



AGENDA

I. CALL TO ORDER – MAYOR PHILLIP HISE

- A. Roll Call
- B. Notification and Posting of the Agenda
- C. Pledge of Allegiance (Councilman Buchanon)
- D. Invocation (Councilman Peight)
- E. Approval of Minutes (May 29, 2025 & June 9, 2025)

II. GENERAL PUBLIC COMMENT

Public comment is limited to 3 minutes. This time is provided to share general thoughts with Town Council. Individuals who desire to make public comment, must complete the sign-in sheet made available at each meeting, and speak at the lecture (unless physically unable).

III. PUBLIC HEARING

A. <u>Ordinance. 2025.001 – Second Reading:</u> Fiscal Year 2025-2026 (FY26) Town of Spruce Pine Proposed Budget.

IV. ACTION ITEMS

- A. <u>Preliminary, Non-binding Vote</u>: To satisfy any concerns with NCGS 14-234.3, the Council will separately hold a preliminary, non-binding vote on budget appropriations for any nonprofit entities where Council members serve on the nonprofit boards. While this preliminary vote is non-binding, it will allow the impacted Council meeting to, on the record, demonstrate his/her recusal from the appropriation for the impacted nonprofit entity but still allow the Council member to vote for the overall budget ordinance.
 - (1) Appropriation for the Spruce Pine Library.
 - (2) Appropriation for Spruce Pine Main Street, Inc.
- B. <u>Ordinance</u>. <u>2025</u>.001 <u>Second Reading</u>: Presentation of the Fiscal Year 2025-2026 (FY26) Town of Spruce Pine Budget for consideration and adoption.





AGENDA

- C. **Budget Amendment**: Consider and approval of a budget amendment to the current Fiscal Year 2024-2025 (FY25) Budget.
- D. **Toe River Regional Library Agreement**: Consider and approval of a regional library services agreement Toe River Regional Library System.
- E. **Spruce Pine Fire Dept Contract Renewal**: Consider and approval to renew a fire services contract with Town of Spruce Pine Fire Department.
- F. **Replacement Street Sweeper**: Consider and approval of the purchase of a replacement used Street Sweeper for an amount of \$238,582.05.
- G. **State Cash Flow Loan:** Consider and approval of "2nd Round" Loan Agreements issued by the State of North Carolina Treasurers Office in an amount of \$1,868,619.79.
- H. **1**st **Round State Cash Flow Loan Amendment**: Consider and approval of an amendment to the **1**st Round State Cash Flow Loan disbursement.
- I. Contract to Audit Accounts (To include FEMA Funds): Consider and approval of an amended audit contract for an amount not to exceed \$40,000, to include revenues and expenses related to FEMA funds.
- J. Water/Wastewater Services Contract: Consider and approval of a contract with Veolia for the Operations, Maintenance and Management of the Water Treatment and Wastewater Treatment Facilities.

V. MANAGERS REPORT

VI. MAYOR/COUNCIL REQUESTS OR COMMENTS

VII. ADJOURNMENT





SPECIAL CALLED

4PM

MINUTES

I. CALL TO ORDER

Mayor Hise called the meeting to order at 3:59 pm.

A. Roll Call

Mayor Hise requested roll call. Ruth Thacker, Town Clerk, conducted the roll call for Councilmembers Peight, Buchanan, Holmes, Rensink, and Mayor Hise. All members were present.

B. Notification and Posting of the Agenda

Proper notification and posting of the agenda were acknowledged. The Town Manager, Daniel Stines, requests consideration from the council to omit the meeting from the May 12th meeting for revision purposes. Those minutes will be available at the next meeting. Councilwoman Holmes made a motion, and Councilwoman Rensink seconded the motion, and the Council adopted the agenda. Motion passed 5/0.

C. <u>Pledge of Allegiance</u> Led by Councilman Buchanan

D. Invocation

Led by Councilman Peight

E. Approval of Minutes

Council reviewed the minutes as presented; Councilman Buchanan motioned to adopt the meeting minutes of May 20, Councilwoman Rensink seconded the motion. Motion passed 5/0.

II. GENERAL PUBLIC COMMENT

Public comment is limited to 3 minutes. This time is provided to share general thoughts with the Town Council. Individuals who desire to make a public comment must complete the sign-in sheet, which is made available at each meeting, and speak at the lecture (unless physically unable). No one was on the sign-in sheet to comment.



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 28777 MAY 29, 2025 *SPECIAL CALLED*

4PM



III. ACTION ITEMS

- A. **Preliminary, Non-binding Vote:** To satisfy any concerns with NCGS 14-234.3, the Council will separately hold a preliminary, non-binding vote on the budget appropriations for any nonprofit entities where Council members serve on the nonprofit boards. While this preliminary vote is non-binding, it will allow the impacted Council member to, on the record, Demonstrate his/her recusal from the appropriation for the impacted nonprofit entity but still allow the Council member to vote for the overall budget ordinance.
 - 1. Appropriation for the Spruce Pine Library
 - Proposed budget of 112,807.00.
 - Building and Maintenance \$5,869.00
 - Operations \$104,692.00
 - Insurance \$2,246.00
 - Councilman Peight recused himself from the library budget. Councilwoman Rensink motioned, and Councilwoman Holmes seconded. Motion passed 4/0.
 - 2. Appropriation for Spruce Pine Main Street, Inc.
 - Mayor Hise and Councilwoman Rensink recused themselves from the Mainstreet program/ Downtown budget
 - Councilman Buchanan motioned, and Councilwoman Holmes seconded the motion. Motion passed 3/0.



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 28777 MAY 29, 2025 *SPECIAL CALLED*

4PM



Ordinance 2025.001-First Reading

Presentation and first reading of the Fiscal Year 2026 (FY26) Town of Spruce Pine Budget. Stines presented the highlights of the budget in the following order:

- Town water/sewer rates- 25% proposed rate increase, and a
 minimum consumption increase from 0-2000 to 0-3000 gallons.
 The spreadsheet that was cut off will be corrected so it will reflect
 the 25% increase. This will benefit the minimum users, who have
 had prior issues. Capture users who are using the most water. This
 will help raise the town's capital for water/sewer infrastructure.
- No change to Cemetery fees at this time.
- Employee dependent health benefits proposed at 75/25, and a supplement plan to help retain and keep employees. Employer would be responsible for 75% of the cost and the employee would be responsible for 25%.
- Staff went over a proposed performance based merit pay system, offering a range of 0-3% (max cost \$61,630.70) built into the budget based on performance. There was discussion among Council about the increases proposed, Councilman Buchanon did not agree with a merit-based performance evaluation program, stating that it wouldn't work and would cause issue among staff. Councilwoman Rensink stated that during her career, she was always motivated to do better with merit.
- 2.5 % adjustment for cost of living was proposed and reflects the states overall cost of living increases as it relates to the Consumer Price Index (CPI).
- Full comprehensive IT contract company \$18,000 with the Police Department and Town Hall
- A full-time code/zoning enforcement officer position has been requested. Councilwoman Rensink states that she feels if this is done correctly, it will take a full-time position. Our town needs to catch up with the surrounding towns. We need to clean up our town and make it attractive again so we can all be proud to live here. Councilman





Buchanan stated he didn't feel the position of code enforcement was a full-time position. Staff explained that they would agree if the duties were exclusive to just code enforcement as previously proposed but with the addition of zoning, it would easily be a full-time position. Councilman Buchanon maintained his position.

- Council asked about merit pay and any potential framework. Town
 Manager Stines noted that the MAPS Group with the League of
 Municipalities would come late July/Early August to present the
 overall Compensation/Classification study that is being conducted,
 and that they could help provide some information on setting the
 program up. The merit program and comp/class study are all tied to
 reducing current salary compression and long-term retention with the
 Town.
- Public Works a street sweeper was mentioned at budget workshops, Stines noted this being a FEMA item. They are exploring what they can get and navigating insurance. A budget adjustment or amendment can be made in the future if needed. A new truck was requested for \$46,802, a leaf vacuum to help with leaf collection for \$19,995. Cameras that were lost during the storm for the sewer system have already been purchased and removed from requests. Police Dept: Request for a new vehicle at \$55,000. Equipment requests including cameras and laptops are being sourced through a grant Chirsty has applied for, in an amount of \$50,000.
- Parks and Recreation budget had several small requests for repair and maintenance, for a total of less than \$5,000.

IV. MANAGER'S REPORT

- Met with the Army Corps. They will be extending the deadline until July 1st. They are giving provisions for keeping their guys out at the Toe River pump station operating the generators another month.
- Met and toured the water intake system South Toe with the Secretary of NCDEQ. They wanted an idea of where the regions are at this point.





SPECIAL CALLED

4PM

- A disconnect has been installed so a Towable generator can be placed and relocated on the hill. Redundancy pumps are on stands for use underwater. This will be a very nice and reliable system when complete.
- Ingles will return, but no date has been set for completion.
- Repairs will be done on Sunny Brooke Drive, and a closure notice will be in place.
- Tyson has a workstation set up at Town Hall, thanks to Mayor Hise, and has been working 3-4 days each week to get more estimated dollars.
- Town Attorney Donahue and Town Manager Stines are still working on paperwork for Main Street
- Zoning Ordinance Re-Write We still need 2 Council members to be part
 of the project. Councilman Peight and Councilwoman Holmes express
 interest in joining. The first committee meeting will be the week of June
 12th.
- We are still working with Ann Marie (PDMG) of FEMA on disaster projects
- Meeting with Bill Slagle for New plans, visions, and incentives.
- South Dale House is close to bidding out.
- ARC Grant deadline is approaching, application has advanced to 2nd round for consideration.
- AIA Grant, finishing up checks and balances, getting close to bidding out
- Meeting with Insurance next week for disaster relief items
- Representative coming in for employee insurance sign-up
- Changing out phones for the departments. Everyone is getting new iPhones. Finishing out the contract with Nordic IT.
- Revised audit contract to be approved for next meeting
- The July 4th celebration is the next scheduled town-sponsored event
- Met with Rotary about replacement playground equipment for Riverside Park, Rotary wants to be a part of rebuilding and purchasing the new equipment.
- Working on Social media pages. We are now on Facebook, X, and Twitter, and getting items together to post.





SPECIAL CALLED *4PM*

- Parks and Recreation- Mike got the fence fixed, and the plumber will be testing the bathrooms over the weekend. Mike is expecting to open the following week.
- The Regional Library agreement is pending and being reviewed

V. MAYOR/ COUNCIL REQUESTS OR COMMENTS

VI. ADJOURNMENT

Mayor Hise motioned to adjourn. Meeting adjourned at 6:35 pm

ATTEST:	
	Phillip Hise, Mayor
Marsha Hoilman , Town Clerk	
	Rocky Buchanan, Mayor Pro Tem
	Beth Holmes, Council Member
	Wayne Peight, Council Member
	Jackie Rensink, Council Member





MINUTES

I. CALL TO ORDER

Mayor Hise called the meeting to order at 5:30 pm.

A. Roll Call:

Mayor Hise requested a roll call. Marsha Hoilman, the new Town Clerk, conducted the roll call for Councilmembers Peight, Buchanan, Holmes, Rensink, and Mayor Hise—all members were present.

B. Notification and Posting of the Agenda:

Proper notification and posting of the agenda were acknowledged. Mayor Hise made a motion to amend to closed session after department updates were made prior to the Managers Report. Councilman Buchanan motioned, Councilman Peight seconded, and the Council adopted the agenda. Motion passed 5/0.

C. <u>Pledge of Allegiance:</u>

Councilman Peight led the Pledge of Allegiance.

D. Invocation:

Councilman Buchanan led the Invocation.

E. Approval of Minutes (5/12/25 Minutes):

Council reviewed the minutes as presented; Councilwoman Rensink made a motion to adopt the meeting minutes from the May 12, 2025, meeting, Councilman Buchanan seconded. Motion passed 5/0.

II. PUBLIC COMMENT

Public comment is limited to 3 minutes. The time is provided to share general thoughts with the Town Council. Individuals who desire to make a public comment must complete the sign-in sheet made available at each meeting and speak at the lecture (unless physically unable).

- Kendall Reid- A Retired Librarian who shares his concerns to revise the agreement for the Regional libraries since Yancey is breaking away. He feels it violates the Constitution and is vague. He wants it to be successful.
- Cindy Sciacca (Shock-a), A member of the Friends of the Spruce Pine Public Library, wants to have a plaque made to honor the executive director, Amber Briggs. She wasn't sure who to ask for permission. Mayor Hise told her she brought the request to the right board.





• Susan Larsen feels the new library system contract will be good without Yancey, but she isn't happy with the new terms. She wants the same services to be offered and requests that the new terms be reviewed before going into effect on July 1st.

III. PRESENTATIONS (Dept Updates)

- A. Finance-\$50,000 Grant submitted for police department. This will provide the equipment for the items requested by police department that were requested in their budget. She is still working with FEMA. Overtime payment of a little over \$60,000 was received for Police department. Some projects were pulled back (scope of work) covering liability of town capturing all expenses. This may slow down reimbursements a bit.
- B. Police Dept- In a time frame of 2.5 weeks, 358 calls and climbing. The town received a K9 vehicle from the Johnson City PD. A reminder of the opening in the department being filled in August by a BLET cadet. The Alien Festival is this weekend. There will be two to three officers working the event, and those who are on duty. Complaints of speeding downtown, and they are cracking down on it. He states it will be enforced.
- C. Water and Sewer-They are operating full. The six samples collected monthly and the required quarterly samples were sent to the lab in Asheville all were good. A new flow meter has been installed. He states that this side of town is critical. Blue Ridge Water Works is being called for ideas. Water isn't what it used to be here. They are doing the best they can and keeping up. They may need a well engineer involved to keep on top of it. The temporary office now has water, sewer, internet, and power, thanks to Travis and Daniel
- D. Public Works- Locates are taking up a lot of their time with all of the other projects that are going on in the town. The belt press for the sewer plant has been delivered and hooked up. He requests new training to get up to max flow. The project on Sunny Brook is completed with a new catch box and a new culvert across the road. They are ready to put pavement down. The sewer pipe was replaced on English Road. When they have free time, they have been cleaning up and hauling things out of Riverside Park.
- E. Main Street- First Third Thursday Event- a great turnout of people who came to enjoy the event. We are looking forward to the next event on June 19. We have a





fantastic band lined up. Funding has been received for a grant that will allow us to hire a Community Programs Coordinator. After conducting several interviews, a candidate has been selected for this position. Hiring Decision will be updated in the next meeting. This past month, we had the honor to host the North Carolina Main Street team, along with representatives from the Department of Commerce and the North Carolina Arts Council, to discuss a long-term development plan for the town. The North Carolina Hell Bender Festival is progressing well. For more information, visit the website www.hellbenderfestival.com or follow us on social media. \$120,000 was distributed as part of the Second Round of Hurricane Rebuilding Grants. This money was allocated to 12 recipients who have been impacted by the hurricane. These grants will aid in the recovery and rebuilding of our downtown businesses. Pocket Park Updates: The native plant is progressing well. Flowers have been planted, and more will be added soon. The wooden structure in the park needs to be stained. The bathrooms reopened; however, there is currently no water running to the sinks. We are aware of this issue and are working to resolve it.

F. Parks and Rec.- General park maintenance at Brad Ragan Park, safety checks on the playground equipment. Areas that can be mowed at Riverside Park are being mowed. A representative from HGA to Riverside and Riverbend Park. There were 22 shelter reservations made for the month of May. Issues at the pool have been repaired, and water tests have been completed. Mike has been in contact with the pool inspector to schedule a date for inspection. He is hoping that the pool can open for the season this weekend.

CLOSED SESSION

Mayor Hise asked for a motion to enter into closed session. Councilman Peight made a motion to enter into closed session, citing NCGS 143-318.11 (a) (3) (6) to consult with an attorney employed or retained by the public body to preserve the attorney-client privilege. Councilman Buchanan seconded the motion, which carried unanimously.

Councilman Buchanan moved to leave the closed session. Councilwoman Rensink seconded the motion, which carried unanimously.

RETURN TO REGULAR SESSION

Councilwoman Rensink motioned to return to Regular Session. Councilwoman Holmes seconded the motion, which carried unanimously.





IV. MANAGERS REPORT

Daniel wanted to give recognition to Public Works. They have been working hard to get things done and hung all of the flags in preparation for the 4th of July holiday. Updated the Council on High Country Council Government and small business grants that are available to apply for. The focus is on downtown sidewalks after the storm and extensions. There has been ample data for the project Street Scape grant. He spoke of detailing out RFQs to combine parks for bidding. A new IT group, Nordic from Foscoe, will be completing an overhaul with backup servers and replacing firewalls next week to address the issues at all workstations. The budget hearing will be on June 23rd. The Riverside park design could be ready in a couple of months. The Riverbend Park should be minimal in design. Public engagement will be involved in ideas for the design of the parks. We hope for a groundbreaking in spring in 2026. Nothing affirmative date-wise has been set.

V. MAYOR/COUNCIL REQUESTS OR COMMENTS

Councilwoman Holmes expresses that she feels it would be great if the bridge and parks were designed together.

Councilwoman Rensink states that more are concerned about the bridge versus the park.

There is a lot that can be tied to commerce. The YMCA, Boutique, and a Restaurant. Mayor Hise asks Daniel about State Emergency Management and the generators. He states that when they went around looking at the pump stations that they left here pretty much promising generators. Blue Star with Cummings motors was recommended. Daniel will follow up with Travis.

VI. ADJOURNMENT

Councilman Buchanan motioned to adjourn. Meeting adjourned at 6:45pm.





ATTEST: Marsha Hoilman , Town Clerk	Phillip Hise, Mayor
viaisna Homman, Town Cicik	Rocky Buchanan, Mayor Pro Tem
	Beth Holmes, Council Member
	Wayne Peight, Council Member
	Jackie Rensink, Council Member





MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: FY 26 Budget Memo (2ND & Final Reading)

At a May 29, 2024 Special Called Town Council meeting, the Spruce Pine Town Council was presented the first reading of the Fiscal Year 2025/2026 (FY26) Budget and Ordinance 2025.001.

Included in the agenda packet is the 2nd and Final Reading of the proposed FY26 Budget and Ordinance 2025.001. The following amendments have been made since the first reading:

- 2.5% COLA Increases have been removed (\$46,903.81)
- 0-3% Performance-Based Merit funds have been removed (\$61,630.70)
- Redirected Funds for Compensation/Classification Study: \$108, 534.51

Staff has received the preliminary results of the Compensation and Classification Study administered by the North Carolina League of Municipalities MAPS Group and due to significant compression and outdated pay grades, the recommendation is to redirect the previously proposed funds for merit and COLA for FY26, in effort to address the compression and meet as best we can the recommendations of the study. The MAPs Group will present the results of the study at a August Council meeting.

There were no further amendments to the budget since the first reading. Staff will be available for questions.

Respectfully,

Daniel Stines
Town Manager

Town of Spruce Pine



ANNUAL BUDGET 2025-2026

Prepared for:

The Spruce Pine Town Council

Town of Spruce Pine



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TOWN OF SPRUCE PINE 2025-2026 BUDGET BUDGET MESSAGE

I hereby present this recommended budget for the 2025-2026 fiscal year to the Town of Spruce Pine Town Council. The budget was prepared in accordance with G.S. 159-17, the North Carolina Local Government Budget and Fiscal Control Act. All funds within the proposed budgets are balanced, and all revenues and expenditures are identified for the fiscal year 2025-2026.

For 2025-2026, a conservative approach was used in preparing projections for all statewide revenue sources: Beer and Wine Tax, Utility Franchise Tax, and Sales & Use Tax. The Town has developed a conservative budget that seeks to maintain current service levels, while also addressing infrastructure needs to maintain our current assets to allow for prolonged use and efficiency. Sales taxes revenues are reduced from the FY 24-25 levels.

The proposed budget for the General Fund is comparable to the budget for 2024- 2025 fiscal year. The FY 2025-2026 budget reflects anticipated revenues and expenditures in the General Fund of \$3,350,409. The revenue side of the General Fund budget reflects a tax base of approximately 305 million assessed value as of January 1st, and a tax collection rate of 97%. The proposed ad valorem tax rate for the 2025-2026 fiscal year is \$0.46 cents per \$100 valuation.

The Enterprise Fund is approximately 5.53% more than the respective budget for 2024- 2025 fiscal year. This increase is primarily due to the increases in water and sewer rates to keep up with rising costs of maintaining our water and sewer system and future capital improvements. This budget reflects increases on minimum flat rates and overage rates over the minimum usage to both inside and outside rates. The FY 2025-2026 budget reflects anticipated revenues and expenditures in the Enterprise fund of \$3,411,429.

New Capital Items/Programs have been kept at an affordable level for the coming FY 2025-2026. The Capital Items/New Items for the 2025-2026 budget for the General Fund include: Police Department Vehicle, Public Works Vehicle, Leaf-Vac Trailer for Public Works.

The Capital Items/New Items for the 2025-2026 budget for the Enterprise Fund include: New Water Meters and Sensors, Sullins Branch Lift Station Repairs/Improvements. The budget also includes matches for an AIA Grant and the Goldenleaf Hwy 226 Project.

The budget includes contributions to outside agencies including TRAC, Mitchell County Chamber of Commerce, and Spruce Pine Public Library.

Pay adjustments are included in this year's budget as a result of a pay and classification study completed in FY24/25 Fiscal Year. Other adjustments include increases in State Retirement costs for the employer.

Health Insurance costs have also increased over the 2024-2025 budget levels. This budget also takes into consideration rising costs of fuel, chemicals, and other necessary supplies.

The General Fund budget is balanced with a fund balance appropriation of \$567,184 and \$47,500 set aside in a contingency account. The Enterprise Fund is balanced with no fund balance appropriation.

The Town will continue to move forward addressing the needs and desires of citizens in the most efficient and effective manner possible. I am optimistic about the coming year and look forward to the benefits that our citizens will realize through the improvements the Town will make in FY 2025-2026.

Respectfully Submitted,

Daniel Stines

Town Manager

TOWN OF SPRUCE PINE 2025-2026 BUDGET

BUDGET INTRODUCTION

FUND ACCOUNTING

The accounts of the Town of Spruce Pine are organized and operated on the basis of funds. A fund is a grouping of related accounts that have been segregated for specific activities or objectives.

Funds used by local governments can be grouped into two types: governmental funds and proprietary funds. Governmental funds are simply used to account for most governmental-type activities primarily financed by tax revenues. Proprietary funds are used for activities that operate more like businesses, such as water or sewer operations, where expenses are primarily financed by revenues derived from user charges rather than tax dollars. The Town of Spruce Pine currently uses governmental and proprietary funds primarily, and when needed, Capital Project and Special Revenue Funds.

General Fund

The General Fund encompasses most of the town's day-to-day operations. Property taxes are one component of General Fund revenue. Other important General Fund revenue sources are various sales taxes and excise taxes that are distributed to the town by the North Carolina Department of Revenue. Finally, specific user charges such as cemetery fees and privilege license fees are accounted for as General Fund revenues.

All general operating expenditures are budgeted and accounted for in the General Fund. In addition, capital expenditures (purchases of real and personal property assets that have multi-year service lives) are likewise budgeted and accounted for in the General Fund.

The Town of Spruce Pine considers expenditures for fixed assets with a

value greater than five thousand dollars (\$5000.00) to be capital expenditures.

