



Minutes

**Town of Weaverville
State of North Carolina**

**Town Council Regular Workshop
Tuesday, January 14, 2020**

The Town Council for the Town of Weaverville met for a regular workshop on Tuesday, January 14, 2020, at 6:00 p.m. in Council Chambers within Weaverville Town Hall at 30 South Main Street, Weaverville, North Carolina.

Council members present: Mayor Al Root, Vice Mayor/Councilmember Doug Jackson, Councilmembers Dottie Sherrill, Jeff McKenna and Andrew Nagle. Councilmember Patrick Fitzsimmons was absent.

Staff present: Town Manager Selena Coffey, Town Attorney Jennifer Jackson, Town Planner James Eller, Town Clerk Derek Huninghake, Finance Officer Tonya Dozier, Public Works Director Dale Pennell, Fire Marshal Kile Davis, and Water Treatment Plant Supervisor Trent Duncan.

1. Call to Order

Mayor Root called the meeting to order on behalf of Town Council at 6:00pm.

2. Continued Discussion of Policies/Procedures for Town Acceptance of Private Streets

Mayor Root mentioned that the Town Council meeting tonight is to continue their discussion on the procedures/policies for the town acceptance of private streets. He noted that Council needed to determine whether the Town should even consider accepting private streets at all or, if they do plan to accept them, when should it be tried for the first time. Also, Council needs to determine that if the customer jumps through all the hoops to get their streets tested and they pass, should Council have to accept them into the Town.

Councilmember Nagle commented that the existing policy shows that after all the road testing, the subdivision still has to come before Council to get approval for acceptance into the Town. The problem with this is if there are new Councilmembers when the testing is finished the outcome from Council could be different, so he is afraid Council could get in trouble. He thinks that they should bring it to Council before any testing is completed and get direction on whether they will approve them if they meet all the steps and pass the testing.

Vice Mayor Jackson agreed with the suggestion by Councilmember Nagle that Council could vote on the developments roads beforehand and notify them that if they pass all the testing then they will be accepted into the Town, so they don't stay in limbo waiting to know if they will be accepted.

Town Attorney Jennifer Jackson indicated that Council could follow the same commitment process as the water allocation process, so that when a developer asks for the Town to bring their streets into the Town, they could say no or yes and apply a set of conditions up front.

Councilmember McKenna believes that Council should have an overriding policy or philosophy in place that would move from Council to Council, so that it is not a case-by-case basis and is more consistent.

Mayor Root mentioned that he thought that if it was a new development and they wanted to be public then they had to be inspected by the Town as they were being built. Public Works Director Dale Pennell mentioned that ideally when the developers come in front of Town Planner James Eller with the project, they inform us from the beginning if the

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Regular Workshop Minutes

streets are going to be private or public. This would be the basis on which they go through the entire approving and construction process.

Councilmember McKenna wonders if it is a good thing to take an open philosophy and bring all developers in that want to be brought in from the beginning or existing that pass all the tests, since there will be trade-offs and taxes would most likely have to be increased to help with maintaining these roads.

Mayor Root wondered how reliable the testing was for private streets that have already been built. Public Works Director Dale Pennell noted that the testing would be completed by a reliable testing engineering firm, who would perform a series of tests on the road. If they pass all the testing then that is great, but if they fail then there will be more extensive testing in that substandard area. Plus, it won't just be testing on the service, if there was any valley filled in then they will test down to the initial ground to make sure it is secure.

Councilmember Nagle mentioned that he disagrees with the Town taking in any existing streets, but believes that Council needs to keep it consistent, so if we are going to allow subdivisions to come into the Town then we should give the same opportunity to apartment complexes. He thinks if they pass the testing assigned by the Public Works Director then they should be allowed into the Town.

Mayor Root asked if there were any downfalls to having the developers come before Council first. Town Manager Selena Coffey commented that from an operational perspective it would put more burden on Public Works and staff to take more time looking over the plans.

Mayor Root wonders if the testing would reveal issues that might not fail the test, but might indicate other problems making Council wish they weren't approved. Public Works Director Dale Pennell noted that if they perform all the testing that we require them to do, we will find all the problems with the road and all the underlying parts of the road like draining system.

Councilmember Nagle noted that what he is hearing is if there is a list of conditions and they pass the test, then they would be allowed into Town. He would prefer them to come before Council, so if they don't want the road taken in then they can tell them beforehand.

Town Attorney Jennifer Jackson mentioned that factors, other than the condition of the street, that Town Council might consider could include topography, connecting streets, traffic pattern, or number of houses or businesses served by the street.

Town Manager Selena Coffey noted that this truly is a cost to the Town when we are accepting any streets into the Town, since the Powell Bill funds will not be increasing much. Last year, we received \$106,000 from them and it increased by less than a percent. This is only a small portion of the cost of resurfacing a streets which is approximately \$500,000 per mile.

Councilmember McKenna commented that these other factors are what he likes to see, so that we can avoid them. He doesn't want to take each subdivision at its own merit, so that we can be consistent and take the discretion out of it.

Mayor Root noted that what he is hearing from the majority of Town Council is that, for new streets, they would like them to come before Council first to implement a set of conditions before any work is undertaken. As for existing streets, some Councilmembers might want them to come before Council first and pass conditions as well and others do not want to accept them at all.

Councilmember McKenna noted that he agrees with Councilmember Nagle from the economics of it and doesn't believe we should take in any existing streets. He cares more about the policy being consistent. He is going to continue to researching this issue, but thinks that the liability cost is going to add up someday.

Vice Mayor Jackson would like to know all the streets that could come before Town Council asking to be brought into Town beforehand, since he is concerned that we could be opening a can of worms and have everyone wanting to be taken over by the Town.

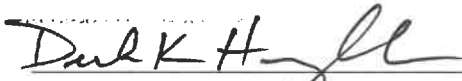
Councilmember Sherrill noted that she agrees that the policy needs to be consistent and has concerns that everyone will want to be accepted into the Town but could consider the drafted ordinance in January 2020 if all the risks have been illustrated.

3. Direction to Staff/Next Steps

Mayor Root gave direction for Town Attorney Jackson to draft an ordinance showing that Town Council would not be accepting any existing streets into Town. As for new streets, developers will need to inform the Town during the initial process that they want their streets to be public and private. If they are going to be public then they will need to meet the applied conditions to be accepted.

4. Adjournment.

Vice Mayor/Councilman Jackson made the motion to adjourn the Town Council workshop; Councilman McKenna seconded and all of Town Council voted to adjourn the Council's workshop at 7:05 p.m.


Derek K. Huninghake, Town Clerk





MINUTES

**Town of Weaverville
State of North Carolina**

**Town Council Meeting
Monday, January 27, 2020**

The Town Council for the Town of Weaverville met for its regular monthly meeting on Monday, January 27, 2020, at 7:00 p.m. in Council Chambers within Weaverville Town Hall at 30 South Main Street, Weaverville, North Carolina.

Council members present were: Mayor Al Root, Vice Mayor/Councilmember Doug Jackson and Councilmembers Dottie Sherrill, Jeffrey McKenna, and Andrew Nagle. Councilmember Patrick Fitzsimmons was absent.

Staff present was: Town Manager Selena Coffey, Town Attorney Jennifer Jackson, Finance Officer Tonya Dozier, Town Clerk Derek Huninghake, Town Planner James Eller, Fire Chief Ted Williams, Police Chief Ron Davis, Public Works Director Dale Pennell and Water Treatment Supervisor Trent Duncan.

1. Call to Order

Mayor Al Root called the meeting to order at 7:02 p.m.

2. Approval/Adjustments to the Agenda

Councilmember Nagle mentioned that he had some questions about Consent Agenda Item G, and asked if we should take it off or keep it on and discuss later. Mayor Root noted that we will keep it on the Consent Agenda and can move it if need.

Councilmember Sherrill made a motion to approve the agenda as presented. Councilmember McKenna seconded and all voted in favor of the motion.

3. Approval of Minutes

Vice Mayor Jackson made the motion to approve the minutes from the December 12, 2019 Joint Meeting of Town Council/Planning and Zoning Board and December 16, 2019 Town Council Regular Meeting. Councilmember McKenna seconded the motion and all voted in favor on the approval of the minutes.

4. General Public Comment

Laura Ayers, 300-1 Reems Creek Rd, commented that a heron that hung around Lake Louise had passed away at the Appalachian Wildlife Refuge recently. She expressed a concern that wildlife is being negatively affected by fishing and after speaking with Public Works Director Dale Pennell, Lieutenant Somer Oberlin, and Appalachian Wildlife Refuge individuals, thinks it would be beneficial to hang a contact list and proper fishing laws down at the lake, distribute handouts when individuals purchase their permits at the Town Hall, and have the police department check for proper permits at the lake.

5. Consent Agenda

Councilmember Sherrill moved for the approval of the Consent Agenda. Councilmember Nagle seconded the motion and all voted unanimously to approve all action requested in the Consent Agenda.

- A. **Tax Collector's Monthly Report – Informational Only**
- B. **Tax Releases & Refunds**– *Approved the tax release of business personal property owned by G C W Enterprises, Inc. DBA Firehouse Subs, valued at \$102,780, so that \$390.56 can be released from the 2019 levy*
- C. **Arbor Day Resolution** – *Adopted Resolution recognizing Arbor Day on Friday, April 24, 2020*
- D. **Adoption of FY 2020-2021 Budget Calendar** – *Adopted FY 2020-2021 Budget Calendar*
- E. **Set Public Hearing on Code Amendments – Technical Review Committee for Land Development for February 24, 2020 at 6:45 pm** – *Scheduled Public Hearing for Monday, February 24, 2020 at 6:45pm*
- F. **Lake Louise Public Fishing Access Project** – *Approved the Lake Louise Public Fishing Access project and authorized the Mayor and Town Clerk to execute the Memorandum of Agreement and deliver it to Wildlife Resources Commissions*
- G. **Budget Amendment: Police Department Cops for Kids & Pink Patch Project** – *Approved Budget Amendment*

Councilmember Nagle wondered if the funds discussed in the budget amendment are being distributed to the police department or to each specific program to be used. Town Manager Coffey noted that the funds in question have been received throughout the year and then are distributed into the individual program where the funds are only to be used. Finance Officer Tonya Dozier mentioned that on the quarterly report, the budgeted amount is lower than the year to date amount, since the funds haven't been distributed yet. Mrs. Dozier noted that she didn't want to bother Town Council every month with a budget amendment when the funds were received. Mayor Root noted that since the funds are being used in the current year, then we should do these budget amendments as the funds come in.

6. **Town Manager's Report**

Town Manager Coffey presented her Manager's report to Council including 1) that the recent MLK Day Observance was very successful and had approximately 35 in attendance; 2) Our firework purchase has been confirmed for the 2020 July 4 Downtown and she has spoken with the Superintendent and Principal Chandler, who approved our use of the Weaverville Primary School baseball field for staging the fireworks this year. Also, based on input from last year, the fireworks display time has been adjusted to 9:45 pm and she has confirmed the band, Devils in Dust, for the event; 3) the Community Center Update will be discussed later in the action items; 4) Town Manager Coffey has confirmed bands for each of our 2nd Saturday Summer Series events this year. (Flyer attached) 5) The Request for Letters of Interest for planning on our greenway is public, with a deadline date of January 31, 2020, and Doug Dearth and her will continue to keep Council updated; 6) The Board of Elections will be using our community room from February 12-29 and they must secure the voting locations, so the February Town Council meeting has changed its location from the Town Hall to the Fire Department Training Room for this Council meeting; 7) and the first session of the 2020 Citizens Academy was held last week with 18 in attendance. She thanked Jan Lawrence for presenting the insightful history of Weaverville, Town Attorney Jennifer Jackson for presenting a legal overview of municipal government and Finance Director Tonya Dozier for presenting information on the Town's finance. Town Manager Coffey presented Town leadership and the budget process. The next session is presented by Town Planner James Eller on Land Use and Code Enforcement, which will be February 20 at the Weaverville Fire Department.

Councilmember Nagle commented that he thinks the 2nd Saturday Summer Series flyer is great and thinks that we should try to get this in the breakrooms of AB Emblem and Thermo Fisher Scientific, instead of just the businesses up Main Street.

Town Manager Coffey noted that Public Works employee Kevin Childers has worked with the Town of Weaverville for 17 years and is retiring at the end of January 2020. The Public Works Department is holding a celebration for him on January 31, 2020 from 1 – 2 pm and the public is welcome.

7. **Discussion and Action Items**

A. **Community Center Project**

Town Manager Selena Coffey commented that the Town had a bid opening on January 22, 2020 for the Community Center project, where bids ranged from \$2,779,000 to \$3,577,000. The Town Manager and Legerton Architecture recommend awarding the bid to Goforth Builders, a local contractor who submitted a low bid of \$2,779,000. She

reminded Town Council that back at their July 15, 2019 meeting, they voted unanimously to provide a budget of approximately \$2.5 million for the construction cost of the Community Center (Phase 1) and an additional \$250,000 for outdoor recreational amenities (Phase 2). Town Manager Coffey recommends Town Council take action to 1) award the construction bid to Goforth Builders and approve the execution of the Construction Documents for a negotiated amount not to exceed \$2,779,000; 2) direct staff and Goforth Builders to look at value engineering in an effort to identify cost reductions totaling 5% of the bid or greater and adjust the contract lump sum amount accordingly; and 3) adopt the Capital Project Ordinance.

John Legerton of Legerton Architecture noted that there were five good bids received and he recommends Town Council award the bid to Goforth Builders and set a 5% contingency for the construction project. Mr. Legerton mentioned that Goforth Builders is a local company with a good reputation that has been operating for a number of years in Fairview, NC. He did speak with Goforth Builders after the opening and they feel very confident with their bid amount and are excited to work with the Town of Weaverville.

Councilmember Nagle wondered if there was anything in place to make sure that the builder didn't go over the designated amount. Town Manager Coffey noted that the way the ordinance is written any contingency would have to go before Town Council for approval. Mayor Root also included that there is a performance bond and any change orders would have to be approved by Town Council. John Legerton added that any project will have change orders, but one of the advantages of this project is the site. The project site is a flat site that had a building on it previously, so we don't anticipate any site issues.

Vice Mayor Jackson commented that when you include in the additional inflation from the six month delay and the addition of the fire sprinkler system, this bid amount is remarkably close to the original amount they had determined.

Mayor Root thanked Thomas Veasey, Lou Accornero, and the Lake Louise Community Center committee for their hard work in getting through this process.

Councilmember McKenna asked if the phase 2 project would segway into the back of the building project phase 1. Town Manager Coffey noted that the goal is to hopefully mesh the end of the community center project into phase 2.

Public Comment

- 1) John Bowen, 50 N. College St., commented that he has noticed some extraordinary slow construction projects and wondered if there was anything in the contract that holds the contractor accountable to finishing the project in the next 14 months. Town Attorney Jackson mentioned that there is a liquidated damages provision if they go over the allowed time.
- 2) Laura Ayers, 300-1 Reems Creek Road, asked when the ground breaking ceremony would be held. Town Manager Coffey mentioned that they had not decided yet, since they were still trying to figure out a good time when the Mayor and all of Town Council could get together.

Vice Mayor Jackson made a motion to 1) award the construction bid to Goforth Builders and approve the execution of the Construction Documents for a negotiated amount not to exceed \$2,779,000; 2) direct staff and Goforth Builders to look at value engineering in an effort to identify cost reductions totaling 5% of the bid or greater and adjust the contract lump sum amount accordingly; and 3) adopt the Capital Project Ordinance. Councilmember Sherrill seconded the motion. The motion passed by a majority vote of Council. Motion carries 4-0

B. Waterline Extension Project

Town Manager Selena Coffey commented that on January 15, 2020, the Town held bid openings for the Waterline Extension project and the six bids received ranged from \$1,954,143 to \$2,577,395.68. Staff and the engineering firm of Withers Ravenel have reviewed the bids and recommend awarding the bid to Hyatt Pipeline, LLC, the lowest responsive bidder with a bid amount of \$1,954,143, and approval of the construction contract consistent with the bid. As Town Council is aware, this project is contingent upon approval of interim financing and issuance of USDA

revenue bonds by the Local Government Commission (LGC). The next step for Town Council will be the consideration of and action to approve the interim financing and the later issuance of the revenue bonds which should occur at the Town Council meeting on February 24, 2020. One item that must be presented to the LGC is a final project budget, so if this bid is accepted then the Capital Project Ordinance must be updated to reflect the actual cost of construction to serve as the final project budget. Town Manager Coffey asks Town Council to adopt the amended and restated capital project ordinance.

Councilmember Nagle asked for a simple map showing what Town Council is approving and where the waterlines are connecting into the existing system.

Councilmember Nagle made a motion to 1) award the construction bid to Hyatt Pipeline, LLC, in the amount of \$1,954,143, and approve the construction contract and its execution, all contingent upon LGC approval of the interim financing and later issuance of the USDA revenue bonds, and 2) adopt the Amended and Restated Capital Project Ordinance. Vice Mayor Jackson seconded the motion. The motion passed by a majority vote of Council. Motion carries 4-0

C. Policies Regarding Acceptance of Private Streets

Mayor Root noted that any blanket ban on the acceptance of existing streets would not affect any ongoing applications that the Town has received from subdivisions like Creekside Village and Fox Lair Crossing.

Town Attorney Jennifer Jackson discussed the working draft Town policy that was based on conversations at the last Council meeting, since Town Council didn't have any questions about the map and street lists provided. She noted that what we anticipate is a new Article V would need to be added to Chapter 24 entitled "Street Standards and Acceptance of Private Streets and Related Infrastructure into Public Street System." Town Council would need to confirm and make everyone aware that it is still up to their discretion if they want to bring a street into the Town and what standards they would be applying. She also mentioned that staff tried to model the same process according to our water allocation process for new a public street commitment process.

Councilmember Nagle asked how Section 24-85 would pair with our zoning ordinance, or how we are defining these properties? Town Attorney Jackson mentioned that if we proceed with the Article V, there will need to be changes made in the Chapter 25 Subdivision ordinance and Chapter 36 Zoning ordinance to make it consistent.

Mayor Root wondered when Town Council issues a commitment letter, is it a true commitment or will it be coming back before them again? Also, in regard to private streets, what is the current policy and does anyone inspect these roads? Lastly, Mayor Root asked if there was any mechanism setup for maintaining roads through HOAs or subdivision ordinances? Town Attorney Jackson commented that it is her understanding that it would be a true commitment, but Council always has the right at the end of the project to not honor it. As for private streets, there is an inconsistency between Town Standards and DOT standards, but nothing can be built to less than DOT standards and the Town doesn't inspect any unless they are called. Also, the subdivision regulations require the homeowner to show that they are abutting a public road, a private road with a recorded easement. For private roads the developer must include road maintenance provisions in their restrictive covenants.

Next, Town Attorney Jennifer Jackson covered all the alternative options for existing private streets and asked for feedback from Council.

Mayor Root asked for clarification about Option 2 and Town Attorney Jackson said there were some streets that had been inspected by Public Works but they haven't asked to be taken in yet. Town Attorney Jackson mentioned that Declan Drive, Lillie Farm Lane, Critter Trail, and Yarrow Meadow Drive, all apart of the affordable housing development by Mountain Housing Opportunities have been inspected to town standards and have just recently asked to have those roads brought into the Town.

