

Jody L. McLeod
MAYOR

Bruce Thompson
TOWN ATTORNEY

Steve Biggs
TOWN MANAGER



Bob Satterfield
R.S. "Butch" Lawter, Jr.
Art Holder
Jason Thompson
COUNCIL MEMBERS

Michael Grannis
MAYOR PRO TEM

TOWN COUNCIL MEETING

JUNE 1, 2015

AGENDA

MAYOR AND TOWN COUNCIL

**MAYOR JODY L. MCLEOD
MAYOR PRO TEM MICHAEL GRANNIS
COUNCILMAN BOB SATTERFIELD**

**COUNCILMAN ART HOLDER
COUNCILMAN R.S. "BUTCH" LAWTER, JR.
COUNCILMAN JASON THOMPSON**

TOWN STAFF

**STEVE BIGGS, TOWN MANAGER
KIMBERLY A. MOFFETT, TOWN CLERK
BRUCE THOMPSON II, TOWN ATTORNEY**

AGENDA
THE REGULAR MEETING OF THE CLAYTON TOWN COUNCIL

MONDAY, JUNE 1, 2015
6:30 PM

THE CLAYTON CENTER
COUNCIL CHAMBERS

1. **CALL TO ORDER**
Pledge of Allegiance and Invocation.
2. **ADJUSTMENT OF THE AGENDA**
3. **CONSENT AGENDA**
(Items on the consent agenda are considered routine in nature or have been thoroughly discussed at previous meetings. Any member of the Council may request to have an item removed from the consent agenda for further discussion.)
 - a. Draft Minutes – May 4, 2015 Regular Session
 - b. Draft Minutes – May 18, 2015 Work Session
 - c. Certificate of Sufficiency of Petition for Voluntary Annexation – 14-100-01-ANX – East Village Office
 - d. Resolution Awarding Bid for 2014 Clayton Streets Project
 - e. Special Event – Grill Fest – July 11, 2015
 - f. Resolution – Sole Sourcing of Nitrogen Process Equipment
 - g. Warranty and Dedication Acceptance;
 - East Village Lift Station, Gravity Sewer & Force Main
 - Johnston Medical Hospital – Water/Sewer

POTENTIAL ACTION: Motion for Approval of Consent Agenda as Presented

4. **INTRODUCTIONS AND SPECIAL PRESENTATIONS**
 - a. Introduction of Stephanie Ross – Downtown Development Coordinator
5. **PUBLIC HEARINGS**
 - a. Public Hearing to Receive Public Comment on the Proposed FY ‘15-‘16 Budget

POTENTIAL ACTION: Receive Input and Refer for Action at June 15, 2015 Meeting

- b. Public Hearing - Rezoning – 2014-99 – Magnolia Point Rezoning – PD-MU & R-10 to R-8

POTENTIAL ACTION: Approval/Disapproval of Rezoning

- c. Public Hearing - Text Amendment – Modification to Article 2 of the Unified Development Code

POTENTIAL ACTION: Approval/Disapproval Text Amendment

6. **OLD BUSINESS**
 - a. **Downtown Parking**

7. **NEW BUSINESS**
 - a. **Resolution in Support of Land and Water Conservation Fund**
POTENTIAL ACTION: Place on June 15, 2015 Consent Agenda

 - b. **Resolution for Supplemental Bond Order Amendments**
POTENTIAL ACTION: Approval/Disapproval of Resolution

 - c. **Resolution Providing for Issuance of Electric System Revenue Bond**
POTENTIAL ACTION: Approval/Disapproval of Resolution

 - d. **Voluntary Annexation – 14-100-01-ANX – East Village Office**
POTENTIAL ACTION: Set Public Hearing for June 15, 2015

 - e. **Direct Clerk to Investigate Sufficiency of Petition for Annexation – 15-08-06-ANX RWAC – Ravens Ridge**
POTENTIAL ACTION: Place on June 15, 2015 Consent Agenda

8. **STAFF REPORTS**
 - a. **Town Manager**
 - b. **Town Attorney**
 - c. **Town Clerk**
 - d. **Other Staff**

9. **OTHER BUSINESS**
 - a. **Informal Discussion & Public Comment**
 - b. **Council Comments**

10. **ADJOURNMENT**

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

AGENDA ITEM: 3a

Meeting Date: June 1, 2015

TITLE: Minutes

DESCRIPTION: Draft Minutes from May 4, 2015

RELATED GOAL: Administrative

ITEM SUMMARY:

Date:

Action:

Info. Provided:

6-1-15

Approval

Draft Minutes

**Minutes
Clayton Town Council
May 4, 2015**

Present: Mayor Pro Tem Michael Grannis, Council Member Bob Satterfield, Council Member Jason Thompson and Council Member Art Holder

Absent: Mayor Jody McLeod

Staff Present: Steve Biggs, Town Manager; Charles Meeker, Town Attorney; David DeYoung, Planning Director; Stacy Beard, Public Information Officer; Tim Simpson, Public Works Director; Dale Medlin, Electric Systems Director; Robert McKie, Finance Director; Kimberly Moffett, Town Clerk and Tommy Roy, Information Technology Specialist

1. CALL TO ORDER

Boy Scout Troop 726 who are associated with St. Ann's Church led the Pledge of Allegiance. Mayor Pro Tem Michael Grannis offered the Invocation and called the meeting to order at 6:31 p.m. –

2. ADJUSTMENT OF THE AGENDA

Public Hearing Items 5c and 5d were moved to the end of the Public Hearings portion of the agenda to accommodate a scheduling conflict.

Town Attorney requested the addition of a Closed Session.

3. CONSENT AGENDA

(Items on the consent agenda are considered routine in nature or have been thoroughly discussed at previous meetings. Any member of the Council may request to have an item removed from the consent agenda for further discussion.)

- a. Draft Minutes –April 6, 2015 & April 20,2015
- b. Draft Minutes – April 6, 2015 Closed Session
- c. Preeclampsia Proclamation
- d. 2015 Peace Officers Day & Police Week Proclamation
- e. Ordinance Amending Code of Ordinances – SBI/DCI Criminal Record Checks
- f. Special Event – 2015 Harvest Festival
- g. Special Event – 2015 Clayton Shindig
- h. Warrant and Dedication Acceptance;
 - The Cleveland Draft House of Clayton

ACTION: Approval of Consent Agenda as presented

Motion: Council Member Thompson

Second: Council Member Holder

Vote: Unanimous

4. **INTRODUCTIONS AND SPECIAL PRESENTATIONS**

a. **Presentation of Preeclampsia Proclamation**

Mayor Pro Tem Grannis presented a Proclamation recognizing May 2015 as Preeclampsia Awareness Month. The proclamation was present to Molly Herring, who serves as the coordinator of “The Promise Walk for Preeclampsia”.

5. **PUBLIC HEARINGS**

a. **Public Hearing - PDD 2014-127 – Steeplechase Planned Development – Rezoning to PD-MU**

Mr. DeYoung, Planning Director stated a letter was received from the property owner and they have requested a two- month extension to work out additional details.

ACTION: Tabled until July 20, 2015

b. **Public Hearing - PSD 2014-128 - Steeplechase Planned Development – Preliminary Plat/Master Plan**

Mr. DeYoung, Planning Director stated a letter was received from the property owner and they have requested a two-month extension to work out additional details.

ACTION: Tabled until July 20, 2015

c. **Public Hearing - 14-126-01-RZ - Proctor’s Place East Parking Lot – 510 W. Main Street between 444 W. Main Street and 510 W. Main Street – Proposed Rezoning from R-6 to B-2**

Mayor Pro Tem Grannis opened the Public Hearing at 6:38 p.m.

Mr. DeYoung stated the applicant is Calvary Chapel and property owners are Sherald and Diane Lee. Property is located at 510 West Main Street between an apartment building at 444 West Main Street and a commercial building at 510 West Main Street.

Applicant is requesting approval to rezone .75 acres. Current zoning is Residential-6 (R-6) and request is to rezone to Business-2 (B-2). Existing use is vacant. Request of B-2 zoning is compatible with this area. Applicant has indicated that if approved, site would be developed as a parking lot for uses at the associated Proctor’s Place office complex. The rezoning is consistent with the Strategic Growth Plan and while not consistent with the proposed land use map, the growth of downtown and existing uses and zoning surrounding the property make B-2 zoning an appropriate designation.

Staff recommends approval of the requested rezoning.

Mayor Pro Tem Grannis asked if there were any questions of staff. With there being none, Mayor Pro Tem Grannis asked if applicant wished to make any statements.

Mr. DeYoung stated the applicant was not present; however, staff stated they felt comfortable moving forward. Mr. DeYoung stated applicant was previously present at the Work Session.

Mayor Pro Tem Grannis asked there were any one who wished to speak in opposition. Hearing no opposition, the item was turned over to Council for deliberation.

ACTION: Approve Rezoning 14-126-01-RZ

Motion: Council Member Satterfield
Second: Council Member Holder
Vote: Unanimous

ACTION: Approve Consistency and Reasonable Statement as presented

Motion: Council Member Lawter
Second: Council Member Thompson
Vote: Unanimous

- d. Public Hearing - 15-05-01-RZ - Horne Memorial Church – three parcels located on Church Street between Horne and Page –Proposed Rezoning from R-6 to O-I

Mayor Pro Tem Grannis opened the Public Hearing at 6:44 p.m.

Mr. DeYoung stated the applicant is True Line Surveying and property owners are Horne Memorial United Methodist Church. Property is located near Horne, Page, and Church Streets, on the same block as Town Hall.

Applicant is requesting approval to rezone three (3) parcels (.0714 acres) located on Church Street between Horne and Pages from Residential-6 (R-) to Office-Institutional (O-I), Existing use is Church, church daycare and church offices. The site is located on the boundary between office, event-space, and public uses to the north and the historic, downtown single-family residential neighborhood to the south. Further to the north is the business core of downtown. The Church shares the block with Town Hall and are compatible uses to

share a block and serve as an appropriate step down in intensity between the bustle of the downtown business district to the north and the less intensive residential area to the south. The rezoning is consistent with the Strategic Growth Plan.

Staff recommends approval of the requested rezoning.

Mayor Pro Tem Grannis asked if there were any questions of staff. With there being none, Mayor Pro Tem Grannis asked if applicant wished to make any statements.

Mr. DeYoung stated the applicant was not present; however, staff stated they felt comfortable moving forward. Mr. DeYoung stated applicant was previously present at the Work Session. He further stated there were multiple neighborhood meetings held.

Mayor Pro Tem Grannis asked there were any one who wished to speak in opposition. Hearing no opposition, the item was turned over to Council for deliberation.

ACTION: Approve Rezoning 15-05-01-RZ

Motion: Council Member Thompson
Second: Council Member Holder
Vote: Unanimous

ACTION: Approve Consistency and Reasonable Statement as presented

Motion: Council Member Thompson
Second: Council Member Holder
Vote: Unanimous

At this time, the applicant for Public Hearings regarding Riverwood Athletic Club – Ravens Ridge 8C Proposed Rezoning & Major Subdivision/Preliminary Plat had not yet arrived. Town Manager suggested we proceed to additional agenda items until the applicant was in attendance.

6. OLD BUSINESS
a. FY 2014-2015 Audit Contract

Mr. Robert McKie, Finance Director was present and provided a brief overview of the 2014-2015 Audit Contract. He stated there were no changes from previous contract and further stated no deficiencies were noted.

ACTION: Approval of Contract Execution

Motion: Council Member Holder
Second: Council Member Satterfield
Vote: Unanimous

b. Bid Tabulation and Resolution Awarding Sam's Creek Phase II Construction Project

Town Manager Biggs provided information to the Council and advised there was a slight delay in obtaining all permits. He stated that the approval of the contract would be contingent upon all approvals and permits being in place.

Mr. Tim Simpson, Public Works Director, presented the results of the bid process with regard to the construction project. He stated the lowest bid came in from J.F. Wilkerson Contracting. It was the recommendation of the engineering firm of McKim&Creed to award the project to J.K. Wilkerson Contracting. Mayor Pro Tem Grannis asked if there were any concerns regarding this company. Mr. Simpson stated there were none and that in fact this company had completed work for the Town approximately ten years ago and did a very good job.

ACTION: Approval of Resolution Awarding Bid

Motion: Council Member Holder
Second: Council Member Thompson
Vote: Unanimous

At this time the applicant for Public Hearings regarding 15-08-02-RZ and 15-08-01-SUB arrived and Council continued to hold these two Public Hearings.

PUBLIC HEARINGS - Continued

e. Public Hearing - 15-08-02-RZ - Riverwood Athletic Club – Ravens Ridge 8C – Proposed Rezoning from R-E to R-8

Mayor Pro Tem Grannis opened the Public Hearing at 7:01 p.m.

Mr. DeYoung stated the applicant is DC Adams Engineering Inc. and property owners are FSC IV LLC. The property includes 8.2 acres adjacent to the original Raven's Ridge Phase 8C, formerly known as the House Tract, east of and adjacent to the Neuse River, south of and adjacent to the existing Riverwood Athletic Club, and north of Covered Bridge Road.

Applicant is requesting approval to rezone the property from Residential – Estate (R-E) to Residential-8 (R-8). The zoning is contingent upon an annexation of this property into the Town, which represents the continued expansion of the Riverwood Athletic Club subdivision. A master plan modification, to expand the boundaries of RWAC to include the subject property, and subdivision plat, to modify the existing Phase 8C and expand it to include the subject property, are also occurring concurrently with the annexation and rezoning.

The property is compatible with surrounding land uses. The rezoning is consistent with the Strategic Growth Plan.

Staff recommends approval of the requested rezoning.

Mayor Pro Tem Grannis asked if there were any questions of staff. With there being none, Mayor Pro Tem Grannis asked if applicant wished to make any statements.

Mr. Fred Smith stated he had no statements but was present for any questions the Council may have of him.

Mayor Pro Tem Grannis asked there were any one who wished to speak in opposition. Hearing no opposition, the item was turned over to Council for deliberation.

ACTION: Approve Rezoning 15-08-02-RZ

Motion: Council Member Lawter
Second: Council Member Holder
Vote: Unanimous

ACTION: Approve Consistency and Reasonable Statement as presented

Motion: Council Member Thompson
Second: Council Member Holder
Vote: Unanimous

- f. Public Hearing - 15-08-01-SUB - Riverwood Athletic Club – Ravens Ridge 8C – Major Subdivision/Preliminary Plat

Mayor Pro Tem Grannis opened the Public Hearing at 7:07 p.m.

Mayor Pro Tem stated that anyone wishing to offer testimony would need to step forward and have the Town Clerk administer the oath.

Oath administered to David DeYoung, Fred Smith, Thad Avent and Donnie Adams.

The project includes the original Raven's Ridge Phase 8C plus an additional 8.2 acres of land, formerly known as the House Tract, east of and adjacent to the Neuse River, south of and adjacent to the existing Riverwood Athletic Club, and north of Covered Bridge Road.

The applicant is DC Adams and the property owner is FSC IV LLC (Fred Smith Company). The applicant is requesting preliminary subdivision plat approval for the major subdivision of Raven's Ridge 8C in the Riverwood Athletic Club (RWAC) Planned Development to allow 33 single family detached residential units, within Town Limits. The request includes a modification to the overall RWAC boundaries to include an additional 8.2 acres (pending annexation).

The request is consistent with the Strategic Growth Plan, If the Master Plan amendment is approved as proposed, the request will be consistent with the Master Plan. The proposed development is consistent with the Unified Development Code. It is consistent with the density and patterns of the RWAC Planned Development and all recreation and open space requirements have been met. Resource conservation areas shall be preserved.

The applicant has addressed the Findings of Fact with all four criteria being met. Neighborhood meeting was held on March 12, 2015 with no issues.

Staff is recommending approval with the following conditions:

- Following Board approvals, three copies of the final Preliminary Subdivision Plan meeting the requirements of the Conditions of Approval shall be submitted to Planning Department for final approval.
- The final plat and subsequent development of the site shall be consistent with the specifications of the approved Preliminary Subdivision Plan. Modifications may require additional approvals pursuant to Section 155.706 of the Unified Development Code.
- The proposed 10' wide multi-use/greenway will be constructed and tied into the existing Neuse River greenway prior to the Certificate of Occupancy being issued for the first dwelling unit.
- All development fees shall be paid prior to final plat recordation, except that Capacity fees shall be paid prior to issuance of building permits.

- Resource Conservation Areas (RCAs) as defined by Section 155.500 of the Unified Development Code (UDC) shall be identified on the final plats as being permanently set aside, and shall be protected in perpetuity by a binding legal instrument recorded with the deed which includes clear restriction on the use of the resource conservation area, as described in Section 155.500(F) of the UDC.
- RCAs shall be protected with orange fencing during the construction of adjacent parcels. Fencing shall be installed prior to any clearing and/or grading
- An updated wastewater allocation request must be approved by the Town Manager.

Mayor Pro Tem Grannis asked if there were any questions of staff. With there being none, Mayor Pro Tem Grannis asked if applicant wished to make any statements.

Mr. Fred Smith stated he had no statements but was present for any questions the Council may have of him.

Mayor Pro Tem Grannis asked there were any one who wished to speak in opposition. Hearing no opposition, the item was turned over to Council for deliberation.

ACTION: Approval of 15-08-01-SUB

Motion: Council Member Thompson

Second: Council Member Holder

Vote: Unanimous

7. NEW BUSINESS

a. Budget Amendment

Mr. McKie presented the budget amendment and line items.

ACTION: Place on May 18, 2015 Consent Agenda

8. STAFF REPORTS

a. Town Manager

- Downtown Parking

Mr. Biggs re-addressed issue regarding parking /overnight parking issues and whether our current ordinance addresses these issues. Mr. Biggs stated our current ordinance does not address day time / long term

parking issues. Also discussed was the issue of parking in loading zones. Mr. Biggs stated there is an ordinance in place to address these issues. It was recommended changing current signage. At this time there is no necessity for Council action. Mayor Pro Tem Grannis questioned if there if the asphalt in the loading zone was marked. Mr. Biggs stated he did not believe there was he believe that information is contained on the signage in the area(s). Mr. Biggs further stated that our current ordinance indicates to refer to signage so we may have to revisit or change our current signage to indicate short term usage

Mr. Biggs stated he had received a letter from the attorney for the previous owner of the old Red & White Building located at 110 w. Front Street. The letter was inquiring as to whether the Town would be interested in ownership of the property in exchange for the current invoice of \$38,000, which was the cost for demolition of said property. It was agreed that we would defer the invoice for 90 days to allow time for a private buyer who may have an interest in purchasing the property. After that time if there is no private interest in the property the town could then reconsider the offer. –

- b. Town Attorney
- c. Town Clerk
- d. Other Staff

9. **OTHER BUSINESS**

- a. Informal Discussion & Public Comment
- b. Council Comments

Council Member Lawter asked for an update regarding paving issues and Riverwood and Lionsgate. Mr. Biggs stated that Deer Valley is next on the schedule for paving. He further stated that he has shared his concerns regarding paving issues and that this issue is being managed on a weekly basis. He further stated the estimated completion date is May 2016, which does conform to the original schedule.

10. **CLOSED SESSION**

At 7:22 p.m. Attorney Charles Meeker requested a Closed Session.

ACTION: Closed Session under NCGS 143-318.11(a)(3) to consult with Town Attorney regarding possible litigation.

Motion: Council Member Holder
Second: Council Member Thompson
Vote: Unanimous

At 7:46 p.m. Town Council returned from Closed Session with the following actions being taken.

ACTION: Authorize Resolution Condemnation to Acquire Certain Property of Allen Lester Mims Jr. and Emily Lee Hunt Mims

Motion: Council Member Holder
Second: Council Member Lawter
Vote: Unanimous

ACTION: Authorize Resolution Condemnation to Acquire Certain Property of Sean R. Garvey and Candice L. Garvey

Motion: Council Member Holder
Second: Council Member Satterfield
Vote: Unanimous

ACTION: Authorize Resolution Condemnation to Acquire Certain Property of The Estate of H. Ronald Hocutt, Jr.

Motion: Council Member Holder
Second: Council Member Thompson
Vote: Unanimous

11. ADJOURNMENT

With there being nothing further, the meeting was adjourned at 7:49 p.m.

ACTION: Adjournment

Motion: Council Member Thompson
Second: Council Member Holder
Vote: Unanimous

Duly adopted this the 1st day of June, 2015 while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Kimberly A. Moffett, CMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

AGENDA ITEM: 3b

Meeting Date: June 1, 2015

TITLE: Minutes

DESCRIPTION: Draft Minutes from May 18, 2015 Work Session

RELATED GOAL: Administrative

ITEM SUMMARY:

Date:

Action:

Info. Provided:

6-1-15

Approval

Draft Minutes

**Town Council Meeting
Town of Clayton
May 18, 2015
6:30 PM**

Present: Mayor Jody McLeod, Mayor Pro Tem Michael Grannis, Council Member Bob Satterfield, Council Member Art Holder, Council Member Butch Lawter

Absent: Council Member Jason Thompson

Staff Present: Steve Biggs, Town Manager; Nancy Medlin, Deputy Town Manager; Katherine Ross, Town Attorney; David DeYoung, Planning Director; Stacy Beard, Public Information Officer; Tommy Roy, IT Technician; Tim Simpson, Public Works/ Utilities Director; Bruce Naegelen, Downtown Development Coordinator; Dale Medlin, Electric Systems Director; Robert McKie, Finance Director; James Warren, Waste Water Treatment Superintendent and Christy Anastasi, Deputy Town Clerk

1. CALL TO ORDER

Mayor McLeod called the meeting to order at 6:35 PM and led everyone in the Pledge of Allegiance as well as offering the Invocation.

2. ADJUSTMENT OF THE AGENDA

Order of items listed under Introductions and Special Presentations was changed. The North Carolina Eastern Municipal Power Agency-Power Sales Agreement was moved to be heard before the brief adjournment for Town Council to attend "A Soldier's Walk Home" Ceremony being held at Town Square.

Action: Suspend rules in order to take action on items other than those on the Consent Agenda.

Motion: Council Member Lawter
Second: Mayor Pro Tem Grannis
Vote: Unanimous

3. CONSENT AGENDA

(Items on the consent agenda are considered routine in nature or have been thoroughly discussed at previous meetings. Any member of the Council may request to have an item removed from the consent agenda for further discussion.)

a. Budget Amendment Ordinance

Action: Approval of Consent Agenda as Presented

Motion: Council Member Satterfield
Second: Mayor Pro Tem Grannis
Vote: Unanimous

4. ADMINISTRATIVE ITEMS

a. Warranty and Dedication Acceptances:

- East Village Lift Station, Gravity Sewer & Force Main
- Johnston Medical Hospital – Water/Sewer

Action: Place on June 1, 2015 Consent Agenda

- b. Direct Clerk to Investigate Sufficiency of Petition for Voluntary Annexation – 14-100-01-ANX

Action: Place on June 1, 2015 Consent Agenda

- c. Set Public Hearing to Receive Public Comment on Proposed FY 15-16 Budget

Action: Set Public Hearing for June 1, 2015

5. ITEMS FOR DISCUSSION

- a. Resolution Application to Local Government Commission for Approval of Electric System Revenue Bonds

Mr. McKie requested that Council consider taking action on the Electric System Revenue Bonds. These bonds are necessary to make improvements to the Town’s electric system.

Mayor Pro Tem Grannis introduced the resolution, as follows:
Resolution providing for application to the local government commission for approval of electric system revenue bonds; requesting local government commission approval of such electric system revenue bonds; and certain related matters and findings.

Action: Approval of Resolution

Motion: Mayor Pro Tem Grannis
Second: Council Member Satterfield
Vote: Unanimous

6. INTRODUCTIONS AND SPECIAL PRESENTATIONS

- a. North Carolina Eastern Municipal Power Agency – Power Sales Agreement

Former Council Member Bob Ahlert stated that in the past eighteen months or so this issue has been in negotiations with Duke/ Progress Energy as well as many other federal, state, local agencies and the general assembly with regard to Power Sales Agreement. Mr. Ahlert introduced Mr. Tim Tunis, Chief Financial Officer with Electricities. Mr. Tunis stated the adoption of this ordinance would approve the sale of the North Carolina Eastern Municipal Power Agency (NCEMPA) generating assets to Duke Energy Progress (DEP) and approves the execution of three contracts between NCEMPA and Clayton. By selling our power generation assets and purchasing wholesale power from DEP this would allow us to provide an opportunity to lower rates, become

more cost competitive, provide long-term economic benefits, increase stability/reduce risk and adapt/respond to changing market conditions. It would immediately reduce annual debt payments by 69% resulting in an immediate 10% reduction in wholesale power cost. The asset purchase agreement states that DEP will pay \$1.2 billion to acquire all of the rights, title and interest in NCEMPA's generation assets on a debit free basis. Transfer (to DEP) NCEMPA's decommissioning Trust funded at the required Nuclear Regulatory Commission minimum level and \$26M of NCEMPA's internal reserve funds earmarked for decommissioning costs. DEP will assume all liabilities, including any plant and environmental liabilities incurred after closing that are related to or result from a pre-closing event or condition. Transfer (to DEP) NCEMPA's ownership interests in nuclear fuel and spare parts in inventory. Cap NCEMPA's pension fund contributions between execution of asset purchase agreement and closing at 100% funded. NCEMPA to retain ownership share of settlement of pre-closing damages related to spent fuel storage costs (DOE). DEP to reimburse NCEMPA for capital additions incurred after 1/1/15 (up to \$78M for 2015 and \$55M for 2016). The contract duration terminates on December 31, 2043 with early termination option on December 31, 2035. Target date for closing of transaction and new wholesale rate is July 1, 2015. Mayor Pro Tem Grannis asked for clarification regarding the reason for the cost increase in the second ten year segment. Mr. Tunis replied this increase is due to forecasting for inflation for fuel cost.

Action: Approval of Ordinance

Motion: Mayor Pro Tem Grannis
Second: Council Member Holder
Vote: Unanimous

Mayor Pro Tem Grannis thanked Mr. Ahlert for his years of service and his assistance in representing Clayton in this transaction. A copy of all agreements are hereby incorporated and made part of the minutes.

A brief recess was taken at 7:14 PM for Town Council to attend "A Soldier's Walk Home" Ceremony held at Town Square.

Mayor McLeod called the meeting back to order at 7:45 PM

Absent: Council Member Satterfield

b. US 70/70 and US 70/42 Hwy 42 & Hwy US 70 Business

Mr. DeYoung stated that the Town has hired URS (formerly United Research Services) to analyze a few intersections in Town. URS was asked to look into the future to see what our infrastructure needs will be. Mr. DeYoung then introduced Ms. Cindy Camacho a Planner with URS, who provided an overview of the Town of Clayton Infrastructure Analysis. Ms. Camacho stated the goal of this study was to evaluate the adequacy of existing infrastructure in three

areas transportation, sanitary sewer and the water system. Ms. Camacho then introduced Mr. Ed Edens, who provided the traffic analysis. Mr. Edens stated an infrastructure traffic analysis study was determined on two interchanges. One US 70 Business Hwy West and US 70 Hwy W Scenic. The second is NC Hwy 42 and Scenic 70 Bypass. Three elements were analyzed: Land Use, Traffic Operations and Utilities. Findings for NC Hwy 42 & US Scenic 70 Bypass are large amounts of land available for development. Area of growth would increase from 3,698 to 14,537 residents in 2040. Increase in commercial and medical office space, notably the Spring Branch Park development. Significant growth expected at N. Tech Drive and Gordon Road. Findings for US 70 Bus Hwy W & US 70 Hwy W (Scenic) show an increase of the population from 3,400 to over 8,000 in the year 2040. A large increase in industrial employment and an increase in all housing types. Future signalization is warranted for six intersections listed as follows: NC42 at Amelia Church Road, NC 42 at Johnston Medical Center, NC 42 at US 70 WB ramps, NC 42 at 70 EB ramps, NC 42 at Government Road and NC 42 at Springbrook Avenue. Findings also, recommend road widening improvements between I-40 and Amelia Church Road. Findings for US 70 Bus Hwy W & US 70 Hwy W (Scenic) based on projected 2040 peak hour AM and PM traffic volumes; an additional storage lane is required at US 70 Business and Powhatan Road. Additional findings include a collector facility at N. Tech Drive and Gordon Road. Significant growth was also forecast at Cole Road. Mr. Randy Folk addressed the findings on the water and wastewater at these two locations. Mr. Folk stated at the US 70 Bus Hwy W & US 70 Hwy W (Scenic) location the existing 12-inch force main appears to be at capacity. Additional downstream infrastructure is undersized. Recommend continued discussions with the county to access the existing underutilized 8-inch Smith Creek force main. At the location of NC Hwy 42 W & US Scenic 70 Bypass the existing 8-inch gravity sewer, estimated to be approximately 1 MGD would be inadequate. The estimated 3 MGD future peak flow would be needed. The future probable costs of NC Hwy 42 W & US Scenic 70 Bypass would be Transportation \$12.3 million, Sanitary Sewer \$15-25 million and Water System \$5-7 million. For the US 70 Bus Hwy W & US 70 Hwy W (Scenic) the future probable costs would be Transportation \$10 million, Sanitary Sewer \$17-20 million and Water System \$4-6million. It was stated that most of the cost for the improvements would be paid by developers and not the Town. Council Member Lawter asked for clarification on 70/70 Business traffic priorities between Gordon Road being a higher priority than Powtan Road. It is based on the future type of development that will be going in the Gordon Road area and getting the proper infrastructure in place for future impact and development due process. However, planning down the road these priorities may shift depending on the different developers. There was a brief discussion and Mayor Pro Tem Grannis asked how much of this area is currently in our ETJ. Mr. DeYoung stated most of these areas are within the Town's ETJ. Mayor Pro Tem Grannis also asked in terms of cost is that based on today. This report is based on today's cost and was not forecast for the future. Discussion between Council Members continued and Council Members agreed the numbers look good and they are pleased with the report.

c. 2015 National Main Street Program Accreditation Certificate

Mr. Naegelen stated this is the 8th consecutive year for receiving the National Main Street Program. The Town of Clayton has been accredited by meeting the Commercial district revitalization performance standards in 2014. Over the past eight years, more than \$10, 000,000 has been invested privately in downtown Clayton. A total of 193 jobs have been created with the addition of 60 new businesses and 10 expansions.

7. **ITEMS SCHEDULED FOR THE REGULAR MEETING AGENDA**

a. Rezoning – 2014-99 Magnolia Point Rezoning - PD-MU & R-10 to R-8

Mr. DeYoung stated the location of this property is Shotwell Road, in between US 70 Bus Hwy W and Amelia Church Road. This is a vacant parcel located across Shotwell Road from Lion’s Spring. A neighborhood meeting was held on August 26, 2014 with no issues. This rezoning is consistent with the Strategic Growth Plan. Planning Board recommended approval of the rezoning. Staff is recommending approval of the rezoning. Mr. DeYoung stated the overall planned development requirements were satisfied by using class c buffers and with the rezoning the proposed development is compatible with the surrounding uses.

Action: Set Public Hearing for June 1, 2015

b. Text Amendment – Modification to Article 2 of the Unified Development Code

Mr. DeYoung stated there was a need for the addition of a zoning category to our current list of zoning districts. This area would be called one of the following Government Use, Public Services, or Public Facilities. Many types of public businesses do not always fit into one zoning category. The purpose of this zoning category would allow for flexibility as we plan for future and current public facilities. For the public facilities category there would be no minimum or maximums on lot sizes. The lot sizes could be either very large to very small.

Action: Set Public Hearing for June 1, 2015

c. Award of Bid for the 2014 Clayton Streets Project

Mr. Simpson stated the bid opening for the 2014 Streets project was held on April 7, 2015 at 2:00pm in the Clayton Operations Center. A total of five (5) bids were submitted. T A Loving Company of Goldsboro was the lowest bidder with a unit price of \$1,448,196.25. There is a provision for a decrease in pricing. Mayor McLeod stated he was happy to see the reduction in price due to the provision. Mayor McLeod also stated that all of these improvements are

needed. Council Member Lawter asked that a map be provided of the areas to be impacted. Council Member Lawter asked if the areas could be placed on a one page map. He stated this map could be provided to citizens who inquire. Mayor McLeod asked about a timeline for the project. Mr. Simpson stated a six to seven month time frame is to be expected. Mayor McLeod stated he would ask that citizens in these areas are made aware of the project as well as a time frame.

Action: Place on June 1, 2015 Consent Agenda with the updated bid amount

d. **Special Event – Grill Fest – Town Square - July 11, 2015**

Mr. Naegelen presented the following event to Council for approval. Grill Fest is being held on July 11, 2015 between the hours of 10:30am-4:00pm at Town Square. It is anticipated that attendance should be about 300 people. There will be a band with one stage and a corn hole tournament will be held. Request to close Town Square Parking Lot for this event. Special Events Committee recommends approval. Mayor Pro Tem Grannis asked if any security was required for this event. Mr. Naegelen stated there was not. Mayor Pro Tem Grannis asked why not? Mr. Naegelen stated typically security is not provided when alcohol is not being served.

Action: Place on June 1, 2015 Consent Agenda

e. **Sole Sourcing of Nitrogen Process Equipment**

Mr. James Warren provided information and made a request for a resolution be considered for equipment for the Little Creek Water Reclamation Facility. Recommended is sole source procurement of an instrumentation and control system package by Ovivo.

Action: Place on June 1, 2015 Consent Agenda

8. ITEMS CONTINGENT FOR THE REGULAR MEETING

9. OLD BUSINESS

10. STAFF REPORTS

- a. Town Manager
- b. Town Attorney
- c. Town Clerk
- d. Other Staff

11. OTHER BUSINESS

- a. Informal Discussion & Public Comment
- b. Council Comment

Mayor Pro Tem Grannis would like to do some form of a memorial for veterans. Council would like staff to bring back a proposal to council with respect to a way or different ways of recognizing the veterans in Clayton. It has been discussed in the past about a memorial park this is just an idea. Mayor McLeod said it could even be a spot on the quarterly agenda to have the opportunity to recognize the veterans. Council Member Lawter is in agreement that there needs to be a way to recognize veterans. Council Member Lawter stated that this information could be suggested to the Art Advisory board for suggestions. Council Member Holder is in agreement as well. Council Member Holder stated that we should never forget what these veterans have done.

12. ADJOURNMENT

With nothing further, the meeting was adjourned.

Action: Adjourn meeting at 8:42 PM.

Motion: Mayor Pro Tem Grannis

Second: Council Member Holder

Vote: Unanimous

Duly adopted this 1st day of June 2015 while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Kimberly A. Moffett, CMC, NCCMC
Town Clerk

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY

Debt Service Support Contract

Dated as of April 24, 2015

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**NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY
DEBT SERVICE SUPPORT CONTRACT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 4. Charges for Monthly Support Costs.

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

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

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

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

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

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

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

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

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

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

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

SECTION 6. Payment Sources; Certain Obligations of Members.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 7. Obligations in the Event of Default.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 13. Termination.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 17. Continuance and Enforcement of Contract.

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

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

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

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

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

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

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

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

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

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

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

Executed this ____ day of _____, 2015.

TOWN OF CLAYTON

By: _____
Mayor

Attest:

For purposes of Section 24 only:

Town Clerk

Finance Officer

(SEAL)

Executed this ____ day of _____, 2015.

