid—The offer or proposal of a Bidder submitted on the prescribed form setting forth the prices for the Work to be performed.

Bidder—The individual or entity who submits a Bid directly to Owner.

Bidding Documents—The Bidding Requirements and the proposed Contract Documents (including all Addenda).

Bidding Requirements—The advertisement or invitation to bid, Instructions to Bidders, Bid security of acceptable form, if any, and the Bid Form with any supplements.

Change Order—A document recommended by Engineer which is signed by Contractor and Owner and authorizes an addition, deletion, or revision in the Work or an adjustment in the Contract Price or the Contract Times, issued on or after the Effective Date of the Agreement.

Claim—A demand or assertion by Owner or Contractor seeking an adjustment of Contract Price or Contract Times, or both, or other relief with respect to the terms of the Contract. A demand for money or services by a third party is not a Claim.

Contract—The entire and integrated written agreement between the Owner and Contractor concerning the Work. The Contract supersedes prior negotiations, representations, or agreements, whether written or oral.

Contract Documents—Those items so designated in the Agreement. Only printed or hard copies of the items listed in the Agreement are Contract Documents. Approved Shop Drawings, other Contractor submittals, and the reports and drawings of subsurface and physical conditions are not Contract Documents.

Contract Price—The moneys payable by Owner to Contractor for completion of the Work in accordance with the Contract Documents as stated in the Agreement (subject to the provisions of Paragraph 11.03 in the case of Unit Price Work).

Contract Times—The number of days or the dates stated in the Agreement to: (i) achieve Milestones, if any; (ii) achieve Substantial Completion; and (iii) complete the Work so that it is ready for final payment as evidenced by Engineer's written recommendation of final payment.

Contractor—The individual or entity with whom Owner has entered into the Agreement.

Cost of the Work—See Paragraph 11.01 for definition.

Drawings—That part of the Contract Documents prepared or approved by Engineer which graphically shows the scope, extent, and character of the Work to be performed by Contractor. Shop Drawings and other Contractor submittals are not Drawings as so defined.

Effective Date of the Agreement—The date indicated in the Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Agreement is signed and delivered by the last of the two parties to sign and deliver.

Engineer—The individual or entity named as such in the Agreement.

Field Order—A written order issued by Engineer which requires minor changes in the Work but which does not involve a change in the Contract Price or the Contract Times.

General Requirements—Sections of Division 1 of the Specifications.

Hazardous Environmental Condition—The presence at the Site of Asbestos, PCBs, Petroleum, Hazardous Waste, or Radioactive Material in such quantities or circumstances that may present a substantial danger to persons or property exposed thereto.

Hazardous Waste—The term Hazardous Waste shall have the meaning provided in Section 1004 of the Solid Waste Disposal Act (42 USC Section 6903) as amended from time to time.

Laws and Regulations; Laws or Regulations—Any and all applicable laws, rules, regulations, ordinances, codes, and orders of any and all governmental bodies, agencies, authorities, and courts having jurisdiction.

Liens—Charges, security interests, or encumbrances upon Project funds, real property, or personal property.

Milestone—A principal event specified in the Contract Documents relating to an intermediate completion date or time prior to Substantial Completion of all the Work.

Notice of Award—The written notice by Owner to the Successful Bidder stating that upon timely compliance by the Successful Bidder with the conditions precedent listed therein, Owner will sign and deliver the Agreement.

Notice to Proceed—A written notice given by Owner to Contractor fixing the date on which the Contract Times will commence to run and on which Contractor shall start to perform the Work under the Contract Documents.

Owner—The individual or entity with whom Contractor has entered into the Agreement and for whom the Work is to be performed.

PCBs—Polychlorinated biphenyls.

Petroleum—Petroleum, including crude oil or any fraction thereof which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute), such as oil, petroleum, fuel oil, oil sludge, oil refuse, gasoline, kerosene, and oil mixed with other non-Hazardous Waste and crude oils.

Progress Schedule—A schedule, prepared and maintained by Contractor, describing the sequence and duration of the activities comprising the Contractor's plan to accomplish the Work within the Contract Times.

Project—The total construction of which the Work to be performed under the Contract Documents may be the whole, or a part.

Project Manual—The bound documentary information prepared for bidding and constructing the Work. A listing of the contents of the Project Manual, which may be bound in one or more volumes, is contained in the table(s) of contents.

Radioactive Material—Source, special nuclear, or byproduct material as defined by the Atomic Energy Act of 1954 (42 USC Section 2011 et seq.) as amended from time to time.

Resident Project Representative—The authorized representative of Engineer who may be assigned to the Site or any part thereof.

Samples—Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and which establish the standards by which such portion of the Work will be judged.

Schedule of Submittals—A schedule, prepared and maintained by Contractor, of required submittals and the time requirements to support scheduled performance of related construction activities.

Schedule of Values—A schedule, prepared and maintained by Contractor, allocating portions of the Contract Price to various portions of the Work and used as the basis for reviewing Contractor's Applications for Payment.

Shop Drawings—All drawings, diagrams, illustrations, schedules, and other data or information which are specifically prepared or assembled by or for Contractor and submitted by Contractor to illustrate some portion of the Work.

Site—Lands or areas indicated in the Contract Documents as being furnished by Owner upon which the Work is to be performed, including rights-of-way and easements for access thereto, and such other lands furnished by Owner which are designated for the use of Contractor.

Specifications—That part of the Contract Documents consisting of written requirements for materials, equipment, systems, standards and workmanship as applied to the Work, and certain administrative requirements and procedural matters applicable thereto.

Subcontractor—An individual or entity having a direct contract with Contractor or with any other Subcontractor for the performance of a part of the Work at the Site.

Substantial Completion—The time at which the Work (or a specified part thereof) has progressed to the point where, in the opinion of Engineer, the Work (or a specified part thereof) is sufficiently complete, in accordance with the Contract Documents, so that the Work (or a specified part thereof) can be utilized for the purposes for which it is intended. The terms “substantially complete” and “substantially completed” as applied to all or part of the Work refer to Substantial Completion thereof.

Successful Bidder—The Bidder submitting a responsive Bid to whom Owner makes an award.

Supplementary Conditions—That part of the Contract Documents which amends or supplements these General Conditions.

Supplier—A manufacturer, fabricator, supplier, distributor, material man, or vendor having a direct contract with Contractor or with any Subcontractor to furnish materials or equipment to be incorporated in the Work by Contractor or Subcontractor.

Underground Facilities—All underground pipelines, conduits, ducts, cables, wires, manholes, vaults, tanks, tunnels, or other such facilities or attachments, and any encasements containing such facilities, including those that convey electricity, gases, steam, liquid petroleum products, telephone or other communications, cable television, water, wastewater, storm water, other liquids or chemicals, or traffic or other control systems.

Unit Price Work—Work to be paid for on the basis of unit prices.

Work—The entire construction or the various separately identifiable parts thereof required to be provided under the Contract Documents. Work includes and is the result of performing or providing all labor, services, and documentation necessary to produce such construction, and furnishing, installing, and incorporating all materials and equipment into such construction, all as required by the Contract Documents.

Work Change Directive—A written statement to Contractor issued on or after the Effective Date of the Agreement and signed by Owner and recommended by Engineer ordering an

addition, deletion, or revision in the Work, or responding to differing or unforeseen subsurface or physical conditions under which the Work is to be performed or to emergencies. A Work Change Directive will not change the Contract Price or the Contract Times but is evidence that the parties expect that the change ordered or documented by a Work Change Directive will be incorporated in a subsequently issued Change Order following negotiations by the parties as to its effect, if any, on the Contract Price or Contract Times.

Terminology

The words and terms discussed in Paragraph 1.02.B through F are not defined but, when used in the Bidding Requirements or Contract Documents, have the indicated meaning.

Intent of Certain Terms or Adjectives:

The Contract Documents include the terms "as allowed," "as approved," "as ordered," "as directed" or terms of like effect or import to authorize an exercise of professional judgment by Engineer. In addition, the adjectives "reasonable," "suitable," "acceptable," "proper," "satisfactory," or adjectives of like effect or import are used to describe an action or determination of Engineer as to the Work. It is intended that such exercise of professional judgment, action, or determination will be solely to evaluate, in general, the Work for compliance with the information in the Contract Documents and with the design concept of the Project as a functioning whole as shown or indicated in the Contract Documents (unless there is a specific statement indicating otherwise). The use of any such term or adjective is not intended to and shall not be effective to assign to Engineer any duty or authority to supervise or direct the performance of the Work, or any duty or authority to undertake responsibility contrary to the provisions of Paragraph 9.09 or any other provision of the Contract Documents.

Day:

The word "day" means a calendar day of 24 hours measured from midnight to the next midnight.

Defective:

The word "defective," when modifying the word "Work," refers to Work that is unsatisfactory, faulty, or deficient in that it:

does not conform to the Contract Documents; or

does not meet the requirements of any applicable inspection, reference standard, test, or approval referred to in the Contract Documents; or

has been damaged prior to Engineer's recommendation of final payment (unless responsibility for the protection thereof has been assumed by Owner at Substantial Completion in accordance with Paragraph 14.04 or 14.05).

Furnish, Install, Perform, Provide:

The word "furnish," when used in connection with services, materials, or equipment, shall mean to supply and deliver said services, materials, or equipment to the Site (or some other specified location) ready for use or installation and in usable or operable condition.

The word "install," when used in connection with services, materials, or equipment, shall mean to put into use or place in final position said services, materials, or equipment complete and ready for intended use.

The words "perform" or "provide," when used in connection with services, materials, or equipment, shall mean to furnish and install said services, materials, or equipment complete and ready for intended use.

When "furnish," "install," "perform," or "provide" is not used in connection with services, materials, or equipment in a context clearly requiring an obligation of Contractor, "provide" is implied.

Unless stated otherwise in the Contract Documents, words or phrases that have a well-known technical or construction industry or trade meaning are used in the Contract Documents in accordance with such recognized meaning.

PRELIMINARY MATTERS

Delivery of Bonds and Evidence of Insurance

When Contractor delivers the executed counterparts of the Agreement to Owner, Contractor shall also deliver to Owner such bonds as Contractor may be required to furnish.

Evidence of Insurance: Before any Work at the Site is started, Contractor and Owner shall each deliver to the other, with copies to each additional insured identified in the Supplementary Conditions, certificates of insurance (and other evidence of insurance which either of them or any additional insured may reasonably request) which Contractor and Owner respectively are required to purchase and maintain in accordance with Article 5.

Copies of Documents

Owner shall furnish to Contractor up to ten printed or hard copies of the Drawings and Project Manual. Additional copies will be furnished upon request at the cost of reproduction.

Commencement of Contract Times; Notice to Proceed

The Contract Times will commence to run on the thirtieth day after the Effective Date of the Agreement or, if a Notice to Proceed is given, on the day indicated in the Notice to Proceed. A Notice to Proceed may be given at any time within 30 days after the Effective Date of the Agreement. In no event will the Contract Times commence to run later than the sixtieth day after the day of Bid opening or the thirtieth day after the Effective Date of the Agreement, whichever date is earlier.

Starting the Work

Contractor shall start to perform the Work on the date when the Contract Times commence to run. No Work shall be done at the Site prior to the date on which the Contract Times commence to run.

Before Starting Construction

Preliminary Schedules: Within 10 days after the Effective Date of the Agreement (unless otherwise specified in the General Requirements), Contractor shall submit to Engineer for timely review:

a preliminary Progress Schedule indicating the times (numbers of days or dates) for starting and completing the various stages of the Work, including any Milestones specified in the Contract Documents;

a preliminary Schedule of Submittals; and

a preliminary Schedule of Values for all of the Work which includes quantities and prices of items which when added together equal the Contract Price and subdivides the Work into component parts in sufficient detail to serve as the basis for progress payments during performance of the Work. Such prices will include an appropriate amount of overhead and profit applicable to each item of Work.

Preconstruction Conference; Designation of Authorized Representatives

Before any Work at the Site is started, a conference attended by Owner, Contractor, Engineer, and others as appropriate will be held to establish a working understanding among the parties as to the Work and to discuss the schedules referred to in Paragraph 2.05.A, procedures for handling Shop Drawings and other submittals, processing Applications for Payment, and maintaining required records.

At this conference Owner and Contractor each shall designate, in writing, a specific individual to act as its authorized representative with respect to the services and responsibilities under the Contract. Such individuals shall have the authority to transmit instructions, receive information, render decisions relative to the Contract, and otherwise act on behalf of each respective party.

Initial Acceptance of Schedules

At least 10 days before submission of the first Application for Payment a conference attended by Contractor, Engineer, and others as appropriate will be held to review for acceptability to Engineer as provided below the schedules submitted in accordance with Paragraph 2.05.A. Contractor shall have an additional 10 days to make corrections and adjustments and to complete and resubmit the schedules. No progress payment shall be made to Contractor until acceptable schedules are submitted to Engineer.

The Progress Schedule will be acceptable to Engineer if it provides an orderly progression of the Work to completion within the Contract Times. Such acceptance will not impose on

Engineer responsibility for the Progress Schedule, for sequencing, scheduling, or progress of the Work, nor interfere with or relieve Contractor from Contractor's full responsibility therefore.

Contractor's Schedule of Submittals will be acceptable to Engineer if it provides a workable arrangement for reviewing and processing the required submittals.

Contractor's Schedule of Values will be acceptable to Engineer as to form and substance if it provides a reasonable allocation of the Contract Price to component parts of the Work.

CONTRACT DOCUMENTS: INTENT, AMENDING, REUSE

Intent

The Contract Documents are complementary; what is required by one is as binding as if required by all.

It is the intent of the Contract Documents to describe a functionally complete project (or part thereof) to be constructed in accordance with the Contract Documents. Any labor, documentation, services, materials, or equipment that reasonably may be inferred from the Contract Documents or from prevailing custom or trade usage as being required to produce the indicated result will be provided whether or not specifically called for, at no additional cost to Owner.

Clarifications and interpretations of the Contract Documents shall be issued by Engineer as provided in Article 9.

Reference Standards

Standards, Specifications, Codes, Laws, and Regulations

Reference to standards, specifications, manuals, or codes of any technical society, organization, or association, or to Laws or Regulations, whether such reference be specific or by implication, shall mean the standard, specification, manual, code, or Laws or Regulations in effect at the time of opening of Bids (or on the Effective Date of the Agreement if there were no Bids), except as may be otherwise specifically stated in the Contract Documents.

No provision of any such standard, specification, manual, or code, or any instruction of a Supplier, shall be effective to change the duties or responsibilities of Owner, Contractor, or Engineer, or any of their subcontractors, consultants, agents, or employees, from those set forth in the Contract Documents. No such provision or instruction shall be effective to assign to Owner, Engineer, or any of their officers, directors, members, partners, employees, agents, consultants, or subcontractors, any duty or authority to supervise or direct the performance of the Work or any duty or authority to undertake responsibility inconsistent with the provisions of the Contract Documents.

Reporting and Resolving Discrepancies

Reporting Discrepancies:

Contractor's Review of Contract Documents Before Starting Work: Before undertaking each part of the Work, Contractor shall carefully study and compare the Contract Documents and check and verify pertinent figures therein and all applicable field measurements. Contractor shall promptly report in writing to Engineer any conflict, error, ambiguity, or discrepancy which Contractor discovers, or has actual knowledge of, and shall obtain a written interpretation or clarification from Engineer before proceeding with any Work affected thereby.

Contractor's Review of Contract Documents During Performance of Work: If, during the performance of the Work, Contractor discovers any conflict, error, ambiguity, or discrepancy within the Contract Documents, or between the Contract Documents and (a) any applicable Law or Regulation, (b) any standard, specification, manual, or code, or (c) any instruction of any Supplier, then Contractor shall promptly report it to Engineer in writing. Contractor shall not proceed with the Work affected thereby (except in an emergency as required by Paragraph 6.16.A) until an amendment or supplement to the Contract Documents has been issued by one of the methods indicated in Paragraph 3.04.