Councilmember McKenna noted that he likes that we are mirroring our water allocation process and getting developers to declare up front, instead of leaving it open ended. He believes if we take Option 4 as it is laid out, then we should add a date and have owners notify the Town if they want to be considered. He would like to see this date be fairly soon like the end of June 2020 or beginning of July 1, then we would publicize it and set another date for when all the testing and steps would have to be completed. He also would like to add from Option 3 that unless such acceptance would, in town council's discretion, further a significant public interest.

Vice Mayor Jackson asked for clarification under Option 4(a), why it says may be eligible for acceptance into Town's street system, instead of will be? Town Attorney Jackson noted that it can say will be, it just depends on the conditions that are decided by Town Council.

Councilmember Nagle noted that first off, he likes that we included new, since it can become an existing street. He preferred Option 1 but thinks that Councilmember McKenna's comments on Option 4 would be great with an end date. The only thing he doesn't want to do is mislead people, so if the testing is done and passes, then they should be allowed into the Town. It shouldn't go back and forth.

Councilmember McKenna mentioned that he wants it to be a little more restricted like the public street commitment should be applied for by July 1, if not then they aren't eligible. Next, they would have to have the testing and steps done within six months, so by the end of the calendar year they would know where they stand on private roads.

Public Works Director Dale Pennell noted that six months is a gracious amount of time for testing, however if there are any deficiencies detected then they would have to be fixed before Town Council brings into the Town, and if it is near the end of the year, then it wouldn't be a good time to work on roads.

Councilmember Nagle discussed that the commitment letter application deadline could be three months like May 1, 2020, the testing period could be three months and then if there are any deficiencies, they have 6 months to fix it. Councilmember McKenna agrees with this, since it add dates and urgency.

Mayor Root mentioned that he believes this is very fair and appropriate. Owners can apply for a commitment letter and then after this they would have to clarify that they are coming into Town at the beginning of the development process.

Public Comment

John Bowen, 50 N. College St., doesn't live on a private road, but he doesn't understand why there must be a deadline for the commitment letter application. Things will change and new homeowners will come in and they might want to come into the Town, so he doesn't see why it should only be allowed for the six months.

Thomas Veasey, 69 Lakeshore Drive, commented about a development going in and the requirements that were met for the width of the street. He believes that streets should be wide enough to maintain a fire truck and allow for parking on one side of the street, so there aren't any issues like Lake Louise.

Judith Craggs, 34 Rabbit Ridge Drive, commented that she isn't hearing a recourse for the older private roads that are not in a development and have a limited amount of people. She says realtors do not tell them that it is private road and retirees can't afford to fix the roads that are deteriorating, so what is Town Council going to do when the fire trucks and garbage trucks can't access these homes that pay Town taxes?

Doug Theroux, 73 Hillcrest Drive, commented that he doesn't see a reason for the application deadline and that staff should mail directly to all residents that face this issue. He also believes that with this deadline, all the applications are going to come in at once and Council won't have the time to address each one individually. Plus, the testing part isn't going to be the expensive part, it will be having to replace the road when most of them don't meet standards.

Councilmember Nagle noted that the reason for the deadline is because he would prefer the deadline as of today, but they are compromising in making the policy to make sure that everyone is able to join. The big misconception is that by default it is a private road, not a public road. Plus it doesn't matter what the developer puts on the plat, since state law says that only a majority vote of Town Council can adopt it. He believes Town Council is trying to get this behind them, so they don't have to consider it every year.

Vice Mayor Jackson made a motion to adopt as a policy what has been drafted as Article V of Chapter 24 with Option 4 included for existing streets with applications due not later than May 1, 2020, a testing period of not longer than three months, and a repair period of not longer than six months from completion of testing, with the understanding that existing streets that do not apply before May 1, 2020, will not be eligible for acceptance into the Town's public street system; and 2) to direct staff to draft appropriate Code Amendments consistent with Option 1 of the policy and bring them back to Town Council for review and possible adoption with an effective date of May 1, 2020. Councilmember Nagle seconded the motion. The motion passed by a unanimous vote of Council. Motion passed 4-0.

D. Quarterly Report: Planning

Town Planner James Eller presented the Planning Department Quarterly Report from October – December 2019 and noted that 32 Zoning Permits, including 2 Institutional Permits for the Weaverville Community Center and Lake Louise Fishing Pier had been issued during this period. Mr. Eller also gave a review of the Planning and Zoning Board activity during these months that included in October, the board working on a possible high density single family residential zoning district called for by the Comprehensive Land Use Plan and in December, they received the updated regulations from the 2019 NC legislation and held a joint meeting with Town Council. The Zoning Board of Adjustment activity included the board holding a public hearing regarding a variance application for property commonly known as 120 South Main Street in October 2019.

E. Quarterly Report: Finance

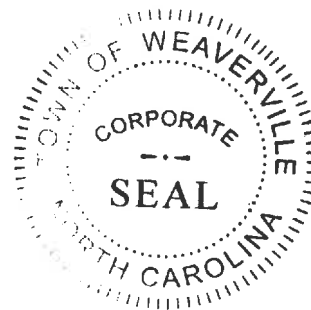
Finance Officer Tonya Dozier presented the Quarterly Finance Report from October 2019 – December 2019 with charts summarizing Revenues and Expenditures that provide comparisons from previous years. Some highlights were that the first column of Ad Valorem Tax Revenue is as of December 31, 2019, most of the variances from expenditures are from the timing of capital purchases, and the Cops for Kids revenues and expenditures show when money was received and reason for amendment. Finance Officer Dozier also discussed the updated Capital Project Fund established for the Waterline Extension Project that lists the revenues and expenditures.

8. Adjournment

Vice Mayor Jackson made the motion to adjourn; Councilmember Nagle seconded and all voted to adjourn the Council's meeting at 8:57 p.m.



Derek K. Huninghake, Town Clerk





Whereas, In 1872, J. Sterling Morton proposed to the Nebraska Board of Agriculture that a special day be set aside for the planting of trees, and

Whereas, this holiday, called Arbor Day, was first observed with the planting of more than a million trees in Nebraska, and

Whereas, Arbor Day is now observed throughout the nation and the world, and

Whereas, trees can reduce the erosion of our precious topsoil by wind and water, cut heating and cooling costs, moderate the temperature, clean the air, produce life-giving oxygen, and provide habitat for wildlife, and

Whereas, trees are a renewable resource giving us paper, wood for our homes, fuel for our fires and countless other wood products, and

Whereas, trees in our city increase property values, enhance the economic vitality of business areas, and beautify our community, and

Whereas, trees, wherever they are planted, are a source of joy and spiritual renewal.

Now, Therefore, I, Allan P. Root , Mayor of the Town of Weaverville, North Carolina do hereby proclaim Friday, April 24, 2020 as

Arbor Day

In the Town of Weaverville , and I urge all citizens to celebrate Arbor Day and to support efforts to protect our trees and woodlands, and

Further, I urge all citizens to plant trees to gladden the heart and promote the well-being of this and future generations.

Dated this 27th day of January, 2020
 Mayor [Signature]

**Town of Weaverville
Budget Calendar
FY 2020-2021 Budget**

Budget Activity	Date/Time/Location
Budget Requests & CIP Requests Due to Manager	Friday, March 6, 2020 Due by 5:00pm
Manager's Budget Review, Analysis & Department Head Meetings in Development of Proposed Budget	March 6 – April 12, 2020
Initial Draft Budget Presentation (Regular Town Council Meeting)	Monday, April 27, 2020 7:00pm
Budget Workshop #1 (Regularly-Scheduled Workshop)	Tuesday, May 12, 2020 6:00pm
Set Public Hearing on Budget (Regular Town Council Meeting)	Monday, May 18, 2020 7:00pm
Budget Workshop #2: Public Hearing on Budget (Regularly-Scheduled Workshop)	Tuesday, June 9, 2020 6:00pm
Budget Workshop #3 (Special-Called Workshop; To be determined)	Tuesday, June 16, 2019 6:00pm
Town Council's Adoption of Budget / Ordinance (Regular Town Council Meeting)	Monday, June 22, 2020 7:00pm

MEMORANDUM OF AGREEMENT
BETWEEN
NORTH CAROLINA WILDLIFE RESOURCES COMMISSION
AND
TOWN OF WEAVERVILLE

THIS AGREEMENT, made and entered into this ___ day of _____, 2020, by and between the **North Carolina Wildlife Resources Commission**, hereinafter called the **Commission**, and the **Town of Weaverville**, hereinafter called the **Town**;

WITNESSETH:

Whereas, the **Commission** is authorized to create and improve public fishing access in inland waters for the benefit of the anglers of North Carolina; and

Whereas, it is desirable for the **Commission** to improve public fishing access at Lake Louise Park owned and controlled by the **Town**; and

Whereas, it is desirable for the **Town** to increase the recreational opportunities for the public by cooperating with the **Commission** to improve angler access at Lake Louise Park;

Now, therefore, in consideration of the mutual advantages likely to result from this Agreement and the respective obligations assumed herein,

A. The COMMISSION agrees, at its sole expense:

1. To design and construct a universally designed fishing access area at a mutually agreed upon site at Lake Louise Park;
2. To serve as the manager of the construction project, applying for, complying with, and receiving all permits necessary for the fishing access project at the Lake Louise Park that shall consist of improvements to the existing parking area and foot path, a proposed fishing pier, ADA parking, and accessible route to the pier. All improvements will be built and installed according to **Commission** standards;
3. To provide construction drawings of the fishing access project at the Lake Louise Park for review, revision and approval of the **Town** prior to construction;
4. To provide construction materials (e.g., lumber, hardware, floats, chain, gravel, concrete, etc.) and personnel for construction of the fishing access project at the Lake Louise Park;
5. To be responsible for future necessary repairs to the fishing pier that require design consultation or pier section replacement;

6. To provide and install a kiosk and signage identifying the Lake Louise Public Fishing Access;
7. To remove any existing improvements such as signs, park benches and trash cans that are currently located in the construction area and reinstall or replace at a nearby location as approved by the **Town**; and
8. To include the Lake Louise Public Fishing Access on patrols of **Commission** Wildlife Enforcement Officers.

B. The TOWN agrees, at its sole expense:

1. To permit **Commission** personnel engaged in planning, construction or post-construction work, and stocking activities access to Lake Louise Public Fishing Access area;
2. To provide any additional signs for posting on the fishing pier or kiosk at the Lake Louise Park for review, revision and approval of the **Commission** prior to installation;
3. To be responsible for any repairs that do not require design consultation or pier section replacement. Such repairs include but are not limited to single board replacement and rail repairs to the fishing pier;
4. To maintain the grounds surrounding the site, providing appropriate outdoor trash receptacles, keeping the grass mowed at regular intervals year-round, and litter removed regularly;
5. To ensure that the **Commission** is recognized in all press releases, brochures and, advertisements developed by the **Town** concerning visitation and usage of Lake Louise Public Fishing Access area;
6. To permit fishing by the general public at the Lake Louise Public Fishing Access area;
7. To take affirmative action in complying with all Federal and State requirements concerning fair employment and employment of people with disabilities, and concerning the treatment of all employees without regard to discrimination by reason of race, color, religion, sex, national origin or disability; and
8. To comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business and its performance in accordance with this Agreement including those of federal, state, and local agencies having jurisdiction and/or authority.

C. It is mutually agreed:

1. That Lake Louise Public Fishing Access is the formal name of the access area;

2. The purpose of the Lake Louise Public Fishing Access is to provide public access for fishing. It is unlawful to use any Public Fishing Access for purposes other than fishing as stated in 15A NCAC 10E .0104(f);
3. That the fishing pier becomes property of the **Town** after construction is completed;
4. That fishing regulations and licenses, as required by state law, shall be jointly publicized and enforced by the **Commission**;
5. That nothing in this Agreement shall obligate either party to any conditions not specifically stated herein;
6. That this Agreement shall become effective as soon as it is signed and dated by both parties and shall continue in effect for 25 years from the date of signing;
7. That either party may terminate its involvement in this Agreement by written notice to the other at least 90 days in advance of the date on which termination is to become effective. If the termination request is made by the **Town**, the **Town** agrees to refund the **Commission** a pro-rated portion of the funds used to construct and the fishing access area project based on the 25-year life expectancy of the fishing access area;
8. That during and after the term hereof, the State Auditor and any using agency's internal auditors shall have access to persons and records related to this Agreement to verify accounts and data affecting fees or performance under the Agreement, as provided in G.S. 143-49(9).
9. That the **Town** shall hold and save the **Commission**, its officers, agents, and employees, harmless from liability of any kind, including all claims and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the **Town** in the performance of this Agreement and that are attributable to the negligence or intentionally tortious acts of the **Town**. The **Town** represents and warrants that it shall make no claim of any kind or nature against the **Commission's** agents who are involved in any planning, construction or post-construction work, and stocking activities. The representation and warranty in the preceding sentence shall survive the termination or expiration of this Agreement.
10. This Agreement and any documents incorporated specifically by reference represent the entire agreement between the parties and supersede all prior oral or written statements or agreements;
11. This Agreement may be amended only by a written amendment duly executed by the **Commission** and the **Town**;
12. The failure to enforce or the waiver by the **Commission** 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;

13. Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations as a result of events beyond its reasonable control, including without limitation, fire, power failures, any act of war, hostile foreign action, nuclear explosion, riot, strikes or failures or refusals to perform under subcontracts, civil insurrection, earthquake, hurricane, tornado, or other catastrophic natural event or act of God;

14. That notwithstanding any other term or provision in this contract, nothing herein is intended nor shall be interpreted as waiving any claim or defense based on the principle of sovereign immunity that otherwise would be available to the **Commission** under applicable law.

In witness whereof, the parties hereto have executed this Agreement the day and year of the last signatory.

Approved and agreed to:

N.C. Wildlife Resources Commission


Gordon Myers Date
Executive Director

Gary Gardner, Chief Date
Engineering Section Chief

Town of Weaverville


_____ 1/27/2020
Allan P. Root, Mayor Date
Town of Weaverville

ATTEST



Derek K. Huninghake, Town Clerk
Town of Weaverville

_____ 1/27/2020
Date

**TOWN OF WEAVERVILLE
CAPITAL PROJECT ORDINANCE
FOR THE WEAVERVILLE COMMUNITY CENTER PROJECT**

BE IT ORDAINED by Town Council of the Town of Weaverville, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1. The project authorized is to be known as the “Community Center Project” and consists of the construction of a new community center and improved restrooms within the Lake Louise Park.

Section 2. The Town Manager, Finance Officer/Director, Public Works Director and other officers and employees are hereby directed to proceed with the capital project within the terms and provisions of Chapter 159 of the North Carolina General Statutes and the budget contained herein.

Section 3. The following revenues and resources are anticipated to be available to complete the project activities:

Transfer from General Fund –Eller Cove Conservation Easement Proceeds		\$550,000
Transfer from General Fund		\$3,043,691
Revenues from Donations		\$TBD
Total Project Revenues		\$3,594,040

Section 4. The following expenditures are hereby appropriated for the project activities:

PHASE 1 – COMMUNITY CENTER		
Construction		\$2,779,000
Architecture Fees		\$238,555
Engineering Fees		\$61,811
Surveys & Geotechnical Engineering/Testing		\$31,150
Fixtures & Equipment (Security System & Audio/Visual System)		\$92,074
Permit Fees		\$2,500
Contingency (5% of const costs)		\$138,950
Total Phase 1 Project Expenses		\$3,344,040
PHASE 2 – OUTDOOR RECREATION		
Total Phase 2 Project Expenses		\$250,000
Total Project Expenses - Phase 1 and 2		\$3,594,040

Section 5. The Town of Weaverville Finance Office is hereby directed to maintain within the Capital Project Fund established with this ordinance, sufficient detailed accounting records to provide accounting information as required by Chapter 159 of the North Carolina General Statutes.

Section 6. The Budget Officer and/or Finance Officer is directed to include a detailed analysis of past and future costs and revenues of this capital project in every budget submission made to Town Council.

Section 7. The Finance Officer is directed to report at least quarterly on the financial status of each project element in Section 4 and the revenues received or expected on the project.

Section 8. The Town Manager is hereby authorized and empowered to execute any and all documents necessary to commence, carry out, and complete the capital project set forth herein without any further direction, authorization, or consent, including without limitation any and all contract documents, change orders, or any other such documents as may be necessary to give direction to engineers, contractors, and others in completing this capital project, subject to compliance with law.

Section 9. The Town Manager is authorized to transfer expenditures within any line item of this capital project ordinance except for the contingency line item, as she, in her discretion, deems necessary and if allowable by law. Funds budgeted within the contingency line item cannot be expended without Town Council approval.

Section 10. The Town Manager shall from time to time report to Town Council as they shall direct as to the status of completion of the capital project and/or the status of the budget for the capital project.

Section 11. Copies of this capital project ordinance shall be furnished to the Town Clerk, the Budget Officer, and the Finance Officer for direction in carrying out this project.

Section 12. This ordinance shall be effective immediately upon adoption but shall not be codified.

ADOPTED THIS the 27th day of January, 2020, by a vote of 4 in favor and 0 against.



ALLAN P. ROOT, Mayor

ATTESTED BY:



DEREK HUNINGHAKE, Town Clerk

APPROVED AS TO FORM:



JENNIFER O. JACKSON, Town Attorney



**AMENDED AND RESTATED
CAPITAL PROJECT ORDINANCE
FOR THE WATERLINE EXTENSION PROJECT**

BE IT ORDAINED by Town Council of the Town of Weaverville, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following amended and restated capital project ordinance is hereby adopted:

Section 1. The project authorized is to be known as the “Waterline Extension Project” and extends the Town’s water system by completing a new 12-inch main waterline on Clarks Chapel Road and Ollie Weaver Road for the purpose of improving the Town’s water distribution system reliability and operations.

Section 2. The Town Manager, Finance Officer/Director, Public Works Director and other officers and employees are hereby directed to proceed with the capital project within the terms and provisions of Chapter 159 of the North Carolina General Statutes, the USDA loan agreements, and the budget contained herein.

Section 3. The following revenues and resources are anticipated to be available to complete the project activities:

Appropriation from Water Fund		\$170,600
Interim Financing/USDA Loan		\$2,800,000
Total Project Revenues		\$2,970,600

Section 4. The following expenditures are hereby appropriated for the project activities:

Construction		\$1,954,143
Engineering Fees		\$405,000
Legal Services - Bond Counsel		\$10,000
Legal Services - Local		\$5,000
Administrative Costs		\$5,000
Contingency – Construction (5%)		\$97,757
Contingency – Other		\$403,700
Interest – Interim Financing		\$90,000
Total Project Expenditures		\$2,970,600

Section 5. The Town of Weaverville Finance Office is hereby directed to maintain within the Capital Project Fund established with this ordinance, sufficient detailed accounting records to provide accounting information as required by Chapter 159 of the North Carolina General Statutes and to comply with USDA funding requirements.

Section 6. The Budget Officer and/or Finance Officer is directed to include a detailed analysis of past and future costs and revenues of this capital project in every budget submission made to Town Council.

Section 7. The Finance Officer is directed to report at least quarterly on the financial status of each project element in Section 4 and the revenues received or expected on the project.

Section 8. The Town Manager is hereby authorized and empowered to execute any and all documents necessary to commence, carry out, and complete the capital project set forth herein without any further direction, authorization, or consent, including without limitation any and all contract documents, change orders, or any other such documents as may be necessary to give direction to engineers, contractors, and others in completing this capital project, subject to compliance with law.

Section 9. The Town Manager is authorized to transfer appropriations within the various line items of this capital project ordinance except for the contingency line item entitled "Contingency - Other", as she, in her discretion, deems necessary and if allowable by law. Funds budgeted within the contingency line item entitled "Contingency - Other" cannot be expended without Town Council approval.