Enterprise Fund

The Enterprise Fund is the Town's Water & Sewer Fund. GAAP requires state and local governments to use the Enterprise Fund type to account for "business-type activities" – activities similar to those found in the private sector. Business type activities include services primarily funded through user charges. User Charges in the Enterprise Fund include: water and sewer fees, tap fees, delinquent account fees, etc.

Capital Project Funds

Capital Project Funds are used to budget and account for larger capital expenditures that may take place over more than one fiscal year. A large or multi-year capital project is authorized by a Capital Project Ordinance adopted by the town council, and the project is financed through a related Capital Project Fund. The Capital Project Fund may receive transfers from the General or Enterprise Fund, or it may receive funds from other revenue sources such as grants or bond proceeds. Currently the Town has four active capital project fund ordinances. Golden Leaf Grant for Hwy 226 Water Line, DWI - Stormwater Grant, Streetscape Project, and Helene Disaster Relief.

In recent years, the Town of Spruce Pine has established Capital Project Funds to renovate the new town hall, construct the new police department, PRC Industries utility improvements, the ARC bar screen project, and the SRF Loan to fund the sewer line rehabilitation project.

TOWN OF SPRUCE PINE 2025-2026 BUDGET

BUDGET PREPARATION

The Town of Spruce Pine operates on a fiscal year that runs from July 1st – June 30th. The annual budget process begins with the finance officer working with Departmental staff to estimate operating expenditures for the next fiscal year. These estimates usually begin in April.

THE BUDGET ORDINANCE

Under the North Carolina Local Government Budget and Fiscal Control Act, no expenditure may be made by the finance officer or any departmental personnel if that expenditure is not authorized.

The Town of Spruce Pine allows the finance officer to make transfers between objects of expenditure within a department without limitation. Amounts of up to \$1000 may be transferred between departments of the same fund with an official presentation on such transfers at the next regular meeting of the Town Council. Funds may not be transferred between funds or from any contingency appropriation within a fund.

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STATE OF NORTH CAROLINA TOWN OF SPRUCE PINE

AN ORDINANCE TO ESTABLISH A BUDGET FOR FISCAL YEAR 2025-2026

BE IT ORDAINED by the Council of the Town of Spruce Pine, North Carolina, the following:

Section 1:

Appropriations. The following amounts are hereby approved in the General Fund for the operation of the Town government and its activities for the fiscal year beginning 07/01/2025 and ending 06/30/2026, in accordance with a Chart of Accounts to be established for the Town:

General Government	\$ 412,369
Public Safety	\$1,542,466
Transportation	\$ 589,980
Environment Protection	\$ 95,000
Cultural & Recreational	\$ 398,857
Cemetery	\$ 35,000
Economic Development	\$ 126,087
Building & Codes Enforcement	\$ 103,150
Contingency	\$ 47,500
Total Expenditures	\$3,350,409

Revenues. It is estimated that the following revenues will be available in the General Fund for the fiscal year beginning 07/01/2025 and ending 06/30/2026.

Ad-Valorem Taxes	\$1,380,710
Other Taxes	\$1,034,400
Unrestricted Intergovernmental Rev.	\$ 20,000
Restricted Intergovernmental Rev.	\$ 80,000
License & Permits	\$ 325
Sales and Services	\$ 22,000
Investment Earnings	\$ 120,000
Other Revenues	\$ 125,790
Fund Balance Appropriated	\$ 567,184
Total Estimated Revenues	\$3,350,409

Section II.

Appropriations. The following amounts are hereby approved in the Enterprise Fund for the operation of the Town government and its activities for the fiscal year beginning 07/01/2025 and ending 06/30/2026, in accordance with a Chart of Accounts to be established for the Town:

Administration & Plant Operations	\$1,476,029
Debt Service	\$ 62,006
Water Operations	\$1,024,172
Sewer Operations	\$ 669,911
Golden Leaf Contribution	\$ 44,511
Water/Sewer AIA Contribution	\$ 34,800
Contingency	\$ 100,000
Total Expenditures	\$3,411,429

Revenues. It is estimated that the following revenues will be available in the Enterprise Fund for the fiscal year beginning 07/01/2025 and ending 06/30/2026

Water Charges	\$1,946,304
Sewer Charges	\$1,361,625
Tap Fees	\$ 6,000
Penalties & Service Charges	\$ 31,500
Miscellaneous Revenues	\$ 55,000
Investment Revenue	\$ 11,000
Total Estimated Revenues	\$3,411,429

<u>Section III.</u> <u>Property Tax Levy.</u> A tax in the amount of \$0.46 per \$100.00 of assessed valulation is hereby levied on property within the Town of Spruce Pine which was listed for property I Mitchell County as of January 1, 2025. The rate is based on an estimated total valuation of \$305,739,617 and the estimated collection rate of 97 %

<u>Section IV.</u> <u>Transfers.</u> The Finance officer is authorized to transfer appropriations within a fund as contained herein under the following conditions:

- a.) Amounts may be transferred between objects of expenditure within a department without limitation.
- b.) Amounts up to \$1000 may be transferred between departments of the same fund with an official presentation on such transfers at the next regular meeting of the Town Council.
- c.) Funds may not be transferred between funds or from any contingency appropriation within a fund.

ADOPTED this 23rd day of June 2025. Witness my hand and official seal:

	Phillip Hise, Mayor
	Rocky Buchanan, Mayor Pro Tem
	Wayne Peight, Council Member
	Elizabeth Holmes, Council Member
	Jacqueline Rensink, Council Member
ATTEST:	
Aarsha Hoilman, Clerk	

Town of Spruce Pine



2025-2026

General Fund



Town of Spruce Pine General Fund Adopted Budget 2025-2026

General Fund Revenues

2020-Taxes	10-301-20	\$ 500
2021-Taxes	10-301-21	\$ 1,000
2022-Taxes	10-301-22	\$ 2,000
2023-Taxes	10-301-23	\$ 3,000
2024-Taxes	10-301-24	\$ 5,000
2025-Taxes	10-301-25	\$ 5,000
2026-Taxes	10-301-26	\$1,364,210
Payment in lieu of taxes	10-303-00	\$ 20,000
Vehicle Taxes	10-304-00	\$ 110,000
Tax Penalties	10-317-00	\$ 5,000
Privilege License	10-325-00	\$ 325
Interest on Investments	10-329-00	\$ 120,000
Misc Revenue	10-335-00	\$ 5,000
Bank of America-Pcard	10-336-00	\$ 3,000
Utilities Franchise Tax	10-337-00	\$ 215,000
Powell Bill	10-343-40	\$ 80,000
Local Sales Tax	10-345-00	\$ 690,800
Alcohol / Beverage Tax	10-345-01	\$ 12,000
Solid Waste Disposal	10-346-00	\$ 1,600
Officer Fees	10-351-00	\$ 350
Parking/Other Violations	10-352-00	\$ 500
Cemetary Plots	10-361-00	\$ 4,000
Ofice Rental	10-362-02	\$ 3,240
Recreation Revenues	10-365-00	\$ 18,000
Revenue ABC	10-366-00	\$103,200
Revenue ABC Police Dist.	10-366-01	\$ 9,000
Sale of Fixed Assets	10-383-00	\$ 1,500
Fund Balance Appropriation	10-399-00	\$ 567,184
Total General Fund Revenue		\$3,350,409

General Fund Expenditures

Governing Body			
SALARIES	10-410-02	\$ 18,250.00	
FICA	10-410-05	\$ 1,400.00	
Workers Comp	10-410-09	\$ 75.00	
TRAVEL	10-410-14	\$ 1,500.00	
MISCELLANEOUS	10-410-57	\$ 3,500.00	
Department Total		\$ 24,725.00	
Administration & Finance			
SALARIES	10-420-02	\$ 315,000.00	
SALARIES-PART TIME	10-420-01	\$ 16,000.00	
SALARIES-OVERTIME	10-420-03	\$ 5,000.00	
PROFESSIONAL SERVICES	10-420-04	\$ 94,000.00	
FICA	10-420-05	\$ 25,750.00	
GROUP INSURANCE	10-420-06	\$ 110,000.00	
RETIREMENT	10-420-07	\$ 47,400.00	
UNEMPLOYMENT INSURANCE	10-420-08	\$ 1,020.00	
WORKERS COMP	10-420-09	\$ 2,500.00	
W/S ADMIN FEES	10-420-10	\$ (367,851.00)	
TELEPHONE & POSTAGE	10-420-11	\$ 8,300.00	
UTILITIES	10-420-13	\$ 7,000.00	
TRAVEL	10-420-14	\$ 2,500.00	
BUILDING GROUND MAINT.	10-420-15	\$ 8,500.00	
EQUIPMENT MAINTENANCE	10-420-16	\$ 300.00	
AUTO MAINTENANCE	10-420-17		
COPIER LEASE	10-420-21	\$ 2,425.00	
ADVERTISING	10-420-26	\$ 5,000.00	
AUTO SUPPLIES	10-420-31	\$ 250.00	
TRAINING	10-420-32	\$ 2,000.00	
SUPPLIES & MATERIALS	10-420-33	\$ 18,500.00	
IT SERVICES		\$ 12,000.00	
IT SUPPLIES		\$ 6,000.00	
CONTRACTED SERVICES	10-420-45	\$ 3,800.00	
DUES & SUBSCRIPTIONS	10-420-53	\$ 7,500.00	
PROPERTY/ WC INSURANCE	10-420-54	\$ 35,000.00	
MISCELLANEOUS	10-420-57	\$ 7,000.00	
SERVICE CHARGES	10-420-88	\$ 4,300.00	
CONDEMNATION FEES	10-420-89		
INVENTORY CAPITAL	10-420-73		
CAPITAL OUTLAY	10-420-74		

Department Total		\$ 379,194.00	
Municipal Elections			
COST OF ELECTIONS	10-430-45	\$ 3,200.00	
Tax Collections			
TAX COLLECTION FEES	10-480-45	\$ 5,250.00	
Main Street			
SALARIES	10-496-02	\$ 53,900.00	
SALARIES-PART TIME	10-496-03	\$ 12,000.00	
FICA	10-496-05	\$ 5,050.00	
GROUP INSURANCE	10-496-06	\$ 10,800.00	
RETIREMENT	10-496-07	\$ 7,775.00	
TELEPHONE/POSTAGE	10-496-11		
SUPPLIES & MATERIAL	10-496-33		
MAIN STREET	10-496-51	\$ 35,725.00	
MISC.	10-496-57		
HURRICANE RELIEF GRANTS	10-496-60		
MISC ECONOMIC REQUEST	10-496-59		
WORKERS COMPENSATION	10-496-09	\$ 837.00	
Department Total		\$ 126,087.00	
Public Buildings & Facilities			
UTILITIES	10-500-13	\$ 62,000.00	
BUILDING/GRND MAINTENANCE	10-500-15	\$ 32,500.00	
EQUIPMENT MAINTENANCE	10-500-16	\$ 500.00	
SUPPLIES & MATERIALS	10-500-33	\$ 24,000.00	
CONTRACTED SERVICES	10-500-45	\$ 16,000.00	
MISCELLANEOUS	10-500-57		
INVENTORY CAPITAL	10-500-73		
CAPITAL OUTLAY	10-500-74	\$ 66,797.00	
Department Total		\$ 201,797.00	
Police Department			
SALARIES	10-510-02	\$ 646,000.00	
SEPARATION ALLOWANCE	10-510-03	\$ 29,804.00	
SALARIES-PART TIME		\$ 40,000.00	
SALARIES-OVERTIME		\$ 50,000.00	
PROFESSIONAL SERVICES	10-510-04	\$ 12,000.00	

FICA	10-510-05	\$ 58,750.00	
GROUP INSURANCE	10-510-06	\$ 159,000.00	
RETIREMENT	10-510-07	\$ 113,500.00	
SUPPLEMENT RETIREMENT	10-510-08	\$ 37,000.00	
WORKERS COMP	10-510-09	\$ 15,000.00	
TELEPHONE & POSTAGE	10-510-11	\$ 9,762.00	
UTILITIES	10-510-13	\$ 11,000.00	
TRAVEL	10-510-14	\$ 3,000.00	
BUILDING GROUNDS MAINTENANCE	10-510-15	\$ 15,000.00	
EQUIPMENT REPAIR	10-510-16	\$ 800.00	
AUTO MAINTENANCE	10-510-17	\$ 23,000.00	
AUTO SUPPLIES	10-510-31	\$ 23,000.00	
TRAINING	10-510-32	\$ 2,000.00	
SUPPLIES & MATERIALS	10-510-33	\$ 21,000.00	
DRUG PROGRAM - SUPPLIES	10-510-34	\$ 2,000.00	
UNIFORMS	10-510-36	\$ 8,000.00	
CANINE PROGRAM	10-510-38	\$ 6,000.00	
CONTRACTED SERVICES	10-510-45	\$ 7,500.00	
DUES & SUBSCRIPTIONS	10-510-53	\$ 350.00	
INSURANCE	10-510-54	\$ 30,000.00	
MISCELLANEOUS	10-510-57		
CAPITAL OUTLAY -VEHICLES	10-510-74	\$ 55,000.00	
CAPTIAL OUTLAY-EQUPMENT			
EQUIPMENT LEASES	10-510-80	\$ 6,000.00	
DEPT PAYMENT -AUTO	10-510-99	\$ -	
Department Total		\$ 1,384,466.00	
Fire Protection			
SUPPLIES & MATERIALS	10-530-33		
SPVFD CONTRACT	10-530-45	\$ 158,000.00	
Department Total		\$ 158,000.00	
Puilding Inoncations (40.5%)			
Building Inspections (12.5% County total)			
CONTRACTED SERVICES	10-540-45	\$ 31,350.00	
Code Enforcement Officer Salary	10-540-02	\$ 50,000.00	
FICA	10-540-05	\$ 3,825.00	
Retirement	10-540-07	\$ 7,175.00	
Group Insurance	10-540-06	\$ 10,800.00	
Department Total		\$ 103,150.00	

Public Works				
SALARIES	10-560-02	\$ 445,000.00		
SALARIES-OVERTIME	10-560-03	\$		
SALARIES-PART-TIME	10-540-01	\$ 26,000.00		
PROFESSIONAL SERVICES	10-560-04	\$ 1,000.00		
FICA	10-560-05	\$ 40,500.00		
GROUP INSURANCE	10-560-06	\$ 127,000.00		
RETIREMENT	10-560-07	\$ 73,000.00		
WORKERS COMP	10-560-09	\$ 18,000.00		
LABOR ALLOCATION CREDITS	10-560-10	\$ (615,735.00)		
TELEPHONE & POSTAGE	10-560-11	\$ 2,800.00		
UTILITIES	10-560-13	\$ 11,000.00		
TRAVEL	10-560-14	\$ 750.00		
BUILDING/GRND MAINTENANCE	10-560-15	\$ 1,500.00		
EQUIPMENT MAINTENANCE	10-560-16	\$ 18,000.00		
AUTO MAINTENANCE	10-560-17	\$ 12,000.00		
AUTO SUPPLIES	10-560-31	\$ 19,000.00		
SUPPLIES & MATERIALS	10-560-33	\$ 33,000.00		
UNIFORM RENTAL	10-560-35	\$ 11,000.00		
CONTRACTED SERVICES	10-560-45	\$ 1,700.00		
DUES & SUBSCRIPTIONS	10-560-53	\$ 100.00		
MISCELLANEOUS	10-560-57	\$ 1,500.00		
INVENTORY CAPITAL	10-560-73			
CAPITAL OUTLAY	10-560-74			
Department Total		\$ 272,115.00		
Powell Bill				
STATE STREET AID EXPENDITURES		\$ 116,068.00		
		- ,		
Sanitation				
CONTRACTED SERVICES	10-580-45	\$ 95,000.00		
Parks & Recreation				
SALARIES	10-620-02	\$ 53,800.00		
SALARIES-PART TIME	10-620-03	\$ 95,000.00		
FICA	10-620-05	\$ 10,400.00		
GROUP INSURANCE	10-620-06	\$ 10,800.00		
RETIREMENT	10-620-07	\$ 7,725.00		
WORKERS COMP	10-620-09	\$ 3,750.00		
TELEPHONE & POSTAGE	10-620-11	\$ 3,000.00		

UTILITIES			1 4	20.000.00	
BUILDING/GRND MAINTENANCE	UTILITIES	10-620-13	\$	20,000.00	
EQUIPMENT MAINTENANCE	TRAVEL/EDUCATION	10-620-14			
AUTO MAINTENANCE 10-620-17 \$ 2,500.00 AUTO SUPPLIES 10-620-31 \$ 3,000.00 SUPPLIES & MATERIALS 10-620-31 \$ 16,500.00 CONTRACTED SERVICES 10-620-45 \$ 5,500.00 PURCHASES FOR RESALE 10-620-48 \$ 6,500.00 DUES & SUBSCRIPTIONS 10-620-63 \$ 575.00 MISCELLANEOUS 10-620-57 \$ 1,500.00 INVENTORY CAPITAL 10-620-73 CAPITAL 0UTLAY 10-620-74 \$ Department Total \$ 271,050.00 Library BUILDING/GRND MAINTENANCE 10-630-15 \$ 5,869.00 OPERATIONS 10-630-45 \$ 104,692.00 INSURANCE 10-630-54 \$ 2,246.00 Department Total \$ 112,807.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00	BUILDING/GRND MAINTENANCE	10-620-15		•	
AUTO SUPPLIES	EQUIPMENT MAINTENANCE	10-620-16			
SUPPLIES & MATERIALS	AUTO MAINTENANCE	10-620-17		2,500.00	
CONTRACTED SERVICES 10-620-45 \$ 5,500.00 PURCHASES FOR RESALE 10-620-48 \$ 6,500.00 DUES & SUBSCRIPTIONS 10-620-53 \$ 575.00 MISCELLANEOUS 10-620-57 \$ 1,500.00 INVENTORY CAPITAL 10-620-73 CAPITAL OUTLAY 10-620-74 \$ -	AUTO SUPPLIES	10-620-31		3,000.00	
DURCHASES FOR RESALE 10-620-48 \$ 6,500.00 DUES & SUBSCRIPTIONS 10-620-53 \$ 575.00 MISCELLANEOUS 10-620-57 \$ 1,500.00 INVENTORY CAPITAL 10-620-73 CAPITAL OUTLAY 10-620-74 \$ -	SUPPLIES & MATERIALS	10-620-33		16,500.00	
Dues & Subscriptions	CONTRACTED SERVICES	10-620-45		5,500.00	
MISCELLANEOUS 10-620-57 \$ 1,500.00	PURCHASES FOR RESALE	10-620-48		6,500.00	
Inventory Capital 10-620-73	DUES & SUBSCRIPTIONS	10-620-53	\$	575.00	
Department Total \$ 271,050.00	MISCELLANEOUS	10-620-57	\$	1,500.00	
Department Total	INVENTORY CAPITAL	10-620-73			
Library BUILDING/GRND MAINTENANCE 10-630-15 \$ 5,869.00 OPERATIONS 10-630-45 \$ 104,692.00 INSURANCE 10-630-54 \$ 2,246.00 Department Total \$ 112,807.00 Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	CAPITAL OUTLAY	10-620-74	\$	-	
Library BUILDING/GRND MAINTENANCE 10-630-15 \$ 5,869.00 OPERATIONS 10-630-45 \$ 104,692.00 INSURANCE 10-630-54 \$ 2,246.00 Department Total \$ 112,807.00 Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00					
Library BUILDING/GRND MAINTENANCE 10-630-15 \$ 5,869.00 OPERATIONS 10-630-45 \$ 104,692.00 INSURANCE 10-630-54 \$ 2,246.00 Department Total \$ 112,807.00 Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00					
BUILDING/GRND MAINTENANCE 10-630-15 \$ 5,869.00 OPERATIONS 10-630-45 \$ 104,692.00 INSURANCE 10-630-54 \$ 2,246.00 Department Total \$ 112,807.00 Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	Department Total		\$	271,050.00	
BUILDING/GRND MAINTENANCE 10-630-15 \$ 5,869.00 OPERATIONS 10-630-45 \$ 104,692.00 INSURANCE 10-630-54 \$ 2,246.00 Department Total \$ 112,807.00 Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00					
BUILDING/GRND MAINTENANCE 10-630-15 \$ 5,869.00 OPERATIONS 10-630-45 \$ 104,692.00 INSURANCE 10-630-54 \$ 2,246.00 Department Total \$ 112,807.00 Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00					
BUILDING/GRND MAINTENANCE 10-630-15 \$ 5,869.00 OPERATIONS 10-630-45 \$ 104,692.00 INSURANCE 10-630-54 \$ 2,246.00 Department Total \$ 112,807.00 Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	Library				
OPERATIONS	•	10.000.15	Φ.	F 960 00	
Department Total				· · · · · · · · · · · · · · · · · · ·	
Department Total					
Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	INSURANCE	10-630-54	, ,	2,240.00	
Toe River Arts Council TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	Damawana Tatal		•	112 907 00	
TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	Department Total		- P	112,007.00	
TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00					
TRAC GRANT 10-635-45 \$ 5,000.00 Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00					
Mitchell County Chamber of Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00					
Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	TRAC GRANT	10-635-45	\$	5,000.00	
Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00					
Commerce 10-635-46 \$ 10,000.00 Cemetery GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	Mitaball County Chambar of				
Cemetery \$ 35,000.00 GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00		10-635-46	Ś	10.000.00	
GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00		10 000 10	•		
GROUNDS MAINTENANCE 10-640-15 \$ 35,000.00	Cemetery				
	•	10-640-15	Ś	35,000.00	
Contingency 10-650-99 \$ 47,500.00	July manifestation	1007010	'	,	
Contingency 10-650-99 \$ 47,500.00					
Contingency 10-650-99 \$ 47,500.00					
	Contingency	10-650-99	\$	47,500.00	
Total General Fund Expenditures \$ 3,350,409	Total General Fund Expenditure	<u>es</u>	\$	3,350,409	

Town of Spruce Pine General Fund Revenues



	2025-2026
Account Name	Budget
PRIOR YEARS TAXES	16,500
CURRENT TAXES	1,364,210
PAYMENTS IN LIEU OF TAXES	20,000
VEHICLE TAXES	110,000
TAX PENALTIES/REFUNDS/RELEASES	5,000
PRIVILEGE LICENSE	325
INTEREST ON INVESTMENTS	120,000
MISC REVENUE	5,000
Bank of America Pcard Rebate	3,000
UTILITIES FRANCHISE TAX	215,000
OAK ISLAND-DONATED FUNDS	-
POWELL BILL ALLOCATION	80,000
LOCAL SALES TAX	690,800
Alcohol/Beverage Tax	12,000
Solid Waste Disposal Tax	1,600
OFFICERS FEES	350
POLICE DEPT DONATIONS	
POLICE DEPT GRANTS	
DUKE ENERGY FOUNDATION GRANTS	
PARKING/OTHER VIOLATIONS	500
CEMETARY PLOTS	4,000
OFFICE RENTAL	3,240
RECREATION PARK REVENUES	18,000
Revenue ABC Distribution	103,200
Revenue ABC Police Distribution	9,000
SALE OF FIXED ASSETS	1,500
FUND BALANCE APPROPRIATED	567,184
Total Revenues	3,350,409

