
AGENDA
CUMBERLAND COUNTY BOARD OF COMMISSIONERS
SPECIAL MEETING
JUDGE E. MAURICE BRASWELL CUMBERLAND COUNTY COURTHOUSE
117 DICK STREET, 5TH FLOOR, CONFERENCE ROOM 564
APRIL 26, 2018 - 1:00 PM

CALL TO ORDER

RECESS THE CUMBERLAND COUNTY BOARD OF COMMISSIONERS' SPECIAL MEETING

CONVENE THE OVERHILLS PARK WATER & SEWER DISTRICT GOVERNING BOARD MEETING

OVERHILLS PARK WATER & SEWER DISTRICT GOVERNING BOARD AGENDA:

- 1) Approval of Minutes of the December 18, 2017 Meeting
- 2) Consideration of Second Amendment to Letter of Conditions from USDA Rural Development for the Overhills Park Grant and Associated Budget Ordinance Amendment B180890

ADJOURN THE OVERHILLS WATER & SEWER DISTRICT GOVERNING BOARD MEETING

RECONVENE THE CUMBERLAND COUNTY BOARD OF COMMISSIONERS' SPECIAL MEETING

1. Consideration of Budget Ordinance Amendment B180890 in the Amount of \$185,000 to Recognize Funding to Complete the Construction of the Overhills Park Sewer Project (No Backup Material)
2. Capital Investment Fund - Review of the March 15, 2018 Capital Investment Fund Presentation and Action by the Board of Commissioners (Minutes of the March 15, 2018 Special Board Meeting are Attached)

3. Capital Investment Fund Policy
 - A. Presentation of the Proposed Capital Investment Fund Policy
 - B. Review of the March 15, 2018 Revised Capital Planning Model Consistent with the Proposed Policy
 - C. Consideration of Approval of the Capital Investment Fund Policy (No Backup Material)
4. Discussion of Capital Investment Fund Project Priorities Based Upon the March 15, 2018 Illustrative Model and Assumptions

ADJOURN



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

ENGINEERING & INFRASTRUCTURE DEPARTMENT

Engineering Division · Facilities Management Division · Landscaping & Grounds Division · Public Utilities Division

MEMORANDUM FOR CUMBERLAND COUNTY BOARD OF COMMISSIONERS ACTING
AS OVERHILLS PARK WATER AND SEWER DISTRICT GOVERNING BOARD
SPECIAL MEETING AGENDA OF APRIL 26, 2018

TO: OVERHILLS PARK WATER & SEWER DISTRICT GOVERNING BOARD

FROM: JEFFERY P. BROWN, ENGINEERING & INFRASTRUCTURE DIRECTOR *JPB*

THROUGH: AMY CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 23, 2018

**SUBJECT: CONSIDERATION OF SECOND AMENDMENT TO LETTER OF
CONDITIONS FROM USDA RURAL DEVELOPMENT FOR THE
OVERHILLS PARK GRANT AND ASSOCIATED BUDGET
ORDINANCE AMENDMENT B180890**

BACKGROUND

The Board of Commissioners (BOC) accepted and approved the Letter of Conditions from USDA Rural Development for the Overhills Park Loan and Grant at their special meeting on April 14, 2014. The following conditions were accepted; a Rural Utilities Service (RUS) loan not to exceed \$819,000, a RUS grant not to exceed \$2,503,000 and a contribution from Cumberland County of \$50,700 for a total project cost of \$3,372,700.

The project was advertised, and the lowest bidder was Park Construction of NC, Inc. (Park) with a bid amount of \$4,308,506, which was higher than the County anticipated. After meeting with Park, their concerns with the project were groundwater and soil conditions, however they agreed to commit to drilling excavation holes at two different locations on the site at the depth at which the sewer would be installed. Following the excavation, Park was able to determine the soil conditions were better than anticipated and little ground water would be encountered, therefore Park reduced their bid amount to \$3,600,000. The County worked with USDA to request additional funding to cover the higher than expected contract price. The BOC accepted and approved the First Amendment to Letter of Conditions at their special meeting on July 19, 2016, The following conditions were accepted; an initial RUS loan not to exceed \$819,000, a subsequent RUS loan not to exceed \$560,000, an initial RUS grant (Farm Bill) not to exceed \$2,503,000, an additional RUS grant not to exceed \$458,000 and a contribution

from Cumberland County of \$50,700 for a total project cost of \$4,390,700. After receiving the additional funding, the BOC accepted and awarded a contract to Park for \$3,600,000 at their August 1, 2016 meeting.

Now that we are nearing the end of the project, it is apparent that the approved budget needs some slight adjustments to meet the needed modifications in the contract to complete this project.

The additional funding needed is due to following reasons:

- The Engineer had to complete a redesign for a portion of sewer along E. Manchester Road to avoid an existing 36-inch pressurized force main that transfers sewer from Fort Bragg to Harnett County. Due to this conflict, the sewer line had to be installed within a sewer easement along the rear of the properties.
- In addition to this conflict, three (3) of the properties had to be served using a grinder pump system since the location of their properties would not allow the sewer to flow by gravity to the main line.
- The repair costs to the NCDOT roads were also costlier than initially anticipated due to the fact that sewer laterals had to be installed via open cutting the roads instead of boring underneath the roads.

The Public Utilities Division of the Engineering and Infrastructure Department received notification from the USDA Rural Development on April 12th of their intent to grant the additional funding needed to complete the installation of sewer within the Overhills Park Water and Sewer District. USDA will provide a RUS grant not to exceed \$138,000 which requires a contribution from Cumberland County in the amount \$47,000 for a total additional cost of \$185,000. There is available funding within the Water & Sewer Fund to cover the increased cost of this project.

Judy Hunt and Steve Smith with USDA Rural Development will present, for approval by the Governing Board, the "Second Amendment to Letter of Conditions" outlining the conditions to be understood and agreed upon before further consideration will be given for the application. Following the presentation, the Chairman of the Board will have to sign the letter of acceptance on behalf of the Board and the County Clerk will need to be present to attest the document.

RECOMMENDATION

The Engineering and Infrastructure Director and County Management recommend that the Board of Commissioners approve the following recommendations:

1. Approve the Second Amendment to Letter of Conditions for the Overhills Park Water and Sewer District presented by USDA Rural Development.
2. Approve Budget Ordinance Amendment #B180890 in the amount of \$185,000 to recognize funding to complete the construction of the Overhills Park Sewer Project.



April 26, 2018

Overhills Park Water & Sewer District
ATTN: Larry L. Lancaster, Chairman of the Board
P O Box 1829
Fayetteville, NC 28302

RE: Second Amendment to Letter of Conditions dated April 14, 2014 and
First Amendment to Letter of Conditions dated July 19, 2016
Overhills Park Water & Sewer District - Wastewater Collection System Expansion

Dear Mr. Lancaster:

This letter is a Second Amendment to the Letter of Conditions dated April 14, 2014, and First Amendment to the Letter of Conditions dated July 19, 2016. Please make the following changes and/or additions to the original Letter of Conditions:

- 1. On Page 1, Paragraph 3 of the original Letter of Conditions, change to read, "This letter is not to be considered as loan or grant approval, or as a representation as to the availability of funds. The docket may be completed based on an initial RUS loan not to exceed \$819,000, a subsequent RUS loan not to exceed \$560,000, an initial RUS grant (Farm Bill) not to exceed \$2,503,000, an additional RUS grant not to exceed \$458,000; a second additional RUS grant not to exceed \$138,000; Cumberland County's initial contribution of \$50,700, Cumberland County's subsequent contribution of \$47,000, for a total proposed project cost of \$4,575,700."
2. On Page 2, Project Budget, change the budget as follows (the highlighted items have been changed):

Table with 2 columns: Project Costs and Total Budgeted. Rows include Construction (\$4,131,108), Engineering Fees (\$335,400), PER (\$15,000), Environmental Report (\$10,000), Basic Services (\$227,300), Inspection Services (\$83,100), Easements & Land Acquisition (\$17,323), Legal Fees (\$36,763), Interest (\$40,000), Project Contingency (\$8,157), Administration (\$4,519), Permit Fees (\$2,430), and TOTAL PROJECT COST (\$4,575,700).

Rural Development • Lumberton Area Office
Mailing Address: P O Box 7426 • Lumberton NC, 28359-7426
Physical Address: 440-C Caton Road • Lumberton, NC 28360
Voice 910.739.3349 • Fax: (844) 325-6830 • Hearing Impaired: 711

USDA is an equal opportunity provider, employer and lender.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the form, call (866) 632-9992. Submit your completed form or letter to USDA by mail to: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

3. On Page 3, Paragraph 4, **Disbursement of Funds**, change to read, "*The \$97,700 contribution from Cumberland County and the Rural Development loan funds of \$1,379,000 shall be the first funds expended for this project, prior to the usage of the Rural Development \$3,099,000 grant funds*".