Section 10. The Town Manager shall from time to time report to Town Council as they shall direct as to the status of completion of the capital project and/or the status of the budget for the capital project.

Section 11. Copies of this capital project ordinance shall be furnished to the Town Clerk, the Budget Officer, and the Finance Officer for direction in carrying out this project.

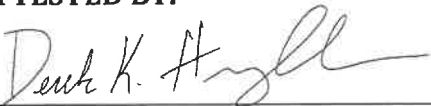
Section 12. This ordinance amends and restates that capital project ordinance that was adopted by Town Council on February 25, 2019.

Section 13. This ordinance shall be effective immediately upon adoption but shall not be codified.

ADOPTED THIS the 27th day of January, 2020, by a vote of 4 in favor and 0 against.



ALLAN P. ROOT, Mayor

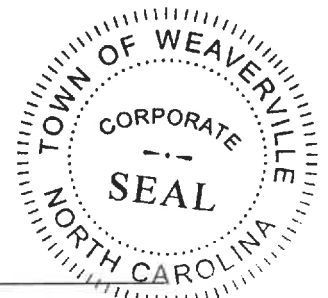
ATTESTED BY:


DEREK HUNINGHAKE, Town Clerk

APPROVED AS TO FORM:



JENNIFER O. JACKSON, Town Attorney





MINUTES

**Town of Weaverville
State of North Carolina**

**Town Council Special Called Meeting
Monday, February 24, 2020**

The Town Council for the Town of Weaverville met for a Special Called meeting on Monday, February 24, 2020, at 6:45 p.m. in the Training Room within Weaverville Fire Department at 3 Monticello Road, Weaverville, North Carolina.

Councilmembers present were: Mayor Al Root, Vice Mayor Doug Jackson, and Councilmembers Dottie Sherrill, Jeffrey McKenna, and Andrew Nagle. Councilman Patrick Fitzsimmons was absent.

Staff present was: Town Manager Selena Coffey, Town Attorney Jennifer Jackson, Finance Officer Tonya Dozier, Police Chief Ron Davis, Fire Chief Ted Williams, Town Planner James Eller, Public Works Director Dale Pennell and Water Treatment Supervisor Trent Duncan.

1. Call to Order

Mayor Root called the meeting to order at 6:45 p.m.

2. Public Hearing: Code Amendments-Technical Review Committee for Land Use

Mayor Root opened the Public Hearing

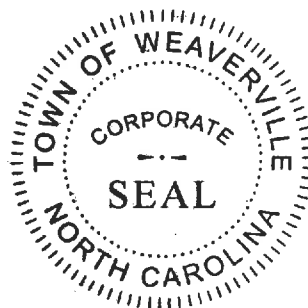
Town Planner James Eller commented that before Town Council was a proposed text amendment that would create a staff led Technical Review Committee for the review of major and minor subdivisions, and several zoning permits. This text amendment is a stated goal from the Comprehensive Land Use Plan and has been shown to the Planning and Zoning Board and received a unanimous positive recommendation. The public hearing has been duly advertised in accordance with state statute and municipal ordinance.

3. Public Comment – No Comments

4. Adjournment

Vice Mayor/Councilman Jackson made the motion to close the public hearing and adjourn the Special Called meeting; Councilwoman Sherrill seconded and all voted to adjourn the Council's meeting at 6:50 p.m.

Derek K. Hunningake, Town Clerk





MINUTES

**Town of Weaverville
State of North Carolina**

**Town Council Meeting
Monday, February 24, 2020**

The Town Council for the Town of Weaverville met for its regular monthly meeting on Monday, February 24, 2020, at 7:00 p.m. in the Training Room within Weaverville Fire Department at 3 Monticello Road, Weaverville, North Carolina.

Council members present were: Mayor Al Root, Vice Mayor/Councilmember Doug Jackson and Councilmembers Dottie Sherrill, Jeffrey McKenna, and Andrew Nagle. Councilmember Patrick Fitzsimmons was a remote participant by audio access and provided comments but did not participate in any votes.

Staff present was: Town Manager Selena Coffey, Town Attorney Jennifer Jackson, Finance Officer Tonya Dozier, Town Clerk Derek Huninghake, Town Planner James Eller, Fire Chief Ted Williams, Police Chief Ron Davis, Public Works Director Dale Pennell and Water Treatment Supervisor Trent Duncan.

1. Call to Order

Mayor Al Root called the meeting to order at 7:00 p.m.

2. Approval/Adjustments to the Agenda

Councilmember Nagle made a motion to approve the agenda as presented. Councilmember Sherrill seconded and all voted in favor of the motion.

3. Approval of Minutes

Councilmember Dottie Sherrill noted that the January 27, 2020 Town Council Meeting minutes show that Councilmember Fitzsimmons seconded the Consent Agenda, even though he was absent from the meeting. Mayor Root asked for those minutes to be taken off until that is corrected.

Vice Mayor Jackson made the motion to approve the minutes from the January 14, 2020 Town Council Workshop. Councilmember Sherrill seconded the motion and all voted in favor on the approval of the minutes.

4. General Public Comment

Darryl Fox, 28 Central Avenue, commented on the downtown parking issues and said that he has a commercial lot on Central Avenue that he has trouble accessing. He has had to contact the police department many times to get equipment and vehicles in and out of the lot. Mr. Fox also noted that people are parking all the way down to the stop sign, so vehicles like the Town garbage truck can't get by.

Alan Sheppard, 25 Alabama Avenue, commented that he will be discussing the same issue as Mr. Fox. He noted that if there is any consideration for parking on Alabama or Central Avenue, nobody from the Town has come by to speak with the homeowners. Mr. Sheppard has had to contact the police department three times in the last month, since someone keeps blocking the driveway of his rental property. Plus, the intersection gets blocked and drivers must go up into their yards to make the turn and the owners must continue fixing this issue since the Town doesn't.

Jackie Fox, 28 Central Avenue, commented on the parking issue on Central Avenue and noted that there were never any issues until about a year ago. She has had to call the police several times about vehicles blocking the intersection and impeding traffic, since you can't see if any vehicles are coming down the road. She knows that there is parking in Weaverville and doesn't know why they must drive on the opposite side of the road to get down the street. Also, Public Works can't pick up leaves or brush, since vehicles are always blocking it.

5. Consent Agenda

Councilmember Sherrill moved for the approval of the Consent Agenda. Councilmember McKenna seconded the motion and all voted unanimously to approve all action requested in the Consent Agenda.

- A. Monthly Tax Report & Order to Advertise Tax Liens** – *Adopted the Order to Advertise Tax Liens*
- B. Tax Releases & Refunds**– *Approved the tax release of business personal property of Weaverville Tribune at 113 North Main Street, valued at \$2,123, so that \$8.07 can be released from the 2019 levy, the tax release of personal property of Barbara Sexton at 14 Wildwood Avenue, valued at \$2,106, so that \$8.00 can be released from the 2019 levy, and the tax release of real property of Keith Einsmann at 108 Twin Courts Drive with PIN 9752-58-2538, valued at \$56,700, so that \$215.46 can be released from the 2019 levy and refunded.*
- C. Board of Adjustment Rules of Procedure** – *Consented to the Rules of Procedure adopted by the Board of Adjustment*
- D. Waterline Extension Project: Adoption of Resolution Approving Interim Financing & Bond Order** – *Adopted Resolution Approving Interim Construction Financing for the Waterline Extension Project and Bond Order Authorizing Water Revenue Bonds, Including an Initial Revenue Bond Issue in the Maximum Amount of \$2,800,000, to Help Finance the Waterline Extension Project*
- E. Set Public Hearing on Code Amendments for Mixed Use Development for March 23, 2020 at 6:45 pm** – *Scheduled Public Hearing on Code Amendments for Mixed Use Development for Monday, March 23, 2020 at 6:45pm*

6. Town Manager's Report

Town Manager Coffey presented her Manager's report to Council including 1) that the Citizens Academy has added 3 more residents, so the total is up to 23. The Citizen Academy on Planning/ Zoning by Town Planner James Eller was originally scheduled for February 20, 2020, but was cancelled due to the weather. It has been rescheduled for March 12, 2020 at the Town Hall at 6pm; 2) Town Council's next workshop is on March 10, 2020 and it is a joint meeting with the Planning and Zoning Board; and 3) the Town is working on the American with Disabilities Act (ADA) evaluation and transition plan that Town Council approved funds for during the Fiscal Year's budget. This plan is required for state and local governments for accessibility purposes and identifies any deficiencies in Town programs or facilities.

7. Discussion and Action Items

A. Consensus Complete Count Presentation

Chuck McGill, Partnership Specialist to U.S. Census Bureau, gave a presentation on the upcoming 2020 Census. (Power point attached) Mr. McGill expressed that the main goal is to get every individual counted before July 31. The more individuals accounted for leads to more funding distributed to state and local governments and more political representation.

B. Reems Creek Greenway Plan Development Update

Doug Dearth updated Town Council on the Reems Creek Greenway Plan Development. He noted that two weeks ago as part of the Oversight Committee, he and Town Manager Coffey and others went through all the vendor submissions and made a selection. Mr. Dearth is not allowed to inform them on their selection yet, since it has to go to NCDOT for approval. They should hear back from them very shortly and, at that point, the Oversight Committee will get together with the selectee and finalize the statement of work and sort out the cost estimates.

Mayor Root thanked Mr. Dearth for his hard work on this volunteer project and noted that the Town is very thankful.

C. Action on Code Amendment – Technical Review Committee

Town Planner James Eller noted that Town Council is being asked to consider a stated goal of the Town Comprehensive Land Use Plan of creating a staff-led Technical Review Committee to review minor and major subdivisions as well as certain zoning applications. This staff led Technical Review Committee would consist of himself, Public Works Director Dale Pennell, and a combination of Fire Marshall Kile Davis and Fire Chief Ted Williams.

Town Attorney Jennifer Jackson commented that this is ready for action by Town Council, but recommended that Council hold off on taking action, since there are several text amendments that relate to the land development ordinances that this amendment affects. Town Council could adopt this in three separate ordinances, or to be more efficient by just one ordinance update. If Town Council wants to hold off the public hearing has already taken place and is ready for a vote on it, so they can roll it into a package with the other amendments.

Consensus was given by Town Council to package all amendments together and bring back before them for approval.

D. Initial Consideration – Conditional Zoning District for 20/30 Garrison Branch Road

Town Planner James Eller mentioned that staff is in possession of a conditional zoning district application for further development of properties commonly known as 20 and 30 Garrison Branch Road at the intersection of US 25/70 and Monticello Road. The plan calls for three multi-tenant buildings consisting of approximately 70,000sq/ft. with a combination use of office, retail, and mini-warehousing. This is before Town Council, since it is more than 25,000sq/ft. and any multi-tenant development of this size is approvable by conditional zoning district.

Mayor Root wondered procedurally, if they are seeking Town Council's opinion, and unless they completely say no, it would go in front of the Planning and Zoning Board for further review to work on the proposal and come back to Town Council for a vote. Town Planner Eller agreed with Mayor Root that they are seeking Council's initial opinions, so that the Planning and Zoning Board can take them into consideration before they offer their recommendation on this project as it relates to the Comprehensive Land Use plan.

Warren Suggs, Civil Design Concepts, commented that the property currently has C-2 zoning with around five acres and they are seeking three multi-tenant buildings with a combination use of office, retail and mini-warehousing. They believe this is a great site for this mix of uses (office, retail and mini-warehouses), since there are a number of different apartments and commercial buildings surrounding it.

Councilmember Dottie Sherrill wondered if mini-warehousing meant it was going to be a storage facility for the public. Mr. Suggs replied that the intention is to have a storage facility that the public can rent with an office included. It is intended to have an architectural look very similar to the other buildings. Vice Mayor Jackson wondered if there were any concerns regarding traffic, since it is a three story building warehouse with the surrounding apartments. Mr. Suggs noted that typically mini-storage facilities have a pretty low parking count associated with them, but it would be up to NCDOT since they have driveway access permitted through them. Town Manager Selena Coffey read comments provided by Councilmember Fitzsimmons via text message that he believes this multi-tenant development in C-2 should be allowed. Even though this kind of development contributes to suburban sprawl and is undesirable, it does meet the standards under the table of uses. Councilmember McKenna mentioned that in general this keeps up with what Council has laid out in their strategic plan and it's potentially servicing customers that live around there. He likes that the storage facility would be blending in with the other buildings. Vice Mayor Jackson asked if this takes into account what Council decides on affecting future phases in the area. Town Planner Eller noted that it is his understanding that the conditional zoning district does include the entire area before Council, but the way they have dealt with this situation before is any use allowable in the underlying zoning district for future parcels. Councilmember Nagle commented that it fits in with everything surrounding it and it is a vast improvement to what is already there.

E. Downtown Parking Recommendations

Town Manager Selena Coffey noted that at Town Council's Regular meeting in December, Town Council asked staff to bring forward a proposal for addressing parking issues in downtown Weaverville. Since this meeting, staff has worked to develop documents that discuss the existing conditions of downtown parking, recommendations and suggestions, and steps needed for implementation of this policy for Town Council's review and approval (Attached).

Vice Mayor Jackson commented about Sec. 28-303 item 5 that discusses a railroads should be eliminated, since the Town does not have any railroads anymore. He also noted that it does address the issue of parking closer than 30 feet to a stop sign that was discussed by citizens during public comment. Mayor Root mentioned that we have to get very serious about enforcement for parking down Central Avenue to get more employees to park at the churches. Councilmember McKenna mentioned that after meeting with downtown Weaverville business owners about six months ago the issue on the top of their list was parking, so their employees will have to be parking at the church and walk down the street. Councilmember Nagle commented that he sees this as a Weaverville Business Association problem, since it deals mainly with their employees, so he doesn't believe that the Town should be spending tax funds on this issue. Also, if the Town is going to start ticketing than the funds should be donated to charity and not the Police Department budget. Mayor Root noted that as a resident it is hard for him to come downtown in the middle of the day and find parking, so this affects residents as well. Town Manager Coffey read comments provided by Councilmember Fitzsimmons via text message that he believes the parking plan should be adopted, he prefers the standard two hour parking enforcement and agrees with the idea of giving the parking ticket funds to the parks.

Town Attorney Jennifer Jackson commented that traffic and parking are dealt with in Chapter 28 of the Code of Ordinances, which is from 1974 so that is why they recommended a repeal and replacement of it. She reviewed the provisions and mentioned that it importantly has concurrent jurisdiction noted, so nothing will take away from the police department from enforcing the state criminal laws as well with the NCDOT. They have included an enforcement of penalties section that has been mostly applied to Chapter 1 in General Enforcement and have listed out that the traffic penalties will be set out in the fee schedule. They listed that the revenues from the violations would go to defray the cost of enforcing and administering this, which could be changed to go somewhere else if Council prefers. As far as decriminalization is concerned, the Town has the authority to make any violation a misdemeanor so there is an ability to criminalize all of this. She recommends against that due to lack of cooperation from the court system and the complication that arises due to criminal fines being distributed to the school system. They have listed ADA responsibilities as well, so that if customers are having an accessibility issue they know who to reach out too. Article III contains the parking regulations.

Councilmember Nagle asked what would happen if vehicles are parking at his driveway and they aren't able to access it. Police Chief Davis commented that they try to warn the vehicle owner if they can find them, if not then they will ticket and tow them. Town Manager Coffey noted that a key part of this recommendation is that Council would be adopting a fee schedule, since we don't have that in the Code at this time.

Concerning marked and timed parking spaces Town Council is being asked to give authority to the Town Manager to handle which spaces should be marked and designated as 2 hour or 3 hour spaces. They are proposing the time restrictions being in place from 8:00am to 6:00pm except on weekends and holidays. It also gives the Town Manager the authority to authorize temporary suspension of parking time limits for big events. She doesn't expect Council to necessarily vote on this today, but wanted to get feedback so that the Town Manager has time to get notice out to the public about enforcement starting on April 1.

Mayor Root commented that Council could tease out whether or not the fines go into the Town funds for enforcement or to a charity or the parks. Also to discuss the idea of 3 hour parking in the municipal lot instead of 2 hours parking to give input to the Town Manager. Councilmember McKenna noted that he likes that idea of giving the funds to parks, so the public doesn't believe it is a revenue source. Vice Mayor Jackson agreed with the funds going to parks or the greenways. Councilmember Sherrill agreed with the funds going to parks as well and believes that three hourly parking gives plenty of time for eating and shopping. Councilmember Nagle mentioned that he believes that they

should add Saturday to days that violations can be enforced. Councilmember McKenna wondered if bicycles and skateboards can operate on sidewalks downtown or if they have to be in the streets. He thinks it could be causing an issue to arise for someone being hurt, since there aren't any bike lanes. Town Attorney Jackson commented that they believe there was enough traffic on Main Street, so in order to protect the pedestrians downtown the bicycles be walked on sidewalks or rode in the streets. She also noted that this restrictions was brought forward from the current regulations. Mayor Root asked if Council would like to move adopt the plan presented by the Town Manager going forward, which would include the fee schedule.

Public Comment

Catherine Cordell, 13 Hamburg Drive, mentioned that when she worked in Palo Alto, CA, they used to have to park on the streets and every two hours their tires would be marked, so they would have to move their vehicles to another spot every two hours in order to not be in violation. She wonders if they will be able to continue to move their vehicles to another spot or if they would be in violation. Town Manager Coffey mentioned that they have discussed enforcements and will likely have the tag number to determine if someone is moving their vehicles to avoid these violations. Town Attorney Jackson mentioned that the ordinance does address that the changing of the position of a vehicle from one parking space to another on the same block or the same parking lot shall be deemed one continuous parking period and doesn't defeat this action.

Walt Thompson, 5 Birkdale Drive, mentioned that he managed public lands for many years and he disagrees with the funding proposal because generally in these kinds of endeavors, personnel is about 60% to 70% of the budget. So if you are spending a lot of personnel time on this traffic management it can be quite significant. He would suggest covering the costs first and then if there is any surplus of funds give it to parks or charity. He gets concerned when requirements are given to agencies of government and no funding is being compensated and it has to come out of the general fund revenue.

Mayor Root suggests that with this being an ordinance we get language on the issue of giving money to parks or charity and also provide them further specific information on costs they are looking at. Councilmember Nagle commented that if we need another police officer to do this then we can just budget for it.

Councilmember Sherrill made a motion to adopt the presented plan moving forward including the fee schedule. Vice Mayor Jackson seconded the motion. The motion passed by a majority vote of Council. Motion carries 3-1. Councilmember Nagle voted nay.

F. Budget Amendment: Public Works

Town Manager Coffey reminded Town Council that in 2018, there was a consensus among them to allow Public Works to use some proceeds from the sale of the old bus garage to replace storage that they lost in the sale. During that time, the Public Works Director prepared an estimate to build another storage unit, which was estimated around \$784,000. New Public Works Director Dale Pennell has developed a new plan with Town Manager Coffey that encloses two of the existing storage bays allowing for the wormy chestnut boards to be moved from the rented storage unit, which saves \$120 per month as well. This new plan uses the existing floor of the former quarry and is estimated at \$98,100. Town Manager Coffey will look into the incentive program for the Public Works employees, but doesn't believe it applies to department heads. Town Manager Coffey recommends a budget amendment in this amount in order to fund the project from the General Fund Balance.