NORTH CAROLINA EASTERN
MUNICIPAL POWER AGENCY

By: _____
Chief Executive Officer

Attest:

Assistant Secretary

(SEAL)

[Signature Page to Debt Service Support Contract]

EXHIBIT A

Members and Members' Shares

<u>Member</u>	<u>Member's Share</u>
Town of Apex	1.1218%
Town of Ayden	1.4347
Town of Belhaven	0.3473
Town of Benson	0.6507
Town of Clayton	1.0539
Town of Edenton	1.5570
City of Elizabeth City	4.0525
Town of Farmville	0.9836
Town of Fremont	0.2359
City of Greenville	20.3709
Town of Hamilton	0.0675
Town of Hertford	0.3867
Town of Hobgood	0.0730
Town of Hookerton	0.1057
City of Kinston	7.6434
Town of LaGrange	0.4261
City of Laurinburg	2.1984
Town of Louisburg	0.8445
City of Lumberton	4.7153
City of New Bern	6.6370
Town of Pikeville	0.1611
Town of Red Springs	0.5500
Town of Robersonville	0.4237
City of Rocky Mount	12.9031
Town of Scotland Neck	0.5140
Town of Selma	0.9171
Town of Smithfield	2.2631
City of Southport	0.7366
Town of Tarboro	3.6701
Town of Wake Forest	1.1297
City of Washington	4.0871
City of Wilson	<u>17.7385</u>
	98.8894% 100.000%

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

NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY

Full Requirements Power Sales Agreement

Dated as of April 24, 2015

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Exhibit A - Network Integration Transmission Service Agreement and Network Operating Agreement between Duke Energy Progress, Inc. and North Carolina Eastern Municipal Power Agency	A-1
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**NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY
FULL REQUIREMENTS POWER SALES AGREEMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

¹ Including any load met by NCEMPA Generation that is interconnected with the Member’s Electric System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) "Prudent Utility Practice" means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Prudent Utility Practices are not intended to be limited to the optimum practices, methods, or acts to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the electric utility industry. In evaluating whether any matter conforms to Prudent Utility Practice as used in this Agreement, the parties hereto shall take into account (i) the fact that Power Agency and each Member is a public body and a body corporate and politic organized under the laws of the State of North Carolina, with the statutory duties and responsibilities thereof, and (ii) the objectives to

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 4. Rates and Charges; Surplus Moneys.

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 6. Rate Review and Payment Sources.

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

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

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

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

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

SECTION 7. Obligations in the Event of Default.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 9. Member Planning and Operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 11. Miscellaneous General Provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 22. Continuance and Enforcement of Agreement.

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

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

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

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

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

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

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

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

Executed this ____ day of _____, 2015.

TOWN OF CLAYTON

By: _____
Mayor

Attest:

For purposes of Section 26 only:

Town Clerk

Finance Officer

(SEAL)

Executed this ____ day of _____, 2015.

NORTH CAROLINA EASTERN
MUNICIPAL POWER AGENCY

By: _____
Chief Executive Officer

Attest:

Assistant Secretary

(SEAL)

[Signature Page of Full Requirements Power Sales Agreement]

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

Duke Energy Progress, Inc.
FERC FPA Electric Tariff
Open Access Transmission Tariff
Service Agreement No. 268
NITSA and NOA with NCEMPA
Effective: July 1, 2014
Option Code: A

**NETWORK INTEGRATION TRANSMISSION SERVICE AGREEMENT
AND
NETWORK OPERATING AGREEMENT
BETWEEN
DUKE ENERGY PROGRESS, INC.
AND
NORTH CAROLINA EASTERN MUNICIPAL POWER AGENCY**

SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE

- 1.0 This Service Agreement, dated as of April 30, 2008, is entered into, by and between Duke Energy Progress, Inc., formerly known as Carolina Power & Light Company, (d/b/a Progress Energy Carolinas, Inc.), with its principal offices located at 410 S. Wilmington Street, Raleigh, North Carolina 27601, ("Transmission Provider" or "DEP"), and North Carolina Eastern Municipal Power Agency, with its principal offices located at 1427 Meadow Wood Blvd, Raleigh, NC 27604 ("Transmission Customer" or "NCEMPA").
- 2.0 The Transmission Customer has been determined by the Transmission Provider to have submitted a Completed Application for Network Integration Transmission Service under the Open Access Transmission Tariff of Duke Energy Progress, Inc. (the "Tariff").
- 3.0 The Transmission Customer has met the creditworthiness standards of Section 11.2 of the Tariff. In the event that Transmission Customer does not take service for any reason, the Transmission Provider will provide Transmission Customer with a statement identifying the costs incurred.
- 4.0 Service under this Service Agreement shall commence on the later of (1) July 1, 2008, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed, or (3) such other date as it is permitted to become effective by the Commission.
- 5.0 The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Part III of the Tariff and this Service Agreement.
- 5.1 The Transmission Customer is responsible for replacing Real Power Losses associated with all transmission service in accordance with Section 28.5 of the Tariff.

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

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

Transmission Provider:

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

Transmission Customer:

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

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

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

8.1 Transmission Charge:

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

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

where:

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

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

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

8.2 Ancillary Services Charges:

1 Scheduling, System Control and Dispatch Service

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

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

2 Reactive Supply and Voltage Control from Generation Sources Service

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

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

3 Regulation and Frequency Response Service

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

4 Energy Imbalance Service

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

5 Operating Reserve - Spinning Reserve Service

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

6 Operating Reserve -Supplemental Reserve Service

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

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

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

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

SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE

1.0 Term of Transaction:

Start Date: July 1, 2008

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

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

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

3.0 Network Resources

(1) Transmission Customer Generation Owned or Leased:

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

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

- (2) Transmission Customer Generation Purchased:
- (a) The purchase of approximately 29 MW of capacity and associated energy from the Kerr hydroelectric project located in the Dominion Virginia Power control area, operated by the U.S. Army Corps of Engineers, and marketed by the Southeastern Power Administration ("SEPA"). Although considered a Network Resource for purposes of this Service Agreement, SEPA reimburses the Transmission Provider for transmission service under a separate Service Agreement. Consequently, SEPA allocations will be subtracted from the Transmission Customer's Network Load for purposes of determining charges pursuant to paragraph 8.0 of this Service Agreement.
 - (b) The purchase of capacity and energy from DEP pursuant to Article 7 of the 1981 PCA to replace capacity and energy from Initial Project Resources when any portion thereof is not available or is subject to a dispatch related reduction ("Backstand" or "Replacement Energy"). Backstand and Replacement Energy is supplied by DEP's system of generating and purchased resources and is delivered to the DEP-East Control Area. The term of the 1981 PCA extends to the later of (i) January 1, 2032, or (ii) upon the date on which the last Initial Project Resource is retired.
 - (c) The purchase by NCEMPA of approximately 8 MW of capacity and associated energy pursuant to an agreement dated March 29, 1988 between NCEMPA and the Town of Edenton and an agreement dated March 24, 1988, between NCEMPA and the City of Elizabeth City (collectively, the "Diesel New Resources"). These resources are physically located in the Dominion Virginia Power control area.
 - (d) The purchase of capacity and energy from DEP pursuant to the Agreements between NCEMPA and DEP applicable to Supplemental Load dated December 23, 2002 and February 25, 2005 (the "Supplemental Load Agreements"), which obligate DEP to provide capacity and energy to meet all remaining load of NCEMPA not met by other resources. Supplemental Capacity and Energy under the Supplemental Load Agreements is supplied by DEP's system of generating and purchased resources and is delivered to the DEP-East Control Area. The Supplemental Load Agreements obligate DEP to supply such capacity and energy through December 31, 2017.
 - (e) Effective January 1, 2018: The purchase of capacity and energy from DEP pursuant to an Agreement between NCEMPA and DEP applicable to Supplemental Load dated October 31, 2011 (the "Power Supply Agreement"), which obligates DEP to provide capacity and energy to meet all remaining load of NCEMPA not met by other resources. Supplemental Capacity and Energy under this Agreement is supplied by DEP's system of generating and purchased resources and is delivered to the DEP-East Control Area. This Power Supply Agreement obligates DEP to supply such capacity and energy through December 31, 2031.
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Total Network Resources = (1) + (2) = Transmission Customer's Total Network Load

4.0 Network Load

(1) Transmission Customer Network Load:

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

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

Season (Date - Hour Ending)	Total Network Load [kW]
Summer 2007 (08/21/2007-HE15)	1,826,015
Winter 2007 (02/06/2007-HE10)	1,263,024

5.0 Power Factor Requirements

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

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

None.

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

None.

8.0 Party Responsible for Providing Real Power Losses:

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

ATTACHMENT A-1

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

**NCEMPA DELIVERY POINTS AND
FORECASTED DELIVERY POINT DEMANDS**

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Apex 2	35,663	36,973	38,170	39,359	40,588	41,876	43,233	44,690	46,230	47,763	48,969
Apex 3	25,710	26,655	27,518	28,375	29,261	30,190	31,168	32,218	33,328	34,448	35,303
Apex 4	21,563	22,356	23,080	23,799	24,541	25,320	26,141	27,022	27,953	28,892	29,609
Ayden	23,481	23,836	24,354	24,860	25,378	25,918	26,469	27,050	27,661	28,285	28,906
Benson	8,677	8,706	8,716	8,732	8,751	8,774	8,802	8,950	9,100	9,253	9,403
Clayton	24,122	24,375	25,139	25,804	26,492	27,205	27,937	28,683	29,469	30,266	31,058
Farmville 1	-	-	-	-	-	-	-	-	-	-	-
Farmville 2	13,221	13,246	13,273	13,289	13,327	13,354	13,381	13,408	13,435	13,461	13,486
Fremont	3,312	3,322	3,332	3,342	3,352	3,362	3,372	3,382	3,393	3,404	3,414
Greenville 1	269,827	274,268	279,959	285,780	292,178	298,652	305,343	312,384	319,575	326,699	333,716
Greenville 4	83,723	85,100	86,866	88,673	90,658	92,666	94,743	96,927	99,158	101,369	103,546
Hookerton	1,520	1,557	1,570	1,579	1,585	1,590	1,596	1,603	1,609	1,616	1,623
Kinston	101,953	103,340	104,637	105,376	105,877	106,372	106,759	107,096	107,497	107,940	108,360
La Grange	7,035	7,067	7,176	7,255	7,319	7,386	7,447	7,508	7,577	7,651	7,726
Laurinburg	34,746	34,878	35,290	35,631	35,967	36,203	36,412	36,665	37,058	37,414	37,777
Louisburg	12,786	12,927	13,095	13,237	13,384	13,537	13,700	13,866	14,041	14,217	14,392
Lumberton 2	36,004	36,231	36,616	36,982	37,353	37,707	38,048	38,390	38,760	39,135	39,512
Lumberton 3	33,057	33,265	33,618	33,955	34,295	34,620	34,933	35,247	35,586	35,931	36,277
New Bern 1	31,185	31,420	31,796	32,179	32,551	32,892	33,217	33,557	33,922	34,309	34,723
New Bern 2	36,888	37,165	37,611	38,063	38,504	38,906	39,292	39,694	40,126	40,583	41,073
New Bern 3	7,516	7,573	7,663	7,755	7,845	7,927	8,006	8,088	8,176	8,269	8,369
New Bern 4	43,950	44,281	44,811	45,350	45,876	46,355	46,814	47,293	47,807	48,353	48,936
Pikeville	2,240	2,249	2,261	2,273	2,285	2,297	2,309	2,322	2,335	2,347	2,359
Red Springs	8,500	8,570	8,657	8,741	8,825	8,906	8,984	9,064	9,153	9,244	9,337
Rocky Mount 1	160,049	140,537	140,614	140,641	140,664	140,685	140,704	140,724	140,743	140,762	140,779
Rocky Mount 4	-	19,766	19,777	19,781	19,784	19,787	19,790	19,792	19,795	19,798	19,800
Selma 2	13,326	13,648	13,916	14,204	14,494	14,804	15,114	15,443	15,780	16,125	16,448
Selma 3	1,220	1,243	1,267	1,293	1,320	1,348	1,376	1,406	1,437	1,468	1,498
Smithfield 1	34,614	29,897	30,404	30,910	31,459	31,980	32,567	33,201	33,908	34,599	35,338
Smithfield 2	4,929	9,889	9,961	10,033	10,111	10,185	10,269	10,359	10,460	10,558	10,653
Southport	12,735	13,051	13,214	13,402	13,543	13,728	13,930	14,056	14,249	14,366	14,545
Wake Forest 2	37,302	19,335	20,119	20,947	21,680	22,388	23,264	24,188	25,150	25,632	26,494

Wake Forest 3	19,335	20,119	20,947	21,590	22,368	23,264	24,186	25,150	25,632	26,494
Washington	74,397	77,333	78,630	79,913	81,218	82,505	83,797	85,121	86,451	87,771
Wilson 1	15,751	15,857	16,057	16,278	16,481	16,696	16,925	17,167	17,448	17,734
Wilson 2	39,999	40,465	40,973	41,538	42,056	42,605	43,189	43,856	44,524	45,252
Wilson 3	11,864	11,945	12,036	12,261	12,414	12,576	12,749	12,946	13,143	13,358
Wilson 4	20,519	20,658	20,918	21,206	21,470	21,751	22,049	22,390	22,731	23,102
Wilson 5	27,689	27,877	28,227	28,616	28,973	29,351	29,754	30,213	30,674	31,175
Wilson 6	15,311	15,415	15,609	15,824	16,021	16,231	16,453	16,707	16,962	17,239
Wilson 7	-	-	-	-	-	-	-	-	-	-
Wilson 8	-	-	-	-	-	-	-	-	-	-
Wilson 9	-	-	-	-	-	-	-	-	-	-
Wilson 10	47,980	48,305	48,912	49,586	50,204	50,860	51,557	52,364	53,151	54,020
Wilson 11	66,567	67,018	67,860	68,795	69,653	70,563	71,530	72,635	73,741	74,947
Wilson 12	4,944	4,977	5,040	5,109	5,173	5,241	5,312	5,395	5,477	5,566
DEP Total	1,456,070	1,494,452	1,516,978	1,540,053	1,562,969	1,586,764	1,611,778	1,638,424	1,664,110	1,690,098
Belhaven 1	5,388	5,431	5,454	5,478	5,503	5,528	5,551	5,573	5,595	5,617
Edenton 1	25,641	26,245	26,553	26,848	27,135	27,431	27,737	28,097	28,469	28,854
Elizabeth City 1	70,360	72,953	74,106	75,291	76,380	77,452	78,619	79,912	81,262	82,628
Hamilton 1	1,060	1,066	1,072	1,077	1,083	1,089	1,094	1,100	1,106	1,111
Hertford 1	5,582	5,652	5,688	5,725	5,760	5,795	5,831	5,868	5,906	5,945
Hobgood 1	1,066	1,099	1,103	1,107	1,110	1,113	1,115	1,118	1,121	1,124
Robersonville 1	6,431	6,561	6,660	6,750	6,831	6,898	6,973	7,063	7,157	7,247
Scotland Neck 1	7,333	7,338	7,338	7,338	7,338	7,338	7,338	7,338	7,338	7,338
Tarboro 1	13,030	13,277	13,405	13,524	13,622	13,728	13,836	13,960	14,076	14,200
Tarboro 2	13,429	13,684	13,816	13,939	14,040	14,148	14,260	14,388	14,507	14,635
Tarboro 3	18,188	18,532	18,712	18,878	19,015	19,162	19,314	19,486	19,648	19,822
Tarboro 4	10,870	11,075	11,163	11,282	11,364	11,451	11,542	11,645	11,742	11,846
Tarboro 5	8,055	8,207	8,287	8,360	8,421	8,486	8,553	8,629	8,701	8,778
VEPCO Total	186,452	191,119	193,379	195,597	197,602	199,620	201,763	204,176	206,626	209,147
NCEMPA Total	1,642,522	1,685,571	1,710,257	1,735,650	1,760,572	1,786,384	1,813,541	1,842,600	1,870,736	1,899,245

ATTACHMENT A-2

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

FORM OF DELIVERY POINT DATA SHEETS

ATTACHMENT B-1

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

DELIVERY FACILITIES CHARGES

DELIVERY FACILITIES CHARGES

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

$$\begin{array}{l} \text{Delivery Facilities Charge} \\ \text{for Transmission Voltage} \\ \text{Delivery Facilities} \end{array} = (\text{CACR}_{\text{EF}} + \text{CACR}_{\text{AF}}) \times \text{MFCR}_{\text{TV}}$$

$$\begin{array}{l} \text{Delivery Facilities Charge} \\ \text{for Distribution Voltage} \\ \text{Delivery Facilities} \end{array} = (\text{CACR}_{\text{EF}} + \text{CACR}_{\text{AF}}) \times \text{MFCR}_{\text{DV}}$$

$$\text{CACR}_{\text{EF}} = \text{OC}_{\text{EF}} \times \text{RF}$$

$$\text{CACR}_{\text{AF}} = \text{OC}_{\text{AF}} \times \text{RF}$$

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

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

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

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

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

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

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

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

RF =

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

divided by

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

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

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

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

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

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

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

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

ATTACHMENT B-2

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

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

**Cost Responsibility for Existing Power Agency Municipal Participant Distribution
Delivery Facilities**

(a)	(b)	(c)	(d)	(e)	(f)
Delivery Point	OC _{EF}	OC _{AF}	CACR _{EF}	CACR _{AF}	CACR _{TOTAL}
Apex #2 and #3	\$1,531,103	0	\$1,531,103	0	\$1,531,103
Apex # 4		12,389		12,389	12,389
Apex # 5		14,067		14,067	14,067
Benson #1	1,247,074	149,105	401,063	167,608	568,671
Clayton #1	1,611,560	2,435,934	560,148	694,097	1,254,245
Farmville #1	1,450,836	(1,450,836)	0	0	0
Farmville # 2	0	14,586	0	14,586	14,586
Fremont #1	562,283	0	217,739	0	217,739
Hookerton #1	889,473		144,102	0	144,102
Kinston #1	52,117		52,117	0	52,117
LaGrange #1	625,884		317,067	0	317,067
Laurinburg #1	770,049		548,129	0	548,129
Louisburg #1	1,004,227		515,842	0	515,842
Lumberton #2	39,671		39,671	0	39,671
Lumberton #3	22,560		22,560	0	22,560
Lumberton #4		10,740		10,740	10,740
New Bern #1	11,869		11,869	0	11,869
New Bern #2	52,988		52,988	0	52,988
New Bern #3	1,002,374		456,188	0	456,188
New Bern #4	2,641		2,641	0	2,641
New Bern Lewis Farm Rd.		12,803		12,803	12,803
Pikeville #1	621,744	(44,673)	168,780	0	168,780
Red Springs #1	517,037		441,431	0	441,431
Selma #2	671,869		507,494	0	507,494
Selma # 3	0	15,664	0	15,664	15,664
Smithfield #1	553,433		553,433	0	553,433
Smithfield # 2	0	8,650	0	8,650	8,650
Southport #1	1,088,355		532,692	0	532,692
Wake Forest #2	1,429,433		1,429,433	0	1,429,433
Wake Forest # 3		15,219		15,219	15,219
Wilson #1 through 11	399,986	0	399,986	0	399,986
Investment in metering, telemetering, and related equipment (combined system load signal)	3,821		3,821	0	3,821
Total Distribution	\$16,162,387	\$ 1,193,648	\$8,908,297	\$ 965,823	\$ 9,874,120

Cost Responsibility for Existing Power Agency Municipal Participant Transmission Delivery Facilities

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

Network Operating Agreement

Between

Duke Energy Progress, Inc.

And

North Carolina Eastern Municipal Power Agency

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

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

1.0 Control Area Requirements

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

2.0 Redispatch Procedures

- (a) If the Transmission Provider determines that redispatching resources (including reductions in off-system purchases and sales) to relieve an existing or potential transmission constraint is the most effective way to ensure the reliable operation of the Transmission System, the Transmission Provider will redispatch the Transmission Provider's resources, and request the Transmission Customer to redispatch its resources, on a least-cost basis, without regard to the ownership of such resources. The Transmission Provider will maintain a redispatch protocol and will apprise the Transmission Customer of its redispatch practices and procedures, as they may be modified from time to time.
- (b) The Transmission Customer will submit verifiable cost data for its resources, which estimate the cost to the Transmission Customer of changing the generation output of its Network Resources, to the Transmission Provider. This cost data will be used, along with similar data for the Transmission Provider's resources, as the basis for least-cost dispatch. The Transmission Provider's bulk power operations personnel will keep this data confidential, and will not disclose it to the Transmission Provider's marketing personnel. If the Transmission Customer experiences changes to its costs, the Transmission Customer will submit those changes to the Transmission Provider's Energy Control Center. The Transmission Provider will implement least-cost redispatch consistent with its existing contractual obligations and its current practices and procedures for its own resources per Sections 33.2 and 42.2 of the Tariff. The Transmission Customer shall respond within ten minutes to requests for redispatch from the Transmission Provider's Energy Control Center.
- (c) The Transmission Customer may audit, at its own expense, particular redispatch events (such as the cause or necessity of the redispatch) during normal business hours following reasonable notice to the Transmission Provider. Either the Transmission Customer or the Transmission Provider may request an audit of the other Party's cost data. Any audit of cost data will be performed by an independent agent at the requesting Party's cost. Such independent agent will be a nationally recognized accounting firm and will be required to keep all cost data confidential.
- (d) Once redispatch has been implemented, the Transmission Provider will book in a separate account the redispatch costs incurred by the Transmission Provider and the Transmission Customer based on the submitted cost data. The Transmission Provider and the Transmission Customer will each bear a proportional share of the total redispatch costs pursuant to Sections 33 and 42 and Attachment J of the Tariff. The redispatch charge or credit, as appropriate, will be reflected on the Transmission Customer's monthly bill.

3.0 Metering

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

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

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

- (b) Unless otherwise agreed, electric capacity and energy received by the Transmission Provider from the Transmission Customer will be measured by meters installed and maintained by the Transmission Customer at the Transmission Customer's Network Resources if such Network Resources are electrically located within the Transmission Provider's Control Area. When measurement is made at any location other than a Point of Receipt, suitable adjustment for losses between the point of measurement and the Point of Receipt will be agreed upon in writing between the Parties hereto and will be applied to all measurements so made. Metered receipts used in billing and accounting hereunder will in all cases include adjustment for such losses.
- (c) Electric capacity and energy delivered to the Transmission Customer's points of delivery by the Transmission Provider will be measured by meters installed at the points of delivery. When measurement is made at any location other than a Point of Delivery, suitable adjustment for losses between the point of measurement and the Point of Delivery will be agreed upon in writing between the Parties hereto and will be applied to all measurements so made. Metered receipts used in billings and accounting hereunder will in all cases include adjustments for such losses.
- (d) Meters at the Transmission Customer's Network Resources and Network Loads will be tested at least biennially. In addition, the Transmission Customer will, upon request of the Transmission Provider, test any of its meters at its Network Resources or Network Loads used for determining the receipt or delivery of capacity and energy by the Transmission Provider. Representatives of the Transmission Provider will be afforded an opportunity to witness such tests. In the event the test shows the meter to be inaccurate, the Transmission Customer will make any necessary adjustments, repairs or replacements thereon.
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- (e) In the event any meter used to measure capacity and energy fails to register or is found to be inaccurate, appropriate billing adjustments, based on the best information available, will be agreed upon by the Parties hereto. Any meter tested and found to be not more than two percent above or below normal will be considered to be correct and accurate insofar as correction of billing is concerned. If, as a result of any test, a meter is found to register in excess of two percent either above or below normal, then the reading of such meter previously taken will be corrected according to the percentage of inaccuracy so found, but no correction will extend beyond ninety days prior to the day on which inaccuracy is discovered by such test.
 - (f) The Transmission Provider will have the right to install suitable metering equipment at any Point(s) of Receipt or Delivery, as herein provided for the purpose of checking the meters installed by the Transmission Customer.
 - (g) The Transmission Customer will read the meters owned by it, except as may be mutually agreed, and will furnish to the Transmission Provider all meter readings and other information required for operations and for billing purposes. Such information will remain available to the Transmission Provider for 3 years.

4.0 Control Area and Data Equipment

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

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

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

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

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

5.0 Operating Requirements

- (a) The Transmission Customer shall operate its generating resources inside the Transmission Provider's Control Area in a manner consistent with that of the Transmission Provider, including following voltage schedules, free governor response, meeting power factor requirements at the point of interconnection with the Transmission Provider's system, and other such criteria required by NERC and SERC, and consistently adhered to by the Transmission Provider.
- (b) When load is being served by the Transmission Customer within the DEP control area, the Transmission Customer shall maintain a power factor of 100% to 90% lagging at each point of delivery determined on the basis of the 60-minute metered or computed reactive demand (kVar) for each hour of the month and the corresponding 60-minute metered or computed kilowatt demand for that hour.

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

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

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

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

- (c) Insofar as practicable, the Transmission Provider and the Transmission Customer shall protect, operate, and maintain their respective systems so as to avoid or minimize the likelihood of disturbances which might cause impairment of service on the system(s) of the other. The Parties shall implement load shedding programs to maintain the reliability and integrity of the Transmission System, consistent with the standards of NERC and SERC, as provided in Sections 33.6 and 42.6 of the Tariff. Load shedding shall include: (1) automatic load shedding by under frequency relay or (2) manual load shedding. The Transmission Provider will implement load shedding to maintain the relative sizes of load served, unless otherwise required by circumstances beyond the control of the Transmission Provider or the Transmission Customer. Automatic load shedding devices will operate without notice. When manual load shedding is necessary, the Transmission Provider shall notify the Transmission Customer's dispatchers or schedulers of the required action and the Transmission Customer shall comply within ten minutes.
- (d) The Transmission Customer shall, at its own expense, provide, operate, and maintain in service high-speed, digital under frequency load shedding equipment. For load served in or from the DEP Zone, the Transmission Customer will install under frequency relays to disconnect automatically its Network Load in a manner consistent with that followed by the Transmission Provider.
- The installation of under frequency relays to accomplish any load shedding in addition to that already installed shall be completed on a schedule agreed to by the Network Operating Committee. The Network Operating Committee may review the amount of load that would be disconnected automatically, and make such adjustments and changes as necessary.
- (e) In the event the Transmission Provider modifies the load shedding system, the Transmission Customer shall, at its expense, make changes to its equipment and the settings of such equipment, as required. The Transmission Customer shall test and inspect the load shedding equipment within ninety (90) days of taking Network Integration Transmission Service or Network Contract Demand Transmission Service under the Tariff and thereafter in accordance with Good Utility Practice, and provide a written report to the Transmission Provider. The Transmission Provider may request a test of the load shedding equipment with reasonable notice.
- (f) The Transmission Customer shall ensure that all Network Resources meet the Transmission Provider's requirements for parallel operation of non-utility generation.

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

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

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

(1) **Planning**

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

(2) **Operations**

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

6.0 Operational Information

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

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

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

- (b) The Transmission Customer served from the DEP Zone shall provide at least 14 calendar days advance notice of the Transmission Customer's best forecast of any planned transmission or Network Resource outage(s) and other operating information that the Transmission Provider deems appropriate. In the event that such planned outages cannot be accommodated due to a transmission constraint on the Transmission Provider's Transmission System, the provisions of Sections 33.2 and 42.2 of the Tariff will be implemented.
- (c) The Transmission Provider and the Transmission Customer shall notify and coordinate with as much advance notice as reasonably possible with the other Party prior to the beginning of any work by the other Party (or contractors or agents performing on their behalf), which may directly or indirectly have adverse effects on the reliability and security of the other Party's system.
- (d) The Transmission Customer is responsible for replacing Real Power Losses associated with all transmission service in accordance with Sections 28.5 and 36.11 of the Tariff. The Transmission Customer must identify the party responsible for supplying Real Power Losses before the transaction takes place.

7.0 Network Planning

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

8.0 Character of Service

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

9.0 Transfer of Power and Energy Through Other Systems

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

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

10.0 Notice

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

11.0 Incorporation

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

12.0 Term

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

POWER SALES AGREEMENTS TERMINATION AGREEMENT

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

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

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

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

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

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

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

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

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

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

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

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

NOW, THEREFORE, the parties mutually agree as follows:

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

SECTION 2. Miscellaneous Provisions.

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

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

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

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

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

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

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

Executed this ____ day of _____, 2015.

TOWN OF CLAYTON

By: _____
Mayor

Attest:

Town Clerk

(SEAL)

Executed this ____ day of _____, 2015.

NORTH CAROLINA EASTERN
MUNICIPAL POWER AGENCY

By: _____
Chief Executive Officer

Attest:

Assistant Secretary

(SEAL)

[Signature Page of Power Sales Agreements Termination Agreement]

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 3c

Meeting Date: June 1, 2015

TITLE: Voluntary Annexation – 14-100-01-ANX – East Village Office

DESCRIPTION: Town Clerk has certified the sufficiency of above petition for voluntary annexation 14-100-01-ANX.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
5-18-15	Place on June 1, 2015 Consent Agenda	Application Annexation Map Resolution
6-1-15	Approval	Application Annexation Map Certificate of Sufficiency

**ANNEXATION PETITION 14-100-01-ANX
EAST VILLAGE OFFICE
0.0859 ACRES**

CERTIFICATE OF SUFFICIENCY

To the Town Council of the Town of Clayton, North Carolina:

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

In witness whereof, I have hereunto set my hand and affixed the seal of the Town of Clayton, this 1st day of June, 2015.

**Kimberly A. Moffett, CMC
Town Clerk**



14-100-01-ANN

Town of Clayton
Planning Department
111 E. Second Street, Clayton, NC 27520
P.O. Box 879, Clayton, NC 27528
Phone: 919-553-5002
Fax: 919-553-1720

PETITION FOR VOLUNTARY ANNEXATION

VOLUNTARY ANNEXATION: Upon receipt of a valid petition signed by all of the owners of real property in the area described therein, the Town may annex an area either contiguous or not contiguous to its primary corporate limits when the area meets the standards set out under North Carolina General Statutes 160A-31 and 160A-58.1.

Applications are due by 5pm on the first working day of each month.

Request Information

Contiguous Annexation

Non-Contiguous Annexation

The following items must accompany an annexation petition:

To be completed by the applicant:	Included?	
	Yes	No
1. Petition for Annexation with original signatures	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. A boundary plat of the area to be annexed meeting requirements of the Plat Checklist (included in this application packet).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Legal Description (metes and bounds)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PROCESS:

Review by Staff: The Planning, Engineering and Public Works Departments review the annexation submission. Comments will be sent to the applicant.

Annexation Plat Submission: After the map and legal description are deemed sufficient by the Town, the applicant is required to submit two (2) Mylar annexation plats to the Planning Department.

Town Council Meeting: The Town Council will pass a resolution directing the Town Clerk to investigate the annexation petition. The Town Clerk will present to the Town Council a Certificate of Sufficiency indicating that the annexation petition is complete. A resolution setting the date of the public hearing is then approved.

Legal Advertisement: A legal advertisement will be published no more than 25 days and no less than 10 days prior to the date of the public hearing.

Public Hearing/Town Council Meeting: The Town Council will either adopt or deny an ordinance to extend the corporate limits of the Town of Clayton.

Recordation: If the annexation is approved by the Town Council, the Annexation Plats shall be recorded at the appropriate county Register of Deeds.

Petition for Voluntary Annexation Application – Property Information
COMPLETE IF A LIMITED LIABILITY COMPANY:

Submittal Date: 4-13-2015

Petition No.: 14-100-01

To the Town Council of the Town of Clayton, North Carolina:

1. I/We the undersigned owner(s)* of real property respectfully request that the area described in Paragraph 2 below be annexed to the Town of Clayton, North Carolina.

*If the owner of real property is a corporation or religious entity, attach a copy of the articles of incorporation describing who is/are authorized to sign with the petition.

2. The area to be annexed is X contiguous, ___ non-contiguous to the Town of Clayton, North Carolina and the boundaries of such territory are as provided in the boundary plat attached hereto.

3. If contiguous, this annexation will include all intervening rights-of-way for streets, railroads, and other areas as stated in G.S. 160A-31(f), unless otherwise stated in the annexation amendment.

4. Attached is a statement of the schedule for full development of the property to be annexed, which includes the type, number, and estimated value of planned improvements, if applicable.

Total acreage to be annexed:	<u>0.0859 acres or 3,744 sf</u>
Existing housing units:	<u>0</u>
Population of acreage to be annexed:	<u>0</u>
Existing Zoning District*:	<u>O&I</u>
Proposed Town Zoning District*:	<u>O&I</u>
Reason for petitioner to annex	<u>X</u> Receive Town Services
	<u>X</u> Other (please specify): <u>condition of site plan approval</u>

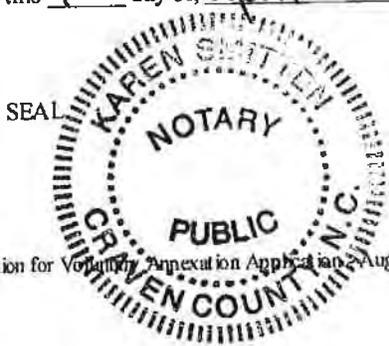
5. I/We acknowledge that any zoning vested rights acquired pursuant to G.S. 160A-385.1 or G.S. 153A-344.1 must be declared and identified on this petition. I/We further acknowledge that failure to declare such rights on this petition shall result in a termination of vested rights previously acquired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

In witness whereof, East Village Investments, LLC a limited liability company, caused this instrument to be executed in its name by a member/manager pursuant to authority duly given, this 7th day of April 2015, 20__.

Name of Limited Liability Company: East Village Investments
 By: [Signature]
 Signature of Member/Manager

STATE OF NORTH CAROLINA
 COUNTY OF ~~JOHNSTON~~ Craven

Sworn and subscribed before me, Karen Smitten, a Notary Public for the above State and County, this 7th day of April, 2015.



[Signature]
 Notary Public

My Commission Expires: 9-26-19

Voluntary Annexation Plat Checklist

#	Required Plat Items
1.	Fully dimensioned by metes and bounds, and the location of intersecting boundary lines of the existing town limits, labeled and distinctly marked. Include full right-of-way if the area on both sides is or will be in the corporate limits.
2.	Any utility easements with metes and bounds.
3.	Accurate locations and descriptions of all monuments, markers and control points.
4.	Ultimate right-of-way widths on all streets.
5.	Entitle "ANNEXATION MAP FOR THE TOWN OF CLAYTON" OR "SATELLITE ANNEXATION MAP FOR THE TOWN OF CLAYTON," as appropriate.
6.	Name of property owner(s).
7.	Name, seal, and registration of Professionally Licensed Surveyor (PLS).
8.	Date of the survey and map preparation; a north arrow indicating whether the index is true magnetic North Carolina grid (NAD 83 of NAD 27) or deed; graphic scale; and declination.
9.	Names of the township, county, and state.
10.	A detailed vicinity map.
11.	Include address of property if assigned.
12.	Show all contiguous or non-contiguous town limits.
13.	<p>The following certification must be placed on the map near a border to allow the map to be sealed:</p> <p>Annexation # _____</p> <p>I, David DeYoung, AICP, Planning Director, Clayton, North Carolina certify this is a true and exact map of annexation adopted the _____ day of _____, _____, by the Town Council. I set my hand and seal to the Town of Clayton, _____.</p> <p>Day/Month/Year</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">David DeYoung AICP</p>
14.	Leave 2 inch by 2 inch space for the county Register of Deeds stamp on the plat. All final plats must be stamped and signed before they can be accepted by the Town.