Contractor shall not be liable to Owner or Engineer for failure to report any conflict, error, ambiguity, or discrepancy in the Contract Documents unless Contractor had actual knowledge thereof.

Resolving Discrepancies:

Except as may be otherwise specifically stated in the Contract Documents, the provisions of the Contract Documents shall take precedence in resolving any conflict, error, ambiguity, or discrepancy between the provisions of the Contract Documents and:

the provisions of any standard, specification, manual, or code, or the instruction of any Supplier (whether or not specifically incorporated by reference in the Contract Documents); or

the provisions of any Laws or Regulations applicable to the performance of the Work (unless such an interpretation of the provisions of the Contract Documents would result in violation of such Law or Regulation).

Amending and Supplementing Contract Documents

The Contract Documents may be amended to provide for additions, deletions, and revisions in the Work or to modify the terms and conditions thereof by either a Change Order or a Work Change Directive.

The requirements of the Contract Documents may be supplemented, and minor variations and deviations in the Work may be authorized, by one or more of the following ways:

1. A Field Order;

Engineer's approval of a Shop Drawing or Sample (subject to the provisions of Paragraph 6.17.D.3); or

Engineer's written interpretation or clarification.

Reuse of Documents

Contractor and any Subcontractor or Supplier shall not:

have or acquire any title to or ownership rights in any of the Drawings, Specifications, or other documents (or copies of any thereof) prepared by or bearing the seal of Engineer or its consultants, including electronic media editions; or

reuse any such Drawings, Specifications, other documents, or copies thereof on extensions of the Project or any other project without written consent of Owner and Engineer and specific written verification or adaptation by Engineer.

The prohibitions of this Paragraph 3.05 will survive final payment, or termination of the Contract. Nothing herein shall preclude Contractor from retaining copies of the Contract Documents for record purposes.

Electronic Data

Unless otherwise stated in the Supplementary Conditions, the data furnished by Owner or Engineer to Contractor, or by Contractor to Owner or Engineer, that may be relied upon are limited to the printed copies (also known as hard copies). Files in electronic media format of text, data, graphics, or other types are furnished only for the convenience of the receiving party. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.

Because data stored in electronic media format can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator, the party receiving electronic files agrees that it will perform acceptance tests or procedures within 60 days, after which the receiving party shall be deemed to have accepted the data thus transferred. Any errors detected within the 60-day acceptance period will be corrected by the transferring party.

When transferring documents in electronic media format, the transferring party makes no representations as to long term compatibility, usability, or readability of documents resulting from the use of software application packages, operating systems, or computer hardware differing from those used by the data's creator.

AVAILABILITY OF LANDS; SUBSURFACE AND PHYSICAL CONDITIONS; HAZARDOUS ENVIRONMENTAL CONDITIONS; REFERENCE POINTS

Availability of Lands

Owner shall furnish the Site. Owner shall notify Contractor of any encumbrances or restrictions not of general application but specifically related to use of the Site with which Contractor must comply in performing the Work. Owner will obtain in a timely manner and pay for easements for permanent structures or permanent changes in existing facilities. If Contractor and Owner are unable to agree on entitlement to or on the amount or extent, if any, of any adjustment in the Contract Price or Contract Times, or both, as a result of any delay in Owner's furnishing the Site or a part thereof, Contractor may make a Claim therefore as provided in Paragraph 10.05.

Upon reasonable written request, Owner shall furnish Contractor with a current statement of record legal title and legal description of the lands upon which the Work is to be performed and Owner's interest therein as necessary for giving notice of or filing a mechanic's or construction lien against such lands in accordance with applicable Laws and Regulations.

Contractor shall provide for all additional lands and access thereto that may be required for temporary construction facilities or storage of materials and equipment.

Subsurface and Physical Conditions

Reports and Drawings: The Supplementary Conditions identify:

those reports known to Owner of explorations and tests of subsurface conditions at or contiguous to the Site; and

those drawings known to Owner of physical conditions relating to existing surface or subsurface structures at the Site (except Underground Facilities).

Limited Reliance by Contractor on Technical Data Authorized: Contractor may rely upon the accuracy of the "technical data" contained in such reports and drawings, but such reports and drawings are not Contract Documents. Such "technical data" is identified in the Supplementary Conditions. Except for such reliance on such "technical data," Contractor may not rely upon or make any claim against Owner or Engineer, or any of their officers, directors, members, partners, employees, agents, consultants, or subcontractors with respect to:

the completeness of such reports and drawings for Contractor's purposes, including, but not limited to, any aspects of the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor, and safety precautions and programs incident thereto; or

other data, interpretations, opinions, and information contained in such reports or shown or indicated in such drawings; or

any Contractor interpretation of or conclusion drawn from any "technical data" or any such other data, interpretations, opinions, or information.

Differing Subsurface or Physical Conditions

Notice: If Contractor believes that any subsurface or physical condition that is uncovered or revealed either:

is of such a nature as to establish that any "technical data" on which Contractor is entitled to rely as provided in Paragraph 4.02 is materially inaccurate; or

is of such a nature as to require a change in the Contract Documents; or

differs materially from that shown or indicated in the Contract Documents; or

is of an unusual nature, and differs materially from conditions ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract Documents;

then Contractor shall, promptly after becoming aware thereof and before further disturbing the subsurface or physical conditions or performing any Work in connection therewith (except in an emergency as required by Paragraph 6.16.A), notify Owner and Engineer in writing about such condition. Contractor shall not further disturb such condition or perform any Work in connection therewith (except as aforesaid) until receipt of written order to do so.

Engineer's Review: After receipt of written notice as required by Paragraph 4.03.A, Engineer will promptly review the pertinent condition, determine the necessity of Owner's obtaining additional exploration or tests with respect thereto, and advise Owner in writing (with a copy to Contractor) of Engineer's findings and conclusions.

Possible Price and Times Adjustments:

The Contract Price or the Contract Times, or both, will be equitably adjusted to the extent that the existence of such differing subsurface or physical condition causes an increase or decrease in Contractor's cost of, or time required for, performance of the Work; subject, however, to the following:

such condition must meet any one or more of the categories described in Paragraph 4.03.A; and

with respect to Work that is paid for on a unit price basis, any adjustment in Contract Price will be subject to the provisions of Paragraphs 9.07 and 11.03.

Contractor shall not be entitled to any adjustment in the Contract Price or Contract Times if:

Contractor knew of the existence of such conditions at the time Contractor made a final commitment to Owner with respect to Contract Price and Contract Times by the submission of a Bid or becoming bound under a negotiated contract; or

the existence of such condition could reasonably have been discovered or revealed as a result of any examination, investigation, exploration, test, or study of the Site and contiguous

areas required by the Bidding Requirements or Contract Documents to be conducted by or for Contractor prior to Contractor's making such final commitment; or

Contractor failed to give the written notice as required by Paragraph 4.03.A.

If Owner and Contractor are unable to agree on entitlement to or on the amount or extent, if any, of any adjustment in the Contract Price or Contract Times, or both, a Claim may be made therefore as provided in Paragraph 10.05. However, neither Owner or Engineer, or any of their officers, directors, members, partners, employees, agents, consultants, or subcontractors shall be liable to Contractor for any claims, costs, losses, or damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) sustained by Contractor on or in connection with any other project or anticipated project.

Underground Facilities

Shown or Indicated: The information and data shown or indicated in the Contract Documents with respect to existing Underground Facilities at or contiguous to the Site is based on information and data furnished to Owner or Engineer by the owners of such Underground Facilities, including Owner, or by others. Unless it is otherwise expressly provided in the Supplementary Conditions:

Owner and Engineer shall not be responsible for the accuracy or completeness of any such information or data provided by others; and

the cost of all of the following will be included in the Contract Price, and Contractor shall have full responsibility for:

reviewing and checking all such information and data;

locating all Underground Facilities shown or indicated in the Contract Documents;

coordination of the Work with the owners of such Underground Facilities, including Owner, during construction; and

the safety and protection of all such Underground Facilities and repairing any damage thereto resulting from the Work.

Not Shown or Indicated:

If an Underground Facility is uncovered or revealed at or contiguous to the Site which was not shown or indicated, or not shown or indicated with reasonable accuracy in the Contract Documents, Contractor shall, promptly after becoming aware thereof and before further disturbing conditions affected thereby or performing any Work in connection therewith (except in an emergency as required by Paragraph 6.16.A), identify the owner of such Underground Facility and give written notice to that owner and to Owner and Engineer. Engineer will promptly review the Underground Facility and determine the extent, if any, to which a change is required in the Contract Documents to reflect and document the consequences of the existence or location of the Underground Facility. During such time, Contractor shall be responsible for the safety and protection of such Underground Facility.

If Engineer concludes that a change in the Contract Documents is required, a Work Change Directive or a Change Order will be issued to reflect and document such consequences. An equitable adjustment shall be made in the Contract Price or Contract Times, or both, to the extent that they are attributable to the existence or location of any Underground Facility that was not shown or indicated or not shown or indicated with reasonable accuracy in the Contract Documents and that Contractor did not know of and could not reasonably have been expected to be aware of or to have anticipated. If Owner and Contractor are unable to agree on entitlement to or on the amount or extent, if any, of any such adjustment in Contract Price or Contract Times, Owner or Contractor may make a Claim therefore as provided in Paragraph 10.05.

Reference Points

Owner shall provide engineering surveys to establish reference points for construction which in Engineer's judgment are necessary to enable Contractor to proceed with the Work. Contractor shall be responsible for laying out the Work, shall protect and preserve the established reference points and property monuments, and shall make no changes or relocations without the prior written approval of Owner. Contractor shall report to Engineer whenever any reference point or property monument is lost or destroyed or requires relocation because of necessary changes in grades or locations, and shall be responsible for the accurate replacement or relocation of such reference points or property monuments by professionally qualified personnel.

Hazardous Environmental Condition at Site

Reports and Drawings: The Supplementary Conditions identify those reports and drawings known to Owner relating to Hazardous Environmental Conditions that have been identified at the Site.

Limited Reliance by Contractor on Technical Data Authorized: Contractor may rely upon the accuracy of the "technical data" contained in such reports and drawings, but such reports and drawings are not Contract Documents. Such "technical data" is identified in the Supplementary Conditions. Except for such reliance on such "technical data," Contractor may not rely upon or make any claim against Owner or Engineer, or any of their officers, directors, members, partners, employees, agents, consultants, or subcontractors with respect to:

the completeness of such reports and drawings for Contractor's purposes, including, but not limited to, any aspects of the means, methods, techniques, sequences and procedures of construction to be employed by Contractor and safety precautions and programs incident thereto; or

other data, interpretations, opinions and information contained in such reports or shown or indicated in such drawings; or

any Contractor interpretation of or conclusion drawn from any "technical data" or any such other data, interpretations, opinions or information.

Contractor shall not be responsible for any Hazardous Environmental Condition uncovered or revealed at the Site which was not shown or indicated in Drawings or Specifications or identified in the Contract Documents to be within the scope of the Work. Contractor shall be responsible for

a Hazardous Environmental Condition created with any materials brought to the Site by Contractor, Subcontractors, Suppliers, or anyone else for whom Contractor is responsible.

If Contractor encounters a Hazardous Environmental Condition or if Contractor or anyone for whom Contractor is responsible creates a Hazardous Environmental Condition, Contractor shall immediately: (i) secure or otherwise isolate such condition; (ii) stop all Work in connection with such condition and in any area affected thereby (except in an emergency as required by Paragraph 6.16.A); and (iii) notify Owner and Engineer (and promptly thereafter confirm such notice in writing). Owner shall promptly consult with Engineer concerning the necessity for Owner to retain a qualified expert to evaluate such condition or take corrective action, if any. Promptly after consulting with Engineer, Owner shall take such actions as are necessary to permit Owner to timely obtain required permits and provide Contractor the written notice required by Paragraph 4.06.E.

Contractor shall not be required to resume Work in connection with such condition or in any affected area until after Owner has obtained any required permits related thereto and delivered written notice to Contractor: (i) specifying that such condition and any affected area is or has been rendered safe for the resumption of Work; or (ii) specifying any special conditions under which such Work may be resumed safely. If Owner and Contractor cannot agree as to entitlement to or on the amount or extent, if any, of any adjustment in Contract Price or Contract Times, or both, as a result of such Work stoppage or such special conditions under which Work is agreed to be resumed by Contractor, either party may make a Claim therefore as provided in Paragraph 10.05.

If after receipt of such written notice Contractor does not agree to resume such Work based on a reasonable belief it is unsafe, or does not agree to resume such Work under such special conditions, then Owner may order the portion of the Work that is in the area affected by such condition to be deleted from the Work. If Owner and Contractor cannot agree as to entitlement to or on the amount or extent, if any, of an adjustment in Contract Price or Contract Times as a result of deleting such portion of the Work, then either party may make a Claim therefore as provided in Paragraph 10.05. Owner may have such deleted portion of the Work performed by Owner's own forces or others in accordance with Article 7.

To the fullest extent permitted by Laws and Regulations, Owner shall indemnify and hold harmless Contractor, Subcontractors, and Engineer, and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to a Hazardous Environmental Condition, provided that such Hazardous Environmental Condition: (i) was not shown or indicated in the Drawings or Specifications or identified in the Contract Documents to be included within the scope of the Work, and (ii) was not created by Contractor or by anyone for whom Contractor is responsible. Nothing in this Paragraph 4.06.G shall obligate Owner to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence.

To the fullest extent permitted by Laws and Regulations, Contractor shall indemnify and hold harmless Owner and Engineer, and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys,

and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to a Hazardous Environmental Condition created by Contractor or by anyone for whom Contractor is responsible. Nothing in this Paragraph 4.06 shall obligate Contractor to indemnify any individual or entity from and against the consequences of that individual's or entity's own negligence.

The provisions of Paragraphs 4.02, 4.03, and 4.04 do not apply to a Hazardous Environmental Condition uncovered or revealed at the Site.

BONDS AND INSURANCE

Performance, Payment, and Other Bonds

Contractor shall furnish performance and payment bonds, each in an amount at least equal to the Contract Price as security for the faithful performance and payment of all of Contractor's obligations under the Contract Documents. These bonds shall remain in effect until one year after the date when final payment becomes due or until completion of the correction period specified in Paragraph 13.07, whichever is later, except as provided otherwise by Laws or Regulations or by the Contract Documents. Contractor shall also furnish such other bonds as are required by the Contract Documents.

All bonds shall be in the form prescribed by the Contract Documents except as provided otherwise by Laws or Regulations, and shall be executed by such sureties as are named in the list of "Companies Holding Certificates of Authority as Acceptable Sureties on Federal Bonds and as Acceptable Reinsuring Companies" as published in Circular 570 (amended) by the Financial Management Service, Surety Bond Branch, U.S. Department of the Treasury. All bonds signed by an agent or attorney-in-fact must be accompanied by a certified copy of that individual's authority to bind the surety. The evidence of authority shall show that it is effective on the date the agent or attorney-in-fact signed each bond.

If the surety on any bond furnished by Contractor is declared bankrupt or becomes insolvent or its right to do business is terminated in any state where any part of the Project is located or it ceases to meet the requirements of Paragraph 5.01.B, Contractor shall promptly notify Owner and Engineer and shall, within 20 days after the event giving rise to such notification, provide another bond and surety, both of which shall comply with the requirements of Paragraphs 5.01.B and 5.02.

Licensed Sureties and Insurers

All bonds and insurance required by the Contract Documents to be purchased and maintained by Owner or Contractor shall be obtained from surety or insurance companies that are duly licensed or authorized in the jurisdiction in which the Project is located to issue bonds or insurance policies for the limits and coverage's so required. Such surety and insurance companies shall also

meet such additional requirements and qualifications as may be provided in the Supplementary Conditions.

Certificates of Insurance

Contractor shall deliver to Owner, with copies to each additional insured and loss payee identified in the Supplementary Conditions, certificates of insurance (and other evidence of insurance requested by Owner or any other additional insured) which Contractor is required to purchase and maintain.