Vice Mayor Jackson made a motion to adopt the budget amendment. Councilmember Sherrill seconded the motion. The motion passed by a majority vote of Council. Motion carries 4-0

G. Request for Public Street Commitment – Lillie Farm Cove Streets

Public Works Director Dale Pennell commented that Mountain Housing Opportunities (MHO), the developer of the 46-lot affordable housing subdivision known as Lillie Farm Cove has requested that the following streets be accepted into the Town's public street system: Declan Drive, Yarrow Meadow Road, Lillie Farm Lane, and the paved portion

of Critter Trail from North Main Street to Lille Farm Lane. As part of the project the developer has constructed its streets to the Town's street standards. Public Works Director Pennell verified that, in 2017, the street construction was observed by the Town's Public Works staff during the critical construction phases and recommends that they be accepted into the public street system. Staff also recommends a few conditions that would be appropriate to include in the public street commitment letter if Town Council decides to accept these streets.

Councilmember Nagle wondered if anybody on staff in 2017 promised MHO that the Town would take in the streets. Public Works Director Dale Pennell noted that he wasn't sure if anyone from Public Works did, but Town Planner Eller might be able to give more input on the discussions during the approval process. Town Planner James Eller noted that he wouldn't suggest that there were not any promises made, however it was common knowledge that MHO did intend for these streets to become public. Town Attorney Jackson commented that she isn't aware where Town Council has made a commitment to bring these into Town as public streets. Councilmember Nagle mentioned that even though it was known they wanted the streets to be public, state law hasn't changed, and Town Council still must vote on it.

Mayor Root commented that the important distinction to remember is that these streets were inspected while they were being constructed, instead of developments coming to us now and we must come up with a testing regimen. Councilmember McKenna noted that they are initiating what Town Council agreed to do last month for streets to be taken over by the Town.

Joe Quinlan, MHO Home Ownership Manager, commented that when the plans were submitted for Lillie Farm Cove, they made it clear that every road proposed a public right of way. Also, when MHO discussed street lighting, Council required that it not be public, the HOA pay for it and that they move the street lighting out of public right of way. So, the whole discussion was to make the roads public and that is why they built them to the Town standards. He doesn't know if this constitutes a promise or not, but both parties knew that the plan was to make the roads public.

Town Manager Coffey read comments provided by Councilmember Fitzsimmons via text message that he supports action to make the MHO roads public and is thankful for them being transparent from the beginning.

PUBLIC COMMENT:

Thomas Veasey, 69 Lakeshore Drive, commented that he remembers this whole conversation going before Town Council and he feels that the impression he got from them was that the roads would be public. The only concern he had at that time was the streets weren't wide enough for street parking and to allow a fire truck to get by. He hopes going forward that there be more no parking signs put up and that the streets be wide enough to allow a fire truck by street parking.

Vice Mayor Jackson made a motion to approve a public street commitment for Declan Drive, Yarrow Meadow Road, Lillie Farm Lane, and the portion of Critter Trail from North Main Street to Lillie Farm Lane, subject to the conditions as stated in the attached staff recommendation and commitment letter. Councilmember McKenna seconded the motion. The motion passed by a majority vote of Council. Motion carries 4-0

H. Quarterly Report: Police Department

Police Chief Ron Davis presented the Weaverville Police Department Quarterly Report for November 2019 – January 2020. Chief Davis noted that there were 3,104 calls for service last quarter, which is an increase of 11% from the same quarter last year, 60 arrests, which is a decrease of 11.7% from same quarter last year, and 60 vehicle collisions with 6 injuries, which is an increase of 9% from same quarter last year. He also noted that the police departments response times have decreased, which he believes is due to the department being fully staffed.

I. Quarterly Report: Fire Department

Fire Chief Ted Williams presented the Weaverville Fire Departments Quarterly Report for November 2019 – January 2020. There were 469 calls this quarter with an average response time for all calls at 6:28 minutes, the increase is due

to a large number of overlapping calls and calls outside the jurisdiction, 11 child passenger safety seats were installed, 83 commercial business inspections, and 5 fire prevention and education classes were conducted.

8. Adjournment

Councilmember Sherrill made the motion to adjourn; Councilmember McKenna seconded and all voted to adjourn the Council's meeting at 9:20 p.m.



Derek K. Huninghake, Town Clerk



APPROVED

STATE OF NORTH CAROLINA

ORDER TO ADVERTISE TAX LIENS

TOWN OF WEAVERVILLE

TO THE TAX COLLECTOR OF THE TOWN OF WEAVERVILLE:

You are hereby ordered pursuant to N.C. Gen. Stat. § 105-369 to advertise the tax liens for all unpaid taxes within the Town of Weaverville in accordance with procedures set forth in Article 26 of Chapter of 105 of the North Carolina General Statutes.

WITNESS my hand and official seal, this 24th day of February, 2020.

TOWN OF WEAVERVILLE

By: 
ALLAN P. ROOT, Mayor



ATTESTED BY:


DEREK K. HUNINGHAKE, Town Clerk



TOWN OF WEAVERVILLE
RESOLUTION APPROVING INTERIM CONSTRUCTION
FINANCING FOR THE WATERLINE EXTENSION PROJECT

WHEREAS --

The Town of Weaverville has previously determined to acquire, construct and generally carry out (the "Project") with certain improvements to the Town's water system, particularly including the construction of water main lines beginning at the existing water main at the north end of Clarks Chapel Road and running along Clarks Chapel Road and Ollie Weaver Road in order to connect with the existing water main on Monticello Road.

The Town has previously authorized the issuance of up to \$2,800,000 water revenue bonds (the "Bonds") to pay Project costs, as authorized by a loan commitment from the United States of America – Department of Agriculture. Because of a good outcome in receiving construction bids, the Town finds it necessary to authorize only \$2,500,000 in construction financing.

The North Carolina Local Government Commission (the "LGC"), in consultation with the Town, has solicited proposals from banks and other financial institutions to provide construction-period financing for the Project in the form of water revenue bond anticipation notes. The notes are to be issued in anticipation of the later sale of the Bonds. First-Citizens Bank & Trust Company (the "Lender") has submitted the best proposal for the purchase of the notes.

BE IT THEREFORE RESOLVED by the Town Council of the Town of Weaverville, North Carolina, as follows:

1. *Determination to Proceed with Financing through the Lender* – The Town will carry out the Project with interim construction financing in the form of a new issue of water revenue bond anticipation notes in the aggregate principal amount of \$2,500,000. The Town will issue the notes in anticipation of the later

issuance of the Bonds.

The Town accepts the Lender's proposal, dated February 11, 2020, for the purchase of the Notes. The Town asks the LGC to sell the notes to the Lender at a private sale, substantially in accordance with the Lender's proposal and this resolution.

2. Form and Details of Notes -- The bond anticipation notes will take the form of a single water revenue bond anticipation note (the "Note") to be designated "Water Revenue Bond Anticipation Note, Series 2020." The Note will be dated the date of its delivery to the Lender, will mature on June 16, 2021, and will bear interest at the annual rate of 1.89% payable at maturity but subject to prepayment as provided below. The Note will be fully registered as to the payment of principal and interest and will be registered initially in the name of the Lender or its designee. All payments will be made in lawful money of the United States, and interest will be calculated on the basis of a 360-day year of twelve 30-day months.

The Town may prepay principal of the Note in whole, but not in part, at any time upon payment to the Lender of the principal amount to be prepaid plus interest accrued to the prepayment date, without penalty or premium.

The Note will be substantially in the form set out in Exhibit A, with such changes as the officers signing the Note may approve. The delivery of the Note to the Lender will be conclusive evidence of the Town's approval of the final form of the Note.

The Note must be signed by the manual or facsimile signature of the Mayor or the Town Manager. The Town's seal must be affixed to the Note (or a facsimile of the seal printed on the Notes) and attested by the manual or facsimile signature of the Town Clerk. No Note will be valid unless at least one signature appearing on the Note is manually applied; the manual signature may be the signature of an LGC official that is required by law to appear on the Note.

3. Issuance under Bond Order - The Note is issued as a bond anticipation note within the meaning of Section 2.04 of the Bond Order for Town

water revenue bonds previously adopted on February 24, 2020 (the "Bond Order").

4. Pledge of Net Revenues, Note Proceeds and Bond Proceeds – (a) All "Net Revenues," as defined in the Bond Order, are hereby pledged to the payment of the principal of and interest on the Note, subject only to the right to make application of the Net Revenues to other purposes as provided in the Bond Order and by law. The Town will apply the Net Revenues to the payment of principal of and interest on the Note as the same become due, to the extent other funds (such as Bond proceeds) are not otherwise available and appropriated for that purpose.

(b) All proceeds of the Note, including the investment earnings on the original proceeds (together, the "Proceeds"), are hereby pledged to the payment of the Note, subject to the Town's right to apply the Proceeds to "Project Costs" as provided in this resolution.

(c) In addition, the proceeds of the Bonds are also hereby pledged for the payment of the Note, and the Note shall be retired from the Bond proceeds as the first priority.

5. Note Will Be a Special Obligation -- The Note will be a special obligation of the Town, payable solely from the Net Revenues and other funds pledged therefor as provided in this resolution and in the Bond Order. The principal of and interest on the Note are payable solely from those revenues and other funds. Neither the Town's faith and credit nor its taxing power is or will be pledged for the payment of the principal of or interest on the Note, and no owner of the Note will have the right to compel the exercise of the Town's taxing power in connection with any default on the Note.

6. Use of Proceeds for Project Costs -- The Town will use the Proceeds only to pay Project Costs until all Project Costs are paid. The Town will apply Proceeds to Project Costs only after it has received approval for the payment of costs from the United States of America – Department of Agriculture – Rural Utilities Service (or any successor agency), as the prospective purchaser of the Bonds. The Town will make available to the registered owner of the Note all records related to the use and investment of Proceeds and the payment of Project Costs as such owner

may reasonably request from time to time.

"Project Costs" means all costs of design, planning, construction, acquisition, installation, equipping and generally carrying out of the water system improvements financed with Proceeds, as determined in accordance with generally accepted accounting principles and as will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Note, including (a) sums required to reimburse the Town or its agents for advances made for any such costs, (b) interest of the Note and Bonds during the term of the Project and for up to six months thereafter, and (c) all costs related to the financing of the Project through the issuance of the Note and the Bonds and all related transactions.

7. *Actions toward Issuance of Bonds* - The Town covenants, for the benefit of the beneficial owners of the Note, that it will act with all due diligence in the undertaking of the Project and otherwise so as to provide for the issuance of the Bonds in a timely manner.

8. *Finance Officer as Registrar; Payments to Registered Owners* -- The Town Council appoints the Town's Finance Officer as Registrar for the Note. As Registrar, the Finance Officer shall maintain appropriate books and records of the ownership of the Note. The Town will treat the registered owner of the Note as the person exclusively entitled to payment of principal and interest and the exercise of all rights and powers of the owner. The Note will be payable at its maturity upon presentation and surrender to the Registrar.

The Registrar will not, however, register the transfer of the Note to any person or entity other than a bank, an insurance company or a similar financial institution unless the LGC has previously approved the transfer.

9. *Direction to Execute Documents* -- The Town Council directs the Mayor, the Town Manager, the Finance Officer and all other Town officers to act on the Town's behalf and to execute and deliver all appropriate documents (the "Documents") for the proposed financing. The execution and delivery of any Document by an authorized officer will be conclusive evidence of that officer's approval of the final form of that Document. The Documents in final form, however,

must be consistent with the financing plan described in this resolution.

10. *Authorization to Town Manager to Complete Closing* – The Town Council directs the Town Manager to take all appropriate action to provide for the issuance of the Note to the Lender in accordance with this resolution. The Town Manager will hold executed copies of all financing documents authorized or permitted by this resolution in escrow on the Town's behalf until the conditions for their delivery have been completed to the Manager's satisfaction, and thereupon will release the executed copies of such documents for delivery to the appropriate persons or organizations.

Without limiting the generality of the foregoing, the Town Council specifically authorizes the Town Manager to approve changes to any documents, agreements or certifications previously signed by Town representatives, provided that the changes are not inconsistent with this resolution and do not substantially alter the intent of the instrument from that expressed in the form originally signed. This authorization specifically permits the Town Manager to make further agreements or covenants on behalf of the Town regarding the custody and investment of Proceeds. The Town Manager's authorization of the release of any instrument for delivery will constitute conclusive evidence of his approval of any changes.

In addition, the Town Council authorizes the Town Manager to take all appropriate steps for the efficient and convenient carrying out of the Town's on-going responsibilities with respect to the Note. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under the Note, this resolution or otherwise with respect to the Note.

11. *Authorization for Note Extensions* – If at the time of the maturity of the Note the Town Manager determines that the Town is not in a position to issue the permanent financing Bonds and use those proceeds to pay the principal of the Note, the Town Manager is authorized to negotiate an extension to the maturity of the Note with the Lender. The Town Manager is authorized to execute and deliver any agreements or instruments, and to take any further action, he finds to be appropriate, and in the Town's best interest, to carry out any such modification to

the Note to extend the maturity. For any modification under this authority, however, (a) there must be no increase in the outstanding principal amount of the Note, (b) there must be no increase in the interest rate payable on the Note, (c) there must be no change in the lender to which the Note is payable, and (d) the Note as modified must mature not more than three years from the original dated date of the Note. This authorization is not limited to one modification and extension but includes as many modifications and extensions as the Town Manager finds to be in the Town's best interests.

Nothing in this resolution is intended to imply that the Lender has made any agreement or commitment for an extension. This section is designed only to provide flexibility to the Town should the occasion arise.

12. *Financial Information to Noteholder* – In partial consideration of the Lender's purchase of the Note, the Town promises the Lender that the Town will send to the Noteholder (a) a copy of the Town's audited financial statements for each of the Town's fiscal years promptly upon the Council's acceptance of the financial statements, but in any event within 210 days after the end of each fiscal year, and (b) all other financial information (including, without limitation, the Town's annual budget as submitted or approved) as any Noteholder may reasonably request from time to time.

13. *Limitation on Additional Debt* – The Town will not issue any Bonds, as defined in the Bond Order, or any other obligations secured by a pledge of System Revenues, as defined in the Bond Order, while any portion of the Note is outstanding, without the advance written consent of the Noteholder. This limitation overrides any authority given to the Town in Article II of the Bond Order.


14. *Covenants as to Tax Matters* -- The Town will not take or omit to take any action the taking or omission of which will cause the Note to be an "arbitrage bond," within the meaning of Section 148 of the "Code" (as defined below), or a "private activity bond" within the meaning of Code Section 141, or otherwise cause interest on the Note to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Town will comply with any Code provision that may require the Town at any time to pay to the United

States any part of the earnings derived from the investment of the Note proceeds. In this resolution, "Code" means the United States Internal Revenue Code of 1986, as amended, and includes applicable Treasury regulations.

15. Note is a "Bank-Qualified" Obligation -- The Town designates the Note as a "qualified tax-exempt obligation" for the purpose of Code Section 265(b)(3), which provides certain tax advantages for financial institutions investing in obligations similar to the Note.

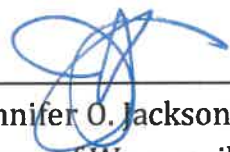
16. Miscellaneous Provisions -- All Town officers and employees are authorized to take all such further action as they may consider necessary or desirable in furtherance of the issuance of the Note and all other purposes of this resolution. The Council ratifies all prior actions of Town representatives to this end. Upon the absence, unavailability or refusal to act of the Town Manager, the Finance Officer, the Mayor or the Town Clerk, any other of such officers may assume any responsibility or carry out any function assigned in this resolution. In addition, the Mayor Pro Tem or any Deputy or Assistant Town Clerk may assume any responsibility or carry out any function assigned to the Mayor or the Clerk, respectively, in this resolution. All other Council proceedings, or parts thereof, in conflict with this resolution are repealed, to the extent of the conflict. This resolution takes effect immediately.

ADOPTED this 24th day of February in an unanimous vote of the Weaverville Town Council.



Allan P. Root, Mayor
Town of Weaverville, North Carolina

Approved as to form:




Jennifer O. Jackson, Town Attorney
Town of Weaverville, North Carolina

I certify as follows: that the foregoing resolution (which includes the attached Exhibit A) was properly adopted at a meeting of the Town Council of the Town of Weaverville, North Carolina; that this meeting was properly called and held on February 24, 2020; that a quorum was present and acting throughout the meeting; and that this resolution has not been modified or amended, and remains in full effect as of today.

Dated this 25th day of February, 2020.

[SEAL]



Derek K. Huninghake, Town Clerk
Town of Weaverville, North Carolina



Exhibit A – Sample Form of Note

REGISTERED NOTE NUMBER R-1

March __, 2020

\$2,500,000

**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

TOWN OF WEAVERVILLE

Water Revenue Bond Anticipation Note, Series 2020

THE TOWN OF WEAVERVILLE, NORTH CAROLINA (the "Town"), for value received, acknowledges itself indebted and promises to pay, solely from the Net Revenues and other funds described below and pledged to the payment of this Note, to

**FIRST-CITIZENS
BANK & TRUST COMPANY**

its successors and its registered assigns (the "Noteholder"), the principal sum of

**TWO MILLION FIVE HUNDRED THOUSAND DOLLARS
(\$2,500,000)**

on June 16, 2021, and to pay, solely from such source, to the registered owner of this

Note interest on the unpaid principal from the date of this Note until payment of the entire principal sum at the annual rate of 1.89% (calculated on the basis of a 360-day year consisting of twelve 30-day months, subject to prepayment as provided below.

Principal of and interest on this Note are payable upon presentation and surrender of this Note by the registered owner, or its duly authorized attorney, at the office of the Town's Finance Officer, who has been appointed Registrar, in Weaverville, North Carolina, or at such successor office as the Registrar may designate in writing to the Noteholder. Principal and interest are payable in lawful money of the United States of America.

The Town may prepay principal of this Note in whole, but not in part, at any time upon payment to the Noteholder of the principal amount to be prepaid plus interest accrued to the prepayment date, without penalty or premium.

This Note has been authorized and is issued pursuant to a bond order adopted by the Town's governing Town Council on February 24, 2020 (the "Bond Order Order"), along with a resolution also adopted by the Town Council on February 24, 2020 (the "Note Resolution"), and the Constitution and laws of the State of North Carolina, including The State and Local Government Revenue Bond Act. The Note has been authorized and is issued to provide funds, together with other available funds, to pay capital costs of certain water system improvements in anticipation of the issuance of certain Town water revenue bonds (the "Bonds") previously authorized for this purpose.

This Note is a special obligation of the Town, payable solely from the net operating revenues of the Town's water system (the "Net Revenues," as specifically defined in the Bond Order) and other revenues and funds pledged therefor as provided in the Bond Order and the Note Resolution. Neither the faith and credit nor the taxing power of the Town is pledged for the payment of the principal of or interest on this Note, and no owner of this Note has any right to compel the exercise of the Town's taxing power in connection with any default hereon.

In addition, the proceeds of the Bonds are also pledged for the payment of

this Note, and this Note shall be retired from the Bond proceeds as the first priority.

Reference is made to the Bond Order, the Note Resolution and all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the Town's rights, duties and obligations, the Noteholder's rights and the terms upon which this Note is issued, to all of which provisions each Noteholder, by the acceptance of this Note, agrees. The terms and conditions of the Bond Order and the Note Resolution form a part of the contract between the Town and the Noteholder.

The Town may issue additional obligations secured by a lien on Net Revenues, including liens ranking on a parity with the lien on Net Revenues securing this Note, under the terms and conditions set forth in the Bond Order and the Note Resolution.

This Note is fully registered as to both principal and interest. Transfer of this Note may be registered upon books maintained for that purpose by the Registrar. The Registrar will treat the registered owner of this Note as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner. The Registrar will not register the transfer of this Note to any person other than a bank, an insurance company or a similar financial institution unless the North Carolina Local Government Commission has previously approved such transfer.