Legend

-  Clayton Town Limits
-  Clayton ETJ
-  Parcels
-  Area to be Annexed

Annexation Map

Applicant(s): East Village Investments LLC
 Property Owner(s): East Village Investments LLC
 Parcel Number(s) Portion of 05H03008L
 File Number(s): 14-100-01-Anx



1 inch = 100 feet



NOTE:
 1. AREAS BY COORDINATE GEOMETRY UNLESS SHOWN OTHERWISE.
 2. ALL DISTANCES ARE HORIZONTAL GROUND DISTANCES.
 3. ALL STREETS ARE PUBLIC RIGHTS-OF-WAY UNLESS SHOWN OTHERWISE.
 4. THE SURVEY WAS CONDUCTED IN ACCORDANCE WITH THIS PROPERTY.
 5. NO TITLE SEARCH OR RECORDS SEARCH WAS PERFORMED FOR THIS SURVEY.
 6. NO FEMA FLOOD HAZARD AREAS PER FIRM NUMBER 3720166800J DATED DECEMBER 2, 2005.

CURVE TABLE

CURVE	RADIUS	LENGTH	CHORD	DIRECTION	CHORD
C1 (FIELD)	485.00	217.91	N61°25'30"W	216.08	
C1 (RECORD)	485.00	217.76	N61°24'29"W	215.94	

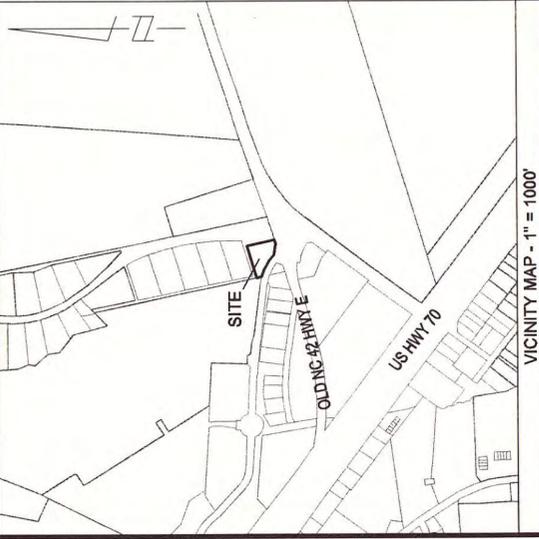
REFERENCES:
 PB. 72 PG. 23-24
 PB. 67 PG. 438-439
 PB. 78 PG. 110-112
 DB. 4099 PG. 330

**TOTAL AREA ANNEXED
 3,744 SF OR 0.0859 ACRES**

OWNER:
 EAST VILLAGE INVESTMENTS LLC
 227 E. FRONT STREET
 NEW BERN, NC 28560



LEGEND
 EIP = EXISTING IRON PIPE
 CP = CALCULATED POINT
 R/W = RIGHT-OF-WAY
 [313] DENOTES ADDRESS



STATE OF NORTH CAROLINA WAKE COUNTY
 I, G. SCOTT WILSON, CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF THE ORIGINAL SURVEY MADE UNDER MY SUPERVISION. DEED DESCRIPTION RECORDED IN BOOK _____ SEE PAGE _____ THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION THAT THE RATIO OF PRECISION AS CALCULATED IS 1:10,000+; THAT THIS PLAN WAS PREPARED IN ACCORDANCE WITH U.S. 47-30 AS AMENDED.
 WITNESS MY ORIGINAL SIGNATURE, LICENSE NUMBER AND SEAL THIS _____ DAY OF _____ A.D., 2015

PROFESSIONAL LAND SURVEYOR - LICENSE # 2601

I, G. SCOTT WILSON, PROFESSIONAL LAND SURVEYOR NO. 1-2601 CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF THE ORIGINAL SURVEY MADE UNDER MY SUPERVISION. DEED DESCRIPTION RECORDED IN BOOK _____ SEE PAGE _____ THAT THE BOUNDARIES NOT SURVEYED ARE CLEARLY INDICATED AS DRAWN FROM INFORMATION THAT THE RATIO OF PRECISION AS CALCULATED IS 1:10,000+; THAT THIS PLAN WAS PREPARED IN ACCORDANCE WITH U.S. 47-30 AS AMENDED.
 WITNESS MY ORIGINAL SIGNATURE, LICENSE NUMBER AND SEAL THIS _____ DAY OF _____ A.D., 2015

G. SCOTT WILSON
 P.L.S. NO. 2601

ANNEXATION # _____
 I, DAVID DEYOUNG, AICP, PLANNING DIRECTOR, CLAYTON, NORTH CAROLINA CERTIFY THIS IS A TRUE AND EXACT MAP OF ANNEXATION ADOPTED THE _____ DAY OF _____ BY THE TOWN COUNCIL. I SET MY HAND AND SEAL TO THE TOWN OF CLAYTON,
 DAY/MONTH/YEAR _____
 DAVID DEYOUNG AICP

RECORDED IN
 BOOK OF MAPS _____ PAGE _____
 SCALE: 1" = 30'



BASS, NIXON & KENNEDY, INC.
 CONSULTING ENGINEERS
 • 6310 CHAPEL HILL ROAD, SUITE 250
 RALEIGH, NORTH CAROLINA 27607
 • TELEPHONE: (919)851-4422 OR (800)354-1879
 • FAX: (919)851-8968
 • CERTIFICATION NUMBERS: NCBELS (C-0110); NCBLA (C-0287)

SURVEYED BY
 JC
 DRAWN BY
 DHG
 CHECKED BY
 SW
 DATE
 04-07-15

ANNEXATION MAP FOR THE TOWN OF CLAYTON
 FOR
EAST VILLAGE OFFICE
 CLAYTON TOWNSHIP
 WAKE COUNTY
 NORTH CAROLINA

SHEET
 1
 OF
 1

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 3d

Meeting Date: June 1, 2015

TITLE: Award of Bid for the 2014 Clayton Streets Projects

DESCRIPTION: This item was presented at the May 18, 2015 Town Council meeting and an updated bid sheet is attached.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
5-18-15	Set Public Hearing for June 1, 2015	Bid Tabulations Recommendation of Award Letter
6-1-15	Consent	Updated Bid Sheet

BID FORM
TOWN OF CLAYTON
2014 STREETS PROJECT

REVISED
QUANTITIES

FROM:

Bidder: TA LOVING CO. Date: 5/7/15

Address: 400 PATE TOWN RD. GOLDSBORO, NC 27530

Telephone No.: 919-734-8400 Fax No.: 919-736-2148

Contractor's License No.: 325 Fed ID No.: 560304141

TO: Town of Clayton
Post Office Box 879
Clayton, North Carolina 27528

(Physical Address)
653 NC 42 West
Clayton, NC 27520

The undersigned, as Bidder, hereby declares that the only person, or persons, interested in this Bid as principal(s) is, or are, named herein; that no other persons have any interest in the Bid or in the Contract to be entered into; that this Bid is made without connection with any person, company, or parties making a bid; and that it is in all respects fair and in good faith without collusion or fraud.

The Bidder further declares that he has examined the SITE of the work and informed himself fully in regards to all conditions pertaining to the place where the work is to be done, that he has examined the Plans, Specifications, Contract Documents, NCDOT Encroachment Agreement, Erosion Control Permit, Water Extension Permit, Sewer Extension Permit, NC Railroad Right of Entry Agreement, and the contractual documents relative thereto; and that he has satisfied himself as to the work to be performed.

Bidder acknowledges receipt of the following addenda:

No. 1 _____
Date: 3-31-15 _____

The Bidder further proposes and agrees, if this Bid is accepted, to contract with the Owner, Town of Clayton, in the attached form to contract, to furnish all material, equipment, tools, apparatus, means of transportation, and labor necessary thereto, and to complete the construction of the proposed facilities in full and complete accordance with the Plans, Specifications and Contract Documents, to the full and entire satisfaction of the Engineer and the Owner at the prices listed hereafter.

ITEMS OF WORK: The work is described in the plans entitled 2014 Clayton Streets Project as prepared by Sanderson Engineering, Inc. dated 3-9-2015.

The Unit Bid amounts listed below include all labor, materials, equipment, overhead, profit, insurance, taxes, etc., to cover the finished work, in place.

The Bidder shall keep himself fully informed of all Federal, State, and local laws, ordinances, and regulations.

**BID FORM
TOWN OF CLAYTON
2014 STREETS PROJECT**

Item	Quantity	Unit	Description	Unit Bid Price	Total Cost
1.	1	LS	Mobilization	\$ <u>61,700.05</u>	\$ <u>61,700.05</u>
2.	1	LS	Traffic Control	\$ <u>19,444.45</u>	\$ <u>19,444.45</u>
3.	1	LS	Comprehensive Grading – Birkdale Dr	\$ <u>6,000.00</u>	\$ <u>6,000.00</u>
4.	1	LS	Comprehensive Grading – Kildee St	\$ <u>17,000.00</u>	\$ <u>17,000.00</u>
5.	1	LS	Comprehensive Grading – Kilgo St	\$ <u>35,000.00</u>	\$ <u>35,000.00</u>
6.	1	LS	Comprehensive Grading – Park Dr	\$ <u>48,000.00</u>	\$ <u>48,000.00</u>
7.	1	LS	Comprehensive Grading – Penny St	\$ <u>34,000.00</u>	\$ <u>34,000.00</u>
8.	1	LS	Comprehensive Grading – Virginia St	\$ <u>26,000.00</u>	\$ <u>26,000.00</u>
9.	1	LS	Comprehensive Grading – Jones Cr	\$ <u>20,000.00</u>	\$ <u>20,000.00</u>
10.	5	EA	Select Tree Removal	\$ <u>900.00</u>	\$ <u>4,500.00</u>
11.	30	CY	Rock Excavation, Trench	\$ <u>250.00</u>	\$ <u>7,500.00</u>
12.	20	CY	Select Fill	\$ <u>25.00</u>	\$ <u>500.00</u>
13.	20	TON	Pipe Bedding Material	\$ <u>20.00</u>	\$ <u>400.00</u>
14.	72	LF	6" Ductile Iron Pipe, Main	\$ <u>70.00</u>	\$ <u>5,040.00</u>
15.	5	EA	6"x6" Hydrant Tee	\$ <u>375.00</u>	\$ <u>1,875.00</u>
16.	2	EA	Cut in Tee	\$ <u>5,500.00</u>	\$ <u>11,000.00</u>
17.	4	EA	Fire Hydrant	\$ <u>4,000.00</u>	\$ <u>16,000.00</u>

Item	Quantity	Unit	Description	Unit Bid Price	Total Cost
18.	20	CY	Foundation Stone	\$ <u>30.00</u>	\$ <u>600.00</u>
19.	1763	LF	6" PVC C900, Main	\$ <u>55.00</u>	\$ <u>96,965.00</u>
20.	1	EA	6"x6" Tapping Sleeve and Valve	\$ <u>4,500.00</u>	\$ <u>4,500.00</u>
21.	8	EA	6" Gate Valve with Box	\$ <u>1,000.00</u>	\$ <u>8,000.00</u>
22.	17	EA	6" DIP 45 Degree Bend	\$ <u>475.00</u>	\$ <u>8,075.00</u>
23.	1	EA	6" MJ Plug	\$ <u>100.00</u>	\$ <u>100.00</u>
24.	40	EA	Valve or Meter Box Removal	\$ <u>250.00</u>	\$ <u>10,000.00</u>
25.	36	EA	Water Service, 2" or Less, Open Cut	\$ <u>1,450.00</u>	\$ <u>52,200.00</u>
26.	2	EA	Water Service Line Replacement	\$ <u>1,500.00</u>	\$ <u>3,000.00</u>
27.	2	EA	Cut out old Tee and Install Repair Band	\$ <u>500.00</u>	\$ <u>1,000.00</u>
28.	2	LS	Disconnect and Cap 2" waterline	\$ <u>500.00</u>	\$ <u>1,000.00</u>
29.	32	EA	Sewer Service	\$ <u>1,250.00</u>	\$ <u>40,000.00</u>
30.	8	EA	Connection to Other Sewers or to Appurtenances	\$ <u>500.00</u>	\$ <u>4,000.00</u>
31.	303	LF	Ductile Iron Sewer Line, 0'-6'	\$ <u>120.00</u>	\$ <u>36,360.00</u>
32.	350	LF	Ductile Iron Sewer Line, 6.1'-8'	\$ <u>125.00</u>	\$ <u>43,750.00</u>
33.	1	EA	4' Manhole Standard or Drop, 0'-6'	\$ <u>3,750.00</u>	\$ <u>3,750.00</u>
34.	1	EA	4' Manhole Standard or Drop, 8.1'-10'	\$ <u>4,150.00</u>	\$ <u>4,150.00</u>
35.	1	EA	4' Manhole Standard or Drop, Remove and Replace 0'-6'	\$ <u>5,850.00</u>	\$ <u>5,850.00</u>
36.	2	EA	4' Manhole Standard or Drop, Remove and Replace 6.1'-8'	\$ <u>6,000.00</u>	\$ <u>12,000.00</u>
37.	1	EA	4' Manhole Standard or Drop, Remove and Replace 8.1'-10'	\$ <u>6,250.00</u>	\$ <u>6,250.00</u>

Item	Quantity	Unit	Description	Unit Bid Price	Total Cost
38.	1	EA	5' Manhole Standard or Drop, Remove and Replace 8.1'-10'	\$ <u>6,750.00</u>	\$ <u>6,750.00</u>
39.	9	LF	Sewer Drop Connection	\$ <u>150.00</u>	\$ <u>1,350.00</u>
40.	1	EA	6' Doghouse Manhole, 8.1'-10', Interference Box	\$ <u>12,500.00</u>	\$ <u>12,500.00</u>
41.	432	LF	PVC Sewer Line, 0'-6'	\$ <u>85.00</u>	\$ <u>36,720.00</u>
42.	369	LF	PVC Sewer Line, 6.1'-8'	\$ <u>90.00</u>	\$ <u>33,210.00</u>
43.	136	LF	PVC Sewer Line, 8.1'-10'	\$ <u>95.00</u>	\$ <u>12,920.00</u>
44.	4	EA	Catch Basin	\$ <u>3,500.00</u>	\$ <u>14,000.00</u>
45.	72	LF	Storm Pipe-Reinforced Concrete 15" Diameter	\$ <u>85.00</u>	\$ <u>6,120.00</u>
46.	116	LF	Storm Pipe-6" HDPE	\$ <u>35.00</u>	\$ <u>4,060.00</u>
47.	4	EA	Remove Existing Storm Drainage Structures	\$ <u>1,250.00</u>	\$ <u>5,000.00</u>
48.	66	LF	Remove Existing Storm Drainage Pipe	\$ <u>30.00</u>	\$ <u>1,980.00</u>
49.	525	SY	5' Wide Edge Milling; 0"-1 1/2" Depth	\$ <u>16.75</u>	\$ <u>8,793.75</u>
50.	6	EA	Adjust Manhole Covers	\$ <u>500.00</u>	\$ <u>3,000.00</u>
51.	10	EA	Adjust Meter and Valve Boxes	\$ <u>200.00</u>	\$ <u>2,000.00</u>
52.	4233	TON	Aggregate Base Course	\$ <u>15.25</u>	\$ <u>64,553.25</u>
53.	556	TON	Asphalt Concrete Pavement; 1.0" of Type S9.5A	\$ <u>131.50</u>	\$ <u>73,114.00</u>
54.	1038	TON	Asphalt Concrete Pavement; 1.5" of Type S9.5B	\$ <u>128.50</u>	\$ <u>133,383.00</u>
55.	95	TON	Asphalt Binder for Plant Mix	\$ <u>133.50</u>	\$ <u>12,682.50</u>
56.	600	LF	New 5' Sidewalk	\$ <u>20.00</u>	\$ <u>12,000.00</u>

Item	Quantity	Unit	Description	Unit Bid Price	Total Cost
57.	35	SY	Remove and Replace Concrete Sidewalk	\$ <u>70.00</u>	\$ <u>2,450.00</u>
58.	104	SY	New Concrete Driveways and Entrances	\$ <u>71.50</u>	\$ <u>7,436.00</u>
59.	206	SY	Remove and Replace Concrete Driveways and Entrances	\$ <u>110.00</u>	\$ <u>22,660.00</u>
60.	210	SY	Remove and Replace Asphalt Drives	\$ <u>30.00</u>	\$ <u>6,300.00</u>
61.	289	LF	New 30" Concrete Curb and Gutter; Town Standard	\$ <u>18.50</u>	\$ <u>5,346.50</u>
62.	1641	LF	24" Concrete Curb and Gutter Remove and Replace; Town Standard	\$ <u>39.50</u>	\$ <u>64,819.50</u>
63.	124	LF	30" Concrete Curb and Gutter Remove and Replace; Town Standard	\$ <u>40.50</u>	\$ <u>5,022.00</u>
64.	6	EA	Concrete Handicap Ramp	\$ <u>1,400.00</u>	\$ <u>8,400.00</u>
65.	10	CY	Flowable Fill Concrete	\$ <u>125.00</u>	\$ <u>1,250.00</u>
66.	1180	LF	Silt Fence Barrier	\$ <u>3.00</u>	\$ <u>3,540.00</u>
67.	2	EA	Silt Fence Outlet	\$ <u>100.00</u>	\$ <u>200.00</u>
68.	15	EA	Silt Sacks	\$ <u>95.00</u>	\$ <u>1,425.00</u>
69.	2.8	AC	Fertilizing, Seeding, Mulch, and Tack	\$ <u>2,000.00</u>	\$ <u>5,600.00</u>
70.	20	CY	Undercut Excavation	\$ <u>25.00</u>	\$ <u>500.00</u>
TOTAL BASE BID					\$ <u>1,234,595.00</u>

(To be Fully Completed for Acceptable Bid)

PREPARATION AND SUBMISSION OF BIDS

The Bidder shall provide cashiers check or certified check on a bank or trust company insured by the Federal Deposit Insurance Corporation, or a bid bond executed by a corporate surety licensed under the laws of North Carolina to execute such bond, in an amount equal to not less that five percent (5%) of the total bid.

Bids submitted by corporations shall bear the seal of the corporation.

All entries including signatures will be written in ink.

The Bidder will submit a Unit Bid Price for each bid item.

The bid will be properly executed. In order to constitute proper execution, the bid will show the Contractor's name, address, and Federal Social Security Identification Number, Contractors License Number and will be signed by an authorized representative.

The Contractor will not add any provision reserving the right to accept or reject an award or to enter into a contract pursuant to an award.

By submitting a bid, the Contractor is stating that he is thoroughly familiar with the scope of the project.

PROPOSED SUB-CONTRACTORS:

<u>Name</u>	<u>Address</u>	<u>Type and Extent of Work</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

The above Unit Bid Price Sum shall include all labor, materials, bailing, shoring, removal, overhead, profit, insurance, etc., to cover the finished work of the several kinds called for.

Bidder understands that the Owner reserves the right to reject all bids and to waive any technicalities and formalities in the bidding.

The Bidder agrees that this bid shall be good and may not be withdrawn for a period of sixty (60) calendar days after the scheduled closing time for receiving bids.

Upon receipt of notice of award, bidder will execute the formal contract attached within twenty (20) days and deliver a Surety Bond or Bonds.

ATTACHED HERETO is a certified check on the _____
2014 CLAYTON STREETS PROJECT **REVISED BID FORM - 6**
PROJECT NO. 14-005 **MAY 2015**

_____ Bank of _____
and/or bid bond with the _____ Company for
the sum of _____ Dollars (\$ _____),
made payable to _____ as a bid guarantee.

The attached bid security is to become the property of the Owner in the event the contract and bond are not executed within the time above set forth, as liquidated damages for the delay and additional expense to the Owner caused thereby.

COMPLETION DATE AND LIQUIDATED DAMAGES

The Bidder further proposes and agrees hereby to commence the work with adequate forces and equipment within fifteen (15) days after being notified by the Owner to proceed, and to complete ALL work including the Final Surface Layer of Asphalt within ONE HUNDRED EIGHTY (180) calendar days. Bidder further agrees to pay as liquidated damages the sum of \$100.00 for each consecutive calendar day thereafter.

Firm: _____

By: _____

Title: _____

(Seal - if bid is by a corporation)

**TOWN OF CLAYTON
RESOLUTION OF AWARD OF BID
FOR 2014 CLAYTON STREETS PROJECT**

WHEREAS, the Town of Clayton publicly advertised for bids to be received for 2014 Clayton Streets Project on April 7, 2015; and

WHEREAS, the Town of Clayton exhibited good faith efforts to notify minority and women owned businesses of said project and encouraged bidding; and

WHEREAS, the BIDS were publicly opened on the stated date; and

WHEREAS, the low bidder is T.A. Loving Company, for the bid amount of \$1,234,595.00; and

WHEREAS, T.A. Loving Company, is properly licensed and experienced in the type of construction involved in this project; and

WHEREAS, all received bids were reviewed by Sanderson Engineering, Inc.; and

WHEREAS, based on review of all received bids it is the recommendation that award of the construction contract be granted to T.A. Loving Company; and

WHEREAS, the Town of Clayton intends to construct said project in accordance With the approved plans and specifications,

NOW THEREFORE BE IT RESOLVED, BY THE CLAYTON TOWN COUNCIL THAT:

The Town of Clayton awards the construction of the 2014 Clayton Streets Project to
T.A. Loving Company, in the amount of \$1,234,595.00.

Duly adopted this the 1st of June, 2015, while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Kimberly A. Moffett, CMC, NCCMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 3e

Meeting Date: June 1, 2015

TITLE: Special Event – 2015-09 –Grill Fest

DESCRIPTION: This item was presented at the May 18, 2015 Town Council Work Session and is scheduled to be held July 11, 2015.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
5-18-15	Place on June 1, 2015 Consent Agenda	Special Event Report
6-1-15	Consent	Special Event Report



Town of Clayton
 Planning Department
 111 E. Second Street, Clayton, NC 27520
 P.O. Box 879, Clayton, NC 27528
 Phone: 919-553-5002
 Fax: 919-553-1720

SPECIAL EVENT ACTION ITEM REPORT

Planning Staff Contact: Bruce Naegelen: 919-280-1278

EVENT INFORMATION:

Event Name: Grill Fest **File Number:** 2015-09
Event Description: Cornhole tournament, live Christian music/spoke word performances.

Event Date(s): 7/11/15 **Event Time(s):** 10:30 am – 4:00 pm
Event Location: Town Square
Event Coordinator: Hunter Crocker **Contact Number:** 919-201-0019
Contact Email: Grilling4god@gmail.com
Attendees (Per Day): 300

TOWN SERVICES REQUESTED:

Department / Division	Requested Services	Date/Time	Primary Contact	Contact Phone #
Electric Department	Use of power panels at Town Square on Fayetteville & O'Neil Street	7/11/15	Dale Medlin	359-1292
Public Works	<ul style="list-style-type: none"> - 5 Trash roll-out carts & 4 Recycled - Town Square Parking Lot closure barricades 	Drop-off: 7/10/15 & Pick-up: 7/13/15 at Town Square	Steve Blasko	359-1287
Town Council	Authorize closure of Town Square Parking Lot	Saturday, 7/11/15 from 6:00 am to 6:00 pm		

STAFF USE:

SEC Approval	<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Denied	Date: 4/30/15	<input type="checkbox"/> No Council Action needed
Council Action	Presentation Date: 5/18/15 Consent Agenda Date: 6/1/15		<input type="checkbox"/> Approved <input type="checkbox"/> Denied Date:
Pending Actions	<input type="checkbox"/> DOT Road Closure Approval <input type="checkbox"/> ABC Permit Submittal <input type="checkbox"/> Other		<input type="checkbox"/> Issue Permit Date:

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 3f

Meeting Date: June 1, 2015

TITLE: Sole Source Purchase

DESCRIPTION: Mr. James Warren provided information on the recommendation of the sole sourcing of the nitrogen process equipment for the Wastewater Treatment Plant at the May 18, 2015 Town Council meeting. Resolution authorizing approval is attached.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
5-18-15	Place on June 1, 2015 Consent Agenda	Letter
6-1-15	Consent	Resolution



PROPOSAL
for

CLAYTON, NC WASTEWATER TREATMENT PLANT

submitted to
HAZEN AND SAWYER

from
OVIVO USA, LLC
4246 RIVERBOAT ROAD
SUITE 300
SALT LAKE CITY, UT 84123

Bid Date: January 16, 2015
Ovivo Proposal No: 2-15-0226

PROPOSAL

Ovivo USA, LLC
4246 Riverboat Road, Suite 300 • Salt Lake City, Utah 84123 USA
www.ovivowater.com

DATE: January 16, 2015
TO: Clayton, NC WWTP
BID DATE: January 16, 2015

Ovivo USA, LLC is pleased to submit a proposal for the following equipment (the “Products”) on the project indicated above (the “Project”). This proposal, either in its original form or in its “as sold” format, constitutes Ovivo’s contractual offer of goods and services in connection with the Project. Please contact Ovivo’s sales representative in your area for any questions or comments you may have in connection with this proposal. The address is:

EW2 Environmental Inc.
7245 Pineville-Mathews Road
Suite 100
Charlotte, NC 28226

Attention: Bryan Wheeler

Telephone: 704-542-2444
Facsimile: 704-542-7003
Email: bwheeler@ew2.net

BID PRICING

<u>ITEM</u>	<u>SPECIFICATION SECTION</u>	<u>EQUIPMENT</u>	<u>ESTIMATED SHIP DATE*</u>	<u>PRICE</u>
I	N/A	Carrousel® System	*	\$240,295.00

PROPOSAL

DELIVERY

- * Ovivo will submit drawings for approval within eight (8) weeks after Purchaser's receipt of Ovivo's written acknowledgement of an approved purchase order. Ovivo intends to ship all Products twenty-eight (28) weeks after receipt of approved drawings from Purchaser. However, the dates of drawing submission and shipment of the Products represents Ovivo's best estimate, but is not guaranteed, and Ovivo shall not be liable for any damages due to late delivery. The Products shall be delivered to the delivery point or points in accordance with the delivery terms stated in this proposal. If such delivery is prevented or postponed by reason of Force Majeure, as defined in Ovivo's standard terms and conditions of sale, Ovivo shall be entitled at its option to tender delivery to Purchaser at the point or points of manufacture, and in default of Purchaser's acceptance of delivery, to cause the Products to be stored at such a point or points of manufacture at Purchaser's expense. Such tender, if accepted, or such storage, shall constitute delivery for all purposes of this proposal. If shipment is postponed at request of Purchaser, or due to delay in receipt of shipping instructions, payment of the purchase price shall be due on notice from Ovivo that the Products are ready for shipment. Handling, moving, storage, insurance and other charges thereafter incurred by Ovivo with respect to the Products shall be for the account of Purchaser and shall be paid by Purchaser when invoiced.

PROPOSAL

ITEM I - CARROUSEL® SYSTEM

Ovivo proposes to furnish:

- Two (2) EliminatIR® Gate Upgrades
- System Controls

All mechanism(s) are for installation in the Carrousel System basins. The design of the proposed mechanisms is based upon Ovivo's standard engineering practices and details which meet the intent of the project specifications.

GATES

ITEMS INCLUDED (per Gate, turning vane to be reused):

- Actuator including:
 - Electric motor (460 volt/3 phase/ 60 hertz duty)
 - Worm gear reducer
 - Absolute position encoder
 - Electronic torque sensor
- Stand (A36 Stl)
- Anchors bolts (304 SS)
- Assembly fasteners (304 SS)
- Stem and shaft (SS/A36 Stl)
- Bearings (UHMW PE)
- Painting (see SURFACE PREPARATION AND PAINTING segment of this proposal)
- Operation and Maintenance manuals
- Service (see FIELD SERVICE segment of the proposal)
- Freight, FOB factory, freight allowed

APPROXIMATE TOTAL WEIGHT OF ONE (1) MECHANISM: 1,200 LBS

APPROXIMATE WEIGHT OF HEAVIEST SINGLE COMPONENT: 700 LBS

CONTROLS

ITEMS INCLUDED (per Carrousel® System Controls):

- One (1) Oculus System Control Panel, including:
 - NEMA Type 4X Enclosure w/Panel Lighting Kit:
 - Hoffman Stainless Steel Enclosure: CSD483610SSR
 - Hoffman Back Panel: CP4836

PROPOSAL

- Hoffman Panel Lighting Kit: LF120V18
- CompactLogix System:
 - 1769-L33ER (processor)
 - 1769-PA4
 - 1769-IA16
 - 1769-OW16
 - 1769-IF8
 - 1769-OF8C
 - 1769-ECR
- 24VDC Power Supply
 - 1606-XLS120E
- 15in PanelView Plus w/Extended Features
- Ethernet Switch
 - N-Tron 105FX has 1 Fiber Port (ST connectors) and 4 copper ports
- Terminal Blocks (as required), Manufacturer: Allen-Bradley
 - Single Circuit Feed-through Terminal Blocks: 1492-J3
 - Fused Terminal Blocks w/LED indication on blown fuse: 1492-H5
 - Terminal Blocks w/MOV Surge Protection for Analog signals: 1492-JD3SS
 - Ground Terminal Blocks: 1492-JG3
 - End Anchors: AB - 1492-EAJ35
 - Center Jumpers (as required): AB - 1492-CJJ5-10
 - Terminal Block Labels
- 120V Surge Suppression
 - Allen-Bradley: 4983-DS120-401
- 120V Programming Receptacle
- Circuit Breakers (as required)
 - Allen-Bradley 1489 Series of Miniature Circuit Breakers
- Din Rail (as required)
- Wireway with Covers
 - Manufacturer: Panduit 2"W x 3"T (White)
- UPS – 1500VA
- Remote Access

ITEMS INCLUDED (with Instrumentation):

- Four (4) Hach SC200 Analyzer, each including:
 - NEMA 4X enclosure with handrail mounting bracket.
 - Sun Shield.
 - RS485 MODBUS.
- Two (2) Hach NITRATAX plus Sensor(s), including:

PROPOSAL

- UV Absorption Technology
- Molded Cable
- Mounting Hardware

- Two (2) Hach AISE sc ISE Ammonium Probe Sensor(s), including:
 - Ion Selective Electrode Technology
 - Molded Cable
 - Mounting Hardware

CLARIFICATIONS

The control system will monitor/control all new equipment provided as part of this scope as well as control and monitor the four existing aerators and will monitor the two existing DO probes and the seven existing mixers for run and fault status.

ITEMS NOT INCLUDED WITH CARROUSEL SYSTEM (But not limited to the following):

- Installation
- Vibration analysis testing
- Velocity testing
- Oxygen transfer testing
- Bypass with across the line starter (internal)
- Output Load Reactor
- dV/dT Filter
- External Wiring and Conduit
- Power Factor Correction Capacitors (PFCC)
- Harmonic Testing
- Conformal Coatings
- Pushbutton stations
- Panel mounting components
- Field wiring/installation
- Bridges, walkways, stairs, ladders, and hand railing
- Mist shields or curtains
- Slide gates, sluice gates, or weirs
- Tools, Warning signs and Oils/Lubricants
- Grout
- Permits, fees, samples, testing
- Liquidated damages

PROPOSAL

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SURFACE PREPARATION AND PAINTING

Submerged and non-submerged fabricated steel shall be shop-cleaned per SSPC-SP-10 and shop primed 1 coat(s) of Tnemec 161-1211 (3.0 to 5.0 Mils D.F.T). Except stainless steel will not receive a coating.

Actuator shall receive manufactures standard surface preparation. Shop priming and painting shall consist of a high quality coating that is specifically resistant to chemical, solvent, salt water, and acid environmental conditions.

ESTIMATED SHIP DATE

8 weeks drawing preparation

4 weeks drawing approval

16 weeks fabrication & shipping

28 WEEKS TOTAL

FIELD SERVICE

NO. OF TRIPS: 2

NO. OF DAYS: 4

PROPOSAL

PRICING TERMS

The prices quoted are based upon Purchaser's acceptance of this proposal, through the submission of a purchase order or other written acceptance, being placed no later than July 15, 2015. After expiration of the pricing effectivity period, prices will be subject to review and adjustment. Prices quoted are FOB surface point of shipment, with freight included to an accessible point nearest the jobsite. Federal, state or local sales, use or other taxes are not included in the sales price.

PAYMENT TERMS

Payment terms are:

Ten percent (10%) net cash after submittal and

Eighty percent (80%) net cash upon shipment of major Product items; and

Ten percent (10%) upon the earlier of (a) Product startup and (b) one hundred eighty (180) days after completion of shipment.

Credit is subject to acceptance by the Ovivo Credit Department.

Purchaser shall remit payment for proper invoices received from Ovivo in accordance with the payment terms stated above even if the Purchaser has not been paid by the Purchaser's customer (the "Owner"), if Purchaser is not the end-user of the Products. Payments are due within thirty (30) days after Purchaser's receipt of invoice. Overdue and unpaid invoices are subject to a service charge of 2% per month until paid.

If Purchaser requests or causes cancellation, suspension or delay of Ovivo's work, Purchaser shall accept transfer of title and pay Ovivo all appropriate charges incurred up to date of such event plus Ovivo's overhead and reasonable profit. Additionally, all charges related to and risks incidental to storage, disposition and/or resumption of work shall be borne solely by Purchaser. Full payment for all work shall be due and payable thirty (30) days from the date work is placed into storage.

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TAXES

Federal, State or local sales, use or other taxes are not included in the sales price. Such taxes, if applicable, shall be for Purchaser's account.

BACKCHARGES

In no event shall Purchaser/Owner do or cause to be done any work, purchase any services or material or incur any expense for the account of Ovivo, nor shall Ovivo be responsible for such work or expenses, until after Purchaser/Owner has provided Ovivo's PROJECT MANAGER full details (including estimate of material cost and amount and rate of labor required) of the work, services, material or expenses, and Ovivo has approved the same in writing. Ovivo will not accept Products returned by Purchaser/Owner unless Ovivo has previously accepted the return in writing and provided Purchaser/Owner with shipping instructions.

****PURCHASE ORDER SUBMISSION****

In an effort to ensure all purchase orders are processed timely and efficiently, please submit all purchase order documentation to the following department and address:

Attn: Order Entry Administrator
Ovivo USA, LLC
4246 Riverboat Road, Suite 300
Salt Lake City, Utah 84123

Fax #: 801-931-3080
Tel. #: 801-931-3000

PROPOSAL

ADDITIONAL FIELD SERVICE

When included and noted in the Product pricing of each proposal item, Ovivo will supply the service of a competent field representative to inspect the completed installation and adjustment of equipment, supervise initial operation, and instruct Owner's personnel in the operation and maintenance of each proposal item for the number of eight (8) hour days. Notwithstanding Ovivo's performance of the above-referenced services, Ovivo shall not be held liable for any faulty workmanship or other defects in the Products' installation, or for other goods and/or services, performed by third parties unless such goods and/or services are expressly included under Ovivo's scope of work.

If additional service is required, it will be furnished to the Purchaser and billed to him at the current rate for each additional day required, plus travel and lodging expenses incurred by the service personnel during the additional service days.