Sincerely,

JUDY E. HUNT
Area Specialist

**RESOLUTION OF OVERHILLS PARK WATER & SEWER DISTRICT (OPWSD)
ACCEPTING THE CONDITIONS IN THE SECOND AMENDMENT, *dated April 26, 2018,*
TO THE ORIGINAL LETTER OF CONDITIONS, *dated APRIL 14, 2014* and
FIRST AMENDMENT, *dated JULY 19, 2016*
FROM USDA, RURAL DEVELOPMENT**

BE IT RESOLVED

That the **OPWSD Board of Commissioners** accepts the conditions set forth in the Second Amendment, dated April 26, 2018 to the original Letter of Conditions, dated April 14, 2014, First Amendment dated July 19, 2016, and RUS BULLETIN 1780-12 Water & Waste System Grant Agreement:

That the Board Chairman and Clerk to the Board were given the authority on April 26, 2018, to execute all forms necessary to obtain a grant from Rural Development, including, but not limited to the following forms:

Form RD 1940-1	Request for Obligation of Funds
Form RD 1942-46	Letter of Intent to Meet Conditions
Unnumbered Form	Certificate of Compliance
Form RD 400-4	Assurance Agreement
RUS Bulletin 1780-12	Water & Waste System Grant Agreement
Form AD-1049	Certification Regarding Drug-Free Workplace Requirements (Grants)
Form RD 1910-11	Applicant Certification Federal Collection Policies
1940-Q, Exhibit A-1	Certification for Contracts, Grants and Loans

This resolution is to become a part of the official minutes of the OPWSD Board Meeting held on April 26, 2018.

MOTION MADE BY: _____ and
SECONDED BY: _____ THAT THE RESOLUTION BE APPROVED.

MOTION PASSED _____ FOR AND _____ AGAINST.

BY: _____
Larry L. Lancaster, Chair, Board of Commissioners

ATTEST: _____ April 26, 2017
Candice H. White, Clerk to the Board Date

REQUEST FOR OBLIGATION OF FUNDS

INSTRUCTIONS-TYPE IN CAPITALIZED ELITE TYPE IN SPACES MARKED () Complete Items 1 through 29 and applicable Items 30 through 34. See FMI.			
1. CASE NUMBER ST CO BORROWER ID 38-026-*****0244		LOAN NUMBER	FISCAL YEAR
2. BORROWER NAME Overhills Park Water & Sewer District		3. NUMBER NAME FIELDS (1, 2, or 3 from Item 2)	
		4. STATE NAME North Carolina	
		5. COUNTY NAME Cumberland	
GENERAL BORROWER/LOAN INFORMATION			
6. RACE/ETHNIC CLASSIFICATION 1 - WHITE 2 - BLACK 3 - ALIAN 4 - HISPANIC 5 - A/PI	7. TYPE OF APPLICANT 1 - INDIVIDUAL 2 - PARTNERSHIP 3 - CORPORATION 4 - PUBLIC BODY 5 - ASSOC. OF FARMERS 6 - ORG. OF FARMERS 7 - NONPROFIT-SECULAR 8 - NONPROFIT-FAITH BASED 9 - INDIAN TRIBE 10 - PUBLIC COLLEGE/UNIVERSITY 11 - OTHER	8. COLLATERAL CODE 1 - REAL ESTATE SECURED 2 - REAL ESTATE AND CHATTEL 3 - NOTE ONLY OR CHATTEL ONLY 4 - MACHINERY ONLY 5 - LIVESTOCK ONLY 6 - CROPS ONLY 7 - SECURED BY BONDS 8 - RLF ACCT.	9. EMPLOYEE RELATIONSHIP CODE 1 - EMPLOYEE 2 - MEMBER OF FAMILY 3 - CLOSE RELATIVE 4 - ASSOC
10. SEX CODE 6 1 - MALE 2 - FEMALE 3 - FAMILY UNIT 4 - ORGAN MALE OWNED 5 - ORGAN FEMALE OWNED 6 - PUBLIC BODY	11. MARITAL STATUS 1 - MARRIED 2 - SEPARATED 3 - UNMARRIED (INCLUDES WIDOWED/DIVORCED)	12. VETERAN CODE 1 - YES 2 - NO	13. CREDIT REPORT 2 1 - YES 2 - NO
14. DIRECT PAYMENT (See FMI)	15. TYPE OF PAYMENT 1 - MONTHLY 2 - ANNUALLY 3 - SEMI-ANNUALLY 4 - QUARTERLY	16. FEE INSPECTION 2 1 - YES 2 - NO	
17. COMMUNITY SIZE 1 - 10 000 OR LESS (FOR SFH AND HPG ONLY) 2 - OVER 10,000		18. USE OF FUNDS CODE (See FMI)	
COMPLETE FOR OBLIGATION OF FUNDS			
19. TYPE OF ASSISTANCE 065 (See FMI)	20. PURPOSE CODE	21. SOURCE OF FUNDS	22. TYPE OF ACTION 1 1 - OBLIGATION ONLY 2 - OBLIGATION/CHECK REQUEST 3 - CORRECTION OF OBLIGATION
23. TYPE OF SUBMISSION 2 1 - INITIAL 2 - SUBSEQUENT	24. AMOUNT OF LOAN		25. AMOUNT OF GRANT \$138,000.00
26. AMOUNT OF IMMEDIATE ADVANCE	27. DATE OF APPROVAL MO DAY YR	28. INTEREST RATE 0 %	29. REPAYMENT TERMS
COMPLETE FOR COMMUNITY PROGRAM AND CERTAIN MULTIPLE-FAMILY HOUSING LOANS			
30. PROFIT TYPE 1 - FULL PROFIT 2 - LIMITED PROFIT 3 - NONPROFIT			
COMPLETE FOR EM LOANS ONLY		COMPLETE FOR CREDIT SALE-ASSUMPTION	
31. DISASTER DESIGNATION NUMBER (See FMI)		32. TYPE OF SALE 1 - CREDIT SALE ONLY 2 - ASSUMPTION ONLY 3 - CREDIT SALE WITH SUBSEQUENT LOAN 4 - ASSUMPTION WITH SUBSEQUENT LOAN	
FINANCE OFFICE USE ONLY		COMPLETE FOR FP LOANS ONLY	
33. OBLIGATION DATE MO DA YR		34. BEGINNING FARMER/RANCHER (See FMI)	

If the decision contained above in this form results in denial, reduction or cancellation of USDA assistance, you may appeal this decision and have a hearing or you may request a review in lieu of a hearing. Please use the form we have included for this purpose.

Position 2

ORIGINAL - Borrower's Case Folder COPY 1 - Finance Office COPY 2 - Applicant/Lender COPY 3 - State Office

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0570-0062. The time required to complete this information collection is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

CERTIFICATION APPROVAL

For All Farmers Programs

EM, OL, FO, and SW Loans

This loan is approved subject to the availability of funds. If this loan does not close for any reason within 90 days from the date of approval on this document, the approval official will request updated eligibility information. The undersigned loan applicant agrees that the approval official will have 14 working days to review any updated information prior to submitting this document for obligation of funds. If there have been significant changes that may affect eligibility, a decision as to eligibility and feasibility will be made within 30 days from the time the applicant provides the necessary information.

If this is a loan approval for which a lien and/or title search is necessary, the undersigned applicant agrees that the 15-working-day loan closing requirement may be exceeded for the purposes of the applicant's legal representative completing title work and completing loan closing.

35. COMMENTS AND REQUIREMENTS OF CERTIFYING OFFICIAL

Grant approval subject to the requirements of the Letter of Conditions dated April 14, 2014; First Amendment to Letter of Conditions dated July 19, 2016; Second Amendment to Letter of Conditions dated April 26, 2018; RUS Instructions; and Loan Closing Instructions issued by the Office of General Counsel.

36. I HEREBY CERTIFY that I am unable to obtain sufficient credit elsewhere to finance my actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near my community for loans for similar purposes and periods of time. I agree to use the sum specified herein, subject to and in accordance with regulations applicable to the type of assistance indicated above, and request payment of such sum. I agree to report to USDA any material adverse changes, financial or otherwise, that occur prior to loan closing. I certify that no part of the sum specified herein has been received. I have reviewed the loan approval requirements and comments associated with this loan request and agree to comply with these provisions.

(For FP loans at eligible terms only) If this loan is approved, I elect the interest rate to be charged on my loan to be the lower of the interest rate in effect at the time of loan approval or loan closing. If I check "NO", the interest rate charged on my loan will be the rate specified in Item 28 of this form. YES NO

WARNING: Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Date April 26, 20 18

Larry L. Lancaster, Board Chairman (Signature of Applicant)

ATTEST:

Date April 26, 20 18

Candice H. White, Clerk to the Board (Signature of Co-Applicant)

37. I HEREBY CERTIFY that all of the committee and administrative determinations and certifications required by regulations prerequisite to providing assistance of the type indicated above have been made and that evidence thereof is in the docket, and that all requirements of pertinent regulations have been complied with. I hereby approve the above-described assistance in the amount set forth above, and by this document, subject to the availability of funds, the Government agrees to advance such amount to the applicant for the purpose of and subject to the availability prescribed by regulations applicable to this type of assistance.