The Town has designated this Note as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The Town intends that North Carolina law will govern this Note and all matters of its interpretation.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina to happen, exist or be performed precedent to and in the issuance of this Note have happened, exist and have been performed.

IN WITNESS WHEREOF, the Town has caused this Note to be signed by its

Town Manager, its seal to be affixed hereto and attested by its Town Clerk, and this Note to be dated March __, 2020.

[SEAL]

ATTEST:

**Town of Weaverville,
North Carolina**

[sample only do not sign]

Derek Huninghake
Town Clerk

By: [sample only do not sign]

Selena Coffey
Town Manager

[\$2,500,000 Revenue Bond Anticipation Note, Series 2020]

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Note has been approved under the provisions of The State and Local Government Revenue Bond Act, Article 5, Chapter 159 of the North Carolina General Statutes, as amended.

Local Government Commission of North Carolina

Greg C. Gaskins
Secretary, North Carolina Local Government Commission

By _____
[Greg C. Gaskins or Designated Assistant]

TRANSFER OF NOTE

Transfer of this Note may be registered by the registered owner or its duly authorized attorney upon presentation to the Registrar, who will note the transfer in books kept by the Registrar for that purpose and in the registration blank below.

**Date of Re-
Registration**

**Name of New
Registered Owner**

**Signature
of Registrar**

**[\$2,500,000 Water Revenue Bond Anticipation Note, Series 2020,
of the Town of Weaverville, North Carolina]**

**TOWN OF WEAVERVILLE
BOND ORDER AUTHORIZING WATER REVENUE BONDS,
INCLUDING AN INITIAL REVENUE BOND ISSUE IN THE
MAXIMUM AMOUNT OF \$2,800,000 TO HELP FINANCE THE
WATERLINE EXTENSION PROJECT**

WHEREAS -

The Town of Weaverville has previously determined to acquire, construct and generally carry out (the "Project") certain improvements to the Town's water system, particularly including the construction of water main lines beginning at the existing water main at the north end of Clarks Chapel Road and running along Clarks Chapel Road and Ollie Weaver Road in order to connect with the existing water main on Monticello Road. The Town has also determined to issue revenue bonds to finance a portion of the Project's costs.

The United States of America, acting by and through Rural Utilities Service, an agency of the United States Department of Agriculture, has offered to loan funds to the Town to assist in financing the Project, and the Town has determined to accept the offer.

The Council now desires to adopt this bond order to formally authorize the issuance of Town water revenue bonds from time to time, and in particular to authorize the issuance of revenue bonds to evidence the loan from the United States.

NOW, THEREFORE, BE IT ORDERED by the Town Council of the Town of Weaverville, North Carolina, as follows:

There are hereby ordered to be issued from time to time, pursuant to the North Carolina State and Local Government Revenue Bond Act, water revenue bonds of the Town of Weaverville to pay capital costs of providing water system improvements, together with related financing and other necessary or incidental costs.

In particular there is hereby ordered to be issued, pursuant to the Act, an initial water revenue bond in a principal amount not to exceed \$2,800,000 to provide funds to be used, together with other available funds, to pay costs of providing water system improvements, and in particular Project Costs.

The terms and conditions of the issuance of and security for this initial bond, and all other Town water revenue bonds to be issued under this Bond Order, are as follows:

ARTICLE I

Authorization, Award and Sale of Initial Bond; Form and Details of Bonds

1.01. Authorization of Initial Bond. The Town will issue, under the Act and this Bond Order, its water revenue bond in a principal amount not exceeding \$2,800,000 (the "Initial Bond") to provide funds to be used, together with other available funds, to finance Project Costs.

1.02. Award and Sale of Initial Bond. The Town determines that it is in the Town's best interests to accept the Government's proposal for its purchase of the Initial Bond. The Town asks the LGC to sell the Initial Bond to the Government at a private sale pursuant to the terms of this Bond Order and the proposal previously provided to the Town by the Government.

1.03. Form and Details of Initial Bond. The Town will issue the Initial Bond as a single fully registered bond in a denomination not to exceed \$2,800,000, dated the Closing Date, numbered R-1 and bearing interest at an annual rate not to exceed 4.00%. The Initial Bond will be designated "Water Revenue Bond" and will be in substantially the form of Exhibit A, with such minor changes (including any appropriate changes to the Series designation) not inconsistent with this Bond Order as may be approved by the Government and the officers signing the Initial Bond. This approval will be evidenced conclusively by the Government's acceptance of the delivery of the Initial Bond and the Government's payment to (or on behalf of) the Town of the proceeds of the Initial Bond.

1.04. Payments on the Initial Bond.

(a) Installments of principal and interest will be payable on each June 1, beginning on the first June 1 following the Closing Date and continuing on each June 1 thereafter, until the principal of the Initial Bond is paid in full. The payment of every installment will be applied first to interest accrued to the payment date and then to

principal. Interest will be calculated on the basis of a year of 365 days and the actual number of days elapsed.

(b) The principal installments will be payable in such years and amounts as the Finance Officer determines after consultation with the LGC and as may be approved by the Government, except that in any event the final payment on the Initial Bond must be payable not more than 40 years from the Closing Date.

(c) The Finance Officer will execute a certificate prior to the initial delivery of the Initial Bond designating the annual interest rate on, and the final principal payment schedule for, the Initial Bond. This certificate will be conclusive evidence of the Finance Officer's approval and determination of such matters.

(d) Installments will be payable in lawful money of the United States, but only from the Net Revenues and other funds pledged to payment as provided in this Bond Order.

So long as the Government is the registered owner of the Initial Bond, installments will be payable in such fashion, including automatic debiting, as the Government may determine. For any Bonds or portions of Bonds for which the Government is not the registered owner, installments will be payable by check or draft mailed on the payment date to the registered owners at the addresses that appear on the registration books kept by the Registrar, except that the final installment will be payable upon presentation and surrender of Bonds to the Registrar at the Town's office in Weaverville, North Carolina.

1.05. Prepayment of Initial Bond.

(a) The Town may prepay principal installments of the Initial Bond in whole or in part at any time at the Town's option, without prepayment penalty or premium.

(b) Any prepayment will be applied first to any accrued and unpaid interest and then to installments of principal in inverse order of maturity. No prepayment affects the Town's obligation to pay when due the remaining scheduled installments of principal of and interest on the Initial Bond. On any date designated for prepayment, notice having been given and moneys for the payment of the prepayment price being held in trust for such purpose, the Initial Bond or the applicable portions thereof becomes due and payable, and the interest on the Initial

Bond or portions thereof so prepaid will cease to accrue.

(c) For any Bonds or portions of Bonds for which the Government is not the registered owner, the Town must give 30 days' prior written notice of any prepayment to the registered owners, by registered or certified mail, to the addresses shown on the Registrar's registration book. No advance notice is required in connection with any prepayment of Bonds for which the Government is the registered owner.

1.06. Payment of Proceeds of Initial Bond; Use of Proceeds. The Council directs the Finance Officer to determine, in consultation with the LGC, the procedures for the disbursement of the proceeds of the Initial Bond to the Town. The Town may use proceeds of the Initial Bond, including both the original proceeds from the sale of the Initial Bond and earnings from the investment of these proceeds, only to pay Project Costs, including expenses related to the authorization and issuance of the Initial Bond and amounts due on any related Bond Anticipation Notes.

ARTICLE II

Additional Bonds and Other Obligations

2.01. Restriction on Incurring Obligations. The Town will not, without the Government's prior written consent (so long as the Government is the owner of any portion of the Bonds), (a) issue any Bonds, (b) otherwise borrow money from any source, (c) enter into any contract or agreement that is treated for accounting purposes as substantially equivalent to the borrowing of money, or (d) incur any other liabilities, in all cases in connection with the acquisition or construction of improvements, extensions, additional and replacements to, or for any other purpose in connection with, the System, other than with respect to normal operations and maintenance. The Town may incur approved obligations in any form allowed by law.

2.02. Issuance of Additional Bonds; Purposes. The Town may issue Additional Bonds secured by a lien on Net Revenues (a) to finance capital costs of System Improvements, including capital costs of planning or investigating the feasibility of possible System Improvements, or to complete the Project, (b) to refund any Bonds or other Town indebtedness, (c) to prevent an interruption or delay in

payments of principal and interest on Bonds, (d) to establish or maintain reserves or to pay financing costs, or (e) for any combination of such purposes.

2.03. Terms of Additional Bonds. Additional Bonds will be in substantially the form of the Initial Bond, will be dated such date, will mature on such dates in such installments of principal and interest, will bear interest at such rate or rates, will be in such denomination or denominations and may contain such provisions for prepayment prior to their respective maturities, all as provided by the Town by a supplemental bond order or appropriate resolution adopted prior to their issuance (or by an officer's certificated authorized by such a bond order or resolution). Additional Bonds will contain an appropriate series designation.

2.04. Issuance of Revenue Bond Anticipation Notes. The Town may authorize and issue, in anticipation of the receipt of the net proceeds of any Bonds, revenue bond anticipation notes for the purpose to provide funds to pay the cost of the Project or any System Improvements, including related financing costs. The payment of the principal of and interest on any such notes will be secured by a pledge, charge and lien upon the proceeds of any Bonds, if and when issued, and by the pledge of the Net Revenues pursuant to Section 3.02, and otherwise as may be provided for in the proceedings and documents providing for the issuance of the notes. All covenants, obligations and agreements of the Town contained in this Bond Order are covenants, obligations and agreements of the Town with the owners of any notes.

2.05. Refinancing. The Town will refinance the unpaid principal balance of any Bonds as to which the Government is the Holder upon the Government's request, if at any time it appears to the Government that the Town is able to do so with funds obtained from responsible private sources at reasonable rates and terms for loans for similar purposes and periods of time.

ARTICLE III

Security, Production and Use of Revenues

3.01. Bonds are Special Obligations. The Bonds are special obligations of the Town, payable solely from the Net Revenues and other funds pledged to payment as provided in this Bond Order. Neither the Town's faith and credit nor its taxing power is pledged for any payment on the Bonds, and no owner of any Bond has any right to

compel the exercise of the Town's taxing power in connection with any default on any Bond.

3.02. Pledge of Revenues. All System Revenues are trust funds and are hereby pledged to the payment of the principal of, and interest and any premium on, the Bonds, subject only to the Town's right to apply them to other purposes as provided by law and in this Bond Order. All System Revenues as received by the Town are immediately subject to the lien of this pledge without any further act on the part of the Town or otherwise, and to the extent permitted by law the lien of this pledge has priority over any and all other Town obligations and liabilities.

3.03. Agreement To Apply Net Revenues. The Town will apply the Net Revenues to the payment of the Bonds as the payments become due as provided in this Bond Order.

3.04. Covenant as to Rates and Charges. The Town covenants and agrees that, subject to any applicable requirements of law or regulation, it will fix and revise (from time to time and as often as it will appear necessary) Service Charges in order to produce Net Revenues in each Fiscal Year in an amount not less than the sum of (a) 100% of the Debt Service Requirement for that Fiscal Year with respect to Bonds, (b) 100% of the Debt Service Requirement for that Fiscal Year with respect to Other Debt Obligations, and (c) 100% of any deposits required for that Fiscal Year to the Debt Service Reserve Fund or the Short-Lived Asset Reserve Fund.

Within 30 days after the adoption of any revision to the schedule of Service Charges, the Town will send certified copies of the new schedule to the Government.

The Town further covenants that if the Net Revenues in any Fiscal Year are less than the amount required by this Section, the Town will request from an Appropriate Consultant recommendations regarding (a) revision of the schedule of Service Charges and (b) improvements in the operation of or services rendered by the System. The Town will file copies of the request and the resulting recommendations with the LGC and the Government. Anything in this Bond Order to the contrary notwithstanding, if the Town substantially complies with the recommendations, then any failure to comply with the rate covenant in this Section will not in itself constitute a default under this Bond Order.

3.05. Creation of Funds. There are hereby created and designated the

following special funds:

- (a) Revenue Fund;
- (b) Operating Fund;
- (c) Debt Service Fund;
- (d) Debt Service Reserve Fund;
- (e) Short-Lived Asset Reserve Fund; and
- (f) Capital Reserve Fund.

The Town shall maintain these Funds separately on its books and records for so long as any Bonds are Outstanding. The Town shall hold each Fund, and the moneys in each Fund, in trust, and shall apply those moneys as provided in this Article. Moneys in each Fund are pledged to the payment of all Bonds, subject only to the right to apply those funds to other purposes as provided by law and in this Bond Order, and subject to the exclusions specified in Sections 3.10 and 3.11.

3.06. Application of System Revenues.

(a) The Town shall deposit all System Revenues in the Revenue Fund as soon as practicable.

(b) If no Event of Default is continuing, the Town shall hold the System Revenues in the Revenue Fund and from such amounts, from time to time and as often as may be appropriate, pay all Operating Expenses, make all payments when due on the Bonds and the Other Debt Obligations, and make deposits to the Capital Reserve Fund as the Town deems appropriate.

The Town shall also make in each Fiscal Year (i) a deposit to the Debt Service Reserve Fund in an amount equal to 1/10 of the Debt Service Reserve Requirement and (ii) a deposit to the Short-Lived Asset Reserve Fund in an amount equal to the Annual Short-Lived Asset Reserve Requirement. These deposits must begin in the Fiscal Year following the Fiscal Year in which the first principal payment is due on the Initial Bond, and continue until the amount on deposit in each such Fund is equal to

its respective Requirement. The Town in each Fiscal Year must also make deposits to the Debt Service Reserve Fund and the Short-Lived Asset Fund necessary to restore amounts withdrawn from those Funds as specified in Sections 3.10 and 3.11. No other transfers provided for in Section 3.07, however, are required.

(c) If an Event of Default is continuing, the Town shall each month apply the amounts on deposit in the Revenue Fund as provided in Section 3.07. These monthly transfers shall only be required during the continuation of any such Event of Default.

3.07. Withdrawals from the Revenue Fund. The Town shall, on or before the 20th day of each month, beginning in the month following the month in which the Project is placed in service, withdraw from the Revenue Fund an amount equal to the amount of all moneys held for the credit of that Fund on the last day of the preceding month and deposit such sum to the credit of the following Funds in the following order:

(a) to the credit of the Operating Fund, such amount as may be necessary to raise the amount on deposit to the credit of the Operating Fund to an amount equal to (i) the amount necessary to pay Operating Expenses through that month that have not yet been paid plus (iii) the amount necessary to pay Operating Expenses through the following month, in each case as shown by the Annual Budget;

(b) to the credit of the Debt Service Fund, such amount as may be required to make the total amount then to the credit of such Fund equal to the amount of the principal and interest then due or to become due and payable on the Bonds and the Other Debt Obligations within the next twelve months;

(c) to the credit of the Debt Service Reserve Fund, until the amount on deposit therein is equal to the Debt Service Reserve Requirement, an amount equal to 1/120 of the Debt Service Reserve Requirement;

(d) to the credit of the Short-Lived Asset Reserve Fund, until the amount on deposit therein is equal to the required amount, an amount equal to 1/12 of the amount to be deposited to that Fund in the Fiscal Year; and

(e) to the credit of the Capital Reserve Fund the balance, if any, remaining after making the deposits stated above;

provided, however, that if the amount deposited in any month to the credit of any Fund mentioned in Section 3.05 is less than the required amount, the requirement therefor shall be cumulative, and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Fund in each month thereafter until the deficiency is resolved.

3.08. Application of Moneys in Debt Service Fund.

(a) The Town will hold all moneys in the Debt Service Fund in trust for the payment of the principal of and the interest on the Bonds and the Other Debt Obligations. No amounts may be withdrawn from or paid out of such Fund for any other purpose without the Government's prior written consent.

(b) The Town shall, from time to time and as often as may be appropriate, withdraw moneys from the Debt Service Fund to make payments when due of the principal of and interest on the Bonds and the Other Debt Obligations. In the case of any deficiency in the Debt Service Fund to pay Bonds, the Town shall apply the available amounts to its obligations (i) considering the relative parity status of the payment obligations and (ii) in accordance with the principles described in Section 7.11.

3.09. Application of Moneys in Debt Service Reserve Fund.

(a) The Town may use moneys held for the credit of the Debt Service Reserve Fund to make full and timely payment of principal and interest on the Initial Bond, and any other Bonds secured by a lien on the Debt Service Reserve Fund, whenever and to the extent that the moneys held for the credit of the Debt Service Fund are insufficient for that purpose.

(b) In addition, the Town may use moneys held for the credit of the Debt Service Reserve Fund for emergency maintenance, for extensions to facilities, or for any other lawful purpose, but only with the prior written consent of the Government and the Majority Owners.

(c) The Town must restore any moneys withdrawn from the Debt Service Reserve Fund from available moneys in the Revenue Fund, as promptly as practicable and in any event within one year of withdrawal unless the Government consents otherwise. The Town shall value the balance in the Debt Service Reserve Fund at least

annually as of each June 30, and if at any time the amount held for the credit of the Debt Service Reserve Fund exceeds the Requirement, the Town shall within 30 days after the valuation date, (i) transfer the excess to the credit of the Capital Reserve Fund or the Revenue Fund, or (ii) use the excess to make prepayments on the Bonds, in any case as the Town may elect.

(d) Notwithstanding any other provision of this Bond Order, amounts on deposit from time to time to the credit of the Debt Service Reserve Fund are pledged solely to the payment of the Initial Bond, unless (i) the pledge is explicitly extended to any other obligations by resolution or other action of the Town Council and (ii) the Government consents (if the Government remains the Holder of any Bonds).

3.10. Application of Short-Lived Asset Reserve Fund.

(a) The Town may use moneys held for the credit of the Short-Lived Asset Reserve Fund for the maintenance and replacement of short-lived assets that have a useful life significantly less than the repayment period of the Initial Bond. It is the Town's responsibility to assess its system's short-lived asset need on a regular basis. Withdrawal for any other use requires the Government's prior written consent.

(b) The Town must restore any moneys withdrawn from the Short-Lived Asset Reserve Fund from available moneys in the Revenue Fund, as promptly as practicable and in any event within five years of withdrawal unless the Government consents otherwise.

(c) Notwithstanding any other provision of this Bond Order, amounts on deposit from time to time to the credit of the Short-Lived Asset Reserve Fund are not pledged to the payment of any Bonds.

3.11 Application of Capital Reserve Fund.

(a) The Town may at any time withdraw moneys held for the credit of the Capital Reserve Fund (i) to pay for System Improvements or to pay Operating Expenses, or (ii) with the Government's consent, for any other lawful purpose.

(b) Notwithstanding any other provision of this Bond Order, amounts on deposit from time to time to the credit of the Capital Reserve Fund are not pledged to the payment of any Bonds.

ARTICLE IV

Particular Covenants

4.01. Payment of Bonds; Observance of Covenants. The Town will pay promptly, as provided in this Bond Order, the principal of, premium, if any, and interest on each of the Bonds, together with any other payments due with respect to the Bonds, but these amounts are payable solely from the Net Revenues and other funds pledged in this Bond Order. The Town covenants that it shall faithfully do and perform and at all times fully observe all covenants, undertakings, stipulations and provisions contained in this Bond Order or in the Bonds.

4.02. Construction of Project and System Improvements. The Town covenants that it will diligently proceed to complete the Project and any System Improvements in accordance with plans and specifications approved by Appropriate Consultants and in conformity with law and all requirements of all governmental authorities having jurisdiction. The Town shall pursue and complete construction and completion in good faith, with due diligence, and in a commercially reasonable manner.