It shall be the Purchaser's responsibility to provide for all necessary lubrication of all equipment prior to placing equipment in operation. All equipment must be in operating condition and ready for the Field Service Engineer when called to the project location. Should the Purchaser/Owner not be ready when the Field Service Engineer is requested or if additional service is requested, the Ovivo current service rates will apply for each additional day required, plus travel and lodging expenses incurred by the service personnel during the additional service days.

SURFACE PREPARATION AND PAINTING GENERAL INFORMATION

If painting the Products is included under Ovivo's scope of work, such Products shall be painted in accordance with Ovivo's standard practice. Shop primer paint is intended to serve only as minimal protective finish. Ovivo will not be responsible for condition of primed or finished painted surfaces after equipment leaves its shops. Purchasers are invited to inspect painting in our shops for proper preparation and application prior to shipment. Ovivo assumes no responsibility for field service preparation or touch-up of shipping damage to paint. Painting of fasteners and other touch-up to painted surfaces will be by Purchaser's painting contractor after mechanism erection.

Clarifier motors, gear motors and center drives shall be cleaned and painted with manufacturer's standard primer paint only.

It is our intention to ship major steel components as soon as fabricated, often before drives, motors and other manufactured components. Unless you can insure that shop primed steel shall be field painted within thirty (30) days after arrival at the jobsite, we encourage you to purchase these components in the bare metal (no surface prep or primer) condition.

Ovivo cannot accept responsibility for rusting or deterioration of shop applied prime coatings on delivered equipment if the primed surfaces have not been field painted within thirty (30) days of arrival at the jobsite using manufacturers' standard primers. Other primers may have less durability.

PROPOSAL

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PRICE ESCALATION

The prices submitted are based upon Purchaser's acceptance of this proposal by July 15, 2015.

If the above indicated order date is exceeded, prices and shipping dates are subject to review and adjustment. Should shipment dates be exceeded because of actions of parties other than by Ovivo, escalation of the selling prices at the rate of 1.5% per month for each month or partial month of delay will be applied. This escalation will be applied only if shipment is delayed by actions of parties other than by Ovivo.

GENERAL ITEMS NOT INCLUDED

Unless specifically and expressly included above, prices quoted by Ovivo do not include unloading, hauling, erection, installation, piping, valves, fittings, stairways, ladders, walkways, grating, wall spools, concrete, grout, sealant, dissimilar metal protection, oakum, mastic, field painting, oil or grease, electrical controls, wiring, mounting hardware, welding, weld rod, shims, leveling plates, protection against corrosion due to unprotected storage, special engineering, or overall plant or system operating instructions or any other products or services.

Performance and payment security, including but not limited to bonds, letters of credit, or bank guarantees, are not included, but can be provided if purchased for an additional cost.

MANUALS

The content of any and all installation, operation and maintenance or other manuals or documents pertaining to the Products are copyrighted and shall not be modified without the express prior written consent of Ovivo. Ovivo disclaims any liability for claims resulting from unauthorized modifications to any such manuals or other documents provided by Ovivo in connection with the Project.

PROPOSAL

WARRANTY AND CONDITIONS

Ovivo standard Terms and Conditions of Sale, QFORMEWT 0115-02031 is attached and made an essential part of this proposal. These terms and conditions are an integral part of Ovivo's offer of Products and related services and replace and supersede any terms and conditions or warranty included in Purchaser or Owner requests for quotation or specifications and cannot be changed without written approval from an authorized representative of Ovivo.

CONFIDENTIALITY

The contents of this proposal are confidential and shall be used by Purchaser and/or Owner only for the purpose of evaluating Ovivo's offer of goods and services in connection with the Project. Purchaser/Owner shall not disclose the contents of this proposal to any third party without the prior written consent of Ovivo.

Very truly yours,

Ovivo USA, LLC



Carla Wirth
Proposal Coordinator

Attachment:

Ovivo USA, LLC General Terms and Conditions

PROPOSAL

Ovivo USA, LLC
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Terms & Conditions of Sale

1. ACCEPTANCE. The proposal of **Ovivo USA, LLC** ("SELLER"), as well as these terms and conditions of sale (collectively the "Agreement"), constitutes SELLER's contractual offer of goods and associated services, and PURCHASER's acceptance of this offer is expressly limited to the terms of the Agreement. The scope and terms and conditions of this Agreement represent the entire offer by SELLER and supersede all prior solicitations, discussions, agreements, understandings and representations between the parties. Any scope or terms and conditions included in PURCHASER's acceptance/purchase order that are in addition to or different from this Agreement are hereby rejected.

2. DELIVERY. Any statements relating to the date of shipment of the Products (as defined below) represent SELLER'S best estimate, but is not guaranteed, and SELLER shall not be liable for any damages due to late delivery. The Products shall be delivered to the delivery point or points in accordance with the delivery terms stated in SELLER'S proposal. If such delivery is prevented or postponed by reason of Force Majeure (as defined below), SELLER shall be entitled at its option to tender delivery to PURCHASER at the point or points of manufacture, and in default of PURCHASER'S acceptance of delivery to cause the Products to be stored at such a point or points of manufacture at PURCHASER'S expense. Such tender, if accepted, or such storage, shall constitute delivery for all purposes of this agreement. If shipment is postponed at request of PURCHASER, or due to delay in receipt of shipping instructions, payment of the purchase price shall be due on notice from SELLER that the Products are ready for shipment. Handling, moving, storage, insurance and other charges thereafter incurred by SELLER with respect to the Products shall be for the account of PURCHASER and shall be paid by PURCHASER when invoiced.

3. TITLE AND RISK OF LOSS. SELLER shall retain the fullest right, title, and interest in the Products to the extent permitted by applicable law, including a security interest in the Products, until the full purchase price has been paid to SELLER. The giving and accepting of drafts, notes and/or trade acceptances to evidence the payments due shall not constitute or be construed as payment so as to pass SELLER'S interests until said drafts, notes and/or trade acceptances are paid in full. Risk of loss shall pass to PURCHASER at the delivery point.

4. PAYMENT TERMS. SELLER reserves the right to ship the Products and be paid for such on a pro rata basis, as shipped. If payments are not made by the due date, interest at a rate of two percent (2%) per month, calculated daily, shall apply from the due date for payment. PURCHASER is liable to pay SELLER'S legal fees and all other expenses in respect of enforcing or attempting to enforce any of SELLER'S rights relating to a breach or threatened breach of the payment terms by PURCHASER.

5. TAXES. Unless otherwise specifically provided in SELLER'S quotation/proposal; PURCHASER shall pay and/or reimburse SELLER, in addition to the price, for all sales, use and other taxes, excises and charges which SELLER may pay or be required to pay to any government directly or indirectly in connection with the production, sale, transportation, and/or use by SELLER or PURCHASER, of any of the Products or services dealt with herein (whether the same may be regarded as personal or real property). PURCHASER agrees to pay all property and other taxes which may be levied, assessed or charged against or upon any of the Products on or after the date of actual shipment, or placing into storage for PURCHASER'S account.

6. MECHANICAL WARRANTY. Solely for the benefit of PURCHASER, SELLER warrants that new equipment and parts manufactured by it and provided to PURCHASER (collectively, "Products") shall be free from defects in material and workmanship. The warranty period shall be twelve (12) months from startup of the equipment not to exceed eighteen (18) months from shipment. If any of SELLER'S Products fail to comply with the foregoing warranty, SELLER shall repair or replace free of charge to PURCHASER, EX WORKS SELLER'S FACTORIES or other location that SELLER designates, any Product or parts thereof returned to SELLER, which examination shall show to have failed under normal use and service operation by PURCHASER within the Warranty Period; provided, that if it would be impracticable for the Product or part thereof to be returned to SELLER, SELLER will send a representative to PURCHASER'S job site to inspect the Product. If it is determined after inspection that SELLER is liable under this warranty to repair or replace the Product or part thereof, SELLER shall bear the transportation costs of (a) returning the Product to SELLER for inspection or sending its representative to the job site and (b) returning the repaired or replaced Products to PURCHASER; however, if it is determined after inspection that SELLER is not liable under this warranty, PURCHASER shall pay those costs. For SELLER to be liable with respect to this warranty, PURCHASER must make its claims to SELLER with respect to this warranty in writing no later than thirty (30) days after the date PURCHASER discovers the basis for its warranty claim and in no event more than thirty (30) days after the expiration of the Warranty Period. In addition to any other limitation or disclaimer with respect to this warranty, SELLER shall have no liability with respect to any of the following: (i) failure of the Products, or damages to them, due to PURCHASER'S negligence or willful misconduct, abuse or improper storage, installation, application or maintenance (as specified in any manuals or written instructions that SELLER provides to the PURCHASER); (ii) any Products that have been altered or repaired in any way without SELLER'S prior written authorization; (iii) The costs of dismantling and reinstallation of the Products; (iv) any Products damaged while in transit or otherwise by accident; (v) decomposition of Products by chemical action, erosion or corrosion or wear to Products or due to conditions of temperature, moisture and dirt; or (vi) claims with respect to parts that are consumable and normally replaced during maintenance such as filter media, filter drainage belts and the like, except where such parts are not performing to SELLER'S estimate of normal service life, in which case, SELLER shall only be liable for the pro rata cost of replacement of those parts based on SELLER'S estimate of what the remaining service life of those parts should have been; provided, that failure of those parts did not result from any of the matters listed in clauses (i) through (v) above. With regard to third-party parts, equipment, accessories or components not of SELLER'S design, SELLER'S liability shall be limited solely to the assignment of available third-party warranties. **THE PARTIES AGREE THAT ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, WHETHER WRITTEN, ORAL OR STATUTORY, ARE EXCLUDED TO THE FULLEST EXTENT PERMISSIBLE BY LAW.** All warranties and obligations of SELLER shall terminate if PURCHASER fails to perform its obligations under this Agreement including but not limited to any failure to pay any charges due to SELLER. SELLER'S quoted price for the Products is based upon this warranty. Any increase in warranty obligation may be subject to an increase in price.

7. CONFIDENTIAL INFORMATION. All nonpublic information and data furnished to PURCHASER hereunder, including but not limited to price, size, type and design of the Products is the sole property of SELLER and submitted for PURCHASER'S own confidential use solely in connection with this Agreement and is not to be made known or available to any third party without SELLER'S prior written consent.

8. PAINTING. The Products shall be painted in accordance with SELLER'S standard practice, and purchased items such as motors, controls, speed reducers, pumps, etc., will be painted in accordance with manufacturers' standard practices, unless otherwise agreed in writing.

9. DRAWINGS AND TECHNICAL DOCUMENTATION. When PURCHASER requests approval of drawings before commencement of manufacture, shipment may be delayed if approved drawings are not returned to SELLER within fourteen (14) days of receipt by PURCHASER of such drawings for approval. SELLER will furnish only general arrangement, general assembly, and if required, wiring diagrams, erection drawings, installation and operation-maintenance manuals for SELLER'S equipment (in English language). SELLER will supply six (6) complete sets of drawings and operating instructions. Additional sets will be paid for by PURCHASER. Electronic files, if requested from SELLER, will be provided in pdf, jpg or tif format only.

10. SET OFF. This Agreement shall be completely independent of all other contracts between the parties and all payments due to SELLER hereunder shall be paid when due and shall not be setoff or applied against any money due or claimed to be due from SELLER to PURCHASER on account of any other transaction or claim.

11. SOFTWARE. PURCHASER shall have a nonexclusive and nontransferable license to use any information processing program supplied by SELLER with the Products. PURCHASER acknowledges that such programs and the information contained therein is Confidential Information and agrees: a) not to copy or duplicate the program except for archival or security purposes; b) not to use the program on any computer other than the computer with which it is supplied; and c) to limit access to the program to those of its employees who are necessary to permit authorized use of the program. PURCHASER agrees to execute and be bound by the terms of any software license applicable to the Products supplied.

12. PATENT INDEMNITY. SELLER will defend at its own expense any suit instituted against PURCHASER based upon claims that SELLER'S Product hereunder in and of itself constitutes an infringement of any valid apparatus claims of any United States patent issued and existing as of the date of this Agreement, if notified promptly in writing and given all information, assistance, and sole authority to defend and settle the same, and SELLER shall indemnify the PURCHASER against such claims of infringement. Furthermore, in case the use of the Products is enjoined in such suit or in case SELLER otherwise deems it advisable, SELLER shall, at its own expense and discretion, (a) procure for the PURCHASER the right to continue using the Products, (b) replace the same with non-infringing Products, (c) modify the Product so it becomes non-infringing, or (d) remove the Products and refund the purchase price less freight charges and depreciation. SELLER shall not be liable for, and PURCHASER shall indemnify SELLER for, any claim of infringement related to (a) the use of the Products for any purpose other than that for which it was furnished by SELLER, (b) compliance with equipment designs not furnished by SELLER or (c) use of the Products in combination with any other equipment. The foregoing states the sole liability of SELLER for patent infringement with respect to the Products.

13. GENERAL INDEMNITY. Subject to the rights, obligations and limitations of liabilities of the parties set forth in this Agreement, PURCHASER shall protect and indemnify SELLER, its ultimate parent, its ultimate parent's subsidiaries and each of their respective officers, directors, employees and agents, from and against all claims, demands and causes of action asserted by any entity to the extent of PURCHASER'S negligence or willful misconduct in connection with this Agreement.

14. DEFAULT, TERMINATION. In the event that PURCHASER becomes insolvent, commits an act of bankruptcy or defaults in the performance of any term or condition of this Agreement, the entire unpaid portion of the purchase price shall, without notice or demand, become immediately due and payable. SELLER at its option, without notice or demand, shall be entitled to sue for said balance and for reasonable legal fees, plus out-of-pocket expenses and interest; and/or to enter any place where the Products are located and to take immediate possession of and remove the Products, with or without legal process; and/or retain all payments made as compensation for the use of the Products: and/or resell the Products, without notice or demand, for and on behalf of the PURCHASER, and to apply the net proceeds from such sale (after deduction from the sale price of all expenses of such sale and all expenses of retaking possession, repairs necessary to put the Products in saleable condition, storage charges, taxes, liens, collection and legal fees and all other expenses in connection therewith) to the balance then due to SELLER for the Products and to receive from the PURCHASER the deficiency between such net proceeds of sale and such balance. PURCHASER hereby waives all trespass, damage and claims resulting from any such entry, repossession, removal, retention, repair, alteration and sale. The remedies provided in this paragraph are in addition to and not limitations of any other rights of SELLER.

15. CANCELLATION. PURCHASER may terminate this Agreement for convenience upon giving SELLER thirty (30) days prior written notice of such fact and paying SELLER for all costs and expenses (including overhead) incurred by it in performing its work and closing out the same plus a reasonable profit thereon. All such costs and expenses shall be paid to SELLER within ten (10) days of the termination of the Agreement, or be subject to an additional late payment penalty of five percent (5%) of the total amount of costs and expenses owed.

16. REMEDIES. The rights and remedies of the PURCHASER in connection with the goods and services provided by SELLER hereunder are exclusive and limited to the rights and remedies expressly stated in this Agreement.

17. INSPECTION. PURCHASER is entitled to make reasonable inspection of Products at SELLER'S facility. SELLER reserves the right to determine the reasonableness of the request and to select an appropriate time for such inspection. All costs of inspections not expressly included as an itemized part of the quoted price of the Products in this Agreement shall be paid by PURCHASER.

18. WAIVER. Any failure by SELLER to enforce PURCHASER'S strict performance of any provision of this Agreement will not constitute a waiver of its right to subsequently enforce such provision or any other provision of this Agreement.

19. COMPLIANCE WITH LAWS. If applicable laws, ordinances, regulations or conditions require anything different from, or in addition to, that called for by this Agreement, SELLER will satisfy such requirements at PURCHASER'S written request and expense.

20. FORCE MAJEURE. If SELLER is rendered unable, wholly or in material part, by reason of Force Majeure to carry out any of its obligations hereunder, then on SELLER'S notice in writing to PURCHASER within a reasonable time after the occurrence of the cause relied upon, such obligations shall be suspended. "Force Majeure" shall include, but not be limited to, acts of God, laws and regulations, strikes, civil disobedience or unrest, lightning, fire, flood, washout, storm, communication lines failure, delays of the PURCHASER or PURCHASER'S subcontractors, breakage or accident to equipment or machinery, wars, police actions, terrorism, embargos, and any other causes that are not reasonably within the control of the SELLER. If the delay is the result of PURCHASER'S action or inaction, then in addition to an adjustment in time, SELLER shall be entitled to reimbursement of costs incurred to maintain its schedule.

21. INDEPENDENT CONTRACTOR. It is expressly understood that SELLER is an independent contractor, and that neither SELLER nor its principals, partners, parents, subsidiaries, affiliates, employees or subcontractors are servants, agents, partners, joint ventures or employees of PURCHASER in any way whatsoever.

22. SEVERABILITY. Should any portion of this Agreement, be held to be invalid or unenforceable under applicable law then the validity of the remaining portions thereof shall not be affected by such invalidity or unenforceability and shall remain in full force and effect. Furthermore, any invalid or unenforceable provision shall be modified accordingly within the confines of applicable law, giving maximum permissible effect to the parties' intentions expressed herein.

23. CHOICE OF LAW, CHOICE OF VENUE. This Agreement shall be governed and construed in accordance with the laws of the State of Utah, without regard to its rules regarding conflicts or choice of law. The parties submit to the jurisdiction and venue of the state and federal courts located in Salt Lake City, Utah.

24. ASSIGNMENT. PURCHASER shall not assign or transfer this Agreement without the prior written consent of the SELLER. Any attempt to make such an assignment or transfer shall be null and void. SELLER shall have the authority to assign, or otherwise transfer, its rights and obligations in connection with this Agreement, in whole or in part, upon prior written notice to PURCHASER.

25. LIMITATION ON LIABILITY, TO THE EXTENT PERMISSIBLE BY LAW, SELLER SHALL HAVE NO FURTHER LIABILITY IN CONNECTION WITH THIS AGREEMENT IN EXCESS OF THE COST OF CORRECTING ANY DEFECTS, OR IN THE ABSENCE OF ANY DEFECT, IN EXCESS OF THE VALUE OF THE PRODUCTS SOLD HEREUNDER. NOTWITHSTANDING ANY LIABILITIES OR RESPONSIBILITIES ASSUMED BY SELLER HEREUNDER, SELLER SHALL IN NO EVENT BE RESPONSIBLE TO PURCHASER OR ANY THIRD PARTY, WHETHER ARISING UNDER CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, OR OTHERWISE, FOR LOSS OF ANTICIPATED PROFITS, LOSS BY REASON OF PLANT SHUTDOWN, NON-OPERATION OR INCREASED EXPENSE OF OPERATION, SERVICE INTERRUPTIONS, COST OF PURCHASED OR REPLACEMENT POWER, COST OF MONEY, LOSS OF USE OF CAPITAL OR REVENUE OR ANY OTHER INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL LOSS OR DAMAGE, WHETHER ARISING FROM DEFECTS, DELAY, OR FROM ANY OTHER CAUSE WHATSOEVER.

May 8, 2015

Mr. Steve Biggs
Town Manager
Town of Clayton
110 E 2nd St
Clayton, North Carolina 27520

4011 WestChase Blvd.
Suite 500
Raleigh, NC 27607

919 833-7152
hazenandsawyer.com

Re: Sole Source Justification
Ovivo Package
Little Creek Water Reclamation Facility
Nutrient Upgrades

Dear Mr. Biggs:

This letter is to provide the basis for the recommended sole source procurement of an instrumentation and control system package by Ovivo at the Little Creek Water Reclamation Facility (LCWRF). The primary nutrient removal process at the LCWRF is two Ovivo Carrousel Wastewater Treatment Systems and a proprietary control panel and program operates them both. Hazen and Sawyer recently completed the *Nitrogen Removal Study*, which recommended new operational features be added to the existing process. These include two ammonia probes, two nitrate analyzers, two mechanical gate actuators, and a program to utilize information from this equipment to optimize operations.

Ovivo has developed a new control system that will provide better operational control as well as potential cost savings. Sole sourcing Ovivo will maintain the single point of responsibility on Ovivo to ensure the system works as designed. In this matter we feel standardization and compatibility are the overriding consideration in this selection, one of three criteria that allow sole source purchases per NCGS 143-129 (e) (6). Ovivo's unique institutional knowledge of the Carrousel design at the LCWRF helps to ensure that the transition from existing to future modes of operation goes smoothly. The new operating system will also need to have programs that maintain the current mode of aerator operation. Here again, selecting Ovivo best ensures that there is a smooth transition from old to new operating system and that the desired functionality of the existing panel is maintained.

Ovivo submitted a quotation on January 16, 2015 for furnishing the instrumentation and control system for a price of \$240,295. Hazen and Sawyer considers this to be a fair price. Please advise if any additional information is needed for the approval of sole source procurement of the Ovivo package for the LCWRF.

Very truly yours

HAZEN AND SAWYER, P .C.


Alan Stone, P.E.
Vice President

RESOLUTION
Sole Source Justification
Little Creek Water Reclamation Facility
Nutritient Upgrades

Whereas, a recommendation for the sole source procurement of an instrumentation and control system package by Ovivo at the Little Creek Water Reclamation Facility has been received; and

Whereas, the primary nutrient removal process at the Little Creek Water Reclamation Facility is two Ovivo Carousel Wastewater Treatment Systems and a proprietary control panel and program operates them both; and

Whereas, Environmental Engineers and Scientists Hazen and Sawyer recently completed the Nitrogen Removal Study, which recommended new operational features be added to the existing process; and

Whereas, these additions to the process include two ammonia probes, two nitrate analyzers, two mechanical gate actuators, and a program to utilize information from this equipment in order to optimize operations; and

Whereas, Ovivo has developed a new control system that would better provide operational control as well as potential cost savings. Sole sourcing Ovivo will maintain the single point of responsibility on Ovivo to ensure the system works as designed; and

Whereas, Ovivo submitted a quote for furnishing the instrumentation and control system for a price of \$240,295, and this is considered to be a fair price.

Now Therefore, the Honorable Mayor and Town Council approve the above sole source justification.

Duly proclaimed this 1st day of June, 2015 while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Kimberly A. Moffett, CMC, NCCMC
Town Clerk

TOWN OF CLAYTON OPERATIONS CENTER

"SERVICE"

ELECTRIC SERVICE
(919) 553-1530

VEHICLE MAINTENANCE
(919) 553-1530



"ENVIRONMENT"

PUBLIC WORKS
(919) 553-1530

WATER RECLAMATION
(919) 553-1535

MEMORANDUM

To: Kimberly Moffett, Town Clerk

From: Chris Rowland, Construction Inspector 

Copy: Sam Bohannon, Ingram Civil Engineering Group, LLC.

Date: April 30, 2015

Re: Johnston Medical Hospital- 50 Bed Addition

Please place the warranty acceptance request for the subject public water and sewer utilities along with all pertinent easements on the next available agenda. Record drawings have been reviewed and accepted. Following acceptance, the lines will be subject to a one-year warranty period. Upon expiration of the warranty period, a final inspection will be done and any deficient items corrected by the developer's contractor prior to final acceptance.

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(919) 553-1535

MEMORANDUM

To: Kimberly Moffett, Town Clerk

From: Chris Rowland, Construction Inspector *CR*

Copy: Patrick Shillington, E2S Design
Dave DeYoung, Planning Director

Date: April 30, 2015

Re: East Village Lift Station, Gravity Sewer, & Force Main

Please place the warranty acceptance request for the subject public water and sewer utilities along with all pertinent easements on the next available agenda. Record drawings have been reviewed and accepted. Following acceptance, the lines will be subject to a one-year warranty period. Upon expiration of the warranty period, a final inspection will be done and any deficient items corrected by the developer's contractor prior to final acceptance.

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 4a

Meeting Date: June 1, 2015

TITLE: INTROUDUCTION OF NEW TOWN OF CLAYTON EMPLOYEE

DESCRIPTION: Mr. David DeYoung, Planning Director will introduce Stephanie Ross, who will serve as the new Downtown Development Coordinator

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
6-1-15	None	N/A

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5a

Meeting Date: June 1, 2015

TITLE: Public Hearing

DESCRIPTION: Public Hearing will be held to hear public comment on the proposed 2015-2016 FY Budget.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
5-18-15	Set Public Hearing For June 1, 2015	Public Notice
6-1-15	Receive public comments Place on June 15, 2015 Agenda for Approval/Disapproval	N/A

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5b

Meeting Date: June 1, 2015

TITLE: Public Hearing - Rezoning – 2014-99 – Magnolia Pointe – PD-MU and R-10 to R-8

DESCRIPTION: Public Hearing will be held in regard to request to rezone the above property, which is located on Shotwell Road in between US 70 Business Highway west and Amelia Church Road. This 13.89 acre parcel is vacant and across Shotwell Road from Lions’s Spring.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
5-18-15	Set Public Hearing for June 1, 2015	Staff Report Maps Application
6-1-15	Public Hearing	Staff Report Maps Application Motion Form Ordinance



Town of Clayton
Planning Department
111 E. Second Street, Clayton, NC 27520
P.O. Box 879, Clayton, NC 27528
Phone: 919-553-1545
Fax: 919-553-1720

Town Council
May 18, 2015

STAFF REPORT

Application Number: RZ 2014-99
Project Name: Magnolia Pointe Rezoning

NC PIN / Tag #: 165914-33-6257 / 05B02031V
Town Limits/ETJ: Town Limits
Overlay: NA
Applicant: ASCO Builders Inc., c/o Matt Shephens (mattshephens@bellsouth.net)
Owner: ASCO Builders Inc.

Neighborhood Meeting: Held on 08/26/2014.

Public Noticing:

- sign posted April 17, 2015
- letters mailed TBD, 2015
- Published notice placed as required per Section 155.702(D)(2)(a) of the UDC

PROJECT LOCATION: The property is located on Shotwell Road, in between US 70 Bus Hwy W and Amelia Church Rd. This vacant parcel is across Shotwell Rd from Lion's Spring.

REQUEST: The applicant is requesting approval to rezone 13.89 acres at the location described above from Planned Development Mixed Use (PD-MU) and Residential-10 (R-10) to Residential-8 (R-8).

SITE DATA:

Acreage: 13.89 acres
Present Zoning: Planned Development Mixed Use (PD-MU) and Residential-10 (R-10)
Proposed Zoning: Residential-8 (R-8)
Existing Use: Vacant

ADJACENT ZONING AND LAND USES:

North:	Zoning:	Residential-Estate (R-E)
	Existing Use:	Single Family Residential
South:	Zoning:	Planned Development Mixed Use (PD-MU) and Office-Institutional (O-I)
	Existing Use:	Lion’s Gate planned development and a doctor’s office.
East:	Zoning:	Residential-Estate (R-E)
	Existing Use:	Lion’s Gate planned development (approved for townhome development) and Lion’s Spring retirement residential
West:	Zoning:	Residential-Estate (R-E)
	Existing Use:	Single Family Residential

STAFF ANALYSIS AND COMMENTARY:

Overview

The applicant is requesting approval for rezoning of the subject property to Residential-8. The applicant has indicated that if approved, the site would be developed as an open-space subdivision.

R-8 permits development of single family lots with a minimum of 8,000 square feet in a conventional subdivision. If developed as an open space subdivision, single family lots are permitted at a minimum of 6,000 sf, or 4,800 sf if alley-loaded. Duplexes, townhomes, and multi-family development are permitted only with a Special Use Permit.

Compatibility with Surrounding Land Uses

The site is bounded on three sides by some form of residential use. The site is currently vacant and has been graded. This rezoning request is running concurrently with a subdivision plan for the same property (PSD2014-97). The rezoning and proposed development is compatible with surrounding uses.

Access/Streets:

The property fronts on and is currently accessed from Shotwell Road.

Consistency with the Strategic Growth Plan

This rezoning is consistent with the Strategic Growth Plan, Goal 2.5: “More Housing Opportunities: Beyond Starter Homes.”

CONSIDERATIONS:

- The applicant is requesting a rezoning from PD-MU and R-10 to R-8, in anticipation of a R-8 Open Space Residential Subdivision.
- Rezoning are decided by the Town Council. The Planning Board shall make a recommendation to the Town Council.

- When adopting or rejecting the rezoning, the Town Council shall approve a statement describing whether its action is consistent with an adopted plans and policies of the town and explaining why the board considers the action taken to be reasonable and in the public interest.
 - Application has since been revised to a standard zoning category instead of a PD zoning category, with minor alterations to the original site layout.
-

STAFF RECOMMENDATION:

Staff is recommending approval of the rezoning.

PLANNING BOARD RECOMMENDATION:

Planning Board recommended approval of the rezoning.

ATTACHMENTS:

- 1) Aerial Map
- 2) Existing and Proposed Zoning Map
- 3) Proposed Land Use Map
- 4) Table 2.1 – allowed uses
- 5) Application
- 6) Neighborhood Meeting Materials (if available)
- 7) Planning Board Motion Form



**PSD2014-97 and RZ2014-99 Magnolia Pointe Subdivision
Subdivision and Rezoning from R-10 and PD-MU to R-8**

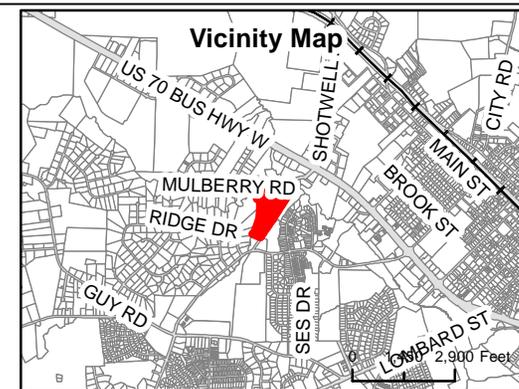
Applicant: ASCO Builders Inc
 Property Owner: ASCO Builders Inc
 Parcel ID Number: 165914-33-6257
 Tag #: 05B02031V

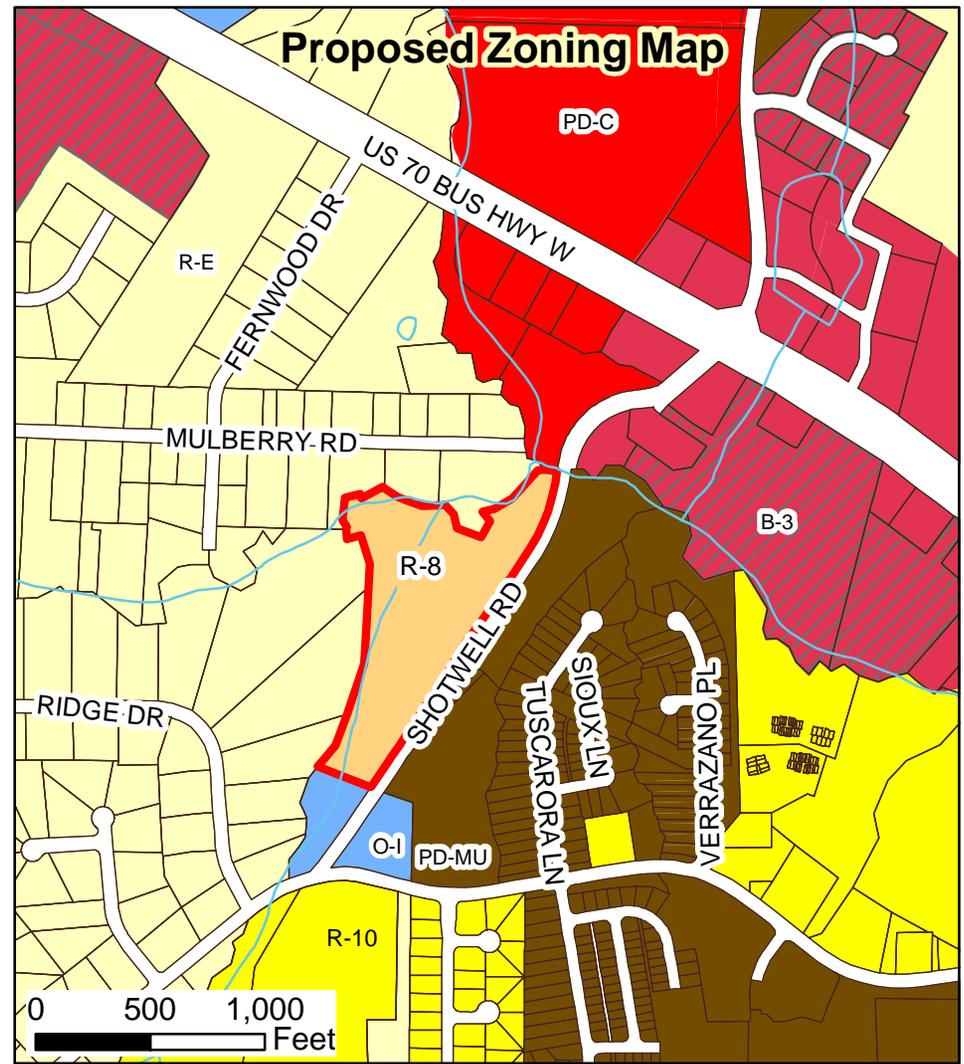
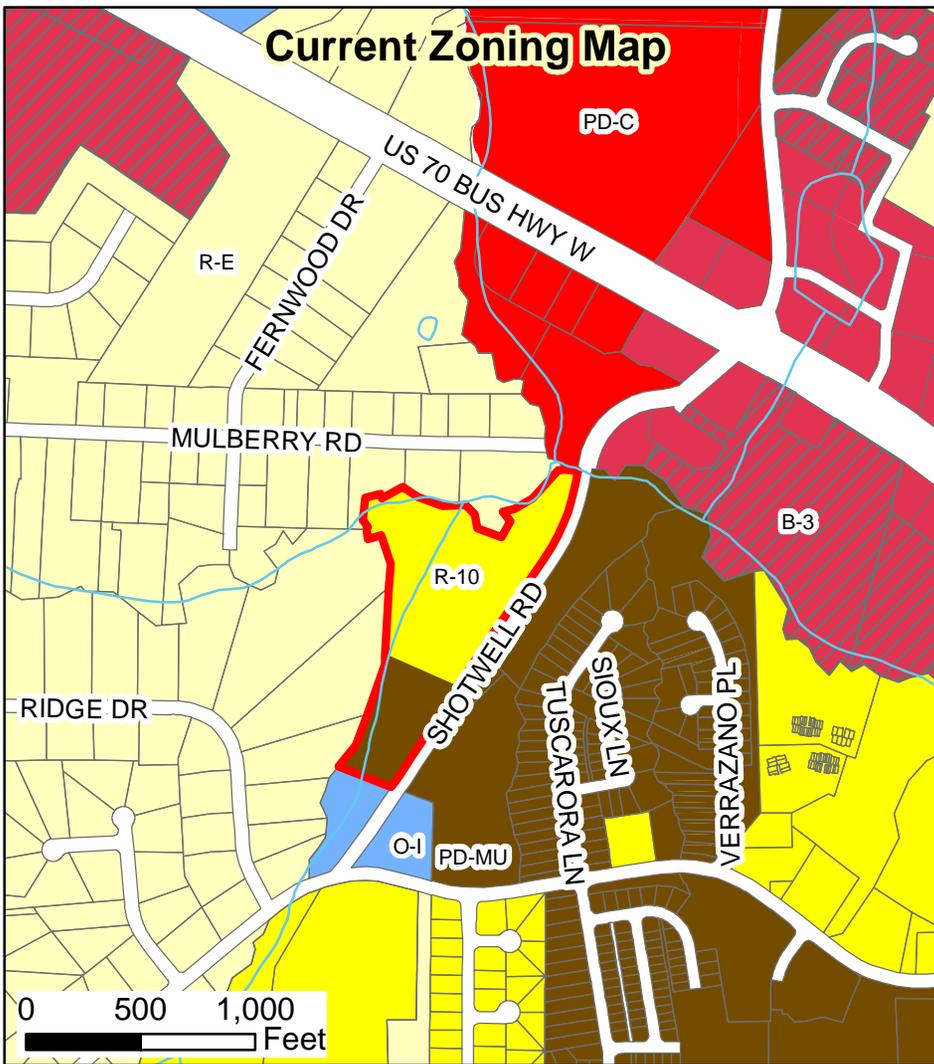
Produced by: TOC Planning

Disclaimer: Town of Clayton assumes no legal responsibility for the information represented here.