Budget FY2025-2026 PRIOR YEARS TAXES

- CURRENT TAXES
- PAYMENTS IN LIEU OF TAXES
- VEHICLE TAXES
- TAX PENALTIES/REFUNDS/RELEASES
- PRIVILEGE LICENSE
- INTEREST ON INVESTMENTS
- MISC REVENUE
- Bank of America Pcard Rebate
- UTILITIES FRANCHISE TAX
- OAK ISLAND-DONATED FUNDS
- POWELL BILL ALLOCATION
- LOCAL SALES TAX
- Alcohol/Beverage Tax
- Solid Waste Disposal Tax
- OFFICERS FEES
- POLICE DEPT DONATIONS
- POLICE DEPT GRANTS
- DUKE ENERGY FOUNDATION GRANTS
- PARKING/OTHER VIOLATIONS
- **■** CEMETARY PLOTS
- OFFICE RENTAL
- RECREATION PARK REVENUES
- Revenue ABC Distribution
- Revenue ABC Police Distribution
- SALE OF FIXED ASSETS
- FUND BALANCE APPROPRIATED

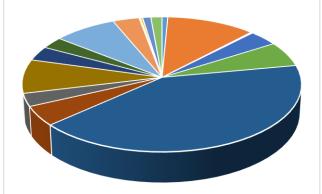
Budget FY2025-2026

Town of Spruce Pine FY26 General Fund Expenditures

Estimated Revenues



	2025-2026		
Account Name	Budget		
Governing Body Total:	\$ 24,725.00		
Administration & Finance Total:	\$	379,194.00	
Municipal Elections Total:	\$	3,200.00	
Tax Collections Total:	\$	5,250.00	
Main Street Total:	\$	126,087.00	
Public Works Total:	\$	201,797.00	
Police Department Total:	\$	1,384,466.00	
Fire Protection Total:	\$	158,000.00	
Building Inspections (County):	\$	103,150.00	
Public Works Total:	\$	272,115.00	
Powell Bill	\$	116,068.00	
Sanitation Total (Contracted):	\$	95,000.00	
Parks & Recreation Total:	\$	271,050.00	
Library Total:	\$	112,807.00	
Toe River Arts Council Total:	\$	5,000.00	
Chamber of Commerce:	\$	10,000.00	
Cemetery Total:	\$	35,000.00	
Contingency Total:	\$	47,500.00	
Total General Fund			
Expenditures		3,350,409	



- Governing Body Total:
- Administration & Finance Total:
- Municipal Elections Total:
- Tax Collections Total:
- Main Street Total:
- Public Works Total:
- Police Department Total:
- Fire Protection Total:
- Building Inspections (County):
- Public Works Total:
- Powell Bill
- Sanitation Total (Contracted):
- Parks & Recreation Total:
- Library Total:
- Toe River Arts Council Total:
- Chamber of Commerce:
- Cemetery Total:

3,350,409

Contingency Total:

Town of Spruce Pine



2025-2026

Enterprise Fund Proposed Budget



Town of Spruce Pine Enterprise Fund Adopted Budget 2025-2026

2025-26

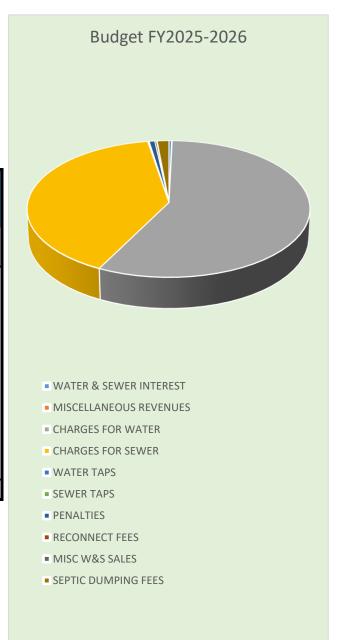
	•	2020 20
Description	Acct	Budget
WATER & SEWER INTEREST	30-329-00	\$ 11,000.00
MISCELLANEOUS REVENUES	30-335-00	\$ 2,500.00
CHARGES FOR WATER	30-371-01	\$ 1,946,304.00
CHARGES FOR SEWER	30-371-02	\$ 1,361,625.00
WATER TAPS	30-373-01	\$ 4,000.00
SEWER TAPS	30-373-02	\$ 2,000.00
PENALTIES	30-374-00	\$ 24,000.00
RECONNECT FEES	30-375-00	\$ 7,500.00
MISC W&S SALES	30-376-00	\$ 2,500.00
SEPTIC DUMPING FEES	30-376-01	\$ 50,000.00
Total Revenues		\$ 3,411,429.00

Town of Spruce Pine Detail of Water & Sewer Expenditures Budget 2025-26

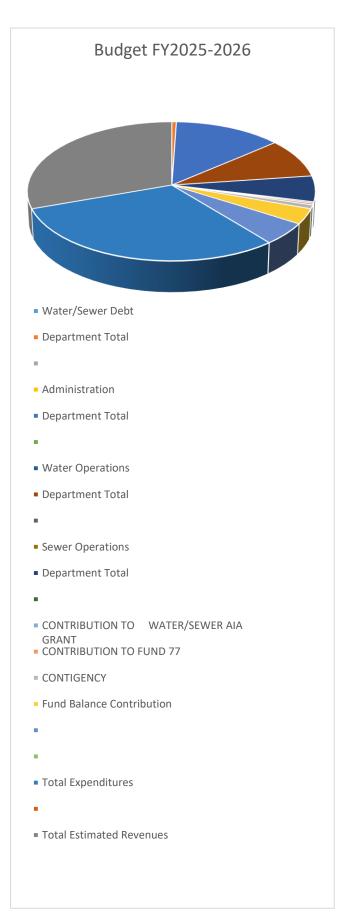
		2025-2026
Description	Acct	Budget
Non Departmental		
FEDERAL REV LOAN	30-660-83	\$ 24,260.00
SRF LOAN PRINCIPAL	30-660-84	\$ 31,663.00
SRF LOAN INTEREST	30-660-85	\$ 6,083.00
Department Total		\$ 62,006.00
Administration		
IT Services	30-720-03	\$ 12,000.00
PROFESSIONAL SVCS	30-720-04	\$ 23,500.00
ADMIN COSTS	30-720-10	\$ 367,851.00
POSTAGE	30-720-11	\$ 13,000.00
TRAVEL/TRAINING	30-720-14	\$ 1,500.00
EQUIPMENT MAINT	30-720-16	\$ 1,500.00
SUPPLIES & MATERIALS	30-720-33	\$ 30,200.00
PLANT OPERATIONS CONTRACT	30-720-45	\$ 968,378.00
SOFTWARE SUPPORT	30-720-46	\$ 3,500.00
INSURANCE	30-720-54	\$ 45,000.00
MISC	30-720-57	\$ 3,100.00
BAD DEBT	30-720-87	\$ 2,000.00
SERVICE CHARGES	30-720-88	\$ 4,500.00
Department Total		\$ 1,476,029.00
Water Operations		
•	30-811-04	\$ 12,000.00
PROFESSIONAL SERVICES TELEMETRY	30-811-11	\$ 15,000.00
UTILITIES	30-811-13	\$ 114,000.00
FACILITIES MAINTENANCE	30-811-15	\$ 10,000.00
DISTRIBUTION SYSTEM MAINTENANCE	30-811-18	\$ 201,072.00
LABOR ALLOCATIONS	30-811-19	\$ 450,000.00
WATER CHEMICALS SUPPLIES	30-811-33	\$ 100,000.00

	1	
DUES, SUBSCRIPTIONS & FEES	30-811-53	\$ 5,600.00
MISCELLANEOUS	30-811-57	\$ 1,500.00
INVENTORY CAPITAL	30-811-73	\$ 70,000.00
CAPITAL OUTLAY	30-811-74	
ALTAPASS RD LINE CONST	30-811-75	
EMERGENCY REPAIRS-WATER	30-811-76	\$ 45,000.00
DEBT PAYMENT-WATER TRUCK	30-811-99	
Department Total		\$ 1,024,172.00
Sewer Operations		
PROFESSIONAL SERVICES	30-812-04	\$ 7,000.00
TELEMETRY	30-812-11	\$ 14,300.00
UTILITIES	30-812-13	\$ 127,000.00
FACILITIES MAINTENANCE	30-812-15	\$ 4,000.00
COLLECTION SYSTEM MAINTENANCE	30-812-18	\$ 120,000.00
LABOR ALLOCATIONS	30-812-19	\$ 165,735.00
SEWER CHEMICAL SUPPLIES	30-812-33	\$ 35,000.00 \$ 77,000.00
CONTRACTED SERVICES (SLUDGE)	30-812-45	\$ 77,000.00
DUES, SUBSCRIPTIONS & FEES	30-812-53	\$ 11,000.00
MISCELLANEOUS	30-812-57	\$ 2,161.00
INVENTORY CAPITAL	30-812-73	
CAPITAL OUTLAY	30-812-74	\$ 61,715.00
EMERGENCY REPAIRS-SEWER	30-812-76	\$ 45,000.00
Department Total		\$ 669,911
CONTRIBUTION TO WATER/SEWER AIA		
GRANT	30-900-72	\$ 34,800.00
CONTRIBUTION TO FUND 77	30-900-77	\$ 44,511.00
CONTIGENCY	30-900-99	\$ 100,000.00
Fund Balance Contribution		
		\$ 179,311
Total Expenditures		\$ 3,411,429
Total Experiurtures		Ψ 3,411,443

Town of Spruce Pine **Enterprise Fund Revenues** 2025-26 Account Name **Budget** 11,000.00 WATER & SEWER INTEREST \$ \$ 2,500.00 MISCELLANEOUS REVENUES \$ CHARGES FOR WATER 1,946,304.00 \$ 1,361,625.00 CHARGES FOR SEWER WATER TAPS \$ 4,000.00 \$ 2,000.00 SEWER TAPS \$ PENALTIES 24,000.00 \$ RECONNECT FEES 7,500.00 \$ 2,500.00 MISC W&S SALES \$ 50,000.00 SEPTIC DUMPING FEES \$ 3,411,429.00 **Total Revenues**



	SHOOTH CAROLE
	2025-2026
	Budget
\$	62,006.00
\$	1,476,029.00
\$	1,024,172.00
	669,911
	-
\$	34,800.00
\$	44,511.00
\$	100,000.00
-	399,092.00
	578,403
	<u> </u>
	3,411,429
	c, :==, : = 0
\$	3,411,429.00
	\$ \$ \$ \$ \$ \$ \$ \$ \$



Town of Spruce Pine Capital Outlay Requests - General Fund Budget 2025-2026

Department	Description	Requested	Included in Budget
Department	Description	Requesteu	included in budget
Public Works	StreetSweeper	340,771.00	FEMA
	Vehicle - F150	46,802.00	46,802.00
	Leaf-Vac Trailer	19,995.00	19,995.00
	Camera	13,342.00	FY25 Funded
	Light-Towers	7,600.00	League/FEMA
	Total	428,510.00	66,797.00
Police	Police Vehicle	55,000.00	55,000.00
	Total	55,000.00	55,000.00
	All Request under \$5000 threshold		
Parks & Recreation			
	Grand Total General Fund	533,510.00	171,797.00

Town of Spruce Pine Capital Outlay Requests - Water/Sewer Fund Budget 2025-2026

	Description	Requested	Included in Budget
Department			
	Service Clarifier	39,900.00	-
Water	<u></u>		
	Meters	70,000.00	70,000.00
Water			
	Total Requested	109,900.00	70,000.00
Sewer	Repairs/Improvements Sullins Branch Lift St	56,075.00	56,075.00
	<u> </u>		
	Total Requested	56,075.00	56,075.00
	Grand Total Water/Sewer Fund	165,975.00	126,075.00

Town of Spruce Pine Rates Effective 07/01/2025

INSIDE USER RATES		
CONSUMPTION (GALLONS)	WATER RATES	SEWER RATES
0-3000	\$ 20.00	\$ 20.00
3,001-20,000	\$6.88/1000 gallons	\$8.13/1000 gallons
20,001-100,000	\$8.13/100 gallons	\$9.38 / gallons
100,001-500,000	\$10.63 / gallons	\$11.88 / gallons
500,000-1,000,000	\$13.75 / gallons	\$15.00 / gallons
>1,000,000	\$15.00 / gallons	\$16.25 / gallons

OUTSIDE USER RATES			
CONSUMPTION (GALLONS)	WATER RATES		SEWER RATES
0-3000	\$	45.00	\$ 45.00
3,001-20,000	\$9.38 / 1000 gallons		\$10.63 / 1000 gallons
20,001-100,000	\$10.63 / 1000 gallons		\$11.88 / 1000 gallons
100,001-500,000	\$13.13 / 1000 gallons		\$14.38 / 1000 gallons
500,000-1,000,000	\$16.25 / 1000 gallons		\$17.50 / 1000 gallons
>1,000,000	\$17.50 / 1000 gallons		\$18.75 / 1000 gallons

<u>Deposits</u>				
<u>Inside</u>	\$	100.00	\$	150.00
<u>Outside</u>				
Water	\$	150.00	\$	200.00
Water & Sewer	\$	200.00	\$	250.00
Delinquent Account Fee	\$	50.00		
Meter Tampering Fee	\$	100.00		
*Plus Actual cost of damages			Meter De	<u>oosits</u>
Hydrant Fee (Monthly)	\$	50.00	Residential: Co	st Plus Labor
*Plus current volume at outside rate			Commercial: Co	ost Plus 20%
Sewage Discharge				
Initial Application Fee	\$	2,000.00		
Annual Fee	\$	500.00		
Domestic	\$.05 / gallon			
Commercial	\$0.07 / gallon			
Meter Reread (at customers request)				
(If usage isn't at least double their norma	\$	25.00		



CEMETERY FEES

Effective July 1st, 2024

INSIDE CITY LIMITS RATE: \$1250.00

OUTSIDE CITY LIMITS RATE: \$1500.00

Town of Spruce Pine Fees & Charges Schedule



Effective July 1st, 2025

Accounting	Rate
Beer and Wine License:	
On premise beer & wine	\$15.00
Off premise wine	\$10.00
Off premise malt beverage	\$ 5.00
Administration	Rate
Photocopies	\$0.05 per page over 10 copies.
Billing & Collections	Rate
Returned Check Fee	\$25.00
Delinquent Account Fee	\$50.00
Late Fee	\$ 5.00 or 10% whichever is
Parks & Recreation	Rate
Shelter Reservation (4 hour minimum, \$10 every hour after)	\$40.00
Swim Lessons	\$40.00
Water Walking (per session)	\$ 2.00
Water Walking Pass	\$20.00
Pool Pass (20 visits)	\$60.00
Pool Rental (per hour, 2 hour max – Available Friday &	\$100.00
Saturday)	ć F.00
Pool Admission	\$ 5.00 \$ 2.00
After 4pm Admission	
Planning and Zoning Fees	Rate
Variance Request	\$150.00
Special Use Request	\$150.00
Plat Review	\$ 20.00
Appeal of Administrative Decision	\$ 75.00
Certificate of Zoning Compliance	\$ 25.00
Rezoning (Text & Map Amendment)	\$250.00
Voluntary Annexation Fee	\$200.00
Plan Review Fee	\$150.00



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 29777



MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: Fiscal Year 2024-2025 (FY25) Budget Amendment

Included in the packet is a Budget Amendment to the General Fund for Fiscal Year 2024-2025 (FY25). The amendment reflects a balance in expenses and revenues.

These increases and expenses are primarily related to contracts, salaries and other matters related to Helene recovery and FEMA.

Respectfully,

Daniel Stines Town Manager



TOWN OF SPRUCE PINE, NORTH CAROLINA GENERAL FUND BUDGET AMENDMENT #4

Fiscal Year 2024-2025

BE IT ORDAINED by the Town Council of the Town of Spruce Pine, North Carolina that the following amendments be made to the annual budget ordinance for the fiscal year ending June 30, 2025.

Section 1: To amend the General Fund, the appropriation changes are as follows:

Expenses

Account Number	Description	Increase	Decrease
Governing Body			
10-410-57	Miscellaneous	\$ 3,000	
Administration			
10-420-02	Salaries	\$ 12,000	
10-420-05	FICA	\$1,000	
10-420-13	Utilities	\$ 1,055	
10-420-16	Equipment Maint	\$ 2,600	
10-420-32	Training	\$1,000	
10-420-45	Contracted Services	\$12,000	
10-420-88	Service Charges	\$ 2,500	
Main Street			
10-496-02	Salaries	\$ 500	
Public Buildings			
10-500-13	Utilities	\$ 10,000	
10-500-15	Building & Grounds Maint	\$ 12,500	
Police			
10-510-02	Salaries	\$50,000	
10-510-05	FICA	\$7,000	
10-510-07	Retirement	\$ 10,500	
10-510-08	Supplemental Retirement	\$ 4,000	
10-510-14	Travel	\$700	
10-510-17	Auto Maint.	\$7,513	
10-510-45	Contracted Services	\$6,000	
10-510-74	Capital Outlay	\$32,500	
10-510-80	Equipment Leases	\$6,700	
Public Works			
10-560-02	Salaries	\$109,000	

10-560-05	FICA	\$8,500
10-560-07	Retirement	\$15,500
10-560-17	Auto Maint.	\$6,000
10-560-31	Auto Supplies	\$7,500
10-560-45	Contracted Services	\$1,700
Sanitation		
10-580-45	Contracted Services	\$6,000
Parks & Rec		
10-620-33	Supplies & Material	\$10,000
10-620-77	Brad Ragan Pump Track	\$3,500
Cemetery		
10-640-15	Buildings & Grounds	\$13,500
	Maint	
	TOTALS	\$364,268

Total Increase in Expenses: \$364,268

This will result in a net increase of \$364,268 in the appropriations of the General Fund. As a result, the following revenues will be increased. These revenues has been or will be received.

Revenues

Account Number	Description	Increase	Decrease
10-335-01	Insurance Proceeds	\$345,000	
10-335-02	FEMA Reimbursement- OT	\$66,359	
10-345-00	Local Sales Tax		(\$65,000)
10-352-00	Parking/Other Violation	\$ 650	
10-365-00	Recreation Park Revenues		(\$9,400)
10-378-00	Contribution Revenue	\$ 30,000	
10-383-00	Sale of Fixed Assets		(\$3,341)
	<u>TOTALS</u>	\$442,009	(\$77,741)

Total Increase in Revenues: \$364,268

Phillip Hise, Mayor



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 29777



MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: Toe River Regional Library Agreement (Revised)

At the April 28, 2025 Town Council meeting, Council approved an agreement for the Toe River Regional Library System. Afterwards, some minor revisions were made by County partners and a revised agreement has been drafted.

The revised agreement is included in the agenda packet for review, consideration and adoption.

Respectfully,

Daniel Stines
Town Manager

THE GREAT STATE OF NORTH CAROLINA

County of Avery, County of Mitchell and the Town of Spruce Pine

Contract for the Toe River Valley Regional Library

WHEREAS, the governmental entities which are a party to this Agreement and Contract previously comprised the Avery-Mitchell-Yancey Regional (AMY) Library, and the purpose of this Agreement is to replace and supersede the previous agreement in light of both the need to update the Agreement and Contract as well as the withdrawal of Yancey County from the Library System; and

WHEREAS, the new entity will be known as the Toe River Valley Regional Library, and is designed to promote the welfare and education of the people within this area by providing them with excellent educational, recreational, informational and cultural services; and

WHEREAS, each of the three governmental entities owns their respective library buildings and materials, and are committed to the education, economic development, and quality-of-life contributions that libraries uniquely are able to provide; and

WHEREAS, this collaboration provides an effective and efficient use of local resources for the benefit of their residents; and

WHEREAS, this collaboration provides opportunities for service and resource allocations otherwise beyond the financial and service capacities of the individual governments and libraries.

NOW, THEREFORE, pursuant to adoption of this Contract as duly adopted by their governing boards, the parties, hereto replace and supersede the previous Agreement for the AMY Library, which shall now be known as the Toe River Valley Regional Library, effective July 1, 2025 and continuing from that point forward unless otherwise amended by the Boards of Commissioners for Avery County and Mitchell County, as well as the Town Council for the Town of Spruce Pine.

I. Governments Involved

- a. Avery County
- b. Mitchell County
- c. Town of Spruce Pine

II. Purpose statement

a. This agreement is to perpetuate excellent library and information services to the residents of the areas included within the jurisdictions of the aforementioned governing bodies through their collaborative and collective efforts under the legal authority of N.C.G.S. 153A-270 and N.C.G.S. 160A, Article 20, Part 1, and in accordance with community needs and to provide age appropriate materials to the respective users of the member libraries.

III. Board of Trustees

- a. The Board of Trustees shall be the governing body of the Regional Library.
- b. Membership
 - i. There shall be eight (8) members of the Board of Trustees providing equitable representation of each participating governmental unit, who shall be appointed as follows:

- 1. Avery County: four (4) members appointed by the Avery County Board of Commissioners.
- 2. Mitchell County: two (2) members appointed by the Mitchell County Board of Commissioners.
- 3. Spruce Pine: two (2) members appointed by the Spruce Pine Town Council.
- ii. Members shall be appointed by the board of commissioners for each respective participating county and the Town of Spruce Pine's members shall be appointed by the Spruce Pine Town Council, with terms beginning July 1 of odd numbered calendar years. Members appointed to the Board of Trustees may include currently serving board of commission members or currently serving members of the Spruce Pine Town Council, or any other person determined by the governing board in their sole discretion.
- iii. The term of members of the Board of Trustees shall be for a two (2) year term beginning on the date set forth above, and may be reappointed if deemed appropriate by the appointing authority; provided, however, that the at-large member's initial term may be less than two (2) years depending on the at-large member's initial appointment date.
- iv. Vacancies on the Board shall be filled with appointments by the appropriate governing body for the remainder of the term of the member creating the vacancy.
- v. For the purpose of calling an organizational meeting, the Avery County Board of Commissioners shall designate an individual to call and advertise the initial organizational meeting of the Regional Library Board.
- c. Powers and Duties delegated to the Regional Library Board of Trustees by the County of Avery, County of Mitchell, and the Town of Spruce Pine:
 - i. The Board of Trustees shall be delegated the power to adopt bylaws, rules, and policies (not inconsistent with this agreement) regarding the administration, governance, and operation of the regional library system.
 - ii. The Board of Trustees shall be delegated the power to select, appoint, remove, determine salary, and other terms of employment of a Regional Library Director, who shall be an at-will employee of the system. It shall also elect its own Chair of the Board of Trustees, and Vice-Chair of the Board of Trustees, all of whom shall serve at the pleasure of the Board of Trustees.
 - 1. The Regional Library Director shall:
 - a. Have a valid North Carolina Public Librarian Certificate;
 - b. Be the chief administrative officer of the Regional Library and function in accordance with the approved policies of the Regional Library Board;
 - c. Maintain Board records, prepare all documents of the Board, attend to routine correspondence of the Board, and keep the Board members informed of all matters;

- d. In consultation with the Regional Library Board, shall develop policies and procedures for the acquisition of any materials. Such policies and procedures shall be content and viewpoint neutral.
- e. In consultation with the Regional Library Board, shall adopt standards and policies for the classification and placement of materials within the library system.
- f. Maintain contact with the County of Avery, County of Mitchell, and the Town of Spruce Pine concerning library matters. Under the Chairman's supervision, prepare the budget in a timely manner;
- g. Consistent with N.C. Gen. Stat. §126-13, N.C. Gen. Stat. §153A-99, and N.C. Gen. Stat. §160A-169, not engage in political or partisan activities while on duty or in the workplace, not expend governmental funds for personal activities, and not use the title of Regional Library Director for political or partisan activities. This section shall not be construed to restrict political activities while off-duty and in a personal capacity.
- h. Maintain all records as required by the Public Records Laws of the State of North Carolina, as well as copies of all correspondence, emails, or other records and logs as directed by the Chairman;
- i. Maintain a records of hours worked satisfactory to the Board of Directors;
- j. Provide for a timely annual audit in accordance with the North Carolina Local Government Budget and Fiscal Control Act and provide a copy of such audit report to the manager of the respective member entities of the Regional System within twenty days of its receipt;
- k. Ensure compliance with all applicable State and Federal law and eligibility for the receipt of State and Federal funds;
- 1. At all times act in a manner which would further the confidence of the public in the Library System; and
- m. Perform such other duties as may be assigned by the Board.
- 2. The Chair of the Board of Trustees shall preside at all meetings; shall authorize calls for and set the time and place for special meetings; shall appoint all committees and be an ex-officio and voting member thereof. The Chair shall execute all decisions approved by the Board of Trustees, and generally perform all duties associated with that office.
- 3. The Vice-Chair of the Board of Trustees shall preside during the absence or disability of the Chairman and shall assume and at

such time discharge all duties of the Chairman. In the case of a vacancy in that office, the Vice-Chair shall act as the Chair until a new Chair is elected.