The Town shall require each person, firm or corporation with which it may contract for labor or materials in connection with the construction of the Project or any System Improvements (a) to furnish a performance bond as required by law to insure completion and performance of such contract, and (b) to carry such workers' compensation, employers' liability insurance and builders' risk insurance as may be required by law or recommended to the Town by an Appropriate Consultant. In the event of any default under any such contract and the failure of the surety to complete the contract, the Town will promptly apply the proceeds of any such performance bond toward the completion of the contract in connection with which such performance bond has been furnished.

4.03. Operation and Maintenance. The Town will at all times (a) operate the System properly and in a sound and economical manner, (b) properly maintain, preserve and keep the System in good repair, working order and condition, and (c) from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals, so that at all times the operation of the System may be properly and advantageously conducted.

4.04. Rules, Regulations and Other Details. The Town will establish and enforce reasonable rules and regulations governing the operation, use and services of the System. All compensations, salaries, fees and wages paid by the Town in connection with the maintenance, repair and operation of the System will be reasonable. The Town will observe and perform, or will cause to be observed and performed, all of the terms and conditions contained in the Act. The Town will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the System or the Town.

The Town further covenants as follows:

(a) it may require the owner, tenant or occupant of each lot or parcel of land within the Town that is obligated to pay Service Charges to make a reasonable advance deposit with the Town to insure the payment of Service Charges and to be subject to application to the payment of Service Charges if and when delinquent;

(b) if any Service Charges are not paid within thirty days after the same become due and payable, then, to the extent permitted by law, the Town will disconnect the premises from the System, and the Town may proceed to recover by appropriate legal action the amount of any such delinquent Service Charges;

(c) it will not render, or cause to be rendered, any free services of any nature by the System, nor will it establish preferential rates between users of the same class; and

(d) to the extent legally allowed, it will not consent to the furnishing of, or permit any person whatsoever to furnish, public water services within the Town except in areas wherein the System is unable economically to serve the occupants and properties.

4.05. Payment of Lawful Charges.

(a) The Town will pay all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon or in respect of the System or upon any part of the System.

(b) The Town will pay or cause to be discharged, or make adequate provision to satisfy and discharge, all lawful claims and demands for labor, materials, supplies

or other objects which, if unpaid, might by law become a lien upon the System (or any part of the System) or upon System Revenues. The Town will provide for this payment or discharge within 60 days after the lien or claim accrues. Nothing in this Section, however, requires the Town to pay or discharge, or make provision for, any lien or charge so long as the Town is contesting the lien or charge in good faith and by appropriate proceedings.

4.06. Insurance and Reconstruction. The Town covenants that it will obtain and maintain insurance, with reasonable terms, conditions, provisions and costs, that the Town determines will afford appropriate protection against insurable risks in connection with the System and its operation. All insurance policies must be carried with a company or companies properly authorized and qualified under State law.

The Town will apply the proceeds of all insurance covering damage to or destruction of the System to the repair, replacement or reconstruction of the damaged or destroyed property. If the proceeds are more than sufficient for that purpose, the Town will deposit any balance to the credit of the Capital Reserve Fund. If the proceeds are insufficient, the Town may supply any deficiency from moneys in the Capital Reserve Fund. The Town will deposit all proceeds of any insurance covering loss of System Revenues to the credit of the Revenue Fund.

4.07. Annual Budget. The Town will develop an Annual Budget for each Fiscal Year in a manner consistent with State law. The Town will prepare its Annual Budget so that it will be possible to determine the budgeted System Revenues and the budgeted Operating Expenses.

If for any reason the Town has not adopted the Annual Budget before the first day of any Fiscal Year, the budget for the preceding Fiscal Year will be deemed to be in force until the adoption of the new Annual Budget. The Town may at any time adopt an amended or supplemental Annual Budget for the remainder of the then-current Fiscal Year.

The Town covenants that the Operating Expenses incurred in any Fiscal Year will not exceed the reasonable and necessary amount, and that the Town will not expend any amount or incur any obligations for maintenance, repair and operation in excess of the amounts provided for Operating Expenses in the current Annual Budget. Nothing in this Section limits the amount which the Town may expend for Operating Expenses in any Fiscal Year, provided that the amounts expended are properly

accounted for as to both revenues and expenses in the Annual Budget.

4.08. Records, Books and Audits. The Town will keep the funds of the System separate from all other Town funds. The Town will keep accurate records and accounts of (a) all items of cost and of all expenditures relating to the System, (b) the collection of System Revenues, and (c) the application of System Revenues. These records and accounts will at all times during normal business hours be open to the inspection of the LGC and the Holders.

The Town further covenants that within 120 days after the close of each Fiscal Year, it will cause (i) an audit to be made of its books and accounts relating to the System by an independent certified public accountant selected by the Town, and (ii) an annual report of System operations to be prepared, such annual report to cover the matters usually contained in annual reports for similar systems. Within 30 days after its receipt of the audit and annual report, the Town will mail copies to the LGC, to the Government (so long as the Government is the Holder of any Bonds) and, upon request, to each Identifiable Bondholder.

Each audit report must be prepared in accordance with generally accepted accounting principles and must set forth in respect of the preceding Fiscal Year, among other matters, the System Revenues and Operating Expenses, all deposits or transfers to the credit of and all withdrawals from each special fund created under this Bond Order, the amounts on deposit at the end of such Fiscal Year to the credit of each such special fund (including the details of any investment of those funds), and a balance sheet for the System. The audit report must also state the accountants' findings as to (a) whether the moneys received by the Town under this Bond Order have been applied in accordance with the provisions of this Bond Order, (b) whether any obligations for Operating Expenses were incurred in excess of the amounts appropriated in the Annual Budget, and (c) whether the Town is in default in the performance of any of the covenants contained in Article III. The audit must also include a calculation of compliance for the Fiscal Year with the rate covenant stated in Section 3.04.

The Town further covenants that within 180 days after the end of each of the Town's Fiscal Years, the Town will file with the LGC a certificate signed by a Town Representative stating (A) whether there existed at the end of such Fiscal Year any violation of any covenants or agreements of the Town contained in this Bond Order, including any supplement or amendment, and (B) whether at any time during the

Fiscal Year any default occurred under this Bond Order, and if so, the nature of the default.

4.09. No Sale or Encumbrance.

(a) The Town will not sell, lease or otherwise dispose of or encumber the System or any part thereof except (i) in connection with an Installment Financing that places a lien on some or all of the financed System Assets, (ii) with the consent of one hundred percent of the Holders, or (iii) as provided in (b) below.

(b) The Town may, from time to time, sell or otherwise dispose of property forming part of the System, including machinery, fixtures, apparatus, tools, instruments or other movable property, as the Town may determine is not needed in connection with the maintenance and operation of the System. The Town will apply all proceeds from any sale, lease or disposition System Assets to the replacement of the properties so sold or otherwise disposed of, or will deposit the proceeds to the credit of the Capital Reserve Fund.

4.10. Creation of Liens on Revenues. The Town will not create or permit to be created any charge or lien on the Net Revenues ranking equally with or prior to the charge or lien on the Net Revenues of the Bonds unless in conformity with the provisions of this Bond Order or otherwise required by applicable law or regulation.

4.11. Instruments of Further Assurance. The Town covenants that at any and all times it will, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver all and every such further orders, resolutions, acts, conveyances, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting and confirming all and singular the rights, System Revenues and other funds hereby pledged or intended so to be, or which the Town may hereafter become bound to pledge or as may be reasonable and required to carry out the purposes of this Bond Order and comply with the Act. The Town will at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Net Revenues and all the rights of the Holders against all claims and demands of all persons whomsoever.

4.12. Security for Deposits. The Town shall provide that all moneys held under this Bond Order in excess of the amounts guaranteed by the Federal Deposit Insurance Corporation (or any other similar federal agency) are continuously

secured, for the benefit of the Town and the Holders of the Bonds, in such manner as may then be required by applicable State law or regulation.

4.13. Investment of Funds. The Town will, as nearly as may be practicable, continuously invest and reinvest moneys held for the credit of the Funds and accounts created under this Bond Order which mature, or which are subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when such moneys will be required for the purposes intended and in the case of the Debt Service Reserve Fund, not later than three years after the date of the investment.

Obligations and certificates of deposit purchased as investments of moneys in any Fund will be deemed at all times to be part of that Fund. The interest accruing thereon and any profit realized therefrom will be credited to such Fund, and any loss resulting therefrom will be charged to such Fund. The Town will sell at the best price obtainable or present for redemption any obligations so purchased whenever it will be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund. Neither the Town nor any Town Representative will be liable or responsible for any loss resulting from any such investment. To determine the amount on deposit to the credit of any Fund, obligations in which moneys in that Fund have been invested will be valued at the lower of cost or market value.

ARTICLE V

Default and Remedies

5.01. Events of Default. The following will be Events of Default:

(a) The Town fails to pay principal of or interest on any of the Bonds, or of any other amount payable with respect to any of the Bonds.

(b) The Town breaches or fails to perform or observe any term, condition or covenant of this Bond Order on its part to be observed or performed, other than as referred to in subsection (a), for a period of 30 days after written notice specifying that failure and requesting that it be remedied has been given to the Town by any Bondholder, unless the Town is diligently working toward a remedy of the default and the Bondholder agrees in writing to an extension of such time (which consent must not be unreasonably withheld).

(c) The occurrence of an Act of Bankruptcy.

(d) Any event of default occurring with respect to any Bonds not otherwise provided for in this Bond Order.

5.02. Remedies. Upon the occurrence and continuation of an Event of Default, the Government (whether or not it qualifies as the Majority Owner) or the Majority Owners at their option may:

(a) declare the entire unpaid principal amount of the Bonds then Outstanding and accrued interest thereon to be immediately due and payable;

(b) incur and pay such reasonable expenses for the Town's account as may be necessary to cure the cause of any default (with the Town being then obligated to repay such amounts); and

(c) proceed to protect and enforce their rights under the Bonds and this Bond Order by a suit, action or special proceeding at law or in equity, either for the specific performance of any covenant or agreement or execution of any power or for the enforcement of any proper legal or equitable remedy as may be deemed most effectual to protect and enforce such rights, including, without limitation, the fixing of rates and the collection and proper application of the System Revenues.

Notwithstanding any other provision of this Bond Order, the right of any owner of a Bond to receive payment of principal of and interest on its Bonds on or after the respective due dates expressed in the Bond, or to bring suit for the enforcement of any such payment on or after such respective dates, may not be impaired or affected without the owner's consent.

5.03. No Remedy Exclusive; Delay Not Waiver. All remedies under this Bond Order are cumulative and may be exercised concurrently or separately. The exercise of any one remedy will not be deemed an election of such remedy or preclude the exercise of any other remedy. If any Event of Default occurs and is thereafter waived, that waiver will be limited to the particular breach so waived and will not be deemed a waiver of any other breach under this Bond Order.

5.04. Notice of Default. The Town will mail to the LGC and to each Identifiable Bondholder written notice of the occurrence of any Event of Default as

soon as reasonably possible and in any event within thirty days after the Town has notice that any such event of default has occurred.

5.05. Appointment of Trustee.

(a) At any time during the continuation of an Event of Default, any Bondholder may appoint a trustee (the "Trustee") to serve as a fiduciary for all Bondholders. The Town shall adopt any amendments or supplements to this Bond Order as may be reasonably requested by any Bondholder or the putative Trustee to effect such appointment.

(b) Any Trustee must be a corporation organized and doing business under the laws of the United States or any state or the District of Columbia that is (i) authorized by law to exercise corporate trust powers in the State, (ii) is subject to supervision or examination by the United States, any state or the District of Columbia, (iii) has a combined capital and surplus of at least \$100,000,000 as set forth in its most recent published annual report of condition, and (iv) is acceptable to the LGC and the Government, if the Government is the Holder of any Bonds.

(c) Any Trustee must exercise the rights and powers granted to it with the same degree of care and skill in their exercise that a prudent person would exercise or use under the circumstances and in the conduct of that person's own affairs. Any Trustee must act for the collective benefit of all Bondholders.

The Majority Owners may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. The Trustee, however, may refuse to follow any direction that conflicts with law or this Bond Order, is unduly prejudicial to the rights of other Bondholders, or would involve the Trustee in personal liability.

(d) In addition to any remedies to the Trustee under this Bond Order (or any other agreement pursuant to which Bonds have been or may be issued or secured), or under State and federal law, during the continuation of an Event of Default any Trustee may:

- (i) require the Town immediately to pay to such Trustee all amounts in the Town's possession representing System Revenues;

- (ii) require the Town to endorse all checks and other negotiable instruments representing System Revenues to the order of the Trustee immediately upon the receipt thereof and to deliver such endorsed instruments daily to the Trustee; and
- (iii) notify any or all account debtors of the Town to pay any amounts representing System Revenues, when due and owing, directly to the Trustee, as Trustee, at any address in the United States designated by the Trustee.

(e) Any Trustee may resign by notifying the Town and the Bondholders. The Majority Owners may remove the Trustee by notifying the Trustee and the Town. A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Majority Owners may appoint a successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee or the owners of at least 10% in principal amount of the Bonds Outstanding may petition any court of competent jurisdiction for the appointment of a successor Trustee.

A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee, as well as to the Town, the LGC and all Identifiable Bondholders. Thereupon the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Bond Order. The successor Trustee will mail notice of its succession to the Bondholders. The retiring Trustee will promptly transfer all trust property held by to the successor Trustee.

(f) After a Trustee has taken office pursuant to this Section, then a Trustee must always be in office until either (i) there are no Bonds Outstanding or (ii) the Government, the LGC and the Majority Owners all agree to rescind the Trustee's appointment.

ARTICLE VI

Supplemental Orders

6.01. Without Consent of Holders. The Town may amend this Bond Order in any respect prior to the delivery of the Initial Bond.

The Town may, from time to time and at any time following delivery of the Initial Bond, adopt supplemental orders not inconsistent with the terms and provisions of this Bond Order (which supplemental orders will thereafter form a part of this Bond Order):

(a) to cure any ambiguity or formal defect or omission, or to correct any inconsistent provisions in this Bond Order or in any supplemental order, or

(b) to grant to or confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders, or

(c) to add additional conditions, limitations and restrictions on the issuance of Bonds under this Bond Order, or

(d) to add to the Town's covenants and agreements in this Bond Order or to surrender any right or power reserved to or conferred upon the Town.

At least fifteen days prior to the adoption of any supplemental order for any of the purposes set forth in the immediately preceding paragraphs of this Section, the Registrar, at the Town's expense, will cause a notice of the proposed adoption of such supplemental order to be mailed, postage prepaid, to the LGC and to each Identifiable Bondholder. The notice will briefly set forth the nature of the proposed supplemental order and state that copies are on file at the Registrar's office for inspection by all Holders.

6.02. With Consent of Holders. The Majority Owners have the right, from time to time, to consent to and approve the adoption of such supplemental order or orders as the Town may deem desirable to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Bond Order or in any supplemental order.

Nothing in this Bond Order, however, permits (a) an extension of the maturity of the principal of or the interest on any Bond without the consent of the Holder of that Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon without the consent of the Holder of that Bond, or (c) the creation of a lien upon or a pledge of System Revenues other than the lien and pledge created by this Bond Order without the consent of the Holders of all Bonds Outstanding, or (d) a preference or priority of any Bond over any other Bond without the consent of the Holders of all Bonds Outstanding, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to any supplemental order without the consent of the Holders of all Bonds Outstanding.

6.03. Obtaining Consents. If at any time the Town determines that it is necessary or desirable to adopt any supplemental order for any of the purposes of Section 6.02, the Registrar, at the Town's expense, will cause notice of the proposed adoption of the supplemental order to be mailed, postage prepaid, to each Holder of Bonds at the addresses appearing on the registration books. The notice will briefly set forth the nature of the proposed supplemental order and will state that copies are on file at the Registrar's Office for inspection by all Holders. The Registrar will not, however, be subject to any liability to any Holder by reason of its failure to cause the notice required by this Section to be mailed, and no such failure affects the validity of the supplemental order when consented to and approved as provided in this Section.

Bonds owned or held by or for the account of the Town shall not be deemed Outstanding and shall be excluded for the purpose of any consent or any calculation provided for in this Article.

Whenever, at any time within one year after the date of the first mailing of a notice, the Town delivers to the Registrar an instrument or instruments in writing purporting to be executed by the Majority Owners, which instrument or instruments refer to the proposed supplemental order described in the notice and specifically consent to and approve its adoption in substantially the form identified in the notice, thereupon, but not otherwise, the Town may adopt the supplemental order in substantially that form, without liability or responsibility to any Holder of any Bond, whether or not any particular Holder has consented.

If the Majority Owners consent to and approve the adoption of a supplemental order as provided above, no Holder of any Bond has any right to object to the adoption of the supplemental order, or to object to any of its terms or to its operation, or in any

manner to question the propriety of its adoption, or to enjoin or restrain the Town from adopting the same or from taking any action pursuant to its provisions.

Upon the adoption of any supplemental order pursuant to the provisions of this Section, this Bond Order will be conclusively modified and amended in accordance therewith. The respective rights, duties and obligations under this Bond Order of the Town, the Registrar and all Holders of Bonds shall thereafter be determined, exercised and enforced in all respects under the provisions of this Bond Order as so modified and amended.

Bonds delivered after the effective date of any action taken as provided in this Article may bear a notation by endorsement or otherwise in form approved by the Town and Registrar as to such action. If the Town and Registrar shall so determine, new Bonds modified to conform to any such action shall be prepared, authenticated and delivered to the Holder of any Bond then Outstanding without cost to such Holder in exchange for and upon surrender of such Outstanding Bonds.

6.04. Amendment with Unanimous Consent. Notwithstanding anything contained in the foregoing provisions of this Article, the terms and provisions of this Bond Order or any order supplemental hereto and the rights and obligations of the Town and of the Holders of the Bonds may be modified or amended in any respect upon the adoption by the Town of an order to that effect, and the filing with the Town and the LGC of the written consent of Holders of all the Outstanding Bonds. No subsequent notice to Holders is required.

6.05. Government Consent Required. For so long as the Government is the registered owner of any portion of the Bonds, the Town may amend this Bond Order after the issuance of the Initial Bond only with the Government's consent.

ARTICLE VII

Miscellaneous Provisions

7.01. Contract with Bondholder. The provisions of this Bond Order constitute a contract between the Town and the Bondholders for so long as any Bonds are Outstanding.

7.02. Execution of Bonds. Each Bond will be signed by the manual or

facsimile signature of the Town's Mayor or Town Manager and the Town's seal (or a facsimile thereof) will be affixed thereto and attested by the manual or facsimile signature of the Town Clerk (or any Assistant Clerk). In addition, each Bond will carry a certificate of the LGC as provided by the Act. No Bond will be valid, however, unless at least one of the signatures appearing on the Bond (which may be the signature of the LGC's representative) is manually applied or until the Bond has been authenticated by the manual signature of an authorized officer or employee of an independent Registrar selected by the Town.

7.03. Registration and Transfer of Bonds: Restrictions on Transfer. The Registrar shall maintain records for the registration of ownership and transfers of the Bonds. The Registrar will transfer the record of ownership of any Bond only upon surrender of the Bond to the Registrar, with the Bond accompanied by an assignment duly executed by the Holder or its attorney or legal representative in such form as is satisfactory to the Registrar. Upon any registration of transfer, the Town shall execute, and the Registrar shall deliver in exchange for such Bond, a new Bond of the same series registered in the name of the transferee and in an aggregate principal amount equal to the unpaid principal amount of the transferred Bond, having maturities corresponding to the principal installments of the transferred Bond and bearing interest at the same rate.