Owner shall deliver to Contractor, with copies to each additional insured and loss payee identified in the Supplementary Conditions, certificates of insurance (and other evidence of insurance requested by Contractor or any other additional insured) which Owner is required to purchase and maintain.

Failure of Owner to demand such certificates or other evidence of Contractor's full compliance with these insurance requirements or failure of Owner to identify a deficiency in compliance from the evidence provided shall not be construed as a waiver of Contractor's obligation to maintain such insurance.

Owner does not represent that insurance coverage and limits established in this Contract necessarily will be adequate to protect Contractor.

The insurance and insurance limits required herein shall not be deemed as a limitation on Contractor's liability under the indemnities granted to Owner in the Contract Documents.

Contractor's Insurance

Contractor shall purchase and maintain such insurance as is appropriate for the Work being performed and as will provide protection from claims set forth below which may arise out of or result from Contractor's performance of the Work and Contractor's other obligations under the Contract Documents, whether it is to be performed by Contractor, any Subcontractor or Supplier, or by anyone directly or indirectly employed by any of them to perform any of the Work, or by anyone for whose acts any of them may be liable:

claims under workers' compensation, disability benefits, and other similar employee benefit acts;

claims for damages because of bodily injury, occupational sickness or disease, or death of Contractor's employees;

claims for damages because of bodily injury, sickness or disease, or death of any person other than Contractor's employees;

claims for damages insured by reasonably available personal injury liability coverage which are sustained:

by any person as a result of an offense directly or indirectly related to the employment of such person by Contractor, or

by any other person for any other reason;

claims for damages, other than to the Work itself, because of injury to or destruction of tangible property wherever located, including loss of use resulting there from; and

claims for damages because of bodily injury or death of any person or property damage arising out of the ownership, maintenance or use of any motor vehicle.

The policies of insurance required by this Paragraph 5.04 shall:

with respect to insurance required by Paragraphs 5.04.A.3 through 5.04.A.6 inclusive, be written on an occurrence basis, include as additional insured's (subject to any customary exclusion regarding professional liability) Owner and Engineer, and any other individuals or entities identified in the Supplementary Conditions, all of whom shall be listed as additional insured's, and include coverage for the respective officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of all such additional insured's, and the insurance afforded to these additional insured's shall provide primary coverage for all claims covered thereby;

include at least the specific coverage's and be written for not less than the limits of liability provided in the Supplementary Conditions or required by Laws or Regulations, whichever is greater;

include contractual liability insurance covering Contractor's indemnity obligations under Paragraphs 6.11 and 6.20;

contain a provision or endorsement that the coverage afforded will not be canceled, materially changed or renewal refused until at least 30 days prior written notice has been given to Owner and Contractor and to each other additional insured identified in the Supplementary Conditions to whom a certificate of insurance has been issued (and the certificates of insurance furnished by the Contractor pursuant to Paragraph 5.03 will so provide);

remain in effect at least until final payment and at all times thereafter when Contractor may be correcting, removing, or replacing defective Work in accordance with Paragraph 13.07; and

include completed operations coverage:

Such insurance shall remain in effect for two years after final payment.

Contractor shall furnish Owner and each other additional insured identified in the Supplementary Conditions, to whom a certificate of insurance has been issued, evidence satisfactory to Owner and any such additional insured of continuation of such insurance at final payment and one year thereafter.

Owner's Liability Insurance

In addition to the insurance required to be provided by Contractor under Paragraph 5.04, Owner, at Owner's option, may purchase and maintain at Owner's expense Owner's own liability insurance as will protect Owner against claims which may arise from operations under the Contract Documents.

Property Insurance

Unless otherwise provided in the Supplementary Conditions, Owner shall purchase and maintain property insurance upon the Work at the Site in the amount of the full replacement cost thereof (subject to such deductible amounts as may be provided in the Supplementary Conditions or required by Laws and Regulations). This insurance shall:

include the interests of Owner, Contractor, Subcontractors, and Engineer, and any other individuals or entities identified in the Supplementary Conditions, and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them, each of whom is deemed to have an insurable interest and shall be listed as a loss payee;

be written on a Builder's Risk "all-risk" policy form that shall at least include insurance for physical loss or damage to the Work, temporary buildings, falsework, and materials and equipment in transit, and shall insure against at least the following perils or causes of loss: fire, lightning, extended coverage, theft, vandalism and malicious mischief, earthquake, collapse, debris removal, demolition occasioned by enforcement of Laws and Regulations, water damage (other than that caused by flood), and such other perils or causes of loss as may be specifically required by the Supplementary Conditions.

include expenses incurred in the repair or replacement of any insured property (including but not limited to fees and charges of engineers and architects);

cover materials and equipment stored at the Site or at another location that was agreed to in writing by Owner prior to being incorporated in the Work, provided that such materials and equipment have been included in an Application for Payment recommended by Engineer;

allow for partial utilization of the Work by Owner;

include testing and startup; and

be maintained in effect until final payment is made unless otherwise agreed to in writing by Owner, Contractor, and Engineer with 30 days written notice to each other loss payee to whom a certificate of insurance has been issued.

Owner shall purchase and maintain such equipment breakdown insurance or additional property insurance as may be required by the Supplementary Conditions or Laws and Regulations which will include the interests of Owner, Contractor, Subcontractors, and Engineer, and any other individuals or entities identified in the Supplementary Conditions, and the officers, directors,

members, partners, employees, agents, consultants and subcontractors of each and any of them, each of whom is deemed to have an insurable interest and shall be listed as a loss payee.

All the policies of insurance (and the certificates or other evidence thereof) required to be purchased and maintained in accordance with this Paragraph 5.06 will contain a provision or endorsement that the coverage afforded will not be canceled or materially changed or renewal refused until at least 30 days prior written notice has been given to Owner and Contractor and to each other loss payee to whom a certificate of insurance has been issued and will contain waiver provisions in accordance with Paragraph 5.07.

Owner shall not be responsible for purchasing and maintaining any property insurance specified in this Paragraph 5.06 to protect the interests of Contractor, Subcontractors, or others in the Work to the extent of any deductible amounts that are identified in the Supplementary Conditions. The risk of loss within such identified deductible amount will be borne by Contractor, Subcontractors, or others suffering any such loss, and if any of them wishes property insurance coverage within the limits of such amounts, each may purchase and maintain it at the purchaser's own expense.

If Contractor requests in writing that other special insurance be included in the property insurance policies provided under this Paragraph 5.06, Owner shall, if possible, include such insurance, and the cost thereof will be charged to Contractor by appropriate Change Order. Prior to commencement of the Work at the Site, Owner shall in writing advise Contractor whether or not such other insurance has been procured by Owner.

Waiver of Rights

Owner and Contractor intend that all policies purchased in accordance with Paragraph 5.06 will protect Owner, Contractor, Subcontractors, and Engineer, and all other individuals or entities identified in the Supplementary Conditions as loss payees (and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them) in such policies and will provide primary coverage for all losses and damages caused by the perils or causes of loss covered thereby. All such policies shall contain provisions to the effect that in the event of payment of any loss or damage the insurers will have no rights of recovery against any of the insured's or loss payees there under. Owner and Contractor waive all rights against each other and their respective officers, directors, members, partners, employees, agents, consultants and subcontractors of each and any of them for all losses and damages caused by, arising out of or resulting from any of the perils or causes of loss covered by such policies and any other property insurance applicable to the Work; and, in addition, waive all such rights against Subcontractors and Engineer, and all other individuals or entities identified in the Supplementary Conditions as loss payees (and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them) under such policies for losses and damages so caused. None of the above waivers shall extend to the rights that any party making such waiver may have to the proceeds of insurance held by Owner as trustee or otherwise payable under any policy so issued.

Owner waives all rights against Contractor, Subcontractors, and Engineer, and the officers, directors, members, partners, employees, agents, consultants and subcontractors of each and any of them for:

loss due to business interruption, loss of use, or other consequential loss extending beyond direct physical loss or damage to Owner's property or the Work caused by, arising out of, or resulting from fire or other perils whether or not insured by Owner; and

loss or damage to the completed Project or part thereof caused by, arising out of, or resulting from fire or other insured peril or cause of loss covered by any property insurance maintained on the completed Project or part thereof by Owner during partial utilization pursuant to Paragraph 14.05, after Substantial Completion pursuant to Paragraph 14.04, or after final payment pursuant to Paragraph 14.07.

Any insurance policy maintained by Owner covering any loss, damage or consequential loss referred to in Paragraph 5.07.B shall contain provisions to the effect that in the event of payment of any such loss, damage, or consequential loss, the insurers will have no rights of recovery against Contractor, Subcontractors, or Engineer, and the officers, directors, members, partners, employees, agents, consultants and subcontractors of each and any of them.

Receipt and Application of Insurance Proceeds

Any insured loss under the policies of insurance required by Paragraph 5.06 will be adjusted with Owner and made payable to Owner as fiduciary for the loss payees, as their interests may appear, subject to the requirements of any applicable mortgage clause and of Paragraph 5.08.B. Owner shall deposit in a separate account any money so received and shall distribute it in accordance with such agreement as the parties in interest may reach. If no other special agreement is reached, the damaged Work shall be repaired or replaced, the moneys so received applied on account thereof, and the Work and the cost thereof covered by an appropriate Change Order.

Owner as fiduciary shall have power to adjust and settle any loss with the insurers unless one of the parties in interest shall object in writing within 15 days after the occurrence of loss to Owner's exercise of this power. If such objection be made, Owner as fiduciary shall make settlement with the insurers in accordance with such agreement as the parties in interest may reach. If no such agreement among the parties in interest is reached, Owner as fiduciary shall adjust and settle the loss with the insurers and, if required in writing by any party in interest, Owner as fiduciary shall give bond for the proper performance of such duties.

Acceptance of Bonds and Insurance; Option to Replace

If either Owner or Contractor has any objection to the coverage afforded by or other provisions of the bonds or insurance required to be purchased and maintained by the other party in accordance with Article 5 on the basis of non-conformance with the Contract Documents, the objecting party shall so notify the other party in writing within 10 days after receipt of the certificates (or other evidence requested) required by Paragraph 2.01.B. Owner and Contractor shall each provide to the other such additional information in respect of insurance provided as the other may reasonably request. If either party does not purchase or maintain all of the bonds and insurance required of such party by the Contract Documents, such party shall notify the other party in writing of such failure to purchase prior to the start of the Work, or of such failure to maintain prior to any change in the required coverage. Without prejudice to any other right or remedy, the other party may elect to obtain equivalent bonds or insurance to protect such other party's

interests at the expense of the party who was required to provide such coverage, and a Change Order shall be issued to adjust the Contract Price accordingly.

Partial Utilization, Acknowledgment of Property Insurer

If Owner finds it necessary to occupy or use a portion or portions of the Work prior to Substantial Completion of all the Work as provided in Paragraph 14.05, no such use or occupancy shall commence before the insurers providing the property insurance pursuant to Paragraph 5.06 have acknowledged notice thereof and in writing effected any changes in coverage necessitated thereby. The insurers providing the property insurance shall consent by endorsement on the policy or

policies, but the property insurance shall not be canceled or permitted to lapse on account of any such partial use or occupancy.

CONTRACTOR'S RESPONSIBILITIES

Supervision and Superintendence

Contractor shall supervise, inspect, and direct the Work competently and efficiently, devoting such attention thereto and applying such skills and expertise as may be necessary to perform the Work in accordance with the Contract Documents. Contractor shall be solely responsible for the means, methods, techniques, sequences, and procedures of construction. Contractor shall not be responsible for the negligence of Owner or Engineer in the design or specification of a specific means, method, technique, sequence, or procedure of construction which is shown or indicated in and expressly required by the Contract Documents.

At all times during the progress of the Work, Contractor shall assign a competent resident superintendent who shall not be replaced without written notice to Owner and Engineer except under extraordinary circumstances.

Labor; Working Hours

Contractor shall provide competent, suitably qualified personnel to survey and lay out the Work and perform construction as required by the Contract Documents. Contractor shall at all times maintain good discipline and order at the Site.

Except as otherwise required for the safety or protection of persons or the Work or property at the Site or adjacent thereto, and except as otherwise stated in the Contract Documents, all Work at the Site shall be performed during regular working hours. Contractor will not permit the performance of Work on a Saturday, Sunday, or any legal holiday without Owner's written consent (which will not be unreasonably withheld) given after prior written notice to Engineer.

Services, Materials, and Equipment

Unless otherwise specified in the Contract Documents, Contractor shall provide and assume full responsibility for all services, materials, equipment, labor, transportation, construction equipment and machinery, tools, appliances, fuel, power, light, heat, telephone, water, sanitary facilities, temporary facilities, and all other facilities and incidentals necessary for the performance, testing, start-up, and completion of the Work.

All materials and equipment incorporated into the Work shall be as specified or, if not specified, shall be of good quality and new, except as otherwise provided in the Contract Documents. All special warranties and guarantees required by the Specifications shall expressly run to the benefit of Owner. If required by Engineer, Contractor shall furnish satisfactory evidence (including reports of required tests) as to the source, kind, and quality of materials and equipment.

All materials and equipment shall be stored, applied, installed, connected, erected, protected, used, cleaned, and conditioned in accordance with instructions of the applicable Supplier, except as otherwise may be provided in the Contract Documents.

Progress Schedule

Contractor shall adhere to the Progress Schedule established in accordance with Paragraph 2.07 as it may be adjusted from time to time as provided below.

Contractor shall submit to Engineer for acceptance (to the extent indicated in Paragraph 2.07) proposed adjustments in the Progress Schedule that will not result in changing the Contract Times. Such adjustments will comply with any provisions of the General Requirements applicable thereto.

Proposed adjustments in the Progress Schedule that will change the Contract Times shall be submitted in accordance with the requirements of Article 12. Adjustments in Contract Times may only be made by a Change Order.

Substitutes and "Or-Equals"

Whenever an item of material or equipment is specified or described in the Contract Documents by using the name of a proprietary item or the name of a particular Supplier, the specification or description is intended to establish the type, function, appearance, and quality required. Unless the specification or description contains or is followed by words reading that no like, equivalent, or "or-equal" item or no substitution is permitted, other items of material or equipment or material or equipment of other Suppliers may be submitted to Engineer for review under the circumstances described below.

"Or-Equal" Items: If in Engineer's sole discretion an item of material or equipment proposed by Contractor is functionally equal to that named and sufficiently similar so that no change in related Work will be required, it may be considered by Engineer as an "or-equal" item, in which case review and approval of the proposed item may, in Engineer's sole discretion, be accomplished without compliance with some or all of the requirements for approval of proposed substitute items. For the purposes of this Paragraph 6.05.A.1, a proposed item of material or equipment will be considered functionally equal to an item so named if:

in the exercise of reasonable judgment Engineer determines that:

it is at least equal in materials of construction, quality, durability, appearance, strength, and design characteristics;

it will reliably perform at least equally well the function and achieve the results imposed by the design concept of the completed Project as a functioning whole; and

it has a proven record of performance and availability of responsive service.

Contractor certifies that, if approved and incorporated into the Work:

there will be no increase in cost to the Owner or increase in Contract Times; and

it will conform substantially to the detailed requirements of the item named in the Contract Documents.

Substitute Items:

If in Engineer's sole discretion an item of material or equipment proposed by Contractor does not qualify as an "or-equal" item under Paragraph 6.05.A.1, it will be considered a proposed substitute item.

Contractor shall submit sufficient information as provided below to allow Engineer to determine if the item of material or equipment proposed is essentially equivalent to that named and an acceptable substitute therefore. Requests for review of proposed substitute items of material or equipment will not be accepted by Engineer from anyone other than Contractor.

The requirements for review by Engineer will be as set forth in Paragraph 6.05.A.2.d, as supplemented by the General Requirements, and as Engineer may decide is appropriate under the circumstances.