- iii. The Board of Trustees shall develop and approve an annual budget, within the confines of the funds allocated to them, which shall:
 - 1. Be administered under the same provisions as units of local government (G.S. 159), with all state funds administered by the regional library and expended throughout the region as described in 07 NCAC 021.0202; and
 - 2. Be a composite of the separate budgets of each county library, with an agreed upon amount paid by each county for the materials, salaries, and operating expenses that are shared within the region which shall be sent to the Finance Officer in monthly or quarterly payments as directed by the Finance Officer and the local county or town; and
 - 3. Include a specified amount of funding for each library's operating costs with gifts, special memorials, endowment and trust income, and appropriations for capital outlay earmarked for the designated purpose.
- iv. The Board of Trustees shall appoint a regional finance officer, to serve at the pleasure of the Board of Trustees, who shall:
 - 1. Ensure expenditure of funds consistent with the budget adopted by the Board;
 - 2. Report directly to the Regional Library Director and at all meetings of the Board.
- v. The Board of Trustees shall supervise compliance with all applicable State and Federal law and eligibility for the receipt of State and Federal Funds.
- vi. The Board of Trustees may make recommendations to the governing units concerning the construction and improvement of the physical facilities of the libraries within the region; however, construction and facility maintenance shall be responsibility of the local governing unit unless otherwise agreed by the local governing units.
- vii. The Board of Trustees shall make regular reports related to services and operations to each governing body.
- viii. The Board of Trustees shall obtain an annual independent audit of regional library accounts consistent with generally accepted accounting principles, and submit a copy of this audit to the State Library of North Carolina.
- ix. The Board of Trustees shall not have the authority to borrow money or incur any financial obligation upon the member governments unless expressly approved by the member governments pursuant to a vote of its governing board.

x. The Board of Trustees, in consultation with the Regional Librarian, shall develop policies and procedures to expeditiously hear and consider all challenges to the location or inclusion of materials within the Regional Library System. This process shall include, at a minimum, providing notice in advance of the meeting to the challenger and an opportunity for the challenger and other interested parties to be heard.

IV. Terms of Property Ownership

- a. A major benefit of regional cooperation is that scarce resources may be shared among the various county residents without wasteful duplication; however, certain ownership restrictions shall apply:
 - i. All buildings, grounds, and other facilities of each library shall remain the property of their respective county or town.
 - ii. All books, technology, or other resources paid for with local funds shall remain the property of the respective county or town.
 - iii. All books, technology, or other resources paid for with Regional or State funds shall remain the property of the Regional Library System.
 - iv. All funds owned or donated to each library shall be held in a separate fund and shall remain the sole and exclusive property of that separate library.
 - v. Any collections of local historical value, artifacts, and other items specific to the library and unit within which they are historically housed shall remain the property of that separate library, regardless of the source of funds used to acquire such items and whether the items are on loan to another library.

V. Insurance Coverage

- a. Insurance Coverage
 - i. The local government units shall maintain insurance coverage for the building and grounds and other facilities for each of their individual libraries including general liability insurance.
 - ii. The Regional Library shall maintain insurance coverage for the contents of the buildings, the Regional Library Office, and the vehicles used to provide service. The Regional Library shall also be responsible for all workers compensation coverage for its employees.
 - iii. The Regional Library shall also maintain a general liability insurance policy of at least one million dollars per occurrence, and two million dollars aggregate.

VI. Provisions for Amendment

- a. This agreement can be amended providing that all local government units accept those amendments in a regular meeting of each respective board.
- b. Recommendations for amendments shall be forwarded to each of the county and town governments in writing. Any amendment shall require adoption by each governmental entity within a 90-day period.

c. Disagreements related to this agreement shall be resolved first by a committee of representatives from each governmental unit and then by their legal councils if necessary. Any local governmental entity may request a mediation of disputes in accordance with the rules for mediation in effect for Superior Court matters in North Carolina.

VII. Provisions for Withdrawal

- a. A member proposing to withdraw from the Toe River Valley Regional Library shall give written notice at least 365 days prior to the effective date of the withdrawal to the Regional Library Board, the other participating local governmental units and the State Library of North Carolina. The withdrawal may be effective prior to the conclusion of the term of this agreement.
- b. Should that member decide within this time period to rescind the proposal, that member shall remain a part of the Regional Library System under the same conditions and requirements as the agreement under which they became a member.
- c. Should that member fully withdraw, the Terms of Property Ownership as stated in Section IV shall apply; however, all materials, technology, or other items in the possession of that library that are not included in Section IV(a)(v) shall be the sole and separate property of the governing entity owning such library, irrespective of the source of funds used to obtain such books, material, technology, or other items.
- d. The Regional Library System may be dissolved if two (2) of the three (3) parties withdraw in accordance with the procedures stated above. In the event of a unanimous decision to dissolve the Regional Library System, the period for dissolution may be shortened to that date as determined by entities forming this agreement.
- e. As included under NCGS 160A, Article 20, Part 1, Joint Exercise of Power, property purchased by the Regional Library System is owned jointly as tenants in common by the participating governments; therefore, if the Regional System is dissolved, the County of Avery, County of Mitchell, and the Town of Spruce Pine shall divide the joint assets equally among themselves, with the exception of books, materials, technology, and other miscellaneous personal property, which shall be the property of the library within which it is located.
- f. The distribution of properties and resources jointly owned shall be accomplished by a committee composed of representatives from each governmental unit and a representative from the State Library of North Carolina.
- g. After all outstanding debts are resolved, any remaining State or Federal Funds previously distributed to the Regional Library shall be returned to the State Library and remaining funds from local governmental units shall be returned to them. Any land and building property owned by the Regional Library shall be sold and the proceeds distributed to the local governmental units. Other property such as the bookmobile, outreach van, any regional office owned by the Regional Library System, and any other assets shall be sold at auction unless the parties otherwise agree and the proceeds divided among the units or as agreed upon by the committee of representatives.

VIII. Review and Termination

- a. This agreement shall continue to be in effect for successive Two (2) year periods from July 1, 2025 unless otherwise agreed or sooner terminated by each of the local governmental units and the State Library of North Carolina.
- b. The agreement may be reviewed at any time by any local governmental body or the Regional Library Board and, if modifications are deemed reasonable and necessary, amendments may be made accordingly by adoption of the amendment by a majority vote of the entity members.
- c. The agreement may be terminated at the convenience of one of the governmental entities consistent with the requirements set forth herein upon notice in writing by a local governmental unit to the other members of the region, the Regional Library Board, and the State Library of North Carolina.
- d. The effective dates for termination shall be the same as a withdrawal from the System unless otherwise agreed by the County of Avery, County of Mitchell, and the Town of Spruce Pine.
- e. If the agreement terminates, and no successor agreement is to be executed, the Regional Library System shall be dissolved and joint assets distributed as described above in Section VII.

This **AGREEMENT** shall be effective July 1, 2025 upon acceptance by the parties set forth below.

IN WITNESS WHEREOF, this agreement has been executed by the principal official of the governing board of each party hereto, pursuant to the authority of each respective board.

[Signatures on Follow Page]

	Avery County
	By: Tim Phillips, Chairman
ATTEST:	
By: Cindy Turbyfill Clerk to the Avery County Board of Commissioners	
	Mitchell County
	By: Jeff Harding, Chairman
ATTEST:	
By: Deidre McKinney Clerk to the Mitchell County Board of Commissioners	
	Town of Spruce Pine
	By: Philip Hise, Mayor
ATTEST:	
By: Marsha Hoilman Clerk to the Spruce Pine Town Council	
This instrument has been pre-audited in the manner r Budget and Fiscal Control Act.	equired by the Local Government
Avery County Finance Officer	
Mitchell County Finance Officer	
Town of Spruce Pine Finance Officer	



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 29777



MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: Town of Spruce Pine Fire Services Agreement

The Town of Spruce Pine relies on Spruce Pine Volunteer Fire Department for Fire & Emergency Services. The current ten-year agreement in place is set to expire June 30, 2025.

There are no changes to the levels of services but the following changes are requested, as it pertains to term & operations:

- The revised agreement is for 6 years opposed to 10 years (June 23, 2025-June 30, 2031.
- The revised agreement requests that rescue services be increase from .25% to .50%. Staff estimates this increase to avg. approximately +/-\$5000 annually.

The Resolution and agreement are included within the packet.

Respectfully,

Daniel Stines
Town Manager

FIRST AMENDMENT TO THE MARCH 12, 2015 MEMORANDUM OF AGREEMENT BETWEEN SPRUCE PINE FIRE AND RESCUE SQUAD, INC. AND THE TOWN OF SPRUCE PINE

NOW COME TOWN OF SPRUCE PINE ("Town"), a body politic and corporate, and SPRUCE PINE FIRE AND RESCUE SQUAD, INC. ("Department"), a non-profit corporation organized and existing under the laws of the State of North Carolina (collectively "Parties"), and, on June 23, 2025 ("Effective Date"), enter this FIRST AMENDMENT ("Amendment") to the March 12, 2015 MEMORANDUM OF AGREEMENT BETWEEN SPRUCE PINE FIRE AND RESCUE SQUAD, INC. AND THE TOWN OF SPRUCE PINE ("Agreement").

WHEREAS, on March 12, 2015, pursuant to N.C.G.S. § 160A-11, Town and Department entered the Agreement for Department to provide fire protection and rescue services within Town's corporate limits, said Agreement is incorporated herein and attached hereto as Exhibit A;

WHEREAS, the Agreement's ten (10) year initial term commenced on July 1, 2015 and is set to expire on June 30, 2025;

WHEREAS, the Parties desire to renew the Agreement for a six (6) year renewal term and increase the percentage of the annual fee for rescue services; and

WHEREAS, the Parties desire to memorialize these revisions to the Agreement in this Amendment.

NOW, THEREFORE, based on the consideration contained herein, the Parties enter this Amendment as follows:

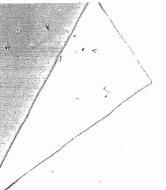
- 1. The Agreement shall be renewed for a six (6) year renewal term commencing on July 1, 2025 through June 30, 2031.
- 2. In Section 3 of the Agreement, the annual fee for fire services shall remain unchanged. The annual fee for rescue services shall be revised from an amount equal to 0.25% (1/4 of 1 percent) to an amount equal to 0.50% (1/2 of 1 percent) of the collected taxes as specified in the Agreement.
- 3. Except as amended herein, all of the Agreement's other terms and conditions shall remain unchanged and shall remain in full force and effect.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by their undersigned representatives, who are duly authorized to bind the Parties to the Amendment and shall be effective as of the Effective Date.

TOWN OF SPRUCE PINE DATE _____ Daniel Stines Spruce Pine Town Manager Attest: Marsha Hoilman Spruce Pine Town Clerk This instrument has been pre audited in the manner required by The Local Government Budget and Fiscal Control Act. Christy Young Spruce Pine Finance Director ********* SPRUCE PINE FIRE AND RESCUE SERVICES, INC. DATE _____

Print: _____
Title: _____



MEMORANDUM OF AGREEMENT BETWEEN SPRUCE PINE FIRE AND RESCUE SQUAD, INC. AND THE TOWN OF SPRUC PINE

This Memorandum of Agreement made and entered into this the Xth day of March 2015 by and between the Town of Spruce Pine, a North Carolina Municipal Corporation, hereinafter referred to as Town and Spruce Pine Fire and Rescue Squad, Inc; a North Carolina non-profit corporation providing fire protection services within the Town of Spruce Pine and within an adjoining rural fire protection district, hereinafter referred to as Department.

The Terms and Conditions of this Agreement are as follows:

- 1. <u>DURATION</u>: For a period beginning on 1 July 2015 and continuing through June 30, 2025 this Agreement shall be in effect.
- 2. <u>SERVICES PROVIDED</u>: While this Agreement is in effect the Department will furnish continuing fire protection services for all inhabitants of the Town and to all real and personal property located within the corporate limits of the Town to extend necessary and within the capacity of Department. Department also agrees to furnish and provide basic rescue services to all persons and property within the corporate limits when needed and when within its capacity. Department will provide one crash truck for rescue purposes.
- 5. CONSIDERATION FOR FIRE AND RESCUE SERVICES: In consideration for fire protection the Town will pay to Department an annual fee in an amount equal to 10% of the total taxes collected from the levy of taxes for the previous calendar year on real property and business personal property within the Town of Spruce Pine and taxed by the Town. Additionally, the Town will pay to Department the same percentage of vehicle taxes remitted to the Town of Spruce Pine by Mitchell County for vehicle taxes levied during the preceding calendar year. The first payment shall be due on July 1 2015 and shall be based on the amount of taxes assessed during the 2015 calendar year and collected. No payment shall be due from the Town to Department for any tax levied but remaining uncollected on June 30, 2016 and subsequent years. Subsequent annual payments calculated under the same formula shall be due on July 1, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024.

In consideration for rescue services the Town will pay to Department an annual fee in an amount equal to 0.25% (1/4 of 1 percent) of the total taxes collected from the levy of taxes for the previous calendar year on real property and business personal property within the Town of Spruce Pine and taxed by the Town. Additionally, the Town will pay to Department the same percentage of vehicle taxes remitted to the Town of Spruce Pine by Mitchell County for vehicle taxes levied during the preceding calendar year.

Exhibit A, Page 2

The first during the 2011 calendar year and collected. No payment shall be due from Town to Department on any tax levied but remaining uncollected on June 30, 2012 and subsequent years. Subsequent annual payments calculated under the same formula shall be due on July 1, 2013, 2014, 2015 and 2016.

- 4. During the terms of this agreement and in consideration of the payment herein agreed to the Fire Department agrees that:
- A. At all times the Town will be covered with fire protection as provided in mutual aide contracts between the Fire Department and fire departments.
- B. The Town shall be entitled to receive and review all proposed budgets, operation statements, audits or other books and records of the Fire Department.
- C. The Fire Department will carry as a minimum the following insurance coverage:
 - a. Automobile Liability-\$1,000,000.00 combined single limit.
 - b. Automobile Comprehensive and Collision.
- c. General Liability -\$1,000,000.00 combined single limit, with endorsement to include contractual liability.
 - d. Umbrella Liability \$1,000,000.00
 - e. Errors and Omissions \$1,000,000.00
 - f. Workers' Compensation Employer's liability.
- g. Property coverage for contents (excluding trucks) owned by the Fire Department.
- h. Town will be named as additional insured on each of the liability policies above mentioned.
- i. A certificate of insurance shall be provided annually advising that proper insurance coverage is in place. The certificate shall contain a 30 day notice of material change or cancellation of coverage. Wording on the certificate which states that failure to provide such notice is unacceptable.
- 5. The Fire Department agrees that it will conduct testing of twenty (20) percent of the Town's fire hydrants owned and maintained by the Town. The Fire Department member who conducts the testing will be paid by the Town of Spruce Pine \$15.00 for each hydrant tested and recorded. A copy of the test results will then be submitted to the Fire Department and the Town for DOI (Department of Insurance) records. Any noted maintenance issues will then be the responsibility of the Town of Spruce Pine to repair and advise the Fire Department when repairs are completed.

6. Fire Department agrees to protect, defend, indemnify and hold Town and its officers, employees and agents free and harmless from and against any and all losses, penalties,

9014 9014 MONUMBET.

damages, settlements, costs, charges, professional fees, or other expense or liabilities of every kind and character in connection with or arising directly or indirectly out of this Memorandum of Agreement or the performances recited hereunder. Department agrees to investigate, handle, respond to, provide defense for and defend any such claims at its sole expense and agrees to bear all the costs and expenses related thereto, even if they are groundless, false or fraudulent. The provisions concerning indemnification shall not be construed to indemnify the Town for damage arising out of bodily injury to person or damage to the property caused by or resulting from the sole negligence of the Town or its employees.

- 7. Fire Department agrees to maintain fire, extended coverage and vandalism and malicious mischief insurance on the personal property of the Fire Department contained therein to the extent of its full insurable value. The Town shall do the same with respect to the building and its property located in or on the premises occupied by the Fire Department. The Town and Fire Department hereby mutually release and discharge each other from all claims and liabilities arising from or caused by fire or other casualty covered by the above insurance on the property provided by the Town to the Fire Department, or other personal property in or about premises.
- 8. The parties specifically acknowledge that the relationship of the Fire Department to the Town is that of an independent contractor. The Fire Department is not an agency of the Town but an independent incorporated volunteer fire department providing fire protection service within the corporate limits of the Town on a contractual basis. Members of the Volunteer Fire Department are not agents, servants or employees of the Town.
- 9. The reduction in payments from the Town to the Department is in consideration of the Town payment to USDA the full remaining balance owed by Department in the present principal balance of \$1,484,744.73. Department acknowledges that the reduction agreed to for ten (10) years will not fully reimburse the Town for the money advanced to pay for the loan. Department further agrees that in subsequent agreement between Department and the Town that the Town's obligation to Department shall not exceed 20,000 mc, twelve (12) percent of the total taxes collected from the levy of taxes for the previous year for the next ten (10) years following June 30, 2025. However, the payment from the Town to Department per year subsequent to June 30, 2025 shall not be less that the amount of the payment made based on taxes assessed and collected between July 1, 2024 and June 30, 2025.

Exhibit A, Page 4

This Agreement approved by the Town Council in its regular meeting on the March 2015 and executed by its Mayor and Clerk on the March 2015.

Town of Spruce Pine

By:

Mayor

Attest:

Town Clerk

This Agreement approved by the Board of Directors in a meeting on the day of March 2015 and executed by its President on the day of March 2015.

Spruce Pine Fire and Rescue Squad, Inc.

By:

Attest:

Secretary



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 29777



MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: Replacement Street Sweeper

During Helene, the Town lost its street sweeper. The streetsweeper that was lost was a 2019 Elgin Crosswind. The Town has received \$187,233.33 from insurance for the lost streetsweeper after depreciation.

Attached in the packet is a detailed quote for the replacement unit. The replacement unit is a demo-unit, however has less than 10hrs. Public Works has demoed the unit and was very impressed with its ability and craftsmanship. The Schwarze A4 Storm is US made, manufactured in Alabama. The A4 is a slightly smaller unit than the Crosswind but features several new features that the previous unit did not have. This will be more appropriate for the small/tight radius's that exist in the Town.

After insurance, the balance of the machine is: \$51,348.72, this balance includes the 5yr extended warranty. Staff is currently working with FEMA on acquiring the remaining balance for the machine. Should FEMA deny the request, staff would come back to Council with a budget amendment, to consider covering the difference.

Carolina Industrial Equipment has been very easy to work with and has agreed to commit the machine to the Town with a 10% down payment while the final balances are worked out.

Respectfully,

Daniel Stines Town Manager



HUNT, GUILLOT AND ASSOCIATES

KEISHA WEST

Equipment Proposal May 22, 2025

Jeff Yoxtheimer jeff@ciequipment.com (704) 307-7758



Prepared For

Keisha West Hunt, Guillot and Associates 9357 Interline Ave Baton Rouge, LA 70809 KWest@hga-llc.com (225) 485-8406

Prepared By

Jeff Yoxtheimer Charlotte, NC jeff@ciequipment.com (704) 307-7758



PROPOSAL

No. CQ417640842

Date Prepared: May 22, 2025

SW204T09 | SCHWARZE A4 STORM REGENERATIVE AIR SWEEPER, CUMMINS QSF 2.8, 74HP TIER IVF DIESEL [Qty: 1]

Standard Features & Benefits

- WHISPERWHEEL CLOSED FACE RADIAL IMPELLER FAN, BALANCED ON BOTH SIDES
- 4.5 CU YD HOPPER; 3.0 CU YD USEABLE CAPACITY W/ 78" DUMP HEIGHT
- 12 SPRAY NOZZLES W/ MESH CLEANABLE FILTER & SHUTOFF VALVE
- VARIABLE SPEED GUTTER BROOMS W/ AUTOMATIC WEAR ADJUSTMENT
- 80" X 36" PICKUP HEAD WITH RUBBER BLAST ORIFICE
- AUXILLARY ENGINE CONSOLE W/ FULL COLOR DISPLAY
- 130 GALLON WATER TANK (OPTIONAL 197 GALLON)

- LEFT & RIGHT SIDE HOPPER INSPECTION DOORS
- CENTRIFUGAL 13,500 CU IN. DUST SEPERATOR
- TWO REAR LED FLASHING LIGHTS
- SWEEPS IN REVERSE
- REAR VIEW CAMERA
- 74HP CUMMINS DIESEL TIER 4 AUX ENGINE W/ 2 YEAR WARRANTY
- 1 YEAR WARRANTY ON SWEEPER BODY
- 2 YEAR WARRANTY ON AUXILLARY ENGINE
- 3 YEAR WARRANTY ON IMPELLER FAN
- 5 YEAR WARRANTY ON POWERBAND

Chassis

Cilassis			
SW70595	TRUCK, ISUZU, 25', SS CHASSIS	\$ 75,056.00	
CIE Pro Package			Qty
SW204L69 SW204Q66 SW203X82 SW203Q56 SW204R70 SW204L82 SW204A03 SW204B26 SW204M34 SW204M59 SW204M58 SW204M58 SW204Q4Q88 SW204Q4Q88 SW204Q4Q88 SW204Q66 SW204Q11	HOPPER, HIGH STRENGTH STAINLESS STEEL ~LIFETIME WARRANTY~ ADDITIONAL 67 GALLON WATER TANK, REAR CAMERA SYSTEM, DUAL (MUST LIST LOCATION OF 2ND CAMERA IN SPECIAL OPTIONS) 6"X4" HAND HOSE EXTENSION MIRROR 12" PARABOLIC, SET HOPPER DELUGE STROBE, CAB MOUNTED W/GUARD LED SPRAY BAR, FRONT HAND HOSE, 6" STAINLESS STEEL GUTTER BROOM, DUAL DC BACKUP, HYDRAULIC HOPPER, DUMP ASSIST SHAKER GUTTER BROOM, TILT POWER DUAL SHROUD & SUPPRESSION MILD STEEL GUTTER BROOM, GEO DUAL HIGH PRESSURE WASH SYSTEM, WITH HOSE REEL, RH SWEEPING HEAD DELUGE	INCLUDED	1 1 1 1 1 1 1 1 1 1 1 1 1 1
Additional Options			Qty
SW204Q47	SHROUD & SUPPRESSION, HIGH STRENGTH STAINLESS STEEL ~LIFETIME WARRANTY~	INCLUDED	1
SW203817	TRAFFIC GUIDE ARROWBOARD	INCLUDED	1





Discounts / Trades DISCOUNT IN STOCK UNIT: SN 25-A4000-637 \$(16,518.00) DISCOUNT NATIONAL ACCOUNT \$ (3,481.58) **Extended Warranties** All factory warranties are intended to protect the customer from repair costs associated with defects in workmanship and materials. Warranties do not cover any part malfunctions or repairs due to abuse, neglect, or misuse of the equipment. Furthermore, warranties do not include "normal" wear parts, routine maintenance, or repairs resulting from an unauthorized service provider. Upgrade to Platinum Upgrade to Silver Extended Upgrade to Gold Extended Upgrade to Diamond Extended Warranty (4 Years Extended Warranty (5 Years Warranty (2 Years Or 2400 Warranty (3 Years Or 3600 Or 4800 Hours). Hours). (+\$1,060.00) Hours). (+\$2,735.00) Or 6000 Hours). (+\$4,940.00) (+\$3,820.00)Machine: \$170,297.63 \$ 75,056.00 Chassis: Prep & Delivery: \$ 4,788.00 Government-Imposed Tariffs: \$ 3.500.00 \$253,641.63 Total: Discounts & Trades: \$(19,999.58) **Machine Subtotal** \$233,642.05



Planned Maintenance

Our Planned Maintenance (PM) Program maximizes your equipment's reliability, performance, and overall quality by ensuring regular and professional maintenance and inspections from our specially trained technicians. Getting your PM Program in place is a surefire way to protect your investment. Recommended PM rates are per unit per visit. Please note: PM Rates are subject to change based on current market conditions.