(Signature of Approving Official)

Typed or Printed Name: Bob D. Chandler, Jr.

Date Approved: Title: State Director

38. TO THE APPLICANT: As of this date, this is notice that your application for financial assistance from the USDA has been approved, as indicated above, subject to the availability of funds and other conditions required by the USDA. If you have any questions contact the appropriate USDA Servicing Office.

LETTER OF INTENT TO MEET CONDITIONS

Date 04-26-2018

TO: United States Department of Agriculture

Rural Development

(Name of USDA Agency)

P O Box 7426
Lumberton, NC 28358

(USDA Agency Office Address)

We have reviewed and understand the conditions set forth in your letter dated 04-14-2014 . It is our intent to meet all of them not later than 04-14-2015 .

Overhills Park Water & Sewer District

(Name of Association)

ATTEST:

Candice H. White
Clerk to the Board

BY

Larry L. Lancaster, Board Chairman

(Title)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a persons is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015 and 0570-0062. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data, needed, and completing and reviewing the collection of information.

P O Box 1829

Fayetteville, NC 28301

RURAL DEVELOPMENT, USDA

P O Box 7426 440-C Caton Road

Lumberton, NC 28360

Dear Sir:

This is to certify that the Overhills Park Water & Sewer District
is in compliance with Federal, State, and Local requirements include the following:

- a. Compliance with special laws and regulations.
- b. Compliance with State Pollution Control or Environmental Protection Agency standards.
- c. Consistency with other development plans of the area.
- d. Compliance with State agency regulating water rights.
- e. Compliance with Civil Rights Act of 1964.
- f. Compliance with Title IX of the Education Amendments of 1972.
- g. Compliance with Section 504 of the Rehabilitation Act of 1973.
- h. Compliance with Age Discrimination Act of 1975.
- i. Compliance with A-133 audit requirements.

BY: _____

Larry L. Lancaster
Board Chairman

4/26/2018

Date

ATTEST: _____

Candice H. White
Clerk to the Board

4/26/2018

Position 3

USDA
Form RD 400-4
(Rev. 11-17)

ASSURANCE AGREEMENT
(Under Title VI, Civil Rights Act of 1964)

FORM APPROVED
OMB No. 0575-0018
OMB No. 0570-0062

The **Overhills Park Water & Sewer District**

(name of recipient)

P O Box 1829 Fayetteville, NC 28301

(address)

As a condition of receipt of Federal financial assistance, you acknowledge and agree that you must comply (and require any subgrantees, subrecipients, contractors, successors, transferees, and assignees to comply) with applicable provisions of national laws and policies prohibiting discrimination, including but not limited to:

1. Title VI of the Civil Rights Act of 1964, as amended, which prohibits you from discriminating on the basis of race, color, or national origin (42 U.S.C. 2000d et seq.), and 7 CFR Part 15, 7 CFR 1901, Subpart E.

As clarified by Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service) guidance, national origin discrimination includes discrimination on the basis of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs [in accordance with USDA RD LEP Guidance for RD Funded (Assisted) Programs]. Meaningful access may entail providing language assistance services, including oral and written translation, where necessary. You are encouraged to consider the need for language services for LEP persons served or encountered both in developing your budgets and in conducting your programs and activities. For assistance and information regarding your LEP obligations, go to <http://www.lep.gov>;

2. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating on the basis of sex in education programs or activities (20 U.S.C. 1681 et seq.) [as implemented by 7 CFR Part 15, 7 CFR 1901, Subpart E];
3. The Age Discrimination Act of 1975, as amended, which prohibits you from discriminating on the basis of age (42 U.S.C. 6101 et seq.) [as implemented by 7 CFR Part 15, 7 CFR 1901, Subpart E];
4. Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits you from discriminating on the basis of disability (29 U.S.C. 794) [as implemented by 7 CFR Part 15, 7 CFR Part 15b, 7 CFR 1901, Subpart E];
5. Title VIII of the Civil Rights Act, which prohibits you from discriminating in the sale, rental, financing, and advertising of dwellings, or in the provision of services in connection therewith, on the basis of race, color, national origin, religion, disability, familial status, and sex (42 U.S.C. 3601 et seq.), as implemented by the Department of Housing and Urban Development at 24 CFR part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units, i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators) be designed and constructed with certain accessible features, see 24 CFR Part 100.201; and
6. Titles II and III of the Americans with Disabilities Act, which prohibit you from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189), as implemented by Department of Justice regulations at 28 C.F.R. parts 35 and 36, and 7 CFR Part 15, 7 CFR Part 15b, 7 CFR 1901, Subpart E.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0018. The time required to complete this information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

You also acknowledge and agree that you must comply (and require any subgrantees, subrecipients, contractors, successors, transferees, and assignees to comply) with applicable provisions governing USDA Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service) access to records, accounts, documents, information, facilities, and staff:

1. You must cooperate with any compliance review or complaint investigation conducted by USDA Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service).
2. You must give USDA Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service) access to and the right to examine and copy records, accounts, and other documents and sources of information related to the grant and permit access to facilities, personnel, and other individuals and information as may be necessary, as required by Title VI, Title IX, Age, and Section 504 implementing regulations and other applicable laws or program guidance.
3. You must keep such records and submit to the responsible Department official or designee timely, complete, and accurate compliance reports at such times, and in such form and containing such information, as the responsible Department official or his designee may determine to be necessary to ascertain whether you have complied or are complying with relevant obligations.
4. You must comply with all other reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.
5. Make available to users, participants, beneficiaries and other interested persons such information regarding the provisions of this agreement and the regulations, and in such manner as the Rural Development or the U.S. Department of Agriculture finds necessary to inform such persons of the protection assured them against discrimination.
6. If, during the past three years, you (the recipient) have been accused of discrimination on the grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status, you must provide a list of all such proceedings, pending or completed, including outcome and copies of settlement agreements.
7. In the event any court or administrative agency makes a finding of discrimination on grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status against you, or you settle a case or matter alleging such discrimination, you must forward a copy of the complaint and findings to USDA Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service), Office of Civil Rights.

The United States has the right to seek judicial enforcement of these obligations.

You also acknowledge and agree that you must comply (and require any subgrantees, subrecipients, contractors, successors, transferees, and assignees to comply) with applicable provisions of program-specific nondiscrimination policy requirements found at CFR Part 15, 7 CFR Part 15 b, 12 CFR Part 202, 7 CFR 1901, Subpart E., DR4300-003, DR4330-0300, DR4330-005.

Period of Obligation

In the case of any service, financial aid, covered employment, equipment, property, or structure provided, leased, or improved with federal assistance extended to the Recipient by Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service), this assurance obligates the Recipient for the period during which federal assistance is extended. In the case of any transfer of such service, financial aid, equipment, property, or structure, this assurance obligates the transferee for the period during which federal assistance is extended. If any personal property is so provided, this assurance obligates the Recipient for the period during which it retains ownership or possession of the property. In all other cases, this assurance obligates the Recipient for the period during which the federal assistance is extended to the Recipient by Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service).

Employment Practices

Where a primary objective of the federal assistance is to provide employment or where the Recipient's employment practices affect the delivery of services in programs or activities resulting from federal assistance extended by Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service), the Recipient agrees not to discriminate on the grounds of race, color, national origin, sex, age, or disability, in its employment practices. Such employment practices may include, but are not limited to, recruitment, advertising, hiring, layoff or termination, promotion, demotion, transfer, rates of pay, training and participation in upward mobility programs; or other forms of compensation and use of facilities.

Data Collection

The Recipient agrees to compile and maintain information pertaining to programs or activities developed as a result of the Recipient's receipt of federal assistance from Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service). Such information shall include, but is not limited to the following: (1) the manner in which services are or will be provided and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination; (2) the population eligible to be served by race, color, national origin, sex, age, and disability; (3) data regarding covered employment including use or planned use of bilingual public contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English; (4) the location of existing or proposed facilities connected with the program and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any person on the basis of prohibited discrimination; (5) the present or proposed membership by race, color, national origin, sex, age and disability in any planning or advisory body which is an integral part of the program; and (6) any additional written data determined by Rural Development (Rural Housing Service, Rural Business and Cooperative Service, and Rural Utilities Service) to be relevant to the obligation to assure compliance by recipients with laws cited in this assurance agreement.

Under penalty of perjury, the undersigned officials certify that they have read and understand their obligations as herein described, that the information submitted in conjunction with this Document is accurate and complete, and that the recipient is in compliance with the nondiscrimination requirements set out above.

Rights and remedies provided for under this agreement shall be cumulative.

In witness whereof, Overhills Park Water & Sewer District on this
(name of recipient)
date has caused this agreement to be executed by its duly authorized officers and its seal affixed hereto, or, if a natural person, has hereunto executed this agreement.