Contractor shall make written application to Engineer for review of a proposed substitute item of material or equipment that Contractor seeks to furnish or use. The application:

shall certify that the proposed substitute item will:

perform adequately the functions and achieve the results called for by the general design,

be similar in substance to that specified, and

be suited to the same use as that specified;

will state:

the extent, if any, to which the use of the proposed substitute item will prejudice Contractor's achievement of Substantial Completion on time,

whether use of the proposed substitute item in the Work will require a change in any of the Contract Documents (or in the provisions of any other direct contract with Owner for other work on the Project) to adapt the design to the proposed substitute item, and

whether incorporation or use of the proposed substitute item in connection with the Work is subject to payment of any license fee or royalty;

will identify:

all variations of the proposed substitute item from that specified, and

available engineering, sales, maintenance, repair, and replacement services; and

shall contain an itemized estimate of all costs or credits that will result directly or indirectly from use of such substitute item, including costs of redesign and claims of other contractors affected by any resulting change.

Substitute Construction Methods or Procedures: If a specific means, method, technique, sequence, or procedure of construction is expressly required by the Contract Documents, Contractor may furnish or utilize a substitute means, method, technique, sequence, or procedure of construction approved by Engineer. Contractor shall submit sufficient information to allow Engineer, in Engineer's sole discretion, to determine that the substitute proposed is equivalent to that expressly called for by the Contract Documents. The requirements for review by Engineer will be similar to those provided in Paragraph 6.05.A.2.

Engineer's Evaluation: Engineer will be allowed a reasonable time within which to evaluate each proposal or submittal made pursuant to Paragraphs 6.05.A and 6.05.B. Engineer may require Contractor to furnish additional data about the proposed substitute item. Engineer will be the sole judge of acceptability. No "or equal" or substitute will be ordered, installed or utilized until Engineer's review is complete, which will be evidenced by a Change Order in the case of a substitute and an approved Shop Drawing for an "or equal." Engineer will advise Contractor in writing of any negative determination.

Special Guarantee: Owner may require Contractor to furnish at Contractor's expense a special performance guarantee or other surety with respect to any substitute.

Engineer's Cost Reimbursement: Engineer will record Engineer's costs in evaluating a substitute proposed or submitted by Contractor pursuant to Paragraphs 6.05.A.2 and 6.05.B. Whether or not Engineer approves a substitute so proposed or submitted by Contractor, Contractor shall reimburse Owner for the reasonable charges of Engineer for evaluating each such proposed substitute. Contractor shall also reimburse Owner for the reasonable charges of Engineer for making changes in the Contract Documents (or in the provisions of any other direct contract with Owner) resulting from the acceptance of each proposed substitute.

Contractor's Expense: Contractor shall provide all data in support of any proposed substitute or "or-equal" at Contractor's expense.

Concerning Subcontractors, Suppliers, and Others

Contractor shall not employ any Subcontractor, Supplier, or other individual or entity (including those acceptable to Owner as indicated in Paragraph 6.06.B), whether initially or as a replacement, against whom Owner may have reasonable objection. Contractor shall not be required to employ any Subcontractor, Supplier, or other individual or entity to furnish or perform any of the Work against whom Contractor has reasonable objection.

If the Supplementary Conditions require the identity of certain Subcontractors, Suppliers, or other individuals or entities to be submitted to Owner in advance for acceptance by Owner by a specified date prior to the Effective Date of the Agreement, and if Contractor has submitted a list thereof in accordance with the Supplementary Conditions, Owner's acceptance (either in writing or by failing to make written objection thereto by the date indicated for acceptance or objection in the Bidding Documents or the Contract Documents) of any such Subcontractor, Supplier, or other

individual or entity so identified may be revoked on the basis of reasonable objection after due investigation. Contractor shall submit an acceptable replacement for the rejected Subcontractor, Supplier, or other individual or entity, and the Contract Price will be adjusted by the difference in the cost occasioned by such replacement, and an appropriate Change Order will be issued. No acceptance by Owner of any such Subcontractor, Supplier, or other individual or entity, whether initially or as a replacement, shall constitute a waiver of any right of Owner or Engineer to reject defective Work.

Contractor shall be fully responsible to Owner and Engineer for all acts and omissions of the Subcontractors, Suppliers, and other individuals or entities performing or furnishing any of the Work just as Contractor is responsible for Contractor's own acts and omissions. Nothing in the Contract Documents:

shall create for the benefit of any such Subcontractor, Supplier, or other individual or entity any contractual relationship between Owner or Engineer and any such Subcontractor, Supplier or other individual or entity; nor

shall create any obligation on the part of Owner or Engineer to pay or to see to the payment of any moneys due any such Subcontractor, Supplier, or other individual or entity except as may otherwise be required by Laws and Regulations.

Contractor shall be solely responsible for scheduling and coordinating the Work of Subcontractors, Suppliers, and other individuals or entities performing or furnishing any of the Work under a direct or indirect contract with Contractor.

Contractor shall require all Subcontractors, Suppliers, and such other individuals or entities performing or furnishing any of the Work to communicate with Engineer through Contractor.

The divisions and sections of the Specifications and the identifications of any Drawings shall not control Contractor in dividing the Work among Subcontractors or Suppliers or delineating the Work to be performed by any specific trade.

All Work performed for Contractor by a Subcontractor or Supplier will be pursuant to an appropriate agreement between Contractor and the Subcontractor or Supplier which specifically binds the Subcontractor or Supplier to the applicable terms and conditions of the Contract Documents for the benefit of Owner and Engineer. Whenever any such agreement is with a Subcontractor or Supplier who is listed as a loss payee on the property insurance provided in Paragraph 5.06, the agreement between the Contractor and the Subcontractor or Supplier will contain provisions whereby the Subcontractor or Supplier waives all rights against Owner,

Contractor, Engineer, and all other individuals or entities identified in the Supplementary Conditions to be listed as insured's or loss payees (and the officers, directors, members, partners, employees, agents, consultants, and subcontractors of each and any of them) for all losses and damages caused by, arising out of, relating to, or resulting from any of the perils or causes of loss covered by such policies and any other property insurance applicable to the Work. If the insurers on any such policies require separate waiver forms to be signed by any Subcontractor or Supplier, Contractor will obtain the same.

Patent Fees and Royalties

Contractor shall pay all license fees and royalties and assume all costs incident to the use in the performance of the Work or the incorporation in the Work of any invention, design, process, product, or device which is the subject of patent rights or copyrights held by others. If a particular invention, design, process, product, or device is specified in the Contract Documents for use in the performance of the Work and if, to the actual knowledge of Owner or Engineer, its use is subject to patent rights or copyrights calling for the payment of any license fee or royalty to others, the existence of such rights shall be disclosed by Owner in the Contract Documents.

To the fullest extent permitted by Laws and Regulations, Owner shall indemnify and hold harmless Contractor, and its officers, directors, members, partners, employees, agents, consultants, and subcontractors from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals, and all court or arbitration or other dispute resolution costs) arising out of or relating to any infringement of patent rights or copyrights incident to the use in the performance of the Work or resulting from the incorporation in the Work of any invention, design, process, product, or device specified in the Contract Documents, but not identified as being subject to payment of any license fee or royalty to others required by patent rights or copyrights.

To the fullest extent permitted by Laws and Regulations, Contractor shall indemnify and hold harmless Owner and Engineer, and the officers, directors, members, partners, employees, agents, consultants and subcontractors of each and any of them from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to any infringement of patent rights or copyrights incident to the use in the performance of the Work or resulting from the incorporation in the Work of any invention, design, process, product, or device not specified in the Contract Documents.

Permits

Unless otherwise provided in the Supplementary Conditions, Contractor shall obtain and pay for all construction permits and licenses. Owner shall assist Contractor, when necessary, in obtaining such permits and licenses. Contractor shall pay all governmental charges and inspection fees necessary for the prosecution of the Work which are applicable at the time of opening of Bids, or, if there are no Bids, on the Effective Date of the Agreement. Owner shall pay all charges of utility owners for connections for providing permanent service to the Work.

Laws and Regulations

Contractor shall give all notices required by and shall comply with all Laws and Regulations applicable to the performance of the Work. Except where otherwise expressly required by applicable Laws and Regulations, neither Owner nor Engineer shall be responsible for monitoring Contractor's compliance with any Laws or Regulations.

If Contractor performs any Work knowing or having reason to know that it is contrary to Laws or Regulations, Contractor shall bear all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or

arbitration or other dispute resolution costs) arising out of or relating to such Work. However, it shall not be Contractor's responsibility to make certain that the Specifications and Drawings are in accordance with Laws and Regulations, but this shall not relieve Contractor of Contractor's obligations under Paragraph 3.03.

Changes in Laws or Regulations not known at the time of opening of Bids (or, on the Effective Date of the Agreement if there were no Bids) having an effect on the cost or time of performance of the Work shall be the subject of an adjustment in Contract Price or Contract Times. If Owner and Contractor are unable to agree on entitlement to or on the amount or extent, if any, of any such adjustment, a Claim may be made therefore as provided in Paragraph 10.05.

Taxes

Contractor shall pay all sales, consumer, use, and other similar taxes required to be paid by Contractor in accordance with the Laws and Regulations of the place of the Project which are applicable during the performance of the Work.

Use of Site and Other Areas

Limitation on Use of Site and Other Areas:

Contractor shall confine construction equipment, the storage of materials and equipment, and the operations of workers to the Site and other areas permitted by Laws and Regulations, and shall not unreasonably encumber the Site and other areas with construction equipment or other materials or equipment. Contractor shall assume full responsibility for any damage to any such land or area, or to the owner or occupant thereof, or of any adjacent land or areas resulting from the performance of the Work.

Should any claim be made by any such owner or occupant because of the performance of the Work, Contractor shall promptly settle with such other party by negotiation or otherwise resolve the claim by arbitration or other dispute resolution proceeding or at law.

To the fullest extent permitted by Laws and Regulations, Contractor shall indemnify and hold harmless Owner and Engineer, and the officers, directors, members, partners, employees, agents, consultants and subcontractors of each and any of them from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to any claim or action, legal or equitable, brought by any such owner or occupant against Owner, Engineer, or any other party indemnified hereunder to the extent caused by or based upon Contractor's performance of the Work.

Removal of Debris During Performance of the Work: During the progress of the Work Contractor shall keep the Site and other areas free from accumulations of waste materials, rubbish, and other debris. Removal and disposal of such waste materials, rubbish, and other debris shall conform to applicable Laws and Regulations.

Cleaning: Prior to Substantial Completion of the Work Contractor shall clean the Site and the Work and make it ready for utilization by Owner. At the completion of the Work Contractor shall

remove from the Site all tools, appliances, construction equipment and machinery, and surplus materials and shall restore to original condition all property not designated for alteration by the Contract Documents.

Loading Structures: Contractor shall not load nor permit any part of any structure to be loaded in any manner that will endanger the structure, nor shall Contractor subject any part of the Work or adjacent property to stresses or pressures that will endanger it.

Record Documents

Contractor shall maintain in a safe place at the Site one record copy of all Drawings, Specifications, Addenda, Change Orders, Work Change Directives, Field Orders, and written interpretations and clarifications in good order and annotated to show changes made during construction. These record documents together with all approved Samples and a counterpart of all approved Shop Drawings will be available to Engineer for reference. Upon completion of the Work, these record documents, Samples, and Shop Drawings will be delivered to Engineer for Owner.

Safety and Protection

Contractor shall be solely responsible for initiating, maintaining and supervising all safety precautions and programs in connection with the Work. Such responsibility does not relieve Subcontractors of their responsibility for the safety of persons or property in the performance of their work, nor for compliance with applicable safety Laws and Regulations. Contractor shall take all necessary precautions for the safety of, and shall provide the necessary protection to prevent damage, injury or loss to:

all persons on the Site or who may be affected by the Work;

all the Work and materials and equipment to be incorporated therein, whether in storage on or off the Site; and

other property at the Site or adjacent thereto, including trees, shrubs, lawns, walks, pavements, roadways, structures, utilities, and Underground Facilities not designated for removal, relocation, or replacement in the course of construction.

Contractor shall comply with all applicable Laws and Regulations relating to the safety of persons or property, or to the protection of persons or property from damage, injury, or loss; and

shall erect and maintain all necessary safeguards for such safety and protection. Contractor shall notify owners of adjacent property and of Underground Facilities and other utility owners when prosecution of the Work may affect them, and shall cooperate with them in the protection, removal, relocation, and replacement of their property.

Contractor shall comply with the applicable requirements of Owner's safety programs, if any. The Supplementary Conditions identify any Owner's safety programs that are applicable to the Work.

Contractor shall inform Owner and Engineer of the specific requirements of Contractor's safety program with which Owner's and Engineer's employees and representatives must comply while at the Site.

All damage, injury, or loss to any property referred to in Paragraph 6.13.A.2 or 6.13.A.3 caused, directly or indirectly, in whole or in part, by Contractor, any Subcontractor, Supplier, or any other individual or entity directly or indirectly employed by any of them to perform any of the Work, or anyone for whose acts any of them may be liable, shall be remedied by Contractor (except damage or loss attributable to the fault of Drawings or Specifications or to the acts or omissions of Owner or Engineer or anyone employed by any of them, or anyone for whose acts any of them may be liable, and not attributable, directly or indirectly, in whole or in part, to the fault or negligence of Contractor or any Subcontractor, Supplier, or other individual or entity directly or indirectly employed by any of them).

Contractor's duties and responsibilities for safety and for protection of the Work shall continue until such time as all the Work is completed and Engineer has issued a notice to Owner and Contractor in accordance with Paragraph 14.07.B that the Work is acceptable (except as otherwise expressly provided in connection with Substantial Completion).

Safety Representative

Contractor shall designate a qualified and experienced safety representative at the Site whose duties and responsibilities shall be the prevention of accidents and the maintaining and supervising of safety precautions and programs.

Hazard Communication Programs

Contractor shall be responsible for coordinating any exchange of material safety data sheets or other hazard communication information required to be made available to or exchanged between or among employers at the Site in accordance with Laws or Regulations.

Emergencies

In emergencies affecting the safety or protection of persons or the Work or property at the Site or adjacent thereto, Contractor is obligated to act to prevent threatened damage, injury, or loss. Contractor shall give Engineer prompt written notice if Contractor believes that any significant changes in the Work or variations from the Contract Documents have been caused thereby or are required as a result thereof. If Engineer determines that a change in the Contract Documents is

required because of the action taken by Contractor in response to such an emergency, a Work Change Directive or Change Order will be issued.

Shop Drawings and Samples

Contractor shall submit Shop Drawings and Samples to Engineer for review and approval in accordance with the accepted Schedule of Submittals (as required by Paragraph 2.07). Each submittal will be identified as Engineer may require.

Shop Drawings:

Submit number of copies specified in the General Requirements.

Data shown on the Shop Drawings will be complete with respect to quantities, dimensions, specified performance and design criteria, materials, and similar data to show Engineer the services, materials, and equipment Contractor proposes to provide and to enable Engineer to review the information for the limited purposes required by Paragraph 6.17.D.

Samples:

Submit number of Samples specified in the Specifications.

Clearly identify each Sample as to material, Supplier, pertinent data such as catalog numbers, the use for which intended and other data as Engineer may require to enable Engineer to review the submittal for the limited purposes required by Paragraph 6.17.D.

Where a Shop Drawing or Sample is required by the Contract Documents or the Schedule of Submittals, any related Work performed prior to Engineer's review and approval of the pertinent submittal will be at the sole expense and responsibility of Contractor.

Submittal Procedures:

Before submitting each Shop Drawing or Sample, Contractor shall have:

reviewed and coordinated each Shop Drawing or Sample with other Shop Drawings and Samples and with the requirements of the Work and the Contract Documents;

determined and verified all field measurements, quantities, dimensions, specified performance and design criteria, installation requirements, materials, catalog numbers, and similar information with respect thereto;

determined and verified the suitability of all materials offered with respect to the indicated application, fabrication, shipping, handling, storage, assembly, and installation pertaining to the performance of the Work; and

determined and verified all information relative to Contractor's responsibilities for means, methods, techniques, sequences, and procedures of construction, and safety precautions and programs incident thereto.