I would like to inquire about Planned Maintenance for my Schwarze A4 Storm Regenerative Air Sweeper, Cummins Qsf 2.8, 74hp Tier Ivf Diesel.

• Freight is FOB destination.

Proposal expires 07/21/2025*.

 *Expiration date is subject to change in the event of a manufacturer price increase. Machine 1 Total:

\$233,642.05

Proposal Total

\$233,642.05

Notice | Terms & Conditions

Please initial and date below

Section 1: Introduction

The below signed, acting as a duly authorized representative of the customer, understands and agrees that the equipment cited in the quotation is custom-built to suit their specific needs and requirements. Therefore, this order cannot be canceled under any circumstances that are beyond our control.

Section 2: Pricing

Bortek will do its best to minimize price adjustments after the time of order placement. However, in the event of unexpected Manufacturer and chassis price increases at any time during the manufacturing process, these will be passed along to the customer. Evidence of such increases will be provided upon request.

Section 3: Tariffs

If, after the date of this Quote, any new or increased tariffs, duties, or other government-imposed costs on materials or chassis become effective, the Sales Price of the goods shall be adjusted to reflect the actual increased cost to the manufacturer. To the greatest extent possible, CIE will promptly notify the Customer of any such cost impact, although the rapidly changing tariff environment may affect total disclosure before the fulfillment of any order. New or increased tariffs may also result in material shortages which could delay the fulfillment of orders. CIE will notify the Customer of any such delays and will work diligently to limit the impact on timely delivery of goods.

Section 4: Payment

- 1. 20% non-refundable deposit for all commercial purchases.
- 2. Prices exclude any applicable taxes.
- 3. CDL chassis for commercial use are subject to FET Tax.
- 4. Lease payments are an estimation and are subject to final credit approval.
- 5. Lease Quote is not a commitment to fund.
- 6. Balance due upon delivery.
- Transfer of title to customer will be executed within five business days of receipt of payment.

			Initi	al Date
Payment			Du	lly Authorized Representative
Signature	Date	Print Name	Title	Purchase Order #



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 29777



MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: 2nd Round Cash Flow Loans

Included in the packet is the agreement for the States "Round 2" cash flow loans provided through the North Carolina Dept of Treasury.

The loan amount is: \$1,868,619.79. These loans are principal only loans and are being provided as disaster recovery response funds, to assist municipalities in a quicker recovery.

The agreement is attached and includes terms and payback schedule.

Respectfully,

Daniel Stines Town Manager

This contract has been pre-audited as required by the Local Government Budget and Fiscal Control Act

Finance Officer	

STATE CASHFLOW LOANS FOR DISASTER RESPONSE ACTIVITIES TO LOCAL GOVERNMENTS

LOAN AGREEMENT (ROUND 2) BETWEEN

THE STATE OF NORTH CAROLINA (BY AND THROUGH THE DEPARTMENT OF STATE TREASURER)

AND

THE TOWN OF SPRUCE PINE, NORTH CAROLINA

Loan Round: Round 2

Round 2 Loan Number: Spruce Pine-Round2-475

Round 2 Loan Date:

Round 2 Loan Amount: \$1,868,619.79

REPAYMENT TERMS:

- \$1 by the first anniversary of the Round 2 Loan Date
- 10% of the Round 2 Loan Amount by June 30, 2027
- 20% of the Round 2 Loan Amount by June 30, 2028
- 30% of the Round 2 Loan Amount by June 30, 2029
- 40% (less \$1) of the Round 2 Loan Amount by the earlier of the fifth anniversary of the Round 2 Loan Date or June 30, 2030.

Recipient Tax ID/EIN:	
-----------------------	--

PURPOSE:

For good and valuable consideration, the adequacy of which is hereby acknowledged, this loan agreement ("Agreement") is hereby entered into by and between the State of North Carolina, by and through the North Carolina Department of State Treasurer ("NCDST"), and the **Town of Spruce Pine, North Carolina** ("RECIPIENT") (referred to individually as Party and collectively as "Parties") to provide NCDST cashflow loans for disaster response activities to local governments, in accordance with Section 4E.5. of North Carolina Session Law 2024-53, as modified by Section 1F.1 of North Carolina Session Law 2024-57 (together, as amended, the "Authorizing Act").

1. EFFECTIVE TERM:

This Agreement shall be effective as of the latest date of signature below ("Effective Date") and, subject to Section 15, shall terminate upon full repayment of the loan proceeds to NCDST, unless earlier terminated pursuant to Section 9.

2. NCDST'S DUTIES & PAYMENT PROVISIONS:

NCDST shall loan RECIPIENT a total of \$1,868,619.79 to pay for RECIPIENT'S disaster response activities as set forth in FEMA Public Assistance Worksheets. This principal-only loan does not carry interest charges or administrative fees. Upon signature of this Agreement by the Parties, the funds will promptly be transferred to

RECIPIENT via wire/ACH transfer to the RECIPIENT'S account, pursuant to the written bank wiring instructions that RECIPIENT must submit to the NCDST as provided in Section 3.a. below.

3. RECIPIENT'S DUTIES AND REPRESENTATIONS:

- a. As soon as reasonably practicable following its receipt of this Agreement, RECIPIENT shall provide each of the following to NCDST: (a) a certified copy of a resolution authoring execution of the Agreement and Promissory Note in the form set forth in Attachment A; (b) an executed copy of this Agreement; (c) an executed Promissory Note in the form set forth in Attachment B; and (d) the completed NCDST Hurricane Helene Cashflow Loan Program Wire Form enclosed as Attachment C, signed and certified by the appropriate official of RECIPIENT.
- b. Before and during the term of this Agreement, RECIPIENT will use or has used loan proceeds to cover expenditures for disaster response activities, which may be expenditures that are eligible for reimbursement by the Federal Emergency Management Agency (FEMA) Public Assistance Program, National Flood Insurance Program, or other federal reimbursement program.
- c. Both NCDST and RECIPIENT agree that this Agreement shall be interpreted as to not diminish or impair RECIPIENT's eligibility to secure FEMA or related recovery funding support.
- d. RECIPIENT agrees to deliver repayment installments of the loan proceeds in the amounts and by the dates set forth in the Repayment Terms recited on Page 1 above, which are hereby incorporated by reference. Further, RECIPIENT understands and agrees that all loan proceeds provided to RECIPIENT under this Agreement must be repaid no later than the earlier of the following two dates: (i) the five-year anniversary of the Round 2 Loan Date; or (ii) June 30, 2030.
- e. RECIPIENT agrees that loan proceeds received through this Agreement shall be accounted for in a separate fund and accounting structure within RECIPIENT's central accounting system. RECIPIENT agrees to manage all accounts payable disbursements, check register disbursements, and related transactions in a detailed manner that supports fully transparent accounting of all financial transactions associated with loan funding allocations described in Section 2 of this Agreement. RECIPIENT understands and acknowledges the total direct loan funding level available under this Agreement is \$1,868,619.79.
- f. As provided in the Authorizing Act:
 - (i) RECIPIENT shall use best efforts and take all reasonable steps to obtain alternative funds that cover the losses or needs for which the loan proceeds are being provided, including funds from insurance policies in effect, available federal aid, and private donations. RECIPIENT understands and agrees that the loan proceeds paid to RECIPIENT pursuant to this Agreement are in excess of any funds received by RECIPIENT from any of the following: (a) settlement of a claim for loss or damage covered under RECIPIENT's applicable insurance policy in effect; (b) federal aid; or (c) private donations.
 - (ii) If RECIPIENT obtains alternative funds pursuant to subdivision (i) of this subsection f., RECIPIENT shall remit such funds to NCDST as soon as reasonably practicable thereafter, but no later than the earlier of the two dates established in subsection d. to this Section 3. Notwithstanding the preceding sentence, RECIPIENT shall not be required to repay to NCDST any amount in excess over the amount of loan proceeds provided under this Agreement.

4. AGREEMENT ADMINISTRATORS:

All notices permitted or required to be given by one Party to the other and all questions about the Agreement from one Party to the other shall be addressed and delivered to the other Party's Agreement Administrator. The name, post office address, street address, telephone number, fax number, and email address of the Parties' respective initial Agreement Administrators are set out below. Either Party may change the name, post office address, street address, telephone number, fax number, or email address of its Agreement Administrator by giving timely written notice to the other Party.

For NCDST		
IF DELIVERED BY US POSTAL SERVICE	IF DELIVERED BY ANY OTHER MEANS	
Eric Naisbitt	Eric Naisbitt	
Chief of Staff	Chief of Staff	
Office of the State Treasurer	Office of the State Treasurer	
3200 Atlantic Avenue	3200 Atlantic Avenue	
Raleigh, North Carolina 27604	Raleigh, North Carolina 27604	
Phone: (919) 814-3817	Phone: (919) 814-3817	
Email: helenecashflowloans@nctreasurer.com	Email: helenecashflowloans@nctreasurer.com	

For RECIPIENT		
IF DELIVERED BY US POSTAL SERVICE	IF DELIVERED BY ANY OTHER MEANS	
Name	Name	
Title	Title	
Address	Address	
Email	Email	
Phone	Phone	

5. MONITORING AND AUDITING:

RECIPIENT acknowledges and agrees that, commencing on the Effective Date of this Agreement and for a period of three (3) years following this Agreement's termination, RECIPIENT's books, records, documents and facilities with respect to the loan funds shall be open to NCDST for auditing, inspection and monitoring at all times during such period. Further, upon a request for access by NCDST (whether in writing or otherwise), RECIPIENT shall make all such books, records, documents, and facilities open to NCDST for inspection. To that end, RECIPIENT agrees to provide NCDST staff, any authorized agent or other designee of NCDST, and staff of the Office of State Auditor, as applicable, with access to financial and accounting records to support internal audit, financial reporting and related requirements.

RECIPIENT acknowledges and agrees that, with regard to the Loan funds, it will be subject to the audit and reporting requirements prescribed by N.C.G.S. § 159-34 (Annual independent audit; rules and regulations) within the Local Government Budget and Fiscal Control Act. Such audit and reporting requirements may vary depending upon the amount and source of Loan funding received by RECIPIENT and are subject to change.

RECIPIENT acknowledges and agrees that, with regard to the loan funds, it will be subject to the reporting requirements of both NCDST and the North Carolina Office of Budget and Management, as mandated by those agencies from time to time, as applicable.

6. SITUS AND EXCLUSIVE VENUE:

This Agreement shall be governed by the laws of North Carolina and any claim for breach or enforcement of this Agreement shall be filed in State court in Wake County, North Carolina.

7. COMPLIANCE WITH LAW:

RECIPIENT shall be wholly responsible for the loan terms and RECIPIENT's responsibilities described in this Agreement. RECIPIENT shall be responsible for supervision of any of its employees and contractors funded under this Agreement, and compliance with all laws, ordinances, codes, rules, regulations, licensing requirements and other regulatory matters that are applicable to the conduct of their loan performance under this Agreement, including those of Federal, State, and local agencies having appropriate jurisdiction. RECIPIENT is reminded that all funds are subject to the requirements of the Local Government Budget and Fiscal Control Act, including but not limited to all budgeting and pre-audit requirements.

8. CLAW-BACK; OFFSET:

- a. NCDST may also demand repayment of previously expended funds, and RECIPIENT must comply with such a demand, in the event NCDST determines that RECIPIENT has not spent loan funds on eligible uses set forth in the FEMA project worksheets used to determine the Round 2 Loan Amount, or if NCDST determines that RECIPIENT has not materially complied with any other requirements set forth in this Agreement concerning the loan funds (generally, "Non-Compliance"). Before making a formal demand for repayment as provided in this subsection, NCDST will provide RECIPIENT thirty (30) days' written notice to cure such Non-Compliance, and the Parties will make every reasonable effort to resolve the problem informally.
- b. In the event the Parties are unable to resolve RECIPIENT's Non-Compliance as provided in subsection a above, RECIPIENT understands and agrees that, pursuant to N.C. Gen. Stat. § 147-71, the State Treasurer is authorized to demand, sue for, collect and receive all money and property of the State not held by some person under authority of law. In addition, RECIPIENT understands and agrees that NCDST shall have the right to recoup any funds for which repayment has been demanded through the Setoff Debt Collection Act (Chapter 105A of the North Carolina General Statutes) and any other provision of State law providing for setoff debt collection, as applicable.

9. TERMINATION OF AGREEMENT:

Subject to Section 15, this Agreement may be terminated:

- a. By mutual written consent of the Parties;
- b. By NCDST for cause, if: (i) RECIPIENT violates the terms of this Agreement and RECIPIENT fails to correct the violation(s) within thirty (30) days of written notice of violation from NCDST; (ii) NCDST determines RECIPIENT has made a misrepresentation in connection with this loan; or (iii) RECIPIENT abandons or otherwise ceases to make reasonable progress towards completion of the disaster response activities funded by this Agreement; or

c. In the event that RECIPIENT repays the Round 2 Loan Amount in full prior to the earlier of the following two dates: (i) the five-year anniversary of the Round 2 Loan Date; or (ii) June 30, 2030.

In the event of termination, NCDST may require the return of unspent funds. NCDST may, in its sole discretion, allow RECIPIENT to retain or be reimbursed for costs reasonably incurred prior to termination that were not made in anticipation of termination and cannot be canceled, provided that said costs meet the provisions of this Agreement.

10. AMENDMENTS:

Subject to all applicable laws, this Agreement may be amended in writing, executed by both NCDST and RECIPIENT. If RECIPIENT requests revisions of Agreement terms, it shall provide to NCDST for review and approval a detailed written request that includes documented financial management reason(s) for amending the terms of this Agreement.

11. E-VERIFY:

If this Agreement is subject to N.C. Gen. Stat. § 143-133.3, RECIPIENT shall impose the obligations of Article 2 of Chapter 64 of the General Statutes on any contractor and its subcontractors funded by this Agreement.

12. LIMITATION OF LIABILITY; CONTRACTUAL RIGHTS:

RECIPIENT will hold NCDST harmless from any loss(es) or damage(s) arising in connection with the performance of this Agreement to the extent permitted by law, including the North Carolina Tort Claims Act (Article 31 of Chapter 143 of the North Carolina General Statutes). This Agreement is intended for the sole and exclusive benefit of the Parties. This Agreement does not create, and shall not be construed as creating, any rights enforceable by any person not a party to this Agreement. Nothing herein shall be construed as a waiver of the sovereign immunity of the State of North Carolina.

13. SEVERABILITY:

- a. Generally. Nothing in this Agreement is intended to conflict with any law, or regulation, or rule of the United States, or the State of North Carolina, or NCDST. The Parties agree that if a term of this Agreement cannot be interpreted in a way to be consistent with such authority, then that term shall be deemed invalid, but the remaining terms and conditions of this Agreement shall remain in full force and effect.
- b. Federal Reimbursement. The Parties expressly agree that they intend for this Agreement to constitute and be construed as a loan agreement, toward the end that all loan proceeds provided to RECIPIENT hereunder would remain eligible for reimbursement under the FEMA Public Assistance Program, National Flood Insurance Program, or other federal reimbursement program (generally, for purposes of this subsection, the "Federal Funding Programs"). The Parties further agree that: (i) no provision of this Agreement shall be construed as creating or contemplating a current or future condition or circumstance that would in any way alleviate RECIPIENT of the repayment obligations set forth in this Agreement, or in the related Promissory Note; and (ii) to the extent that any word, phrase, clause, sentence, or term of this Agreement is deemed incongruous with any relevant provision(s) of federal law pertaining to RECIPIENT's eligibility for reimbursement under the Federal Funding Program(s), then such word, phrase, clause, sentence or term shall be modified, deleted, or interpreted in such a manner as to make the loan funds provided to RECIPIENT hereunder fully reimbursable under the Federal Funding Program(s), or else reimbursable to the maximum extent allowable under such program(s).

14. ENTIRE AGREEMENT:

This Agreement and any annexes, exhibits, and amendments appended hereto, and any documents incorporated specifically by reference, represent the entire Agreement between the Parties and supersede all prior oral and written statements or Agreements.

15. SURVIVAL:

The following sections shall survive termination of this Agreement: 3.c., 5, 6, 7, 8, 12 and 13.

16. EXECUTION AND EFFECTIVE DATE:

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. One or more counterparts of this Agreement may be delivered by facsimile or in Adobe Portable Document Format (PDF) sent by electronic mail, with such delivery having the same effect as delivery of an original counterpart. Signatures provided by facsimile transmission, in PDF sent by electronic mail, or by electronic signature such as DocuSign, shall be deemed to be original signatures.

This Agreement shall become effective upon the Effective Date and NCDST's loan obligations shall commence upon NCDST's receipt of the items set forth in 3.a. above.

[signature page follows]

19. AUTHORIZED SIGNATURE WARRANTY:

The undersigned represent and warrant that they are authorized to bind their principals to the terms of this Agreement.

In Witness Whereof, RECIPIENT and the State of North Carolina, acting by and through the NCDST have executed this Agreement in duplicate originals, with one original being retained by each party.

TOWN OF SPRUCE PINE, NORTH CAROLINA

AUTHORIZING OFFICIAL		Date	***
Printed Name		Title	
STATE OF NORTH CAROLI	NA, by:		
NORTH CAROLINA DEPAR	TMENT OF STATE	TREASURER	
AUTHORIZING OFFICIAL		Date	
Eric Naisbitt	Chief of Staff		

ATTACHMENT A

RESOLUTION TO APPROVE ROUND 2 NORTH CAROLINA CASHFLOW LOAN AGREEMENT AND PROMISSORY NOTE

WITNESSETH:

WHEREAS, in connection with the State of North Carolina cashflow loan program (Loan Program) authorized by the Disaster Recovery Act of 2024, Session Law 2024-53 (as amended by Session Law 2024-57), the North Carolina Department of State Treasurer has been working with the North Carolina Department of Public Safety-Division of Emergency Management (NCEM), the North Carolina Association of County Commissioners (NCACC), and the North Carolina League of Municipalities (NCLM) to formulate a working plan for the disbursement of cashflow loans aimed at assisting local governments affected by Hurricane Helene; and

WHEREAS, local governments wishing to participate in Round 2 of the Loan Program are required to execute a Round 2 Cashflow Loan Agreement and Promissory Note with the State of North Carolina, by and through the North Carolina Department of the State Treasurer; and

NOW, THEREFORE BE IT RESOLVED BY THE TOWN OF SPRUCE PINE, NORTH CAROLINA:

- 1. That the Round 2 Cashflow Loan Agreement and Promissory Note provided by the North Carolina Department of the State Treasurer are hereby approved.
- 2. That the Manager, Clerk, or Authorized Representative of a Tribal Government is authorized to execute the attached agreements (or those substantially equivalent thereto) and such other agreements and actions as necessary to receive disaster recovery loan funding from the State of North Carolina.

Adopted, this the day of
TOWN OF SPRUCE PINE, NORTH CAROLINA
By: Mayor/Commissioner/Authorized Representative
Name:
Title:
ATTEST:
Town Clerk/Authorized Representative
Name:
Title:

ATTACHMENT B

This Promissory Note has been pre-audited as required by the

	Local Government Budget and Fiscal Control Act
	Finance Officer
	PROMISSORY NOTE
Date:	Round 2 Loan Number: Spruce Pine-Round2-475 Round 2 Loan Amount: \$1,868,619.79
promise to pay to the STATE OF N Treasurer) ("State") the following Ro with the related Loan Agreement,	PINE, North Carolina ("BORROWER") DOES HEREBY unconditionally NORTH CAROLINA (by and through the North Carolina Department of State bund 2 Loan Amount: \$1,868,619.79. The promissory note is made in accordance dated as of the date hereof (the "Agreement"), between the State and the Agreement, the BORROWER hereby promises to pay the Loan Amount in e:
 10% of the Round 2 20% of the Round 2 30% of the Round 2 40% (less \$1) of the 	versary of the Round 2 Loan Date 2 Loan Amount by June 30, 2027 2 Loan Amount by June 30, 2028 2 Amount by June 30, 2029 3 Round 2 Loan Amount by the earlier of the fifth anniversary of the Round d in the Agreement or June 30, 2030.
Payment instructions will follow from	m the State or its agent.
This Promissory Note and the Agrea meeting duly held on	ement were duly authorized by action of the BORROWER's governing body at
	TOWN OF SPRUCE PINE, NORTH CAROLINA
	Signature
	[Name and Title]
[SEAL]	
Attest:	
Signature	

[Name and Title—should be clerk]



BRADFORD B. BRINER STATE TREASURER OF NORTH CAROLINA

FINANCIAL OPERATIONS DIVISION

Hurricane Helene Cash Flow Loan Program Wire Form

Ouestions concerning the completion of this form should be directed to 919-814-3902

RECIPIENT INFORMATION		
Recipient/Account Holder's Name:		
Recipient's Address, City, State, Zip:		
Information for the Recipient (optional):		
BENEFICIARY BANK INFORMATION		
Beneficiary Bank Name:		
Beneficiary Bank Routing Transit Number (RTN):		
Beneficiary Bank Account Number:		
Bank's Address, City, State, Zip:		
Information for the Beneficiary Bank, if applicable:		
I certify the recipient information and beneficiary bank information provided above is true and correct. and I am authorized to act in the capacity indicated and to transact business on the account listed above. Only original signatures accepted; no electronic signatures.		
Recipient Official's Printed Name Sign	nature	
Phone # Date	B	
FOR INTERNAL USE ONLY		
Financial Operations Division		
US Dollar Wire Amount: \$1,868,619.79	Contract/Reference #: Spruce Pine-Round2-475	
Date Wire Processed:		

3200 Atlantic Avenue • Raleigh, North Carolina 27604

Courier #56-20-45 • Telephone: (919) 814-4000 •

Fax: (919) 855-5809 www.NCTreasurer.com



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 29777



MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: Amendment to 1st Round Cash Flow Loan

The North Carolina Department of Treasury has issued an amendment to the 1st Round Cash Flow Loans.