(S E A L)

Recipient
4/26/2018

Date

Attest:

Candice H. White, Board Clerk

Title

Larry L. Lancaster, Board Chairman

Title

Water and Waste System Grant Agreement

United States Department of Agriculture

Rural Utilities Service

THIS AGREEMENT dated 4/26/2018, between

Overhills Park Water & Sewer District

a public corporation organized and operating under

NC General State Statutes

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (waste) system to serve the area under its jurisdiction at an estimated cost of \$ 4,575,700.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 1,476,700.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 1,476,700.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 3,099,000.00 or 67.73 percent of said project development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the Conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306(a) of The Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 67.73 percent of the project development costs, as defined by applicable Rural Utilities Service instructions.

Grantee Agrees That Grantee Will:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated 4/14/2014, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

All real estate purchased or conveyed with grant funds.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the property for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment(use continuation sheets as necessary).

All equipment purchased with grant funds.

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/1997]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 3,099,000.00 which it will advance to Grantee to meet not to exceed 67.73 percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Board Chairman _____

attested and its corporate seal affixed by its duly authorized

Clerk to the Board _____

Attest:

By _____
Candice H. White
(Title) **Clerk to the Board**

By _____
Larry L. Lancaster
(Title) **Board Chairman**

UNITED STATES OF AMERICA
RURAL UTILITIES SERVICE

By _____
Judy E. Hunt, Area Specialist (Title)



United States Department of Agriculture

AD-1049

**Certification Regarding Drug-Free Workplace Requirements (Grants)
Alternative I – For Grantees Other Than Individuals**

The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. § 552(a), as amended). This certification is required by the regulations implementing §§ 5151-5160 of the Drug-Free Workplace Act of 1998 (Pub. L. 100-690, Title V, Subtitle D: 41 U.S.C. § 8101 et seq.), and 2 C.F.R. Parts 182 and 421. The regulations were amended and published on June 15, 2009, in 74 Fed. Reg. 28150-28154 and on December 8, 2011, in 76 Fed. Reg. 76610-76611. Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the grant.

According to the Paperwork Reduction Act of 1995 an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0505-0027. The time required to complete this information collection is estimated to average 0.25 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The provisions of appropriate criminal and civil fraud privacy, and other statutes may be applicable to the information provided.

(Read Instructions On Page Three Before Completing Certification)

A. The grantee certifies that it will or will continue to provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing an ongoing drug-free awareness program to inform employees about –
 - a. The dangers of drug abuse in the workplace;
 - b. The grantee's policy of maintaining a drug-free workplace;
 - c. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - d. The penalties that may be imposed upon employees for drug-abuse violations occurring in the workplace.
3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (A.1.).
4. Notifying the employee in the statement required by paragraph (A.1.) that, as a condition of employment under grant, the employee will –
 - a. Abide by the terms of the statement; and
 - b. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;
5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (A.4.b.) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph (A.4.b.), with respect to any employee who is so convicted –
 - a. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or, local health, law enforcement, or other appropriate agency;
 7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (A.1. through A.6).
- B. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant:

PLACE OF PERFORMANCE (Street Address, City, County, State, Zip Code)

130 Gillespie Street Fayetteville, NC 28301

Check [] if there are workplaces on file that are not identified here.

ORGANIZATION NAME

Overhills Park Water & Sewer District

PR/AWARD NUMBER OR PROJECT NAME

Wastewater Collection System

NAME(S) AND TITLE(S) OF AUTHORIZED REPRESENTATIVE(S)

Larry L. Lancaster, Board Chairman

SIGNATURE(S)

DATE

4/26/2018

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR CONSUMER OR COMMERCIAL DEBTS

The Federal Government is authorized to check credit information about the applicant(s) including using the federal Credit Alert Interactive Voice Response System (CAIVRS) or its successors to check to see if the applicant(s) are delinquent or in default on a Federal debt.

The Federal Government is also authorized by law to take any or all of the following actions in the event your loan payments become delinquent or you default on your loan:

- Report your name and account information to a credit reporting agency, and the Credit Alert Interactive Voice Response System (CAIVRS).
- Assess interest and penalty charges for the period of time that payment is not made.
- Assess charges to cover additional administrative costs incurred by the government to service your account.
- Offset amounts to be paid to you from your Federal income tax refund.
- Offset amounts to be paid to you under other Federal Programs.
- Refer your account to a private collection agency to collect the amount due.
- Foreclose on any security you have given for the loan.
- Pursue legal action to collect through the courts.
- Report any written off debt to the Internal Revenue Service as taxable income.
- If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits.
- Debar or suspend you from doing business with the Federal Government either as a participant or principal throughout the executive branch of the Federal Government for the period of debarment or suspension.
- Refer any debt that is delinquent to the Treasury Offset Program (TOP) in accordance with the Debt Collection Improvement Act of 1996.
- Refer any eligible debt that is delinquent to the Treasury for cross servicing in accordance with the Debt Collection Improvement Act of 1996.
- Garnish your wages as allowed by the Debt Collection Improvement Act of 1996.

Any or all of these actions may be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

CERTIFICATION: I/we have read and I/we understand the actions the Federal Government may take in the event that I/we fail to meet my/our scheduled payments in accordance with the terms and conditions of my/our agreement. I/we understand that the above list is not all inclusive and that the Federal Government may deem additional actions necessary to collect should I/we become delinquent.

<i>(Signature-Individual(s))</i>	(Date)	<i>(Signature-Individual(s))</i>	(Date)															
<table border="0" style="width: 100%;"> <tr> <td style="width: 30%; vertical-align: top;"> (SEAL) </td> <td style="width: 20%; text-align: center; vertical-align: top;"> 04-26-2018 (Date) </td> <td style="width: 50%; text-align: center; vertical-align: top;"> Overhills Park Water & Sewer District (Name of Applicant) </td> </tr> <tr> <td colspan="3" style="text-align: center; padding-top: 10px;"> (Signature of Authorized Entity Official) </td> </tr> <tr> <td colspan="3" style="text-align: center; padding-top: 5px;"> Larry L. Lancaster, Board Chairman (Title of Authorized Entity Official) </td> </tr> <tr> <td colspan="3" style="text-align: center; padding-top: 10px;"> P O Box 1829 (Address) </td> </tr> <tr> <td colspan="3" style="text-align: center; padding-top: 5px;"> Fayetteville, NC 28301 (City, State, and Zip Code) </td> </tr> </table>				(SEAL)	04-26-2018 (Date)	Overhills Park Water & Sewer District (Name of Applicant)	(Signature of Authorized Entity Official)			Larry L. Lancaster, Board Chairman (Title of Authorized Entity Official)			P O Box 1829 (Address)			Fayetteville, NC 28301 (City, State, and Zip Code)		
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ATTEST:																		
(Signature of Attesting Official)																		
Candice H. White, Clerk to the Board (Title of Attesting Official)																		

CERTIFICATION FOR CONTRACTS, GRANTS AND LOANS

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant or Federal loan, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant or loan.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant or loan, the undersigned shall complete and submit Standard Form - LLL, "Disclosure of Lobbying Activities," in accordance with its instructions.

3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including contracts, subcontracts, and subgrants under grants and loans) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

(name)

04-26-2018
(date)

Larry L. Lancaster, Board Chairman
(title)

000

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
THURSDAY, MARCH 15, 2018 – 8:30 A.M.
JUDGE E. MAURICE BRASWELL CUMBERLAND COUNTY COURTHOUSE
117 DICK STREET, 5TH FLOOR, ROOM 564
SPECIAL MEETING MINUTES

PRESENT: Commissioner Jeannette Council, Vice Chair
Commissioner Glenn Adams
Commissioner Charles Evans
Commissioner Marshall Faircloth
Commissioner Jimmy Keefe
Amy Cannon, County Manager
Melissa Cardinali, Assistant County Manager
Tracy Jackson, Assistant County Manager
Sally Shutt, Assistant County Manager
Duane Holder, Assistant County Manager
Rick Moorefield, County Attorney
Brenda Jackson, Social Services Director
Jeffrey Brown, Engineering and Infrastructure Director
Vicki Evans, Finance Director
Deborah Shaw, Budget Analyst
Heather Harris, Budget Analyst
Bob Tucker, Accounting Supervisor
Ivonne Mendez, Accounting Supervisor
Doug Carter, President DEC Associates, Inc.
Jeremy Carter, DEC Associates, Inc.
Andrew Carter, Vice President DEC Associates, Inc.
Candice White, Clerk to the Board
Press

ABSENT: Commissioner Michael Boose
Commissioner Larry Lancaster, Chairman

Vice Chair Council called the meeting to order and welcomed everyone in attendance.

Amy Cannon, County Manager, stated this process began in FY15 with the development of the Capital Investment Fund and the Capital Planning Model to be discussed in this meeting is one of the next major steps. Ms. Cannon introduced the County’s financial advisors Doug Carter, Jeremy Carter and Andrew Carter of DEC Associates, Inc.