Each submittal shall bear a stamp or specific written certification that Contractor has satisfied Contractor's obligations under the Contract Documents with respect to Contractor's review and approval of that submittal.

With each submittal, Contractor shall give Engineer specific written notice of any variations that the Shop Drawing or Sample may have from the requirements of the Contract Documents. This notice shall be both a written communication separate from the Shop Drawings or Sample submittal; and, in addition, by a specific notation made on each Shop Drawing or Sample submitted to Engineer for review and approval of each such variation.

Engineer's Review:

Engineer will provide timely review of Shop Drawings and Samples in accordance with the Schedule of Submittals acceptable to Engineer. Engineer's review and approval will be only to determine if the items covered by the submittals will, after installation or incorporation in the Work, conform to the information given in the Contract Documents and be compatible with the design concept of the completed Project as a functioning whole as indicated by the Contract Documents.

Engineer's review and approval will not extend to means, methods, techniques, sequences, or procedures of construction (except where a particular means, method, technique, sequence, or procedure of construction is specifically and expressly called for by the Contract Documents) or to safety precautions or programs incident thereto. The review and approval of a separate item as such will not indicate approval of the assembly in which the item functions.

Engineer's review and approval shall not relieve Contractor from responsibility for any variation from the requirements of the Contract Documents unless Contractor has complied with the requirements of Paragraph 6.17.C.3 and Engineer has given written approval of each such variation by specific written notation thereof incorporated in or accompanying the Shop Drawing or Sample. Engineer's review and approval shall not relieve Contractor from responsibility for complying with the requirements of Paragraph 6.17.C.1.

Resubmittal Procedures:

Contractor shall make corrections required by Engineer and shall return the required number of corrected copies of Shop Drawings and submit, as required, new Samples for review and approval. Contractor shall direct specific attention in writing to revisions other than the corrections called for by Engineer on previous submittals.

Continuing the Work

Contractor shall carry on the Work and adhere to the Progress Schedule during all disputes or disagreements with Owner. No Work shall be delayed or postponed pending resolution of any disputes or disagreements, except as permitted by Paragraph 15.04 or as Owner and Contractor may otherwise agree in writing.

Contractor's General Warranty and Guarantee

Contractor warrants and guarantees to Owner that all Work will be in accordance with the Contract Documents and will not be defective. Engineer and its officers, directors, members, partners, employees, agents, consultants, and subcontractors shall be entitled to rely on representation of Contractor's warranty and guarantee.

Contractor's warranty and guarantee hereunder excludes defects or damage caused by:

abuse, modification, or improper maintenance or operation by persons other than Contractor, Subcontractors, Suppliers, or any other individual or entity for whom Contractor is responsible; or

normal wear and tear under normal usage.

Contractor's obligation to perform and complete the Work in accordance with the Contract Documents shall be absolute. None of the following will constitute an acceptance of Work that is not in accordance with the Contract Documents or a release of Contractor's obligation to perform the Work in accordance with the Contract Documents:

observations by Engineer;

recommendation by Engineer or payment by Owner of any progress or final payment;

the issuance of a certificate of Substantial Completion by Engineer or any payment related thereto by Owner;

use or occupancy of the Work or any part thereof by Owner;

any review and approval of a Shop Drawing or Sample submittal or the issuance of a notice of acceptability by Engineer;

any inspection, test, or approval by others; or

any correction of defective Work by Owner.

Indemnification

To the fullest extent permitted by Laws and Regulations, Contractor shall indemnify and hold harmless Owner and Engineer, and the officers, directors, members, partners, employees, agents, consultants and subcontractors of each and any of them from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to the performance of the Work, provided that any such claim, cost, loss, or damage is attributable to bodily injury, sickness, disease, or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting there from but only to the extent caused by any negligent act or omission of Contractor, any Subcontractor, any Supplier, or any individual or entity directly or indirectly employed by any of them to perform any of the Work or anyone for whose acts any of them may be liable.

In any and all claims against Owner or Engineer or any of their officers, directors, members, partners, employees, agents, consultants, or subcontractors by any employee (or the survivor or personal representative of such employee) of Contractor, any Subcontractor, any Supplier, or any individual or entity directly or indirectly employed by any of them to perform any of the Work, or anyone for whose acts any of them may be liable, the indemnification obligation under Paragraph 6.20.A shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for Contractor or any such Subcontractor, Supplier, or other individual or entity under workers' compensation acts, disability benefit acts, or other employee benefit acts.

The indemnification obligations of Contractor under Paragraph 6.20.A shall not extend to the liability of Engineer and Engineer's officers, directors, members, partners, employees, agents, consultants and subcontractors arising out of:

the preparation or approval of, or the failure to prepare or approve maps, Drawings, opinions, reports, surveys, Change Orders, designs, or Specifications; or

giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage.

Delegation of Professional Design Services

Contractor will not be required to provide professional design services unless such services are specifically required by the Contract Documents for a portion of the Work or unless such services are required to carry out Contractor's responsibilities for construction means, methods, techniques, sequences and procedures. Contractor shall not be required to provide professional services in violation of applicable law.

If professional design services or certifications by a design professional related to systems, materials or equipment are specifically required of Contractor by the Contract Documents, Owner and Engineer will specify all performance and design criteria that such services must satisfy. Contractor shall cause such services or certifications to be provided by a properly licensed professional, whose signature and seal shall appear on all drawings, calculations, specifications, certifications, Shop Drawings and other submittals prepared by such professional. Shop Drawings and other submittals related to the Work designed or certified by such professional, if prepared by others, shall bear such professional's written approval when submitted to Engineer.

Owner and Engineer shall be entitled to rely upon the adequacy, accuracy and completeness of the services, certifications or approvals performed by such design professionals, provided Owner and Engineer have specified to Contractor all performance and design criteria that such services must satisfy.

Pursuant to this Paragraph 6.21, Engineer's review and approval of design calculations and design drawings will be only for the limited purpose of checking for conformance with performance and design criteria given and the design concept expressed in the Contract Documents. Engineer's review and approval of Shop Drawings and other submittals (except design calculations and design drawings) will be only for the purpose stated in Paragraph 6.17.D.1.

Contractor shall not be responsible for the adequacy of the performance or design criteria required by the Contract Documents.

OTHER WORK AT THE SITE

Related Work at Site

Owner may perform other work related to the Project at the Site with Owner's employees, or through other direct contracts therefore, or have other work performed by utility owners. If such other work is not noted in the Contract Documents, then:

written notice thereof will be given to Contractor prior to starting any such other work; and

if Owner and Contractor are unable to agree on entitlement to or on the amount or extent, if any, of any adjustment in the Contract Price or Contract Times that should be allowed as a result of such other work, a Claim may be made therefore as provided in Paragraph 10.05.

Contractor shall afford each other contractor who is a party to such a direct contract, each utility owner, and Owner, if Owner is performing other work with Owner's employees, proper and safe access to the Site, provide a reasonable opportunity for the introduction and storage of materials and equipment and the execution of such other work, and properly coordinate the Work with theirs. Contractor shall do all cutting, fitting, and patching of the Work that may be required to properly connect or otherwise make its several parts come together and properly integrate with such other work. Contractor shall not endanger any work of others by cutting, excavating, or otherwise altering such work; provided, however, that Contractor may cut or alter others' work with the written consent of Engineer and the others whose work will be affected. The duties and responsibilities of Contractor under this Paragraph are for the benefit of such utility owners and other contractors to the extent that there are comparable provisions for the benefit of Contractor in said direct contracts between Owner and such utility owners and other contractors.

If the proper execution or results of any part of Contractor's Work depends upon work performed by others under this Article 7, Contractor shall inspect such other work and promptly report to Engineer in writing any delays, defects, or deficiencies in such other work that render it unavailable or unsuitable for the proper execution and results of Contractor's Work. Contractor's failure to so report will constitute an acceptance of such other work as fit and proper for integration with Contractor's Work except for latent defects and deficiencies in such other work.

Coordination

If Owner intends to contract with others for the performance of other work on the Project at the Site, the following will be set forth in Supplementary Conditions:

the individual or entity who will have authority and responsibility for coordination of the activities among the various contractors will be identified;

the specific matters to be covered by such authority and responsibility will be itemized; and

the extent of such authority and responsibilities will be provided.

Unless otherwise provided in the Supplementary Conditions, Owner shall have sole authority and responsibility for such coordination.

Legal Relationships

Paragraphs 7.01.A and 7.02 are not applicable for utilities not under the control of Owner.

Each other direct contract of Owner under Paragraph 7.01.A shall provide that the other contractor is liable to Owner and Contractor for the reasonable direct delay and disruption costs incurred by Contractor as a result of the other contractor's wrongful actions or inactions.

Contractor shall be liable to Owner and any other contractor under direct contract to Owner for the reasonable direct delay and disruption costs incurred by such other contractor as a result of Contractor's wrongful action or inactions.

OWNER'S RESPONSIBILITIES

Communications to Contractor

Except as otherwise provided in these General Conditions, Owner shall issue all communications to Contractor through Engineer.

Replacement of Engineer

In case of termination of the employment of Engineer, Owner shall appoint an engineer to whom Contractor makes no reasonable objection, whose status under the Contract Documents shall be that of the former Engineer.

Furnish Data

Owner shall promptly furnish the data required of Owner under the Contract Documents.

Pay When Due

Owner shall make payments to Contractor when they are due as provided in Paragraphs 14.02.C and 14.07.C.

Lands and Easements; Reports and Tests

Owner's duties with respect to providing lands and easements and providing engineering surveys to establish reference points are set forth in Paragraphs 4.01 and 4.05. Paragraph 4.02 refers to Owner's identifying and making available to Contractor copies of reports of explorations and tests of subsurface conditions and drawings of physical conditions relating to existing surface or subsurface structures at the Site.

Insurance

Owner's responsibilities, if any, with respect to purchasing and maintaining liability and property insurance are set forth in Article 5.

Change Orders

Owner is obligated to execute Change Orders as indicated in Paragraph 10.03.

Inspections, Tests, and Approvals

Owner's responsibility with respect to certain inspections, tests, and approvals is set forth in Paragraph 13.03.B.

Limitations on Owner's Responsibilities

The Owner shall not supervise, direct, or have control or authority over, nor be responsible for, Contractor's means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or for any failure of Contractor to comply with Laws and Regulations applicable to the performance of the Work. Owner will not be responsible for Contractor's failure to perform the Work in accordance with the Contract Documents.

Undisclosed Hazardous Environmental Condition

Owner's responsibility in respect to an undisclosed Hazardous Environmental Condition is set forth in Paragraph 4.06.

Evidence of Financial Arrangements

Upon request of Contractor, Owner shall furnish Contractor reasonable evidence that financial arrangements have been made to satisfy Owner's obligations under the Contract Documents.

Compliance with Safety Program

While at the Site, Owner's employees and representatives shall comply with the specific applicable requirements of Contractor's safety programs of which Owner has been informed pursuant to Paragraph 6.13.D.

ENGINEER'S STATUS DURING CONSTRUCTION

Owner's Representative

Engineer will be Owner's representative during the construction period. The duties and responsibilities and the limitations of authority of Engineer as Owner's representative during construction are set forth in the Contract Documents.

Visits to Site

Engineer will make visits to the Site at intervals appropriate to the various stages of construction as Engineer deems necessary in order to observe as an experienced and qualified design professional the progress that has been made and the quality of the various aspects of Contractor's executed Work. Based on information obtained during such visits and observations, Engineer, for the benefit of Owner, will determine, in general, if the Work is proceeding in accordance with the Contract Documents. Engineer will not be required to make exhaustive or

continuous inspections on the Site to check the quality or quantity of the Work. Engineer's efforts will be directed toward providing for Owner a greater degree of confidence that the completed Work will conform generally to the Contract Documents. On the basis of such visits and observations, Engineer will keep Owner informed of the progress of the Work and will endeavor to guard Owner against defective Work.

Engineer's visits and observations are subject to all the limitations on Engineer's authority and responsibility set forth in Paragraph 9.09. Particularly, but without limitation, during or as a result

of Engineer's visits or observations of Contractor's Work, Engineer will not supervise, direct, control, or have authority over or be responsible for Contractor's means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or for any failure of Contractor to comply with Laws and Regulations applicable to the performance of the Work.

Project Representative

If Owner and Engineer agree, Engineer will furnish a Resident Project Representative to assist Engineer in providing more extensive observation of the Work. The authority and responsibilities of any such Resident Project Representative and assistants will be as provided in the Supplementary Conditions, and limitations on the responsibilities thereof will be as provided in Paragraph 9.09. If Owner designates another representative or agent to represent Owner at the Site who is not Engineer's consultant, agent or employee, the responsibilities and authority and limitations thereon of such other individual or entity will be as provided in the Supplementary Conditions.

Authorized Variations in Work

Engineer may authorize minor variations in the Work from the requirements of the Contract Documents which do not involve an adjustment in the Contract Price or the Contract Times and are compatible with the design concept of the completed Project as a functioning whole as indicated by the Contract Documents. These may be accomplished by a Field Order and will be binding on Owner and also on Contractor, who shall perform the Work involved promptly. If Owner or Contractor believes that a Field Order justifies an adjustment in the Contract Price or Contract Times, or both, and the parties are unable to agree on entitlement to or on the amount or extent, if any, of any such adjustment, a Claim may be made therefore as provided in Paragraph 10.05.

Rejecting Defective Work

Engineer will have authority to reject Work which Engineer believes to be defective, or that Engineer believes will not produce a completed Project that conforms to the Contract Documents or that will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated by the Contract Documents. Engineer will also have authority to require special inspection or testing of the Work as provided in Paragraph 13.04, whether or not the Work is fabricated, installed, or completed.

Shop Drawings, Change Orders and Payments

In connection with Engineer's authority, and limitations thereof, as to Shop Drawings and Samples, see Paragraph 6.17.

In connection with Engineer's authority, and limitations thereof, as to design calculations and design drawings submitted in response to a delegation of professional design services, if any, see Paragraph 6.21.

In connection with Engineer's authority as to Change Orders, see Articles 10, 11, and 12.

In connection with Engineer's authority as to Applications for Payment, see Article 14.

Determinations for Unit Price Work

Engineer will determine the actual quantities and classifications of Unit Price Work performed by Contractor. Engineer will review with Contractor the Engineer's preliminary determinations on such matters before rendering a written decision thereon (by recommendation of an Application for Payment or otherwise). Engineer's written decision thereon will be final and binding (except as modified by Engineer to reflect changed factual conditions or more accurate data) upon Owner and Contractor, subject to the provisions of Paragraph 10.05.

Decisions on Requirements of Contract Documents and Acceptability of Work

Engineer will be the initial interpreter of the requirements of the Contract Documents and judge of the acceptability of the Work there under. All matters in question and other matters between Owner and Contractor arising prior to the date final payment is due relating to the acceptability of the Work, and the interpretation of the requirements of the Contract Documents pertaining to the performance of the Work, will be referred initially to Engineer in writing within 30 days of the event giving rise to the question.

Engineer will, with reasonable promptness, render a written decision on the issue referred. If Owner or Contractor believes that any such decision entitles them to an adjustment in the Contract Price or Contract Times or both, a Claim may be made under Paragraph 10.05. The date of Engineer's decision shall be the date of the event giving rise to the issues referenced for the purposes of Paragraph 10.05.B.

Engineer's written decision on the issue referred will be final and binding on Owner and Contractor, subject to the provisions of Paragraph 10.05.

When functioning as interpreter and judge under this Paragraph 9.08, Engineer will not show partiality to Owner or Contractor and will not be liable in connection with any interpretation or decision rendered in good faith in such capacity.

Limitations on Engineer's Authority and Responsibilities

Neither Engineer's authority or responsibility under this Article 9 or under any other provision of the Contract Documents nor any decision made by Engineer in good faith either to exercise or not

exercise such authority or responsibility or the undertaking, exercise, or performance of any authority or responsibility by Engineer shall create, impose, or give rise to any duty in contract, tort, or otherwise owed by Engineer to Contractor, any Subcontractor, any Supplier, any other individual or entity, or to any surety for or employee or agent of any of them.