The Town and the Registrar shall process any Bond transfer as soon as practicable upon receipt of a request for re-registration. The Town and the Registrar may make a charge for every transfer of Bonds sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to the transfer, but may not make any additional charge. Neither the Town nor the Registrar is required to make any such registration of transfer of Bonds during the fifteen days immediately preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, after a notice of redemption has been sent to the registered owner.

The Registrar will not register the transfer of any Bonds, or any portion of any Bonds, to any person other than a bank, an insurance company or a similar financial institution unless the LGC has previously approved the transfer.

7.04. Ownership of Bonds. The Registrar shall treat the registered owner of each Bond as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner, and payment of or on account

of the principal of and the interest on any such Bond shall be made only to the Holder thereof or its legal representative. In the case of Bonds not registered to the Government, however, (a) the Town will make payments of principal and interest to the person shown as the registered owner as shown on the record books at the end of the calendar day on the 15th day of the month preceding the payment date (whether or not a business day), and (b) the final installment will be payable on presentation and surrender as provided for in Section 1.04.

7.05. Mutilated, Lost, Stolen or Destroyed Bonds.

(a) If any Outstanding Bond is damaged, mutilated, lost, stolen or destroyed, the Town shall execute and deliver a replacement Bond, of the same tenor as the damaged, mutilated, lost, stolen or destroyed Bond, in the manner provided below.

(b) A Bondholder must apply to the Town for exchange and substitution of damaged, mutilated, lost, stolen or destroyed Bonds. An applicant for a replacement Bond must furnish to the Town such security or indemnity as the Town may require to save it harmless and must also comply with the requirements of Section 159-37 of the General Statutes. In every case of loss, theft or destruction of a Bond, the applicant must also furnish evidence to the Town's satisfaction of the loss, theft or destruction. In the case of damage or mutilation of a Bond, the applicant must surrender the damaged or mutilated Bond.

(c) Notwithstanding the foregoing, if any Bond has matured, and no default is then continuing in the payment of the principal of or interest on the Bond, the Town may pay the same (without surrender of the Bond except in the case of a damaged or mutilated Bond) instead of issuing a substitute Bond, provided security or indemnity is furnished as provided above in the case of a lost, stolen or destroyed Bond.

(d) The Town shall charge the Holder of such Bond with all expenses in connection with the issuance of any substitute Bond. Every substitute Bond issued pursuant to the provisions of this Section because any Bond is lost, stolen or destroyed, whether or not the lost, stolen or destroyed Bond may be found at any time, or may be enforceable by anyone, will be entitled to all the benefits of this Bond Order equally and proportionally with any and all other Bonds duly executed and delivered under this Bond Order.

7.06. Cancellation. The registered owners of all Bonds paid, redeemed or purchased either at or before maturity, shall, at the Town's direction, deliver those Bonds to the Registrar or to the Town when such payment, redemption or purchase is made. The Registrar shall then cancel and destroy those Bonds. The Registrar shall keep a record of all Bonds so destroyed.

7.07. Unclaimed Moneys. The Town shall hold in trust for the respective Holders of Bonds all moneys which the Town has set aside for the purpose of paying any of the Bonds, whether at maturity or upon call for redemption. The Town shall treat any moneys which have been set aside and remained unclaimed by the Holders of such Bonds for the period of five years after the date on which such Bonds have become payable will be treated as abandoned property pursuant to the provisions of Section 116B-18 of the North Carolina General Statutes, or any successor provision, and the Town shall report and remit this property to the Escheat Fund according to the requirements of Article 3 of Chapter 116B of the North Carolina General Statutes, or any successor provision. Thereafter the Holders of such Bonds may look only to the Escheat Fund for payment, and then only to the extent of the amounts so received without any interest thereon, and the Town has no responsibility with respect to such moneys.

7.08. Resolutions as to Tax Matters. The Town shall not take or omit to take any action the taking or omission of which will cause the Bonds to be "arbitrage bonds," within the meaning of Code Section 148, or "private activity bonds" within the meaning of Code Section 141, or otherwise cause interest on the Bonds to be includable in gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Town will comply with any Code provision that may require the Town at any time to pay to the United States any part of the earnings derived from the investment of the proceeds of the Bonds.

7.09. Initial Bond Is a "Bank-Qualified" Obligation. The Town designates the Initial Bond as a "qualified tax-exempt obligation" for the purpose of Code Section 265(b)(3), which provides certain tax advantages to financial institutions that purchase obligations like the Initial Bond. The Council authorizes the Finance Officer and all other County officers to confirm, or refute, this designation by appropriate certifications delivered in connection with the original issuance of the Initial Bond.

7.10. Discharge of Bond Order. If, when the Bonds secured by this Bond Order have become due and payable in accordance with their terms or have been duly

called for redemption and the whole amount of the principal and the interest and premium, if any, so due and payable upon all of the Bonds then Outstanding has been paid, then and in that case the right, title and interest of the Holders of the Bonds secured hereby in the System Revenues and funds mentioned in this Bond Order shall thereupon cease, terminate and become void. The Town may then apply any and all balances remaining in any funds to any lawful purpose as the Town may determine.

7.11. Payments When Funds are Insufficient. Anything in this Bond Order to the contrary notwithstanding, if at any time moneys are insufficient to pay the interest on or the principal of the Bonds as the same become due and payable (either by their terms or by acceleration of maturities), all moneys in the Debt Service Fund and Debt Service Reserve Fund, together with any moneys then available or thereafter becoming available for such purpose, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied

first: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest; if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on that installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Bond Order), in the order of their due dates, with interest on such Bonds from the respective dates upon which they became due; if the amount available is not sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of this Bond Order.

(b) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid on the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds has been declared due and payable and if the declaration is thereafter rescinded, then the moneys remaining in and thereafter accruing to the Debt Service Fund and the Debt Service Reserve Fund are to be applied in accordance with the provisions of paragraph (a) of this Section.

7.12. Effect of Town's Undertakings. All of the covenants, stipulations, obligations and agreements contained in this Bond Order are covenants, stipulations, obligations and agreements of the Town to the full extent permitted by law, and all such covenants, stipulations, obligations and agreements are binding upon the successor or successors thereof from time to time, and upon any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements may be transferred in accordance with law.

7.13. Notices. Any communication provided for in this Bond Order must be in writing (not to include facsimile transmission or electronic mail). Any communication under this Bond Order will be deemed given on the delivery date shown on a United States Postal Service certified mail receipt or a delivery receipt (or similar evidence) from a national commercial package delivery service.

If the notice is intended for the Town, it must be addressed as follows: Town of Weaverville, Attention Town Manager, Re: Notice under Water Revenue Bond Order, Post Office Box 338, Weaverville, NC 28787. The Town may designate an additional or alternate address for notices by notice given under this Bond Order.

If this Bond Order calls for the Town to send any notice to the Government, the Town will send a copy of that notice to every Identifiable Bondholder, even if the Government is no longer the Holder of any Bonds at the time for giving the notice.

The Town shall promptly upon receipt send a copy of any notice or other communication so sent or received by it to the LGC at the following address: North Carolina Local Government Commission, Attention: Secretary of the Commission, Re: Notice for Town of Weaverville -- Water Revenue Bond, Longleaf Building, 3200 Atlantic Ave., Raleigh, NC 27604. If the LGC designates to the Town a different address for notices, then the Town will use that different address.

7.14. Consents. Any consent of the Government provided for under this Bond Order must be in writing.

7.15. Execution of Instruments by Holders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Bond Order to be signed or executed by Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds will be sufficient for any purpose of this Bond Order, and will be conclusive in favor of the Registrar with regard to any action taken by it under such instrument, if in accordance with the registration books.

Any request or consent of the Holder of any Bond will bind every future Holder of the same Bond in respect of anything done by the Registrar pursuant to that request or consent.

7.16. Interested Parties. Except as otherwise expressly provided in this Bond Order, nothing in this Bond Order expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the Town, the Registrar and the Bondholders any right, remedy or claim, legal or equitable, under or by reason of this Bond Order or any provision hereof, this Bond Order and all its provisions being intended to be and being for the sole and exclusive benefit of the Town and the Bondholders.

7.17. Indemnification. To the extent permitted by law, the Town shall indemnify, defend, protect and save the Bondholders and all their representatives harmless from all liability, obligations, losses, claims, damages, actions, suite, proceedings, costs and expenses, including legal fees and expenses, arising out of, connected with, or resulting directly or indirectly from the Project or the System or

the transactions contemplated by this Bond Order, including without limitation, the possession, condition, construction or use of the Project or the System. The Town's obligation for indemnification under this Section survives the payment of the Bonds in full.

7.18. Limitation of Officials' Liability. No covenant, condition or agreement contained in this Bond Order will be deemed to be a covenant, agreement or obligation of a present or future member, officer, employee or agent of the Town or the LGC in such person's individual capacity. No Town or LGC officer will be liable personally on any Bonds or be subject to any personal liability or accountability by reason of the issuance of Bonds. No Town or LGC officer, employee or agent will incur any personal liability with respect to any other action taken by such person pursuant to this Bond Order, provided such person acts in good faith. No recourse may be had by any Bondholder for any claims based on this Bond Order or otherwise against the LGC or any member, officer, employee or agent of the LGC in such person's individual capacity, with all such liabilities, if any, being expressly waived and released.

7.19. Severability. The provisions of this Bond Order are severable. If any court holds any provision of this Bond Order to be invalid and unenforceable, that holding will not invalidate any other provision of this Bond Order.

7.20. Governing Law; Venue. The Town intends that North Carolina law will govern the Bonds, this Bond Order and all matters of their interpretation. To the extent permitted by law, this Bond Order requires that any action brought with respect to this Bond Order must be brought in the North Carolina General Court of Justice in Buncombe County, North Carolina.

7.21. Headings. Any article or section headings in this Bond Order are solely for convenience of reference, and are not intended to affect its meaning, construction or effect.

7.22. Authority and Mandate of Officers. The Town's officers and agents are hereby directed to do all the acts and things required of them by the Bonds and this Bond Order for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Bond Order.

7.23. Conditions Precedent. Upon the issuance of the Initial Bond all acts conditions, and things required by the Constitution and statutes of the State or this

Bond Order to happen, exist and to be performed precedent to or in the issuance of the Initial Bond will have happened, exist and have been performed.

7.24. Non-Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right is not a Business Day, the payment may be made or act performed or right exercised on or before the next succeeding Business Day. For this Bond Order, a “Business Day” is any day on which banks in the State are not by law authorized or required to remain closed.

7.25. Definitions: Rules of Interpretation. For the purposes of this Bond Order, terms with initial capital letters not otherwise defined have the meanings assigned to them in Exhibit B. This Bond Order should be interpreted in accordance with the rules stated at the end of Exhibit B.

7.26. Town Officials To Complete Closing. (a) The Council authorizes the Town Manager and all other Town officers to take all appropriate action to complete the issuance of the Initial Bond to the Government in accordance with this Bond Order. The Council authorizes the Town Manager to hold executed copies of all financing documents authorized or permitted by this Bond Order in escrow on the Town’s behalf until the conditions for their delivery have been completed to such officer’s satisfaction, and thereupon to release the executed copies of such documents for delivery to the appropriate persons or organizations.

(b) Without limiting the generality of the foregoing, the Council specifically authorizes the Town Manager to approve changes to any agreements and any certifications previously signed by Town officers or employees, provided that such changes do not conflict with this Bond Order or substantially alter the intent of such documents from that expressed in the form originally signed. The Town Manager’s authorization of the release of any such document for delivery will constitute conclusive evidence of such officer’s approval of any such changes.

(c) In addition, the Council authorizes the Town Manager to take all appropriate steps for the efficient and convenient carrying out of the Town’s on-going responsibilities with respect to the Bonds. This authorization includes, without limitation, contracting with third parties for reports and calculations that may be required under the Bonds, this Bond Order or otherwise with respect to the Bonds.


(d) The Council authorizes all Town officers and employees to take all such

further action as they may consider necessary or desirable in furtherance of the issuance of the Initial Bond and the purposes of this Bond Order. All such prior actions of Town officers and employees are ratified. Upon the absence, unavailability or refusal to act of the Mayor, the Town Manager, the Clerk or the Finance Officer, any other of such officers may assume any responsibility or carry out any function assigned in this Bond Order. In addition, the Vice Mayor or any Deputy or Assistant Town Clerk may assume any responsibility or carry out any function assigned to the Mayor or the Clerk, respectively, in this resolution.

7.27. Contract with Bondholder. The provisions of this Bond Order constitute a contract between the Town and the Bondholders for so long as any Bonds are Outstanding.


7.28. Effective Date: Repealer. This Bond Order takes effect immediately. All other Council proceedings, or parts thereof, in conflict with this Bond Order are repealed to the extent of the conflict.

ADOPTED this 24th day of February in an unanimous vote of the Weaverville Town Council.



Allan P. Root, Mayor
Town of Weaverville, North Carolina

Approved as to form:



Jennifer O. Jackson, Town Attorney
Town of Weaverville, North Carolina



Exhibit A --- Form of Initial Bond

Registered Bond without Coupons

(Registered as to both principal and interest)

No. R-1

\$2,800,000

UNITED STATES OF AMERICA

STATE OF NORTH CAROLINA

TOWN OF WEAVERVILLE

Water Revenue Bond, Series 20XX

The Town of Weaverville, North Carolina (the "Town"), for value received, hereby acknowledges itself indebted and promises to pay, solely from the Net Revenues and other funds described below and pledged to the payment hereof, to the

UNITED STATES OF AMERICA

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT**

(the "Government"), its successors and its registered assigns (the "Bondholder"), the principal sum of

**TWO MILLION EIGHT HUNDRED THOUSAND DOLLARS
(\$2,800,000)**

in annual installments on June 1 in years and amounts as follows:

Year (June 1)	Principal Amount (\$)	Year (June 1)	Principal Amount (\$)
(to come)			

subject to prepayment as described below, together with interest on the unpaid principal from the date of this Bond until payment of the entire principal sum at the annual rate of 4.00%, such interest being payable on June 1, 20XX, and annually thereafter on each June 1.

In all events, (1) all payments on this Bond will be applied first to interest accrued and unpaid to the payment date and then to principal, and (2) if not sooner paid, the entire principal of and interest on this Bond will be due and payable on June 1, 20XX.

While the Government is the registered owner of this Bond, the Town may prepay principal of this Bond, in whole or in part at any time at the Town's option, without premium or penalty. Any prepayment will be applied first to any accrued and unpaid interest and then to installments of principal in inverse order of maturity. No prepayment in any way affects the Town's obligation to pay when due the remaining scheduled installments of principal of and interest on this Bond. On any date designated for prepayment, this Bond (or the applicable portions of this Bond) becomes due and payable, and the interest on this Bond, or the portion prepaid, ceases to accrue, so long as notice has been given and moneys for the payment of the prepayment price are being held in trust for that purpose as provided in the Bond Order, as defined below.

Because this Bond allows for partial prepayment, **the actual principal amount outstanding on this Bond may be different from the amount determined by reference to the principal payment schedule stated above.**

This Bond is issued pursuant to a bond order adopted by the Town's governing Town Council on February 24, 2020 (the "Bond Order"). This Bond is issued to provide funds, to be used together with other available funds, to pay costs of the

acquisition and construction of improvements to the Town's public water system, particularly including water line extensions.

This Bond is a limited obligation of the Town, payable as to both principal and interest solely from the Net Revenues (as defined in the Bond Order) and other funds pledged to that payment as provided in the Bond Order. Nothing in this Bond or in the Bond Order creates or constitutes a pledge of the faith and credit of the State of North Carolina or of any county, city, town or other political subdivision of the State.

Reference is made to the Bond Order, and to any amendments or supplements to the Bond Order, for a description of the provisions, among others, with respect to the nature and extent of the security, the Town's rights, duties and obligations, the Bondholder's rights and the terms upon which this Bond is issued, to all of which provisions each Bondholder, by the acceptance of this Bond, agrees. A copy of the Bond Order is on file with the Town Clerk at the Town's office in Weaverville, North Carolina.

The Town may issue additional obligations secured by a pledge of Net Revenues, including obligations secured equally and ratably with this Bond, from time to time under the conditions, limitations and restrictions stated in the Bond Order.

This Bond is registered as to both principal and interest. The Town's Finance Officer has been appointed Registrar for the Bond and charged with the responsibility for maintaining appropriate registration books and records indicating ownership of the Bond. The Town will treat the registered owner of this Bond as the person exclusively entitled to payment of principal and interest and the exercise of all other rights and powers of the owner.

The registered owner of this Bond may register the transfer of the ownership of this Bond only by delivery to the Registrar of an assignment, in form and substance reasonably acceptable to the Registrar, that has been executed by the registered owner or its duly authorized attorney or legal representative. Upon receipt of such an assignment, the Registrar will register this Bond as to both principal and interest on the Town's registration books in the name of the transferee named in the assignment.

The Registrar will not, however, register the transfer of this Bond, or any portion of this Bond, to any person other than a bank, an insurance company or a

similar financial institution unless the North Carolina Local Government Commission has previously approved the transfer. In addition, the Registrar is not required to make any registration of transfer during the fifteen days immediately preceding an interest payment date on the Bond or after any notice of a redemption has been sent to the registered owner.

So long as the Government is the registered owner of this Bond, the Town will pay principal and interest in whatever fashion, including automatic debiting, as the Government may designate. For any portions of this Bond for which the Government is no longer the registered owner, the Town will pay principal and interest by check or draft mailed on the payment date to the registered owner of this Bond at its address as it appears on the registration books kept by the Registrar, except that the final installment will be payable upon presentation and surrender of this Bond to the Registrar as described in the Bond Order at the Town's office in Weaverville, North Carolina.

Principal and interest are payable in lawful money of the United States of America. Interest is calculated on the basis of the actual number of days elapsed and a year of 365 days.

[The Town has designated this Bond as a "qualified tax-exempt obligation" for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.]

The Town intends that North Carolina law will govern this Bond and all matters of the interpretation of this Bond and the Bond Order.

All acts, conditions and things required by the Constitution and laws of the State of North Carolina to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed, and the issue of Bonds of which this Bond is one, together with all other Town indebtedness, is within every debt and other limit prescribed by the Constitution and laws of the State of North Carolina.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Town has caused this Bond to be signed by its Town Manager, its seal to be affixed to this Bond and to be attested by its Town Clerk, and this Bond to be dated _____, 20XX.

<p>[SEAL]</p> <p>ATTEST:</p> <p><i><u>[do not sign – specimen only]</u></i></p> <p>Town Clerk</p>	<p>TOWN OF WEAVERVILLE, NORTH CAROLINA</p> <p>By: <i><u>[do not sign – specimen only]</u></i></p> <p>Town Manager</p>
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[\$2,800,000 Water Revenue Bond, Series 20XX]

CERTIFICATE OF LOCAL GOVERNMENT COMMISSION

The issuance of the within Bond has been approved under the provisions of The State and Local Government Revenue Bond Act, Article 5, Chapter 159 of the North Carolina General Statutes, as amended.

Local Government Commission of North Carolina

Greg C. Gaskins
Secretary, North Carolina
Local Government Commission

By _____
[Greg C. Gaskins or Designated Assistant]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned registered owner of this Bond hereby sells, assigns, and transfers unto _____ the within bond and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of said bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signed: _____
Registered Owner

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

**[\$2,800,000 Water Revenue Bond, Series 20XX,
of the Town of Weaverville, North Carolina]**

Exhibit B – Definitions; Rules of Interpretation

Whenever used in this Bond Order, unless a different meaning clearly appears from the context:

“Act” means The State and Local Government Revenue Bond Act, constituting Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended.