The agreement is attached, with amendments demonstrated under 1. Modifications to Loan Agreement.

Respectfully,

Daniel Stines Town Manager

This Amendment has been pre-audited as required by the Local Government Budget and Fiscal Control Act

Finance Officer	

AMENDMENT

fo

Loan Agreement between the State of North Carolina (by and through the North Carolina Department of State Treasurer) and the TOWN OF SPRUCE PINE, NORTH CAROLINA

This amendment ("Amendment") to the above-identified agreement is hereby made and entered into by the State of North Carolina, by and through the North Carolina Department of State Treasurer ("NCDST"), and the TOWN OF SPRUCE PINE, NORTH CAROLINA ("Recipient"), as of the effective date established hereinbelow.

RECITALS

- A. Pursuant to the Hurricane Helene Cash Flow Loan Program created by the North Carolina General Assembly under the Disaster Recovery Act of 2024 Part II, NCDST and Recipient entered the above-identified agreement to establish terms and conditions governing NCDST's disbursement of loan proceeds to Recipient (the "Loan Agreement").
- **B.** The terms of the Loan Agreement require Recipient to seek alternative sources of funding—namely, federal funding support, insurance proceeds, and private donations (generally, "Alternative Funding")—to pay for the disaster response activities on which Recipient's loan origination was based. The terms of the Loan Agreement also provide that, upon receiving any such Alternative Funding, Recipient must remit the equivalent amount of loan proceeds to NCDST: (i) within five business days in the case of federal funding support, and (ii) "promptly" in the case of insurance proceeds and private donations.
- C. Until recently, NCDST was unaware of certain facts and circumstances concerning the nature and timing of the Alternative Funding available to Recipient. In light of those facts and circumstances, NCDST has determined that the provisions of the Loan Agreement requiring Recipient to repay loan proceeds within five business days, or else "promptly," each time Recipient receives Alternative Funding, are likely to have the unintended consequence of restricting, rather than securing, the cashflow liquidity available to Recipient in the months and years ahead, defeating the very purpose of the Cashflow Loan Program.
- **D.** In light of the above, and as provided in Section 10. of the Loan Agreement (pertaining to amendments), NCDST and Recipient now wish to enter this Amendment to modify those provisions of the Loan Agreement pertaining to the repayment obligations of Recipient in connection with its receipt of Alternative Funding.

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the Parties do hereby agree as follows:

1. Modifications to Loan Agreement.

- (a) Subsection e. to section 3. of the Loan Agreement is hereby amended by deleting the stricken text and inserting the underlined text appearing below:
 - e. Notwithstanding the Repayment Terms as stated on Page 1 of this Agreement, if RECIPIENT receives

funding support from the federal government for expenditures covered under the FEMA Public Assistance Worksheets used as the basis for this Agreement, RECIPIENT shall repay NCDST the equivalent amount of loan proceeds within five (5) business days of receipt of the federal funding support. RECIPIENT agrees to deliver repayment installments of the loan proceeds in the amounts and by the dates set forth in the Repayment Terms recited on Page 1 above, which are hereby incorporated by reference. Further, RECIPIENT understands and agrees that all loan proceeds provided to RECIPIENT under this Agreement must be repaid no later than the earlier of the following two dates: the five-year anniversary of the Loan Date; or (b) June 30, 2030.

- (b) Section 3., subsection g., of the Loan Agreement is hereby amended by deleting the stricken text and inserting the underlined text appearing below:
 - g. As provided in the Authorizing Act:
 - (i) RECIPIENT agrees to deliver repayment installments of the loan proceeds in the amounts and by the dates set forth in the Repayment Terms recited on Page 1 above, which are hereby incorporated by reference. Further, RECIPIENT understands and agrees that all loan proceeds provided to RECIPIENT under this Agreement must be repaid no later than the earlier of the following two dates: (a) the five year anniversary of the Loan Date; or (b) June 30, 3030.RESERVED.
 - (ii) RECIPIENT shall use best efforts and take all reasonable steps to obtain alternative funds that cover the losses or needs for which the loan proceeds are being provided, including funds from insurance policies in effect, available federal aid, and private donations. RECIPIENT understands and agrees that the loan proceeds paid to RECIPIENT pursuant to this Agreement are in excess of any funds received by RECIPIENT from any of the following: (a) settlement of a claim for loss or damage covered under RECIPIENT's applicable insurance policy in effect; (b) federal aid; or (c) private donations.
 - (iii) If RECIPIENT obtains alternative funds pursuant to subdivision (ii) of this subsection g., RECIPIENT shall promptly remit such funds to NCDST as soon as reasonably practicable thereafter, but no later than the earlier of the two dates established in subsection e. to this Section 3. Notwithstanding the preceding sentence, RECIPIENT shall not be required to repay to NCDST any amount in excess over the amount of loan proceeds provided under this Agreement.

2. Effect of Amendment.

- (a) Except as expressly provided herein, all terms, conditions and provisions of the Loan Agreement shall remain in full force and effect and are hereby ratified and confirmed by Recipient.
- (b) This Amendment is not intended to modify any term, condition or provision contained in any of the loan documents associated with RECIPIENT's Loan Agreement (the "Associated Loan Documents"). All terms, conditions and provisions of the Associated Loan Documents shall remain in full force and effect, modified only to the extent necessary to accomplish the purposes of this Amendment.
- (c) On and after the effective date hereof, unless the context clearly requires otherwise, any reference to the Loan Agreement contained in the Associated Loan Documents or in the Loan Agreement itself shall be interpreted as a reference to the Loan Agreement as amended by this Amendment.

- 3. <u>Effective Date</u>. The provisions of this Amendment shall become effective upon the date on which NCDST has received the following:
 - (a) This Amendment, duly executed and delivered by Recipient and NCDST; and
 - (b) A certified copy of a resolution authorizing execution of this Amendment substantially in the form of Exhibit A, duly executed and delivered by RECIPIENT.
- 4. <u>Counterparts</u>. This Amendment may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. One or more counterparts of this Amendment may be delivered by facsimile or in Portable Document Format (PDF) sent by electronic mail, with such delivery having the same effect as delivery of an original counterpart. Signatures provided by facsimile transmission, in PDF sent by electronic mail, or by electronic signature such as DocuSign, shall be deemed to be original signatures.

IN WITNESS WHEREOF, each of the Parties hereto has caused its duly authorized representative, as applicable, to execute this Amendment Number One as of the dates written below.

North Carolina Department of State Treasurer	THE TOWN OF SPRUCE PINE, NORTH CAROLINA
Name:	Name:
Title:	Title:
Signature:	Signature:
Date:	Date:

EXHIBIT A

RESOLUTION TO APPROVE AMENDMENT TO LOAN AGREEMENT BETWEEN THE STATE OF NORTH CAROLINA

(BY AND THROUGH THE NORTH CAROLINA DEPARTMENT OF STATE TREASURER) AND THE TOWN OF

SPRUCE PINE, NORTH CAROLINA

WITNESSETH:

WHEREAS, the TOWN OF SPRUCE PINE, NORTH CAROLINA previously approved and entered into a loan agreement ("Loan Agreement") and promissory note with the State of North Carolina, by and through the North Carolina Department of State Treasurer ("NCDST"), in connection with the Hurricane Helene Cash Flow Loan Program created by the North Carolina General Assembly under the Disaster Recovery Act of 2024 – Part II (Session Law 2024-53, as amended by Session Law 2024-57); and

WHEREAS, NCDST has agreed to modify those provisions of the Loan Agreement pertaining to the repayment obligations of TOWN OF SPRUCE PINE, NORTH CAROLINA upon receipt of "Alternative Funding" (as that term is defined in the Amendment), towards the end of maximizing the cashflow liquidity available to THE TOWN OF SPRUCE PINE, NORTH CAROLINA for disaster response activities in the months and years ahead ("Amendment to Loan Agreement").

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN OF SPRUCE PINE, NORTH CAROLINA:

- 1. That the Amendment to Loan Agreement presented by the North Carolina Department of State Treasurer is hereby approved.
- 2. That the MAYOR, PHILLIP HISE, is authorized to execute the attached Amendment to Loan Agreement (or one substantially equivalent thereto) and to take such other actions as necessary to secure disaster recovery loan funding from the State of North Carolina.

Adopted, this theday of,
THE TOWN OF SPRUCE PINE, NORTH CAROLINA
By: MAYOR PHILLIP HISE
ATTEST:
Clerk



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 29777



MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: Audit Contract Memo

Included in the packet is a contract from Combs, Tennant and Carpenter Public Accountants for the Audit year ending June 30, 2025.

The contract cost of this audit is for an amount not to exceed \$40,000. The audit will be a review of all Town general accounting, in addition to all funding and accounting as it relates to FEMA under the disaster recovery program.

The contract and scope is included for review.

Respectfully,

Daniel Stines Town Manager

The	Governing Board
	Town Council
of	Primary Government Unit
	Town of Spruce Pine
and	Discretely Presented Component Unit (DPCU) (if applicable)

Primary Government Unit, together with DPCU (if applicable), hereinafter referred to as Governmental Unit(s)

Auditor Name
COMBS, TENNANT & CARPENTER, P.C.

Auditor Address
PO BOX 1098, BOONE, NC 28607

Hereinafter referred to as Auditor

for	Fiscal Year Ending	Date Audit Will Be Submitted to LGC
	06/30/25	10/31/25
		Must be within six months of FYE

hereby agree as follows:

- 1. The Auditor shall audit all statements and disclosures required by U.S. generally accepted auditing standards (GAAS) and additional required legal statements and disclosures of all funds and/or divisions of the! Governmental Unit(s). The non-major combining, and individual fund statements and schedules shall besubjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall!be rendered in relation to (as applicable) the governmental activities, the business- type activities, the aggregate!DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types). The basic!financial statements shall include budgetary comparison information in a budgetary comparison statement,!rather than as RSI, for the General Fund and any annually budgeted Special Revenue funds.
- 2. At a minimum, the Auditor shall conduct the audit and render the report in accordance with GAAS. If the Governmental Unit expended \$100,000 or more in combined Federal and State financial assistance during the reporting period, the Auditor shall perform the audit in accordance with *Government Auditing Standards* (GAGAS). The Governmental Unit is subject to federal single audit requirements in accordance with Title 2 US Code of Federal Regulations Part 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F (*Uniform Guidance*) and the State Single Audit Implementation Act. Currently the threshold is \$750,000 for a federal single audit and \$500,000 for a State Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit requires a federal single audit in accordance with the Uniform Guidance (§200.501) the Auditor and Governmental Unit(s) should discuss, in advance of the execution of this contract, the responsibility for submission of the audit and the accompanying data collection form to the Federal Audit Clearinghouse as required under the Uniform Guidance (§200.512) to ensure proper submission.

Effective for audits of fiscal years beginning on or after June 30, 2023, the LGC will allow auditors to consider whether a unit qualifies as a State low-risk auditee. Please refer to "Discussion of Single Audits in North Carolina" on the LGC's website for more information.

If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board).

- 3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 §600.42.
- 4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit, the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the LGC Staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.
- 5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2018 revision, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he/she has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of the most recent peer review report to the Governmental Unit(s) and the Secretary of the LGC prior to the execution of an audit contract. Subsequent submissions of the report are required only upon report expiration or upon auditor's receipt of an updated peer review report. If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit(s) without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Auditing Standards* or if financial statements are not prepared in accordance with U.S. generally accepted accounting principles (GAAP) and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment to this contract or in an amendment.

- 6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to LGC Staff within six months of fiscal year end. If it becomes necessary to amend the audit fee or the date that the audit report will be submitted to the LGC, an amended contract along with a written explanation of the change shall be submitted to the Secretary of the LGC for approval.
- 7. It is agreed that GAAS include a review of the Governmental Unit's (Units') systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his/her findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the AICPA Professional Standards (Clarified). The Auditor shall file a copy of that report with the Secretary of the LGC.

For GAAS or *Government Auditing Standards* audits, if an auditor issues an AU-C §260 report, commonly referred to as "Governance Letter," LGC staff does not require the report to be submitted unless the auditor cites significant findings or issues from the audit, as defined in AU-C §260.12 - .14. This would include issues such as difficulties encountered during the audit, significant or unusual transactions, uncorrected misstatements, matters that are difficult or contentious reviewed with those charged with governance, and other significant matters. If matters identified during the audit were required to be reported as described in AU-C §260.12-.14 and were communicated in a method other than an AU-C §260 letter, the written documentation must be submitted.

- 8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit- related work in the State of North Carolina. Approval is also required for the Alternative Compliance Examination Engagement for auditing the Coronavirus State and Local Fiscal Recovery Funds expenditures as allowed by US Treasury. Approval is not required on audit contracts and invoices for system improvements and similar services of a non-auditing nature.
- 9. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit(s) until the invoice has been approved by the Secretary of the LGC. This also includes any progress billings [G.S. 159-34 and 115C-447]. All invoices for audit work shall be submitted in PDF format to the Secretary of the LGC for approval, the invoice marked 'approved' with approval date shall be returned to the Auditor to present to the Governmental Unit(s) for payment. This paragraph is not applicable to contracts for audits of hospitals.
- 10. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit(s) shall pay to the Auditor, upon approval by the Secretary of the LGC if required, the fee, which includes any costs the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (federal and state grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. This does not include fees for any pre-issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item 13).
- 11. If the Governmental Unit(s) has/have outstanding revenue bonds, the Auditor shall submit to LGC Staff, either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to LGC Staff simultaneously with the Governmental Unit's (Units') audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.
- 12. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit(s) and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit(s) or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board upon completion.
- 13. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit(s) shall not be billed for the pre-issuance review. The pre-issuance review shall be performed prior to the completed audit being submitted to LGC Staff. The pre-issuance review report shall accompany the audit report upon submission to LGC Staff.

- 14. The Auditor shall submit the report of audit in PDF format to LGC Staff. For audits of units other than hospitals, the audit report should be submitted when (or prior to) submitting the final invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the LGC by any interested parties. Any subsequent revisions to these reports shall be sent to the Secretary of the LGC. These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit(s) without requiring consent of the Auditor. If the LGC Staff determines that corrections need to be made to the Governmental Unit's (Units') financial statements and/or the compliance section, those corrections shall be provided within three business days of notification unless another deadline is agreed to by LGC Staff.
- 15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be modified or amended to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
- 16. If an approved contract needs to be modified or amended for any reason, the change shall be made in writing and pre-audited if the change includes a change in audit fee (pre-audit requirement does not apply to hospitals). This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted to the Secretary of the LGC for approval. No change to the audit contract shall be effective unless approved by the Secretary of the LGC.
- 17. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit(s), shall be attached to this contract, and except for fees, work, and terms not related to audit services, shall be incorporated by reference as if fully set forth herein as part of this contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 30 of this contract. Engagement letters containing indemnification clauses shall not be accepted by LGC Staff.
- 18. Special provisions should be limited. Please list any special provisions in an attachment.
- 19. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the primary government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
- 20. The contract shall be executed, pre-audited (pre-audit requirement does not apply to hospitals), and physically signed by all parties including Governmental Unit(s) and the Auditor, then submitted in PDF format to the Secretary of the LGC.
- 21. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
- 22. Retention of Client Records: Auditors are subject to the NC State Board of CPA Examiners' Retention of Client Records Rule 21 NCAC 08N .0305 as it relates to the provision of audit and other attest services, as well as non-attest services. Clients and former clients should be familiar with the requirements of this rule prior to requesting the return of records.

- 23. This contract may be terminated at any time by mutual consent and agreement of the Governmental Unit(s) and the Auditor, provided that (a) the consent to terminate is in writing and signed by both parties, (b) the parties have agreed on the fee amount which shall be paid to the Auditor (if applicable), and (c) no termination shall be effective until approved in writing by the Secretary of the LGC.
- 24. The Governmental Unit's (Units') failure or forbearance to enforce, or waiver of, any right or an event of breach or default on one occasion or instance shall not constitute the waiver of such right, breach or default on any subsequent occasion or instance.
- 25. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
- 26. E-Verify. Auditor shall comply with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor shall require such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
- 27. Applicable to audits with fiscal year ends of June 30, 2020 and later. For all non-attest services, the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Government Auditing Standards*, 2018 Revision (as applicable). Preparing financial statements in their entirety shall be deemed a "significant threat" requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. If the Auditor cannot reduce the threats to an acceptable level, the Auditor cannot complete the audit. If the Auditor is able to reduce the threats to an acceptable level, the documentation of this determination, including the safeguards applied, must be included in the audit workpapers.

All non-attest service(s) being performed by the Auditor that are necessary to perform the audit must be identified and included in this contract. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience (SKE) necessary to oversee the services and accept responsibility for the results of the services performed. If the Auditor is able to identify an individual with the appropriate SKE, s/he must document and include in the audit workpapers how he/she reached that conclusion. If the Auditor determines that an individual with the appropriate SKE cannot be identified, the Auditor cannot perform both the non-attest service(s) and the audit. See "Fees for Audit Services" page of this contract to disclose the person identified as having the appropriate SKE for the Governmental Unit.

- 28. Applicable to audits with fiscal year ends of June 30, 2021 and later. The auditor shall present the audited financial statements including any compliance reports to the government unit's governing body or audit committee in an official meeting in open session as soon as the audited financial statements are available but not later than 45 days after the submission of the audit report to the Secretary. The auditor's presentation to the government unit's governing body or audit committee shall include:
 - a) the description of each finding, including all material weaknesses and significant deficiencies, as found by the auditor, and any other issues related to the internal controls or fiscal health of the government unit as disclosed in the management letter, the Single Audit or Yellow Book reports, or any other communications from the auditor regarding internal controls as required by current auditing standards set by the Accounting Standards Board or its successor;
 - b) the status of the prior year audit findings;
 - c) the values of Financial Performance Indicators based on information presented in the audited financial statements; and
 - d) notification to the governing body that the governing body shall develop a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters," if required under 20 NCAC 03 .0508.
- 29. Information based on the audited financial statements shall be submitted to the Secretary for the purpose of identifying Financial Performance Indicators and Financial Performance Indicators of Concern. See 20 NCAC 03 .0502(c)(6).

 Page 5

- 30. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted (See Item 17 for clarification).
- 31. The process for submitting contracts, audit reports and invoices is subject to change. Auditors and units should use the submission process and instructions in effect at the time of submission. Refer to the N.C. Department of State Treasurer website at https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/submitting-your-audit
- 32. All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided on the signature pages that follow.
- 33. Modifications to the language and terms contained in this contract form (LGC-205) are not allowed.

FEES FOR AUDIT SERVICES

1. For all non-attest services, the Auditor sh Code of Conduct (as applicable) and <i>Gove</i> this contract for specific requirements. The presented to the LGC without this information	rnment Auditing Standards,2 following information must be	2018 Revision. Refer to Item 27 of
•	☑Auditor ☐Government	al Unit □Third Party
If applicable: Individual at Governmental Lexperience (SKE) necessary to oversee the results of these services:	Unit designated to have the ne non-attest services ar	suitable skills, knowledge, and/or accept responsibility for the
Name: Title	and Unit / Company:	Email Address:
Christy Young Finar	ce Officer	finance@sprucepine-nc.gov
OR Not Applicable [(Identification of SKE Individ GAAS-only audits or audits v	ual on the LGC-205 Contract is now with FYEs prior to June 30, 2020.)	t applicable for
2. Fees may not be included in this contract (AFIRs), Form 990s, or other services not as engagement letter but may not be included il Items 8 and 13 for details on other allowable	ssociated with audit fees and n this contract or in any invoi	costs. Such fees may be included in the
3. The audit fee information included in the t Fees (if applicable) should be reported as a any language other than an amount is include	specific dollar amount of auc	lit fees for the year under this contract. If
4. Prior to the submission of the completed a this contract, or to an amendment to this cor approval for services rendered under this cor for the unit's last annual audit that was submin an audit engagement as defined in 20 NC any payment is made. Payment before apprand invoices associated with audits of hospi	ntract (if required) the Auditor intract to the Secretary of the nitted to the Secretary of the AC .0503 shall be submitted oval is a violation of law. (Th	may submit interim invoices for LGC, not to exceed 75% of the billings LGC. All invoices for services rendered to the Commission for approval before
Primary Government Unit	Town of Spruce Pine	
Audit Fee (financial and compliance if applicable	\$ 36,500.00	
Fee per Major Program (if not included above)	\$	
Additional Fees Not	Included Above (if applicabl	e):
Financial Statement Preparation (incl. notes and R	SI) \$ 3,500.00	
All Other Non-Attest Services	\$	
TOTAL AMOUNT NOT TO EXCEED	\$	40,000
Discretely Presented Component Unit		
Audit Fee (financial and compliance if applicable	\$	
Fee per Major Program (if not included above)	\$	
Additional Fees Not	Included Above (if applicable	e):
Financial Statement Preparation (incl. notes and RS	SI) \$	
All Other Non-Attest Services	\$	
TOTAL AMOUNT NOT TO EXCEED	\$	

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* COMBS, TENNANT & CARPENTER, P.C.	
Authorized Firm Representative (typed or printed)* Brady L. Combs, CPA	Signature* Buth Hand
Date* 6/13/2025	Email Address* brady@ctccpa.com

GOVERNME	ENTAL UNIT
Governmental Unit* Town of Spruce Pine	
Date Governing Board Approved Audit Contract* (Enter date in box to right)	
Mayor/Chairperson (typed or printed)*	Signature*
Date	Email Address*
Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

GOVERNMENTAL UNIT - PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Sum Obligated by This Transaction:	\$ 40,000
Primary Governmental Unit Finance Officer* (typed or printed	Signature*
Date of Pre-Audit Certificate*	Email Address*

SIGNATURE PAGE – DPCU (complete only if applicable)

DISCRETELY PRESENTED COMPONENT UNIT

DPCU*	
Date DPCU Governing Board Approved Audit Contract* (Enter date in box to right)	
DPCU Chairperson (typed or printed)*	Signature*
Date*	Email Address*
Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

DPCU - PRE-AUDIT CERTIFICATE

Required by G.S. 159-28(a1) or G.S. 115C-441(a1). Not applicable to hospital contracts.

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Sum Obligated by this Transaction:	\$	
DPCU Finance Officer (typed or printed)*	Signature*	
Date of Pre-Audit Certificate*	Email Address*	

Remember to print this form, and obtain all required signatures prior to submission.

PRINT



2348 Hwy. 105, Suite 5 P.O. Box 1098 Boone, NC 28607 828-264-6700 Fax: 828-264-7756

Brady L. Combs, CPA
Jason D. Carpenter, CPA
Emily W. Reynolds, CPA
Caroline M. Bare, CPA

311 Linville Street P.O. Box 1480 Newland, NC 28657 828-733-0066 Fax: 828-733-8689

Douglas M. Tennant, CPA Tanya L. Singleton, CPA

December 2, 2024

To the Honorable Mayor and Members of the Town Council Town of Spruce Pine Spruce Pine, NC

We are pleased to confirm our understanding of the services we are to provide the Town of Spruce Pine for the year ended June 30, 2025.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit, and the disclosures, which collectively comprise the basic financial statements of the Town of Spruce Pine as of and for the year ended June 30, 2025. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town of Spruce Pine's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Town of Spruce Pine's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited.