1. Presentation Concerning 2018 Long Term Capital Investment Planning Providing for Future Capital Needs

Mr. Carter stated how a county plans and provides for both operating needs and capital needs is a worthwhile conversation in a growing urban regional county. Mr. Carter stated Cumberland County has a high credit rating in the middle of a unique economy in the state and has done a good job in controlling what it can. Mr. Carter stated the Capital Investment Fund is the next step in controlling the County’s financial future and providing needed assets. Mr. Carter stated this meeting is the starting of a model that takes resources and allocates them in multiple ways to the capital program. Mr. Carter stated he will provide an illustrative list of projects and costs to start the model, but the County Commissioners will make the ultimate decision on the priority of capital.

Mr. Carter provided the following introduction and background information.

Urban county capital and operating needs and unique elements of N.C. counties:

- North Carolina has been forever known as the “Good Management” State. Long tradition of sound financial management has undergirded the ability to manage well.
- The role of the N.C. Local Government Commission (LGC) has further aided in sound financial management.
- Credit rating agencies, and attendant high credit ratings for many counties, have recognized the emergence of urban growth and change in N.C. and the importance of regional urban counties like Cumberland.

- As growth has occurred the need to balance operating resources and needs together with capital resources and needs has become more important and one of the most recognized areas for LGC and rating agency review.

Mr. Carter stated in the 1990s and 2000s, Cumberland County made significant investments in capital with a lot of school and general government investments and from a capital investment standpoint, that was when the County really began to invest and recognize itself as a major urban regional force. Mr. Carter stated this provided the capacity for the County to redeploy assets and revenues now. Mr. Carter continued his presentation.

Cumberland County movement toward investment in operating and capital needs:

- County actions have been material, the recent Capital Investment Fund (CIF) process is a good example of defining capital needs.
- Major county capital investments in the 90s and early 2000s established the emergence of larger capital needs that occur with growth and change in the economy.
- County Management and Finance Officer requested our firm conduct an in-depth review of how similar urban counties are meeting both needs and planning for future needs and challenges.
- Discussions with the County Commission have produced an approach to allocate permanent resources to capital investment while maintaining the majority of resources for operating.

Mr. Carter then provided information about allocating county resources.

N.C. counties have generally included in their general fund operating cost, debt service and pay-go capital expenditures:

- Differences in funded pay-go amounts from year to year and debt service reductions have created some difficulty in retaining consistent allocations between operating cost and capital/debt service related cost.
- As a result, a number of urban counties have altered their allocation methods and created a separate fund to account for and fund capital priorities.
- This new method has been well received by county policy makers.
- Rating agencies and LGC have encouraged this method.

Mr. Carter stated in FY15 and before, Cumberland County recognized there needed to be a way to keep operating sources on the operating side and capital resources on the capital side. Mr. Carter stated operational observations are one to three years compared to capital observations that extend for decades, and the longer focus on the capital side can best be accomplished by the set aside that Cumberland County has already done in the CIF. Mr. Carter stated rating agencies and the LGC have a strong preference for the CIF method. In response to a question from Commissioner Adams, Mr. Carter stated the CIF makes it easier for them to figure out the County's future direction and capacities and eliminates their having to dissect the general fund. Mr. Carter stated Cumberland County, by establishing the CIF, has joined the group of highest quality financial planners that allocate resources between operating and capital.

Mr. Carter continued his presentation by highlighting what needs to happen next to further implement the CIF and keep the process going.

- Adoption of a policy by County Commission that sets operating parameters of the fund.
- Adopt the CIF as part of FY2019 Budget that prioritizes capital needs and establishes timing of the projects based upon capital investment capacity created by the CIF.

Mr. Carter stated the CIF would be a "living" document, would be updated as needed and reviewed at least annually as part of the annual budget. Mr. Carter stated the CIF would blend both pay-go capital expenditures and future debt issuances and would constitute the total "picture" for capital investments by the County.

Mr. Carter stated CIF financial policies would be adopted as part of the FY2019 budget and would include the following categories, give direction to staff and inform the public of what the County wants to do from a policy perspective.

- Description and purpose of the CIF.
- Define resources/revenues to be dedicated to the CIF and potential for addition of future new sources.
- Establish budget process to set capital project priorities, including cost and timing of the projects.

- Define minimum fund balance to be maintained by the CIF so there is no need to go back to the general fund to balance the CIF (the CIF self-balances).
- Define ranges for amount to be funded by pay-go and by debt issuance.
- Other

Mr. Carter stated the CIF would receive funds moved/appropriated annually from the general fund. Mr. Carter highlighted the following and stated the CIF would contain all the major capital expenditures of the County together, pay-go and debt funding.

- General Fund Revenues \$18,676,356*
 - 2018 budgeted debt service amount \$15,731,356*
 - 2018 budgeted general fund pay-go \$1,000,000*
 - 2018 budgeted community college pay-go \$945,000*
 - 2018 budgeted information technology pay-go \$1,000,000*
- Sales tax allocated for school purposes (art. 40 & 42) \$10,393,000**
- Lottery funds/school dedicated \$3,592,000**
- Total 2018 budget amount moved annually of \$32,661,356

(*Fixed amount from general fund each year into the CIF fund / **Budgeted numbers that will fluctuate year to year based on actual collections)

Mr. Carter stated CIF dedicated annual resources (projected with growth) would produce the following approximate capital amount totals for 2019-2030 using current illustrative assumptions. Mr. Carter stated it is important to balance pay-go and debt issuance.

Total pay-go amounts through 2030 of:

- Schools \$89,665,296
- General government maintenance and repairs \$12,000,000
- General government CIP projects \$26,968,171
- FTCC \$14,695,000
- Information Technology \$ 18,500,000

Approximate capital amounts continued:

Future school capital fund – accumulate to total \$39,256,754

- Excess funds produced by lottery and sales tax upon payoff of school debt and pay-go
- Cash flow amounts (detail to follow) could provide debt service on bond issues of \$60 to \$80 million from 2022 to 2030
- Other potential capital \$s from state-wide bond referendum

Debt funded amounts of:

- General government \$118,900,000
- Other - Water \$48,000,000

Mr. Carter stated the total approximate capital investment through 2030 would be about \$367,985,221 in new assets. Mr. Carter stated when factoring in the schools' \$80 million, this figure would be well over \$400 million in terms of the impact of what has been put into the fund and what can be produced out of the fund.

Mr. Carter displayed images of how the CIF should operate and how to create additional debt capacity. Mr. Carter stated debt service would be paid first, then pay-go and then out comes new capacity. Mr. Carter stated additional debt capacity can be created when projects move slower than projected, actual debt costs are lower than projections, actual revenues are higher than projections and there is rapid debt reduction.

Mr. Carter provided highlights of the model below and stated estimated capacities represent the five major projects in the general government side of the model. Ms. Cannon stated the projects are aligned with the goals the Board established in January 2018. Mr. Carter stated user fees have not been projected in the model which, if they become available, could go to pay debt service in the future. In response to a question from Commissioner Keefe, Ms. Cannon stated the Gray's Creek Water Project figure of \$48 million is an estimate with inflation from the prior study. Ms. Cannon also stated the \$35 million estimate for the Administration Building & Courthouse Renovation came from another county. Mr. Carter stated for every major performing arts theatre he has seen in the state, there has been a large effort to privately fund raise.

County of Cumberland
Current Capital Investment Fund Projects included in model

Project	Projected Funding Need	Estimated Timing	Funding or Timing Change
<u>County 911/Emergency Operations Center</u> <ul style="list-style-type: none"> MCP 2016 study for consolidated center Cedar Creek Business Center identified as good location Need architectural design authorized to move forward with project 	\$793,191 – Design Contract \$15,000,000 – Construction	Authorization for next budget Issued January 2020	
<u>Civil War Museum Resolution</u> <ul style="list-style-type: none"> Resolution passed in January 2017 One-time commitment needed from County Commitment sunsets if construction has not started by 12/31/2020 	\$7,500,000 – Construction	Issued January 2020	
<u>Gray's Creek Water Project</u> <ul style="list-style-type: none"> GenX contamination discovered in FY18 Environmental & engineering study started in FY18 	\$48,000,000 – Construction	Issued January 2020	
<u>Administration Building & Courthouse Renovation</u> <ul style="list-style-type: none"> Need feasibility study/design authorized to move forward with project 	\$500,000 – Feasibility Study \$35,000,000 – Construction	Authorization for next budget Issued January 2021	
<u>Crown Theatre/PAC</u> <ul style="list-style-type: none"> Renovate or demo/rebuild existing theatre Need feasibility study to assess impact of baseball, location and existing Crown facilities 	\$100,000 – Feasibility Study \$50,000,000 – Construction	Authorization for FY19-20 budget Issued January 2023	

Mr. Carter continued his presentation on reconciliation of resources that are dedicated specifically to schools and how the beginning fund balance was created for the CIF. Mr. Carter stated there appears to be a significant amount of capacity in school dedicated money and planning for school capital needs should be done between the schools and the County so there is a partnership of school and County resources.