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PSD2014-97 and RZ2014-99 Magnolia Pointe Subdivision Subdivision and Rezoning from R-10 and PD-MU to R-8

Applicant: ASCO Builders Inc
 Property Owner: ASCO Builders Inc
 Parcel ID Number: 165914-33-6257
 Tag #: 05B02031V

Produced by: TOC Planning

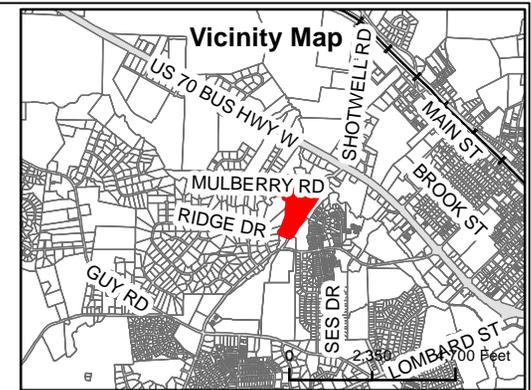
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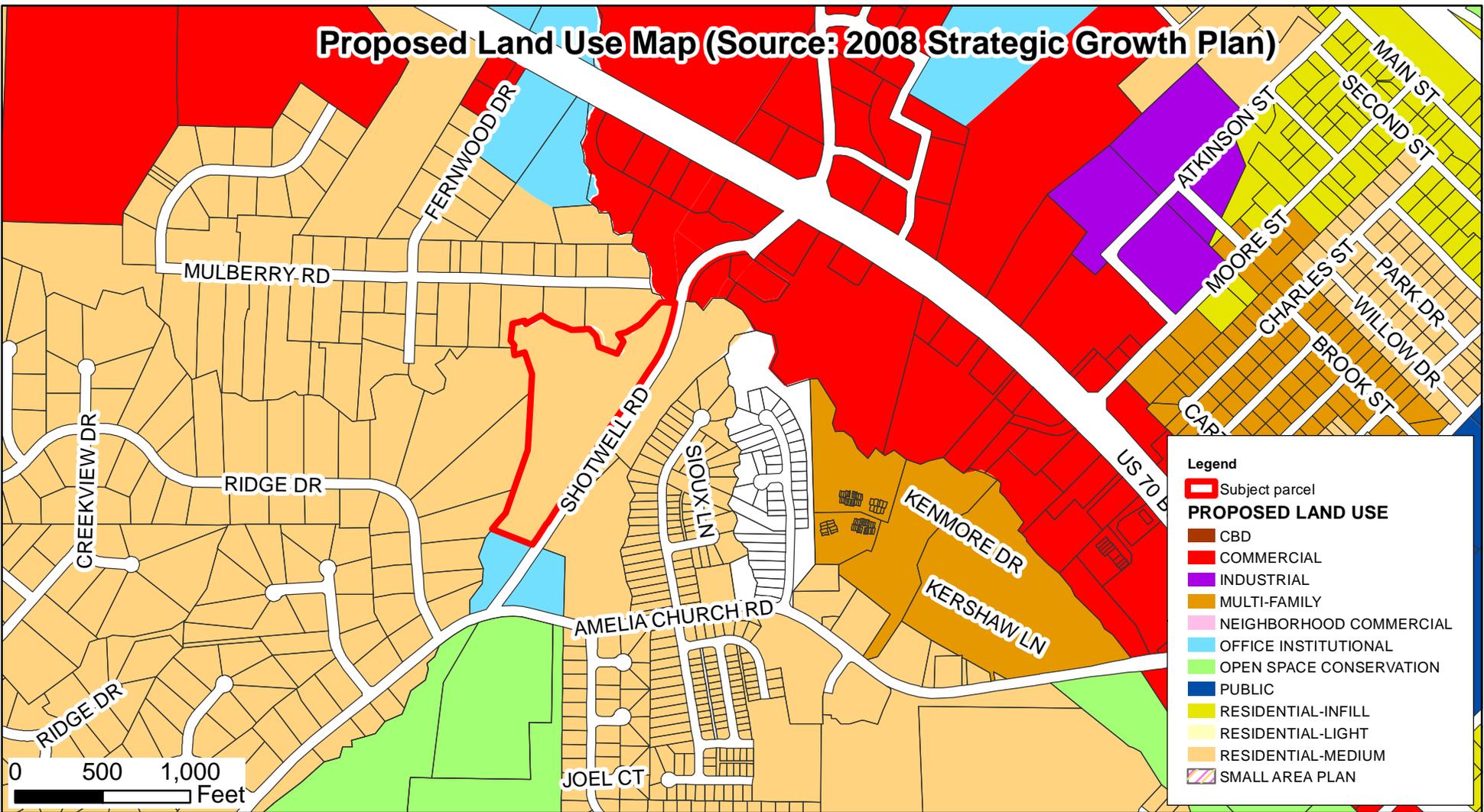


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Legend

- | | | | |
|--|----------------|--|-------|
| | Subject parcel | | B-2 |
| | R-E | | B-3 |
| | R-10 | | PD-C |
| | R-8 | | I-1 |
| | R-6 | | I-2 |
| | PD-R | | O-I |
| | O-R | | PD-MU |
| | B-1 | | |





Proposed Land Use Map (Source: 2008 Strategic Growth Plan)
PSD2014-97 and RZ2014-99 Magnolia Pointe Subdivision
Subdivision and Rezoning from R-10 and PD-MU to R-8

Applicant: ASCO Builders Inc
 Property Owner: ASCO Builders Inc
 Parcel ID Number: 165914-33-6257
 Tag #: 05B02031V

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03/14/2015 Document Path: O:\PLANNING\REZONING\Rezoning\2014\RZ 2014-99 Magnolia Pointe Rezoning\maps\Staff Rpt Map RZ2014-99 - FLUM.mxd

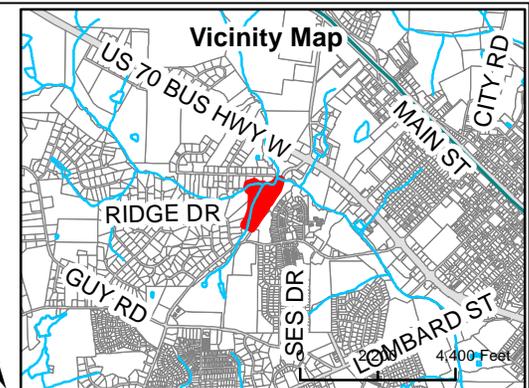


Table 2-1 Use Regulations

Use Type	Zoning Districts											Specific Use Section
	Residential				Nonresidential							
	R-E	R-10	R-8	R-6	O-R	O-I	B-1	B-2	B-3	I-1	I-2	
Residential Uses												
Adult Care Home (2-6 Adults)	P	P	P	P								\$155.301(A)
Adult Care Home (7-12 Adults)	S	S	S	S		C	S	S	S			\$155.301(A)
Adult Care Home (13+ Adults)						C	S	S	S			\$155.301(A)
Alley Loaded House		P	P	P								\$155.301(B)
Apartments		S	S	S	S	S	S	S	S			\$155.301(C)
Boarding House				C		P		P				\$155.301(D)
Child Care Home	C	C	C	C	C							\$155.301(E)
Manufactured Home	P											\$155.301(F)
Manufactured Home Park	S											\$155.301(G)
Nursing Home (Congregate Living Facility)	C			C		P		S	P			\$155.301(H)
Two family House		S	S	S	S							\$155.301(I)
Townhouse		S	S	S	S	S	S	S	S			\$155.301(J)
Security/Caretaker Quarters	C								C			\$155.301(K)
Single Family House	P	P	P	P								\$155.301(L)
Upper-story Residence	S	S	S	S	S	P	P	P	P			\$155.301(M)
Zero Lot Line House		P	P	P								\$155.301(N)
Public and Civic Uses												
Assembly, Not For Profit	S					P			P			\$155.302(A)
Cemetery	P								P			\$155.302(B)
Church or Place of Worship	C	C	C	C		C		C	C			\$155.302(C)
College or University						P						\$155.302(D)
Day Care (Supervision for 3-8)	C	C	C	C	C							\$155.302(E)
Day Care (Supervision for 9+)	C	C	C	C	C	P	P	C	P			\$155.302(E)
Government Service	S	S	S	S	P	P	P	P	P	P	P	\$155.302(F)
Hospital or Medical Center						P			P			\$155.302(G)
School (Elementary or Secondary)	S	S	S	S		S						\$155.302(H)
School (Technical, Trade or Business)	S	S	S	S		P	P		P	P	P	\$155.302(I)
Recreational Uses												
Entertainment, Indoor						C	C	C	P	P		\$155.303(A)
Entertainment, Outdoor									C	P		\$155.303(B)
Fitness Center						C	C	C	P	P		\$155.303(C)
Golf Course	P	P	P	P								\$155.303(D)
Gun Range							S	S	S	S	S	\$155.303(E)
Park, Active	S	S	S	S	S	S	S	S	S	S	S	\$155.303(F)
Park, Passive	C	C	C	C	P	P	C	C	C	C	C	\$155.303(G)
Stable, Private	P											\$155.303(H)
Agricultural Uses												
Agriculture, Livestock	C										C	\$155.304(A)
Agriculture, Sales and Service	P										C	\$155.304(B)
Nursery	P					P	P	C	P			\$155.304(C)
Commercial Uses												
Adult Oriented Business									S		S	\$155.305(A)
Bed and Breakfast	P					P	P	P	P			\$155.305(B)
Car Wash/Auto Detailing						C	C	P	P			\$155.305(C)
Contractor Office						C	C		P	P	P	\$155.305(D)
Contractor Storage Yard									C	C	P	\$155.305(E)
Convenience Store with Gas Sales							C	C	P	P	P	\$155.305(F)
Creative Studio					P	P	P	P	P			\$155.305(G)
Financial Institution					P	P	P	P	P			\$155.305(H)
Funeral Home				C	P	P	P	P	P			\$155.305(I)
Hotel/Motel						S	S	S	P			\$155.305(J)
Kennel	C							C				\$155.305(K)
Laundry Services							C		C	P	P	\$155.305(L)
Lounge, Cocktail							S		S	S	S	\$155.305(M)
Microbrewery							P		P	P	P	\$155.305(N)

Abridged Use Table, created: March 16, 2015
 Town of Clayton, NC

Use Type	Zoning Districts											Specific Use Section
	Residential				Nonresidential							
	R-E	R-10	R-8	R-6	O-R	O-I	B-1	B-2	B-3	I-1	I-2	
Newspaper Publisher									P	P	P	\$155.305(O)
Office, General					P	P	P	P	P	P		\$155.305(P)
Office, Medical					P	P	P	P	P	P		\$155.305(Q)
Outdoor Seating/Sidewalk Cafe						C	P	C	C			\$155.305(R)
Pawn Shop									C	P		\$155.305(S)
Radio or Television Studio									P	P	P	\$155.305(T)
Restaurant, Drive-Through								C	C	C		\$155.305(U)
Restaurant, General						C	P	P	P	C		\$155.305(V)
Retail Sales, General							P		P			\$155.305(W)
Retail Sales, Neighborhood							P	P	P			\$155.305(X)
Self-storage Facility									C	P	P	\$155.305(Y)
Service, General							P		P			\$155.305(Z)
Service, Neighborhood							P	P	P			\$155.305(AA)
Tattoo Parlor									S			\$155.305(BB)
Towing Service and Storage									C	C	C	\$155.305(CC)
Vehicle Repair or Service									S	P	P	\$155.305(DD)
Vehicle Sales and Rental									P	P	P	\$155.305(EE)
Veterinary Clinic						C	C	C	P			\$155.305(FF)
Video Sweepstakes Operations										S		\$155.305(GG)
Industrial Uses												
Building Supplies, Wholesale									C	P	P	\$155.306(A)
Crematorium										P	P	\$155.306(B)
Gas and Fuel, Wholesale										P	P	\$155.306(C)
Laboratory, Research						P			P	P	P	\$155.306(D)
Manufacturing, Limited										P	P	\$155.306(E)
Manufacturing, General										C	P	\$155.306(F)
Manufacturing, Heavy											P	\$155.306(G)
Research and Development						P			P	P	P	\$155.306(H)
Warehouse, Freight Movement									C	P	P	\$155.306(I)
Utilities												
Recycling Center										P	P	\$155.307(A)
Renewable Energy Facility	S									C	P	\$155.307(B)
Telecommunication Facility	S	S	S	S	S	S	S	S	S	S	S	\$155.307(C)
Utility, Minor	P	P	P	P	P	P	P	P	P	P	P	\$155.307(D)
Utility, Major										P	P	\$155.307(E)
Waste Service										C	P	\$155.307(F)
Key:												
P – Permitted												
C – Conditional Use permitted in the zoning district only if approved by the Board of Adjustment (BOA) (§ 155.710)												
S – Special Use permitted in the zoning district only if approved by the Town Council (TC)) (§ 155.711)												

(Ord. 2005-11-02, passed 11-21-05; Am. Ord. 2007-05-02, passed 5-7-07; Am. Ord. 2009-06-06, passed 6-1-09; Am. Ord. 2009-08-03, passed 8-3-09; Am. Ord 2014-12-02, passed 12-1-14)



Town of Clayton
 Planning Department
 111 E. Second Street, Clayton, NC 27520
 P.O. Box 879, Clayton, NC 27528
 Phone: 919-553-5002
 Fax: 919-553-1720

AMENDED APPLICATION

REZONING APPLICATION

Pursuant to Article 7, Section 155.704 of the Unified Development Code, an owner of land within the jurisdiction of the Town (or a duly authorized agent) may petition the Town Council to amend the Official Zoning Map.

Rezoning applications must be accompanied by nine (9) sets of the application, nine (9) sets of required plans, an Owner's Consent Form (attached) and the application fee. The application fee is \$500.00 for a rezoning to a Standard District. A rezoning to a Planned Development District requires a fee of \$1,000.00 +\$5.00 per acre. All fees are due when the application is submitted.

If the rezoning request is to a Planned Development District, the application must be accompanied by a Major Site Plan application and associated fees.

Please note that Section 155.702(B) of the Unified Development Code requires a Neighborhood Meeting for all Rezoning Petitions.

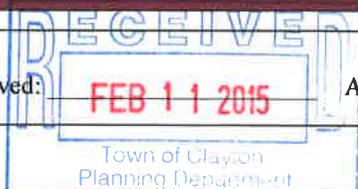
SITE INFORMATION:

Name of Project: MAGNOLIA POINTE Acreage of Property: 13.89
 Parcel ID Number: 165914-33-6257 Tax ID: 05A02031V
 Deed Book: 0255B Deed Page(s): 0010
 Address: SHOTWELL ROAD
 Location: SHOTWELL ROAD

Existing Use: VACANT Proposed Use: RESIDENTIAL
 Existing Zoning District: PD-MU AND R-10
 Requested Zoning District: R-8
 Is project within a Planned Development: Yes No
 Planned Development District (if applicable): _____
 Is project within an Overlay District: Yes No
 Overlay District (if applicable): _____

FOR OFFICE USE ONLY

File Number: 2014-99 Date Received: FEB 11 2015 Amount Paid: _____



APPROVAL CRITERIA

All applications for a Rezoning must address the following findings:

1. Consistency with the adopted plans of the Town.

THIS PLAN IS CONSISTENT WITH THE SURROUNDING AREA.
SHOTWELL ROAD CONSIST OF O-I, PD-MU AND B-3 ZONINGS.

2. Suitability of the subject property for uses permitted by the current vs. the proposed district.

THE USES PERMITTED ARE VERY SIMILAR. THE PROPOSED
DISTRICT WOULD ALLOW MORE AGREEABLE LOT STANDARDS FOR
THIS UNIQUELY SHAPED PARCEL.

3. Whether the proposed change tends to improve the balance of uses, or meets specific demand in the Town.

THIS CHANGE WOULD ALLOW RESIDENTIAL USES CLOSE BOTH
TO THE TOWN PARK AND SHOPPING ALONG SHOTWELL RD.

4. The capacity of adequate public facilities and services including schools, roads, recreation facilities, wastewater treatment, potable water supply and stormwater drainage facilities is available for the proposed use.

THIS IS A REPLACEMENT PLAN FOR A DIFFERENT
STYLE HOUSING PLAN THAT WAS PREVIOUSLY APPROVED.
THE IMPACT ON TOWN FACILITIES WOULD HAVE VERY
MINOR CHANGE.

5. It has been determined that the legal purposes for which zoning exists are not violated.

NO VIOLATIONS EXIST

6. It has been determined that there will be no adverse effect upon adjoining property owners unless such effect can be justified by the overwhelming public good or welfare.

THE PROPOSED CHANGE SHOULD HAVE NO CHANGES TO ADJOINING PROPERTY.

7. It has been determined that no one property owner or small group of property owners will benefit materially from the change to the detriment of the general public.

YES.

APPLICANT AFFIDAVIT

I/We, the undersigned, do hereby make application and petition to the Town Council of the Town of Clayton to amend the Zoning Ordinance and change the Official Zoning Map of the Town of Clayton as requested. I hereby certify that I have full legal right to request such action and that the statements or information made in any paper or plans submitted herewith are true and correct to the best of my knowledge. I understand this application, related material and all attachments become official records of the Planning Department of the Town of Clayton, North Carolina, and will not be returned.

Matthew Stephens
Print Name


Signature of Applicant

8/1/14
Date

Lying and being situated in Johnston County, North Carolina and being more particularly described as follows:

Being that certain parcel of land (Tract 4) in Clayton Township, Johnston County, North Carolina and lying North of Shotwell Road (S.R. 1553), east of property owned by William W. Smith, South Landmark Sub, and being more particularly described as follows:

Beginning at an existing pk nail in the centerline of Shotwell Road (S.R. 1553), said public right of way being 60 feet at western side of property; thence from said existing pk nail along the line of William W. Smith North $65^{\circ}41'30''$ West 282.81 feet to an existing iron stake; thence North $45^{\circ}56'41''$ East 118.86 feet to a point; thence North $22^{\circ}53'42''$ East 376.52 feet to an existing iron stake; thence North $06^{\circ}44'06''$ East 307.97 feet to an existing iron stake; thence North $06^{\circ}44'06''$ East 130.00 to a point; thence North $15^{\circ}21'42''$ West 130.75 feet to a point in center of little creek; thence along the center of little creek the following bearings and distances;

South $77^{\circ}44'33''$ West 60.33 feet

North $01^{\circ}09'33''$ East 54.10 feet

North $34^{\circ}39'10''$ West 35.44 feet

North $10^{\circ}06'53''$ East 95.19 feet

North $82^{\circ}19'22''$ East 60.10 feet

South $11^{\circ}50'22''$ East 20.49 feet

North $82^{\circ}30'09''$ East 51.52 feet

North $64^{\circ}26'30''$ East 104.20 feet

South $53^{\circ}15'10''$ East 79.23 feet

South $65^{\circ}55'10''$ East 113.40 feet

South $89^{\circ}09'00''$ East 100.68 feet

South $40^{\circ}53'20''$ East 56.41 feet

South $08^{\circ}24'04''$ East 62.66 feet

South $65^{\circ}49'09''$ East 113.42 feet

North $31^{\circ}51'10''$ East 78.80 feet

North $33^{\circ}15'50''$ West 54.00 feet

North $82^{\circ}07'52''$ East 47.52 feet

North $63^{\circ}53'01''$ East 95.70 feet

North $45^{\circ}39'41''$ East 165.30 feet

thence along the center of little creek South $84^{\circ}53'56''$ East 82.65 feet to an existing pk nail in the center of Shotwell Road (S.R. 1553), said road having a 60 feet public right of way; thence along the center of Shotwell Road (S.R. 1553) the following bearings and distances;

South $16^{\circ}20'55''$ West 37.87 feet

South $16^{\circ}16'36''$ West 99.62 feet

South $20^{\circ}46'58''$ West 100.38 feet

South $29^{\circ}56'22''$ West 99.87 feet

South $36^{\circ}07'14''$ West 99.90 feet

South $37^{\circ}16'27''$ West 151.85 feet

South $37^{\circ}23'54''$ West 339.76 feet

South $37^{\circ}05'57''$ West 531.30 feet

South $38^{\circ}03'06''$ West 99.91 feet

South $38^{\circ}46'54''$ West 60.49 feet to the point and place of beginning and containing 14.94 acres.

FILED
JOHNSTON COUNTY
CRAIG OLIVE
REGISTER OF DEEDS

FILED Sep 30, 2003
AT 11:00:00 am
BOOK 02558
START PAGE 0010
END PAGE 0011
INSTRUMENT # 48501

Johnston County 09-30-2003
NORTH CAROLINA
Real Estate
Excise Tax \$380.00

Johnston County, North Carolina
CRAIG OLIVE Register of Deeds
The following certificate(s) of
BRENDA E JONES

notary/notaries public
is/are certified to be correct.
[Signature]
Deputy - Assistant - Register of Deeds

Excise Tax \$ 360

Tax Lot No. _____ Parcel Identifier No. 05G02031V
Verified by _____ County on the _____ day of _____, 19____
by _____

Mail after recording to Richard O. Gamble, P. O. Box 1777, Raleigh, NC 27602
This instrument was prepared by Richard O. Gamble, Atty.

Brief Description for the index

Lot 4, containing 14.94 acres, Bullard Property

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 29th day of September, 2003, by and between

GRANTOR

THE STEPHENS CENTER, INC.

GRANTEE

ASCO BUILDERS, INC.

319 Chapanoke Road, Suite 106
Raleigh, NC 27603

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g., corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of , Clayton Township, Johnston County, North Carolina and more particularly described as follows:

BEING all of Lot 4, containing 14.94 acres, more or less, according to a survey entitled "Survey & Map for Donald E. Bullard" by Southwind Surveying & Mapping, Inc., dated May 5, 1993 and recorded in Plat Book 42, Page 437, Johnston County Registry.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 1542, Page 307.

A map showing the above described property is recorded in Plat Book 42, Page 437

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

Subject to easements, restrictions and rights of way of record, if any.

Subject to 2003 ad valorem property taxes and subsequent years.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.

THE STEPHENS CENTER, INC.

By: Algie I. Stephens
Algie I. Stephens, President

USE BLACK INK ONLY

(SEAL)

(SEAL)

(SEAL)

(SEAL)



NORTH CAROLINA, _____ County.

I, the undersigned, a Notary Public of the County and State aforesaid, certify that Grantor, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this day of . .

My commission expires:

1/10/05

Brenda E. Jones Notary Public

SEAL-STAMP



NORTH CAROLINA, _____ County.

I, the undersigned, a Notary Public of the County and State aforesaid, certify that Algie I. Stephens personally came before me this day and acknowledged that he is President of THE STEPHENS CENTER, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by him as President. Witness my hand and official stamp or seal, this 30th day of September, 2003.

My commission expires:

1/10/05

Brenda E. Jones Notary Public



*** DISCLAIMER ***

Johnston County assumes no legal responsibility for the information.

Query Parcel 1

Tag: 05G02031V
 NCPin: 165914-33-6257
 Mapsheet No: 165914
 Owner Name1: ASCO BUILDERS INC
 Owner Name2:
 Mail Address1: 319 CHAPANOKE RD STE 102
 Mail Address2:
 Mail Address3: RALEIGH NC 27603-0000
 Site Address1: Not Available
 Site Address2: Not Available
 Book: 02558
 Page: 0010
 Market Value: 194760
 Assessed Acreage: 13.89
 Calc Acreage: 13.89
 Sale Price: 180000
 Sale Date: 2003-09-30



1 inch = 389 feet

(The scale is only accurate when printed landscape on a 8.5x11in size sheet with page scaling set to none.)

Date August 1, 2014



ParcelID	Name1	Name2	Address1	Address2	City	State	Zip
05G02031Z	LIONSGATE VILLAGE LLC	A NC LIMITED LIABILITY COMPANY	400 RIVERWOOD DRIVE		CLAYTON, NC	27520	--000
05G02192P	CORBETT, JESSE V JR	CORBETT, JANICE	1020 RIDGE DR		CLAYTON, NC	27520	--000
05G02031V	ASCO BUILDERS INC		319 CHAPANOKE RD	STE 102	RALEIGH, NC	27603	--000
05G02009N	BALDIES RESTAURANT GROUP LLC		6101 NC HIGHWAY 42 W		GARNER, NC	27529	--844
05G02195F	PHILLIPS, ERNEST LUTRELL &	PHILLIPS, CYNTHIA HOCUTT	1012 RIDGE DRIVE		CLAYTON, NC	27520	--000
05G02195E	ARCHIE, ADISON L	HOUNACKI, KATELYNN E	925 MULBERRY RD		CLAYTON, NC	27520	--212
05G02200H	PLEASANT, JAMES ANDREW		1008 RIDGE DR		CLAYTON, NC	27520	--966
05G02200F	WALLACE, RUTH WELCH, CARL	MEZYNSKI, MELISSA ANN	124 BURKWOOD LN		RALEIGH, NC	27609	--000
05G02194F	HEDAYATZADEH, MELISSA ANN		1600 S BRENTWOOD BLVD,	STE 770	ST LOUIS, MO	63144	--000
05G02005M	FOSTER PARTNERS LLC		45 SHOTWELL ROAD		CLAYTON, NC	27520	--000
05G02009P	MEHAN MEDICAL LLC		252 COOPER BRANCH RD		CLAYTON, NC	27520	--000
05G02009I	HOWARD, E FRANK JR		A NC LIMITED LIABILITY COMPANY	400 RIVERWOOD DRIVE	CLAYTON, NC	27520	--000
05G02010B	LIONSGATE VILLAGE LLC		7706 SIX FORKS RD	SUITE 202	RALEIGH, NC	27615	--000
05G02065P	LIONS SPRING HOUSING ASSOC LLC		921 MULBERRY RD		CLAYTON, NC	27520	--212
05G02196M	HUTH, DONALD W HUTH, GERRY H		1016 RIDGE DR		CLAYTON, NC	27520	--966
05G02192Q	STEPHENSON, JAMES W	STEPHENSON, MARY			CLAYTON, NC	27520	--966

LIONSGATE VILLAGE LLC
400 RIVERWOOD DRIVE
CLAYTON,NC 27520-000

CORBETT, JESSE V JR
1020 RIDGE DR
CLAYTON,NC 27520-000

ASCO BUILDERS INC
319 CHAPANOKE RD STE 102
RALEIGH,NC 27603-000

BALDIES RESTAURANT GROUP LLC
6101 NC HIGHWAY 42 W
GARNER,NC 27529-844

PHILLIPS, ERNEST LUTRELL &
917 MULBERRY ROAD
CLAYTON,NC 27520-000

ARCHIE, ADISON L
1012 RIDGE DRIVE
CLAYTON,NC 27520-000

PLEASANT, JAMES ANDREW
925 MULBERRY RD
CLAYTON,NC 27520-212

WALLACE, RUTH
1008 RIDGE DR
CLAYTON,NC 27520-966

HEDAYATZADEH, MELISSA ANN
124 BURKWOOD LN
RALEIGH,NC 27609-000

FOSTER PARTNERS LLC
1600 S BRENTWOOD BLVD, STE 770
ST LOUIS,MO 63144-000

MEEHAN MEDICAL LLC
45 SHOTWELL ROAD
CLAYTON,NC 27520-000

HOWARD, E FRANK JR
252 COOPER BRANCH RD
CLAYTON,NC 27520-000

LIONSGATE VILLAGE LLC
400 RIVERWOOD DRIVE
CLAYTON,NC 27520-000

LIONS SPRING HOUSING ASSOC LLC
7706 SIX FORKS RD SUITE 202
RALEIGH,NC 27615-000

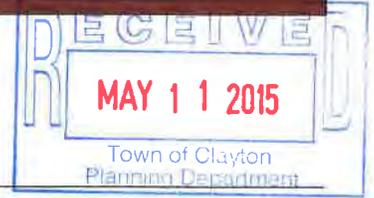
HUTH, DONALD W
921 MULBERRY RD
CLAYTON,NC 27520-212

STEPHENSON, JAMES W
1016 RIDGE DR
CLAYTON,NC 27520-966

**Turn off 'Fit To Page' in
print dialog before printing.
Label Type: Av5160
17 labels printed

NEIGHBORHOOD MEETING SUMMARY FORM

FILL OUT THE FOLLOWING:



Date of Mailing: 4/28/15

I hereby attest that letters were mailed to the addresses listed on the Adjacent Property Owners List (attached):

Printed Name: MICHAEL STEWART Signature: [Handwritten Signature]

Date of Meeting: 5/8/15 Time of Meeting: 6:30 PM

Location of Meeting: ON SITE

Meeting Summary/Minutes: provide a summary of the discussion held at the meeting, including issues raised and any changes made by the applicant as a result of the meeting.

MR. JESSE CORBETT WAS THE ONLY NEIGHBOR PRESENT. WE HAD TALKED EARLIER IN THE WEEK AND HE STOPPED BY TO PICK UP A FULL SIZED COPY OF THE PLANS. HE STATED HE HAD NO ISSUES AND WOULD SIGN A LETTER STATING SUCH IF NECESSARY. ADDITIONAL DISCUSSIONS PERTAINING TO THE PROPOSED HOUSING PLANS.

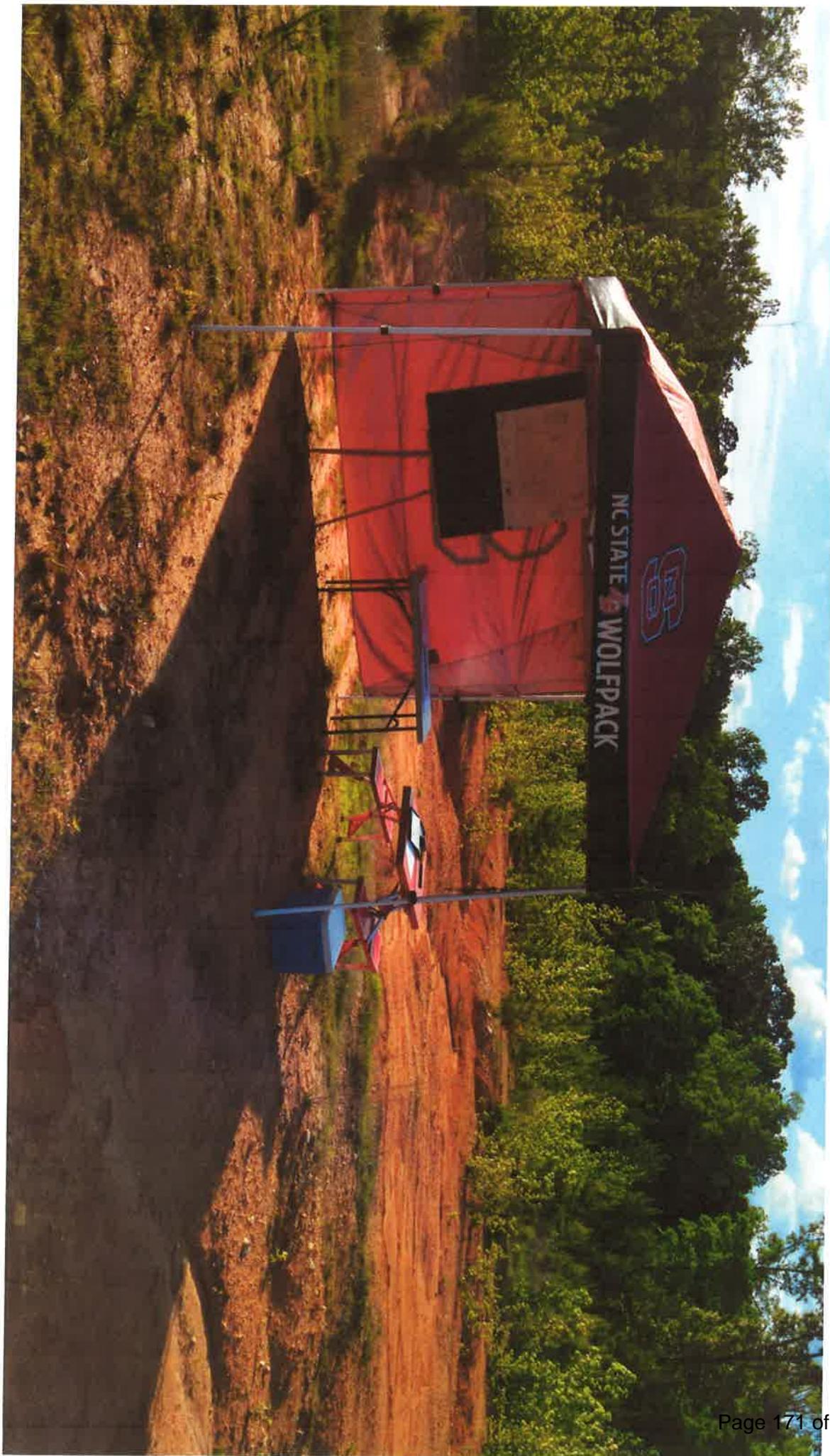
Please write clearly (or submit a typed summary), and use additional sheets if necessary.