- 1. Management's Discussion and Analysis
- 2. Schedule of the Proportionate Share of the Net Pension Liability (Asset)- Local Government Employees' Retirement System
- 3. Schedule of Contributions- Local Government Employees' Retirement System
- 4. Schedule of Changes in Total Pension Liability- Law Enforcement Officers' Special Separation Allowance
- 5. Schedule of Total Pension Liability as a Percentage of Covered Payroll

We have also been engaged to report on supplementary information other than RSI that accompanies the Town of Spruce Pine's finance statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole.

1. Schedule of Expenditures of Federal & State Awards.

2. Individual Fund Statements and Schedules

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with Government Auditing Standards.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act.

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance and the State Single Audit Implementation Act; and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance and the State Single Audit Implementation Act, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable tothe Government or to acts by management or employees acting on behalf of the Government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

As required by the Uniform Guidance and the State Single Audit Implementation Act, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Spruce Pine's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance and the State Single Audit Implementation Act requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the Government's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Town of Spruce Pine's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance and the State Single Audit Implementation Act.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and complete-ness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal and state awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are

aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance and the State Single Audit Implementation Act; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the Government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and relatedmatters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Government complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance and the State Single Audit Implementation Act, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on May 15, 2025.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance and the State Single Audit Implementation Act. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance and the State Single Audit Implementation Act; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance and the State Single Audit Implementation Act; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of Town of Spruce Pine in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance and the State

Single Audit Implementation Act based on information provided by you. These nonaudit services do not constitute an audit under Government Auditing Standards and such services will not be conducted in accordance with Government Auditing Standards. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the Government; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of COMBS, TENNANT & CARPENTER, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individualswill be made available upon request and in a timely manner to Cognizant or Oversight Agency for Audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of COMBS, TENNANT & CARPENTER, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately June 1, 2025 and to issue our reports no later than October 31, 2025. We estimate that our fees for the audit and other services to be \$40,000. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will keep you informed of any problems we encounter and our fees will be adjusted accordingly. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Reporting

We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Honorable Mayor and members of Town Council of the Town of Spruce Pine. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

The Government Auditing Standards report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. The Uniform Guidance and the State Single Audit Implementation Act report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State Single Audit Implementation Act. Both reports will state that the report is not suitable for any other purpose.

We appreciate the opportunity to be of service to the Town of Spruce Pine and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,

Cares, Tarres + Cares, P.C.

COMBS, TENNANT & CARPENTER, P.C.

RESPONSE:

This letter correctly sets forth the understanding of the Town of Spruce Pine.

Management signature:

Title:

Date:

Governance signature:



Spruce Pine Town Council Meeting Town Hall 11050 S. Highway 226 Spruce Pine, NC 29777



MEMOS

To: Mayor & Town Council

From: Town Manager Date: 6/19/2025

Subject: Water/Sewer Operations Contract w/Veolia

Included in the packet is a contract for Operations, Maintenance and Management Services of the Town Water Treatment and Waste-water Treatment Facilities.

The Services agreement is for 3 years. The first year (Fiscal Year 2025/2026(FY26) cost is \$968,378. The proceeding two years will be negotiated on or before January 15 of each Fiscal Year.

Section 8.2 of the contract demonstrates the valuation in which each proceeding Fiscal Year cost shall be determined using the Employer Cost Index and Consumer Price Index.

The terms of the agreement are for an initial three (3) years, and the agreement shall autorenew for a subsequent one (1) year unless notified by either party in writing at least 120 days prior to the expiration of each term.

The complete agreement is included for review and consideration.

Respectfully,

Daniel Stines
Town Manager

Operations, Maintenance and Management Services Agreement

THIS AGREEMENT is entered into this 23st day of June, 2025 by and between

The Town of Spruce Pine, a municipal corporation in the State of North Carolina, with its mailing address at P.O. Box 189, 11050 S. 226 HWY, Spruce Pine, NC 28777 (hereinafter the "Owner") and

Veolia Water North America–South, LLC, with its principal address at 53 State Street, 14th Floor, Boston, MA 02019 (hereinafter "Company"). Each referred to herein individually as a ("Party") and collectively as the ("Parties").

WHEREAS, Owner owns and provides for the operation of water and wastewater system, including maintenance, repair, and permitting functions; and,

WHEREAS, Owner desires to employ Company to perform the operation, maintenance, and repair, for the compensation provided for herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, Owner and Company agree as follows:

1. General

- 1.1 Definitions of words and phrases used in this Agreement and the attachments are contained in Appendix A.
- 1.2 All land, buildings, facilities, easements, licenses, rights-of-way, equipment, and vehicles presently or hereinafter acquired or owned by Owner shall remain the exclusive property of Owner unless specifically provided for otherwise in this Agreement.
- 1.3 This Agreement shall be governed by and interpreted in accordance with the laws of the State of North Carolina. The Parties hereby agree that exclusive legal venue for claims arising under this Agreement shall be the state courts located in Mitchell County, North Carolina or the federal district court for the Western District of North Carolina.
- 1.4 This Agreement shall be binding upon the successors and assigns of each of the Parties, but neither Party shall assign this Agreement without the prior written consent of the other Party. Consent shall not be unreasonably withheld.
- 1.5 All notices shall be in writing and transmitted to the Party's address stated above. All notices shall be deemed given when delivered, if delivered personally or by courier mail service, e.g., Federal Express or Airborne Express, delivered after such

- notice has been deposited in the United States mail postage prepaid, if mailed certified or registered U.S. mail, return receipt requested; or received by the party for which notice is intended if given in any other manner.
- 1.6 This Agreement, including Appendices A through D, is the entire Agreement between the Parties. This Agreement may be modified only by written agreement signed by both Parties. Wherever used, the terms "Company" and "Owner" shall include the respective officers, agents, directors, elected or appointed officials and employees and, where appropriate, subcontractors or anyone acting on their behalf.
- 1.7 If any term, provision, covenant, or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.
- 1.8 It is understood that the relationship of Company to the Owner is that of independent contractor. The services provided under this Agreement are of a professional nature and shall be performed in accordance with good and accepted industry practices for contract operators similarly situated. However, such services shall not be considered engineering services, and nothing herein is intended to imply that Company is to supply professional engineering services to Owner unless specifically stated in this Agreement to the contrary.
- 1.9 If any litigation is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees which are directly attributed to such litigation in addition to any other relief to which it may be entitled.
- 1.10 Nothing in this Agreement shall be construed to create in any third party or in favor of any third party any right(s), license(s), power(s) or privilege(s).
- 1.11 Prior to the commencement of work under this Agreement, each Party shall designate in writing an employee or other representative of the designating Party who shall have full authority to approve changes in the Scope of Work and compensation therefor, execute written change orders reflecting such changes, render decisions promptly, and furnish information expeditiously to the other Party when necessary; provided, however, that no change order over twenty-five thousand dollars (\$25,000) may be approved without prior approval by Town Council after an affirmative vote in duly called, public meeting.
- 1.12 This Agreement shall be interpreted in accordance with its plain meaning and not strictly for or against either party hereto.
- 1.13 There are no warranties which extend beyond those expressed in this Agreement. Company disclaims, and Owner waives, any implied warranties or warranties imposed by law, including warranties of merchantability, fitness for a particular purpose, custom and usage, as to any of Company's services.

2. Company's Services – General

- 2.1 Company shall provide a sufficient number of certified and qualified personnel, being no less than eight (8) people, including management, administrative, operational, technical, laboratory and clerical, who meet relevant State requirements and certifications regarding water and wastewater treatment operations, maintenance, and management and are capable and demonstrate experience necessary to operate the facilities covered by this Agreement.
- 2.2 Company, at its sole expense, shall provide ongoing training and education for appropriate Company personnel in all necessary areas of modern water and/or wastewater process control, maintenance, safety, and supervisory skills.
- 2.3 Company shall utilize computerized programs for maintenance, process control, cost accounting, and laboratory quality assurance/quality control. Such programs shall be capable of readily providing historical data and trends. The foregoing notwithstanding, Owner shall be responsible for information technology ("IT") cybersecurity for all information systems that process, store, or transmit Project data, regardless of location. Owner shall establish, implement, and maintain a cybersecurity plan, in compliance with applicable laws, that describes the processes and procedures that will be followed to ensure the appropriate security of IT resources that are used at the Project under this Agreement. If Owner or Company suspects or becomes aware of any unauthorized access to any data by an unauthorized person or third party, or becomes aware of any other security breach relating to data held or stored under this Agreement or in connection with the performance of the services provided under this Agreement (each a "Data Breach"), Owner or Company shall immediately notify the other Party upon becoming aware of such a Data Breach, and Company shall fully cooperate with Owner, and/or Owner's personnel, consultants, and insurance carriers, at Owner's expense, to prevent or stop such Data Breach. To the extent permitted by law, Owner agrees to defend, indemnify, and hold Company harmless from and against any and all claims, suits, causes of action, liability, loss, costs and damages, including reasonable attorneys' fees, arising out of or relating to any Data Breach.
- 2.4 Intentionally Deleted.
- 2.5 Intentionally Deleted.
- 2.6 Company shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by Owner and assist Owner in enforcing existing equipment warranties and guarantees.
- 2.7 Company shall provide the Owner with full documentation that preventive maintenance is being performed on Owner's owned equipment in accordance with either manufacturer's recommendations or good industry practice at intervals and in sufficient detail as may be determined by the Owner. Such a maintenance

- program must include documentation of corrective and preventive maintenance and a spare parts inventory.
- 2.8 For the Wastewater Plant, Company shall operate, maintain and/or monitor the Project on a 24-hour per day, seven day per week schedule, but the facilities will only be staffed Monday through Friday for eight (8) hours a day. For the Water Plant, Company shall operate, maintain and/or monitor the Project on a 24-hour per day, seven days per week schedule, but the facilities will be staffed Monday through Sunday for twenty-four (24) hours a day.
- 2.9 Visits may be made by Owner's officers so designated by the Owner's representative Monday through Friday while the Project is staffed. All visitors to the Project shall check in with Company staff upon arrival, comply with Company's operating and safety procedures, and, at Company's option, be accompanied by Company personnel.
- 2.10 Company will implement and maintain an employee safety program in compliance with applicable laws, rules, and regulations and make recommendations to Owner regarding the need, if any, for Owner to rehabilitate, expand or modify the Project to comply with governmental safety regulations applicable to Company's operations hereunder and federal regulations promulgated pursuant to the Americans With Disability Act ("ADA"). Nothing herein shall be construed to place upon Company a duty to find and report violations of either the safety laws or the ADA at the Project.
- 2.11 Company may modify the process and/or facilities to achieve the objectives of this Agreement and charge the Costs to Owner; provided, however, no modification shall be without Owner's prior written approval if the complete modification Cost shall be more than Five Hundred Dollars (\$500).
- 2.12 In any emergency affecting the safety of persons or property, Company may act without written amendment or change order, at Company's discretion, to prevent threatened damage, injury, or loss; provided, however, that Company shall contact Owner's representative as quickly as possible after the event given rise to the emergency and only do such work that is reasonably necessary to stop the emergency until the Owner's representative can be consulted. Company shall be compensated by Owner for any such reasonable emergency work needed to mitigate the emergency notwithstanding the lack of a written amendment. Such compensation shall include Company's non-labor direct Costs for the emergency work. Unless the event given rise to the emergency is caused, in whole or in part, by the Company, nothing contained in this Section shall impose upon Company a duty to perform any emergency work absent a change order and failure to perform any such emergency work shall not impose upon Company any liability for errors and omissions.

- 2.13 As required by law, permit, or court order, Company will prepare plant performance reports and submit them to Owner for signature and transmittal to appropriate authorities.
- 2.14 Company will provide laboratory testing and sampling presently required by plant performance portions of the NPDES permit, the Clean Water Act, the Safe Drinking Water Act, and/or any federal, state, or local rules and regulations, statutes, or ordinances, permit, or license requirements or judicial and regulatory orders and decrees. Company shall additionally provide technical and analytical services to Owner to assist Owner in managing Owner's Industrial Pretreatment Program including sampling, monitoring, and preparation of the required reports.
- 2.15 Company will provide for the collection and hauling of solid waste, screenings, grit, sludge, and scum ("Waste") to Owner's existing or approved disposal sites. It shall be the sole right and responsibility of Owner to designate, approve or select disposal sites to be used by Company for Owner's waste materials. All Waste and/or byproduct treated and/or generated during Company's performance of services is and shall remain the sole and exclusive property of Owner. All manifests or other documentation required for disposal of Waste shall be signed by or in the name of the Owner.
- 2.16 Within the first one hundred eighty (180) days of this Agreement, Company shall provide Owner with a listing of recommended capital improvements that Company believes will be required for any of the facilities covered by the Agreement. Subject to the terms of this Agreement, Company shall not be relieved of its responsibilities to perform the services required hereunder if the recommendations are not implemented.
- 2.17 Intentionally Deleted.
- 2.18 Company shall use reasonable efforts consistent with best industry practices and the Agreement to control odors from the Project so that no disruption of adjacent facilities occurs. Company, in conjunction with Owner, shall develop a program that identifies procedures for certifying and documenting odor complaints, and shall establish procedures to address recurrent failures of the odor control program.
- 2.19 Company shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. Company will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

- 2.20 Company shall provide Owner with a full accounting of all expenditures at intervals and in sufficient detail as may be determined by Owner and assist Owner in the preparation of annual operating budgets.
- 3. Company's Scope of Services Wastewater
 - 3.1 This Article shall apply to Company's services for the Owner's wastewater treatment system.
 - 3.2 Within the design capacity and capabilities of the wastewater treatment plant described in Appendix B, Company will manage, operate, and maintain the wastewater treatment plant designed to treat two (2) million gallons a day so that effluent discharged from the plant's outfalls meets the requirements specified in Appendix C-1. Company shall monitor all wastewater entering the plant and treat all such wastewater in accordance with the terms of this Agreement and applicable law.
 - 3.3 Intentionally Deleted.
 - 3.4 Except as otherwise provided herein, Owner will pay all Costs incurred in normal wastewater operations.
- 4. Company's Scope of Services Water Treatment Plant
 - 4.1 This Article shall apply to Company's services for the Owner's water treatment plant.
 - 4.2 Within the design capacity and capabilities of the water treatment plant described in more detail in Appendix B, Company will manage, operate, and maintain the water treatment plant designed to treat 1.6 million gallons per day so that finished water produced from the plant meets the requirements specified in Appendix C-2.
 - 4.3 Company shall operate the water treatment plant, two wells, six pump station(s), and six water tanks.
 - 4.4 Intentionally Deleted.
 - 4.5 Except as otherwise provided herein, Owner will pay all Costs incurred in normal water operations.
- 5. Intentionally Deleted.
- 6. Intentionally Deleted.

7. Owner's Duties

- 7.1 The Owner shall fund all necessary and reasonable Capital Expenditures, which will be performed by Company under a written change order to this Agreement. Priority shall be given to safety and the ADA-related expenses described in Section 2.10. Any loss, damage, or injury resulting from Owner's failure to provide capital improvements and/or funds in excess of the Maintenance and Repair Limit when reasonably requested by Company shall be the sole responsibility of Owner.
- 7.2 The Owner shall keep in force all Project warranties, guarantees, easements and licenses that have been granted to Owner and are not transferred to Company under this Agreement.
- 7.3 The Owner shall pay all sales, excise, *ad valorem*, property, franchise, occupational and disposal taxes, or other taxes associated with the Project other than taxes imposed upon Company's net income and/or payroll taxes for Company employees. In the event Company is required to pay any sales tax or use taxes on the value of the services provided by Company hereunder or the services provided by any subcontractor of Company, such payments shall be reimbursed by the Owner unless the Owner furnishes a valid and properly executed exemption certificate relieving the Owner and Company of the obligation for such taxes. In the event the Owner furnishes an exemption certificate which is invalid or not applicable to services by Company, the Owner shall indemnify Company for any taxes, interest, penalties, and increment costs, expenses, or fees which it may incur as a result of Company's reliance on such certificate.
- 7.4 The Owner shall provide Company, within a reasonable time after request and on an "as available" basis, with the temporary use of any piece of Owner's heavy equipment that is available so that Company may discharge its obligations under this Agreement in the most cost-effective manner.
- 7.5 If and to the extent that Owner participated in the Aqueous Film-Forming Foam Product Liability Litigation brought against 3M, DuPont, Tyco and any other parties joined therein in the District Court for the District of South Carolina, Master Docket No. 2:18-MN-2873-RMG (the "PFAS Class Actions") and has or will receive settlement funds, Owner covenants to segregate the settlement funds and to use such funds solely to install, operate, and maintain a PFAS treatment system for the Project. To the maximum extent allowed under applicable law, Owner shall indemnify and hold harmless Company from and against any and all losses, liabilities, damages, and expenses (including reasonable attorneys' fees) incurred by Company as a result of Owner's failure to use the settlement funds from the PFAS Class Actions for purposes other than as set forth in this paragraph or for any other matters addressed or resolved through Owner's participation in the PFAS Class Actions.
- 7.6 Intentionally Deleted.

- 7.7 Owner shall provide for Company's entry into existing disposal sites for disposal of garbage, screenings, grit, sludge, and scum.
- 7.8 Owner shall provide the Project with appropriate security personnel and/or devices to protect against any losses resulting from the theft, damage, or unauthorized use of property owned by Owner and shall accept liability for such losses except to the extent such losses are directly caused by the negligent acts or omissions of Company.
- 7.9 Intentionally Deleted.
- 7.10 Intentionally Deleted.
- 7.11 The Owner shall continue to be responsible and pay for the general administration and enforcement of (i) the water, wastewater, collection, and distribution systems, (ii) Owner's Industrial Pretreatment Program, (iii) new water and sewer connections unless Company is retained to perform such functions as a Change in Scope hereunder, and (iv) long-term Project and service area planning. Typical administration costs associated with the above activities include costs such as the services of the auditor, lawyer, and liability insurance.
- 7.12 Owner shall provide Company with full access to the Owner's Project as may be necessary for Company to carry out its obligations under this Agreement.
- 7.13 Influent, effluent, sludge, residuals, biosolids, and other waste that contain Hazardous Substances shall remain the sole responsibility of Owner, and Company shall not be, or be deemed to be, an owner, generator, co-generator, provider, manufacturer, vendor, arranger, or transporter ("arranger") of any Hazardous Substances. If and to the extent, a Company employee signs a waste manifest or other documentation relating to the presence of Hazardous Substances on or for the Project, such act will be deemed solely for the benefit and convenience of Owner, such employee will be deemed an agent of Owner, and such signature shall not subject Company to liability as an arranger or otherwise.

8. Compensation

- 8.1 Company's compensation under this Agreement shall consist of an Annual Fee. The Annual Fee for fiscal year July 1, 2025 through June 30, 2026 shall be Nine Hundred Sixty-Eight Thousand Three Hundred Seventy-Eight Dollars (\$968,378).
- 8.2 For Owner's annual budgeting purposes, Parties shall start negotiations regarding any changes to the Annual Fee, if any, on or before January 15th of each year with a deadline to complete negotiations no later than April 1st prior to the new fiscal year commencing on July 1st. Should Owner and Company fail to agree, the Annual

Fee (and Maintenance and Repair Limit included therein) will be adjusted by the following formula:

New Annual Fee = (85% Annual Fee x ECI) + (15% Annual Fee x CPI)

ECI = the percentage increase in the Employer Cost Index as published by the U. S. Department of Labor Statistics for the four (4) quarters prior to the beginning of the period for which an adjusted Annual Fee is being calculated.

CPI = the percentage increase in the Consumer Price Index for all Urban Consumers (U.S. City Average) as published by the U.S. Department of Labor Statistics for the twelve (12) months prior to the beginning of the period for which an adjusted Annual Fee is being calculated.

- 8.3 Intentionally Deleted.
- 8.4 The services being provided under this Agreement are based on reasonably expected overtime for normal breakdowns or services required after hours. Any additional expenses including straight or overtime wages caused by severe weather, a disaster or unplanned event that may be recovered through billing any third party including the State or Federal Government FEMA funds will be billed to the Owner for reimbursement. Company shall work cooperatively with Owner so that invoices submitted for additional expenses shall comply with third-party (i.e., FEMA) reimbursement requirements.

9. Payment of Compensation

- 9.1 One-twelfth (1/12) of the Annual Fee for the current year shall be due and payable on the first of the month for each month that services are provided.
- 9.2 All other compensation to Company is due upon receipt of Company's invoice and payable within thirty (30) days.
- 9.3 Intentionally Deleted.
- 9.4 Owner shall pay interest at an annual rate equal to to the prime rate as published in the Wall Street Journal plus two percent (2%), said rate of interest not to exceed any limitation provided by law, on payments not paid and received within fifteen (15) calendar days of the due date, such interest being calculated from the due date of the payment. In the event the charges hereunder might exceed any limitation provided by law, such charges shall be reduced to the highest rate or amount within such limitation.
- 9.5 Upon the expiration or earlier termination of this Agreement, Company will prepare and submit to Owner a final invoice for all services performed by and amounts due to Company through the termination or expiration of this Agreement, such final invoice will be submitted to Owner after the termination or expiration of this

Agreement, and Owner's obligation to pay said invoice shall survive the expiration or termination of this Agreement.

10. Scope Changes

- 10.1 A Change in Scope of services shall occur when and as Company's costs of providing services under this Agreement change as a result of:
 - 10.1.1 any change in Project operations, personnel qualifications or staffing or other cost which is a result of an Unforeseen Circumstance;
 - 10.1.2 increases or decreases in the user base;
 - 10.1.3 increases or decreases of not less than ten percent (10%) in the influent flow or loadings as demonstrated by a twelve-month floating average compared to the twelve-month period ending on the effective date of this Agreement (baseline flow and loading information is located in Appendix C-1); or increases or decreases of not less than ten percent (10%) in the raw water flow, or raw water characteristics as demonstrated by the twelve-month average as specified in Appendix C-2.
 - 10.1.4 increases or decreases in rates or other related charges (including taxes) imposed upon Company by a taxing authority excluding taxes based on Company's net income; and/or
 - 10.1.5 Owner's request of Company and Company's consent to provide additional services.
- 10.2 For Changes in Scope described in Sections 10.1.1 through, and including, 10.1.3, the Annual Fee shall be increased (or decreased) by an amount equal to Company's additional (reduced) Cost associated with the Change in Scope plus fifteen percent (15%). Modifications of the Annual Fee as a result of conditions described in Section 10.1.3 shall be retroactive to the beginning of the twelve-month comparison period.
- 10.3 For Changes in Scope described in Section 10.1.4, the Annual Fee shall be increased (or decreased) by an amount equal to Company's additional (reduced) Cost associated with such Change in Scope.
- 10.4 Owner and Company shall negotiate an increase in Company's Annual Fee for Changes in Scope based on Section 10.1.5.