County of Cumberland

Fiscal Year	School Lottery Revenue	School Sales Tax Revenue	Federal Subsidy & Sinking Fund Earnings	Total School Revenue	Total Current School D/S	Total School Pay-go*	Total School Expense	Surplus/Deficit	School Capital Fund Balance*
2018	\$ 3,592,000	\$ 10,393,000	\$ 914,070	\$ 14,899,070	\$ 12,673,198	\$ 8,424,000	\$ 21,097,198	\$ (6,198,128)	
2019	\$ 3,592,000	\$ 10,496,930	\$ 943,953	\$ 15,032,883	\$ 12,262,325	\$ 7,070,000	\$ 19,332,325	\$ (4,299,442)	
2020	\$ 3,592,000	\$ 10,601,899	\$ 972,212	\$ 15,166,111	\$ 8,247,102	\$ 7,140,700	\$ 15,387,802	\$ (221,691)	
2021	\$ 3,592,000	\$ 10,707,918	\$ 1,001,116	\$ 15,301,034	\$ 7,887,711	\$ 7,212,107	\$ 15,099,818	\$ 201,216	\$ 201,216
2022	\$ 3,592,000	\$ 10,814,997	\$ 1,025,573	\$ 15,432,570	\$ 5,952,480	\$ 7,284,228	\$ 13,236,708	\$ 2,195,862	\$ 2,397,078
2023	\$ 3,592,000	\$ 10,923,147	\$ 1,052,110	\$ 15,567,257	\$ 5,567,691	\$ 7,357,070	\$ 12,924,761	\$ 2,642,496	\$ 5,039,574
2024	\$ 3,592,000	\$ 11,032,379	\$ 1,122,634	\$ 15,747,012	\$ 5,312,423	\$ 7,430,641	\$ 12,743,064	\$ 3,003,949	\$ 8,043,522
2025	\$ 3,592,000	\$ 11,142,703	\$ 1,148,453	\$ 15,883,156	\$ 5,223,474	\$ 7,504,947	\$ 12,728,421	\$ 3,154,735	\$ 11,198,258
2026	\$ 3,592,000	\$ 11,254,130	\$ 769,885	\$ 15,616,015	\$ 4,583,336	\$ 7,579,997	\$ 12,163,333	\$ 3,452,681	\$ 14,650,939
2027	\$ 3,592,000	\$ 11,366,671		\$ 14,958,671	\$ 1,958,900	\$ 7,655,797	\$ 9,614,697	\$ 5,343,974	\$ 19,994,913
2028	\$ 3,592,000	\$ 11,480,338		\$ 15,072,338	\$ 1,868,544	\$ 7,732,355	\$ 9,600,899	\$ 5,471,439	\$ 25,466,352
2029	\$ 3,592,000	\$ 11,595,141		\$ 15,187,141	\$ 1,002,378	\$ 7,809,678	\$ 8,812,056	\$ 6,375,085	\$ 31,841,437
2030	\$ 3,592,000	\$ 11,711,093		\$ 15,303,093	\$ -	\$ 7,887,775	\$ 7,887,775	\$ 7,415,317	\$ 39,256,754

*School Capital Fund balance at 6/30/17 is \$14,886,966. (not included in the \$39,256,754 calculated in 2030)

Estimated Budget vs Actual surplus/deficit:	\$ 122,790
Estimated FY18 CIF fund balance:	\$ 1,324,938
Renovations & maintenance assigned fund balance:	\$ 1,250,000
Technology upgrades assigned fund balance:	\$ 1,500,000
Water & Sewer industrial expansion:	\$ 4,527,610
Total:	\$ 8,725,338

Mr. Carter stated the table below outlines the five places this fund would dedicate money for pay-go and essentially has presumed there would be a \$1 million contributed every year through 2030 that would be available for the County to appropriate through its budget process towards these projects. Mr. Carter stated as a living document, if amounts need to be changed up or down, they can be addressed. Mr. Carter stated the total of pay-go for 2019-2030 is nearly \$162 million.

County of Cumberland, North Carolina
County Pay-go Funding

FY Ending	GG				GG Capital Projects	Grand Total
	Maintenance & Repairs	Community College	Schools	IT Projects		
June-18	\$ 1,000,000	\$ 945,000	\$ 8,424,000	\$ 1,000,000	\$ 2,783,923	\$ 11,369,000
June-19	\$ 1,000,000	\$ 945,000	\$ 7,070,000	\$ 1,000,000	\$ 2,783,923	\$ 12,798,923
June-20	\$ 1,000,000	\$ 1,000,000	\$ 7,140,700	\$ 1,250,000	\$ 2,603,800	\$ 12,994,500
June-21	\$ 1,000,000	\$ 1,050,000	\$ 7,212,107	\$ 1,250,000	\$ 1,720,814	\$ 12,232,921
June-22	\$ 1,000,000	\$ 1,100,000	\$ 7,284,228	\$ 1,250,000	\$ 3,907,926	\$ 14,542,154
June-23	\$ 1,000,000	\$ 1,150,000	\$ 7,357,070	\$ 1,500,000	\$ 1,951,708	\$ 12,958,778
June-24	\$ 1,000,000	\$ 1,200,000	\$ 7,430,641	\$ 1,500,000	\$ 2,000,000	\$ 13,130,641
June-25	\$ 1,000,000	\$ 1,250,000	\$ 7,504,947	\$ 1,500,000	\$ 2,000,000	\$ 13,254,947
June-26	\$ 1,000,000	\$ 1,300,000	\$ 7,579,997	\$ 1,750,000	\$ 2,000,000	\$ 13,629,997
June-27	\$ 1,000,000	\$ 1,350,000	\$ 7,655,797	\$ 1,750,000	\$ 2,000,000	\$ 13,755,797
June-28	\$ 1,000,000	\$ 1,400,000	\$ 7,732,355	\$ 1,750,000	\$ 2,000,000	\$ 13,882,355
June-29	\$ 1,000,000	\$ 1,450,000	\$ 7,809,678	\$ 2,000,000	\$ 2,000,000	\$ 14,259,678
June-30	\$ 1,000,000	\$ 1,500,000	\$ 7,887,775	\$ 2,000,000	\$ 2,000,000	\$ 14,387,775

Mr. Carter stated the table below shows how the initial \$32 million increases as the sales tax number increases. Mr. Carter also stated the \$18.6 million is a static number that is contributed every year and the lottery number is flat with no growth but if it grows, it helps the model. Mr. Carter stated these reflect the general recurring revenues.

FY Ending	General Fund	Education Lottery	Schools Sales Tax	Total Recurring Revenues	Revenue Offset*	Federal Subsidy	Earnings in Sinking Fund	Total Non-Recurring Revenues	Grand Total
June-19	\$18,676,356	\$ 3,592,000	\$10,496,930	\$32,765,286		\$ 763,214	\$ 180,739	\$ 943,953	\$33,709,239
June-20	\$18,676,356	\$ 3,592,000	\$10,601,899	\$32,870,255		\$ 765,652	\$ 206,559	\$ 972,212	\$33,842,467
June-21	\$18,676,356	\$ 3,592,000	\$10,707,918	\$32,976,274		\$ 768,091	\$ 233,025	\$ 1,001,116	\$33,977,390
June-22	\$18,676,356	\$ 3,592,000	\$10,814,997	\$33,083,353		\$ 768,091	\$ 257,482	\$ 1,025,573	\$34,108,926
June-23	\$18,676,356	\$ 3,592,000	\$10,923,147	\$33,191,503		\$ 768,091	\$ 284,019	\$ 1,052,110	\$34,243,613
June-24	\$18,676,356	\$ 3,592,000	\$11,032,379	\$33,300,735		\$ 812,795	\$ 309,839	\$ 1,122,634	\$34,423,368
June-25	\$18,676,356	\$ 3,592,000	\$11,142,703	\$33,411,059		\$ 812,795	\$ 335,659	\$ 1,148,453	\$34,559,512
June-26	\$18,676,356	\$ 3,592,000	\$11,254,130	\$33,522,486		\$ 406,398	\$ 363,487	\$ 769,885	\$34,292,371
June-27	\$18,676,356	\$ 3,592,000	\$11,366,671	\$33,635,027				\$ -	\$33,635,027
June-28	\$18,676,356	\$ 3,592,000	\$11,480,338	\$33,748,694				\$ -	\$33,748,694
June-29	\$18,676,356	\$ 3,592,000	\$11,595,141	\$33,863,497				\$ -	\$33,863,497
June-30	\$18,676,356	\$ 3,592,000	\$11,711,093	\$33,979,449				\$ -	\$33,979,449

*=Portion of 2004 IFC (Energy Saving Contract) paid by Drown Enterprise Fund – This revenue offsets the full debt service payment.