Engineer will not supervise, direct, control, or have authority over or be responsible for Contractor's means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or for any failure of Contractor to comply with Laws and Regulations applicable to the performance of the Work. Engineer will not be responsible for Contractor's failure to perform the Work in accordance with the Contract Documents.

Engineer will not be responsible for the acts or omissions of Contractor or of any Subcontractor, any Supplier, or of any other individual or entity performing any of the Work.

Engineer's review of the final Application for Payment and accompanying documentation and all maintenance and operating instructions, schedules, guarantees, bonds, certificates of inspection, tests and approvals, and other documentation required to be delivered by Paragraph 14.07.A will only be to determine generally that their content complies with the requirements of, and in the case of certificates of inspections, tests, and approvals that the results certified indicate compliance with, the Contract Documents.

The limitations upon authority and responsibility set forth in this Paragraph 9.09 shall also apply to the Resident Project Representative, if any, and assistants, if any.

Compliance with Safety Program

While at the Site, Engineer's employees and representatives shall comply with the specific applicable requirements of Contractor's safety programs of which Engineer has been informed pursuant to Paragraph 6.13.D.

CHANGES IN THE WORK; CLAIMS

Authorized Changes in the Work

Without invalidating the Contract and without notice to any surety, Owner may, at any time or from time to time, order additions, deletions, or revisions in the Work by a Change Order, or a Work Change Directive. Upon receipt of any such document, Contractor shall promptly proceed with the Work involved which will be performed under the applicable conditions of the Contract Documents (except as otherwise specifically provided).

If Owner and Contractor are unable to agree on entitlement to, or on the amount or extent, if any, of an adjustment in the Contract Price or Contract Times, or both, that should be allowed as a result of a Work Change Directive, a Claim may be made therefore as provided in Paragraph 10.05.

Unauthorized Changes in the Work

Contractor shall not be entitled to an increase in the Contract Price or an extension of the Contract Times with respect to any work performed that is not required by the Contract Documents as amended, modified, or supplemented as provided in Paragraph 3.04, except in the case of an emergency as provided in Paragraph 6.16 or in the case of uncovering Work as provided in Paragraph 13.04.D.

Execution of Change Orders

Owner and Contractor shall execute appropriate Change Orders recommended by Engineer covering:

changes in the Work which are: (i) ordered by Owner pursuant to Paragraph 10.01.A, (ii) required because of acceptance of defective Work under Paragraph 13.08.A or Owner's correction of defective Work under Paragraph 13.09, or (iii) agreed to by the parties;

changes in the Contract Price or Contract Times which are agreed to by the parties, including any undisputed sum or amount of time for Work actually performed in accordance with a Work Change Directive; and

changes in the Contract Price or Contract Times which embody the substance of any written decision rendered by Engineer pursuant to Paragraph 10.05; provided that, in lieu of executing any such Change Order, an appeal may be taken from any such decision in accordance with the provisions of the Contract Documents and applicable Laws and Regulations, but during any such appeal, Contractor shall carry on the Work and adhere to the Progress Schedule as provided in Paragraph 6.18.A.

Notification to Surety

If the provisions of any bond require notice to be given to a surety of any change affecting the general scope of the Work or the provisions of the Contract Documents (including, but not limited to, Contract Price or Contract Times), the giving of any such notice will be Contractor's responsibility. The amount of each applicable bond will be adjusted to reflect the effect of any such change.

Claims

Engineer's Decision Required: All Claims, except those waived pursuant to Paragraph 14.09, shall be referred to the Engineer for decision. A decision by Engineer shall be required as a condition precedent to any exercise by Owner or Contractor of any rights or remedies either may otherwise have under the Contract Documents or by Laws and Regulations in respect of such Claims.

Notice: Written notice stating the general nature of each Claim shall be delivered by the claimant to Engineer and the other party to the Contract promptly (but in no event later than 30 days) after the start of the event giving rise thereto. The responsibility to substantiate a Claim shall rest with the party making the Claim. Notice of the amount or extent of the Claim, with supporting data

shall be delivered to the Engineer and the other party to the Contract within 60 days after the start of such event (unless Engineer allows additional time for claimant to submit additional or more accurate data in support of such Claim). A Claim for an adjustment in Contract Price shall be prepared in accordance with the provisions of Paragraph 12.01.B. A Claim for an adjustment in Contract Times shall be prepared in accordance with the provisions of Paragraph 12.02.B. Each Claim shall be accompanied by claimant's written statement that the adjustment claimed is the entire adjustment to which the claimant believes it is entitled as a result of said event. The opposing party shall submit any response to Engineer and the claimant within 30 days after receipt of the claimant's last submittal (unless Engineer allows additional time).

Engineer's Action: Engineer will review each Claim and, within 30 days after receipt of the last submittal of the claimant or the last submittal of the opposing party, if any, take one of the following actions in writing:

deny the Claim in whole or in part;

approve the Claim; or

notify the parties that the Engineer is unable to resolve the Claim if, in the Engineer's sole discretion, it would be inappropriate for the Engineer to do so. For purposes of further resolution of the Claim, such notice shall be deemed a denial.

In the event that Engineer does not take action on a Claim within said 30 days, the Claim shall be deemed denied.

Engineer's written action under Paragraph 10.05.C or denial pursuant to Paragraphs 10.05.C.3 or 10.05.D will be final and binding upon Owner and Contractor, unless Owner or Contractor invoke the dispute resolution procedure set forth in Article 16 within 30 days of such action or denial.

No Claim for an adjustment in Contract Price or Contract Times will be valid if not submitted in accordance with this Paragraph 10.05.

COST OF THE WORK; ALLOWANCES; UNIT PRICE WORK

Cost of the Work

Costs Included: The term Cost of the Work means the sum of all costs, except those excluded in Paragraph 11.01.B, necessarily incurred and paid by Contractor in the proper performance of the Work. When the value of any Work covered by a Change Order or when a Claim for an adjustment in Contract Price is determined on the basis of Cost of the Work, the costs to be reimbursed to Contractor will be only those additional or incremental costs required because of the change in the Work or because of the event giving rise to the Claim. Except as otherwise may be agreed to in writing by Owner, such costs shall be in amounts no higher than those prevailing in the locality of the Project, shall not include any of the costs itemized in Paragraph 11.01.B, and shall include only the following items:

Payroll costs for employees in the direct employ of Contractor in the performance of the Work under schedules of job classifications agreed upon by Owner and Contractor. Such employees shall include, without limitation, superintendents, foremen, and other personnel employed full time on the Work. Payroll costs for employees not employed full time on the Work shall be apportioned on the basis of their time spent on the Work. Payroll costs shall include, but not be limited to, salaries and wages plus the cost of fringe benefits, which shall include social security contributions, unemployment, excise, and payroll taxes, workers' compensation, health and retirement benefits, bonuses, sick leave, vacation and holiday pay applicable thereto. The expenses of performing Work outside of regular working hours, on Saturday, Sunday, or legal holidays, shall be included in the above to the extent authorized by Owner.

Cost of all materials and equipment furnished and incorporated in the Work, including costs of transportation and storage thereof, and Suppliers' field services required in connection therewith. All cash discounts shall accrue to Contractor unless Owner deposits funds with Contractor with which to make payments, in which case the cash discounts shall accrue to

Owner. All trade discounts, rebates and refunds and returns from sale of surplus materials and equipment shall accrue to Owner, and Contractor shall make provisions so that they may be obtained.

Payments made by Contractor to Subcontractors for Work performed by Subcontractors. If required by Owner, Contractor shall obtain competitive bids from subcontractors acceptable to Owner and Contractor and shall deliver such bids to Owner, who will then determine, with the advice of Engineer, which bids, if any, will be acceptable. If any subcontract provides that the Subcontractor is to be paid on the basis of Cost of the Work plus a fee, the Subcontractor's Cost of the Work and fee shall be determined in the same manner as Contractor's Cost of the Work and fee as provided in this Paragraph 11.01.

Costs of special consultants (including but not limited to engineers, architects, testing laboratories, surveyors, attorneys, and accountants) employed for services specifically related to the Work.

Supplemental costs including the following:

The proportion of necessary transportation, travel, and subsistence expenses of Contractor's employees incurred in discharge of duties connected with the Work.

Cost, including transportation and maintenance, of all materials, supplies, equipment, machinery, appliances, office, and temporary facilities at the Site, and hand tools not owned by the workers, which are consumed in the performance of the Work, and cost, less market value, of such items used but not consumed which remain the property of Contractor.

Rentals of all construction equipment and machinery, and the parts thereof whether rented from Contractor or others in accordance with rental agreements approved by Owner with the advice of Engineer, and the costs of transportation, loading, unloading, assembly, dismantling, and removal thereof. All such costs shall be in accordance with the terms of

said rental agreements. The rental of any such equipment, machinery, or parts shall cease when the use thereof is no longer necessary for the Work.

Sales, consumer, use, and other similar taxes related to the Work, and for which Contractor is liable, as imposed by Laws and Regulations.

Deposits lost for causes other than negligence of Contractor, any Subcontractor, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable, and royalty payments and fees for permits and licenses.

Losses and damages (and related expenses) caused by damage to the Work, not compensated by insurance or otherwise, sustained by Contractor in connection with the performance of the Work (except losses and damages within the deductible amounts of property insurance established in accordance with Paragraph 5.06.D), provided such losses and damages have resulted from causes other than the negligence of Contractor, any Subcontractor, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable. Such losses shall include settlements made with the written consent and approval of

Owner. No such losses, damages, and expenses shall be included in the Cost of the Work for the purpose of determining Contractor's fee.

The cost of utilities, fuel, and sanitary facilities at the Site.

Minor expenses such as telegrams, long distance telephone calls, telephone service at the Site, express and courier services, and similar petty cash items in connection with the Work.

The costs of premiums for all bonds and insurance Contractor is required by the Contract Documents to purchase and maintain.

Costs Excluded: The term Cost of the Work shall not include any of the following items:

Payroll costs and other compensation of Contractor's officers, executives, principals (of partnerships and sole proprietorships), general managers, safety managers, engineers, architects, estimators, attorneys, auditors, accountants, purchasing and contracting agents, expeditors, timekeepers, clerks, and other personnel employed by Contractor, whether at the Site or in Contractor's principal or branch office for general administration of the Work and not specifically included in the agreed upon schedule of job classifications referred to in Paragraph 11.01.A.1 or specifically covered by Paragraph 11.01.A.4, all of which are to be considered administrative costs covered by the Contractor's fee.

Expenses of Contractor's principal and branch offices other than Contractor's office at the Site.

Any part of Contractor's capital expenses, including interest on Contractor's capital employed for the Work and charges against Contractor for delinquent payments.

Costs due to the negligence of Contractor, any Subcontractor, or anyone directly or indirectly employed by any of them or for whose acts any of them may be liable, including but not limited to, the correction of defective Work, disposal of materials or equipment wrongly supplied, and making good any damage to property.

Other overhead or general expense costs of any kind and the costs of any item not specifically and expressly included in Paragraphs 11.01.A.

Contractor's Fee: When all the Work is performed on the basis of cost-plus, Contractor's fee shall be determined as set forth in the Agreement. When the value of any Work covered by a Change Order or when a Claim for an adjustment in Contract Price is determined on the basis of Cost of the Work, Contractor's fee shall be determined as set forth in Paragraph 12.01.C.

Documentation: Whenever the Cost of the Work for any purpose is to be determined pursuant to Paragraphs 11.01.A and 11.01.B, Contractor will establish and maintain records thereof in accordance with generally accepted accounting practices and submit in a form acceptable to Engineer an itemized cost breakdown together with supporting data.

Allowances

It is understood that Contractor has included in the Contract Price all allowances so named in the Contract Documents and shall cause the Work so covered to be performed for such sums and by such persons or entities as may be acceptable to Owner and Engineer.

Cash Allowances:

Contractor agrees that:

the cash allowances include the cost to Contractor (less any applicable trade discounts) of materials and equipment required by the allowances to be delivered at the Site, and all applicable taxes; and

Contractor's costs for unloading and handling on the Site, labor, installation, overhead, profit, and other expenses contemplated for the cash allowances have been included in the Contract Price and not in the allowances, and no demand for additional payment on account of any of the foregoing will be valid.

Contingency Allowance:

Contractor agrees that a contingency allowance, if any, is for the sole use of Owner to cover unanticipated costs.

Prior to final payment, an appropriate Change Order will be issued as recommended by Engineer to reflect actual amounts due Contractor on account of Work covered by allowances, and the Contract Price shall be correspondingly adjusted.

Unit Price Work

Where the Contract Documents provide that all or part of the Work is to be Unit Price Work, initially the Contract Price will be deemed to include for all Unit Price Work an amount equal to the sum of the unit price for each separately identified item of Unit Price Work times the estimated quantity of each item as indicated in the Agreement.

The estimated quantities of items of Unit Price Work are not guaranteed and are solely for the purpose of comparison of Bids and determining an initial Contract Price. Determinations of the actual quantities and classifications of Unit Price Work performed by Contractor will be made by Engineer subject to the provisions of Paragraph 9.07.

Each unit price will be deemed to include an amount considered by Contractor to be adequate to cover Contractor's overhead and profit for each separately identified item.

Owner or Contractor may make a Claim for an adjustment in the Contract Price in accordance with Paragraph 10.05 if:

the quantity of any item of Unit Price Work performed by Contractor differs materially and significantly from the estimated quantity of such item indicated in the Agreement; and

there is no corresponding adjustment with respect to any other item of Work; and

Contractor believes that Contractor is entitled to an increase in Contract Price as a result of having incurred additional expense or Owner believes that Owner is entitled to a decrease in Contract Price and the parties are unable to agree as to the amount of any such increase or decrease.

CHANGE OF CONTRACT PRICE; CHANGE OF CONTRACT TIMES

Change of Contract Price

The Contract Price may only be changed by a Change Order. Any Claim for an adjustment in the Contract Price shall be based on written notice submitted by the party making the Claim to the Engineer and the other party to the Contract in accordance with the provisions of Paragraph 10.05.

The value of any Work covered by a Change Order or of any Claim for an adjustment in the Contract Price will be determined as follows:

where the Work involved is covered by unit prices contained in the Contract Documents, by application of such unit prices to the quantities of the items involved (subject to the provisions of Paragraph 11.03); or

where the Work involved is not covered by unit prices contained in the Contract Documents, by a mutually agreed lump sum (which may include an allowance for overhead and profit not necessarily in accordance with Paragraph 12.01.C.2); or

where the Work involved is not covered by unit prices contained in the Contract Documents and agreement to a lump sum is not reached under Paragraph 12.01.B.2, on the basis of the Cost of the Work (determined as provided in Paragraph 11.01) plus a Contractor's fee for overhead and profit (determined as provided in Paragraph 12.01.C).

Contractor's Fee: The Contractor's fee for overhead and profit shall be determined as follows:

a mutually acceptable fixed fee; or

if a fixed fee is not agreed upon, then a fee based on the following percentages of the various portions of the Cost of the Work:

for costs incurred under Paragraphs 11.01.A.1 and 11.01.A.2, the Contractor's fee shall be 15 percent;

for costs incurred under Paragraph 11.01.A.3, the Contractor's fee shall be five percent;

where one or more tiers of subcontracts are on the basis of Cost of the Work plus a fee and no fixed fee is agreed upon, the intent of Paragraphs 12.01.C.2.a and 12.01.C.2.b is that the Subcontractor who actually performs the Work, at whatever tier, will be paid a fee of 15 percent of the costs incurred by such Subcontractor under Paragraphs 11.01.A.1 and 11.01.A.2 and that any higher tier Subcontractor and Contractor will each be paid a fee of five percent of the amount paid to the next lower tier Subcontractor;

no fee shall be payable on the basis of costs itemized under Paragraphs 11.01.A.4, 11.01.A.5, and 11.01.B;

the amount of credit to be allowed by Contractor to Owner for any change which results in a net decrease in cost will be the amount of the actual net decrease in cost plus a deduction in Contractor's fee by an amount equal to five percent of such net decrease; and

when both additions and credits are involved in any one change, the adjustment in Contractor's fee shall be computed on the basis of the net change in accordance with Paragraphs 12.01.C.2.a through 12.01.C.2.e, inclusive.