11. Indemnity, Liability, and Insurance

11.1 Company, to the extent permitted by law, agrees to indemnify and hold Owner harmless from any liability or damages for bodily injury, including death, property damages and pollution damages which may arise from Company's negligence or

- willful misconduct under this Agreement; provided, Company shall be liable only for that percentage of total damages that corresponds to its percentage of total negligence or fault.
- 11.2 Owner agrees, to the extent permitted by law, to indemnify and hold Company harmless from any liability or damage or bodily injury, including death, property damages and pollution damages which may arise from all causes of any kind other than Company's negligence or willful misconduct, including, but not limited to, breach of an Owner representation or warranty.
- 11.3 It is specifically agreed and understood that neither Party will be responsible to the other for any indirect, special, punitive, incidental, or consequential loss or damage whatsoever (including lost profits and opportunity costs) arising out of this Agreement or anything done in connection herewith. This section shall apply whether any such indirect, special, punitive, incidental, or consequential loss or damage is based on a claim brought or made in contract, in tort (including negligence and strict liability), under any warranty, or otherwise.
- 11.4 Company shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after July 1, 2025 (and for those period to July 1, 2025 where the Company was employed), of the effluent quality requirements provided for in Appendix C-1 or the finished water quality provided for Appendix C-2 that are a result of Company's negligence. Owner will assist Company to contest any such fines in administrative proceedings and/or in court prior to any payment by Company. Company shall pay the cost of any such contest.
- Owner shall be liable for those fines or civil penalties imposed by any regulatory or enforcement agencies on Owner and/or Company that are not a result of Company's negligence or are otherwise directly related to the ownership of the Project and, to the extent permitted by law, shall indemnify and hold Company harmless from the payment of any such fines and/or penalties.
- 11.6 To the fullest extent permitted by law and notwithstanding any other provision of this Agreement, Company's liability for performance or non-performance of any obligation arising under the Agreement (whether arising under breach of contract, tort, strict liability, or any other theory of law or equity) including, but not limited to its indemnity obligations specified in Section 11.1 of the Agreement, shall not exceed \$1,000,000 or the policy limits for the insurance required under this Agreement, whichever is greater, cumulatively for the duration of the Agreement, provided that the foregoing limitation shall not apply to any losses resulting from the gross negligence or willful misconduct of Company or Company's subcontractors, employees or agents in breach of Company's obligations under this Agreement.

- 11.7 Each Party shall obtain and maintain insurance coverage of a type and in the amounts described in Appendix D. Each Party shall provide the other Party with satisfactory proof of insurance on the latest approved North Carolina Department of Insurance Acord Form 25 by an insurer authorized to do business in North Carolina by the North Carolina Department of Insurance and rated A- (minus) or better by A.M. Best Company.
- 11.8 To the maximum extent allowed under applicable law, Owner agrees to defend, indemnify, and hold harmless Company and its officers, directors, employees, contractors, and agents from and against any and all claims, losses, liabilities, damages, fines, costs, penalties, and expenses (including reasonable attorneys' fees and costs of investigation and defense) arising out of or relating to the presence, alleged presence, or exposure of or to any Hazardous Substances on, at, under, or emanating from the Project, whether actively or passively received or utilized. Absent gross negligence or intentional act or breach by Company, Owner's indemnification obligations shall survive the expiration or termination of this Agreement.
- 11.9 Owner's indemnification obligations in Section 11.8 above shall include, without limitation, (i) claims for personal injury, property damage, damage to natural resources, or remediation costs attributable to the presence or alleged presence of any Hazardous Substances, regardless of whether such Hazardous Substances originated on or from the Project; and (ii) all obligations, liabilities, and costs incurred by the Company to investigate, remediate, or otherwise respond to the actual or alleged presence of Hazardous Substances in accordance with applicable laws and regulations.
- 11.10 Nothing set forth in this Agreement shall be deemed to waive or limit rights or remedies of Company under common law or applicable laws, rules, orders, or regulations, including, without limitation, common law indemnity, contribution, or impleader.
- 11.11 The provisions of Sections 11.1 through 11.10 above shall survive the expiration or termination of the Agreement.

12. Term, Termination and Default

- 12.1 The initial term of this Agreement shall be three (3) years commencing on the Commencement Date ("Initial Term"). Thereafter, this Agreement shall be automatically renewed for subsequent one (1) year terms unless cancelled in writing by either party no less than one hundred and twenty (120) days prior to the expiration of the Term (each a "Renewal Term" and the Initial Term and each Renewal Term shall be collectively referred to herein as the "Term").
- 12.2 A Party may terminate this Agreement only for a material breach of the Agreement by the other Party; only after giving written notice of breach; and, except in case of

- a breach by Owner for nonpayment of Company's invoices, in which case termination may be immediate by Company, only after allowing the other party thirty (30) days to cure or commence taking reasonable steps to cure the breach.
- 12.3 In the event that this Agreement is terminated for any reason prior to the ending date of the Term, Owner shall pay to Company any funds identified in Section 9.2 that have not been paid to Company through the date of termination.
- 12.4 Upon notice of termination by Owner, Company shall assist Owner in assuming operation of the Project. If additional Cost is incurred by Company at request of Owner, Owner shall pay Company such Cost within fifteen (15) days of invoice receipt.
- 12.5 Upon termination of this Agreement and all renewals and extensions of it, Company will return the Project to Owner in the same condition as it was upon the effective date of this Agreement, ordinary wear and tear excepted. Equipment and other personal property purchased by Company for use in the operation or maintenance of the Project shall remain the property of Company upon termination of this Agreement unless the property was directly paid for by Owner or Owner specifically reimbursed Company for the cost incurred to purchase the property or this Agreement provides to the contrary.

13. Disputes and Force Majeure

In the event that a dispute under the Agreement arises between the parties, the 13.1 disputing party shall provide the other party with written notice of the dispute and within thirty (30) calendar days after receipt of said notice, the receiving Party shall submit to the other a written response. The notice and response shall include a statement of each Party's position and a summary of the evidence and arguments supporting its position. Each Party shall designate a high-level executive or officer to work together in good faith to resolve the dispute; the name and title of said executive shall also be included in the notice and response. The executives shall meet at a mutually acceptable time and place within fifteen (15) calendar days of the disputing Party's notice and thereafter as they reasonably deem necessary to resolve the dispute. If the executives have not resolved the dispute through good faith efforts within thirty (30) calendar days from the initial meeting, or a date mutually agreed by the Parties, the disputing Party may resort to litigation in the state courts located in Mitchell County, North Carolina or the federal district court for the Western District of North Carolina.

Absent mutual consent by both Parties, in the event that one of the Parties brings a dispute immediately to court without first following the aforementioned dispute resolution process, than the opposing Party shall be entitled to recover reasonable attorneys' fees and costs from the Party initiating the litigation if either: (a) the case is remanded and the Parties are ordered to follow the dispute resolution process outlined herein; or (b) the dispute is heard and judgment is awarded in favor of the

opposing Party. Further, each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Agreement or the transactions contemplated hereby (whether based on contract, tort or any other theory).

- 13.2 In the event activities by employee groups or unions cause a disruption in Company's ability to perform at the Project, Owner, with Company's assistance or Company at its own option, may seek appropriate injunctive court orders. During any such disruption, Company shall operate the facilities on a best-efforts basis until any such disruptions cease.
- 13.3 Neither Party shall be liable to the other for any loss, damage, delay, default, or failure to perform its obligations under this Agreement to the extent it results from an Unforeseen Circumstance. However, this Section may not be used by either Party to avoid, delay, or otherwise affect any payments due to the other party. If and to the extent that Unforeseen Circumstances interfere with, delay or increase the cost of the Company's performing the contract services in accordance herewith, the Company shall be entitled to relief from its performance obligations, an increase in the Annual Fee, or an extension of schedule which properly reflects the interference with performance, the amount of the increased cost, or the time lost as a result thereof.
- 13.4 Changes in law, standard industry practices relating to any Hazardous Substances, or the levels of Hazardous Substances on, at, under, or affecting the Project shall warrant and require Owner to: (i) grant an equitable adjustment to the Annual Fee and Company's time for performance for increases in performance times, resource requirements, financial requirements, costs, or other increases, and (ii) make capital expenditures and increase operating expenses as such changes require.

14. Representations and Warranties

The Company hereby represents and warrants to Owner as follows:

- 14.1 Company has full power and authority to perform and observe its covenants contained in this Agreement, has taken all action necessary for the execution, delivery and performance of this Agreement and to carry out and consummate all transactions contemplated hereby, and this Agreement has been duly authorized, executed and delivered by Company and constitutes the legal, valid and binding obligation of Company, enforceable against it in accordance with its terms.
- 14.2 The authorization, execution, and delivery by the Company of this Agreement do not and will not (i) violate any laws or any regulation, order, injunction or decree of any court, governmental body, agency or other instrumentality or (ii) result in a breach of any of the terms and conditions or, or constitute a default under, or result in the creation or imposition of any mortgage, lien, charge or encumbrance of any

- nature whatsoever upon any of the properties of assets of Company pursuant to the terms of any agreement or other instrument to which Company is a party or by which Company or any of its properties is bound.
- 14.3 There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or threatened in writing against or affecting Company or any basis thereof, wherein an unfavorable decision ruling or finding would materially adversely affect the transactions contemplated hereby or which, in any way, would adversely affect the validity of enforceability of this Agreement.

The Owner hereby represents and warrants to Company as follows:

- 14.4 The Owner has full power and authority to perform and observe its covenants contained in this Agreement, has taken all action necessary for the execution, delivery and performance of this Agreement and to carry out and consummate all transactions contemplated hereby, and this Agreement has been duly authorized, executed and delivered by the Owner and constitutes the legal, valid and binding obligation of the Owner, enforceable against it in accordance with its terms.
- 14.5 The authorization, execution, delivery and performance of this Agreement, the compliance with the terms and conditions hereof and the consummation of the transactions herein contemplated on part of the Owner do not and will not (i) violate any laws or any regulation, order, injunction or decree of any court, governmental body, agency or other instrumentality or (ii) result in a breach of any of the terms and conditions or, or constitute a default under, or result in the creation or imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties of assets of the Owner pursuant to the terms of any agreement or other instrument to which the Owner is a party or by which the Owner or any of its properties is bound.
- 14.6 There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or threatened in writing against or affecting the Owner or any basis thereof, wherein an unfavorable decision ruling or finding would materially adversely affect the transactions contemplated hereby or that in any way would adversely affect the validity of enforceability of this Agreement.
- 14.7 The Owner has obtained and is in compliance in all respects with all permits and approvals that are necessary to operate the Project.
- 14.8 Except as has been disclosed by Owner to Company, Owner has not entered into, and is not subject to, any agreement, consent order, decree, judgment, license, permit condition, notice of violation, or other directive of any Governmental Entity in existence as of the date hereof that relates to the operation of the Project.

- 14.9 To Owner's knowledge, there are no actual or suspected past or present Hazardous Substances, or Releases of Hazardous Substances on, at, or otherwise affecting the Project, the operation of the Project, any facilities associated with the Project, or those persons who operate or otherwise are expected to have access to the Project.
- 15. Rev. Proc. 2017-13 Compliance. It is the intent of the Owner and Company that this Agreement shall be construed and applied so as to constitute a management contract that does not result in private business use of property financed by the Owner within the meaning and intent the applicable provisions of the Internal Revenue Code and related regulations, rulings and revenue procedures (including without limitations Rev. Proc. 2017-13, as amended and supplemented). Accordingly, Company agrees that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the qualified user with respect to the managed property. In the event this Agreement results in the private business use of the managed property by either the Internal Revenue Service or a court of competent jurisdiction, the parties shall attempt, in good faith, to renegotiate the terms of this Agreement so as to bring this Agreement into compliance with the Internal Revenue Code.

[The signatures of the parties appear on the following page.]

Both Parties indicate their approval of this Agreement by their signatures below, and each party warrants that all corporate or governmental action necessary to bind the parties to the terms of this Agreement has been and will be taken.

Town of Spruce Pine, NC	Veolia Water North America-South, LLC
By:	By:
Name: Daniel Stines Title: Town Manager	Name: Title:
Title. Town Wanager	Title.
<u>CERTIFI</u>	CATE OF COUNSEL
certifies that (s)he has examined the circ North America-South, LLC ("Company")	on of Spruce Pine ("Owner") in this transaction, hereby sumstances surrounding the selection of Veolia Water and the award and letting of the foregoing contract to the said selection and award process comply with the arolina and Owner.
Mky Dlo-	
Counsel for Owner	Date: <u>June 20, 2025</u>
This instrument has been pre-audited in the Fiscal Control Act, N.C.G.S. 159-28.	e manner required by the Local Government Budget and
By:	_
Name: Christy Young Title: Finance Officer	_
THE. PHANCE OTHER	

APPENDIX A

DEFINITIONS

- A.1 "Adequate Nutrients" means plant influent nitrogen, phosphorus and iron contents proportional to BOD₅ in the ratio of five (5) parts nitrogen, one (l) part phosphorus, and one-half (0.5) part iron for each one hundred (100) parts BOD₅.
- A.2 "Annual Fee" means a predetermined, fixed sum for Company's services. The Annual Fee includes Cost and profit.
- A.3 "Biologically Toxic Substances" means any substance or combination of substances contained in the plant influent in sufficiently high concentration so as to interfere with the biological processes necessary for the removal of the organic and chemical constituents of the wastewater required to meet the discharge requirements of Owner's Certificate of Approval. Biologically toxic substances include, but are not limited to, heavy metals, phenols, cyanides, pesticides and herbicides.
- A.4 "Capital Expenditures" means any expenditures for (1) the purchase of new equipment or facility items that cost more than One Thousand Dollars (\$1,000); or (2) major repairs which significantly extend equipment or facility service life and cost more than Two Thousand Dollars (\$2,000) or (3) expenditures that are planned, nonroutine and budgeted by Owner.
- A.5 "Commencement Date" shall mean July 1, 2025.
- A.6 "Cost" means all Direct Cost and indirect cost determined on an accrual basis in accordance with generally accepted accounting principles.
- A.7 "Direct Cost" means the actual cost incurred for the direct benefit of the Project including, but not limited to, expenditures for project management and labor, employee benefits, chemicals, lab supplies, repairs, repair parts, maintenance parts, safety supplies, gasoline, oil, equipment rental, legal and professional services, quality assurance, travel, office supplies, other supplies, uniforms, telephone, postage, utilities, tools, memberships and training supplies.
- A.8 "Emerging Contaminants" means a chemical or compound identified by the U.S. Environmental Protection Agency or other governmental authority, for which a national primary drinking water regulation has not been promulgated, and that may have an adverse effect on the health of individuals or the environment, and specifically including, without limitation, perfluoroalkyl and polyfluoroalkyl substances ("PFAS") such as perfluorooctanoic acid ("PFOA") and perfluoro octane sulfonate ("PFOS").
- A.9 "Hazardous Substance" means any waste, substance, object, or material deemed hazardous under applicable law, including (a) "hazardous substances" as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as

- amended; (b) "hazardous waste" as defined in the "hazardous waste" under the Resource, Conservation and Recovery Act; and (c) "emerging contaminants" as identified by the U.S. Environmental Protection Agency or other governmental authorities due to their potential for adverse impacts to human health or the environment, specifically including, without limitation, perfluoroalkyl and polyfluoroalkyl substances ("PFAS") such as perfluorooctanoic acid ("PFOA") and perfluoro octane sulfonate ("PFOS"). As used herein, "Hazardous Substances" also means materials, equipment, physical property, soil, groundwater or stormwater that are contaminated with Hazardous Substances.
- A.10 "Maintenance" means those routine and/or repetitive activities required or recommended by the equipment or facility manufacturer or by Company to maximize the service life of the equipment, sewer, vehicles and facilities.
- A.11 "Maintenance and Repair Limit" means the total Maintenance and Repair expenditures that Company has included in the Annual Fee. Such expenditures exclude any labor costs for Company's staff assigned to the Project. Company's specialized maintenance personnel, not assigned at the Project, who provide such specialized services such as, but not limited to, vibration, thermographic and electrical analyses, instrumentation maintenance and repair will be charged to the Maintenance and Repair Limit.
- A.12 "Project" means all equipment, vehicles, grounds, rights of way, sewers and facilities described in Appendix B and, where appropriate, the management, operations and maintenance of such.
- A.13 "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment.
- A.14 "Repairs" means those nonroutine/nonrepetitive activities required for operational continuity, safety and performance generally due to failure or to avert a failure of the equipment, sewer, vehicles or facilities or some component thereof.
- A.15 "State" means the State of North Carolina.
- A.16 "Unforeseen Circumstances" shall mean any event or condition which has an effect on the rights or obligations of the parties under this Agreement, or upon the Project, which is beyond the reasonable control of the party relying thereon and constitutes a justification for a delay in or non-performance of action required by this Agreement, including but not limited to (i) an act of God, landslide, lightning, earthquake, tornado, fire, explosion, flood, failure to possess sufficient property rights, acts of the public enemy, war, blockade, sabotage, insurrection, riot, epidemic, pandemic, or civil disturbance, (ii) preliminary or final order of any local, province, administrative agency or governmental body of competent jurisdiction, (iii) any change in law, regulation, rule, requirement, permit, interpretation or statute adopted, promulgated, issued or otherwise specifically modified or changed by any local, province or governmental body, (iv) labor disputes, strikes, work slowdowns or work stoppages, but excluding labor disputes, strikes, work slowdowns or

work stoppages by employees of Company; and (v) loss of or inability to obtain service from a utility necessary to furnish power for the operation and maintenance of the Project.

APPENDIX B

DESCRIPTION OF PROJECT

Company agrees to provide the services necessary for the management, operation, and maintenance of the following, and as may be updated by agreement of the Parties from time to time:

WASTEWATER TREATMENT PLANT

- A. All equipment, vehicles, grounds and facilities now existing, and/or is presently being repaired or replaced after loss or damage from Hurricane Helene in September 2024, within the present property boundaries of or being used to operate the Wastewater Treatment Facility including:
 - 1. the 14 Lift Stations,
 - 2. one influent screening facility
 - 3. the aeration ditch
 - 4. two clarifiers
 - 5. two digesters
 - 6. the disinfection system
 - 7. the solids handling system

all in accordance with generally accepted industry principles and practices and only within the Facilities' design capacity and capabilities.

WATER TREATMENT PLANT

- A. All equipment, vehicles, grounds and facilities now existing, and/or is presently being repaired or replaced after loss or damage from Hurricane Helene in September 2024, within the present property boundaries of or being used to operate the Spruce Pine Water Treatment Plant including:
 - 1. five (5) associated Pumping Stations,
 - 2. North Toe Raw Water Pumping Station,
 - 3. Operate the TOWN's two water wells located at Carters Ridge.
 - 4. 0.5 million gallon sedimentation basin
 - 5. three (3) Trident filters
 - 6. Chemical feed system
 - 7. laboratory for process control
 - 8. 0.5 million gallon clear well tank

all in accordance with generally accepted industry principles and practices and only within the Facilities' design capacity and capabilities.

APPENDIX C-1

NPDES PERMIT AND WASTEWATER TREATMENT CHARACTERISTICS

- C-1.1 Company will operate so that effluent will meet the requirement of NPDES Permit No. NC0021423 (issued 2021), a full and complete copy of which is adopted by reference herein as of the date hereof. Company shall be responsible for meeting the effluent quality requirements of the Permit unless one or more of the following occurs: (1) the wastewater influent does not contain Adequate Nutrients to support operation of Project biological processes and/or contains Biologically Toxic Substances, Hazardous Substances, and/or Emerging Contaminants which cannot be removed by the existing process and facilities; (2) dischargers into Owner's sewer system violate any or all regulations as stated in Owner's Industrial Water and Sewer Ordinance(s) or as required by law; (3) the flow or influent BOD₅ and/or suspended solids exceeds the Project design parameters which are 0.6 million gallons of flow per day monthly average, 583 pounds of BOD₅ per day monthly average, 791 pounds of suspended solids per day on a monthly average and a daily peaking factor of three times monthly average flow; (4) if the wastewater treatment facility and/or associated appurtenances is inoperable or can operate only at a reduced capacity on account of construction activities, fire, flood, adverse weather conditions, labor disputes or other causes beyond Company's control.
- C-1.2 In the event any one of the Project influent characteristics, suspended solids, BOD₅ or flow, exceeds the design parameters stated above, Company shall return the plant effluent to the characteristics required by NPDES in accordance with the following schedule after Project influent characteristics return to within design parameters.

Characteristics Exceeding	Recovery Period
Design Parameters By	<u>Maximum</u>
10% or Less	5 days
Above 10% Less than 20%	10 days
20% and Above	30 days

Notwithstanding the above schedule, if the failure to meet effluent quality limitations is caused by the presence of Biologically Toxic Substances, Emerging Contaminants or the lack of Adequate Nutrients in the influent, then Company will have a thirty (30) day recovery period after the influent is free from said substances or contains Adequate Nutrients.

C-1.3 Company shall not be responsible for fines or legal action as a result of discharge violations within the period that influent exceeds design parameters, does not contain Adequate Nutrients, contains Biologically Toxic Substances or Emerging Contaminants or is inoperable, and the subsequent recovery period.

C-1.4 The Annual Fee for services under this Agreement is based upon the following:

Project influent characteristics are as follows:

Flow .500 mgd BOD₅ 583 lb/day monthly average TSS 791 lb/day monthly average

Any change of 10 percent (10%) or more in any of these characteristics, based upon a twelve (12) month moving average, will constitute a Change in Scope (See Article 10).

APPENDIX C-2

WATER TREATMENT CHARACTERISTICS

C-2.1 The water treatment plant has the following design characteristics:

A capacity of 1.6 MGD of finished water production with ability for chemical additions, flocculation, sedimentation and filtration. The water treatment plant has the capability for post treatment by chlorination. The average daily flow of raw water is 1.1 MGD per day.

The raw water has the following characteristics

NTU Raw	50
pH Low	5.0
pH High	8.0
Alkalinity	10
Hardness	50

C-2.2 Company will operate the water treatment plant so that water treated will meet the following standards:

Turbidity	<0.5 NTU
Iron	<0.3 mg/l
Manganese	<0.05 mg/l
pН	≥ 7.0
Color	<15 color units
Corrosivity	Non-corrosive
E. Coli	Negative

- C-2.3 Any change of ten percent (10%) or more in any of these characteristics, based upon a twelve (12) month moving average, will constitute a Change in Scope (See Article 10).
- C-2.4 If any contaminants in the raw water causes the finished water to exceed the Maximum Contaminant Levels (MCL) established for finished water quality, Company will treat the raw water to reduce said contaminant to an acceptable MCL. The cost of any specific treatment will be in addition to the Annual Fee for the treatment required by this Article C-2.4.

APPENDIX D

INSURANCE COVERAGE

Company SHALL MAINTAIN:

- 1. Statutory workers' compensation for all Company employees at the Project as required by the State.
- 2. Commercial general liability insurance, insuring Company' negligence, in an amount of \$1,000,000 combined single limits for bodily injury and/or property damage.
- 3. Pollution liability insurance in an amount of \$1,000,000 per occurrence.
- 4. Professional liability insurance in an amount of \$1,000,000 per occurrence.
- 5. Automobile liability insurance for all owned (if any), non-owned and hired automobiles in an amount of \$1,000,000 per occurrence.

Owner SHALL MAINTAIN:

- 1. Statutory workers' compensation for all of Owner's employees associated with the Project as required by the State.
- 2. Property insurance on a "special form causes of loss" form or its equivalent for Owner's owned, leased, rented or personal property at replacement cost with business interruption coverage.
- 3. Automobile liability insurance for all owned (if any), non-owned and hired automobiles in an amount of \$1,000,000.

Each Party shall cause the other Party to be included as additional insured on the above insurance policies (except workers' compensation) and shall provide the other Party at least thirty (30) days' notice of the cancellation of required policies. Each Party shall waive subrogation in favor of the other Party. Additionally, each Party's insurance policies shall waive, or be endorsed to waive, rights of recovery by subrogation in favor of the other Party.