Mr. Carter demonstrated how the base model works with a review of the table below and stated the model creates the County's ability to keep some constancy in its tax levy. Mr. Carter stated the green row is the issuance and the numbers below are the debt service. Mr. Carter stated the far-left column reflects the value of a penny and what happens if that penny goes up 1% each year, the next two columns reflect total revenues and then the columns reflect expenditures with currently issued debt service being paid first. Mr. Carter stated currently issued debt service that drops off after the third year creates additional capacity for new within the model. Mr. Carter explained how future bond issuance can be added.

(Base Model – Initial Projects)

FY Ending	Revenues			Expenditures							Total Debt Service & Pay-Go (\$)	Total Debt Service (\$)	Dedicated Capital Investment Fund (\$)	Capital Fund Used (\$)
	Value of 1¢ (\$)	Debt Service Resources	Total Revenue	Currently Issued Debt Service	\$11.4M Takeout of 2017 CIP Projects	\$22.5M 2020 Various Projects	\$48M 2020 Grays Creek USDA	\$35M 2021 Admin & Courthouse	\$50M 2023 Performing Arts	Excess School Lottery & Sales Tax				
June-18	\$ 2,232,571	\$ 33,603,023	\$ 33,603,023	\$ 22,111,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,369,000	\$ 33,480,232	\$ 0.150	\$ 0.725,338	\$ -
June-19	\$ 2,254,897	\$ 33,709,239	\$ 33,709,239	\$ 18,397,957	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,798,923	\$ 31,196,880	\$ 0.138	\$ 1,237,688	\$ -
June-20	\$ 2,277,446	\$ 33,842,467	\$ 33,842,467	\$ 13,633,693	\$ 211,714	\$ -	\$ -	\$ -	\$ -	\$ 12,994,500	\$ 28,839,908	\$ 0.118	\$ 18,240,257	\$ -
June-21	\$ 2,300,220	\$ 33,977,390	\$ 33,977,390	\$ 12,379,044	\$ 2,052,001	\$ 2,250,000	\$ 3,120,000	\$ -	\$ -	\$ 201,216	\$ 12,232,921	\$ 0.140	\$ 19,982,465	\$ -
June-22	\$ 2,323,222	\$ 34,108,926	\$ 34,108,926	\$ 10,244,946	\$ 1,986,858	\$ 2,193,750	\$ 3,072,000	\$ 3,500,000	\$ -	\$ 2,195,862	\$ 14,542,154	\$ 0.162	\$ 16,355,822	\$ 3,626,643
June-23	\$ 2,346,455	\$ 34,243,613	\$ 34,243,613	\$ 9,631,729	\$ 1,921,715	\$ 2,137,500	\$ 3,024,000	\$ 3,412,500	\$ -	\$ 2,642,496	\$ 12,958,778	\$ 0.152	\$ 14,870,718	\$ 1,485,104
June-24	\$ 2,369,919	\$ 34,423,368	\$ 34,423,368	\$ 9,188,612	\$ 1,856,571	\$ 2,061,250	\$ 2,976,000	\$ 3,325,000	\$ 5,000,000	\$ 3,003,949	\$ 13,130,641	\$ 0.171	\$ 8,732,064	\$ 6,138,654
June-25	\$ 2,393,618	\$ 34,559,512	\$ 34,559,512	\$ 8,899,455	\$ 1,791,428	\$ 2,025,000	\$ 2,928,000	\$ 3,237,500	\$ 4,875,000	\$ 3,154,735	\$ 13,254,947	\$ 0.159	\$ 5,125,510	\$ 3,606,553
June-26	\$ 2,417,554	\$ 34,292,371	\$ 34,292,371	\$ 6,191,428	\$ 1,726,285	\$ 1,968,750	\$ 2,880,000	\$ 3,150,000	\$ 4,750,000	\$ 3,452,691	\$ 13,629,997	\$ 0.156	\$ 3,749,142	\$ 3,456,771
June-27	\$ 2,441,730	\$ 33,635,027	\$ 33,635,027	\$ 3,495,375	\$ 1,661,142	\$ 1,912,500	\$ 2,832,000	\$ 3,062,500	\$ 4,625,000	\$ 5,343,974	\$ 13,755,797	\$ 0.150	\$ (1,384,522)	\$ 3,053,261
June-28	\$ 2,466,147	\$ 33,748,694	\$ 33,748,694	\$ 3,336,125	\$ -	\$ 1,856,250	\$ 2,784,000	\$ 2,975,000	\$ 4,500,000	\$ 5,471,439	\$ 13,882,355	\$ 0.141	\$ (1,056,475)	\$ 1,056,475
June-29	\$ 2,490,809	\$ 33,863,497	\$ 33,863,497	\$ 1,465,750	\$ -	\$ 1,800,000	\$ 2,736,000	\$ 2,887,500	\$ 4,375,000	\$ 6,375,085	\$ 14,259,678	\$ 0.136	\$ (35,616)	\$ 35,616
June-30	\$ 2,515,717	\$ 33,979,449	\$ 33,979,449	\$ -	\$ -	\$ 1,743,750	\$ 2,688,000	\$ 2,800,000	\$ 4,250,000	\$ 7,415,317	\$ 14,387,775	\$ 0.132	\$ 694,606	\$ -

School Capital Fund
 \$ -
 \$ -
 \$ -
 \$ 201,216
 \$ 2,397,078
 \$ 5,039,574
 \$ 8,043,522
 \$ 11,198,258
 \$ 14,650,939
 \$ 19,994,913
 \$ 25,466,352
 \$ 31,841,437
 \$ 39,256,754

Questions and discussion followed about the January 2017 resolution for the Civil War Museum and funding for the same. Mr. Carter continued his review of the base model with initial projects.

Discussion turned to Gray's Creek Water project, county-wide water and partnerships on water and other projects. Mr. Carter confirmed there are no partnerships reflected in the base model numbers and stated the model attempts to demonstrate projects that can be funded in the time

periods within the existing dedicated resources with the County taking 100% responsibility. Ms. Cannon stated although the base model has the County built in paying 100%, that has not relieved the County from seeking assistance from other parties. Mr. Carter stated the far-right column of the model shows the dedicated investment fund starting with the \$8.6 million and the fund balance building.

Mr. Carter noted the minor negative fund balances reflected in the model and stated between now and the next month or two, work will be needed to bring the fund balance back in to the policy level. Mr. Carter stated for the 2018 year, the total pay-go and debt service was the equivalent of 15 pennies on the tax rate. Mr. Carter stated it goes down as new capacity is created out of the pay off of debt and goes back up again as new debt service is issued. Mr. Carter explained the point is that if there was no dedicated fund established, the tax rate would be moving all around because there would be no fund balance to fill in the gaps. Mr. Carter stated the beauty of the model is that once resources are dedicated and project priorities are established, there is basically no need to back to the general fund for money.

Ms. Cannon asked the Board to consider whether it is willing to freeze what is already dedicated to debt service today so building the model can begin, which relates to building the FY2019 budget. In response to a question from Commissioner Keefe, Ms. Cannon stated what is being requested of the Board is to commit to move what is now being spent on pay-go and debt service out of the operating fund and into the CIF, and to do that annually even as debt is paid off. Ms. Cannon stated this will freeze that amount, so a fund balance can be built for other future projects. Ms. Cannon stated no additional amount is being requested, only a separation. Ms. Cannon stated included in the request is to move the \$1.5 million assignment for technology to the CIF for a total of \$8,725,338.

MOTION: Commissioner Keefe moved to accept the recommendation.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS (5-0)

Commissioner Keefe stated as partnerships are established, and as additional revenue sources are identified, that money should be filtered into the CIF to pay for some of the projects. Mr. Carter stated that will all be part of the policy and demonstrates that as partnerships arise, it improves the County's capacity for other essential services and is not a bump to the general fund budget. Ms. Cannon stated based on the Board's action, staff will begin building the CIF by making the transfer. Ms. Cannon stated prior to the budget process, she would like to have another work session in April to lay out a policy document for the CIF. Consensus was for April 26 at 1:00 p.m. to review a recommended policy and take a further look at the projects. Questions and a brief discussion followed.

Mr. Carter provided highlights on moving forward and the next steps as outlined below.

Full implementation of CIF includes the following steps:

- Development of CIF financial policies.
- Develop capital project priorities, ranking them and setting preferred timing for each.
- Update the CIF financial model to reflect the project priorities.
- Develop the final CIF, reflecting County Commission priorities, within capacity provided by the CIF model projections.
- Adopt the CIF as part of 2019 budget.
- Perform periodic CIF model review and repeat this process annually.

Mr. Carter stated this new method, when implemented, will provide on-going information to county staff and County Commissioners and will be part of the annual budget capital planning.

There being no further business, the meeting adjourned at 10:45 a.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board

Capital Investment Fund Policy

1.0 PURPOSE

The Capital Investment Fund (CIF) is the primary fund/mechanism for investment in County capital facilities. The CIF will fund the current debt service on capital assets previously acquired by debt issuance and will project future resources for facility acquisition. The future acquisition will include debt and paygo funded capital assets. The General Fund may continue to contain operational-oriented capital investments needed for cost effective County operations (as example, computers, communication device and similar capital assets).