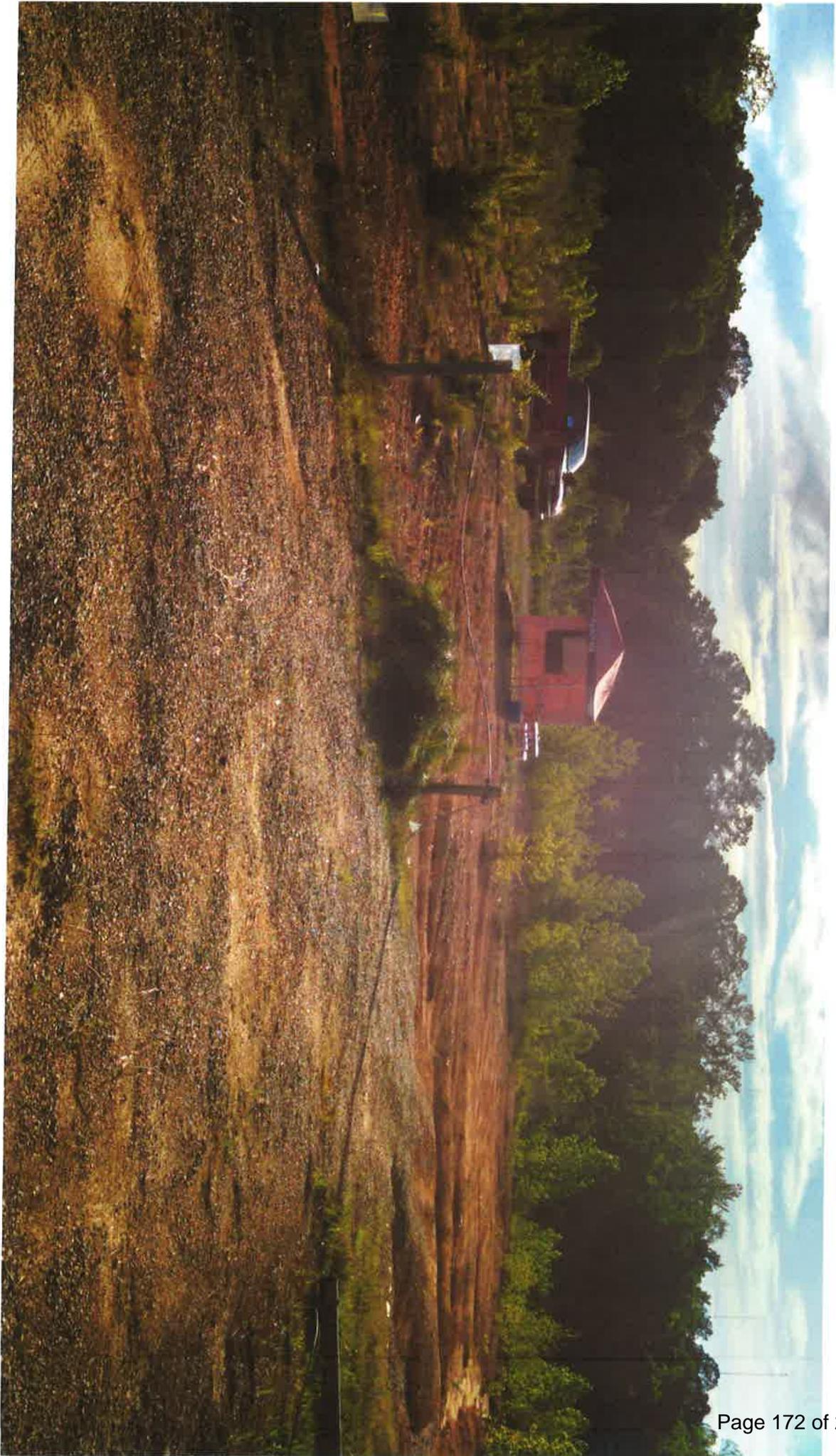
NEIGHBORHOOD MEETING ATTENDANCE ROSTER

Applicant: ASCO BUILDERS SUNNY - 78°

Location/Date: ON SITE 5/8/15 6:30

	NAME	ADDRESS
1	MIKE STEWART	4716 CAROLTON DR. RAL.
2	JESSE CORBETT	1020 RIDGE DR
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		





ASCO BUILDERS INC
319 CHAPANOKE RD STE 102
RALEIGH, NC 27603-0000

FOSTER PARTNERS LLC
1600 S BRENTWOOD BLVD, STE 770
ST LOUIS, MO 63144-0000

HUTH, DONALD W
HUTH, GERRY H
921 MULBERRY RD
CLAYTON, NC 27520-2129

WALLACE, RUTH
WELCH, CARL
1008 RIDGE DR
CLAYTON, NC 27520-9667

HOWARD, E FRANK JR
252 COOPER BRANCH RD
CLAYTON, NC 27520-0000

ARCHIE, ADISON L
HOJNACKI, KATELYNN E
1012 RIDGE DRIVE
CLAYTON, NC 27520-0000

PHILLIPS, ERNEST LUTRELL &
PHILLIPS, CYNTHIA HOCUTT
917 MULBERRY ROAD
CLAYTON, NC 27520-0000

PLEASANT, JAMES ANDREW
925 MULBERRY RD
CLAYTON, NC 27520-2129

STEPHENSON, JAMES W
STEPHENSON, MARY
1016 RIDGE DR
CLAYTON, NC 27520-9667

MEEHAN MEDICAL LLC
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LIONS SPRING HOUSING ASSOC LLC
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MEZYNSKI, MELISSA ANN
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CORBETT, JESSE V JR
CORBETT, JANICE
1020 RIDGE DR
CLAYTON, NC 27520-0000

BALDIES RESTAURANT GROUP LLC
6101 NC HIGHWAY 42 W
GARNER, NC 27629-8443

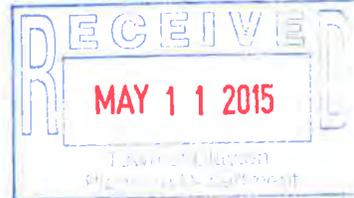
NOTE: Turn off 'Fit to Page' in print dialog before
printing.

Label Type: AV6160
16 label(s) printed

ASCO Builders, Inc.

319 Chapanoke Road
Suite 102
Raleigh, NC 27603

Phone: 919-779-8649
Fax: 919-779-7952



April 28, 2015

Dear Clayton Area Property Owner:

The purpose of this letter is to notify you of an application filed with the Town of Clayton for a land use proposal involving property adjacent to, or in close proximity to, property shown in your ownership by Johnston County tax records. Per Town of Clayton regulations, a neighborhood meeting will be held to provide information to area residents about the nature of the proposal. A representative of the applicant will be present to explain their application, answer questions, and solicit comments.

Meeting Date: *Friday, May 8, 2015*

Location: *On site, Shotwell Road*

Time: *6:30 P.M.*

Type of Application: *Residential Rezoning R-8 and Subdivision Plan*

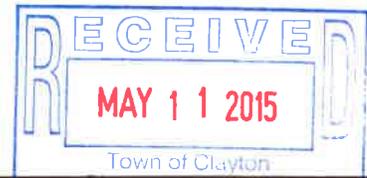
General Description: *37 Lot Subdivision*

If you have any questions prior to or after this meeting, you may contact us at (919) 779-8649.

Sincerely,

Matt Stephens,
ASCO Builders, Inc.

cc: Clayton Planning Dept.



NEIGHBORHOOD MEETING INFORMATION

NOTE: *Neighborhood meetings are not required for developments that are part of an approved Planned Development Master Plan.*

Purpose:

The purpose of the neighborhood meeting shall be to inform the neighborhood of the nature of the proposed land use and development features, answer questions, respond to concerns, and solicit comments.

Meeting Date:

The meeting must be held at least ten (10) calendar days prior to the Planning Board meeting.

Meeting Time & Location:

The meeting must be held no earlier than 6:00 pm Monday through Friday, and must be held in a location generally accessible to residents within close proximity of the request.

Meeting Notice Mailing requirements:

1. The applicant must contact all adjacent property owners via first class mailing (see sample letter).
2. The mailing must include all the persons, firms, or corporations owning property within 100 feet and immediately adjacent to the subject property. Where the subject property immediately adjoins a public or private right-of-way, landscape or riparian buffer, commonly-owned private area, public property, or homeowners' association property, then letters of notification shall be sent to adjoining property owners as if they directly abut the subject property.
3. The notice must be mailed at least ten (10) calendar days but not more than twenty-five (25) days prior to the date of the neighborhood meeting.

Information provided to Planning Department:

Alert the Planning Department when the date, location, and time are determined. Planning staff may attend the neighborhood meeting to answer process/code questions.

Return the following items to the Planning Department at least ten (10) calendar days prior to the Planning Board meeting in electronic or hard copy format:

- Neighborhood Meeting Summary Form
- Copy of the letter mailed
- Mailing list
- Attendance roster
- Stamped, addressed, empty envelopes with no return address, using the same addresses as used for the neighborhood meeting notification. *This for a public notice of the public hearing mailed by the Town – thus, neighbors will receive both a neighborhood meeting letter from the applicant, and a notice of the hearing from the Town.*

From: stewartpe <stewartpe@aol.com>
To: jwmcleod <jwmcleod@townofclaytonnc.org>; mattstephens <mattstephens@bellsouth.net>
Cc: rpowers <rpowers@townofclaytonnc.org>; DDeYoung <DDeYoung@townofclaytonnc.org>
Subject: Re: Magnolia Pointe - public noticing - need letters
Date: Fri, May 8, 2015 11:11 am

Jay,

We are holding a new neighborhood meeting tonight May 8 at 6:30 on site.
Letters were mailed out 4/28 and we will bring meeting summary/attendance information on Monday.

This was done for several reasons: The amount of concern from the planning board, I was not personally at the first meeting, the weather for that meeting(outdoors) was wet and 35 degrees, we had not changed our zoning request at the time, subdivision outlines for neighborhood meeting require a mon.-fri. after 6pm slot and the first meeting was a Sunday afternoon.

I just felt it was better to hold a new meeting with updated information.
You are welcome to attend should you choose.

I will bring 2 sets of addressed envelopes on Monday as well.

Michael L. Stewart, P.E.
STEWART-PROCTOR, PLLC
Engineering and Surveying
office 919 779-1855
cell 919 417-6671

-----Original Message-----

From: Jay McLeod <jwmcleod@townofclaytonnc.org>
To: 'mattstephens@bellsouth.net' <mattstephens@bellsouth.net>
Cc: Michael Stewart (stewartpe@aol.com) <stewartpe@aol.com>; Rebecca Powers <rpowers@townofclaytonnc.org>; David DeYoung <DDeYoung@townofclaytonnc.org>
Sent: Fri, May 8, 2015 10:21 am
Subject: Magnolia Pointe - public noticing - need letters

Hi,

In order to complete the public noticing requirements for the proposed Magnolia Pointe rezoning and subdivision – RZ2014--- and PSD2014-97, we need you to deliver to us two sets of stamped, addressed envelopes.

The letters need to be addressed to the property owners of the parcels within 100' of the proposed subdivision. Please be sure to use the property owner's address, and not the parcel's site address.

Please do not include a return address on the envelopes – the Town will use our own return address.

Please deliver these stamped, addressed envelopes to the Planning Department, c/o Jay McLeod on or before May 14, 2015. Failure to do so may result in these applications being postponed.

Thanks,
Jay McLeod, AICP
Planner

Town of Clayton
111 East Second Street | PO Box 879 | Clayton, NC 27528
P (919)359-9335 | F (919)553-1720
jwmcleod@townofclaytonnc.org

**TOWN OF CLAYTON
PLANNING BOARD WRITTEN RECOMMENDATION
ZONING ORDINANCE AMENDMENT
(Rezoning)**

RZ 2014-99 Magnolia Pointe Rezoning

On April 27, 2015 the Planning Board heard the above-referenced request and made the following vote:

Recommendation to approve deny Magnolia Pointe Rezoning RZ 2014-99

Recommendation(s) made this 27th day of April, 2015 while in regular session.

Signed:



Frank Price, Planning Board Chair

COUNCIL MOTION SHEET
ZONING ORDINANCE AMENDMENT
(Rezoning)

After considering the recommendations of the Planning Board and Planning Director, I move to **[approve OR deny] Rezoning – 2014-99 – Magnolia Pointe – PD MU & R-10 to R-8.**

[IF APPROVING]

and to approve the Statement of Consistency and Reasonableness included in the Agenda packet [with the following modifications: STATE MODIFICATIONS, IF ANY].

**AN ORDINANCE AMENDING THE ZONING ORDINANCE
AND ZONING MAP
OF THE TOWN OF CLAYTON, NORTH CAROLINA**

WHEREAS a petition has been filed with the Town Council of the Town of Clayton requesting an amendment to the Zoning Ordinance and Zoning Map of the Town of Clayton to include in the Residential-8 (R-8) zone the property described below, said property formerly being zoned Planned Development Mixed Use (PD-MU) and Residential -10 (R-10) ; and

WHEREAS said property is owned by ASCO Builders Inc.; and

WHEREAS the Planning Board of the Town of Clayton has reviewed the proposed change(s) and made a recommendation thereupon; and

WHEREAS notice of a public hearing to consider the proposed change was published in accordance with law in the Clayton News Star, a local newspaper, as required by Section 155.702(D) of the Clayton Unified Development Code and by Section 160A-364 of the North Carolina General Statutes; and

WHEREAS a notice of the proposed zoning classification action was mailed to the owner(s) of the parcel(s) of land involved, as shown on the County Tax Listings, and to the owners of all parcels of land abutting that (those) parcel(s) of land and within 100 feet of the subject parcel(s) of land, as shown on the County Tax Listings, by depositing a copy of the same in the United States Mail, first class postage paid, as required by Section 155.702(D) of the Zoning Ordinance of the Town of Clayton and by Section 160A-384 of the General Statutes; and

WHEREAS the said public hearing was actually conducted at 6:30 p.m. on June 1, 2015, wherein a reasonable opportunity was given to all those in attendance to speak either in favor or against the said change or to make relevant comments;

THEREFORE, after duly considering the matter, THE TOWN COUNCIL OF THE TOWN OF CLAYTON DOES HEREBY ORDAIN:

SECTION 1. That the Unified Development Code of the Town of Clayton is hereby amended to include in the Residential-8 (R-8) zone the following described property:

General Description:

Approximately 13.89 acres of property located on Shotwell Road, in between US 70 Business Highway W and Amelia Church Road. This vacant parcel is across Shotwell Road from Lion's Spring.

Specific Description:

All of NC Parcel Identification Number: 165914-33-6257

SECTION 2. That the official Town of Clayton Zoning Map is hereby amended to include in the Residential-8 (R-8) zone the above-described property and will be so marked.

SECTION 3. That if any section, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance.

SECTION 4. That this ordinance shall become effective immediately upon its adoption.

DULY ADOPTED by the Clayton Town Council this 1st day of June, 2015, while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Kimberly A. Moffett, CMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 5c

Meeting Date: June 1, 2015

TITLE: Public Hearing - Text Amendment – Article 2 – Zoning Districts

DESCRIPTION: A Public Hearing will be held with regard to proposed amendment to Article 2 – Zoning Districts of the Unified Development Code. This proposal would establish a Public Facilities district.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
5-18-15	Set Public Hearing for June 1, 2015	Table 2-1 Use Regulations
6-1-15	Public Hearing	Table 2-1 Use Regulations Motion Form Ordinance

ARTICLE 2: ZONING DISTRICTS

§ 155.200 DISTRICTS ESTABLISHED

To carry out the provisions of this Chapter, within the jurisdiction of the Town, the following zoning districts are established.

(A) *General Use Districts*

(2) *Nonresidential*

(h) PF | Public Facilities. The PF district is established to provide a coordinated land planning approach to the sale, rent, lease, purchase, management, or alteration of publicly owned or operated lands. Notwithstanding those public uses permitted elsewhere in this Code, the PF district is primarily intended for, although not limited to, public parks and recreation areas, public buildings and facilities, and other capital improvements of a significant nature.

§ 155.202 - Table 2-1 Use Regulations

Use Type	Zoning Districts												Specific Use Section	
	Residential				Nonresidential									
	R-E	R-10	R-8	R-6	O-R	O-I	B-1	B-2	B-3	I-1	I-2	PF		
Residential Uses														
Adult Care Home (2-6 Adults)	P	P	P	P										\$155.301(A)
Adult Care Home (7-12 Adults)	S	S	S	S		C	S	S	S					\$155.301(A)
Adult Care Home (13+ Adults)						C	S	S	S					\$155.301(A)
Alley Loaded House		P	P	P										\$155.301(B)
Apartments		S	S	S	S	S	S	S	S					\$155.301(C)
Boarding House				C		P		P						\$155.301(D)
Child Care Home	C	C	C	C	C									\$155.301(E)
Manufactured Home	P													\$155.301(F)
Manufactured Home Park	S													\$155.301(G)
Nursing Home (Congregate Living Facility)	C			C		P		S	P					\$155.301(H)
Two family House		S	S	S	S									\$155.301(I)
Townhouse		S	S	S	S	S	S	S	S					\$155.301(J)
Security/Caretaker Quarters	C								C			C		\$155.301(K)
Single Family House	P	P	P	P										\$155.301(L)
Upper-story Residence	S	S	S	S	S	P	P	P	P					\$155.301(M)
Zero Lot Line House		P	P	P										\$155.301(N)
Public and Civic Uses														
Assembly, Not For Profit	S					P			P				P	\$155.302(A)
Cemetery	P								P				P	\$155.302(B)
Church or Place of Worship	C	C	C	C		C		C	C					\$155.302(C)
College or University						P							P	\$155.302(D)
Day Care (Supervision for 3-8)	C	C	C	C	C									\$155.302(E)
Day Care (Supervision for 9+)	C	C	C	C	C	P	P	C	P					\$155.302(E)
Government Service	S	S	S	S	P	P	P	P	P	P	P		P	\$155.302(F)
Hospital or Medical Center						P			P				P	\$155.302(G)
School (Elementary or Secondary)	S	S	S	S		S							P	\$155.302(H)
School (Technical, Trade or Business)	S	S	S	S		P	P		P	P	P		P	\$155.302(I)
Recreational Uses														
Entertainment, Indoor						C	C	C	P	P			P	\$155.303(A)

Use Type	Zoning Districts												Specific Use Section
	Residential				Nonresidential								
	R-E	R-10	R-8	R-6	O-R	O-I	B-1	B-2	B-3	I-1	I-2	PF	
Entertainment, Outdoor									C	P		P	\$155.303(B)
Fitness Center						C	C	C	P	P		P	\$155.303(C)
Golf Course	P	P	P	P								P	\$155.303(D)
Gun Range							S	S	S	S	S	S	\$155.303(E)
Park, Active	S	S	S	S	S	S	S	S	S	S	S	P	\$155.303(F)
Park, Passive	C	C	C	C	P	P	C	C	C	C	C	P	\$155.303(G)
Stable, Private	P												\$155.303(H)
Agricultural Uses													
Agriculture, Livestock	C											C	\$155.304(A)
Agriculture, Sales and Service	P											C	\$155.304(B)
Nursery	P					P	P	C	P			P	\$155.304(C)
Commercial Uses													
Adult Oriented Business									S		S		\$155.305(A)
Bed and Breakfast	P					P	P	P	P				\$155.305(B)
Car Wash/Auto Detailing						C	C	P	P				\$155.305(C)
Contractor Office						C	C		P	P	P		\$155.305(D)
Contractor Storage Yard									C	C	P		\$155.305(E)
Convenience Store with Gas Sales							C	C	P	P	P		\$155.305(F)
Creative Studio					P	P	P	P	P				\$155.305(G)
Financial Institution					P	P	P	P	P				\$155.305(H)
Funeral Home				C	P	P	P	P	P				\$155.305(I)
Hotel/Motel						S	S	S	P				\$155.305(J)
Kennel	C							C					\$155.305(K)
Laundry Services							C		C	P	P		\$155.305(L)
Lounge, Cocktail							S		S	S	S		\$155.305(M)
Microbrewery							P		P	P	P		\$155.305(N)
Newspaper Publisher									P	P	P		\$155.305(O)
Office, General					P	P	P	P	P	P		P	\$155.305(P)
Office, Medical					P	P	P	P	P	P			\$155.305(Q)
Outdoor Seating/Sidewalk Cafe						C	P	C	C				\$155.305(R)
Pawn Shop									C	P			\$155.305(S)
Radio or Television Studio									P	P	P		\$155.305(T)
Restaurant, Drive-Through								C	C	C			\$155.305(U)
Restaurant, General						C	P	P	P	C			\$155.305(V)
Retail Sales, General							P		P				\$155.305(W)
Retail Sales, Neighborhood							P	P	P				\$155.305(X)
Self-storage Facility									C	P	P		\$155.305(Y)
Service, General							P		P				\$155.305(Z)
Service, Neighborhood							P	P	P				\$155.305(AA)
Tattoo Parlor									S				\$155.305(BB)
Towing Service and Storage									C	C	C		\$155.305(CC)
Vehicle Repair or Service									S	P	P		\$155.305(DD)
Vehicle Sales and Rental									P	P	P		\$155.305(EE)
Veterinary Clinic						C	C	C	P				\$155.305(FF)
Video Sweepstakes Operations										S			\$155.305(GG)
Industrial Uses													
Building Supplies, Wholesale									C	P	P		\$155.306(A)
Crematorium										P	P		\$155.306(B)
Gas and Fuel, Wholesale										P	P	P	\$155.306(C)
Laboratory, Research						P			P	P	P		\$155.306(D)
Manufacturing, Limited										P	P		\$155.306(E)
Manufacturing, General										C	P		\$155.306(F)
Manufacturing, Heavy											P		\$155.306(G)
Research and Development						P			P	P	P		\$155.306(H)
Warehouse, Freight Movement									C	P	P		\$155.306(I)
Utilities													
Recycling Center										P	P	P	\$155.307(A)
Renewable Energy Facility	S									C	P	P	\$155.307(B)
Telecommunication Facility	S	S	S	S	S	S	S	S	S	S	S	S	\$155.307(C)
Utility, Minor	P	P	P	P	P	P	P	P	P	P	P	P	\$155.307(D)

Use Type	Zoning Districts												Specific Use Section	
	Residential				Nonresidential									
	R-E	R-10	R-8	R-6	O-R	O-I	B-1	B-2	B-3	I-1	I-2	PF		
Utility, Major											P	P	P	\$155.307(E)
Waste Service											C	P	P	\$155.307(F)
Key:														
P – Permitted														
C – Conditional Use permitted in the zoning district only if approved by the Board of Adjustment (BOA) (§ 155.710)														
S – Special Use permitted in the zoning district only if approved by the Town Council (TC) (§ 155.711)														

§ 155.203, PART 2. Table 2-5 Nonresidential Dimensional Standards

Zoning District	Lot Standards			Minimum Setbacks (ft.)				Building Standards ⁽³⁾		
	Min. Lot Area (sq.ft.)	Min. Lot Width (ft.)	Public Water & Sewer	Street / Front (Max.)	Side Interior (abutting residential)	Side Street	Rear (abutting residential)	Max. Building Height (ft.) ⁽¹⁾	Building Coverage	Impervious Surface
O-R	6,000	50	Required	20	6 (6)	10	20 (20)	35	50%	75%
O-I	6,000	60	Required	30	10 (30)	20	20 (30)	60	50%	75%
B-1⁽⁴⁾	None	None	Required	0 ⁽²⁾	0 (30)	0	0 (30)	50	--	--
B-2	6,000	50	Required	20	10 (30)	10	20 (30)	35	50%	75%
B-3	8,000	60	Required	25	15 (30)	30	30 (30)	60	50%	75%
I-1	20,000	100	Required	50	20 (30)	30	40 (40)	50	50%	75%
I-2	20,000	100	Required	50	20 (30)	30	40 (40)	50	50%	75%
PF	--	--	--	--	--	--	--	--	--	--

Notes:

- (1) No maximum building coverage or impervious surface limits in the B-1 Zoning District
- (2) Maximum 10 foot street yard setback in B-1 Zoning District
- (3) Minimum Building Separation in all Zoning Districts is 20 feet
- (4) The Town Council may grant a special use permit in accordance with § 155.711 for structures exceeding the maximum height limits

TABLE 4-5 COMPATIBILITY BUFFER REQUIREMENTS

Subject Property District	Adjacent Property District											
	R-E	R-10	R-8	R-6	O-R	O-I	B-1	B-2	B-3	I-1	I-2	PF
R-E	--	--	--	--	--	--	--	--	--	--	--	--
R-10	A	--	--	--	--	--	--	--	--	--	--	--
R-8	B	A	--	--	--	--	--	--	--	--	--	--
R-6	B	A	A	--	--	--	--	--	--	--	--	--
O-R	B	A	A	A	--	--	--	--	--	--	--	--
O-I	B	B	B	B	A	--	--	--	--	--	--	--
B-1	B	B	B	B	B	B	--	B	--	--	--	--
B-2	B	B	B	B	B	B	--	--	--	--	--	--
B-3	C	C	C	C	C	B	B	B	--	--	--	B
I-1	C	C	C	C	C	C	C	C	B	--	--	B
I-2	C	C	C	C	C	C	C	C	B	--	--	B
PF	--	--	--	--	--	--	--	--	--	--	--	--

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TOWN OF CLAYTON
PLANNING BOARD WRITTEN RECOMMENDATION
ZONING ORDINANCE AMENDMENT
(Text Amendment)

Text Amendment – Modification to Article 2 of the Unified Development Code

On April 27, 2015 the Planning Board heard the above-referenced request and made the following vote:

Recommendation to approve deny **Text Amendment – Modification to Article 2 of the Unified Development Code**

Recommendation(s) made this 27th day of April, 2015 while in regular session.

Signed:



Frank Price, Planning Board Chair

COUNCIL MOTION SHEET
ZONING ORDINANCE AMENDMENT
(Text Amendment)

After considering the recommendations of the Planning Board and Planning Director, I move to [**approve OR deny**] **Text Amendment Modification to Article 2 of the Unified Development Code.**

[IF APPROVING]

and to approve the Statement of Consistency and Reasonableness included in the Agenda packet [with the following modifications: STATE MODIFICATIONS, IF ANY].

TOWN OF CLAYTON
ORDINANCE AMENDMENT TO CHAPTER 155

BEING HEREBY ADOPTED BY THE TOWN COUNCIL FOR THE TOWN OF CLAYTON, NORTH CAROLINA to amend Chapter 155, Article 2, §155.200(h) to read as follows:

(A) General Use Districts

(2) Nonresidential

(h) PF | Public Facilities. The PF district is established to provide a coordinated land planning approach to the sale, rent, lease, purchase, management, or alteration of publicly owned or operated lands. Notwithstanding those public uses permitted elsewhere in this Code, the PF district is primarily intended for, although not limited to, public parks and recreation areas, public buildings and facilities, and other capital improvements of a significant nature.

Duly adopted by the Clayton Town Council this 1st day of June, 2015, while in regular session.

Jody L. McLeod
Mayor

APPROVED AS TO FORM:

Kimberly A. Moffett, CMC
Town Clerk

Katherine E. Ross
Town Attorney

**sTOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 7a Meeting Date: June 1, 2015

TITLE: Land and Water Conservation Resolution

DESCRIPTION: Mr. Larry Bailey, Parks and Recreation Director, will be present to ask for Council support with regard to this request. This resolution will acknowledge the need to preserve, develop and ensure access to outdoor recreation facilities for the purpose of strengthening the health of Town of Clayton citizens.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
6-1-15	Place on June 15, 2015 Consent Agenda	Resolution

**A RESOLUTION TO MAINTAIN AND SUPPORT THE REAUTHORIZATION OF THE LAND
AND WATER CONSERVATION FUND (LWCF) EQUITABLE TREATMENT OF THE STATE ASSISTANCE
PROGRAM**

WHEREAS, in 1964, the Land and Water Conservation Fund (LWCF) was enacted to help preserve, develop and ensure access to outdoor recreation facilities for the purpose of strengthening the health of U.S. citizens; and

WHEREAS, over the past 50 years the Land and Water Conservation Fund Act has established one of the most successful federal/state and local partnerships in history, which stimulated hundreds of millions of dollars from private, local and state sources matching dollar-for-dollar federal funds for outdoor recreation projects; and

WHEREAS, the State of North Carolina and its local governments have experienced the LWCF State Assistance Program's success with \$80 million in LWCF assistance to develop more than 890 state and local projects covering 97 counties in the state; and

WHEREAS, the Town of Clayton has experienced the LWCF State Assistance Program's success, first-hand, with \$10,000 in federal funding leveraged dollar-for-dollar with local projects such as the construction of Legend Park in 1983; and

WHEREAS, lands used for LWCF State Assistance projects must remain in recreational use in perpetuity, thereby protecting outdoor recreation opportunities for future generations of the citizens of the Town of Clayton; and

WHEREAS, the LWCF is budget neutral, having been authorized with a dedicated funding source of Outer Continental Shelf (OCS) offshore oil and gas leasing revenues and in 2013, OCS revenues totaled over \$9 billion; and

WHEREAS, when the LWCF Act was passed by Congress its primary purpose was to provide outdoor recreation for Americans in close to home locations, guaranteeing that sixty percent (60%) of the Act's funds were to be dedicated to the states and territories; and

WHEREAS, the LWCF Act was later amended to eliminate the sixty percent (60%) guarantee for the state's LWCF shares, though, with guarantees of not less than forty percent (40%) of annual appropriations for federal LWCF project purposes; and

WHEREAS, since 1988, only twelve percent (12%) of the total appropriated LWCF dollars have gone to the State Assistance Program; and

WHEREAS, the Land and Water Conservation Fund Act will expire in September, 2015, and assessments by the National Park Service show significant unmet needs for outdoor recreation in state, local and urban areas, including over \$1 billion in unmet needs in North Carolina; and

WHEREAS, the Town of Clayton strongly supports reauthorizing LWCF State Assistance funding to enable planning, acquisition, development and rehabilitation of outdoor recreation facilities and opportunities at the state, local and urban level; and

NOW, THEREFORE, BE IT RESOLVED, the Town of Clayton supports the reauthorization of the Land and Water Conservation Fund including full, permanent funding with fair and equitable treatment for the State Assistance Program of no less than a minimum of forty percent (40%) guaranteed funding for the Stateside Assistance Account.

Duly adopted this 15th day of June, 2015 while in regular session.

Jody L. McLeod
Mayor

ATTEST:

Kimberly A. Moffett, CMC
Town Clerk

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 7b

Meeting Date: June 1, 2015

TITLE: Resolution - Supplemental Bond Order Amendments

DESCRIPTION: Mr. Robert McKie, Finance Director, will be present to provide additional information regarding resolution.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
6-1-15	Approval of Resolutions	Resolution

TOWN COUNCIL
TOWN OF CLAYTON, NORTH CAROLINA

Excerpt of Minutes
of Meeting on
June 1, 2015

Present: Mayor _____ presiding, and
Councilmen: _____

Absent: _____

* * * * *

Councilman _____ introduced the following First Supplemental Bond
Order the title of which was read:

**FIRST SUPPLEMENTAL BOND ORDER AMENDING CERTAIN
PROVISIONS OF THE BOND ORDER ADOPTED BY THE TOWN
COUNCIL OF THE TOWN OF CLAYTON ON JUNE 17, 2008**

WHEREAS, on June 11, 2000, the Town of Clayton, North Carolina (the "Town"), a municipality of the State of North Carolina, duly adopted, pursuant to the provisions of The State and Local Government Revenue Bond Act (Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended), a bond order authorizing the Town to issue revenue bonds to finance improvements to the Town's electric system (the "Original Bond Order"); and

WHEREAS, pursuant to the Bond Order and appropriate series resolutions thereunder, the Town has issued its Electric System Revenue Bond, Series 2014 (the "2014 Bond") to finance certain improvements to the System (as defined in the Original Bond Order); and

WHEREAS, the Town proposes to issue its \$650,000 Electric System Revenue Bonds, Series 2015 (the "2015 Bond"), to finance additional improvements to the System; and

WHEREAS, the Town has determined that to facilitate the issuance of the 2015 Bond and any Additional Bonds issued under the Original Bond Order in the future, it is in the best interest of the Town to amend certain provisions of the Original Bond Order by this First Supplemental Bond Order pursuant to Section 10.02 of the Original Bond Order; and

WHEREAS, the Town has determined that this First Supplemental Bond Order will only be effective with respect to the Bonds issued after the adoption of this First Supplemental Bond Order.

NOW, THEREFORE, BE IT ORDERED by the Governing Body of the Issuer as follows:

Section 1.01. Section 1.02 of the Bond Order is hereby amended by amending the definition of “Bond Order” and by adding a new definition thereto which shall read as follows:

“Bond Order” means this Bond Order, as amended by the First Supplemental Bond Order adopted on June 1, 2015, together with all orders amendatory hereof and all orders supplemental hereto as herein permitted.

“Unrestricted Net Position of the System” means the Electric System Unrestricted Net Position, as shown in the Issuer’s comprehensive annual financial report in the Statement of Net Position (Unrestricted) - Proprietary Funds (Electric Fund).

Section 1.02. Section 5.02(a) of the Bond Order is hereby deleted in its entirety and replaced with the following:

5.02 Rate Covenant. (a) The Issuer covenants to fix, charge and collect rates, fees, rentals and charges for the use of and for services furnished or to be furnished by the System, and that from time to time and as often as it shall appear necessary, it shall revise such rates, fees, rentals and charges as may be necessary or appropriate, in order that for each Fiscal Year, the sum of (i) Net Revenues (calculated in accordance with generally accepted accounting principles) for such Fiscal Year and (ii) 20% of the Unrestricted Net Position of the System as of the last day of the preceding Fiscal Year, will be not less than 120% of the Debt Service Requirement for such Fiscal Year.

Section 1.03. Section 3.02 of the Bond Order is hereby amended by replacing Section (f) and (g) thereof with the following:

(f) a certificate, signed by an Issuer Representative, stating that the sum of (i) Net Revenues for each of the two complete Fiscal Years next preceding the issuance of the proposed Additional Bonds and (ii) 20% of the Unrestricted Net Position of the System as of the last day of the corresponding two complete Fiscal Years next preceding the issuance of the proposed Additional Bonds were equal to at least 120% of the Debt Service Requirement on all Bonds then outstanding during each such Fiscal Years; and

(g) a statement, signed by an Issuer Representative, to the effect that the sum of the (i) estimated Net Revenues for each of the two complete Fiscal Years next following the date of issuance of the proposed Additional Bonds and (ii) 20% of the estimated Unrestricted Net Position of the System as of the last day of each of the corresponding two complete Fiscal Years next following the date of issuance of the proposed Additional Bonds will be at least 120% of the Debt Service Requirements on all outstanding Bonds and the proposed Additional Bonds for each such Fiscal Year.

Section 1.04. Headings, Etc. Any headings preceding the texts hereof and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Bond Order, nor shall they affect its meaning, construction or effect.

Section 1.05. Inconsistent Matters. All orders and resolutions and parts thereof, which are in conflict or inconsistent with any provisions of this Bond Order are hereby repealed and declared to be inapplicable to the provisions of this Bond Order.

Section 1.06. Effective Date. Except as set forth below, this First Supplemental Bond Order shall be effective immediately upon its adoption. The modifications to Sections 1.02 and 5.02 of the Bond Order shall be effective only for Bonds issued after the date of this First Supplemental Bond Order. The modifications to Section 3.02 shall not become effective until no Bonds are Outstanding under the Bond Order other than Bonds issued after the date of this First Supplemental Bond Order.

Councilman _____ moved the passage of the foregoing First Supplemental Bond Order and Councilman _____ seconded the motion and the First Supplemental Bond Order was passed by the following vote:

Ayes: Councilmen _____
Nays: Councilmen _____
Not voting: Councilmen _____

* * * * *

I, Kimberly Moffett, Clerk for the Town of Clayton, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and complete copy of so much of the proceedings of the Town Council for the Town at a regular meeting duly called and held June 1, 2015, as it relates in any way to the bond order hereinabove referenced and that such proceedings are recorded in Minute Book _____ of the minutes of the Council. Pursuant to G.S. § 143-318.12, a current copy of a schedule of regular meetings of the Town Council for the Town is on file in my office.

WITNESS my hand and the common seal of the Town, this _____ day of June, 2015.

Kimberly Moffett, Clerk
Town of Clayton, North Carolina

(SEAL)

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 7c

Meeting Date: June 1, 2015

TITLE: Resolution – Issuance of Electric System Revenue Bond

DESCRIPTION: Mr. Robert McKie, Finance Director, will be present to provide additional information regarding resolution.