Change of Contract Times

The Contract Times may only be changed by a Change Order. Any Claim for an adjustment in the Contract Times shall be based on written notice submitted by the party making the Claim to the Engineer and the other party to the Contract in accordance with the provisions of Paragraph 10.05.

Any adjustment of the Contract Times covered by a Change Order or any Claim for an adjustment in the Contract Times will be determined in accordance with the provisions of this Article 12.

Delays

Where Contractor is prevented from completing any part of the Work within the Contract Times due to delay beyond the control of Contractor, the Contract Times will be extended in an amount equal to the time lost due to such delay if a Claim is made therefore as provided in Paragraph 12.02.A. Delays beyond the control of Contractor shall include, but not be limited to, acts or

neglect by Owner, acts or neglect of utility owners or other contractors performing other work as contemplated by Article 7, fires, floods, epidemics, abnormal weather conditions, or acts of God.

If Owner, Engineer, or other contractors or utility owners performing other work for Owner as contemplated by Article 7, or anyone for whom Owner is responsible, delays, disrupts, or interferes with the performance or progress of the Work, then Contractor shall be entitled to an equitable adjustment in the Contract Price or the Contract Times, or both. Contractor's entitlement to an adjustment of the Contract Times is conditioned on such adjustment being essential to Contractor's ability to complete the Work within the Contract Times.

If Contractor is delayed in the performance or progress of the Work by fire, flood, epidemic, abnormal weather conditions, acts of God, acts or failures to act of utility owners not under the control of Owner, or other causes not the fault of and beyond control of Owner and Contractor, then Contractor shall be entitled to an equitable adjustment in Contract Times, if such adjustment is essential to Contractor's ability to complete the Work within the Contract Times. Such an adjustment shall be Contractor's sole and exclusive remedy for the delays described in this Paragraph 12.03.C.

Owner, Engineer, and their officers, directors, members, partners, employees, agents, consultants, or subcontractors shall not be liable to Contractor for any claims, costs, losses, or damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other

professionals and all court or arbitration or other dispute resolution costs) sustained by Contractor on or in connection with any other project or anticipated project.

Contractor shall not be entitled to an adjustment in Contract Price or Contract Times for delays within the control of Contractor. Delays attributable to and within the control of a Subcontractor or Supplier shall be deemed to be delays within the control of Contractor.

TESTS AND INSPECTIONS; CORRECTION, REMOVAL OR ACCEPTANCE OF DEFECTIVE WORK

Notice of Defects

Prompt notice of all defective Work of which Owner or Engineer has actual knowledge will be given to Contractor. Defective Work may be rejected, corrected, or accepted as provided in this Article 13.

Access to Work

Owner, Engineer, their consultants and other representatives and personnel of Owner, independent testing laboratories, and governmental agencies with jurisdictional interests will have access to the Site and the Work at reasonable times for their observation, inspection, and testing. Contractor shall provide them proper and safe conditions for such access and advise them of Contractor's safety procedures and programs so that they may comply therewith as applicable.

Tests and Inspections

Contractor shall give Engineer timely notice of readiness of the Work for all required inspections, tests, or approvals and shall cooperate with inspection and testing personnel to facilitate required inspections or tests.

Owner shall employ and pay for the services of an independent testing laboratory to perform all inspections, tests, or approvals required by the Contract Documents except:

for inspections, tests, or approvals covered by Paragraphs 13.03.C and 13.03.D below;

that costs incurred in connection with tests or inspections conducted pursuant to Paragraph 13.04.B shall be paid as provided in Paragraph 13.04.C; and

as otherwise specifically provided in the Contract Documents.

If Laws or Regulations of any public body having jurisdiction require any Work (or part thereof) specifically to be inspected, tested, or approved by an employee or other representative of such public body, Contractor shall assume full responsibility for arranging and obtaining such inspections, tests, or approvals, pay all costs in connection therewith, and furnish Engineer the required certificates of inspection or approval.

Contractor shall be responsible for arranging and obtaining and shall pay all costs in connection with any inspections, tests, or approvals required for Owner's and Engineer's acceptance of materials or equipment to be incorporated in the Work; or acceptance of materials, mix designs, or

equipment submitted for approval prior to Contractor's purchase thereof for incorporation in the Work. Such inspections, tests, or approvals shall be performed by organizations acceptable to Owner and Engineer.

If any Work (or the work of others) that is to be inspected, tested, or approved is covered by Contractor without written concurrence of Engineer, Contractor shall, if requested by Engineer, uncover such Work for observation.

Uncovering Work as provided in Paragraph 13.03.E shall be at Contractor's expense unless Contractor has given Engineer timely notice of Contractor's intention to cover the same and Engineer has not acted with reasonable promptness in response to such notice.

Uncovering Work

If any Work is covered contrary to the written request of Engineer, it must, if requested by Engineer, be uncovered for Engineer's observation and replaced at Contractor's expense.

If Engineer considers it necessary or advisable that covered Work be observed by Engineer or inspected or tested by others, Contractor, at Engineer's request, shall uncover, expose, or otherwise make available for observation, inspection, or testing as Engineer may require, that portion of the Work in question, furnishing all necessary labor, material, and equipment.

If it is found that the uncovered Work is defective, Contractor shall pay all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such uncovering, exposure, observation, inspection, and testing, and of satisfactory replacement or reconstruction (including but not limited to all costs of repair or replacement of work of others); and Owner shall be entitled to an appropriate decrease in the Contract Price. If the parties are unable to agree as to the amount thereof, Owner may make a Claim therefore as provided in Paragraph 10.05.

If the uncovered Work is not found to be defective, Contractor shall be allowed an increase in the Contract Price or an extension of the Contract Times, or both, directly attributable to such uncovering, exposure, observation, inspection, testing, replacement, and reconstruction. If the parties are unable to agree as to the amount or extent thereof, Contractor may make a Claim therefore as provided in Paragraph 10.05.

Owner May Stop the Work

If the Work is defective, or Contractor fails to supply sufficient skilled workers or suitable materials or equipment, or fails to perform the Work in such a way that the completed Work will conform to the Contract Documents, Owner may order Contractor to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, this right of Owner to stop the Work shall not give rise to any duty on the part of Owner to exercise this right for the benefit of Contractor, any Subcontractor, any Supplier, any other individual or entity, or any surety for, or employee or agent of any of them.

Correction or Removal of Defective Work

Promptly after receipt of written notice, Contractor shall correct all defective Work, whether or not fabricated, installed, or completed, or, if the Work has been rejected by Engineer, remove it from the Project and replace it with Work that is not defective. Contractor shall pay all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such correction or removal (including but not limited to all costs of repair or replacement of work of others).

When correcting defective Work under the terms of this Paragraph 13.06 or Paragraph 13.07, Contractor shall take no action that would void or otherwise impair Owner's special warranty and guarantee, if any, on said Work.

Correction Period

If within one year after the date of Substantial Completion (or such longer period of time as may be prescribed by the terms of any applicable special guarantee required by the Contract Documents) or by any specific provision of the Contract Documents, any Work is found to be defective, or if the repair of any damages to the land or areas made available for Contractor's use by Owner or permitted by Laws and Regulations as contemplated in Paragraph 6.11.A is found to be defective, Contractor shall promptly, without cost to Owner and in accordance with Owner's written instructions:

repair such defective land or areas; or

correct such defective Work; or

if the defective Work has been rejected by Owner, remove it from the Project and replace it with Work that is not defective, and

satisfactorily correct or repair or remove and replace any damage to other Work, to the work of others or other land or areas resulting there from.

If Contractor does not promptly comply with the terms of Owner's written instructions, or in an emergency where delay would cause serious risk of loss or damage, Owner may have the defective Work corrected or repaired or may have the rejected Work removed and replaced. All claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) arising out of or relating to such correction or repair or such removal and replacement (including but not limited to all costs of repair or replacement of work of others) will be paid by Contractor.

In special circumstances where a particular item of equipment is placed in continuous service before Substantial Completion of all the Work, the correction period for that item may start to run from an earlier date if so provided in the Specifications.

Where defective Work (and damage to other Work resulting there from) has been corrected or removed and replaced under this Paragraph 13.07, the correction period hereunder with respect to

such Work will be extended for an additional period of one year after such correction or removal and replacement has been satisfactorily completed.

Contractor's obligations under this Paragraph 13.07 are in addition to any other obligation or warranty. The provisions of this Paragraph 13.07 shall not be construed as a substitute for, or a waiver of, the provisions of any applicable statute of limitation or repose.

Acceptance of Defective Work

If, instead of requiring correction or removal and replacement of defective Work, Owner (and, prior to Engineer's recommendation of final payment, Engineer) prefers to accept it, Owner may do so. Contractor shall pay all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) attributable to Owner's evaluation of and determination to accept such defective Work (such costs to be approved by Engineer as to reasonableness) and for the diminished value of the Work to the extent not otherwise paid by Contractor pursuant to this sentence. If any such acceptance occurs prior to Engineer's recommendation of final payment, a Change Order will be issued incorporating the necessary revisions in the Contract Documents with respect to the Work, and Owner shall be entitled to an appropriate decrease in the Contract Price, reflecting the diminished value of Work so accepted. If the parties are unable to agree as to the amount thereof, Owner may make a Claim therefore as provided in Paragraph 10.05. If the acceptance occurs after such recommendation, an appropriate amount will be paid by Contractor to Owner.

Owner May Correct Defective Work

If Contractor fails within a reasonable time after written notice from Engineer to correct defective Work, or to remove and replace rejected Work as required by Engineer in accordance with Paragraph 13.06.A, or if Contractor fails to perform the Work in accordance with the Contract Documents, or if Contractor fails to comply with any other provision of the Contract Documents, Owner may, after seven days written notice to Contractor, correct, or remedy any such deficiency.

In exercising the rights and remedies under this Paragraph 13.09, Owner shall proceed expeditiously. In connection with such corrective or remedial action, Owner may exclude Contractor from all or part of the Site, take possession of all or part of the Work and suspend Contractor's services related thereto, take possession of Contractor's tools, appliances, construction equipment and machinery at the Site, and incorporate in the Work all materials and equipment stored at the Site or for which Owner has paid Contractor but which are stored elsewhere. Contractor shall allow Owner, Owner's representatives, agents and employees, Owner's other contractors, and Engineer and Engineer's consultants access to the Site to enable Owner to exercise the rights and remedies under this Paragraph.

All claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) incurred or sustained by Owner in exercising the rights and remedies under this Paragraph 13.09 will be charged against Contractor, and a Change Order will be issued incorporating the necessary revisions in the Contract Documents with respect to the Work; and Owner shall be entitled to an appropriate decrease in the Contract Price. If the parties are unable to agree as to the

amount of the adjustment, Owner may make a Claim therefore as provided in Paragraph 10.05. Such claims, costs, losses and damages will include but not be limited to all costs of repair, or replacement of work of others destroyed or damaged by correction, removal, or replacement of Contractor's defective Work.

Contractor shall not be allowed an extension of the Contract Times because of any delay in the performance of the Work attributable to the exercise by Owner of Owner's rights and remedies under this Paragraph 13.09.

ARTICLE 14 - PAYMENTS TO CONTRACTOR AND COMPLETION

Schedule of Values

The Schedule of Values established as provided in Paragraph 2.07.A will serve as the basis for progress payments and will be incorporated into a form of Application for Payment acceptable to Engineer. Progress payments on account of Unit Price Work will be based on the number of units completed.

Progress Payments

Applications for Payments:

At least 20 days before the date established in the Agreement for each progress payment (but not more often than once a month), Contractor shall submit to Engineer for review an Application for Payment filled out and signed by Contractor covering the Work completed as of the date of the Application and accompanied by such supporting documentation as is required by the Contract Documents. If payment is requested on the basis of materials and equipment not incorporated in the Work but delivered and suitably stored at the Site or at another location agreed to in writing, the Application for Payment shall also be accompanied by a bill of sale, invoice, or other documentation warranting that Owner has received the materials and equipment free and clear of all Liens and evidence that the materials and equipment are covered by appropriate property insurance or other arrangements to protect Owner's interest therein, all of which must be satisfactory to Owner.

Beginning with the second Application for Payment, each Application shall include an affidavit of Contractor stating that all previous progress payments received on account of the Work have been applied on account to discharge Contractor's legitimate obligations associated with prior Applications for Payment.

The amount of retainage with respect to progress payments will be as stipulated in the Agreement.

Review of Applications:

Engineer will, within 10 days after receipt of each Application for Payment, either indicate in writing a recommendation of payment and present the Application to Owner or return the Application to Contractor indicating in writing Engineer's reasons for refusing to recommend payment. In the latter case, Contractor may make the necessary corrections and resubmit the Application.

Engineer's recommendation of any payment requested in an Application for Payment will constitute a representation by Engineer to Owner, based on Engineer's observations of the executed Work as an experienced and qualified design professional, and on Engineer's review of the Application for Payment and the accompanying data and schedules, that to the best of Engineer's knowledge, information and belief:

the Work has progressed to the point indicated;

the quality of the Work is generally in accordance with the Contract Documents (subject to an evaluation of the Work as a functioning whole prior to or upon Substantial Completion, the results of any subsequent tests called for in the Contract Documents, a final determination of quantities and classifications for Unit Price Work under Paragraph 9.07, and any other qualifications stated in the recommendation); and

the conditions precedent to Contractor's being entitled to such payment appear to have been fulfilled in so far as it is Engineer's responsibility to observe the Work.

By recommending any such payment Engineer will not thereby be deemed to have represented that:

inspections made to check the quality or the quantity of the Work as it has been performed have been exhaustive, extended to every aspect of the Work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to Engineer in the Contract Documents; or

there may not be other matters or issues between the parties that might entitle Contractor to be paid additionally by Owner or entitle Owner to withhold payment to Contractor.

Neither Engineer's review of Contractor's Work for the purposes of recommending payments nor Engineer's recommendation of any payment, including final payment, will impose responsibility on Engineer:

to supervise, direct, or control the Work; or

for the means, methods, techniques, sequences, or procedures of construction, or the safety precautions and programs incident thereto, or

for Contractor's failure to comply with Laws and Regulations applicable to Contractor's performance of the Work, or

to make any examination to ascertain how or for what purposes Contractor has used the moneys paid on account of the Contract Price, or

to determine that title to any of the Work, materials, or equipment has passed to Owner free and clear of any Liens.

Engineer may refuse to recommend the whole or any part of any payment if, in Engineer's opinion, it would be incorrect to make the representations to Owner stated in Paragraph 14.02.B.2. Engineer may also refuse to recommend any such payment or, because

of subsequently discovered evidence or the results of subsequent inspections or tests, revise or revoke any such payment recommendation previously made, to such extent as may be necessary in Engineer's opinion to protect Owner from loss because:

the Work is defective, or completed Work has been damaged, requiring correction or replacement;

the Contract Price has been reduced by Change Orders;

Owner has been required to correct defective Work or complete Work in accordance with Paragraph 13.09; or

Engineer has actual knowledge of the occurrence of any of the events enumerated in Paragraph 15.02.A.

Payment Becomes Due:

Ten days after presentation of the Application for Payment to Owner with Engineer's recommendation, the amount recommended will (subject to the provisions of Paragraph 14.02.D) become due, and when due will be paid by Owner to Contractor.