2.0 SCOPE

The CIF will annually receive directly or by transfer from the General or another Fund of the County the revenues that are identified as resources to fund the capital investment of the County from the CIF. These revenues may be added to from time to time.

CIF financial model - The CIF will be operated/governed by a comprehensive financial/debt affordability model maintained and updated, as needed, by the County financial advisor. The model will contain the following elements:

- Project the ability to issue future debt or pay by the paygo method for future capital needs and current debt service
- Project the future dedicated revenues.
- Determine that revenues provide adequate capacity for capital expenditures and debt service

The CIF model will be presented to the County Commission as part of the annual budget adoption process and other times within a budget year, as needed.

Revenues dedicated to the CIF - The following revenues are dedicated to the CIF, into the future for payment of current debt, planned paygo and future debt. As a means to provide proper accountability, the revenues will be separated as allocated by state law or local practice for school purposes and the remainder to general capital needs of the County. The following revenues are allocated for the specified purpose:

General Purpose Capital

2018 debt service from the Gen. Fund	\$15,731,356*
2018 budgeted Gen. Fund paygo	\$1,000,000*
2018 budgeted Comm. Coll. paygo	\$945,000*
2018 budgeted Info. Tech. paygo	\$1,000,000*

Public School Dedicated/Restricted

2018 sales tax (Art. 40 and 42)	\$10,393,000**
2018 lottery funds	\$3,592,000**

*Base amount continuing into the future based upon 2018 budget appropriations and approved by County Commission on March 15, 2018.

**2018 budget amount will change annually based upon revenue projections

Future additional revenues - Additional revenues can be added annually in the future based upon capital need and priority.

3.0 STATEMENT OF THE POLICY

The CIF policy will include multiple elements that include, the budget process for establishing capital expenditure priorities, debt affordability elements, debt modes and pay/go debt ratios and CIF fund balance levels. These elements are discussed in more detail below.

Budget process for defining the capital expenditure priorities - The annual operating and capital budget process will begin in the spring of each year and will provide the timing for comprehensive review of the CIF and the capital needs for the County for the fiscal year beginning on July 1 of that year. The following elements will be part of the CIF review and ultimate decisions on the final capital investment budget:

- To establish context and prior decisions, review of the previous year CIF financial/debt affordability model
- Review of County departmental and County school capital investment project requests
- Review of updated debt affordability analysis including project requests
- Staff and potentially financial advisor, presentation of project affordability for issuance of debt or paygo

- If financial model does not provide sufficient resources for project requests, County management staff alternatives will be provided
- Additional revenue needs to meet unfunded projects will be identified
- County Commission review and approval or reorder of project priorities
- Final prioritization of projects and adoption of CIF budget by County Commission.

Debt affordability - The CIF will operate within N.C. Statutory requirements and guidelines/policies of the N.C. Local Government Commission (LGC). Additionally, rating agency guidance will be taken into consideration as well.

The County has debt structure and affordability elements contained in other parts of adopted policies that govern and meet statutory and other requirements.

The County will constantly monitor and meet debt metrics and affordability factors to retain rating in the double A category, working toward a triple A.

Modes of debt and paygo/debt ratios - The County has two primary means to issue general government debt, General Obligation and Limited Obligation Bonds issued under N.C. 160A-20. In selecting the most appropriate debt form the County will take into account several factors including:

- Timing of the project
- Flexibility needed to meet project timing needs
- Taxpayer or ratepayer equity
- Structure that will provide lowest cost of borrowing while meeting timing needs

The mix of funding for capital expenditures will be balanced between paygo and borrowed sources. As a guideline, the County will strive to achieve paygo at 25% of total capital funding sources of the CIF.

CIF fund balance target - As a means to maintain high credit ratings and to protect the County from future unforeseen economic or budget needs the CIF will maintain a fund balance at a minimum of 25% of annual debt service for debt outstanding and debt projected to be issued in the CIF financial model.

4.0 IMPLEMENTATION

Implementation of this policy shall be the responsibility of the Finance Officer.

<END>

VICKI EVANS
Finance Director



ROBERT TUCKER
Accounting Supervisor

IVONNE MENDEZ
Accounting Supervisor

FINANCE OFFICE

ITEM NO. 3B

4th Floor, Room No. 451, Courthouse • PO Box 1829 • Fayetteville, North Carolina 28302-1829

**MEMO FOR THE AGENDA OF THE APRIL 26, 2018
SPECIAL MEETING OF THE BOARD OF COMMISSIONERS**

TO: BOARD OF COMMISSIONERS

FROM: VICKI EVANS, FINANCE DIRECTOR *VE*

THROUGH: AMY CANNON, COUNTY MANAGER *Amy Cannon*

DATE: APRIL 23, 2018

SUBJECT: REVIEW OF THE MARCH 15, 2018 REVISED CAPITAL PLANNING MODEL CONSISTENT WITH THE PROPOSED POLICY

Requested by: Amy Cannon, County Manager

Presenter(s): Doug Carter, DEC & Associates, Financial Advisors

Estimate of Committee Time Needed: 20 Minutes

BACKGROUND

The financial advisors will be presenting a revised model which will capture all changes required to show the model consistent with the proposed Capital Investment Fund policy. The starting point for this model is the base model that was presented on March 15, 2018 to the Board of Commissioners.

RECOMMENDATION/PROPOSED ACTION

No action needed – for discussion and information purposes only.

Celebrating Our Past...Embracing Our Future

AMY H. CANNON
County Manager

MELISSA C. CARDINALI
Assistant County Manager



CUMBERLAND
★ **COUNTY** ★
NORTH CAROLINA

DUANE T. HOLDER
Assistant County Manager

TRACY JACKSON
Assistant County Manager

SALLY S. SHUTT
Assistant County Manager

ITEM NO. 4

OFFICE OF THE COUNTY MANAGER

MEMORANDUM FOR BOARD OF COMMISSIONERS SPECIAL MEETING
AGENDA OF APRIL 26, 2018

TO: BOARD OF COUNTY COMMISSIONERS

FROM: AMY H. CANNON, COUNTY MANAGER *Amy H Cannon*

DATE: APRIL 24, 2018

**SUBJECT: DISCUSSION OF CAPITAL INVESTMENT FUND PROJECT
PRIORITIES BASED UPON THE MARCH 15, 2018
ILLUSTRATIVE MODEL AND ASSUMPTIONS**

BACKGROUND

At the conclusion of the March 15, 2018 Special Meeting, our Financial Advisor provided the next steps in the full implementation of the Capital Investment Fund (CIF).

- Consideration of CIF Financial Policies
- Review and discuss capital project priorities and establish preferred timing of each
- Update the CIF financial model to reflect Board of Commissioner priorities
- Develop the final CIF within capacity provided by the CIF Model projections
- Adopt the CIF in conjunction with the FY2018 Budget
- Perform periodic CIF Model review annually

With the CIF Policy discussed under Item 3 of this meeting, the next step is for the Board to review and discuss the capital expenditures and projects which are anticipated to be funded through the CIF. The CIF model that you have reviewed thus far was developed to illustrate the mechanics of the model. The assumptions used to develop this illustrative model are attached.

RECOMMENDATION/PROPOSED ACTION

Review and discuss the capital expenditures and projects anticipated to be funded through the CIF and develop capital project priorities, ranking them and setting preferred timing of each.

/ct

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County of Cumberland

March 15, 2018

Current Capital Investment Fund Projects included in model

<u>Project</u>	<u>Projected Funding Need</u>	<u>Estimated Timing</u>	<u>Funding or Timing Change</u>
<u>County 911/Emergency Operations Center</u>	\$793,191 – Design Contract	Authorization for next budget	
• MCP 2016 study for consolidated center	\$15,000,000 – Construction	Issued January 2020	
• Cedar Creek Business Center identified as good location			
• Need architectural design authorized to move forward with project			
• Civil War Museum Resolution	\$7,500,000 – Construction	Issued January 2020	
• Resolution passed in January 2017			
• One-time commitment needed from County			
• Commitment sunsets if construction has not started by 12/31/2020			
<u>Gray's Creek Water Project</u>	\$48,000,000 – Construction	Issued January 2020	
• GenX contamination discovered in FY18			
• Environmental & engineering study started in FY18			
<u>Administration Building & Courthouse Renovation</u>	\$500,000 – Feasibility Study	Authorization for next budget	
• Need feasibility study/design authorized to move forward with project	\$35,000,000 – Construction	Issued January 2021	
<u>Crown Theatre/PAC</u>	\$100,000 – Feasibility Study	Authorization for FY19-20 budget	
• Renovate or demo/rebuild existing theatre	\$50,000,000 – Construction	Issued January 2023	
• Need feasibility study to assess impact of baseball, location and existing Crown facilities			