“Act of Bankruptcy” means (a) the Town’s filing of a voluntary petition for relief under any bankruptcy or similar law, (b) the Town’s admission of insolvency, or the Town’s general failure to pay its debts as they become due, (c) the filing of an involuntary petition for relief against the Town as a debtor under any bankruptcy or similar law, and the Town’s failure to have such petition dismissed within 30 days of its filing, or (d) the filing of any petition for the appointment of a receiver for the System or the System Revenues, or any similar petition, and the Town’s failure to have such petition dismissed within 30 days of its filing.

“Additional Bonds” means any bonds or other obligations secured in whole or in part by a lien on Net Revenues that ranks on a parity with the lien on Net Revenues securing the Initial Bond.

“Annual Budget” means any budget or amended budget of Operating Expenses adopted or in effect pursuant to Section 4.07.

“Annual Short-Lived Asset Reserve Requirement” means \$3,467, plus any additional amounts required by supplements or amendments to this Bond Order.

“Appropriate Consultant” means one or more independent persons having (at the time retained for the purposes of this Bond Order) a favorable reputation for skill and experience in an appropriate area of expertise, as the Town may select to carry out the duties imposed on an Appropriate Consultant by this Bond Order.

“Bond” or “Bonds” means any bond or bonds authorized by this Bond Order, and includes the Initial Bond and any Additional Bonds, and also includes any Bond Anticipation Notes.

“Bond Anticipation Notes” means any notes issued under the authority of Section 2.04.

“Bondholder” or “Holder” or any similar term, when used with reference to an Outstanding Bond or Bonds means any person who is the registered owner of that Bond or those Bonds.

“Bond Order” means this Bond Order, as it may be from time to time properly amended or supplemented.

“Capital Reserve Fund” means the account so designated by Section 3.05.

“Closing Date” means the date the Initial Bond is first delivered to the Government in exchange for the purchase price thereof.

“Code” means the Internal Revenue Code of 1986, as amended, including all related Treasury Regulations.

“Debt Service Fund” means the account so designated by Section 3.05.

“Debt Service Requirement” means, with respect to any Fiscal Year, the amount required to pay the principal of and interest on the Bonds and the Other Debt Obligations in that Fiscal Year, the computation of such amount to be based on the assumptions that (a) all principal will be paid according to its stated maturities or mandatory redemption requirements and (b) if any obligation bears interest at a variable rate, the rate is the ceiling rate. For any Bond Anticipation Note, the “Debt Service Requirement” is to be calculated only on the basis of the interest due in such Fiscal Year, so long as there is no existing default on the payment of principal of that Bond Anticipation Note.

“Debt Service Reserve Fund” means the account so designated by Section 3.05.

“Debt Service Reserve Requirement” means a sum equal to the average amount payable on the Initial Bond for principal and interest in the then-current or any future Fiscal Year, plus any additional amounts required by supplements or amendments to this Bond Order.

“Event of Default” means any of the events specified in Section 5.01.

“Finance Officer” means the Town’s statutory finance officer.

"Fiscal Year" means Town's Fiscal Year beginning July 1 of each calendar year and ending the following June 30, or such other Fiscal Year as Town may later lawfully establish, and also includes the period from the Closing Date to the next succeeding June 30.

"General Obligation System Bonds" means bonds or other debt obligations of the Town, whether now Outstanding or issued later, the proceeds of which are or have been used to finance the acquisition or construction of any portion of the System, and that are secured by a pledge of the Town's full faith and credit.

"Government" means the United States of America, acting by and through Rural Utilities Service, an agency of the United States Department of Agriculture, as the initial purchaser of the Initial Bond, or any governmental successor to the functions of such agency.

"Identifiable Bondholder" means (a) the Government, so long as the Government is the registered owner of any Bonds, and (b) any Holder who has filed with the Registrar a request in writing setting forth such Holder's name and address and the particular reports, notices or other documents which the Holder desires to receive and which are to be mailed to the Holder under the provisions of this Bond Order.

"Initial Bond" means the Town's \$2,800,000 water revenue bond issued as the initial bond under this Bond Order pursuant to Article I.

"Installment Financing" means any installment financing, lease-purchase or other obligation incurred or contracted by the Town to finance the acquisition or construction of System Assets, but excludes any obligations expressly secured by any lien on Net Revenues.

"Legal Investments" means any investments permitted to the Town under Section 159-30 of the General Statutes of North Carolina, as amended, or any successor provision.

"LGC" means the North Carolina Local Government Commission, or any successor to its functions.

“Majority Owners” means any registered owner or group of registered owners of Bonds that together own a majority by Outstanding principal amount of the Bonds.

“Net Revenues” for any particular period means the amount of the excess of System Revenues over Operating Expenses for such period.

“Operating Expenses” means the Town’s reasonable and necessary current expenses of operation, maintenance and repair of the System as determined in accordance with generally accepted accounting principles, except that “Operating Expenses” does not include any allowance for depreciation or any payment of interest on borrowed money. By way of illustration and without limiting the generality of the foregoing, “Operating Expenses” includes all ordinary and usual expenses of operation, maintenance and repair of the System (which may include expenses not annually recurring), premiums for insurance, administrative and engineering expenses relating to operation, maintenance and repair of the System, costs or expenses related to the issuance of Bonds or other financing for the System, any taxes, fees and charges which may be lawfully imposed on the System and operating lease payments.

“Other Debt Obligations” means any debt obligations incurred after the date of the adoption of this Bond Order and in accordance with this Bond Order for the purposes and benefit of the System, other than Bonds. “Other Debt Obligations” may include General Obligation System Bonds, Subordinate Bonds, revenue bond anticipation notes issued pursuant to Section 2.04 and any Installment Financings.

“Outstanding,” when used with reference to Bonds, or “Bonds Outstanding,” means all Bonds which have been delivered by the Town and not yet paid, except the following:

(a) Bonds cancelled or purchased by or delivered to the Town for cancellation;

(b) Bonds that have become due (at maturity or on redemption, acceleration or otherwise) and for the payment of which, including interest accrued to the due date, the Town or a fiduciary holds sufficient moneys; and

(c) Bonds in lieu of which others have been authenticated and exchanged pursuant to Section 7.02.

"Project" means the Town's undertaking of improvements to its public water system, all as previously approved by the Town.

"Project Costs" means all costs of the engineering, design, planning, construction, acquisition, installation, equipping and general carrying out of the Project, as determined in accordance with generally accepted accounting principles, and that will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, including (a) sums required to reimburse the Town for its agents for advances made for any such costs, (b) interest during the construction process and for up to six months thereafter, and (c) all costs related to the financing of the Project through the Bonds and all related transactions.

"Registrar" means the Town's Finance Officer or any successor agent for the maintenance of registration books reflecting ownership of the Bonds as the Town Council may appoint.

"Revenue Fund" means the account so designated by Section 3.05.

"Service Charges" means rates, fees and charges, including service, connection and other charges assessed or imposed, for the use of, and for the services and facilities furnished or to be furnished by the System, as prescribed or fixed by the Town.

"Short-Lived Asset Reserve Fund" means the account so designated by Section 3.05.

"State" means the State of North Carolina.

"Subordinate Bonds" means both (a) any bonds, notes or other obligations of the Town for purposes of the System that are secured by a lien on Net Revenues which is expressly made subordinate to the lien on Net Revenues securing the Bonds, and (b) obligations incurred by the Town to the State as part of the State's water or wastewater revolving loan funds (as now or hereafter constituted, and by whatever name designated). The term "Subordinate Bonds" does not include any Installment Financing.

"System" means all the Town's plants, systems, facilities, equipment or other

assets, including both real and personal property, used or useful in the collection, supply, storage, treatment and distribution of water, as a collective, and "System Assets" are the individual additions, acquisitions, improvements, betterments, land, buildings, structures or other facilities, including equipment, acquired or constructed, and the preparation and grading of land, relating to the System.

"System Improvements" means any construction, reconstruction, improvement, enlargement, betterment or extension of the System.

"System Revenues" means all moneys received by the Town in connection with or as a result of the Town's ownership or operation of the System, including all moneys received in payment of Service Charges and any investment income, as determined in accordance with generally accepted accounting principles, and expressly including the proceeds of any insurance covering business interruption loss relating to the System, "System Revenues" expressly do not include the proceeds of any borrowing for payment of the costs of, or grants or donations intended for, specific System Improvements.

"Town" means the Town of Weaverville, North Carolina, or any successor to its functions.

"Town Council" means the Town's governing body as from time to time constituted.

"Town Representative" means the Mayor or the Finance Officer, or any other person or persons at the time designated, by a written certificate of the Town signed by the Mayor and containing the specimen signature of such person or persons, to act on the Town's behalf for the purpose of performing any act (or any specified act) under this Bond Order.

All references in this Bond Order to designated "Sections" and other subdivisions are to the designated sections and other subdivisions of this Bond Order. The words "hereof" and "hereunder" and other words of similar import refer to this Bond Order as a whole and not to any particular Section or other subdivision unless the context indicates otherwise. Words importing the singular number will include the plural number and vice versa. The term "including" should be understood to mean "including, but not limited to."

**Budget Amendment
Town of Weaverville**

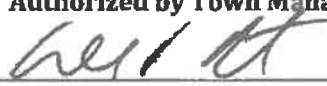
What expense accounts are to be increased?

<u>Account</u>	<u>Account Description</u>	<u>Transfer Amount</u>
010-450-451-50300	Streets - Capital Improvements	\$73,575.00
030-700-713-50300	Water Maint - Cap Improvements	\$24,525.00

What expense account(s) are to be decreased or additional revenue expected to offset expense?

<u>Account</u>	<u>Account Description</u>	<u>Transfer Amount</u>
010-004-310-09900	Appropriated Fund Bal (General)	\$98,100.00

Justification: Please provide a brief justification for this budget amendment. *Additional storage needed at Public Works due to sale of former bus garage, and demolition of two storage buildings to make room for new community center.*

_____	_____
Authorized by Finance Officer	Date
_____	_____
Authorized by Town Manager	Date
	
_____	_____
Authorized by Town Council (if applicable)	Date

Budget Ordinance Section 7:

- B. The Budget Officer or his/her designee is hereby authorized to distribute departmental funds based upon the line item budgets and make expenditures therefrom, in accordance with the Local Government Budget and Fiscal Control Act.
- C. The Budget Officer or his/her designee may authorize transfers between line items, expenditures and revenues, within a department or division without limitation and without a report being required.
- D. The Budget Officer or his/her designee may transfer amounts up to 5%, but not to exceed \$10,000 monthly, between departments, including contingency appropriations, but only within the same fund. The Budget Officer must make an official report on such transfers at a subsequent regular meeting of Town Council.
- E. The Budget Officer or his/her designee may not transfer any amounts between funds, except as approved by Town Council, as a budget amendment.



**Town of Weaverville
Minutes**

**Joint Meeting of Town Council and Planning and Zoning Board
Tuesday, March 10, 2020 – Town Hall**

The Town Council and Planning and Zoning Board for the Town of Weaverville met for a Joint Meeting on Tuesday, March 10, 2020, at 6:00 p.m. in Council Chambers within Weaverville Town Hall at 30 South Main Street, Weaverville, North Carolina.

Council members present: Mayor Al Root, Vice Mayor Doug Jackson, Councilmembers Dottie Sherrill, Jeff McKenna and Andrew Nagle. Councilmember Patrick Fitzsimmons was absent.

Planning and Zoning Board members present: Chairman Gary Burge, Vice Chairman Catherine Cordell, Board Members: Peter Stanz, John Chase and Steve Warren, Alternate Board Members: Tom Balestrieri and Rachael Bronson

Staff present: Town Manager Selena Coffey, Town Attorney Jennifer Jackson, Town Planner James Eller, and Town Clerk Derek Huninghake

1. Call to Order

Mayor Root called the meeting to order on behalf of Town Council at 6:00pm.

Chairman Gary Burge called the meeting to order on behalf of the Planning and Zoning Board at 6:00pm.

Chairman Gary Burge introduced guest speaker Joseph Quinlan, the Self-Help Program Manager from Mountain Housing Opportunities, who was asked to discuss ways that the Town can support the development of affordable housing in Weaverville.

2. Affordable Housing Presentation

Mr. Quinlan noted that Mountain Housing Opportunities sees affordable housing as well built, energy efficient, modest homes, that are affordable to families earning 80% or less of the area median income. The median income changes every year, but right now a family of 4 would earn less than \$53,000 to qualify for their affordable housing. Also, these families should have a mortgage payment, which includes property taxes and homeowner's insurance, that doesn't exceed one-third of the family's budget. Mr. Quinlan mentioned that there is no requirement for the homeowners to stay in the house for 15 years. They can turn around and sell the house the next day, but these houses are not sold for less than their value so there is no equity for families to benefit from. All the neighborhoods are mixed income neighborhoods and they do not provide first mortgage financing to owners since they don't have the financial capacity to do so. However, they do offer some second mortgage financing which typically does not require the owner to make monthly payments when the primary mortgage is still outstanding. The second mortgage gets paid back either when the first mortgage is paid off or when the house is sold. This loan is without interest but does have an equity sharing component that raises the second mortgage loan amount as the value of the house increases.

Mayor Root wondered how many owners leave after their first 5 years in the house. Mr. Quinlan stated that they don't really keep those statistics, but have some informal numbers. They have different home ownership products: Turn Key Ownership and Self-Help Ownership. Turn Key homes are built and sold so owners don't have any input in the process, and are built as both affordable and market rate homes. The market rate sales are used to generate funds to support the development of the affordable ones. The Self-Help homes have families working together to build a small community of homes. No one can move into the Self-Help homes until all the homes are built which builds a sense of

community literally from the ground up. The Self-Help houses are hardly ever sold since the owners worked so hard to get them, but about 10% have sold for various reasons that are typically related to taking the owner outside of the geographic area.

Vice Mayor Jackson asked if they were 30-year mortgage loans. Mr. Quinlan noted they don't provide the first mortgages since this area is USDA eligible and a lot of families get NC 502 loans that can be 33 or 38 years.

Councilmember Nagle wondered what the Town of Weaverville can do to help them out with more affordable housing. Mr. Quinlan mentioned that the key component would be allowing higher density, since that is the only way they can make the numbers work. Also, when they ask for greater density, Town Council usually asks for certain conditions and the added conditions has a direct impact on whether they can make a project work or not. The fees for the water depletion have also increased to \$2,232, which is high for them so if the Town could help on that as well it would be beneficial.

Catherine Cordell wondered if all their homes come with city water and sewer. Mr. Quinlan mentioned that most of all their homes come with city utilities or that is what they look for when they are picking sites.

Peter Stanz asked how they find owners to buy these affordable houses. Mr. Quinlan noted that they do advertisements and flyers. All low-income families are required to take classes for credit counseling and they send a representative to discuss affordable housing options. They also have affordable apartments in the area and they send information to those affordable apartment tenants in case the tenants want to consider moving into a home.

3. Mixed Use Recommendation

Town Planner Eller noted that at their February 2020 meeting, the Planning and Zoning Board was charged with considering a set of language that would transition the permitting of mixed-use structures/developments from the existing conditional zoning district to permitted with standards. It is important to know that this is only in the C-1, C-2, and R-12 zoning districts and for only projects of certain size. Any projects over 25,000sq/ft would still require the conditional zoning process. The Planning and Zoning Board offers a unanimous recommendation to Town Council. Town Attorney Jennifer Jackson mentioned that the public hearing has been scheduled for the next Town Council meeting on March 23, 2020.

Town Planner Eller mentioned that they are recommending a set of additional standards that would permit to get mixed use structures within the C-1, C-2, and R-12 zoning districts. These additional standards largely revolve around parking requirements, garbage container requirements, density requirements, and dimensional requirements of the underlying zoning district.

4. Comprehensive Land Use Plan Priorities and 160D Update

Town Planner James Eller noted that it is his understanding that mixed use development was the last priority listed as the highest priority, which, if adopted by Town Council, would have been addressed. That would leave the secondary priorities, so at some point it might be to our advantage for the priorities to be reranked by Town Council and the Planning and Zoning Board to give some guidance to staff.

Town Attorney Jackson mentioned that they would like a reranking of the priorities but right now the top priority is tackling the revisions to both the subdivision ordinances and zoning code that are necessary due to 160D, since we are on the clock. She indicated that there will be some substantive changes and some policy issues they would like to get some upfront input from Town Council and the Planning and Zoning Board as they work on the 160D revisions. They hope that by the next joint meeting four months from now, the 160D changes would be presented to Town Council in draft form.

Chairman Burge mentioned that as far as he can see there is nothing in these changes that is controversial. It is mainly following the lead of the legislature.

Town Attorney Jackson thinks that while they go through the process, they will see some policy issues and ordinances that have been on the list for compliance reasons and now may be the time to tackle them. She does anticipate that there will be some substantive policy and procedures that will be brought forward, like the subdivision review process, to see if there is a way to streamline it.

Mayor Root noted that he would like at some point to have discussion on what we see as limits to growth.

Catherine Cordell mentioned that her concern is still the availability of water, since there are a lot of projects still being built with water allocations. She wants to know when the water plant is going to be expanded. Town Manager Coffey mentioned that the water plant is going to be completed and is the top priority on the budget list. Also, with the water allocation projections it appears that the prior Public Works Director might have done some over calculations, so we have plenty of available water.

5. Miscellaneous Items

Councilmember Nagle mentioned that if we are looking at how to make things affordable instead of subdividing. He has 15 acres and already has one out building, but isn't allowed to build another outbuilding. However, someone who has a quarter acre lot can have one out building, so it doesn't seem affordable if the only way is to subdivide. He thinks that there should be some proportionality of the number of out buildings based on the amount of property owned, instead of just one out building for any property regardless of size.

Catherine Cordell mentioned that with roads being made private and soon to become public if there is a way to put sidewalks into Town standards. Councilmember McKenna noted that he wonders if when they widen I-26 if they can add sidewalks for bikes to go across the bridge. He believes they need to take every opportunity with developments and ask what they plan for sidewalks and if they don't have a plan then we can discuss it.

Town Planner Eller mentioned that this may speak to the reprioritization of some of the goals within the land use plan as well and it is certainly a topic at the Planning and Zoning Board and if this two bodies can agree then it can certainly be placed at the front of the priorities.

Town Attorney Jackson mentioned that right now the regulations on sidewalks is required for commercial development, but for residential subdivisions, even large ones, it is not required at all. The Board of Adjustment can waive the sidewalk requirements. The Town has been able to require sidewalks for residential projects through conditional zoning districts. Policies concerning sidewalks and the implementation of a sidewalk improvement plan are noted priorities in the comprehensive land use plan.

Town Planner Eller noted that based on this conversation, our sidewalk requirements should be closely examined and the type of developments that are subject to these sidewalk requirements be expanded upon.

6. Adjournment.

Vice Mayor/Councilman Jackson made the motion to adjourn the Town Council meeting; Councilman Nagle seconded and all of Town Council voted to adjourn the Council's meeting at 7:30 p.m.

Vice Chairman Cordell made the motion to adjourn the meeting of the Planning and Zoning Board; Board member Stanz seconded and all Board members voted to adjourn the Board's meeting at 7:30 p.m.



DEREK K. HUNINGHAKE, Town Clerk



MAYOR ALLAN ROOT