Reduction in Payment:

Owner may refuse to make payment of the full amount recommended by Engineer because:

claims have been made against Owner on account of Contractor's performance or furnishing of the Work;

Liens have been filed in connection with the Work, except where Contractor has delivered a specific bond satisfactory to Owner to secure the satisfaction and discharge of such Liens;

there are other items entitling Owner to a set-off against the amount recommended; or

Owner has actual knowledge of the occurrence of any of the events enumerated in Paragraphs 14.02.B.5.a through 14.02.B.5.c or Paragraph 15.02.A.

If Owner refuses to make payment of the full amount recommended by Engineer, Owner will give Contractor immediate written notice (with a copy to Engineer) stating the reasons for such action and promptly pay Contractor any amount remaining after deduction of the amount so withheld. Owner shall promptly pay Contractor the amount so withheld, or any adjustment thereto agreed to by Owner and Contractor, when Contractor remedies the reasons for such action.

Upon a subsequent determination that Owner's refusal of payment was not justified, the amount wrongfully withheld shall be treated as an amount due as determined by Paragraph 14.02.C.1 and subject to interest as provided in the Agreement.

Contractor's Warranty of Title

Contractor warrants and guarantees that title to all Work, materials, and equipment covered by any Application for Payment, whether incorporated in the Project or not, will pass to Owner no later than the time of payment free and clear of all Liens.

Substantial Completion

When Contractor considers the entire Work ready for its intended use Contractor shall notify Owner and Engineer in writing that the entire Work is substantially complete (except for items specifically listed by Contractor as incomplete) and request that Engineer issue a certificate of Substantial Completion.

Promptly after Contractor's notification, Owner, Contractor, and Engineer shall make an inspection of the Work to determine the status of completion. If Engineer does not consider the Work substantially complete, Engineer will notify Contractor in writing giving the reasons therefor.

If Engineer considers the Work substantially complete, Engineer will deliver to Owner a tentative certificate of Substantial Completion which shall fix the date of Substantial Completion. There shall be attached to the certificate a tentative list of items to be completed or corrected before

final payment. Owner shall have seven days after receipt of the tentative certificate during which to make written objection to Engineer as to any provisions of the certificate or attached list. If, after considering such objections, Engineer concludes that the Work is not substantially complete, Engineer will, within 14 days after submission of the tentative certificate to Owner, notify Contractor in writing, stating the reasons therefor. If, after consideration of Owner's objections, Engineer considers the Work substantially complete, Engineer will, within said 14 days, execute and deliver to Owner and Contractor a definitive certificate of Substantial Completion (with a revised tentative list of items to be completed or corrected) reflecting such changes from the tentative certificate as Engineer believes justified after consideration of any objections from Owner.

At the time of delivery of the tentative certificate of Substantial Completion, Engineer will deliver to Owner and Contractor a written recommendation as to division of responsibilities pending final payment between Owner and Contractor with respect to security, operation, safety, and protection of the Work, maintenance, heat, utilities, insurance, and warranties and guarantees. Unless Owner and Contractor agree otherwise in writing and so inform Engineer in writing prior to Engineer's issuing the definitive certificate of Substantial Completion, Engineer's aforesaid recommendation will be binding on Owner and Contractor until final payment.

Owner shall have the right to exclude Contractor from the Site after the date of Substantial Completion subject to allowing Contractor reasonable access to remove its property and complete or correct items on the tentative list.

Partial Utilization

Prior to Substantial Completion of all the Work, Owner may use or occupy any substantially completed part of the Work which has specifically been identified in the Contract Documents, or

which Owner, Engineer, and Contractor agree constitutes a separately functioning and usable part of the Work that can be used by Owner for its intended purpose without significant interference with Contractor's performance of the remainder of the Work, subject to the following conditions:

Owner at any time may request Contractor in writing to permit Owner to use or occupy any such part of the Work which Owner believes to be ready for its intended use and substantially complete. If and when Contractor agrees that such part of the Work is substantially complete, Contractor, Owner, and Engineer will follow the procedures of Paragraph 14.04.A through D for that part of the Work.

Contractor at any time may notify Owner and Engineer in writing that Contractor considers any such part of the Work ready for its intended use and substantially complete and request Engineer to issue a certificate of Substantial Completion for that part of the Work.

Within a reasonable time after either such request, Owner, Contractor, and Engineer shall make an inspection of that part of the Work to determine its status of completion. If Engineer does not consider that part of the Work to be substantially complete, Engineer will notify Owner and Contractor in writing giving the reasons therefor. If Engineer considers that part of the Work to be substantially complete, the provisions of Paragraph 14.04 will apply with respect to certification of Substantial Completion of that part of the Work and the division of responsibility in respect thereof and access thereto.

No use or occupancy or separate operation of part of the Work may occur prior to compliance with the requirements of Paragraph 5.10 regarding property insurance.

Final Inspection

Upon written notice from Contractor that the entire Work or an agreed portion thereof is complete, Engineer will promptly make a final inspection with Owner and Contractor and will notify Contractor in writing of all particulars in which this inspection reveals that the Work is incomplete or defective. Contractor shall immediately take such measures as are necessary to complete such Work or remedy such deficiencies.

Final Payment

Application for Payment:

After Contractor has, in the opinion of Engineer, satisfactorily completed all corrections identified during the final inspection and has delivered, in accordance with the Contract Documents, all maintenance and operating instructions, schedules, guarantees, bonds, certificates or other evidence of insurance, certificates of inspection, marked-up record documents (as provided in Paragraph 6.12), and other documents, Contractor may make application for final payment following the procedure for progress payments.

The final Application for Payment shall be accompanied (except as previously delivered) by:

all documentation called for in the Contract Documents, including but not limited to the evidence of insurance required by Paragraph 5.04.B.6;

consent of the surety, if any, to final payment;

a list of all Claims against Owner that Contractor believes are unsettled; and

complete and legally effective releases or waivers (satisfactory to Owner) of all Lien rights arising out of or Liens filed in connection with the Work.

In lieu of the releases or waivers of Liens specified in Paragraph 14.07.A.2 and as approved by Owner, Contractor may furnish receipts or releases in full and an affidavit of Contractor that: (i) the releases and receipts include all labor, services, material, and equipment for which a Lien could be filed; and (ii) all payrolls, material and equipment bills, and other indebtedness connected with the Work for which Owner might in any way be responsible, or which might in any way result in liens or other burdens on Owner's property, have been paid or otherwise satisfied. If any Subcontractor or Supplier fails to furnish such a release or receipt in full, Contractor may furnish a bond or other collateral satisfactory to Owner to indemnify Owner against any Lien.

Engineer's Review of Application and Acceptance:

If, on the basis of Engineer's observation of the Work during construction and final inspection, and Engineer's review of the final Application for Payment and accompanying

documentation as required by the Contract Documents, Engineer is satisfied that the Work has been completed and Contractor's other obligations under the Contract Documents have been fulfilled, Engineer will, within ten days after receipt of the final Application for Payment, indicate in writing Engineer's recommendation of payment and present the Application for Payment to Owner for payment. At the same time Engineer will also give written notice to Owner and Contractor that the Work is acceptable subject to the provisions of Paragraph 14.09. Otherwise, Engineer will return the Application for Payment to Contractor, indicating in writing the reasons for refusing to recommend final payment, in which case Contractor shall make the necessary corrections and resubmit the Application for Payment.

Payment Becomes Due:

Thirty days after the presentation to Owner of the Application for Payment and accompanying documentation, the amount recommended by Engineer, less any sum Owner is entitled to set off against Engineer's recommendation, including but not limited to liquidated damages, will become due and will be paid by Owner to Contractor.

Final Completion Delayed

If, through no fault of Contractor, final completion of the Work is significantly delayed, and if Engineer so confirms, Owner shall, upon receipt of Contractor's final Application for Payment (for Work fully completed and accepted) and recommendation of Engineer, and without terminating the Contract, make payment of the balance due for that portion of the Work fully completed and accepted. If the remaining balance to be held by Owner for Work not fully completed or corrected is less than the retainage stipulated in the Agreement, and if bonds have been furnished as required in Paragraph 5.01, the written consent of the surety to the payment of

the balance due for that portion of the Work fully completed and accepted shall be submitted by Contractor to Engineer with the Application for such payment. Such payment shall be made under the terms and conditions governing final payment, except that it shall not constitute a waiver of Claims.

Waiver of Claims

The making and acceptance of final payment will constitute:

- a waiver of all Claims by Owner against Contractor, except Claims arising from unsettled Liens, from defective Work appearing after final inspection pursuant to Paragraph 14.06, from failure to comply with the Contract Documents or the terms of any special guarantees specified therein, or from Contractor's continuing obligations under the Contract Documents; and
- a waiver of all Claims by Contractor against Owner other than those previously made in accordance with the requirements herein and expressly acknowledged by Owner in writing as still unsettled.

SUSPENSION OF WORK AND TERMINATION

Owner May Suspend Work

At any time and without cause, Owner may suspend the Work or any portion thereof for a period of not more than 90 consecutive days by notice in writing to Contractor and Engineer which will fix the date on which Work will be resumed. Contractor shall resume the Work on the date so fixed. Contractor shall be granted an adjustment in the Contract Price or an extension of the Contract Times, or both, directly attributable to any such suspension if Contractor makes a Claim therefor as provided in Paragraph 10.05.

Owner May Terminate for Cause

The occurrence of any one or more of the following events will justify termination for cause:

Contractor's persistent failure to perform the Work in accordance with the Contract Documents (including, but not limited to, failure to supply sufficient skilled workers or suitable materials or equipment or failure to adhere to the Progress Schedule established under Paragraph 2.07 as adjusted from time to time pursuant to Paragraph 6.04);

Contractor's disregard of Laws or Regulations of any public body having jurisdiction;

Contractor's repeated disregard of the authority of Engineer; or

Contractor's violation in any substantial way of any provisions of the Contract Documents.

If one or more of the events identified in Paragraph 15.02.A occur, Owner may, after giving Contractor (and surety) seven days written notice of its intent to terminate the services of Contractor:

exclude Contractor from the Site, and take possession of the Work and of all Contractor's tools, appliances, construction equipment, and machinery at the Site, and use the same to the full extent they could be used by Contractor (without liability to Contractor for trespass or conversion);

incorporate in the Work all materials and equipment stored at the Site or for which Owner has paid Contractor but which are stored elsewhere; and

complete the Work as Owner may deem expedient.

If Owner proceeds as provided in Paragraph 15.02.B, Contractor shall not be entitled to receive any further payment until the Work is completed. If the unpaid balance of the Contract Price exceeds all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) sustained by Owner arising out of or relating to completing the Work, such excess will be paid to Contractor. If such claims, costs, losses, and damages exceed such unpaid balance, Contractor shall pay the difference to Owner. Such claims, costs, losses, and damages incurred by Owner will be reviewed by Engineer as to their reasonableness and, when

so approved by Engineer, incorporated in a Change Order. When exercising any rights or remedies under this Paragraph, Owner shall not be required to obtain the lowest price for the Work performed.

Notwithstanding Paragraphs 15.02.B and 15.02.C, Contractor's services will not be terminated if Contractor begins within seven days of receipt of notice of intent to terminate to correct its failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt of said notice.

Where Contractor's services have been so terminated by Owner, the termination will not affect any rights or remedies of Owner against Contractor then existing or which may thereafter accrue. Any retention or payment of moneys due Contractor by Owner will not release Contractor from liability.

If and to the extent that Contractor has provided a performance bond under the provisions of Paragraph 5.01.A, the termination procedures of that bond shall supersede the provisions of Paragraphs 15.02.B and 15.02.C.

Owner May Terminate For Convenience

Upon seven days written notice to Contractor and Engineer, Owner may, without cause and without prejudice to any other right or remedy of Owner, terminate the Contract. In such case, Contractor shall be paid for (without duplication of any items):

completed and acceptable Work executed in accordance with the Contract Documents prior to the effective date of termination, including fair and reasonable sums for overhead and profit on such Work;

expenses sustained prior to the effective date of termination in performing services and furnishing labor, materials, or equipment as required by the Contract Documents in connection with uncompleted Work, plus fair and reasonable sums for overhead and profit on such expenses;

all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys, and other professionals and all court or arbitration or other dispute resolution costs) incurred in settlement of terminated contracts with Subcontractors, Suppliers, and others; and

reasonable expenses directly attributable to termination.

Contractor shall not be paid on account of loss of anticipated profits or revenue or other economic loss arising out of or resulting from such termination.

Contractor May Stop Work or Terminate

If, through no act or fault of Contractor, (i) the Work is suspended for more than 90 consecutive days by Owner or under an order of court or other public authority, or (ii) Engineer fails to act on any Application for Payment within 30 days after it is submitted, or (iii) Owner fails for 30 days

to pay Contractor any sum finally determined to be due, then Contractor may, upon seven days written notice to Owner and Engineer, and provided Owner or Engineer do not remedy such suspension or failure within that time, terminate the Contract and recover from Owner payment on the same terms as provided in Paragraph 15.03.

In lieu of terminating the Contract and without prejudice to any other right or remedy, if Engineer has failed to act on an Application for Payment within 30 days after it is submitted, or Owner has failed for 30 days to pay Contractor any sum finally determined to be due, Contractor may, seven days after written notice to Owner and Engineer, stop the Work until payment is made of all such amounts due Contractor, including interest thereon. The provisions of this Paragraph 15.04 are not intended to preclude Contractor from making a Claim under Paragraph 10.05 for an adjustment in Contract Price or Contract Times or otherwise for expenses or damage directly attributable to Contractor's stopping the Work as permitted by this Paragraph.

DISPUTE RESOLUTION

Methods and Procedures

Either Owner or Contractor may request mediation of any Claim submitted to Engineer for a decision under Paragraph 10.05 before such decision becomes final and binding. The mediation will be governed by the Construction Industry Mediation Rules of the American Arbitration Association in effect as of the Effective Date of the Agreement. The request for mediation shall be submitted in writing to the American Arbitration Association and the other party to the Contract. Timely submission of the request shall stay the effect of Paragraph 10.05.E.

Owner and Contractor shall participate in the mediation process in good faith. The process shall be concluded within 60 days of filing of the request. The date of termination of the mediation shall be determined by application of the mediation rules referenced above.

If the Claim is not resolved by mediation, Engineer's action under Paragraph 10.05.C or a denial pursuant to Paragraphs 10.05.C.3 or 10.05.D shall become final and binding 30 days after termination of the mediation unless, within that time period, Owner or Contractor:

elects in writing to invoke any dispute resolution process provided for in the Supplementary Conditions; or

agrees with the other party to submit the Claim to another dispute resolution process; or

gives written notice to the other party of the intent to submit the Claim to a court of competent jurisdiction.

MISCELLANEOUS

Giving Notice

Whenever any provision of the Contract Documents requires the giving of written notice, it will be deemed to have been validly given if:

delivered in person to the individual or to a member of the firm or to an officer of the corporation for whom it is intended; or

delivered at or sent by registered or certified mail, postage prepaid, to the last business address known to the giver of the notice.

Computation of Times

When any period of time is referred to in the Contract Documents by days, it will be computed to exclude the first and include the last day of such period. If the last day of any such period falls on a Saturday or Sunday or on a day made a legal holiday by the law of the applicable jurisdiction, such day will be omitted from the computation.

Cumulative Remedies

The duties and obligations imposed by these General Conditions and the rights and remedies available hereunder to the parties hereto are in addition to, and are not to be construed in any way as a limitation of, any rights and remedies available to any or all of them which are otherwise imposed or available by Laws or Regulations, by special warranty or guarantee, or by other provisions of the Contract Documents. The provisions of this Paragraph will be as effective as if repeated specifically in the Contract Documents in connection with each particular duty, obligation, right, and remedy to which they apply.

Survival of Obligations

All representations, indemnifications, warranties, and guarantees made in, required by, or given in accordance with the Contract Documents, as well as all continuing obligations indicated in the Contract Documents, will survive final payment, completion, and acceptance of the Work or termination or completion of the Contract or termination of the services of Contractor.

Controlling Law

This Contract is to be governed by the law of the state in which the Project is located.

Headings

Article and paragraph headings are inserted for convenience only and do not constitute parts of these General Conditions.