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
6-1-15	Approval of Resolutions	Resolution

**SERIES RESOLUTION PROVIDING FOR THE ISSUANCE OF A
\$650,000 ELECTRIC SYSTEM REVENUE BOND, SERIES 2015**

WHEREAS, the Town of Clayton, North Carolina (the “Issuer”) has determined that the issuance of the bonds herein authorized to finance the cost to provide service to new customers, including extension of electric distribution lines and the required infrastructure (the “Project”) will benefit and be in the best interests of the Issuer; and

WHEREAS, on June 16, 2008, the Governing Body (the “Governing Body”) of the Issuer adopted a bond order (the “Original Bond Order”) entitled:

BOND ORDER AUTHORIZING THE ISSUANCE OF ELECTRIC SYSTEM REVENUE BONDS TO PROVIDE FUNDS TO CONSTRUCT IMPROVEMENTS TO THE ELECTRIC SYSTEM; PROVIDING FOR THE ISSUANCE OF ADDITIONAL REVENUE BONDS; PROVIDING FOR THE ISSUANCE OF REVENUE BOND ANTICIPATION NOTES IN ANTICIPATION OF THE ISSUANCE OF REVENUE BONDS; PROVIDING FOR THE CREATION OF CERTAIN SPECIAL FUNDS; PLEDGING TO THE PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE REVENUE BONDS AND NOTES CERTAIN REVENUES OF THE ELECTRIC SYSTEM; SETTING FORTH THE RIGHTS AND REMEDIES OF HOLDERS; AND SETTING FORTH THE DETAILS OF CERTAIN RELATED MATTERS; and

WHEREAS, the Bond Order authorizes the issuance of Additional Bonds (as defined in the Original Bond Order) in accordance with Section 3.02 thereof in order to finance System Improvements (as defined in the Original Bond Order); and

WHEREAS, on the date hereof, the Governing Body of the Issuer adopted a First Supplement to Bond Order amending certain provisions of the Original Bond Order (such Original Bond Order, as amended and supplemented by the First Supplement to Bond Order, referred to herein as the “Bond Order”); and

WHEREAS, the Governing Body of the Issuer proposes issuing Additional Bonds in order to finance the Project, which constitutes System Improvements;

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Issuer:

**ARTICLE I
DEFINITIONS**

Section 1.01. Meaning of Words and Terms. Unless otherwise required by the context, capitalized words and terms used herein which are defined in the Bond Order shall have the meanings assigned to them therein, and the following capitalized words and terms shall have the following meanings:

“Bond Order” means the Bond Order adopted by the Governing Body on June 16, 2008, together with the First Supplement to Bond Order adopted by the Governing Body on June 1, 2015, and all orders amendatory hereof and all orders supplemental hereto as herein permitted.

“Bond Registrar” means the Finance Officer of the Issuer, as designated by Section 2.01.

“Business Day” means a day that is not a Saturday or a Sunday and is a day that the Bond Registrar is open for the conducting of business.

“Closing” means the delivery of and payment for the Series 2015 Bond.

“Closing Date” means the date of the Closing.

“Interest Payment Date” means each June 1 and December 1, beginning December 1, 2015.

“Project Fund” means the fund created and so designated by Section 4.02.

“Purchaser” means Carter Bank & Trust.

“Rate Adjustment Event” means any determination by the Internal Revenue Service, any federal administrative agency or any court (a) that the Issuer has taken an action, or failed to take an action, with the result that the interest on the Series 2014 Bond is includable in gross income of the owners thereof for federal income tax purposes, or (b) that the Series 2014 Bond is not a “qualified tax-exempt obligation” within the meaning of Section 265 of the Code as a result of (i) any action the Issuer takes, or fails to take, or (ii) any representation made by the Issuer being a misrepresentation.

“Regular Record Date” means the Business Day next preceding any Interest Payment Date.

“Series 2015 Bond” means the \$650,000 Town of Clayton, North Carolina, Electric System Revenue Bond, Series 2015 issued pursuant to the Bond Order and this Series Resolution.

Section 1.02. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Series Resolution unless some other reference is indicated.

ARTICLE II

AUTHORIZATION, FORM, ISSUANCE AND DELIVERY OF THE SERIES 2015 BOND

Section 2.01. Authorization and Issuance of Series 2015 Bond. The Issuer hereby authorizes the issuance of the Series 2015 Bond designated “Town of Clayton, North Carolina Electric System Revenue Bond, Series 2015” in the aggregate principal amount of \$650,000 for the purpose of providing funds, together with any other available funds, to (a) pay the costs of the Project and (b) pay the other costs and expenses incurred in connection with the issuance of

the Series 2015 Bond. The Series 2015 Bond shall be issued under and pursuant to the Constitution and the laws of the State, including the Act, the Bond Order and this Series Resolution, subject to the conditions set forth herein and therein. The Series 2015 Bond constitutes Additional Bonds under the Bond Order.

The Finance Officer of the Issuer is hereby appointed as Bond Registrar for the Series 2015 Bond pursuant to the provisions of the Bond Order and this Series Resolution.

Section 2.02. Form of Series 2015 Bond. The definitive Series 2015 Bond shall be initially issued as one fully registered bond without coupons numbered R-1 in the aggregate principal amount of \$650,000, and shall be initially registered in the name of the Purchaser. The definitive Series 2015 Bond shall be substantially in the form set forth in Exhibit A attached hereto and made a part hereof, with such appropriate variations, omissions and insertions as are permitted or required by the Bond Order or this Series Resolution. Notwithstanding anything in the Bond Order to the contrary, the Series 2015 Bond may be transferred in the manner specified in the Bond Order, but may not be exchanged for any denomination other than the outstanding principal amount thereof.

Notwithstanding any other provisions of the Bond Order or this Series Resolution to the contrary, the Bond Registrar shall not register the transfer of the Series 2015 Bond to any person other than a bank, insurance company or similar financial institution unless such transfer has been previously approved by the Commission. The provisions of this paragraph may not be amended without the prior written consent of the Commission.

Section 2.03. Details of Series 2015 Bond. The Series 2015 Bond shall be dated the Closing Date, shall bear interest at a rate of 1.50% per annum (computed on the basis of a 360-day year consisting of twelve 30-day months), except as provided below, with interest being payable semi-annually in arrears on each Interest Payment Date, and principal payable annually, with all unpaid principal and accrued interest due and payable on June 1, 2020 (the “Maturity Date”) (subject to the right of prior redemption), all as set forth in the form of the Series 2015 Bond included in Exhibit A attached hereto and made a part hereof.

From and after a Rate Adjustment Event, the annualized interest rate used to calculate the interest on the Series 2015 Bond shall change to such rate as the then current Holder of the Series 2015 Bond may reasonably determine shall be appropriate to provide such Holder with the same tax equivalent yield as it enjoyed prior to the Rate Adjustment Event; provided, however, that such Holder shall provide to the Issuer a description of the methodology used to determine such tax equivalent yield. Upon each Rate Adjustment Event, the schedule for payment of principal interest on the Series 2015 Bond shall be adjusted from and after the date of such Rate Adjustment Event to reflect level annual debt service payments for the remaining term of the Series 2015 Bond based on the new interest rate to be borne by the Series 2015 Bond. The Issuer shall additionally pay to such Holder or to any prior Holder any taxes, interest, penalties or other charges assessed against or payable by such Holder or prior Holder and attributable to a Rate Adjustment Event, notwithstanding the repayment of the entire principal amount of the Series 2015 Bond or any transfer or assignment of the Series 2015 Bond.

Both principal of and interest on the Series 2015 Bond shall be paid by wire transfer of immediately available funds or by check mailed to the Holder thereof in the manner specified by the Holder of the Series 2015 Bond to the Issuer.

Section 2.04. Terms and Condition for Issuance of Series 2015 Bond. The Series 2015 Bond shall be executed substantially in the form and in the manner herein and in the Bond Order set forth and shall be deposited with the Bond Registrar for authentication, but before the Series 2015 Bond shall be authenticated and delivered to the State Treasurer for redelivery to the Purchaser, there shall be filed with the Bond Registrar and the Purchaser, in addition to the items required to be delivered pursuant to Section 2.08 of the Bond Order, the following:

- (a) a certified copy of the First Supplement to Bond Order;
- (b) an opinion of bond counsel to the Issuer to the effect that the Series 2015 Bond has been validly issued in accordance with the provisions of the Bond Order and this Series Resolution in form and substance satisfactory to the Purchaser;
- (c) an opinion of the counsel to the Issuer in form and substance satisfactory to the Purchaser and bond counsel to the Issuer; and
- (d) such other documentation or opinions as may reasonably be requested by the Bond Registrar, the Purchaser or bond counsel.

When the documents mentioned in Section 2.08 of the Bond Order and subsections (a) to (c), inclusive, of this Section shall have been filed with the Bond Registrar and the Purchaser, and when the Series 2015 Bond shall have been executed and authenticated as required by the Bond Order and this Series Resolution, the Series 2015 Bond shall be delivered to or upon the order of the State Treasurer for redelivery to or upon the order of the Purchaser, but only upon the deposit with the Bond Registrar of the purchase price of the Series 2015 Bond.

Simultaneously with the Closing and the deposit of the proceeds of the Series 2015 Bond with the Bond Registrar, the Bond Registrar shall cause the proceeds of the Series 2015 Bond in the amount of \$650,000 (representing the par amount of Series 2015 Bond) to be deposited to the credit of the Project Fund.

ARTICLE III REDEMPTION OF SERIES 2015 BOND

Section 3.01. Redemption of Series 2015 Bond.

- (a) The principal installment of the Series 2015 Bond shall not be subject to redemption prior to its maturity or payment dates except as provided in this Article and in Article IV of the Bond Order.
- (b) The principal installments of the Series 2015 Bond are subject to redemption prior to their stated payment dates, at the option of the Issuer, from any moneys that may be available for such purpose, in whole or in part on any date at a redemption price equal to 100% of the

principal amount of the Series 2015 Bond to be redeemed, plus accrued interest to the redemption date, without premium or penalty.

(c) In connection with any partial redemption of the principal installments of the Series 2015 Bonds in accordance with this Section, such redemption shall be applied in inverse order of the maturing principal installments unless otherwise agreed to by the Holder in writing, and the schedule for payment of principal and interest on the Series 2015 Bond shall be modified accordingly from and after the redemption date to reflect such partial redemption.

Section 3.02. Redemption Notice. At least ten (10) days but not more than sixty (60) days prior to the redemption date of any principal amount of the Series 2015 Bond to be redeemed, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to the Holder of the Series 2015 Bond. A copy of such notice shall also be given by first class mail, postage prepaid, to the Commission; provided, however, that failure to give such notice to the Commission or any defect therein shall not affect the sufficiency of the proceedings for redemption.

Each such notice shall set forth the designation and date of the Series 2015 Bond, the date fixed for redemption, the principal installments and amounts of the Series 2015 Bond to be redeemed, the Redemption Price to be paid, the address and phone number of the Bond Registrar and the date of the redemption notice.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Bond Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the principal installments of the Series 2015 Bond to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such principal installments of the Series 2015 Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such principal installments of the Series 2015 Bond to be redeemed are not received by the Bond Registrar on or prior to the redemption date, the redemption shall not be made, and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

ARTICLE IV ACCOUNTS, REVENUES AND FUNDS; OTHER COVENANTS

Section 4.01. Payment of Series 2015 Bonds. The Issuer shall, subject to the provisions of Section 5.04 of the Bond Order, cause the Net Revenues deposited in the Revenue Fund to be used to pay the principal of, premium, if any, and interest on the Series 2015 Bond on each Interest Payment Date or any redemption date for the Series 2015 Bond.

Section 4.02. Establishment of Project Fund; Disbursement of Money in Project Fund.

(a) The Issuer hereby establishes the “Town of Clayton, North Carolina Series 2015 Project Fund” (the “Project Fund”) on its books. The Project Fund shall be established with and held by the Issuer pursuant to this Series Resolution. Money deposited in the Project Fund in accordance with Section 204 shall be applied to pay the costs of the Project and the costs and

expenses incurred in connection with the issuance of the Series 2015 Bond. If the moneys held in the Project Fund and any other moneys provided by the Issuer are insufficient to pay all of the costs of the Project and costs and expenses incurred in connection with the issuance of the Series 2015 Bond, the Issuer shall provide any balance of the funds needed to complete the acquisition, construction and equipping of the Project. Any moneys remaining in the Project Fund after completion of the acquisition, construction and equipping of the Project, as evidenced by a written certificate of completion executed by an Issuer Representative and delivered to the Purchaser stating that the Project has been completed and there are no mechanic's or other liens against the Project for labor or materials furnished in connection with the Project, may be applied on the next Interest Payment Date to repayments of interest and principal installments of the Series 2015 Bond until such time as such moneys are expended.

Section 4.03. Investment of Money. Money held for the credit of the Project Fund established hereunder shall be continuously invested and reinvested by the Issuer in Qualified Investments to the extent practicable. Any such Qualified Investments shall mature not later than the dates when the money held for the credit of the Project Fund will be required for the purposes intended. The Issuer shall sell or reduce to cash in a commercially reasonable manner a sufficient amount of such Qualified Investments whenever it is necessary to do so in order to provide money to make any payment from the Project Fund.

Section 4.04. Payment of Principal, Interest and Premium and Pledge of Net Revenues. The Issuer covenants that it will promptly pay the principal of and the interest on the Series 2015 Bond issued under the provisions of this Series Resolution at the place, on the dates and in the manner provided herein and in the Series 2015 Bond, and any premium required for the retirement of the Series 2015 Bond in whole or in part by purchase or redemption, according to the true intent and meaning thereof. The Issuer further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Series Resolution and the Bond Order, or in any Series 2015 Bond executed, authenticated and delivered hereunder or in any proceedings of the Issuer pertaining thereto. The Issuer represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Series 2015 Bond authorized hereby and to pledge the Net Revenues in the manner and to the extent herein and in the Bond Order set forth; that all action on its part for the issuance of the Series 2015 Bond has been duly and effectively taken; and that such Series 2015 Bond in the hands of the Holders thereof is and will be a valid and binding special obligation of the Issuer payable according to its terms. The Series 2015 Bond shall be secured pari passu as to the pledge of Net Revenues and shall be entitled to the same benefit and security under the Bond Order as all other Bonds issued or incurred thereunder and then outstanding.

ARTICLE V OTHER COVENANTS

Section 5.01. Tax Covenants. The Issuer covenants to do and perform all acts and things permitted by law in order to assure that interest paid on the Series 2015 Bond which was excludable from the gross income of its Holders for federal income taxes on the date of its issuance shall continue to be so excludable.

The Issuer hereby represents that it reasonably expects that the Issuer, all entities issuing obligations on behalf of the Issuer and all subordinate entities of the Issuer will not issue in the aggregate more than \$10,000,000 of tax-exempt obligations (not counting private-activity bonds except for qualified 501(c)(3) bonds as defined by the Code) during the calendar year that the Series 2015 Bond is being issued. The Issuer hereby designates the Series 2015 Bond as a “qualified tax-exempt obligation” for purposes of Section 265(b)(3) of the Code.

ARTICLE VI THE TRUSTEE

Section 6.01. Designation of Trustee. The Issuer may at any time, with the approval of the Commission, appoint a Trustee to administer the provisions of the Bond Order and this Series Resolution and may adopt such supplements to the Bond Order and this Series Resolution as shall be necessary or desirable to effectuate such appointment.

ARTICLE VII SUPPLEMENTAL RESOLUTIONS

Section 7.01. Modification Without Consent of Holders. The Issuer may, from time to time and at any time, without the consent of any Holders of the Bonds, execute and deliver such resolutions supplemental hereto (which supplemental resolutions shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Series Resolution and shall not materially and adversely affect the interest of the Holders:

- (a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Series Resolution or to modify, alter, amend, add to or rescind, in any particular manner, any of the terms or provisions contained in this Series Resolution, as is substantially consistent with the terms and provisions of this Series Resolution and does not materially and adversely affect the interest of the Holders ;
- (b) to grant or to confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders;
- (c) to add to the covenants and agreements of the Issuer in this Series Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer; or
- (d) to permit the qualification of this Series Resolution under any federal statute now or hereafter in effect or under any state blue sky laws, and, in connection therewith, if the Issuer so determines, to add to this Series Resolution or any supplemental series resolution such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky laws.

At least thirty (30) days prior to the execution and delivery of any supplemental series resolution for any of the purposes of this Section, the Bond Registrar shall cause a notice of the proposed supplemental series resolution to be mailed first-class, postage prepaid, to the Commission and to the Holder of the Series 2015 Bond. Such notice shall briefly set forth the

nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by the Holders of the Series 2015 Bond. A failure on the part of the Bond Registrar to mail the notice required by this Section shall not affect the validity of such supplemental series resolution.

Section 7.02. Modification of Series Resolution With Consent of Holder. Subject to the terms and provisions contained in this Section, and not otherwise, the Holder of the Series 2015 Bond shall have the right, from time to time, anything contained in this Series Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Issuer of such supplemental series resolutions as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Series Resolution or in any supplemental series resolution. Nothing herein contained, however, shall be construed as making necessary the approval by the Holder of the Series 2015 Bond of the execution and delivery of any supplemental series resolution as authorized in Section 601.

The Bond Registrar shall, at the expense of the Issuer, such expense to be paid from the Revenue Fund or from any other available moneys, cause notice of the proposed supplemental series resolution to be mailed, postage prepaid, to the Commission and the Holder of the Series 2015 Bond as of the date such notice is mailed. Such notice shall briefly set forth the nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Bond Registrar for inspection by such Holder.

Whenever, at any time after the date of the mailing of such notice, the Issuer receives an instrument in writing purporting to be executed by the Holder of the Series 2015 Bond, which instrument shall refer to the proposed supplemental series resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such supplemental series resolution in substantially such form, without liability or responsibility to such Holder.

If the Holder of the Series 2015 Bond has consented to and approved the adoption thereof as herein provided, to the extent permitted by law, the Holder shall have no right to object to the adoption of such supplemental series resolutions, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the adoption thereof, or enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental series resolution pursuant to the provisions of this Section or Section 601, this Series Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Series Resolution of the Issuer, the Bond Registrar and the Holder of the Series 2015 Bond shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Series Resolution, as so modified and amended.

Section 7.03. Responsibilities of Issuer Under this Article. The Issuer shall be entitled to exercise its discretion in determining whether or not any proposed supplemental series resolution or any term or provision therein contained is desirable, after considering the purposes of such

instrument, the needs of the Issuer and the rights and interests of the Holder of the Series 2015 Bond.

**ARTICLE VIII
MISCELLANEOUS PROVISIONS**

Section 8.01. Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the Issuer, the Commission or the Bond Registrar shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested, addressed as follows:

- (a) As to the Issuer or Bond Registrar

Town of Clayton, North Carolina
Post Office Box 879
Clayton, North Carolina 27528-0879
Attention: Finance Officer

- (b) As to the Local Government Commission

North Carolina Local Government Commission
325 N. Salisbury Street
Raleigh, North Carolina 27603-1385
Attention: Secretary

- (c) As to the Purchaser

Carter Bank & Trust
P.O. Box 1776
Martinsville, Virginia 24115
Attention: John J. Engel, III, Sr. Vice President

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by telegram or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, postage prepaid, to the other parties by the party effecting the change.

Section 8.02. Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the Issuer, the Commission or the Bond Registrar shall be unable to mail any notice required to be given by the provisions of this Series Resolution, such party shall give notice in such other manner as in the judgment of such party shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Series Resolution be deemed to be in compliance with the requirement for the mailing thereof.

Section 8.03. Issuer, Bond Registrar and Holder Alone Have Rights Under Series Resolution. Except as herein otherwise expressly provided, including, without limitation, nothing in this Series Resolution, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Issuer, the Bond Registrar and the Holder of the Series 2015 Bond, any right, remedy or claim, legal or equitable, under or by reason of this Series Resolution or any provision being intended to be and being for the sole and exclusive benefit of the Issuer, the Bond Registrar and the Holder of the Series 2015 Bond.

Section 8.04. Application to the Commission. The Local Government Commission of North Carolina is hereby requested to sell the Series 2015 Bond at private sale and without advertisement pursuant to G.S.159-123 to the Purchaser.

Section 8.05. Effect of Partial Invalidity. In case any one or more of the provisions of this Series Resolution or the Series 2015 Bond shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Series Resolution or the Series 2015 Bond, but this Series Resolution and the Series 2015 Bond shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Series Resolution or the Series 2015 Bond shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer to the full extent permitted by law.

Section 8.06. Effect of Covenants; Governing Law. All covenants, stipulations, obligations and agreements of the Issuer contained in this Series Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Issuer to the full extent permitted by the Constitution and laws of the State. This Series Resolution is executed and delivered with the intent that the laws of the State shall govern this construction.

Section 8.07. Headings. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Series Resolution, nor shall they affect its meaning, construction or effect.

Section 8.08. Further Authority. The officers, attorneys, employees and other agents of the Issuer are hereby authorized to do all acts and things required of them by this Series Resolution for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2015 Bond and this Series Resolution.

The Mayor, the Town Manager, the Finance Officer and the Clerk, or any of them or their deputies, are further authorized and directed (without limitation except as expressly provided herein) to take such action and to execute and deliver such documents, certificates, agreements or other instruments as they, with the advice of counsel, may deem necessary or appropriate to effect the transactions contemplated by the Order and this Series Resolution. In Mayor, the Town Manager, the Finance Officer and the Clerk are authorized and directed to make such modifications to the form of the Bond and the provisions of this Series Resolution as may be required by the Purchaser;

provided that the interest rate shall not exceed 1.50%, the term shall be not later than 2020, and the amount of the Bond shall be not later than \$650,000.

Section 8.09. Payment Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Series Resolution is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Series Resolution.

Section 8.10. Multiple Counterparts. This Series Resolution may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 8.11. Series Resolution Effective. This Series Resolution shall take effect upon its adoption.

Councilman _____ moved the passage of the foregoing resolution and Councilman _____ seconded the motion and the resolution was passed by the following vote:

Ayes: Councilmen _____

Nays: Councilmen _____

Not voting: Councilmen _____

* * * * *

I, Kimberly Moffett, Clerk for the Town of Clayton, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and complete copy of so much of the proceedings of the Town Council for the Town at a regular meeting duly called and held June 1, 2015, as it relates in any way to the resolution hereinabove referenced and that such proceedings are recorded in Minute Book _____ of the minutes of the Council. Pursuant to G.S. § 143-318.12, a current copy of a schedule of regular meetings of the Town Council for the Town is on file in my office.

WITNESS my hand and the common seal of the Town, this ____ day of June, 2015.

Kimberly Moffett, Clerk
Town of Clayton, North Carolina

(SEAL)

FORM OF SERIES 2015 BOND

R-1

\$650,000

United States of America
State of North Carolina

TOWN OF CLAYTON, NORTH CAROLINA
ELECTRIC SYSTEM REVENUE BOND
SERIES 2015

The Town of Clayton, North Carolina (the “Issuer”), a municipal corporation in existence under the laws of the State of North Carolina, for value received, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to Carter Bank & Trust, or registered assigns or legal representative, the principal sum of SIX HUNDRED FIFTY THOUSAND DOLLARS (\$650,000) in annual installments of principal on the days and in the years and amount set forth in Schedule A attached hereto and made a part hereof, and to pay, but solely from such sources, interest from the date hereof on the unpaid portion of such principal sum until payment thereof (computed on the basis of a 360-day year consisting of twelve 30-day months) at the rate of 1.50% per annum (subject to adjustment as provided below), such interest being payable semiannually in arrears on June 1 and December 1 of each year, beginning December 1, 2015, as set forth in Schedule A attached hereto (each such date being an “Interest Payment Date”).

Payment of the final installment of principal shall be made only upon the presentation and surrender hereof at the principal office of the Finance Officer of the Issuer (the “Bond Registrar”). The interest so payable and punctually paid or duly provided for on any Interest Payment Date will be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the Business Day next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Bond Registrar, notice whereof being given to the registered owners not less than ten (10) days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Bond Order (hereinafter defined). All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Both principal of and interest on the Series 2015 Bond shall be paid by wire transfer of immediately available funds or by check mailed to the Holder thereof in the manner specified by the Holder of this bond.

From and after a Rate Adjustment Event, the annualized interest rate used to calculate the interest on this bond shall change to such rate as the then current Holder of this bond may reasonably determine shall be appropriate to provide such Holder with the same tax equivalent yield as it enjoyed prior to the Rate Adjustment Event; provided that such Holder shall provide to the Issuer a description of the methodology used to determine such tax equivalent yield. Upon each Rate Adjustment Event, the schedule for payment of principal interest on this bond shall be adjusted from and after the date of such Rate Adjustment Event to reflect level annual debt service payments for the remaining term of this bond based on the new interest rate to be borne by this bond. The Issuer shall additionally pay to such Holder or to any prior Holder of this bond any taxes, interest, penalties or other charges assessed against or payable by such Holder or prior Holder and attributable to a Rate Adjustment Event, notwithstanding the repayment of the entire principal amount of the Series 2015 Bond or any transfer or assignment of this bond.

This bond is a duly authorized revenue bond of the Issuer designated “Town of Clayton, North Carolina Electric System Revenue Bond, Series 2015” issued under and pursuant to the Constitution and laws of the State of North Carolina, including the Act, an order of the Issuer adopted on June 16, 2008 (the “Bond Order”), and a Series Resolution adopted on May 18, 2015 (the “Series Resolution”), authorizing the issuance of this bond. This bond is being issued for the purpose of providing funds, together with any other available funds, to (a) pay the costs of acquiring, constructing and equipping the Project (as defined in the Bond Order and the Series Resolution) and (b) pay the costs and expenses incurred in connection with the issuance of this bond. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Bond Order and the Series Resolution.

The Bond Order provides for the issuance or incurrence from time to time under the conditions, limitations and restrictions set forth therein of additional bonds, notes or other evidences of indebtedness secured pari passu as to the pledge of Net Revenues with this bond and any additional bonds, notes or other evidences of indebtedness issued or incurred pursuant to the Bond Order.

This bond is a special obligation of the Issuer secured by a pledge, charge and lien upon Net Revenues on a pari passu basis with any Outstanding Bonds issued or incurred pursuant to the Bond Order. The Issuer is not obligated to pay the principal of or the interest on this bond except as provided in the Bond Order from Net Revenues or certain other monies made available therefor under the Bond Order, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the Issuer is pledged to the payment of the principal of and the interest on this bond.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the Issuer and the registered owner of this bond. Copies of the Bond Order and the Series Resolution are available for inspection by the registered owner of this bond at all reasonable times at the principal office of the Bond Registrar. By the purchase and acceptance of this bond, the registered owner hereof signifies assent to all of the provisions of the Bond Order and the Series Resolution.

The Bond Registrar shall keep at its principal office books for the registration of transfer of this bond. The transfer of this bond may be registered only upon such books and as otherwise provided in the Bond Order upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new bond registered in the name of the transferee in an aggregate principal amount equal to the principal amount of this bond, containing the same principal installments and bearing interest at the same rate. This bond may not be exchanged for any denomination other than the outstanding principal amount thereof.

Notwithstanding any other provisions of the Bond Order or the Series Resolution to the contrary, the Bond Registrar shall not register the transfer of this bond to any person other than a bank, insurance company or similar financial institution unless such transfer has been previously approved by the Commission.

The principal installments of this bond are subject to redemption prior to their stated payment dates, at the option of the Issuer, from any moneys that may be available for such purpose, in whole or in part (in whole multiples of \$5,000) on any date at a redemption price equal to 100% of the principal amount hereof to be redeemed, plus accrued interest to the redemption date, without penalty or premium.

In connection with any partial redemption of the principal installments of this bond, such prepayment shall be applied in inverse order of the maturing principal installments unless otherwise agreed to by the Holder in writing, and the schedule for payment of principal interest on this bond shall be modified from and after the redemption date to reflect such partial redemption.

At least ten (10) days but not more than sixty (60) days prior to the redemption date of any principal amount of the Bonds to be redeemed, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to the registered owner of this bond.

Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Bond Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the principal installments of this bond to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such principal installments shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such principal installments of this bond to be redeemed are not received by the Bond Registrar on or prior to the redemption date, the redemption shall not be made, and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

On the date designated for redemption, notice having been given as aforesaid, the portion of the principal installment of this bond so called for redemption shall become due and payable at the redemption price provided for redemption of such principal installments on such date plus accrued interest to such date.

The registered owner of this bond shall have no right to enforce the provisions of the Bond Order or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Bond Order, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Order.

Modifications or alterations of the Bond Order and the Series Resolution or in any supplement series resolution thereto may be made only to the extent and in the circumstances permitted by the Bond Order and the Series Resolution, as the case may be.

This bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Bond Order and the Series Resolution, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This 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 to happen, exist and be performed precedent to and in the issuance of this bond and the execution and delivery of the Bond Order and the Series Resolution have happened, exist and have been performed as so required.

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

IN WITNESS WHEREOF, the Town of Clayton, North Carolina, by order duly passed by its Governing Body, has caused this bond to be manually signed by the Town Manager and the Town Clerk and its official seal to be impressed hereon, all as of the ___ day of June, 2015.

Town Manager

[SEAL]

Town Clerk

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

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

Secretary, Local Government Commission

CERTIFICATE OF AUTHENTICATION

This bond is a bond of the series designated therein and issued under the provisions of the within mentioned Bond Order and Series Resolution.

By: _____
Bond Registrar

Date of authentication: _____

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY NUMBER
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

the within bond and all right thereunder, and hereby irrevocably constitutes and appoints _____
_____, attorney, to transfer the within bond on the books
kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

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

The 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.

SCHEDULE A

Payment Date	Principal Amount	Interest	Total Payment	BALANCE
06/01/2015	<i>Initial funding</i>			650,000.00
12/01/2015	0.00	4,468.75	4,468.75	650,000.00
06/01/2016	130,000.00	4,875.00	134,875.00	520,000.00
12/01/2016	0.00	3,900.00	3,900.00	520,000.00
06/01/2017	130,000.00	3,900.00	133,900.00	390,000.00
12/01/2017	0.00	2,925.00	2,925.00	390,000.00
06/01/2018	130,000.00	2,925.00	132,925.00	260,000.00
12/01/2018	0.00	1,950.00	1,950.00	260,000.00
06/01/2019	130,000.00	1,950.00	131,950.00	130,000.00
12/01/2019	0.00	975.00	975.00	130,000.00
06/01/2020	130,000.00	975.00	130,975.00	0.00
TOTALS	650,000.00	28,843.75	678,843.75	

**TOWN OF CLAYTON
TOWN COUNCIL
AGENDA COVER SHEET**

Agenda Item: 7d

Meeting Date: June 1, 2015

**TITLE: Voluntary Annexation – 14-100-01-ANX – East Village Office –
Contiguous, 0.09 acres**

**DESCRIPTION: Mr. David DeYoung, Planning Director, will present
information regarding the above request for voluntary
contiguous annexation.**

RELATED GOAL:

ITEM SUMMARY:

<u>Date:</u>	<u>Action:</u>	<u>Info. Provided:</u>
5-18-15	Place on June 1, 2015 Consent Agenda	Application Annexation Map Resolution authorizing Clerk to investigate sufficiency of application.
6-1-15	Set Public Hearing for June 15, 2015	Application Annexation Map Resolution setting Public Hearing.



14-100-01-ANN

Town of Clayton
 Planning Department
 111 E. Second Street, Clayton, NC 27520
 P.O. Box 879, Clayton, NC 27528
 Phone: 919-553-5002
 Fax: 919-553-1720

PETITION FOR VOLUNTARY ANNEXATION

VOLUNTARY ANNEXATION: Upon receipt of a valid petition signed by all of the owners of real property in the area described therein, the Town may annex an area either contiguous or not contiguous to its primary corporate limits when the area meets the standards set out under North Carolina General Statutes 160A-31 and 160A-58.1.

Applications are due by 5pm on the first working day of each month.

Request Information

Contiguous Annexation

Non-Contiguous Annexation

The following items must accompany an annexation petition:

To be completed by the applicant:	Included?	
	Yes	No
1. Petition for Annexation with original signatures	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. A boundary plat of the area to be annexed meeting requirements of the Plat Checklist (included in this application packet).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Legal Description (metes and bounds)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PROCESS:

Review by Staff: The Planning, Engineering and Public Works Departments review the annexation submission. Comments will be sent to the applicant.

Annexation Plat Submission: After the map and legal description are deemed sufficient by the Town, the applicant is required to submit two (2) Mylar annexation plats to the Planning Department.

Town Council Meeting: The Town Council will pass a resolution directing the Town Clerk to investigate the annexation petition. The Town Clerk will present to the Town Council a Certificate of Sufficiency indicating that the annexation petition is complete. A resolution setting the date of the public hearing is then approved.

Legal Advertisement: A legal advertisement will be published no more than 25 days and no less than 10 days prior to the date of the public hearing.

Public Hearing/Town Council Meeting: The Town Council will either adopt or deny an ordinance to extend the corporate limits of the Town of Clayton.

Recordation: If the annexation is approved by the Town Council, the Annexation Plats shall be recorded at the appropriate county Register of Deeds.

Petition for Voluntary Annexation Application – Property Information
COMPLETE IF A LIMITED LIABILITY COMPANY:

Submittal Date: 4-13-2015

Petition No.: 14-100-01

To the Town Council of the Town of Clayton, North Carolina:

1. I/We the undersigned owner(s)* of real property respectfully request that the area described in Paragraph 2 below be annexed to the Town of Clayton, North Carolina.

*If the owner of real property is a corporation or religious entity, attach a copy of the articles of incorporation describing who is/are authorized to sign with the petition.

2. The area to be annexed is X contiguous, ___ non-contiguous to the Town of Clayton, North Carolina and the boundaries of such territory are as provided in the boundary plat attached hereto.

3. If contiguous, this annexation will include all intervening rights-of-way for streets, railroads, and other areas as stated in G.S. 160A-31(f), unless otherwise stated in the annexation amendment.

4. Attached is a statement of the schedule for full development of the property to be annexed, which includes the type, number, and estimated value of planned improvements, if applicable.

Total acreage to be annexed:	<u>0.0859 acres or 3,744 sf</u>
Existing housing units:	<u>0</u>
Population of acreage to be annexed:	<u>0</u>
Existing Zoning District*:	<u>O&I</u>
Proposed Town Zoning District*:	<u>O&I</u>
Reason for petitioner to annex	<u>X</u> Receive Town Services
	<u>X</u> Other (please specify): <u>condition of site plan approval</u>

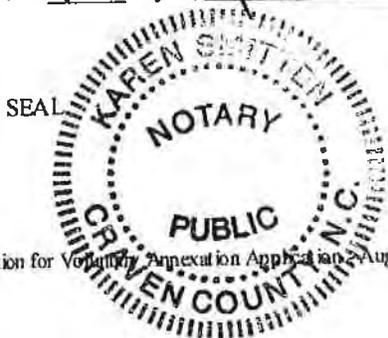
5. I/We acknowledge that any zoning vested rights acquired pursuant to G.S. 160A-385.1 or G.S. 153A-344.1 must be declared and identified on this petition. I/We further acknowledge that failure to declare such rights on this petition shall result in a termination of vested rights previously acquired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

In witness whereof, East Village Investments, LLC a limited liability company, caused this instrument to be executed in its name by a member/manager pursuant to authority duly given, this 7th day of April 2015, 20__.

Name of Limited Liability Company: East Village Investments
 By: [Signature]
 Signature of Member/Manager

STATE OF NORTH CAROLINA
 COUNTY OF ~~JOHNSTON~~ Craven

Sworn and subscribed before me, Karen Smitten, a Notary Public for the above State and County, this 7th day of April, 2015.

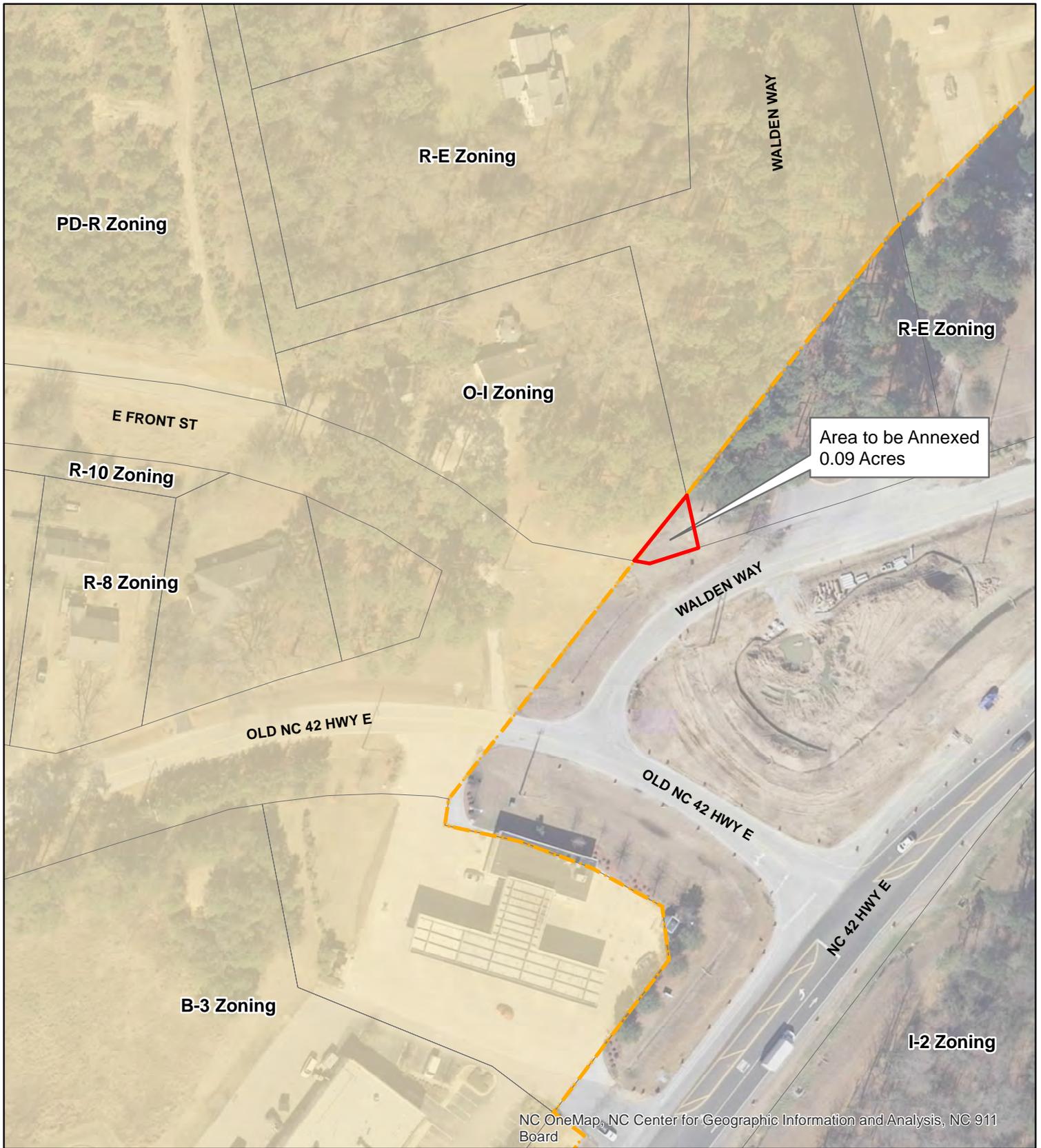


[Signature]
 Notary Public

My Commission Expires: 9-26-19

Voluntary Annexation Plat Checklist

#	Required Plat Items
1.	Fully dimensioned by metes and bounds, and the location of intersecting boundary lines of the existing town limits, labeled and distinctly marked. Include full right-of-way if the area on both sides is or will be in the corporate limits.
2.	Any utility easements with metes and bounds.
3.	Accurate locations and descriptions of all monuments, markers and control points.
4.	Ultimate right-of-way widths on all streets.
5.	Entitle "ANNEXATION MAP FOR THE TOWN OF CLAYTON" OR "SATELLITE ANNEXATION MAP FOR THE TOWN OF CLAYTON," as appropriate.
6.	Name of property owner(s).
7.	Name, seal, and registration of Professionally Licensed Surveyor (PLS).
8.	Date of the survey and map preparation; a north arrow indicating whether the index is true magnetic North Carolina grid (NAD 83 of NAD 27) or deed; graphic scale; and declination.
9.	Names of the township, county, and state.
10.	A detailed vicinity map.
11.	Include address of property if assigned.
12.	Show all contiguous or non-contiguous town limits.
13.	<p>The following certification must be placed on the map near a border to allow the map to be sealed:</p> <p>Annexation # _____</p> <p>I, David DeYoung, AICP, Planning Director, Clayton, North Carolina certify this is a true and exact map of annexation adopted the _____ day of _____, _____, by the Town Council. I set my hand and seal to the Town of Clayton, _____.</p> <p>Day/Month/Year</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">David DeYoung AICP</p>
14.	Leave 2 inch by 2 inch space for the county Register of Deeds stamp on the plat. All final plats must be stamped and signed before they can be accepted by the Town.



NC OneMap, NC Center for Geographic Information and Analysis, NC 911 Board

Legend

-  Clayton Town Limits
-  Clayton ETJ
-  Parcels
-  Area to be Annexed

Annexation Map

Applicant(s): East Village Investments LLC
 Property Owner(s): East Village Investments LLC
 Parcel Number(s) Portion of 05H03008L
 File Number(s): 14-100-01-Anx



1 inch = 100 feet



NOTE:
 1. AREAS BY COORDINATE GEOMETRY UNLESS SHOWN OTHERWISE.
 2. ALL DISTANCES ARE HORIZONTAL GROUND DISTANCES.
 3. ALL STREETS ARE PUBLIC RIGHTS-OF-WAY UNLESS SHOWN OTHERWISE.
 4. THE SURVEY WAS CONDUCTED IN ACCORDANCE WITH THIS PROPERTY.
 5. NO TITLE SEARCH WAS PERFORMED FOR THIS SURVEY.
 6. NO FEMA FLOOD HAZARD AREAS PER FIRM NUMBER 3720166800J DATED DECEMBER 2, 2005.



VICINITY MAP - 1" = 1000'

STATE OF NORTH CAROLINA WAKE COUNTY
 I, G. SCOTT WILSON, CERTIFY THAT THIS
 PLAN IS A TRUE AND CORRECT COPY OF THE
 ORIGINAL SURVEY MADE UNDER MY SUPERVISION.
 DEED DESCRIPTION RECORDED IN BOOK _____ SEE _____
 PAGE _____, THAT THE BOUNDARIES NOT
 SURVEYED ARE CLEARLY INDICATED AS DRAWN
 FROM INFORMATION THAT THE RATIO OF PRECISION
 AS CALCULATED IS 1:10,000+; THAT
 THIS PLAN WAS PREPARED IN ACCORDANCE WITH
 U.S. 47-30 AS AMENDED.
 WITNESS MY ORIGINAL SIGNATURE, LICENSE
 NUMBER AND SEAL THIS _____ DAY
 OF _____ A.D., 2015

PROFESSIONAL LAND SURVEYOR - LICENSE # 2601

I, G. SCOTT WILSON, PROFESSIONAL LAND SURVEYOR NO. 1-2601
 CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF THE
 ORIGINAL SURVEY MADE UNDER MY SUPERVISION.
 DEED DESCRIPTION RECORDED IN BOOK _____ SEE _____
 PAGE _____, THAT THE BOUNDARIES NOT
 SURVEYED ARE CLEARLY INDICATED AS DRAWN
 FROM INFORMATION THAT THE RATIO OF PRECISION
 AS CALCULATED IS 1:10,000+; THAT
 THIS PLAN WAS PREPARED IN ACCORDANCE WITH
 U.S. 47-30 AS AMENDED.
 WITNESS MY ORIGINAL SIGNATURE, LICENSE
 NUMBER AND SEAL THIS _____ DAY
 OF _____ A.D., 2015

G. SCOTT WILSON
 P.L.S. NO. 2601

CURVE TABLE

CURVE	RADIUS	LENGTH	CHORD	DIRECTION	CHORD
C1 (FIELD)	485.00	217.91	N61°25'30"W	216.08	
C1 (RECORD)	485.00	217.76	N61°24'29"W	215.94	

2

WALDEN SUBDIVISION
 PB. 17, PG. 105

REFERENCES:
 PB. 72 PG. 23-24
 PB. 67 PG. 438-439
 PB. 78 PG. 110-112
 DB. 4099 PG. 330

PORTION OF TRACT 5
 EAST VILLAGE INVESTMENTS LLC
 PIN: 1668-68-2584
 DB. 4099 PG. 330
 AREA NORTHEAST OF RIGHT-OF-WAY
 40,339 SF OR 0.9261 ACRES

WALDEN HOME OWNERS
 ASSOC INC OF CLAYTON
 PIN: 65919-50-4989
 DB. 752 PG. 264

S11°32'30"E 220.00' (RECORD TOTAL)
 S11°38'01"E 219.62' (FIELD TOTAL)

FRONT STREET
 VARIABLE WIDTH PUBLIC RIGHT-OF-WAY

OLD NC HIGHWAY 42 E
 VARIABLE WIDTH PUBLIC RW

**TOTAL AREA ANNEXED
 3,744 SF OR 0.0859 ACRES**

OWNER:
 EAST VILLAGE INVESTMENTS LLC
 227 E. FRONT STREET
 NEW BERN, NC 28560



LEGEND
 EIP = EXISTING IRON PIPE
 CP = CALCULATED POINT
 R/W = RIGHT-OF-WAY
 [313] DENOTES ADDRESS

RECORDED IN
 BOOK OF MAPS _____ PAGE _____



REV.	DATE	DESCRIPTION

B N K
 BASS, NIXON & KENNEDY, INC.
 CONSULTING ENGINEERS
 • 6310 CHAPEL HILL ROAD, SUITE 250
 RALEIGH, NORTH CAROLINA 27607
 • TELEPHONE: (919)851-4422 OR (800)354-1879
 • FAX: (919)851-8968
 • CERTIFICATION NUMBERS: NCBELS (C-0110); NCBLA (C-0287)

SURVEYED BY
 JC

DRAWN BY
 DHG

CHECKED BY
 SW

DATE
 04-07-15

ANNEXATION MAP FOR THE TOWN OF CLAYTON
 FOR
EAST VILLAGE OFFICE
 CLAYTON TOWNSHIP
 WAKE COUNTY
 NORTH CAROLINA

SHEET
 1
 OF
 1

**ANNEXATION PETITION 14-100-01-ANX
East Village Investments LLC
Portion of Parcel 05H03008L
Owner: East Village Investments LLC
Contiguous; 0.09 acres**

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED, by the Town Council of the Town of Clayton, North Carolina that:

Section 1. A public hearing on the question of annexation of the contiguous area described herein will be held at Town Hall at 6:30 PM on Monday, June 15, 2015.

Section 2. The area proposed for annexation is described as the following: Lying and being in Clayton Township, Johnston County, North Carolina and being more particularly described as follows:

Beginning at an existing iron rebar located on the northern right-of-way line of NC Highway 42 E and also being the southwestern property corner of lands now or formerly owned by Greenway Walden Homeowners Association as shown on Plat Book 17, Page 105, Johnston County Registry; thence along and with said northern right-of-way S 71°55'26" W a distance of 38.27 feet to an existing iron pipe; thence as said highway transitions into the northern right-of-way line of Front Street N 81°16'28" W a distance of 53.00 feet to a point; thence leaving said right-of-way N 43°28'55" E a distance of 106.40 feet to a point on said western property line; thence along and with said western property line S 11°58'01" E a distance of 75.00 feet to the point of beginning, containing 0.0859 acres.

Section 3. Notice of the public hearing shall be published once in the Clayton News-Star, a newspaper having general circulation in the Town of Clayton, at least ten days prior to the date of the public hearing.

Duly adopted this 1st day of June 2015 while in regular session.

**Jody L. McLeod
Mayor**

ATTEST:

**Kimberly A. Moffett, CMC
Town Clerk**



Town of Clayton
Planning Department
111 E. Second Street, Clayton, NC 27520
P.O. Box 879, Clayton, NC 27528
Phone: 919-553-5002
Fax: 919-553-1720

PETITION FOR VOLUNTARY ANNEXATION

VOLUNTARY ANNEXATION: Upon receipt of a valid petition signed by all of the owners of real property in the area described therein, the Town may annex an area either contiguous or not contiguous to its primary corporate limits when the area meets the standards set out under North Carolina General Statutes 160A-31 and 160A-58.1.

Applications are due by 5pm on the first working day of each month.

Request Information

^{Non} Contiguous Annexation Non-Contiguous Annexation

The following items must accompany an annexation petition:

To be completed by the applicant:	Included?	
	Yes	No
1. Petition for Annexation with original signatures	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. A boundary plat of the area to be annexed meeting requirements of the Plat Checklist (included in this application packet).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Legal Description (metes and bounds)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

PROCESS:

Review by Staff: The Planning, Engineering and Public Works Departments review the annexation submission. Comments will be sent to the applicant.

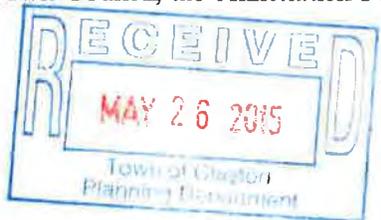
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Public Hearing/Town Council Meeting: The Town Council will either adopt or deny an ordinance to extend the corporate limits of the Town of Clayton.

Recordation: If the annexation is approved by the Town Council, the Annexation Plats shall be recorded at the appropriate county Register of Deeds.



House Tract Raven's Ridge Rd

Petition for Voluntary Annexation Application – Property Information
COMPLETE IF A LIMITED LIABILITY COMPANY:

Submittal Date: 5-26-15

Petition No.: 15-08-06-ANY

To the Town Council of the Town of Clayton, North Carolina:

1. I/We the undersigned owner(s)* of real property respectfully request that the area described in Paragraph 2 below be annexed to the Town of Clayton, North Carolina.

*If the owner of real property is a corporation or religious entity, attach a copy of the articles of incorporation describing who is/are authorized to sign with the petition.

2. The area to be annexed is contiguous, non-contiguous to the Town of Clayton, North Carolina and the boundaries of such territory are as provided in the boundary plat attached hereto.

3. If contiguous, this annexation will include all intervening rights-of-way for streets, railroads, and other areas as stated in G.S. 160A-31(f), unless otherwise stated in the annexation amendment.

4. Attached is a statement of the schedule for full development of the property to be annexed, which includes the type, number, and estimated value of planned improvements, if applicable.

Total acreage to be annexed:	<u>8.2 ACRES</u>
Existing housing units:	<u>0</u>
Population of acreage to be annexed:	<u>0</u>
Existing Zoning District*:	<u>R-B</u>
Proposed Town Zoning District*:	<u>R-8</u>
Reason for petitioner to annex:	<input type="checkbox"/> Receive Town Services
	<input checked="" type="checkbox"/> Other (please specify): <u>PURSUANT TO PLAN APPROVAL</u>

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

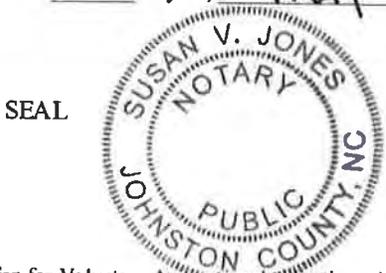
In witness whereof, FSC IV, LLC a limited liability company, caused this instrument to be executed in its name by a member/manager pursuant to authority duly given, this 20th day of MAY, 2015.

Name of Limited Liability Company: FSC IV, LLC

By: [Signature]
Signature of Member/Manager

STATE OF NORTH CAROLINA
COUNTY OF JOHNSTON

Sworn and subscribed before me, Susan V. Jones, a Notary Public for the above State and County, this 20th day of May, 2015.



[Signature]
Notary Public

My Commission Expires: 03/14/20

Voluntary Annexation Plat Checklist

#	Required Plat Items
1.	Fully dimensioned by metes and bounds, and the location of intersecting boundary lines of the existing town limits, labeled and distinctly marked. Include full right-of-way if the area on both sides is or will be in the corporate limits.
2.	Any utility easements with metes and bounds.
3.	Accurate locations and descriptions of all monuments, markers and control points.
4.	Ultimate right-of-way widths on all streets.
5.	Entitle "ANNEXATION MAP FOR THE TOWN OF CLAYTON" OR "SATELLITE ANNEXATION MAP FOR THE TOWN OF CLAYTON," as appropriate.
6.	Name of property owner(s).
7.	Name, seal, and registration of Professionally Licensed Surveyor (PLS).
8.	Date of the survey and map preparation; a north arrow indicating whether the index is true magnetic North Carolina grid (NAD 83 of NAD 27) or deed; graphic scale; and declination.
9.	Names of the township, county, and state.
10.	A detailed vicinity map.
11.	Include address of property if assigned.
12.	Show all contiguous or non-contiguous town limits.
13.	<p>The following certification must be placed on the map near a border to allow the map to be sealed:</p> <p>Annexation # _____</p> <p>I, David DeYoung, AICP, Planning Director, Clayton, North Carolina certify this is a true and exact map of annexation adopted the _____ day of _____, _____, by the Town Council. I set my hand and seal to the Town of Clayton, _____.</p> <p>Day/Month/Year</p> <p style="text-align: center;">_____</p> <p style="text-align: center;">David DeYoung AICP</p>
14.	Leave 2 inch by 2 inch space for the county Register of Deeds stamp on the plat. All final plats must be stamped and signed before they can be accepted by the Town.

Lying and being in Wilders Township, Johnston County, North Carolina and being more particularly described as follows:

Beginning at an existing iron pipe on the bank of the Neuse River, said iron pipe being a common property corner between Ravens Ridge Phase 8A, plat book 80 pages 394 and 395, and the now-or-formerly Mavis C. House property, deed book 705 page 629, and being the place and point of beginning;

Thence leaving the Neuse River with the southern Ravens Ridge 8A property line S85-02-08E 356.46 feet to a point;

Thence leaving the Ravens Ridge 8A property line S85-02-08E 405.94 feet to a point;

Thence S34-02-08E 323.95 feet to a point;

Thence S81-47-05W 40.83 feet to a point;

Thence S52-14-32W 80.12 feet to a point;

Thence N06-00-41W 40.88 feet to a point;

Thence S88-59-55W 46.72 feet to a point;

Thence S24-05-06W 51.06 feet to a point;

Thence S62-50-25W 43.51 feet to a point;

Thence N34-14-24W 49.91 feet to a point;

Thence N72-04-07W 33.13 feet to a point;

Thence S04-35-09E 93.32 feet to a point;

Thence S74-27-59W 64.57 feet to a point;

Thence S02-05-39E 39.07 feet to a point;

Thence N86-51-53W 157.36 feet to a point;

Thence N60-44-52W 114.98 feet to a point;

Thence S84-20-40W 91.31 feet to a point;

Thence N35-27-43W 36.47 feet to a point;

Thence N76-01-49W 42.54 feet to a point;

Thence S78-44-39W 58.58 feet to a point;

Thence S37-08-33W 53.70 feet to a point;

Thence S55-57-54W 45.62 feet to a point;

Thence S71-06-09W 39.42 feet to a point;

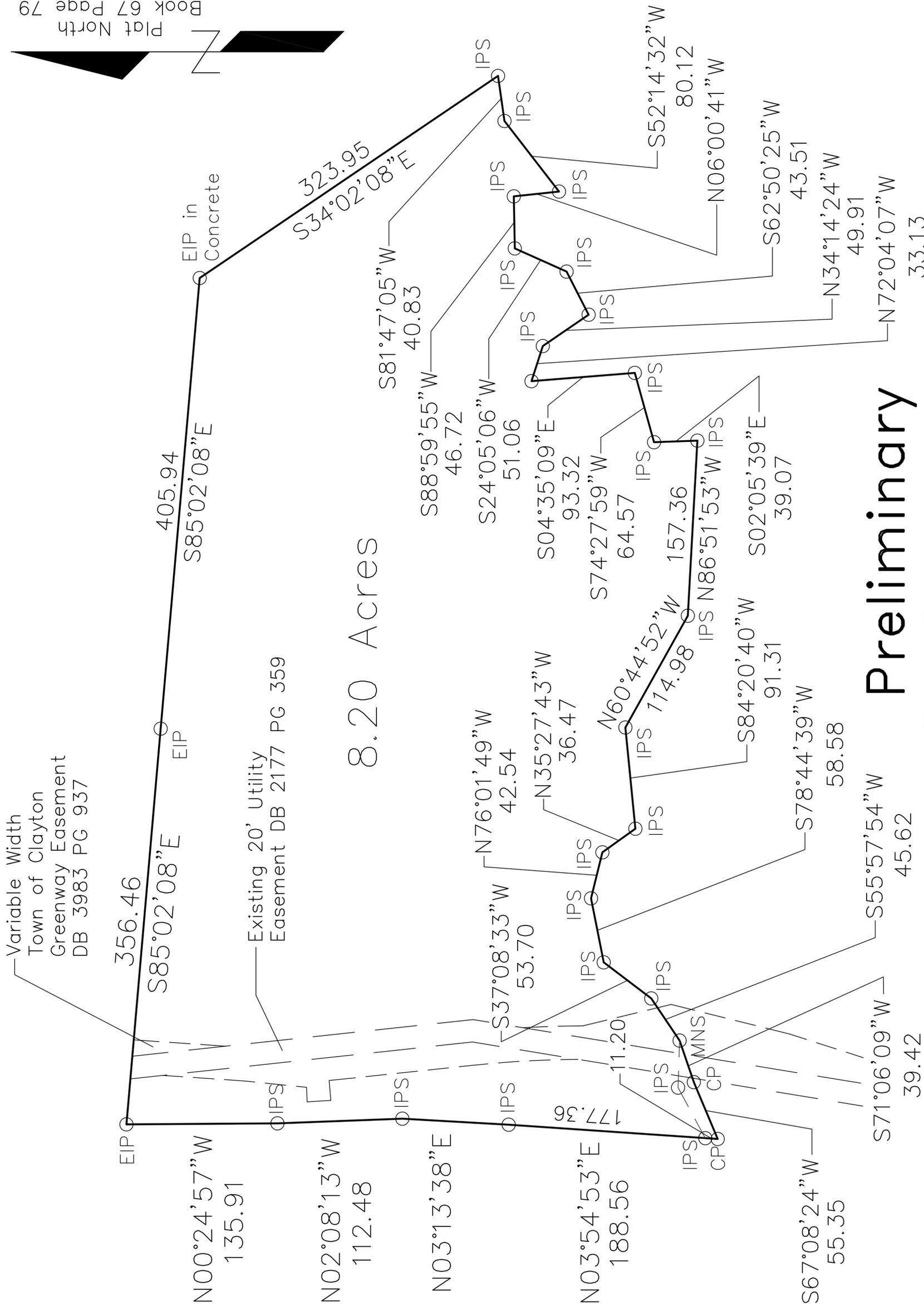
Thence S67-08-24W 55.35 feet to a point on the Neuse River;

Thence with the Neuse River N03-54-53E 188.56 feet to a point;

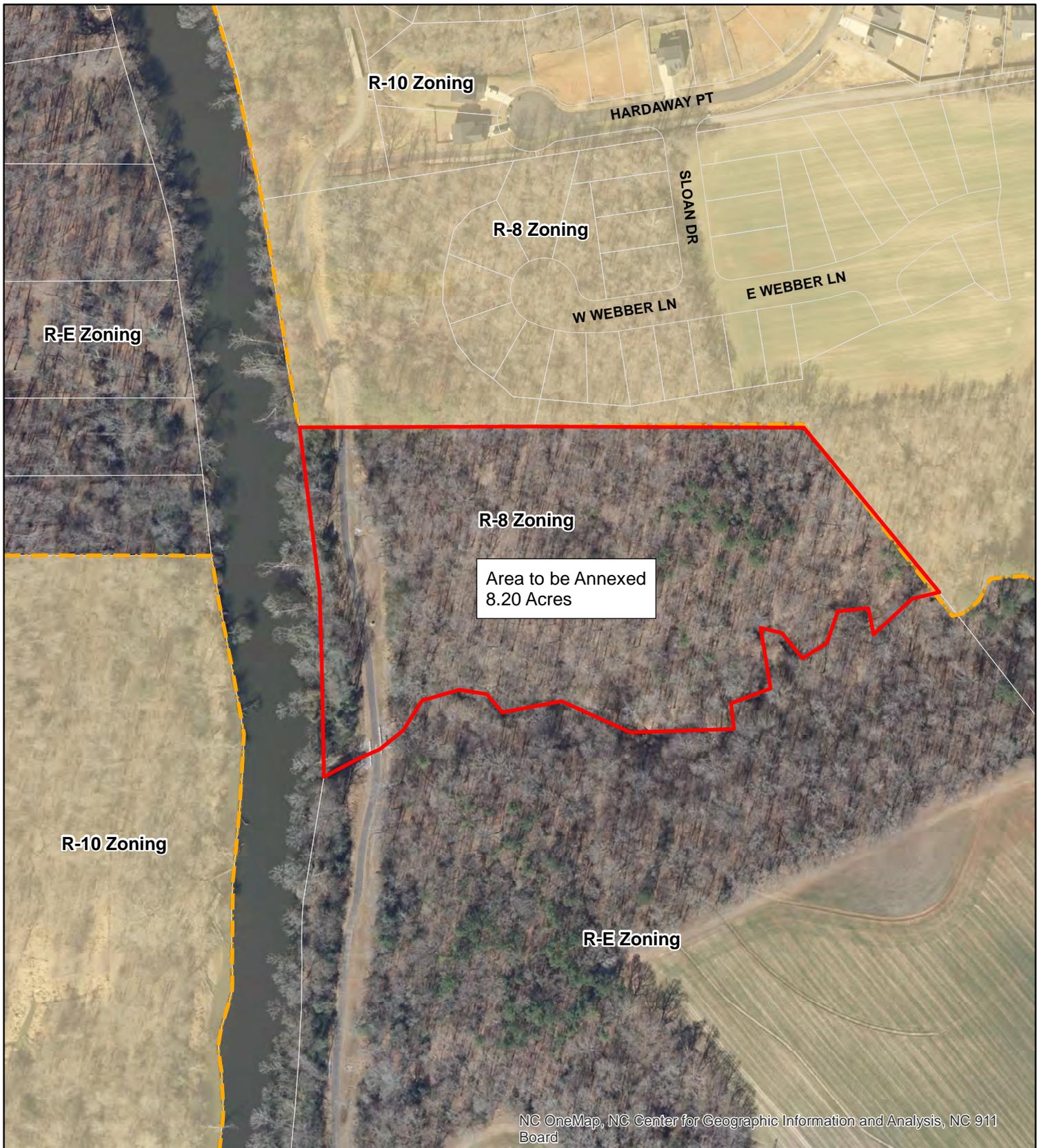
Thence N03-13-38E 95.87 feet to a point;

Thence N02-08-13W 112.48 feet to a point;

Thence N00-24-57W 135.91 feet to the place and point of beginning and containing 8.20 acres more or less.



**Preliminary
For Review Only**



NC OneMap, NC Center for Geographic Information and Analysis, NC 911 Board

Legend

-  Clayton Town Limits
-  Area to be Annexed
-  Parcels

Annexation Map

Applicant(s): FSC IV LLC
 Property Owner(s): FSC IV LLC
 Parcel Number(s) 16I03028G
 File Number(s): 15-08-06 ANX RWAC Raven's Ridge
 8C-2 House Tract



1 inch = 200 feet



Excise Tax: \$531.00
Parcel Identification Number: part of 16I03028

Recording Time, Book and Page

Mail after recording to:
Narron, O'Hale and Whittington, PA
P.O. Box 1567
Smithfield, North Carolina 27577

This instrument was prepared by: Jason W. Wenzel

Brief Description for the Index: 8.20 acres, +/-, located off Covered Bridge Road, Clayton, NC

NORTH CAROLINA SPECIAL WARRANTY DEED

THIS DEED made this the 7th day of January, 2015, by and between

GRANTOR:

MAVIS C. HOUSE (widow)
2873 Covered Bridge Road
Clayton, North Carolina 27527

GRANTEE:

FSC, IV, LLC
A North Carolina limited liability company
400 Riverwood Drive
Clayton, North Carolina 27527

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the Johnston County, North Carolina and more particularly described on Exhibit A attached hereto and incorporated herein by reference.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 705, page 629, Johnston County Registry and this is not Grantor's primary residence.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

Subject to easements and restrictions of record.

IN WITNESS WHEREOF, the Grantor has caused this instrument to be signed the day and year first above written.

Mavis C House (SEAL)
Mavis C. House, widow

NORTH CAROLINA
JOHNSTON COUNTY

I, Marion A Young, a Notary Public, in and for said County and State do certify that Mavis C. House, a widow and a person known to me of whose identity was proven by satisfactory evidence, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal/stamp, this 7th day of January, 2015.

Marion A Young
Signature of Notary Public

My Commission expires: 9-16-19

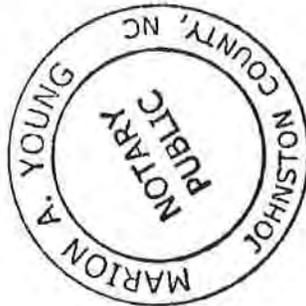


EXHIBIT A
PROPERTY DESCRIPTION

Being all of that certain 8.20 acre tract being located in Wilders Township, Johnston County, North Carolina, as shown on plat and survey entitled "Exhibit Map For Mavis C. House" prepared by Hall Land Surveying, Inc. dated December 5, 2014 as more fully described as follows:

Lying and being located South of the existing Riverwood Athletic Club, Ravens Ridge Phase 8A property as shown in Plat Book 80, pages 394 and 395, such property being owned by FSC IV, LLC pursuant to Deed Book 4404, page 287, Johnston County Registry (NC Pin: 17600-93-4941), the point and place of BEGINNING being an existing iron pipe located at the southwestern corner of the existing 20' utility easement shown in Deed Book 2177, page 359, Johnston County Registry, with the Neuse River being located to the west, said existing iron pipe being a "control corner" between the aforementioned Riverwood Athletic Club, Ravens Ridge Phase 8A property as shown in Deed Book 4404, page 287, Johnston County Registry, and the line of Mavis C. House as shown in Deed Book 705, page 629, Johnston County Registry, and from said existing iron pipe, the point and place of BEGINNING, along the shared property line as follows:

South 85 degrees 02 minutes 08 seconds East 356.46 feet to an existing iron pipe; thence South 85 degrees 02 minutes 08 seconds East 405.94 feet to an existing iron pipe in concrete; thence South 34 degrees 02 minutes 08 seconds East 323.95 feet to an iron pipe set, a control corner; thence South 81 degrees 47 minutes 05 seconds West 40.83 feet to an iron pipe set; thence South 52 degrees 14 minutes 32 seconds West 80.12 feet to an iron pipe set; thence North 06 degrees 00 minute 41 seconds West 40.88 feet to an iron pipe set; thence South 88 degrees 59 minutes 55 seconds West 46.72 feet to an iron pipe set; thence South 24 degrees 05 minutes 06 seconds West 51.06 feet to an iron pipe set; thence South 62 degrees 50 minutes 25 seconds West 43.51 feet to an iron pipe set; thence North 34 degrees 14 minutes 24 seconds West 49.91 feet to an iron pipe set; thence North 72 degrees 04 minutes 07 seconds West 33.13 feet to an iron pipe set; thence South 04 degrees 35 minutes 09 seconds East 93.32 feet to an iron pipe set; thence South 74 degrees 27 minutes 59 seconds West 64.57 feet to an iron pipe set; thence South 02 degrees 05 minutes 39 seconds East 39.07 feet to an iron pipe set; thence North 86 degrees 51 minutes 53 seconds West 157.36 feet to an iron pipe set; thence North 60 degrees 44 minutes 52 seconds West 114.98 feet to an iron pipe set; thence South 84 degrees 20 minutes 40 seconds West 91.31 feet to an iron pipe set; thence North 35 degrees 27 minutes 43 seconds West 36.47 feet to an iron pipe set; thence North 76 degrees 01 minute 49 seconds West 42.54 feet to an iron pipe set; thence South 78 degrees 44 minutes 39 seconds West 58.58 feet to an iron pipe set; thence South 37 degrees 08 minutes 33 seconds West 53.70 feet to an iron pipe set; thence South 55 degrees 57 minutes 54 seconds West 45.62 feet to a magnetic nail set; thence South 71 degrees 06 minutes 09 seconds West 39.42 feet to a calculated point; thence South 67 degrees 08 minutes 24 seconds West 55.35 feet to a calculated point lying along the Neuse River; thence along the Neuse River North 03 degrees 54 minutes 53 seconds East 188.56 feet to an iron pipe set; thence North 03 degrees 13 minutes 38 seconds East 95.87 feet to an iron pipe set; thence North 02 degrees 08 minutes 13 seconds West 112.48 feet to an iron pipe set; thence North 00 degree 24 minutes 57 seconds West 135.91 feet to an existing iron pipe, the point and place of BEGINNING, and containing 8.20 acres, more or less, as shown on a plat and survey entitled "Exhibit Map For Mavis C. House" prepared by Hall Land Surveying, Inc. dated December 5, 2014.

{N0026652.DOC; 2}

**ANNEXATION PETITION 15-08-06-ANX
RWAC-Raven's Ridge 8C-2
Parcel 16I03028G
Owner: FSC IV, LLC
Non-Contiguous; 8.20 acres**

**TOWN OF CLAYTON
RESOLUTION DIRECTING THE CLERK TO INVESTIGATE
A PETITION RECEIVED UNDER G.S. 160A-58.1**

WHEREAS, a petition requesting annexation of an area described in said petition was received on May 26, 2015 by the Town of Clayton; and

WHEREAS, G.S. 160A-58.2 provides that the sufficiency of the petition shall be investigated by the Town Clerk before further annexation proceedings may take place; and

WHEREAS, the Town Council of the Town of Clayton deems it advisable to proceed in response to this request for annexation:

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Clayton that:

The Town Clerk is hereby directed to investigate the sufficiency of the above-described petition and to certify as soon as possible to the Town Council the results of her investigation.

Duly adopted this 1st day of June, 2015, while in regular session.

**Jody L. McLeod,
Mayor**

ATTEST:

**Kimberly A. Moffett, CMC
Town Clerk**